

**Saline County Regional Solid Waste Management District**

**Board Meeting Minutes**

**February 20<sup>th</sup>, 2013**

**Board Members Present:** Mayor Jeff Arey, Mr. Jim Erwin (Absent), Dr. Don Brashears, Mr. J.R. Walters, Mr. Bob McKeon, and Judge Lanny Fite.

**Others Present:** Mrs. Tai Marshall, Office Manager, Saline County RSWMD; Ms. Tiffany Dunn, Administrative Assistant, Saline County RSWMD; Mr. Sam Gibson, Saline County RSWMD Attorney; Mr. Zeke Jones, Yoakum, Lovell & Co.; Mr. Michael Grappe, Executive Director Saline County RSWMD; Mr. Roger Finley, Terry's Waste; Mr. Mike Lauderdale, Terry's Waste.

Mayor Arey called the meeting to order and asked everyone to sign in.

**Reading of Minutes from January meeting:** Mayor Arey stated the first order of business was the reading of minutes from the January meeting. Mayor Arey stated that Jim Erwin was absent due to a death in the family. Mayor Arey stated that Mayor Dabbs might be attending the meeting. Mr. J.R. Walters made a motion to approve the January Board Meeting minutes. Mr. Bob McKeon seconded the motion. All were in favor and motion passed with no opposition.

**Reading of Financial Statement and Financial Position from January:** Mr. Grappe' stated the operating account has \$1,136,838.31 and a deposited amount of \$446.69 with an expense of \$59,228.96. Mr. Grappe' stated that the revenue account holds \$1,187,700.07 and made deposits of \$6,096.93. Mr. Michael Grappe' stated that the District received the recycle grants check for about \$112,000 for the 2013 year. Mr. Michael Grappe' stated that currently in the Recycle Grants account there is \$97,944.44 and made a deposit of \$349.34 with expenses of \$1,319.57. Mr. Michael Grappe' stated that we made \$12,090.52 in the investment account with a cost of \$25,404.29 with a total of \$2,066,910.15 in the investment account. Mr. Michael Grappe' stated that the account grand total is \$4,489,392.97 with deposits of \$18,983.48 and expenses of \$85,952.82. Mr. Michael Grappe' stated that the majority of the expenses are for salaries. Mr. J.R. Walters made a motion to approve the January Financial Statement and Financial Position. Mr. Bob McKeon seconded the motion. All were in favor and motion passed with no opposition.

**Annual Audit presentation: Zeke Jones:** Mr. Zeke Jones stated that he wanted to say thanks to the Board for letting him continue the audit and to thank Mr. Michael Grappe' and Mrs. Tai Marshall for making sure that they had everything they needed for the audit. Mr. Zeke Jones stated that he gave Mrs. Tai Marshall a letter that is for the Board that they have to issue now to let them know if anything was found. Mr. Zeke Jones stated that nothing was found. Mr. Zeke Jones stated that on page one of the Financial Statements begins the management discussions analysis that is a summary of what has happened in the year and the changes in the Financial Statements. Mr. Zeke Jones stated that on page 4 is the Independent Auditors Report which is the unqualified opinion and the best opinion that they can

