

RSWA BOARD OF DIRECTORS
Minutes of Regular Meeting
April 24, 2006

A regular meeting of the Rivanna Solid Waste Authority (RSWA) Board of Directors was held on Monday, April 24, 2006 at 2:45 p.m. in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

Board Members Present: Mr. Michael Gaffney, Mr. Mark Graham, Ms. Judith Mueller, Mr. Gary O'Connell, and Mr. Robert Tucker.

Authority Staff Present: Ms. Anne Bedarf, Mr. Bruce Edmonds, Mr. Tom Frederick, Ms. Mary Knowles, Ms. Kathy Ware, Dr. Robert Wichser, and Mr. Lonnie Wood.

Also Present: Mr. Kurt Krueger - RSWA Attorney, members of the public, and media representatives.

1.0 Call to Order

The regular meeting of the RSWA Board of Directors was called to order by Mr. Michael Gaffney on Monday, April 24, 2006 at 2:45 p.m., and he noted that a quorum was present.

2.0 Minutes of the Previous Meeting

Upon a motion by Mr. Graham, and seconded by Mr. Tucker, the Board of Directors by a 5 - 0 vote approved the minutes of the regular Board meeting held on Monday, March 27, 2006.

3.0 Executive Director's Report

Mr. Frederick stated that he had positive news on two of the items that he would be reporting on today. The first item concerned the recycling rate for calendar year 2005 for the areas served by the Authority, which included the City of Charlottesville, County of Albemarle, and the Town of Scottsville. The 2005 recycling rate being reported by RSWA was 30.7 percent, which was higher than the 28.9 percent rate for 2004. He noted that this report has been submitted to the Thomas Jefferson Planning District Commission (TJPDC). Even though there was not an approved Solid Waste Management Plan for the region, DEQ had indicated that they might evaluate the recycling rate based on the region and not just the territory served by RSWA. Discussions continue on this issue.

Mr. Frederick then briefly highlighted some of the recycling numbers that he received today. In 2005, actual tonnages of recycled products increased by 0.8% over 2004. The calculation for Municipal Solid Waste (MSW) accounted for the biggest difference in the 2005 rate, which was down 7,611 tons from 2004. He then explained why MSW figure was less in 2005. An audit conducted in October 2004 on how the recycling rate was calculated noted that although RSWA

had stopped landfilling CDD material at the Ivy site, the Authority had not been differentiating between MSW and CDD material. DEQ allowed localities to "back-out" CDD in the recycling rate calculations. Effective November 1, 2004, CDD material was classified separately from MSW at the Ivy Transfer Station. For the 2004 Recycling Rate Report, DEQ allowed the Authority to use the percent of CDD to MSW from November and December data as representative for the entire year. The 2005 report was the first one that was actually based on a full year of data that separated MSW and CDD material. It became obvious that CDD volume was higher during months other than November and December, which was reflected in 2005's recycling numbers.

Mr. Frederick further reported that he did not see a significant upward trend in actual recycling for this community. He did note a slight increase, which he felt could be attributed significantly to the efforts of Mr. Bruce Edmonds, who had been encouraged to increase his community contacts and obtain recycling numbers from the private sector that might not have necessarily been captured in previous years. Mr. Frederick discussed the difficulty of obtaining this information from businesses and commended Mr. Edmonds on the number of follow-up contacts that he made to ensure that all data was captured in the report.

