

**MINUTES
VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY**

**Cooks Corner County Complex
2911 General Puller Highway
Saluda, Virginia
December 2, 2016
10:00 a.m.**

IN ATTENDANCE:

Brian Woodward	York County
Tom Jones	City of Poquoson
Marcia Jones	Middlesex County
Chip McDonough	City of Hampton
John Horne	James City County
Dan Clayton	City of Williamsburg
Bud Smith	Essex County
Tom Swartzwelder	King & Queen County
Sandy Wanner	King William County

ABSENT:

Mindy Conner	Mathews County
--------------	----------------

OTHERS IN ATTENDANCE:

Vernon Geddy III	Geddy, Harris, Franck & Hickman
Stephen Geissler	VPPSA
David Magnant	VPPSA
Lisa Polidori	VPPSA

1. PUBLIC COMMENT

No public comment was made.

2. MINUTES

Marcia Jones moved that the minutes of the August 5, 2016 meeting be approved. Dan Clayton seconded and the motion passed unanimously. There was not a quorum at the October 7, 2016 meeting, so there were no minutes taken, only notes, which did not require approval.

3. FY17 PROPERTY AND CASUALTY INSURANCE

John Newby of Commercial Risk Consultants presented the property and casualty insurance coverage summary for FY 17. Mr. Newby reminded the Board that an Insurance RFP was issued in the spring of 2016 for two reasons: 1) to see where the Authority was financially with coverage and if there were any other alternatives, and 2) to look at possibly increasing the overall liability limits. Due to the results of the RFP, the Board voted to increase the General Liability limits from \$5,000,000 to \$10,000,000. Mr. Newby feels that this is reasonable given the size of the organization.

Mr. Newby noted the following:

- VaCo has added a pollution policy including both on site and off site cleanup, with a \$1,000,000 combined aggregate for everyone.
- Cyberliability has also been added, with the biggest exposure being release of private information and costs associated with notification and potential monitoring.
- Coverage for losses due to “social engineering” is likely to be coming soon. This will be losses due to employee response to fraudulent emails.
- Auto liability has also been increased to \$10,000,000
- Workers Compensation continues to be fairly stable with pricing at about \$60,000.

Steve Geissler expressed his thanks to John Newby, and said that he is always very responsive and helpful.

4. FY 16 AUDIT

Krista Edoff of Cherry Bekaert LLP presented a final draft of the Financial Statements for FY 16. Ms. Edoff noted that the audit was three-fold and included not only an audit of financial statements, but also an audit of VPPSA’s compliance with laws and regulations, and the performance of an examination procedure of the census data reported to the Virginia Retirement System. Ms. Edoff reported an unmodified opinion on the financial statements which is the best opinion that can be given, an unmodified opinion on the Authority’s compliance with laws and regulations, and no issues with the examination of the VRS census data. Ms. Edoff also stated that there were no issues of internal control or audit.

Members were encouraged to read the Management’s Discussion and Analysis prepared by the VPPSA staff, which gives a good synopsis of the year’s highlights and activities including Statement of Net Assets, Changes in Net Assets, and Summary of Cash Flow Activities.

Ms. Edoff noted that there were no new accounting standards; all were similar to last year except pension liability. There were no material adjustments proposed, and no disagreements with management.

Tom Swartzwelder moved that the report be accepted and that distribution to member communities and other interested parties be authorized. Sandy Wanner seconded and the motion was passed unanimously.

5. PROJECT REPORTS

Compost Facility

Attention was called to the minutes of the November 16, 2016 meeting of the Compost Facility Oversight Committee. David Magnant reported that:

- The Compost Facility now has a new, larger attendant building with heat and air conditioning; staff is very pleased.
- There are two new replacement service vehicles, a pick-up truck for the facility supervisor, and a fuel truck (pick-up truck with fuel tank on the back).
- There are also two new John Deere wheel loaders.

Attention was called to the minutes of the November 4, 2016 meeting of the Middle Peninsula Transfer System Oversight Committee. David Magnant reported that:

- The Transfer System has received a new front load truck, and is expecting delivery on December 14 of two out of three roll off trucks which have been ordered.