give based on their findings. Mr. Zeke Jones stated that on page 6 is the start of the Balance Sheet and next year they will be able to present all the Financial Statements comparatively but since the 2011 year had some of the landfill expenses they weren't able to do comparisons. Mr. Zeke Jones stated that on the Balance Sheet that cash is at \$2.4 million and investments at \$2 million to give a total of \$4.4 million that is unrestricted. Mr. Zeke Jones stated that a recommendation that he suggested to Mr. Grappe' is that the revenue account that has roughly \$1.1 million in it and in the past it was necessary to funnel money to the Revenue Account and then deposit it into the Operating Account. Mr. Zeke Jones stated since there isn't Landfill operations anymore that in his opinion that it's not a necessary account. Mr. Zeke Jones stated that the District could move that into some kind of investment that can bring the District some money. Mr. Zeke Jones stated that it would still leave the District with \$1.4 million in the Operating Account which is still a lot. Mr. Zeke Jones stated that the total Operating Expenses were \$600,000 last year so about \$1.5 to \$1.8 million could be put into an investment to make the money start working for the District. Mr. Zeke Jones stated that the Account Receivables Other \$150,000 was the amount that Republic owed the District for that Quarter and was received subsequent to September 30th. Mr. Zeke Jones stated that the Restricted Funds of \$108,000 is the recycling grant money that has to be used for a specific purpose. Mr. Zeke Jones stated that Capital Assets increased about \$116,000 over the prior year and that had to do with the land purchase of \$65,000, a truck purchase of \$30,000, and a forklift purchase for \$23,000. Mr. Zeke Jones stated that down on the Current Liabilities that grand advances of those matches the Restricted Funds, basically deferring that revenue until that money is actually spent. Mr. Zeke Jones stated that the total Net Assets are about \$4.8 million and was increased by about \$83,000 from the prior year. Mr. Zeke Jones stated that on page 7 the Total Operating Revenues were \$623,000 and the Recycling Grant Revenue was up \$63,000 from the prior year, the Recycling Revenue was down \$30,000, and then the landfill royalty was that \$450,000 as stated in the contract. Mr. Zeke Jones stated that the Operating Expenses can't really be compared to last year the main expenses were the wages, professional fees that had a lot to do with Engineers with the plans for the new center, and then the recycling and recycling grant expenses. Mr. Zeke Jones stated that the investment return of \$68,000 in the notes of the Financial Statement shows what the price of that is in the best interest income, gain/loss, sale stock, the gain/loss of sale of assets, and that was a loss of \$520 because a trailer was sold. Mr. Zeke Jones stated that left a total change net of assets of \$83,000 positive. Mr. Zeke Jones stated that on Page 8 is a Statement of Cash Flows and it shows that cash divided by operating activities was about \$50,000, cash used by financing activities was \$149,000 that had to do with the purchase of equipment, and the cash divided by the investing activities was \$574,000 which is a little misleading because it was restricted and the restriction was released after the sale of the Landfill. Mr. Zeke Jones stated that the District really still had that money last year but now the District can save of it because it is unrestricted and has cash at the end of the year of \$2.4 million. Mr. Zeke Jones stated that page 9 gives Notes to the financials that has been pretty much the same as it has been. Mr. Zeke Jones stated that on page 10 Note 2 goes into a little detail about what makes up the restricted funds and again that is just recycling grant money. Mr. Zeke Jones stated that Note 3 begins the Investment Note and on page 11 it shows the interest income minus the trustee fees plus the change in the unrealized gains of investments. Mr. Zeke Jones stated that Note 5 is all the grant advances that were awarded during the year and shows the funds dispersed to give a balance of \$108,000 at the end of the year. Mr. Zeke Jones stated that two of those grants numbers 50 and 51

were actually items of assets that were either sold or disposed of, but were purchased with grant money so ADEQ worked with Mr. Grappe' and Mrs. Tai Marshall to figure out the depreciated value and they put \$9,900 back into the account and that will cover that grant. Mr. Zeke Jones stated that on page 12 is Retirement Notes and on page 13 it shows that \$19,000 was spent on retirements. Mr. Zeke Jones stated that Note 7 Commitments shows the office lease and shows that the District owes \$4,200 a year until 2016. Mr. Zeke Jones stated that page 14 is another letter that they have to issue stating if they had any findings. Mr. Zeke Jones asked if there were any questions. Mr. Bob McKeon made a motion to approve the Financial Audit Report. Mr. J.R. Walters seconded the motion. All were in favor and motion passed with no opposition.

**Inter-District Tire Update-Stacey Edwards:** Ms. Stacey Edwards was absent. Mrs. Tai Marshall stated that Ms. Stacey Edwards is sick and asked her to tell the Board that they are in the process of finalizing the contract with Davis Rubber and that all the program activities are going well.

