

Region 2000 Services Authority
Draft Minutes
March 23, 2022
CVPDC Offices
828 Main Street, 12th Floor
Lynchburg, VA 24504



Attendance:

Susan Adams, Appomattox County
Steve Carter, Nelson County
Frank Rogers, Campbell County
Reid Wodicka, City of Lynchburg

Staff:

Gary Christie, CVPDC
Robin Craig, CVPDC
Gaynelle Hart, City of Lynchburg (participated electronically)
Bill Hefty, Hefty, Wiley and Gore (participated electronically)
Tonya Hengali, CVPDC
Clarke Gibson, CVPDC
Candy McGarry, alternate for Nelson County

Ben Packett, Robinson, Farmer, Cox Associates (participated electronically)

Welcome

Chair Frank Rogers welcomed the committee members present, the staff and the public, participating both in person and electronically.

Public Comments

No one signed up in advance or asked to speak at the meeting, so there were no public comments. Chair Rogers checked with the public both at the beginning of the meeting and again after Tonya Hengali's financial update to ensure there was no one who wished to speak.

Minutes from October 21, 2021 meeting

Upon a motion by Susan Adams, seconded by Steve Carter, the Authority approved the minutes of October 27, 2021 as presented. Susan Adams asked if the minutes could be approved with three votes (Reid Wodicka was not there yet), and Gary Christie said three votes were enough to approve the minutes. Reid Wodicka arrived right after the vote on the minutes was taken.

Financial Report

Tonya Hengali provided an overview of the January 31, 2022, year to date financials. Tonnage is up as compared to budget, which means revenues are up.

Salaries are tracking as they should be, but she did point out that there was no maintenance worker for the whole fiscal year. They are also down one mechanic, and they were without a Finance Associate for a time. Temporary help and advertising costs are up due to the personnel shortage.

Outside equipment repair is up significantly because of having only one mechanic in the shop. There was also a heat pump that went out that caused Mechanical M & R Services to go up. The percentage is at 39.91 percent of budget, and we should be at about 41 percent at this point in the fiscal year.

There were no questions or comments from the Authority members.

Report from the Auditor

Ben Packett of Robinson, Farmer, Cox Associates was present electronically to provide the auditor's report. He started by discussing the letter entitled "Communication with Those Charged with Governance." It is management's responsibility to provide the financial records and statements and to accept the overall responsibility for the financial statements. The auditor's responsibilities are to perform the audit tasks, test the controls and opine on the reasonableness of the financial statements. He summarized the rest of the letter and there were no questions or comments from the board members regarding the letter.

He went on to the auditor's report and explained it is an unmodified report. As stated in the report: "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Region 2000 Services Authority, as of June 30, 2021 and 2020, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America." Mr. Packett explained this is a clean opinion.

He summarized the Statement of Net Position. The decrease from \$8,032,566 to \$5,778,162 is attributable to the decrease in net liability and the unfunded portion of landfill closure and post closure costs. The above numbers and reason for decrease are the same for Statements of Revenues, Expenses and Changes in Net Position. With regard to the Statements of Cash Flows, the authority's position increased from \$10,601,192 to \$12,778,301.

He concluded by saying that the audit disclosed no material weaknesses, significant deficiencies or illegal acts. The authority's records were intact and accurate, and the audit overall provided a clean opinion.

There were no questions or comments from the Authority members and Frank Rogers thanked him for the summary.

Request for Insufficient Fund Account Writeoffs

Tonya Hengeli explained that the report provided shows accounts that have been carried for several years. The amount they are requesting to write off is \$2,305.41. In answer to a question as to whether there are repeaters, Tonya said she was not sure. If there are, it could be combined into the same line item. Clarke Gibson said if a customer's account is delinquent for one week, the software automatically puts them on a "no dump" list. They have to bring their account current before they can use the landfill.

Tonya explained that Jennifer Inge, the new Finance Associate, has collected over \$11,000 by contacting customers on the insufficient funds list. For a lot of these accounts, their information is no longer current and there is no means to contact them. Frank Rogers asked how long they are contacted before they are put on the list. Tonya said they are contacted monthly for several months. If there is no response, they are put on the list. Clarke added that there are fees and finance charges added each month.

Tonya said if they are removed, she is not sure there is any way to make sure they do not repeat offend and explained that it is driven by their driver license number. She thinks if the same person came through, it would flag them. Tonya also mentioned that there are currently 96 delinquent accounts. Before Jennifer started contacting them, she thinks it was closer to 200 accounts.

