

**CHITTENDEN SOLID WASTE DISTRICT
SOUTH BURLINGTON CITY HALL
CONFERENCE ROOM
SO. BURLINGTON, VERMONT
December 16, 2009**

APPROVED COPY

PRESENT

BOARD MEMBERS:

Bolton	-----
Burlington	Steve Goodkind
Charlotte	Stephen Brooks
Colchester	Dirk Reith
Essex Junction	-----
Essex	-----
Hinesburg	Lynn Gardner
Huntington	-----
Jericho	Bert Lindholm
	Leslie Nulty, alt.
Milton	-----
Richmond	Logan Brown
St. George	-----
Shelburne	Mark Brooks
So. Burlington	Paul Stabler (Chairman)
Underhill	Mike Wiesel
Westford	Michelle DaVia
Williston	Joe Duncan
Winooski	Josh Neilson
	Eric Heikel, alt.

STAFF:

Tom Moreau
Amy Jewell
Susan Chapman
Nancy Plunkett
Lee Tuure
Brian Wright
Thomas Melloni, Esq.

OTHERS PRESENT:

Teresa Kajenski, Fothergill Segale & Valley
Craig Heindel, Heindel & Noyes

AGENDA:

1. Call to Order and Agenda
2. Public Comment
3. Minutes
4. Finance
5. Community Clean-Up Fund
6. Roll Off Container Bid
7. Williston Host Town Agreement – Supplement #2

8. MRF: a) Tip Fee Rebates; b) Rate Stabilization Reserve; c) FIR
9. Bedrock Groundwater Report – Heindel & Noyes
10. Other Business
11. Program Updates
12. Executive Session
13. Adjournment

1. CALL TO ORDER and AGENDA

Paul Stabler called the meeting to order at 7 p.m.

Changes to Agenda

Add under ‘Other Business’: Future Interim Compost Site.

2. PUBLIC COMMENT PERIOD

Stephen Brooks requested consideration be given to offering light fare (sandwiches) to attendees and beginning future board meetings at 6 p.m. Staff will survey board members for a consensus.

3. MINUTES

October 28, 2009 – Regular Meeting

MOTION by Eric Heikel, SECOND by Dirk Reith, to approve the meeting minutes of 10/28/09 as written. VOTING: all ayes except one abstention (Williston – Joe Duncan); motion carried.

Chairman Stabler noted the Board did not meet in November.

4. FINANCE

a) Finance Committee – Report of Warrants

There were no comments or questions.

b) Bank Balances as of 11/30/09

There were no comments or questions.

c) FY09 Audit

The Board received the Management Letter from the auditors. Susan Chapman reported CSWD is in good financial standing according to the audit with no deficiencies or recommended controls from the auditors. Teresa Kajenski, CPA, confirmed CSWD implemented past recommendations from the auditors and there were no additional recommendations in the FY09 audit. Ms. Kajenski reviewed the testing of controls by the auditors and briefly discussed the Undesignated Fund balance being adequately funded. It was noted the accounting software used by CSWD is adequate. Also, cash reserves and reserve fund balances changed in FY09 due to the take over of the Intervale Compost operation and purchase of land for the regional landfill.

Paul Stabler commended staff and the accounting firm for good accounting and forecasting work which maintains the good financial standing of CSWD.

Bert Lindholm asked if the procedures for handling cash at CSWD facilities are adequate and secure. Ms. Kajenski replied according to the tests that were conducted (compare receipts to reports) the procedures are fine. Tom Moreau added the auditors want to know all the processes, such as how receipts and cash are handled and if there are cameras in place and checks to ensure proper operation.

d) FY10 – First Quarter Update

Susan Chapman reviewed the 1st quarter report (ending 9/30/09) including net surplus/deficit by program and planned transfers. Program budgets are on target. The MRF shows a large surplus because revenue from material sales was higher than anticipated. Drop Off Centers show a surplus as of 9/30/09 because tip fees are higher in the first quarter, but will drop off throughout the remainder of the fiscal year. Also, diesel fuel costs were lower than anticipated. Hazardous Waste shows a \$10,841 deficit due to Rover costs in the 1st quarter. This will balance out by the end of the fiscal year. The General Fund shows a surplus of \$397,000 which will change by the end of the fiscal year. Ms. Chapman briefly reviewed a balance sheet comparing assets and liabilities on 6/30/09 and 9/30/09. Net assets are slightly higher by 9/30/09. Tom Moreau noted designated reserve balances will be provided at each quarter.

e) Preliminary FY11 Budget

The CSWD charter requirement to approve a preliminary budget was explained. Staff noted the preliminary FY11 budget is the 2010 budget with a zero CPI inflator. Paul Stabler explained approval of the preliminary budget informs member towns of any assessment that may be levied by CSWD. There has not been an assessment in the past 18 years and no plans to start assessing member towns. The Finance Committee will begin meeting in January to draft the FY11 budget.

