

RSWA BOARD OF DIRECTORS
Minutes of Regular Meeting
April 25, 2005

A regular meeting of the Rivanna Solid Waste Authority (RSWA) Board of Directors was held on Monday, April 25, 2005 at 2:30 p.m. in the Conference Room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

Board Members Present: Mr. Michael Gaffney – Presiding, Mr. Mark Graham, Mr. Gary O’Connell, and Mr. Robert Tucker.

Board Member Absent: Mrs. Judith Mueller

Authority Staff Present: Mr. Mark Brownlee, Mr. Bruce Edmonds, Mr. Tom Frederick, Ms. Mary Knowles, Ms. Jennifer Whitaker, 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 25, 2005 at 2:30 p.m., and he noted that a quorum was present.

Mr. Gaffney welcomed his fellow Board members, RSWA staff, and members of the public in attendance at today’s meeting.

2.0 Minutes of the Previous Meeting

Upon a motion by Mr. Tucker, and seconded by Mr. O’Connell, the Board of Directors by a 4 - 0 vote approved the minutes of the regular Board meeting held on Monday, March 28, 2005. Mrs. Mueller was absent for the vote.

3.0 Executive Director’s Report

There was no Executive Director’s Report this month.

4.0 Items From The Public

There were no items from the public.

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.

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5.0 Consent Agenda (cont.)
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- 5a) Staff Report on Finance
- 5b) Staff Report on Ivy Landfill/Transfer Station
- 5c) Staff Report on McIntire Road Recycling Center/ Paper/Paper Sort Recycling Operations
- 5d) Staff Report on Environmental Status

As there were no further questions or discussion, Mr. Tucker moved, which was seconded by Mr. O'Connell, that the Board of Directors vote to approve Items 5a), b), c), and d) of the Consent Agenda. The motion was approved by a 4 – 0 vote. Mrs. Mueller was absent for the vote.

6.0 Other Business

In regards to **Item 6a), Proposed Operating Budget for Fiscal Year 2006**, Mr. Frederick noted that included with the proposed budget in the Board packet was a Memorandum that addressed some of the key points and issues for discussion in the coming months concerning RSWA's budget over the long term. A Resolution was also attached that the Board would need to adopt in order to establish the preliminary rate schedules for the Public Hearing to be held on May 23, 2005 at 2:30 p.m.

Mr. Frederick further reported that on the whole, the proposed budget was a "status quo" budget with no major changes in programs. The Corrective Action Plan (CAP) would be continued, as well as the gas system upgrades at Ivy that had been previously discussed and approved by the Board.

In terms of revenues and expenses, Mr. Frederick stated that the proposed budget reflected an improved situation over the previous year due to the executed Memorandum of Understanding (MOU) among the City, County, and the University of Virginia. The Environmental Cost Center's expenses would now be covered through the use of the new revenue source provided by the MOU. As in previous years, RSWA would still not be able to support all its programs. The proposed budget projected a net loss of \$613,000. Because of the Authority's very low cash position, a determination will need to be made on how RSWA will fund non-revenue or limited revenue programs in order to maintain the same level of services. He offered RSWA's assistance during the discussions that were currently underway at the staff level involving the County and the City pertaining to those funding issues. He hoped that an agreement would be reached in the very near future and could possibly even provide a status report by the time of the Public Hearing next month.

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Mr. Frederick then stated that the remainder of his memorandum took a more long-term view of RSWA and included his reflections on the past 10 months he has been with Rivanna. One of the issues that he addressed pertained to financial sustainability. Most of this fiscal year, RSWA was operating with less than 60 days of available cash but was able to extend that time frame due in part to aggressive measures taken by Mr. Lonnie Wood to reclaim funds held in escrow by DEQ after Rivanna fulfilled the financial assurance commitments and obligations. This was a one-time windfall that would not be gained in succeeding years. Another reason for that extension was due to revenues being higher than what was budgeted and expenditures lower than what was budgeted at the current time. Despite those measures, it was being projected that RSWA would not be able to fund its operations during the next fiscal year without either funding assistance or curtailment of services.