Curbside Recycling

David Magnant reported that misses in York County have begun to improve. There were \$900 in assessments in October, but they dropped to \$255 in November which shows clear improvement. Steve Geissler, David Magnant and Dan Clayton met with Al Roehm of County Waste to discuss some issues in the City of Williamsburg; there appears to be improvement in these areas as well.

Steve Geissler also noted that the Williamsburg City Council had recently inquired about the cost to provide curbside recycling on a weekly basis instead of every two weeks. County Waste has offered to provide weekly service to homes in Williamsburg for an additional \$1.27 per month, for a total of \$2.78 per household per month, and has agreed to make this service available at this same price to any other participating community on the peninsula.

Household Chemical Collection

In an annual meeting with Clean Harbors, the schedule for 2017 has been confirmed and now includes two regular events for the Middle Peninsula in addition to the usual sixteen events on the Peninsula.

Computers and Electronics

No report.

Drop Off Recycling

Current rates are \$100 per ton for mixed paper, and \$130 per ton for corrugated cardboard. Metal is now \$60 per ton as opposed to \$55 at this time in 2015, \$172 in 2014 and \$200 in 2013.

Steve Geissler said that King William has requested \$35,000 in funds from their Transfer System project balance which will be needed to remove a dam as required by DEQ. With the withdrawal there will still be a sufficient balance to cover their share of the new vehicle maintenance building. Marcia Jones moved that the Board approve the return of \$35,000 of the King William share of the transfer system project fund balance to the County. Sandy Wanner seconded and the motion was passed unanimously.

6. EXTENSION OF AGREEMENT FOR HOUSEHOLD CHEMICAL COLLECTION SERVICES

Steve Geissler said that VPPSA is approaching its 20th year of holding household chemical events. The last agreement with Clean Harbors, who has been the contractor since the very beginning, was in 2014 and included three- one year renewals. There was no increase in charges for 2015 and 2016, but the new agreement for 2017 would include a 3% increase, which is reasonable. Dan Clayton moved that the proposed extension of the Agreement for Household Chemical Collection Services with Clean Harbors for an additional year be approved. Sandy Wanner seconded and the motion was passed unanimously.

Mr. Geissler went on to tell the Board that the Hampton household chemical events would be moving to the Coliseum beginning in 2017. Representatives from Clean Harbor and Hampton along with David Magnant will determine the exact location and layout. Clean Harbors will also provide a price for accepting compressed gas cylinders so that VPPSA will have the option to include these items as well. A Clean Harbors representative will also work with staff to obtain options for recycling of oil and antifreeze. Oil and antifreeze used to generate an income of \$10,000- \$15,000 per year, but now the budget for FY 18 includes a cost of about \$12,000. David Magnant will reach out to each county to see how oil and antifreeze are currently being handled, and will work to obtain the best price possible for all who might like to participate. The current vendor is Heritage Krystal Kleen.

John Horne asked if staff has any control over what is being accepted for oil and antifreeze at the various sites. David Magnant said that he would talk about this to employees at the upcoming VPPSA employee meetings, but noted that Safety Kleen, a Clean Harbors subsidiary, does do random sampling at the collection sites, as does the current vendor.

7. OPTION TO PURCHASE BOHANNON PARK PROPERTY

Steve Geissler said that staff continues to work on the development of a new Maintenance Facility. An Option to Purchase has been prepared, and will be presented at the January meeting of the King and Queen Board of Supervisors, which will also be a public hearing.

Sandy Wanner thanked both King & Queen and Middlesex for their cooperation as both had offered sites for consideration, and Tom Swartzwelder for his leadership. Mr. Wanner also said that there had been a need for a new facility for a long time. Marcia Jones agreed, and went on to move that the Option to Purchase with modifications approved by VPPSA legal counsel be approved, and that the Executive Director be authorized to execute the document. Sandy Wanner seconded and the motion passed unanimously. Tom Swartzelder, the Board Member for King and Queen County, abstained.