MOTION by Stephen Brooks, SECOND by Mark Brooks, to approve the preliminary FY2011 budget including no assessments to member towns for the year.

DISCUSSION: Steve Goodkind asked about the MRF fee. Tom Moreau replied the fee is identical to the current amount of \$25 for out-of-district material and \$20 less the \$10 subsidy from the solid waste management fee for in-district material. There was further discussion of the mandate by the CSWD charter to approve a preliminary budget so member towns can be informed about an assessment if necessary. It was stressed CSWD has no plans to invoke an assessment. The budget review and approval process were briefly explained. There were no further comments.

VOTING: unanimous; motion carried.

5. COMMUNITY CLEAN-UP FUND

Nancy Plunkett reviewed revisions to the Community Cleanup Fund Guidelines & Procedures. The language limits the balance that can be carried forward by member towns. At the beginning of each fiscal year member communities will be contacted if the accrued amount is \$5,000 or more to determine the plan for use of the funds. The

information will be provided to the CSWD Board for approval of the carry forward amount or to return the funds to the Undesignated Fund balance.

MOTION by Bert Lindholm, SECOND by Michelle DaVia, to establish a \$5,000 limit on the carry forward amount per member town in the Cleanup Fund and to approve the review process outlined in the Community Cleanup Fund Guidelines & Procedures document.

DISCUSSION: Stephen Brooks suggested a friendly amendment to allow the entire document to be discussed, not just the amendments proposed. Mr. Brooks also expressed concern about the extent of micro-management being Machiavellian, soaking up time and energy unnecessarily, and diametrically deflating potential enthusiasm for communities to get excited for clean up because of the “scary procedure”. Mr. Brooks suggested the bulleted item reading: **Exceptions to guidelines must be approved by the General Manager”** be rewritten to read: **“Exceptions to guidelines may be approved by the General Manager”** to give the General Manager a broad hand with exceptions. There was discussion of reimbursement for clean up work paid to community governments. It was clarified the CSWD board member representing their community must approve any proposed clean up project in their town in order to be reimbursed by the Cleanup Fund. Stephen Brooks stated bills for the clean up work should be submitted to CSWD for payment, not the town government. Nancy Plunkett recalled communication problems in the past when towns were receiving bills from vendors for clean up work, but were not aware of clean up projects. Paul Stabler pointed out the change proposed by Mr. Brooks (bills submitted directly to CSWD) is significant and should be considered separately from the action to establish a cap on the carry forward funds. Chairman Stabler suggested Mr. Brooks work with staff and draft a proposal for review at the next meeting. Dirk Reith stated the \$5,000 cap is not equitable to towns with larger populations as the accrued amount will occur in a shorter period of time. Bert Lindholm mentioned returning the money to the CSWD General Fund if not used within a year. Logan Brown cited the Town of Richmond’s success in use of clean up funds in the last two years, adding the proposed amendment provides more clarity on the use of the funds. Michelle DaVia suggested amending the motion to replace the dollar cap with a five year cap.

AMENDMENT by Michelle DaVia, SECOND by Dirk Reith, to amend the motion by replacing the \$5,000 cap on accrued funds to be an amount five times a member town’s annual allotment.

DISCUSSION OF AMENDMENT: Steve Goodkind mentioned the annual appropriation changing. Michelle DaVia said the language could read **“five times the assessment approved on a yearly basis by the CSWD Board of Directors”**. Tom Moreau pointed out the assessment is based on a \$500 minimum and so much per population. Suggested language could read **“based on five times the FY10 allotment”**. Joe Duncan stated the allocation is tied to the guidelines which indicate the assessment. There was further discussion of the amendment language. Stephen Brooks questioned the

purpose of the cap. Michelle DaVia explained there is concern that towns not using their funds will accrue large amounts over time and this could be a significant financial exposure for CSWD. Mr. Brooks opined the conclusion seems to be of a fairly sophisticated technical analysis, and suggested securing a professional opinion from an outside accountant. Staff pointed out the auditors do not like accumulating accounts, such as large amounts of accrued sick leave or vacation time. Susan Chapman added the Undesignated Fund balance is on the low side (should contain at least two months of operating expenses) and every dollar in the Cleanup Fund detracts from the balance. There was objection to taking action on the request for an auditor's opinion prior to acting on the stated motion. There was brief discussion of not setting aside any funds for clean up or having a cap and further discussion of seeking an auditor's opinion on a cap. Bert Lindholm summarized the motion is simply setting a target amount of money to be available for towns to clean up debris and the CSWD Board supports that effort. The consensus of the Board is not in support of securing an auditor's opinion on the accrued cap.