**Environmental Officer Update-Officer Blevins:** Officer Blevins was absent. Mrs. Tai Marshall stated that he was unable to attend. Mrs. Tai Marshall stated that the Environmental Officer Summit is being rescheduled. Mrs. Tai Marshall stated that it was tentatively set for March 7<sup>th</sup> and is being pushed back to April. Judge Fite asked if Officer Blevins has an active list of things he is working on and if they could have that at the next meeting.

#### **Executive Director Update**

**Recycling Program:** Mr. Grappe' stated that in January our Recycle Report shows that we sold 53 tons of recycled paper and cardboard and received a revenue of \$4,257.75. Mr. Grappe' stated that the expenses for January were \$14,220. Mr. Grappe' stated that there was \$2,800 spent on education, fuel, parts/supplies, recycle hauler contract which is used to pick up schools, material transport and miscellaneous. Mr. Grappe' stated that why they are talking about recycling he passed around a picture of the new recycle container that is going to be the new single stream collection can. Mr. Grappe' stated that today we have 20 yd. roll offs and the 4 and 8 yard bins that we currently have are going to be replaced with 8yd Smarty containers where you can single stream everything all in one. Mr. Grappe' stated that we will have them at the jail, Haskell, Bryant City Hall, Bishop Park, Shannon Hills, and Bauxite. Mr. Grappe' stated that there will be eight or nine locations. Mr. Grappe' stated that the single stream will be picked up every Monday, Wednesday and Friday. Mr. Grappe' stated that it will provide some efficiency because the containers will be full whereas the 20 yarders are full of plastics but the aluminum was empty. Mr. Grappe' stated that the paper was always full and stuff was always sitting on the ground and we have to pay part of the recycling contract to have somebody to go down and pick-up and there is usually 50-200 bags lying on the ground. Mr. Grappe' stated that the good news is that our recycling numbers are growing and the bad news is that it is costing us money to maintain it. Mr. Grappe' stated that with this program there will be some efficiency and keep the dumpster divers will down because the materials won't be collecting for more than a day. Mr. Grappe' stated that Republic is providing the bins and painting them black and then we will put the sticker on them. Mr. J.R. Walters asked if everything will be going into the same container. Mr. Grappe' stated that everything goes in the same bin and in the left hand corner of the sticker it says cardboard, plastic, paper, aluminum, and