Mr. Frederick next commented that there was also good news to report concerning the Electronics Recycling event that RSWA sponsored last Saturday, along with AERC Recycling and Crutchfield Corporation, which was hosted by the University of Virginia (the University). He expressed his thanks to the University's Recycling Department for the significant work that its staff put forward in volunteering for this event. The turnout had exceeded expectations, and the University staff were out until about 7:30 p.m. helping to load the equipment onto the AERC Recycling trailers. He received a report today that 24 tons were certified with an additional 5 to 10 tons to be added after the remainder of the electronics equipment was loaded onto trailers. Those figures would make this the largest electronics recycling event in the history of this community, exceeding the very high numbers that were established in 2003. It was worth noting that given the weather conditions and that there was a nominal fee for some of the items, this community responded in a very large way. Mr. Frederick commented that this event was in part an "experiment," as the Authority did not invest a significant amount of public funds. It proved to be a very successful public-private partnership that demonstrated to him that future events could be held on a more regular basis in an economical manner while also providing a service need for the citizens of this community. RSWA would be discussing in the future ways that RSWA could continue to support the community's need for electronics recycling events.

Mr. Frederick also reported that the Household Hazardous Waste Day spring collection would be held on Saturday, May 6, 2006, at the Ivy site. This event would take place "rain or shine." The County-sponsored Amnesty Days for County residents will be held on the following three Saturdays for furniture and mattresses, appliances, and tires.

Mr. Frederick added that the proposed RSWA budget for FY 2007 would be submitted today and discussed in further detail when it is introduced under Other Business.

4.0 Items From The Public

Mr. Ed Strange, resident of Ivy, Virginia, requested additional information on the Solid Waste Manager position. He inquired why there was a new in-house position at a time when money was “tight” and if there was a good purpose for spending the money at this time.

Mr. Gaffney thanked Mr. Strange for his comments and added that his questions would be addressed later in the meeting.

5.0 Consent Agenda

Mr. Gaffney asked if there were any items that the Board members would like to pull for discussion from the Consent Agenda.

- 5a) Staff Report on Finance
- 5b) Staff Report on Ivy Landfill/Transfer Station
- 5c) Staff Report on Recycling Operations
- 5d) Staff Report on Environmental Status
- 5e) Gas System Upgrade Bid Award

Mr. Tucker moved, which was seconded by Mr. Graham, that the Board of Directors vote to approve Items 5a), b), c), d), and e) of the Consent Agenda. The motion was approved by a 5 – 0 vote.

6.0 Other Business

In regards to **Item 6a), Proposed FY 2007 Budget**, Mr. Frederick stated that the Board was being requested today to adopt a preliminary rate schedule for the purpose of notification of a public hearing at the May 22, 2006 Board Meeting. He clarified that it was not a request to adopt the budget itself or the final adoption of the rate schedule.

Mr. Frederick next discussed RSWA revenues, which were stronger in all areas due to the volume that was received exceeding last year’s budget estimates. Some of the fees that the Authority collected from the County and the City covered some areas that were not revenue producing. In the proposed budget, \$544,000 was being requested for Local Government Support, which was less than the \$636,000 in last year’s approved budget. RSWA was not asking for a higher contribution from the City or the County for Ivy Environmental expenses in FY 2007 than what was allocated in this year’s budget. The ten-year plan was significantly different for Ivy Environmental than had been presented in the past, which was attributed to the findings related to Cell 3 Lined and Cell 3 Unlined. A five-year plan was outlined for capital equipment, with one-year funding needs for all other programs. Funding for the new leachate collection system for those two cells, the horizontal wells, and treatment system options that would entail either the Crozet Interceptor or the “spray-back” irrigation along with the aeration of the lagoon would be significant. It was expected that DEQ permitting and the design work would be completed in FY 2007. It was also anticipated that the heavy construction would occur during the summer of 2007, which meant that much of the expenditures for that project would be carried over to FY 2008.

Mr. Frederick further commented that before the City and the County begin their budget planning processes for FY 2008, discussions related to a sound financial plan would need to be held over the next six to eight months, assuming that RSWA moved forward with the improvements at the Ivy site. Funding options for consideration would include additional direct contributions or some type of debt instrument that would be backed by the City and the County.

Mr. Frederick next reported that except for a few exceptions, there were no significant changes with respect to operations in the proposed budget. Those exceptions included a 4.0 percent salary adjustment request and provisions for increases in employee insurance and retirement programs, and electricity and fuel due to the increases in the global price of oil.