CALL THE QUESTION by Dirk Reith. Discussion ceased.

VOTING ON MOTION AS AMENDED (wording to read: "five times the FY10 allotment for each member municipality"): all ayes except one nay (Charlotte – Stephen Brooks); motion carried.

6. ROLL OFF CONTAINER BID

Lee Tuure explained roll off containers have a seven year lifespan and CSWD plans for replacement in the capital budget. New containers are purchased every two years. Used containers are sold.

MOTION by Michelle DaVia, SECOND by Dirk Reith, to authorize the purchase of 19 roll off containers from Atlantic Recycling Equipment, LLC for the amount of \$96,990 as detailed in the "Roll –Off Container Purchase Request".

DISCUSSION: The bid results were reviewed. Lynn Gardner mentioned refurbishing the old containers. Mr. Tuure stated refurbishing only adds a year to the lifespan. There was brief review of the marketing of old containers (other solid waste districts and haulers in the state are contacted and legal notices are published in the newspaper). There were no further comments.

VOTING: unanimous; motion carried.

7. WILLISTON HOST TOWN AGREEMENT –SUPPLEMENT #2

Tom Moreau noted the revision of Section 3.5 in the agreement to read: "This supplement only modifies fee payment for Parcel B and it is exempt from real estate taxes. The supplement is not to expand or diminish uses on Parcel B that may be permissible under this agreement." The agreement covers land actively used for solid waste handling. CSWD is not using the Hinesburg Sand & Gravel property, but was being taxed by the Town of Williston. The matter has been rectified.

MOTION by Stephen Brooks, SECOND by Dirk Reith, to approve the December 16, 2009 draft CSWD-Williston Host Town Agreement.

DISCUSSION: It was noted CSWD is paying for services for the land plus services from the Town of Williston including plowing, police and fire protection. There were no further comments.

VOTING: unanimous; motion carried.

8. MRF: a) Tip Fee Rebates; b) Rate Stabilization Reserve; c) FIR

a) Tip Fee Rebates

Brian Wright briefed the Board on past adjustments of the MRF tip fee due to volatile market conditions. The MRF realized a loss of \$105,000 in November 2008. In FY10 there is a surplus of \$126,701. Large market drops are not anticipated. CSWD tries to maintain as low a tip fee as possible and have recycling be as affordable as possible. Staff has been discussing the idea of providing a rebate after the fact rather than changing the tip fee. The rebate would look at a six month total and refund 80%. There was mention of holding the budget discussions before deciding on a rebate. Michelle DaVia suggested paying the rebate to the member towns rather than the haulers. There was discussion of the City of Burlington as a hauler though not a proprietor of a company that owns the license. Stephen Brooks expressed concern a rebate may create local consternation with some member towns. Mr. Brooks suggested prorating the rebate to decrease the gap between the out-of-district tip fee and in-district subsidized tip fee. Eric Heikel questioned why out-of-district haulers choose to go to the MRF. Brian Wright acknowledged half the material received at the MRF is from out-of-district and without it the MRF is less profitable. The CSWD MRF is a good deal for haulers. Tom Moreau gave a brief history of the MRF fees, both in and out-of-district, per the contract. Stephen Brooks asked about the affect of the rebate on licensees in the District. Mr. Moreau reviewed a graph of newspaper sales of material, noting the blended average for the year absorbed the major decline in the market. Leslie Nulty commented it appears the MRF activity is in isolation of other activities at CSWD and some are functioning at a deficit. Tom Moreau clarified one program has a deficit in the first quarter, but that recovers by the end of the year. Also, there were a series of studies done in one year. There was further explanation of CSWD functions being cost centers with reserve funds.