8. FY 18 BUDGET

Draft budgets were distributed to Board members for review on October 27, 2016 and again on November 1, 2016. The appropriate budgets were reviewed by both the Compost Facility Oversight Committee and the Transfer System Oversight Committee, and also Williamsburg and James City County. All committees approved all budget proposals. All comments received during the meetings and communications with Williamsburg and James City County have been incorporated into the enclosed budget proposal.

Steve Geissler reviewed the budget proposal, and noted the following:

- There are no staffing changes
- There is an allowance in all projects for a salary adjustment of up to 2.75%, to be determined in June.
- There was a reduction in VRS payments from 6.45% to 4.45% for FY 17 and FY 18
- The budget assumes a health premium increase of 10% as usual
- The budget for curbside recycling includes an estimated a 2% increase, but the actual number will be based on the Consumer Price Index for garbage and trash collection.
- The Household Chemical Budget represents an increase of 3% over FY 17 which reflects the increased costs for Clean Harbors
- In April, Joyce Engineering will come and update the landfill monitoring numbers. The approved changes will become the final budget numbers for FY 18.
- For computer recycling, VPPSA staff will receive materials separately in Gaylord boxes and transport to Computer Recycling of Virginia. A slight increase in weight is anticipated.
- The budget for the Compost Facility will remain basically unchanged.
- The total budget for the Middle Peninsula will remain basically unchanged as well.
- The Administrative budget represents a decrease of approximately 1.0%, partially due to reduced office rent.

Due to some minor changes, Steve Geissler will send out an updated summary chart with the approved budget numbers.

General

All salary line items include an allowance for a salary adjustment for FY 18 of up to 2.75%. The actual salary adjustment will be set by the VPPSA Board at the June 2017 meeting.

The budgets include payments for the employer share of retirement contributions to VRS for Plan 1, Plan 2, and the Hybrid Plan. As a result of a significant reduction in the employer share all budgets realize a reduction in payments to VRS for retirement.

All project budgets have been prepared based on an assumed increase in health insurance premiums of 10%. It is expected that both the Key Advantage and the Cost Alliance programs will continue to be offered to all eligible employees.

Projects administered using contractors include an administrative expense of 6%. Projects administered using VPPSA personnel include an administrative expense of 12%.

Curbside Recycling

The proposed budget for FY 18 is based on the following:

- An estimated house count for Poquoson, Williamsburg and York County based on the actual counts for FY 16 and FY 17 and anticipated growth.
- The Agreement between VPPSA and County waste states that County Waste may petition for an annual adjustment to the unit price for curbside collection services, effective July 1, to reflect the general increase in the cost of operations, that shall not exceed 3%, based on the percentage increase of the “Garbage and Trash Collection” category, series CUUR0000SEHG02, of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available. Based on the index between April 2015 and April 2016, the unit rates increased on July 1, 2015 by just under 2% to \$1.51 per household per month and \$1.44 per household per month for York County. The index has increased 1% from September 2015 to September 2016. The budget for FY 18 has been prepared with a 2% increase over the FY 17 rates.
- An administrative fee of \$12,000 for James City County to compensate VPPSA for handling inquiries from James City County residents.

Drop Off Recycling

Based on the proposed budget, the estimated total cost for Drop Off Recycling for FY 18 will increase by 7% compared to the budgeted figures for FY 17.

Collection cost will be \$210.81 per collection for FY 18, increasing from \$209.46 per collection for FY 17. The budget is based on a total of 458 collections for FY 18.

Container rental will increase from \$62 to \$66 per container per month for FY 18.

James City County will pay a rental fee of \$400 per month – increasing from \$375 - for the corrugated cardboard compactor at the Tewning Road Convenience Center.

Staffing for FY 18 will be budgeted as follows:

Transfer System Supervisor	5%
Solid Waste Operations Coordinator	5%
Roll Off Driver #1	37.5%
Roll Off Driver #2	25%
Dispatcher #1	5%
Maintenance Mechanic	5%

Line Item 53500, Equipment Replacement includes \$42,000 to contribute funds to an Equipment Replacement Reserve Fund for the Drop Off Project. These funds will be used to replace containers as needed.