Mr. Frederick also commented on issues pertaining to the long-term purpose of the Authority that he felt were appropriate to address at this time. In his memorandum, he had pointed out by example the City of Charlottesville's decision to curtail commercial trash collection services in the upcoming fiscal year. As specified in their current contract, all the trash collected by the City was transported to the Zion Transfer Station. Under a private market scenario, there was the chance that some of that trash would come to the Ivy Transfer Station and some would certainly continue to be transported to the Zion facility. RSWA projected that if 25 percent of that trash were sent to the Ivy Transfer Station, the Authority would be in the position that had been reported earlier of handling up to 80 percent of its capacity. This figure could even approach 90 percent in the coming months. This pointed to the need to make some decisions regarding RSWA's future in terms of handling transfer stations for the City and County waste, best locations, and optimal size for those facilities. Allowances have been made in the proposed budget to study those issues. Efforts were not undertaken to that degree this year because funding for such studies were not included in this year's budget. It was also deemed important to understand and manage RSWA's financial situation in order to be in a better position to project the Authority's future.

Mr. Frederick next provided his perspective on the other services provided by RSWA. He stated the City and County have chosen to handle the collection of solid waste and recycled products in different ways. If RSWA would have a future in assisting both entities in the handling of solid waste, Rivanna would need to recognize those differences and work within the market and within the services that the Authority had been requested to provide. To avoid some of the issues that were experienced in the past, and to take more of a business approach, he would suggest that there be an agreement upfront with the City and the County concerning local government contributions for services provided by RSWA that were not able to produce sustainable revenues through the marketplace. If there were services that

6.0 Other Business (cont.)
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could not be funded either through the marketplace or through local government contributions, he would further suggest that RSWA should consider not providing those services in the future. He felt this was a financial model on which to conduct the Authority's business.

Mr. Frederick then thanked the Board for allowing him the opportunity to serve Rivanna over the past several months and looked forward to hopefully achieving and attaining greater success in the future.

Mr. Tucker commented on the recently approved MOU that would cover the environmental costs at the Ivy site. He believed that the City and County staff were close to reaching a resolution on how to fund the other program cost centers, such as the Transfer Station at Ivy, the recycling operations, and Administration.

Mr. O'Connell stated that during the evaluation of the City's role in the provision of services to its residents, commercial collection by the City was eliminated and better ways to encourage recycling were also examined. A proposal will be presented to City Council at their next meeting concerning different recycling options. The possibility of expanding the curbside recycling program with mixed recycling goods was discussed with the City Contractor. In the past, recycling material was separated at the curb and loaded into the truck. There were also limitations as to how much recyclable material could be collected with this method. New technology has since been developed that would allow more product to be collected and would result in recycling being made easier for the City resident. This option, as well as opportunities for cardboard recycling, will be explored. In the next few months, the City might dramatically change the way it operated its recycling program. It was felt that this could be accomplished within the current budget. Mr. O'Connell added that the implication ultimately would be the affect that it would have on the McIntire Recycling Center's operations.

Mr. Tucker asked if the City had involved RSWA and the County during their evaluation process to explore the possibility of implementing programs on a regional basis.

Mr. O'Connell responded that discussions have been initiated with the County but were at the initial phase of this process. Mr. Graham commented that the discussions have been limited to this point.

Mr. Tucker further stated that the County had hoped to conduct a similar examination of its recycling program and possible regional approaches that could be undertaken.

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6.0 Other Business (cont.)

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Mr. O'Connell added the City's goal was to be able to place as many recyclable materials as possible into the container placed at curbside at the current contract rate for residential curbside collection. Residents now have the option to pay for curbside trash collection by either purchasing stickers individually or on an annual basis. The more material that was recycled would mean a reduction in the amount a household spent for residential trash collection, thereby hopefully creating an incentive for increased recycling by City residents.

