

SOLID WASTE SPECIAL SERVICE DISTRICT #1 (SWSSD1)

Consistent with provisions of the Utah Open and Public Meetings Act, Utah Code Ann. §54-2-207(4), the Administrative Control Board of the Solid Waste District has decided to continue to hold electronic meetings without a physical anchor location. Due to the health and safety risks related to the ongoing COVID-19 pandemic and considering public health orders limiting in-person gatherings, the Solid Waste District has continued to hold meetings by electronic means.

MINUTES: REGULAR MEETING OF THE SWSSD1 ADMINISTRATIVE CONTROL BOARD

TUESDAY, AUGUST 24, 2021, 3:00 PM

BOARD MEMBERS PRESENT: Kalen Jones (Chair), Kevin Fitzgerald (Vice Chair), Mary McGann (Treasurer), and Diane Ackerman (Member). Chad Harris was not present.

Others present: Evan Tyrrell (District Manager), Jessica Thacker (District Program Manager/District Clerk), LJ Blackburn (District Executive Assistant), Chris Scovill (District Facilities Supervisor), Sara Melnicoff (Moab Solutions), and Nick Lundberg (VeloChase Group).

These minutes are presented in the order of the agenda and not necessarily in the order of discussion. The board packet is available on the District's website located here:

<https://swssd1.org/board-meetings-and-minutes/>.

REGULAR MEETING – CALL TO ORDER (3:00PM)

Kalen Jones called the meeting to order at 3:07pm.

CITIZEN'S INPUT

Sara Melnicoff (Moab Solutions) provided a verbal comment in which she stated that an outdoor exhibit at the Loveland Living Planet Aquarium had selected the Recycled Garden at the Community Recycle Center (CRC) as an example of biodiversity in Utah. Sara Melnicoff stated this provided further support to the CRC's status as a shining example for the community, its endless potential, and the possibility of environmentally conscious activities that can take place there.

No other comments were received.

APPROVAL OF MEETING MINUTES

A. JULY 8, 2021 REGULAR MEETING

MOTION: Mary McGann motioned/Kevin Fitzgerald seconded to approve the draft minutes for July 8, 2021 as written in the August 24, 2021 Board packet. Roll call vote: Diane Ackerman, Kalen Jones, Mary McGann, and Kevin Fitzgerald each voted yes. Motion passed 4-0.

TREASURER/FINANCIAL

B. ACTION ITEM: APPROVAL OF EXPENDITURES FOR THE MONTH OF JULY 2021

Evan Tyrrell provided a brief summary of the expenditures for the month of July explaining that three (3) payrolls occurred, quarterly payment for the motor grader, purchase and delivery of the mobile loading ramp for the CRC, and typical expenditures for normal operations. He also stated that the District transferred a large amount of funds to its PTIF account to get caught up on its capital investment needs and to support upcoming bond and loan repayments.

MOTION: Mary McGann motioned/Kevin Fitzgerald seconded to approve the expenditures for the month of July 2021 in the amount \$303,958.45.

AMENDED MOTION: Mary McGann motioned/Kevin Fitzgerald seconded to approve the expenditures for the month of July 2021 in the amount \$303,956.45.

Roll call vote: Diane Ackerman, Kalen Jones, Mary McGann, and Kevin Fitzgerald each voted yes. Motion passed 4-0.

C. DISCUSSION ON THE ALLOCATION OF NEW ASSETS AND LIABILITIES ASSOCIATED WITH THE ACQUISITION OF MONUMENT WASTE SERVICES, LLC'S UTAH-BASED OPERATIONS

Evan Tyrrell introduced Nick Lundberg (VeloChase Group), an external accounting consultant for the District, and stated that he had been instrumental in the creation of a new asset depreciation schedule, real estate appraisal valuation, equipment appraisals, and other various accounting duties as part of the acquisition of Monument Waste Services, LLC's Utah-based operations (MWS). Nick Lundberg provided an in-depth explanation of the bond repayment schedule showing total costs including interest as well as value associated with all equipment and property assets. Evan Tyrrell introduced the concept of vertically integrated intra-agency revenue/expense allocations, and briefly explained how each operation bills internally and how funds are allocated accordingly. Nick Lundberg also provided further explanation on how internal revenue allocation ties into Profit and Loss statements and that a Trust Fund had been opened for the District with approximately \$1.7 million for future capital improvement expenditures. Kalen Jones questioned if the possibility of splitting interest payments from annual to bi-annual might result in interest savings. Nick Lundberg and Evan Tyrrell clarified that the bond repayment schedule includes two payments per year: one that is an interest only payment and one that includes both an interest and principal payment. Payments in addition to the bond repayment schedule can be applied to pay off more principal in advance, which could lead to reductions in interest towards the latter end of the bond repayment schedule.