Transportation Fees, Line Item 58100, includes funds to be transferred as revenue to the Transfer System Project. The total figure of \$36,000 covers the costs of operating the roll off vehicle for the year including fuel, insurance, tires and vehicle repair and maintenance.

Line Item 58400, Operating Fees, includes \$8,000 to be transferred as revenue to the Transfer System Project. This amount covers the operating costs related to the driver and operation of the field office including uniforms, medical exams, safety programs and equipment, office supplies and telephone expenses.

The budget includes anticipated revenue for FY 18 from the sale of commingled containers and mixed paper in the amount of \$68,785. The revenue estimate is based on anticipated quantities of recyclables to be collected and contractual or anticipated unit costs for the sale of the recyclables. The counties will receive all revenue received from the sale of commingled containers and mixed paper through credits applied to monthly invoices. Actual revenue received and credited to the Drop Off Recycling Project in FY 16 was \$66,236.

Household Chemical Collection

The total project budget for FY 18 represents an increase of 7% over the total project budget for FY 17.

The schedule of collection events is unchanged for FY 18. Collection events will be held in James City every other month from February to October. Collection events will be held in Hampton and York every other month from March to November. One collection event will be held in Poquoson in October for FY 18.

Operations Budget

The proposed operations budget for FY 18 represents an increase of \$798 or 1% compared to the operations budget for FY 17.

The Transportation Fee in the amount of \$10,000 will be paid by Household Chemical Collection project to the Transfer System project to cover the cost of vehicle operation including fuel, vehicle maintenance and purchase and repair of tires.

Disposal Budget

The proposed disposal budget for FY 18 - which are best estimates based on recent history - represents an increase of 9% over the disposal budget for FY 17. An adjustment has been included as a result of the 3% increase in fees requested by Clean Harbors.

Landfill Monitoring

The initial budget figures have been compiled by Joyce Engineering based on their understanding of the work that will be required to be completed in FY 18.

Computer and Electronics Recycling

The agreement for collection and recycling of computers and electronic equipment with Versability was not renewed due to a significant increase in the proposed cost of services. After being selected through a competitive procurement, an agreement with E-Waste Tech was not completed when they were unable to provide acceptable insurance certificates.

VPPSA has since made arrangements for computers and peripherals to be accepted at Computer Recycling of Virginia (CRVA) for recycling. VPPSA will need to collect and transport the materials to CRVA for processing.

The budget for FY 18 includes a new line item for transportation fees. An allowance for processing is included. CRVA has indicated that they may accept the materials without a fee.

Compost Facility

The proposed budget for FY 18 represents an increase of \$1,712, or 0.1%, compared to the budget for FY 17.

Overall, the fees charged to the member communities represent an increase of \$1,712 or 0.3% compared to the fees charged for FY 17.

The revenue budget for User Fees will remain unchanged at \$100,000 for FY 18. The actual revenue for User Fees for FY 16 was \$95,900.

The revenue budget for Material Sales will be reduced to \$480,000 for FY 18. The actual Material Sales revenue for FY 16 was \$453,000.

Staffing remains unchanged for FY 18 and includes the following:

- 1 Compost Facility Supervisor
- 2 Operator III
- 2 Operator II
- 2 Operator I
- 1 Customer Service Representative

All positions are full time.

The budget also includes 624 hours for the Middle Peninsula Maintenance Mechanics to provide assistance at the Compost Facility.

The proposed budget for FY 18 includes a significant cost reduction compared to the FY 17 budget for Fuel - Line Item 53600 - based on recent usage and reduced cost per gallon.

The proposed budget for FY 18 includes a significant cost increase compared to the FY 17 budget for Equipment Maintenance and Repair – Line Item 53400 - based on recent history. Grinders and trommel screens are another year older.