Reid Wodicka made a motion to approve this request. The motion was seconded by Steve Carter and passed unanimously.

FY2022 to 2023 Budget

Clarke explained there is no change in the Member's tonnage. The market rate tonnage has been increased by two percent. It has not been increased for quite a while. Revenue is projected at \$7,981,404, which is a 13.14% increase over FY 2022 (includes 25% Authority share of airspace reserve.) Operating expenses are projected to be \$6,737,247, which is a 15.47% increase over FY 2022. Total expenses are projected to be \$7,981,404, which is a 13.14% increase over FY 2022 (includes 25% Authority share of airspace reserve.)

There is a proposed 5% merit-based salary increase for July 1, 2022 and an additional 5% merit-based increase is proposed for January 1, 2023. The US inflation rate in February 2022 was 7.9% and our Health Insurance rate will increase by 8% on July 1, 2022.

The disposal cost of service is proposed at \$ 34.49 per ton, 14.02% increase over FY22. The proposed tipping fees are Member Rate: \$32.90 per ton, which is a 8.76% increase over FY22 (\$1.59 per ton less than Disposal Cost of Service of \$34.92 shown on Schedule 2 due to 25% Authority share of airspace reserve additional revenue in FY23) Market Rate: \$42.90 per ton, 6.58% increase over FY22. He noted that they have not increased the member or market rate tipping fee for five years and there has only been one tipping fee increase in the past nine years. He noted that this budget was written before the proforma was updated. He had included a chart with the tipping fees for the past several years.

Steve Carter asked about the \$40,000 increase in professional consulting services. Clarke said that is for a salary study, which they try to do about every five years.

Steve Carter asked about the tire shredding cost. Clarke said there is a special site where tires are collected and they are taken to Emanuel Tire in Appomattox for shredding. The amount shown is what they are charged to shred the tires. The customer is charged a fee per tire that helps defray some of the cost. He would need to do a total analysis to see how much is offsets the cost. Clarke noted that because of the fee charged, many people choose to take the tires directly to a tire shredder. Steve asked if they accept large commercial loads of tires. Clarke said they can but do not typically see them.

Steve asked about the Odor Control Operations and Materials number and if it is lower because most of the capital cost is gone. Clarke said it is because the vapor distribution unit went down before Thanksgiving and it took a while to get it fixed. They suspected it was somewhat obsolete where it was located and they received no complaints while it was down. DEQ has approved a trial period for them to not use it at its current location. It will probably be more efficient to use it around the active Phase IV and the new Phase V locations. They included moving the vapor distribution unit to in the bid proposal for Phase V. He noted that the new gas collection system has solved most of the odor issues.

Steve Carter asked why the Reimbursable O & M Expenses is staying the same. Clarke said it fluctuates a little and he can look at whether it needs to be adjusted.

Reid Wodicka commented that the timing of the rate increase (a \$100,000 increase for the City to absorb) will be a little bit of challenge for the City since they have already presented a balanced budget to City Council. He would ask the authority to make its decisions and requests earlier so the localities will know sooner what it means for them. Going years without a rate increase is not a sustainable model for the long run. He would much rather have a one or two percent increase a year than request a nine percent increase after years of no increase. He would suggest they talk as a group at a future time about an automatic escalator.

He would also like to see them do more planning for what the authority looks like in the future. We need to be thinking out past 2030 about what solid waste is going to look like in the region. If a locality thinks it is not working for them, maybe there is an "off ramp." He is not sure if they should be planning for something in the budget to help them do that planning. Steve says it looks like we are looking at the end of the landfill. Susan Adams said there is the future disposal reserve fund that is supposed to be looking at some of those options.

Frank commented that it is important to get rate increases to members in front of budget considerations. The PDC tries to float that to member localities before you get full borne into budget process. He thinks that resonates with him a whole lot. He knows they talked about a rate increase last year but to expect them to hold on to that without a reminder is probably not the most streamlined way to build it into the budget. He does recognize that costs go up and you have to pay for things. Steve said he is not in favor of a rate increase. Susan said she would not be voting in favor of it due to the difficulties Appomattox is having with its increase and not when the authority has money.

There was discussion about whether it was expected to adopt the budget today. Gary Christie noted this is a work session and a proposed rate increase would require a public hearing. Frank asked for clarification that staff would have to be authorized to advertise for a public hearing if one were to be held in May. Gary said that is correct. Frank noted that two members have indicated they would not vote in favor of a rate increase. Reid asked what would change in the budget if there is no rate increase and Clarke said they would go back and see what they can eliminate. Reid noted that for some time they have been under resourcing operations. He wants to go on the record as saying that we need to make sure we are resourcing the authority in order to do the job that needs to be done. He hopes his colleagues might be willing to talk in the future about some sort of escalator to be able to plan for these types of things. If it does not work out

this year, hopefully we can come up with some sort of sustainable plan that actually resources the authority as appropriately as we can. Steve thinks the resource are there but are not being used appropriately.