b) Rate Stabilization Reserve & c) FIR

Another idea discussed by staff was to use reserve funds to subsidize operations rather than raise the tip fee. A surplus could be built up to be used when financial conditions decline. The funds could even be used for a rebate. Questions relative to how much of a cap and how long the funds should be held in reserve need to be addressed. Steve Goodkind pointed out the General Manager has the authority now to adjust the tip fee which could be done because the MRF has a surplus. Tom Moreau explained staff brainstormed ideas on potential use of the surplus to include a rebate or stabilization fund. Following further discussion the Board agreed the General Manager should decide how to use the surplus. The Board can discuss the results of the decision and make any necessary changes in the budget development. Eric Heikel suggested developing policy and outlining scenarios on how the tip fee can be adjusted so the General Manager has good ground rules. Dirk Reith agreed the General Manager should make the appropriate

decision, but spoke against a rebate and in favor of using the money to enhance recycling collection. Stephen Brooks concurred with funding the encouragement of recycling. Tom Moreau reminded the Board that past experience showed lowering the tip fee did not appear to increase recycling. The recycling study result indicated to increase recycling the District needs to buy more carts. Mr. Moreau opined the CSWD tip fee is too high and will potentially be up against competition from the Waste Management facility in Massachusetts which is reaching into other states for market share. Waste Management presently is paying for materials. Leslie Nulty said the Board needs a proposal from staff. The General Manager can only change the tip fee, but anything else needs Board approval. Eric Heikel asked under what condition the tip fee would be reduced. Tom Moreau said at the end of the fiscal year if the surplus is at least \$300,000. Bert Lindholm spoke against changing the tip fee since funds must be expensed over present and future programs (composting, landfill, other programs). Steve Goodkind calculated the \$200,000 surplus plus \$150,000 of unused subsidy totals over \$300,000. Logan Brown suggested questions be drafted to focus the discussion. Staff will draft recommendations for consideration.

9. BEDROCK GROUNDWATER REPORT – HEINDEL & NOYES

Craig Heindel with Heindel & Noyes reported the results of the groundwater study of 12 bedrock wells (seven private wells on Martel Hill and five CSWD wells) which showed no sign of impacts or groundwater direction flow impacts. The groundwater flows from south (Martel Hill) to north (landfill) to the low point (Winooski River) and under no pumping conditions was this reversed. There were no landfill indicators in any of the wells. Residents of Martel Hill were mailed the results of the study. The results of the study support no impact of existing landfills (Phases 1, 2, 3) on neighboring wells, and if Site 21 is designed and built as proposed it is likely there will be no impacts, testified Mr. Heindel, adding data from the Heindel & Noyes study will be used in the modeling for a landfill on Site 21. There was discussion of the water table and flow of groundwater to the Winooski River (hydraulic pressure is keeping the groundwater out of the drilled wells). Joe Duncan asked about the impact of a drought. Mr. Heindel stated the study showed the water table in the bedrock wells vary from five to ten feet and even five times that amount would have a south to north gradient on Martel Hill.

10. OTHER BUSINESS

Interim Compost Site

Tom Moreau reported 55 potential interim sites in Chittenden County for the Intervale Compost Program have been reviewed. Intervale Compost cannot accept any new material after June 30, 2010 so a new site must be found. The list of potential sites has been narrowed, stated Mr. Moreau, and the intention is to exercise use of the \$10,000 in the budget for an option or lease while in permitting. A potential lease option will be offered to one of the landowners. The Board must approve the lease. Mr. Moreau commented on the future of product stewardship which will most likely include organics. Further discussion of the lease or land acquisition should be done in Executive Session, advised Mr. Moreau.

11. PROGRAM UPDATES

The Board received written briefs on CSWD programs/projects.

Update on Energy Conversion by Ed Varney

The Board will receive an update on progress to date regarding the conversion of methane gas from the landfill to energy by Ed Varney.

12. EXECUTIVE SESSION

MOTION by Bert Lindholm, SECOND by Dirk Reith, that the Board of Commissioners of the Chittenden Solid Waste District go into Executive Session to discuss ongoing and pending litigation, property purchases, personnel issues, contact negotiations and/or interdepartmental matters that concern matters other than primarily factual matters which are preliminary and prior to formulation of public policy where premature general public knowledge would clearly place the District, its member municipalities, and other public bodies and persons involved at substantial disadvantage, and further to seek and discuss the advice of attorneys on various legal issues where premature public knowledge could adversely affect the outcome of such civil action against the District, and to permit staff and the Solid Waste District attorneys to be present for this session. VOTING: by weighted vote a majority of nays (Burlington – Steve Goodkind, Colchester – Dirk Reith, Underhill – Mike Wiesel, Westford- Michelle DaVia, Williston – Joe Duncan); motion did not carry.

13. ADJOURNMENT

MOTION by Dirk Reith, SECOND by Joe Duncan, to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 9:46 p.m.

M.E.Riordan, Recording Secretary

I agree that this is an original copy of minutes and they have been approved by motion of the Board of Commissioners at the _____ meeting held in _____.

Michelle DaVia, Secretary/Treasurer