The total monthly fee to the communities for FY 18 will be \$48,329. The total monthly fee will be allocated to the communities based on actual quantities delivered to the facility each month.

Middle Peninsula Solid Waste System

The proposed combined budgets for FY 18 for Transfer System, Convenience Centers, Landfill Disposal and Drop Off Recycling for Essex, King and Queen, King William, Mathews and Middlesex represent a decrease of \$3,681, or 0.1%, in the fees paid by the counties compared to the combined budgets for FY 17.

Transfer System

The draft budget for the Transfer System for FY 18 represents an overall increase of \$4,273 or 0.2% compared to the budget for FY 17.

The proposed staffing remains unchanged and includes the following:

Full Time

- 1 Supervisor – Solid Waste Operations Coordinator
- 10 Attendants
- 8 Drivers (7.375 FTE – one driver charged 37.5% to Drop Off Recycling and a second driver charged 25% to Drop Off Recycling)
- 2 Maintenance Mechanics
- 2 Dispatchers

WAE

The budget includes funding for 2,800 hours of WAE employees. The Convenience Center Attendants will provide the following:

- Staffing Transfer Stations when Transfer Station Attendants are working Household Chemical Collection Events
- Staffing Transfer Stations when Transfer Station Attendants are on Annual Leave or Sick leave
- Site maintenance activities such as grass cutting
- Mixed paper collections

Significant reductions for the Transfer System budget for FY 18 compared to the FY 17 budget are as follows:

- Fuel – Fuel use has been consistent over the last several years with a slight reduction. VPPSA vehicles have logged between 420,000 and 480,000 miles over the last four years. Fuel costs per gallon have decreased significantly.

Significant increases for the Transfer System budget for FY 18 compared to the FY 17 budget are as follows:

- Oil and Antifreeze Recycling – vendors are no longer willing to pay for collection of used oil. Fees are imposed every time that oil or antifreeze are collected. Options are being evaluated to lower this cost.
- Vehicle maintenance and repair – while the addition of new trucks in FY 17 should help mitigate the situation, the older trucks in the fleet still require some costly repairs.

The basis for allocation of variable costs associated with waste hauling – such as fuel, vehicle maintenance and repair and tire repair and purchase - is the total number of pulls for waste, white goods and tires made by VPPSA for each county.

Transfer System - Line Item Number 43000 - White Goods Revenue

The revenue budget for the sale of scrap metal and white goods will increase from \$50,000 for FY 17 to \$60,000 for FY 18 based on current market conditions. Actual revenue for FY 16 was \$72,000.

Transfer System - Line Item Number 44400 – Hauling Fees

Hauling fees will be charged to HRSD and the Town of Tappahannock for hauling sludge from the treatment plants to the landfills. VPPSA is currently providing hauling services at three campgrounds in Middlesex County. Other miscellaneous hauling revenue, such as hauling tires for York County will be credited to this line item. Approximately \$50,000 was received in hauling revenue for FY 16.

Transfer System - Line Item Number 44700 – Used Battery Recycling

Actual revenue for used battery recycling was \$2,500 for FY 16. The budget for FY 18 includes \$3,000 as revenue for used battery recycling.

Transfer System - Line Item Number 44750 – Paper Recyclables Revenue

All revenue received from the sale of paper recyclables collected through the front end collection system and the mixed paper recycling program will be credited to this line item. Actual revenue was \$63,000 for FY 16. The revenue budget for Paper Recyclables Revenue for FY18 has been set at \$60,000.

Transfer System - Line Item Number 44800 – Operating Fee

Payment in the amount of \$8,000 will be made from the Drop Off Recycling Project to cover additional operating costs including telephone, uniforms and safety equipment. Fee also covers cost of repair and maintenance to containers.

Transfer System - Line Item Number 49300 – Transportation Fee

Payments will be made from the Household Chemical Collection Project, the Drop Off Recycling Project and the Computer Recycling Project to cover the cost of vehicle operation including fuel, vehicle maintenance and purchase and repair of tires. Transportation Fee in the amount of \$10,000 will be paid by Household Chemical Collection project to Transfer System. Transportation Fee in the amount of \$36,000 will be paid by Drop Off Recycling project to Transfer System. In addition, the Computer Recycling project will contribute \$3,000 for the use of the roll off vehicles.