Frank clarified that this rate increase is after the authority retains 25 percent of the excess revenue. Clarke said that is correct. Frank noted that we are applying some excess revenue to mitigate the increase. Clarke said that is correct.

Susan asked why he thinks they are not getting more commercial traffic. Clarke thinks their commercial disposal volumes have been pretty consistent and have actually increased somewhat. He is not sure reducing the tipping fee would have any impact. If it increases over the next seven to eight years, then we might see some of our commercial customers looking at other options. Susan asked if they done a comparison with other landfills recently. Clarke said they are lower than Roanoke and in line with Amelia, if you add the cost of hauling it there. Clarke said they could bring them the current tipping fees for the public facilities at their next meeting. They could get them some ranges on what the private facilities may be charging. Susan asked if Concord would be considered a transfer station in this area, and Clarke said yes. To the best of his knowledge, Clarke said they have the lowest tipping fee in the state for a public authority. Susan said she would appreciate it if he could confirm that.

Bids for Phase V Landfill Cell Construction

Clarke reported that they received one bid. Six or seven contractors showed up for the pre-bid meeting but only one submitted a bid. The bid was \$4,990,249.70. Draper Aden reviewed the bid documents and is recommending they accept the bid. They currently have \$6,670,204 in the Phase V construction account. They ordered the liner separately and it is \$337,172. That and the engineering and QA and QC, which is the monitoring during the construction, brings the total to \$6,504,490. They added moving the vapor gas system and paving of the haul road to the original scope of work. Frank asked about the contingency on the project and Clarke said a 25 percent contingency was put in but that was used up with the bid and the extra items put in the scope. Frank clarified that there is no contingency except approximately \$150,000 left in the account. Clarke said that is correct and noted there is a fuel escalation clause in there as well.

Steve asked about the QA/QC cost. Clarke said it is a significant portion of the construction cost. It is a consultant from Draper Aden who will be on site every day. It also includes testing and reporting and soil analysis. Steve said he would like to see all the associated costs laid out, how much Draper Aden will get for the person and their overhead. Clarke said he can request that.

Clarke said the contractor is Haynes Construction from North Carolina. There were no local or Virginia contractors who bid on the project. The local contractor said they were busy and did not have the manpower. Reid said the City is having the same problem with not very many bids coming in for projects.

Reid Wodicka made a motion to award the contract for \$4,990,249.70 to Haynes Construction. Steve Carter asked if the other costs have been agreed upon. Clarke said yes under contract with Draper Aden. It also includes a pretty significant gas expansion project through the EPA

agreement we have with SDS. That agreement has not been signed yet, as he is still looking at the scope of work for it. It is included in the cost of the project. Steve asked for clarification that the engineering costs during construction are about 25 percent. Clarke said Draper Aden's costs are \$555,000. Steve asked for a breakdown of all the costs and Clarke said he could send that to them. The motion was seconded by Frank Rogers and passed unanimously and was done by roll call.

AYES: Adams, Carter, Rogers and Wodicka
NOES: None
ABSENT: None
ABSTENTIONS: None

Director's Report

Clarke noted they have been trending a higher tonnage than the last couple of years. Clarke noted there were five odor complaints from November 4 to November 10. Since then there have been only two odor complaints.

Closed session in accordance with Virginia Code 2.2.3711(a)(1) of the Code of Virginia for the discussion of salaries of certain employees

Reid Wodicka made a motion, which was seconded by Susan Adams to go into a closed session in accordance with Virginia Code 2.2.3711(a)(1) of the Code of Virginia for the discussion of salaries of certain employees.

A motion by Susan Adams, seconded by Steve Carter, to return to open session and to certify that only those matters in the original motion were discussed was unanimously approved.

Budget discussion, continued

There was some discussion about what could be done if a budget could not be passed by July 1. Susan Adams suggested they could pass a contingency budget if they cannot pass a full budget. Bill Hefty said Virginia does not have anything in the code to allow for a contingency budget and it is really necessary that a budget be passed by July 1.

Other

Susan Adams asked Bill Hefty to be on the lookout for correspondence from the County Attorney.

Adjourn

With no other business, the meeting adjourned.