Kalen Jones asked Nick Lundberg for further clarification on the concept of "Goodwill", who provided a brief explanation of goodwill as the difference between the asset purchase price and their potential earnings. He also stated that goodwill would be amortized out.

Mary McGann asked for further clarification on the concept of amortization and Nick Lundberg stated that amortization was somewhat similar to depreciation and provided a generalized example of amortization.

D. REVIEW AND DISCUSSION OF DISTRICT BALANCE SHEET ENDING JUNE 30, 2021

Evan Tyrrell provided an in-depth presentation of the District balance sheet for end of the 2nd quarter (i.e., June 30, 2021) stating that several items had been added and comparisons between June 2020 and June 2021 would demonstrate items that had not previously existed due to the acquisition of MWS. He briefly revisited the establishment of the District's trust fund for future capital improvements. Evan Tyrrell indicated that revenues had increased dramatically as shown between the District's Mountain America Credit Union and Zions Bank accounts. He provided a detailed summary of transfers and payment made to the District's unrestricted PTIF subaccounts as well as a brief description of what the purpose(s) of each subaccount.

Evan Tyrrell reintroduced the internal revenue billing process in terms of the District balance sheet and outlined how the trash and hauling collection billing service (TerraTrash) the District utilizes is factored in.

A brief discussion occurred on 'undeposited funds' as per the balance sheet and how they are reallocated into the appropriate quarterly revenues. Board members requested further clarification on whether goodwill existed on MWS prior to the acquisition. Nick Lundberg indicated it was created as part of the acquisition and had not existed prior. Evan Tyrrell provided a detailed explanation of the asset liabilities and equity section of the balance sheet with specific focus on General Revenue Bond amortization and long-term liability, including equipment loans and leases as well as the 2021 General Revenue Bond. He stated that, overall, the District's total assets and liabilities increased from \$3.1 million in June 2020 to \$16.6 million in June 2021, primarily as a result of the MWS acquisition.

E. REVIEW AND DISCUSSION OF 2ND QUARTER AND 1ST HALF 2021 WORKLOAD REPORTS

Evan Tyrrell provided a brief summary of 2nd Quarter and 1st Half 2021 financial workload reports by explaining the updated facility coding system and associated quantities, intra-agency revenue transfers, and how these items will be used to forecast the upcoming fiscal year budget. He also provided a brief summary of whether projected quantities were being met and offered reasoning for inconsistent projections such as large-scale one-time demolition projects (i.e., Grand County Middle School demolition project) that might skew data. Evan Tyrrell stated that, overall, the Klondike Landfill and Community Recycle Center were on track to meet the original projected workloads and revenues for 2021 whereas the Moab Landfill was on track to exceed the original projected workloads and revenues for 2021, which is largely due to the Grand County Middle School demolition. He also noted that recycling commodity prices have continued to increase throughout 2021 and that mulch sales at the Moab Landfill have largely exceeded original estimates.

F. REVIEW AND DISCUSSION OF 2ND QUARTER AND 1ST HALF 2021 FINANCIAL REPORTS (UNAUDITED)

Evan Tyrrell provided a comprehensive breakdown of the 2nd Quarter and 1st Half 2021 financial reports and stated he had purposefully broken the information down into manageable sections while providing a brief explanation of the codes used to identify the revenue stream. He revisited the intra-agency revenue billing procedures and provided examples of how this is accomplished. He illustrated how each of these codes are utilized to determine the District’s total revenues and expenses by operational center. Kalen Jones expressed support for the level of detail provided in the financial reports. Evan Tyrrell provided further reasoning for the numerous coding additions due to the MWS acquisition and associated operational, administrative, and legal/organizational costs. He stated the financial reports will continue to be optimized and streamlined to provide a more comprehensive financial snapshot of the District.