Mr. Frederick also commented that beyond the Ivy Environmental expenses, there were two other items that were in the budget for discussion. There had been some previous discussions on one of those items related to a strategic plan. RSWA envisioned a public outreach process similar to what occurred with the Community Water Supply Plan in order to obtain as much public input as possible during the plan's development. The Solid Waste Authority was created in 1991 and he felt with the idea that the Authority could provide some services at economies of scale to both the City and the County that would provide more benefit than if those agencies independently offered those services. Many of those services were in the area of receiving collective products and transporting them to the appropriate market. The plan would not only guide RSWA's operations but would also encompass the entire community with significant input from the City and the County. The plan would recognize the differences between the two organizations related to how solid waste and recyclables were collected and would honor and respect the future goals of those agencies. The plan would also recognize public communications on the community's future direction, realizing that there were many citizens in this community who supported "state-of-the-art" and innovative types of services in this area and respect for the environment, utilizing reuse and recycling wherever possible. RSWA also felt that the plan should spell out the provision of services in an economical manner. Except to the extent that the County or the City or both wanted to fund solid waste programs from tax-based areas, the Authority realized that its provision of services would need to be based on the ability to generate fees in the market. The plan would be driven by economy and frugality as a business approach, and this objective would be considered during RSWA's selection of a consultant to assist with the study.

Mr. Frederick next addressed the Solid Waste Manager position that had been discussed previously during at least the past two budgetary processes. Funding for this position had previously been approved but hiring had not been authorized. He stated that when he first came to the Authority he took time to understand some of the solid waste issues and staff support needs before bringing a recommendation before the Board to fill that position. He now felt that the position could benefit this organization and build RSWA toward the future. The Authority needed someone with the expertise in project management to lead RSWA through the increasingly complex environmental activities. During the time Mr. Frederick has been with the Authority, it has taken a considerable amount of coordinated effort between the Environmental and Safety Manager and himself to deal with this area, which has taken away from each of their other duties. A Solid Waste Manager would not only assume those responsibilities but also provide better communications between operations and could devote the time to improving day-to-day operations. This position could also oversee the complex maintenance needs at solid

waste facilities, particularly at the Ivy site. He felt that RSWA staff have been doing an excellent job in their respective areas of expertise, but more consistent oversight was needed throughout the organization. The Solid Waste Manager would need to understand the market and explore innovative ways to help the Authority save money and extend its services where appropriate. At this time there was no staff person who was monitoring those conditions.

Mr. Tucker inquired about the change from this year's approved budget and the funding needs that were anticipated in FY 2007. He referred to page VII of the proposed budget and stated that expenses for Cell 3 Lined and Cell 3 Unlined and the leachate treatment system appeared to account for the \$1.3 million increase over the current year budget. Mr. Frederick commented that most of the budget impact related to those areas. Mr. Tucker further asked if that would be true for FY 2008 as well. The ten-year plan included in last year's budget listed FY 2008 Environmental costs in the amount of \$3.84 million versus the roughly \$6.5 million now in the ten-year plan for FY 2008. He questioned if that was due again to the costs associated with the leachate issue. Mr. Frederick replied affirmatively and stated that there was very little maintenance involved once the horizontal wells were installed, but there would be continuing operating costs associated with aeration of the lagoon and pumping the flow to the Crozet Interceptor. Those operating costs were shown to decline in future years as the leachate levels were expected to decline. RSWA expected that it would take about 20 months to complete the leachate treatment system. The Authority planned to work hard on finding a way to use the methane that was generated at the Ivy site to help offset some of the aeration costs. The hiring of a Solid Waste Manager would allow the necessary effort to locate possibly a good public-private partnership. Funding for such an operation was not included in this proposed budget.