Mr. Frederick commented on the merits of curbside recycling programs and added that the nationwide trend was toward providing recycling programs that were easy for the public to support. One of the issues that the McIntire Recycling Center dealt with frequently was the quality of the recyclable material. RSWA welcomed the public's support of that program, but sometimes citizens placed the material in the wrong bins. The material would then need to be resorted because the markets would reject the products if not sorted properly. RSWA made preliminary calls to different markets and learned that there were better markets in areas such as North Carolina and Pennsylvania. Rivanna would have to take into consideration the increased transportation costs associated with transporting recyclable materials to these markets. Calls were also placed to companies in the private sector that were based in locations other than Charlottesville concerning the costs for accepting comingled material. When compared to Rivanna's budget in terms of the volume currently received by RSWA, it was felt that it would not be economically feasible to turn the McIntire Recycling Center into a comingled service that would be provided to a single hauler. This led to the consideration of whether RSWA or a company in the private sector could benefit and add value to this community by operating a facility called a MRF that received, sorted, baled, and hauled the material to markets. When considering longer transport distances, the product would need to be compacted to reduce transportation costs.

Mr. Frederick also stated that these programs were being considered in conjunction with the Regional Solid Waste Plan that was updated by the Thomas Jefferson Planning District Commission (TJPDC) and the long-term goals included in that plan. If the Board wanted RSWA to pursue any of those recycling options, studies could be conducted and a report prepared concerning whether it would not only be economically feasible for RSWA to provide these services for the City and the County but also serve as a regional center.

Mr. Tucker suggested that if it were decided to move in that direction, consideration be given to combining the Transfer Station operations with the recycling programs. He felt the difficulty with such proposals dealt with land use issues.

Mr. Gaffney inquired if at this time RSWA was meeting the state-mandated recycling rate and if there were any leeway with that number.

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6.0 Other Business (cont.)

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Mr. Frederick responded that the state did not allow much leeway with the recycling rate percentage. He also reported that the 2004 Recycling Rate Report had been completed, which would be signed and submitted to DEQ this week. RSWA's 2004 recycling rate will be reported as 28.94 percent, as compared to last year's recycling rate of 25.6 percent. After RSWA's 2003 report was audited by DEQ, the recycling rate number was reduced to 24.1 percent based on DEQ's interpretation of policy. RSWA held discussions with DEQ concerning items that Rivanna felt should be included in the recycling rate calculations, and the recycling rate was adjusted by DEQ to above the 25 percent requirement. The 2004 report will go through the same review process, and RSWA should be able to present DEQ's findings in about three months. He stated that the difference between the 2004 recycling rate of 28.94 and the 25.6 percent recycling rate for 2003 may or may not reflect that the community was recycling more products. He stated that the reported increase may largely reflect increased efforts on the part of Mr. Edmonds this year to locate materials being recycled in the private sector that had not previously been reported.

Mr. Krueger advised the Chairman that the Board had to formally adopt the rate resolution in order to hold the Public Hearing on May 23, 2005.

Upon a motion by Mr. O'Connell, which was seconded by Mr. Graham, the RWSA Board of Directors voted to approve the following resolution to approve the preliminary rate schedule for the purpose of notification of a public hearing to be held on May 23, 2005 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 2006

WHEREAS, Rivanna Solid Waste Authority (the "Authority") Board of Directors has reviewed the proposed budget and associated rate changes for Fiscal Year 2006; 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

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6.0 Other Business (cont.)
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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 23, 2005 at 2:30 p.m. during the regularly scheduled Board of Directors meeting.

As there were no further discussion or questions, the resolution was approved by a 4 – 0 vote. Mrs. Mueller was absent for the vote.

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 2:53 p.m.

Respectfully submitted,

Mr. Gary O'Connell
Secretary - Treasurer