metal. Mr. J.R. Walters stated that the roll-off at the jail says cardboard on it and if you look inside it has everything in it. Mr. Grappe' stated that another reason why the District is painting the containers black is because when Republic goes and brings a roll off it may be from Little Rock or somewhere else and they go and drop that one off and then pick up a full one causing the whole scenario to change because of where the container previously came from. Mr. Grappe' stated that there will be 6-8 containers on Edison on our piece of property that has been cleaned off by our Environmental Officer and 309's. Mr. J.R. Walters asked if the old building is on our land. Mr. Grappe' stated that he has had people call him and ask him how much he will pay them to tear it down. Mr. Grappe' stated that there will be 1-2 containers in Haskell and we will be monitoring those and as traffic increases we will increase the containers. Mr. Grappe' stated that he hasn't worked out the pricing yet because there will be a service pick-up fee and that he is a zero right now and Republic is somewhere up here. Mr. Grappe' stated that in the curbside recycling if you will remember back in October, November of last year we partnered with Terry's Waste who provided the trucks, the cans, and the labor to do the curbside recycling for King's Crossing and Hurricane Lake. Mr. Grappe' stated that we gathered a lot of material and data and after discussion we believe that we should take the District to curbside recycling. Mr. Grappe' stated that he would like to present this today and have the Board to think about it and we will prepare a resolution to present next month to vote on to put in place. Mr. Grappe' stated that there will be three zones within our District which will be the Central Zone that runs along the I-30 corridor and incorporates the primary cities of Shannon Hills, Alexander, Bryant, Benton, Bauxite, Haskell, and Traskwood. Mr. Grappe stated that we will have the southern zone. Mr. Grappe' stated that he wanted to make the Board aware of it and that they will prepare a Resolution for next month and will have a public hearing fifteen minutes before the next Board meeting and present the Resolution before the Board. Mr. Grappe' stated that it will be necessary because when we release the RFP we will need to identify to our bidders what responsibilities they will have in terms of the area. Mr. Grappe' stated that the District is working with the Accesors office to collect the number of houses that are in that red zone. Mr. Bob McKeon asked if they will all be bid at the same time. Mr. Grappe' stated that it will be for one bid that is for solid waste and curbside recycling just for the Central Zone. Mr. Grappe' stated that he has been in discussion with Terry's Waste and that they have talked about several things, one is to break up the primary central zone or bid all three areas as separate entities. Mr. Grappe' stated that there will be public meetings and suspects that he will be hearing from more with their concerns. Mr. Grappe' stated that the RFP that will be released this summer will be for the Central Zone and for both Curbside and Solid Waste pick-up. Mr. Grappe' stated that it will be a hauling contract only and the responsibility to collect it and haul it will be to the bidder. Mr. Grappe' stated that the disposal cost will be to the District that way the Landfill will not have an unequal advantage. Mr. J.R. Walters asked if the hauling will be taken to the Landfill. Mr. Grappe' stated that it will be taken to the Landfill in Saline County. Dr. Brashears asked how long the contract will be for. Mr. Grappe' stated that he is looking at a 5-7 year contract with a renewal after a 5 year period. Mr. Grappe' stated that there will also be clauses in the contract that if we are unhappy with the service there will be penalty clauses attached to that as well. Mr. Grappe' stated that for example if he receives ten calls a day from disgruntled citizens there will be a penalty attached to that. Mr. Grappe' stated that there are several issues that he is working on such as how do we as District bill, do we bill the land owner that has twenty apartments or do we bill the individuals that live in those apartments. Mr. Grappe' stated that another issue that he is working on is

having a mechanism in place so that if an area is annexed by the city in development we have to be able to have a mechanism in place just like if you want your water turned on or electricity turned on, we have to be a part of the mechanism that they have to sign up for their solid waste and curbside. Mr. Bob McKeon asked the question if there is a timeline of the other zones going out for RFP. Mr. Grappe' stated that the Southern Zone would probably be the next zone. Mr. Grappe' stated that based on development five years from now for instance we may find that the Eastern half of the District has grown up and may have to come back and reorganize it. Mr. Grappe' stated for simplicity that they broke it up into three geographical areas. Mr. Grappe' stated that once this program is in place the District will put the black bins in rural areas. Mr. J.R. Walters asked if the bidder will supply the bins. Mr. Grappe' stated that yes and we have actually been doing some studies about the other seventeen Districts some District's and some cities inside their District require you to buy the curbside recycling bin, and they charge for a can of paint, first four tires would be free and then charge \$2 for the others, and light bulbs are \$1. Mr. Grappe' stated that we are putting a list together of what the fees are and once that is complete we will make that available. Mr. Grappe' stated that some District's don't have websites so it can be hard to get the information. Mr. Grappe' stated that he had an interview with the Utility Director in Cabot about his recycling contract and wasn't sure where the recycling went. Mr. Grappe' stated that when we are in public we need to be able to have the ammunition to say this is what other Districts are doing and these are what the advantages and disadvantages are. Mr. Grappe' stated that he is working hard for yard debris. Mr. Grappe' stated that he was at Waste Management over the weekend doing inspections and that they had a very interesting truck. Mr. Grappe' stated that he was watching a private firm handle the yard debris and thought about doing a pay as you go program where if you wanted yard pick-up that week you buy your tags with the appropriate number for the bags and then notify someone that you need pick-up that week. Mr. Grappe' stated that another thing that he was thinking about as an option would be that when we sign them up they can say yes we want that service so that we can clearly identify those people that need that service up front and then when we have the expansion through the annex they can also be selected there as well. Mr. Grappe' stated that then we will be able to provide that to those who want that service and know who those people are and will be able provide a route for them once a month. Mr. Grappe' stated that he thinks that we need to address that now instead of later so that maybe the RFP has three components to it and the yard debris being one of them. Mr. Mike Lauderdale asked if the yard debris will be bid out with the RFP. Mr. Grappe' stated that he thinks so. Mr. Mike Lauderdale asked if the District will bid it out as a pay as you go. Mr. Grappe' stated that he is more in favor of if you want that service you sign up for it and we will be by once a month to pick up. Mr. Mike Lauderdale stated that the reason he asked that is because he thinks the pay as you go will be a nightmare. Mr. Grappe' stated that he thinks that the pay as you go will cause a lot of communication confusion. Mayor Arey asked if it would be on the individual to opt in or out or on the neighborhood or city. Mr. Grappe' stated that it would be on the individual. Mr. Grappe' stated that we are working on Safety Kleen. Mrs. Tai Marshall stated that she is waiting on Safety Kleen to give us a date. Mr. Grappe' stated that we are waiting on Safety Kleen to give us a date for Hazardous Household waste and we will have a couple of locations like one Saturday at the Harvest Foods, Bishop Park, or City Hall to provide the opportunity to citizens to bring their hazardous household waste. Mr. Grappe' stated that Safety Kleen will accept it and treat it right there and we will have Smarty the Fox out there as well.