Mr. Tucker further stated that it appeared that the additional expenditures in FY 2007 and FY 2008 would be covered as much as possible by the DEQ escrow. Mr. Frederick stated that the reserves would be used especially in FY 2007 and that was the reason for not raising the contribution amounts for the City and the County. If the Authority maintained its recommended 60-day cash position in reserves dedicated for emergency use only, when FY 2007 expenses are factored in, RSWA would not have sufficient reserves to pay for all the capital costs in FY 2008. This was an issue that Mr. Frederick had referenced earlier as needing further discussion, and he felt that beginning those talks at the earliest opportunity would be helpful. RSWA was also willing to discuss debt financing since it was a one-time capital expense. Based on discussions with financial institutions, it would require the maximum support of the City and the County due to the overall position of RSWA over the past few years. Mr. O'Connell asked if the Authority's financial advisor had been consulted on this issue. Mr. Wood replied that although he had not talked to the financial advisor, he had discussed this matter with the bank on several occasions. Based on RSWA's financial statements, there was agreement that the Authority would have a difficult time obtaining a stand-alone loan. Mr. O'Connell added that he felt it would make sense to pursue some type of bond financing due to the wide swing in costs. Mr. Frederick stated that he felt DEQ was pleased with the way RSWA addressed the Cell 3 issue, but their continued support would be based on making quick progress. Since scheduling of this work was dictated in large part through regulatory agencies, it would make sense to explore bond financing as well as other financing options.

Ms. Mueller asked where the funding for the strategic plan was located in the proposed budget. Mr. Wood referred to the "Capital Program Expense Projections Detail" on page 21. The strategic plan was included in the last two items under "Site Improvements." Funding in the amount of \$200,000 provided in FY 2006 would obviously not be spent and was carried over to FY 2007. The \$3 million in FY 2009 was a ballpark figure related to the ultimate resolution of the Transfer Station capacity issue.

Mr. Wood further commented that practically very little borrowing would be required for next year's capital projects. He noted the last line on page 21 under FY 2007 which showed that almost all of the capital costs could be funded through the "Depreciation Account/Reserve." There would probably be some savings within some of the projects that could be used to cover the remaining almost \$50,000.

Mr. Tucker moved, which was seconded by Ms. Mueller, that the RSWA Board of Directors vote to approve the following proposed rate schedule as preliminary rates, and authorize RSWA to advertise the rates as preliminary rates for the purposes of notification of a public hearing to be held on May 22, 2006 at 2:30 p.m. during the regularly scheduled Board of Directors Meeting:

RESOLUTION

ADOPTION OF THE RIVANNA SOLID WASTE AUTHORITY PRELIMINARY BUDGET AND RELATED TIPPING FEES RATE SCHEDULE FOR FISCAL YEAR 2007

WHEREAS, Rivanna Solid Waste Authority (the "Authority") Board of Directors has reviewed the proposed budget and associated rate changes for Fiscal Year 2007; and

WHEREAS, Section 15.2-5136(H) of the Code of Virginia, requires the adoption of the preliminary rate schedule for notification of a public hearing prior to any rate change; and

NOW, THEREFORE, BE IT RESOLVED that the Rivanna Solid Waste Authority Board of Directors hereby approves the accompanying preliminary rate schedule for the purpose of notification of a public hearing to be held on May 22, 2006 at 2:30 p.m. during the regularly scheduled Board of Directors meeting.