Transfer System - Line Item Number 49500 – Container Rental

Actual revenue for container rental was \$12,500 for FY 16. The budget for FY 18 includes \$10,000 as revenue for container rental.

Convenience Centers

The draft budget for the Convenience Centers for FY 18 is essentially unchanged with an increase of \$38 over FY 17.

There are no proposed changes to the staffing levels for FY 18. The budget includes the following:

Full Time

- 1 Supervisor – Transfer System Supervisor
- 12 Attendants

Part Time / WAE

The budget includes funding for 8,000 hours of Part Time and WAE employees. This time will be split between one part time employees and eight WAE employees. These employees, for the most part serve as attendants at convenience centers throughout the five-county system.

Oil and Antifreeze Recycling – vendors are no longer willing to pay for collection of used oil. Fees are imposed every time that oil or antifreeze are collected.

Landfill Disposal

Budget estimates for landfill disposal reflect anticipated waste quantities based on recent experience. Delivery of waste will be split between MPLRF in Gloucester County and the King and Queen Landfill. Tipping fees for FY 17 and 18 will be \$23.75 and \$22.00 per ton

respectively. It is expected that the weighted fee for the year will be approximately \$23.10 per ton.

Middle Peninsula Household Chemical Collections

Budget estimates are based on proving two collection events in FY 18 – one event in Essex County and one event in Mathews County – and previous experience at collection events on the Middle Peninsula. It may be necessary to make an inter-project transfer for Mathews County.

Administration

The proposed budget for FY 18 represents a decrease of \$4,110 or 1% compared to the budget for FY 17.

The proposed staffing remains unchanged and includes the following positions:

Full Time

- Executive Director
- Director of Operations
- Recycling Coordinator / Safety Officer
- Office Manager
- Solid Waste Assistant

Part Time

- Accounting Clerk

An allowance was included in the FY 17 budget for an accounting consultant as a result of the Office Manager assuming additional responsibilities after the resignation of our Accountant. Reliance on the accounting consultant was not necessary and the line item for Consultants – 52000 – has been reduced for FY 18.

The lease for the office space was renegotiated resulting in a significant decrease in lease payments.

The Community Fee will remain unchanged at \$10,500 for FY 18.

Chip McDonough moved that the FY 18 budget be approved as presented for distribution to member communities. Tom Jones seconded and the motion was passed unanimously.

Steve Geissler told the Board that John Horne was retiring, and presented him with a token of thanks in appreciation for his years of service to the Authority.

9. CLOSED SESSION

Marcia Jones moved that the Board of Directors of the Virginia Peninsulas Public Service Authority enter into a closed meeting to discuss the performance evaluation of the Executive Director. This closed meeting is being held in accordance with Section 2.2-3711 (A) (1) of the Virginia Code. Brian Woodward seconded and the motion passed unanimously.

Marcia Jones moved that the Board of Directors of the Virginia Peninsulas Public Service Authority certify that to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification motion applies and (ii) only such public business matters were heard, discussed or considered in the closed meeting by the Board as were identified in the motion, Section 2.2-3711 (A) (1), to discuss the performance evaluation of the Executive Director. Dan Clayton seconded and the motion passed unanimously.

Roll Call vote:

Tom Swartzwelder	Yes
Sandy Wanner	Yes
Brian K. Woodward	Yes
Bud Smith	Yes
Chip McDonough	Yes
John Horne	Yes
Marcia Jones	Yes
Tom Jones	Yes
Dan Clayton	Yes

No action was taken.

The meeting was adjourned.

10. NEXT MEETING DATE

February 3, 2017
Williamsburg Municipal Building
2nd Floor Conference Room
401 Lafayette St
Williamsburg, Virginia

Respectfully Submitted,

Jason Mitchell
Secretary/Treasurer