**Upcoming Events:** Mr. Grappe' stated that the City of Benton is currently having a Go Benton/Clean Benton program that Judge Fite and Mr. Grappe' are working on. Mr. Grappe' stated that they will be asking the District for certain things to help support that program such as garbage bags and bins. Mr. Grappe' stated that we will be working with them in their efforts to clean up Benton. Mr. Grappe' stated that we had our Magic Show where we had twelve shows and provided multiple shows at the schools. Mr. Grappe' stated that the program was a huge success teachers as well as students were impressed with the program and got our name out there a great deal.

**Miscellaneous:** Mr. Grappe' stated that our school contract is worth roughly \$5,500. Mr. Grappe' stated that we pay someone to go into the schools to collect, bring it out, dump it, and haul off and most of it is paper. Mr. Grappe' stated that he has had several conversations with school boards and maintenance people and they say they will pick up the trash can up and will throw it in our bin and haul it out and dump it in the trash but they don't want to take care of the recycling because they are already having to deal with the trash. Mr. Grappe' stated that what he would like to do is start the ground floor plan of having two cans in each classroom where one can will be for the organic waste and the janitor will collect the organic waste and dispose of that in the lunch room to dispose of. Mr. Grappe' stated that everything else plastics, paper, soda cans, will go in recycling so instead of the janitor making it outside with trash he will make it outside with recyclables. Mr. Grappe' stated that instead of having trash cans of 8 yarders in the trash locations there will be recyclable containers so that the trash will be minimal and won't be any extra work for them.

**Old Business:** There was no old business to report.

**New Business:** There was no new business.

**Public Comments:** Mr. Bob McKeon asked the question about leaving money aside last year for expenses that we thought we might have. Mr. Grappe' stated that part of that money was incumbent and so we freed it up and increased our savings to \$2 million and there was roughly \$2.5 million in our Revenue and Operating accounts. Mr. Bob McKeon asked the question if we need to long term invest in something now. Mr. Grappe' stated that he isn't ready to make a recommendation to the Board. Mr. Grappe' stated that Mr. Zeke Jones brought it up this month and he will come back to the Board with the recommendation. There were no other public comments.

Judge Fite made a motion to adjourn the Board meeting. Mr. J.R. Walters seconded the motion. All were in favor and meeting adjourned.