RSWA Board Minutes
6.0 Other Business (cont.)
April 24, 2006

Material Charge Detail

Per Ton Charges

Code	Description	'06 Fee	Proposed '07 Fee	Unit	Inbound/Outbound
CLEAN-FILL	Brick Block & Soil	\$ 7.00	\$ 7.50	ton	Inbound
CONST	Construction Debris	\$ 66.00	\$ 66.00	ton	Inbound
DOCUMENT	Document Shredding	\$ 66.00	\$ 66.00	ton	Inbound
DOMESTIC	Domestic Waste - IVY TRANSFER	\$ 66.00	\$ 66.00	ton	Inbound - Ivy
	Domestic Waste - BFI TRANSFER	\$ 62.00	\$ 62.00	ton	Inbound - BFI
MSW	Domestic Waste – UVA	\$ 4.66	Contract	ton	Inbound
MSW 2	Domestic Waste – County	\$ 5.83	Contract	ton	Inbound
PALLETS	Pallets	\$ 46.00	\$ 46.00	ton	Inbound
SLUDGE-RV	Sludge from S. Rivanna WTP	\$ 7.00	\$ 7.00	ton	Inbound
TIRES	Tires Bulk	\$ 166.00	\$ 166.00	ton	Inbound
VEG-WASTE	Vegetative Waste	\$ 44.00	\$ 46.00	ton	Inbound
WHITE-WT	Non-Freon White Goods-Appliances	\$ 100.00	\$ 100.00	ton	Inbound
COMPOST	MCWWTP Compost	\$ 40.00	\$ 40.00	ton	Outbound
MULCH	Mulch	\$ 15.00	\$ 15.00	ton	Outbound
LUMBER-LOG	Lumber Log	\$ 15.00	\$ 15.00	ton	Outbound

\$5.00 minimum on all per ton charge items.

Per Item Charges

Code	Description	'06 Fee	Proposed '07 Fee	Unit	Inbound/Outbound
FREON-CT	Freon Appliances	\$ 16.00	\$ 16.00	ea.	Inbound
PCT-OR	Passenger Car Tire Off Rim	\$ 3.00	\$ 3.00	ea.	Inbound
PCT-WR	Passenger Car Tire With Rim	\$ 10.75	\$ 10.75	ea.	Inbound
TT-OR	Truck Tire Off Rim	\$ 15.50	\$ 15.50	ea.	Inbound
TT-WR	Truck Tire With Rim	\$ 30.75	\$ 30.75	ea.	Inbound
WHITE-CT	Non-Freon Appliances	\$ 8.00	\$ 8.00	ea.	Inbound
TAG-A-BAG	Trash Stickers (sheet of 12)	\$ 12.00	\$ 15.00	ea.	Outbound

Hauling & Other Charges

Code	Description	'06 Fee	Proposed '07 Fee	Unit	Inbound/Outbound
DOC PULL	Document Pull Charge	\$ 75.00	\$ 85.00	ea.	
LUMBER PUL	Lumber Pull Charge	\$ 75.00	\$ 85.00	ea.	
SLUDGE-50	Sludge Pull Charge	\$ 75.00	\$ 85.00	ea.	
OUT-MISC	Base Delivery Fee	\$ 75.00	\$ 85.00	ea.	
OUT-MISC	Delivery Within 1st Area	\$ 10.00	\$ 15.00	ea.	
OUT-MISC	Delivery Within 2nd Area	\$ 20.00	\$ 25.00	ea.	
	Delivery Fee Over County Line	\$ 30.00	\$ 35.00	ea.	
OUT-MISC	Encore Shop Sales	VARIES PER ITEM		ea.	Outbound
	Credit Application Fee	\$ 30.00	\$ 30.00	ea.	
TICKET CHG	Ticket Request Pull Charge	\$ 1.00	\$ 1.00	ea.	

VOTE

AYES: Mr. Gaffney, Mr. Graham, Ms. Muller, Mr. O'Connell, and Mr. Tucker

NAYS: 0

ABSENT DURING VOTE: 0

ABSENT DURING MEETING: 0

7.0 Other Items From Board/Staff Not On Agenda

There were no other items from the Board or staff not on the agenda.

8.0 Closed Meeting

There was no need for a closed meeting.

9.0 Adjournment

There being no further business, Mr. Tucker moved the meeting be adjourned, seconded by Mr. Graham. All members voted aye, and the meeting was adjourned at 3:10 p.m.

Respectfully submitted,

Mr. Gary O'Connell
Secretary - Treasurer