

**Minutes
NWSWD Board of Supervisors Meeting and Public Hearing**

December 5, 2018

The Board of Supervisors of the Northwest Vermont Solid Waste Management District held their regularly scheduled board meeting and Public Hearing for the FY20 Budget on Wednesday December 5, 2018 at the District Offices, 158 Morse Drive Georgia, VT at 6:00 PM.

Chairman Al Voegele called the meeting to order at 6:00 PM.

Supervisors Present:

Terry Anderson, Isle La Motte
Tim Green, Richford
Barry Kade, Montgomery
Mike Kemsley, Grand Isle
Paul Lambert, Georgia
James Lintereur, Bakersfield
David Clark, Fletcher

Carlo Micheli, Swanton
Jim Richards, No. Hero
Bill Rowe, So. Hero
Jaime Tibbits, Fairfield
Al Voegele, St. Albans Town
April St. Francis, Highgate

Supervisors Absent:

Jennifer Bright, Enosburg
Tom Leitz, St. Albans City
Amy Mashtare, Alburgh
Dave Supernault, Sheldon

Others Present:

John Leddy, Executive Director
Pam Bolster, Business Manager

Guests: None

Public Hearing 6-6:30

Public Comment on the Draft FY20 Budget.

No Attendee's. Mr. Voegele asked for a motion to close the public hearing at 6:30 PM.
Mr. Rowe made the motion. All were in favor and the public hearing was closed.

Full Board Meeting

1) Agenda Review-Additions/Deletions: No Changes, Additions or Deletions.

2) VOTE: Minutes of the November 7, 2018 NWSWD Board Meeting:

Mr. Voegele requested a motion to accept minutes of November 7, 2018 as presented. Mr. Lintereur Made the Motion. All were in favor and the motion passed with one abstention from Barry Kade for lack of attendance.

3) Old Business:

a) Directors Report:

Mr. Leddy noted at the request of Dave Clark why there was so much paper and paper bales in the warehouse. Mr. Leddy explained that we are assisting Northeast Kingdom with their baling as their baler is broken. They transport it to us, we are baling it and then capturing the revenue. We receive currently \$35.00 per ton.

b) Finance Report:

i) Final Audit Report:

Ms. Bolster stated that as the final figure for the audit have been reported twice that this is just the released final report. She reported a little over 51K in surplus from the FY18 audit. Ms. Anderson asked about the action items suggested by the auditor. Ms. Bolster explained that through committee meetings we will be acting on completing those items which include policies for finance and code of conduct policies. The allocation of the 51K to either Capital Maintenance or Revenue Reserves will be discussed later in the meeting. Mr. Voegelé noted that the audit was complimentary to Ms. Bolster and the organization.

ii) Finance Report:

Ms. Bolster noted that all is well and we are where we should be at this point in the year. She noted the outstanding AR specifically one hauler who is behind. This hauler has contacted the district and will be sending a check for a portion of the past due balance shortly. This hauler has had good history and is not a major concern. Discussion occurred about the actions of the District to collect on past due invoices.

Ms. Bolster noted that surcharge income and trash income is up.

Ms. Bolster told the board that she has paid off the business loan that held the CAT Truck and the Freightliner.

iii) Discussion and Vote: Capital Reserve Funds - Shall the board authorize a portion of our accumulated, non-allocated surplus to the District's reserved Capital Maintenance Fund and/or Revenue Reserve Fund.

Discussion of terminology for our Reserve Funds. Terms to be used will be Capitol Maintenance Reserves - utilized for replacement of

equipment or Improvements to any Capitol Asset, and Revenue Reserves - emergency funds to cover unexpected downturns to the commodities markets or other unexpected emergencies. The standard is generally to hold three months of averages expenses including payroll in the revenue reserve fund. All reserve funds (capitol or revenue) must be approved by the board to be utilized. Ms. Bolster reports the District' monthly average expenses are in the range of 85K. A discussion of the limitations of business interruption insurance occurred.

Ms. Bolster directed the board to the sheet in the package that is headed NWSWD Bank Accounts showing total cash on hand. Total cash on hand is 662K. Out of that 110,933K has been allocated to the District's two reserve funds. Funds not reserved available to us for operations is appx. 551K. Finance requires appx. 250K in general operating funds on hand at all times. Subtracting unreliable outstanding AR, this leaves a little over 255K including the 51K surplus from FY18 to be allocated.

She then reviewed the next sheet in the package titled Reserve Fund Log showing the detail of funds added or reduced over the years from our Capital Maintenance Fund and The District's Revenue Reserves. Currently including \$22,702 (1/2 of FY19 Budget Allocation) in capital maintenance reserves is \$66,380.00 and in revenue reserves, \$110,933.00. She noted the 45.9K in our FY20 budget to go to Capital Maintenance Fund as well as the additional \$22,702 from our FY19 budget that was approved for this fund. She is seeking to allocate unallocated surplus from previous years as well as the surplus from FY18, totaling \$255,472.00.

Mr. Kade asked a hypothetical question (summarized) "what we would say to anyone questioning the surplus and why it isn't being utilized to lower the surcharge to haulers or to lower pricing at our facilities." Ms. Bolster stated that it would not be fiscally responsible for the organization in the long term. We must do our part to assist the organizations goals for future years. We seek a balance of future planning and of reasonable pricing for the present. Discussion ensued.

Ms. Bolster again stated that the goal for tonight's meeting is to allocate the \$255,472.00 into our reserved funds and that this will be reviewed periodically and gave the board the knowledge that they in the future can re-allocate or remove from allocation those funds.

Mr. Leddy directed the board to his 10 year replacement, maintenance and expansion estimates that come to a total cost of approximately 661K to be reviewed shortly. If we split the allocable funds, adding appx. 127K to each fund, capital maintenance reserves will be \$262,500.00 at the end of FY20. Subtracting that from our 10 year plan leaves appx. \$402,300.00 to raise over a 10 year period, meaning per year we must put in appx. \$40,200.00, noting that for FY19 we put in just over that and are scheduled to put in appx.45K in

FY20. Thus we are putting in just over what is necessary to meet the 10 year plan.

Discussion ensued about the property in Sheldon and about the land use status and logging process which will, when the next logging phase is done generate additional revenue.

In relation to the revenue reserves, adding a 127K from what we seek to allocate will give the fund 185K, shy of three months emergency funding but the 250K unallocated operating funds would cover the balance of the three months requirement and any additional surplus from any fiscal year can be added to the revenue reserves.

This 10 year plan will be reviewed frequently and changes will be made as necessary.

Mr. Leddy asked the board to look at the ten year planning sheet. It shows the total amount the District should put aside for replacement and expansion needs over the next 10 years. The dollar figures were calculated from our depreciation schedule, current pricing with current inflation for our capitol assets that will need replacement, site work and expansion as well as landfill site in Sheldon's initial phase.. He began with drop off sites and box needs. Site improvements are included from stairs and steps to site work that will need to be done including concrete work at our drop off sites. Pay hut and storage buildings are include as well as safety equipment. The next item is processing at the Georgia facility. Included here is the main baler. Discussion ensued as to the life of the baler and its maintenance. Mr. Leddy notes we are currently low on the hour usage of this baler and feels that we comfortably have 10 years with this baler. Warehouse layout was discussed as well as redesign of the Georgia drop off site to utilize our space better. Transportation was discussed, our current and future anticipated needs, and an added forklift to give more effective and safer lifting ability than what we currently have with our diesel skid steer which also creates air quality concern. In relation to the Georgia building, expansion is included in this 10 year plan. Additional office space is necessary as well as storage space, bathroom addition, etc. Discussion of options ensued.

Mr. Leddy has utilized the full cost of Drop Off Site Needs, 25% of the cost of Georgia Processing in the total as we historically have not paid 100% of these types of items, financing a portion of it, and 50% of transportation for the same reason. The board needs to weigh in if this is acceptable and comfortable for them.

Mr. Leddy included work at the Sheldon Property, hypothetical as we have no solid plan as to what we wish to do, but as a basic build out including building a road, some equipment, a building etc., the estimated cost would be 500K. Mr. Leddy used 25% of this in his total cost to set aside.

The total of all replacement and expansion costs with current inflation is 1.6M. The adjusted using the dedicated percentages total is 661K. Discussion. A new drop off site was mentioned and discussed.

Mr. Leddy directed the board to the RFP for engineering at the Georgia facility, reviewing our footprint and designing a layout that will work better for our operations. From traffic patterns to sprinkler systems, all will be included. Mr. Lintereur suggested adding language to the RFP for regular review meetings during the project to keep everyone informed.

VOTE: Mr. Green made a motion to allocate 50% of our accumulated un-allocated surplus, \$127,736.00 to Capitol Maintenance and the same amount to the Revenue Reserve Fund. Mr. Clark seconded the motion. All were in favor and the motion carried unanimously.

4) New Business:

- a) **Discussion and Vote:** Shall the Board adopt the Fy20 Budget as warned or amended? Mr. Rowe made a motion to adopt the FY20 Administrative Budget as Written with No Amendments. Mr. Kade seconded. All were in favor and the motion passed.
- b) **Discussion and Vote:** Shall the Board set the FY20 District Municipal Assessment at \$1.00 per capita based on the most recent census date, with a due date of November 15, 2019, and direct the District Treasurer to issue warrants to member municipalities? Mr. Rowe made a motion that the board set the FY20 district municipal assessment of 1.00 per capita based on the most recent census data. Ms. Anderson seconded the motion. All were in favor and the motion passed without opposition.
- c) **Discussion and Vote:** Should The board authorize a portion of the newly allocated funds to be put in a CD and authorize the executive committee to make a decision as to which Vermont based bank or credit union to invest it in. Mr. Rowe made the motion to put 50% of the newly allocated reserve funds, 127,736.00 in a CD with the executive committee authorized to make the decision which local bank or credit union to invest with, Ms. Tibbits seconded. All were in favor and the motion passed. The executive committee will meet sometime between now and the next meeting to make that decision. Ms. Bolster will research and report rates with Vermont based credit unions and banks.

6) Other Business:

Full Board Adjourned 8:10 PM.