Board members engaged in a detailed discussion between Nick Lundberg and Evan Tyrrell regarding expenses, especially in regard to cardboard recycling at the CRC, General Revenue Bond interest, and depreciation/amortization costs. Following the end of this discussion, a second discussion ensued regarding the provided “condensed” profit and loss reports where Evan Tyrrell outlined the percentages of forecasted revenues for each line item. He provided reasoning for any items that exceeded original forecast due to the MWS acquisition or large-scale one-time projects.

G. REVIEW AND DISCUSSION OF THE DISTRICT MANAGER’S RECOMMENDED PTIF INVESTMENT STRATEGY, GOALS, AND NEEDS

Evan Tyrrell provided a thorough explanation of his recommendations for an updated PTIF investment strategy, including goals and needs by outlining a deposit and payment schedule for the new 2021 General Revenue Bond. He stated that minimum monthly deposits needed to be made to appropriately fund all PTIF subaccounts and plan for future capital improvements and equipment/trucking replacements. Evan Tyrrell provided examples of instances in how each PTIF subaccounts’ funds would be utilized such as the Bomag 772 Compactor loan repayment, future capital improvements, set aside contingency fund, landfill improvements and permit renewals, and other capital improvements associated with the District’s facilities.

Nick Lundberg left the regular meeting following the conclusion of this agenda item discussion.

REPORTS FROM BOARD AND STAFF

H. DISTRICT STAFF REPORTS

Evan Tyrrell provided a staff report with specific focus on recent activities, public relations items, and upcoming events, including meetings regarding the Super 8 Motel renovation project, updates on the development of a stormwater pollution prevention plan for the Moab Transfer Station with engineering consultants, a brief discussion on staffing recruitment challenges, including interviews with prospective employees and the utilization of temp labor positions through Elwood Staffing, the annual presentation he recently gave to the Grand County

Commission, and minor road maintenance performed by the Grand County Road Department leading to the Klondike Landfill.

Evan Tyrrell also explained that he would be presenting the 2021 annual District financial presentation and 2022 funding request to the Grand County Commission on September 7 and provided the Board members with a schedule of upcoming special events such as the Fall 2021 Moab Landfill Cleanup Voucher Program, Cash For Cans at the Community Recycle Center, and ongoing considerations for holding a second household hazardous waste event in 2021. He also informed the Board of Chris Scovill's promotion to Operations Director along with a brief reminder of the updated organizational structure he had implemented and previously shared with the Board, which was also a discussion item later in the meeting agenda.

No other staff reports were provided.

I. BOARD REPORTS

Diane Ackerman provided a brief report in which she encouraged Board members to make connections with District staff while also working collaboratively to generate new ideas and solutions. She also reaffirmed her support for a compensation study for District employees as discussed previously.

No other Board reports were provided.

OLD BUSINESS

J. STATUS UPDATE ON REVISING THE DISTRICT'S BYLAWS

Evan Tyrrell opened a discussion with the Board members regarding the outdated nature of the District's Bylaws and stated that more time is needed to effectively address the District's obsolete Bylaws. He suggested the possibility of a high-level amendment that addresses check review requirements via the adoption of a resolution in a future meeting as a temporary measure to address concerns regarding check signing. Board members had a detailed discussion on how to address the check review issues, mainly regarding conflict of scheduling when two (2) Board members must be present. Kalen Jones agreed that a stand-alone resolution would be helpful in the short-term and to revisit a full revision of the by-laws at a later date. Mary McGann presented the idea that the resolution could include the signature requirement for two Board members and/or one Board member and the District Manager.

K. DISCUSSION OF THE DISTRICT'S COVID-19 VACCINATION POLICY

Evan Tyrrell opened a discussion with the Board members regarding the District's COVID-19 vaccination policy and stated that conflicting and continuously evolving information was causing concern on how to effectively address the District COVID-19 vaccination policy now that certain vaccines had full FDA authorization. He inquired if any local entities (i.e., Moab City or Grand County) had established formal COVID-19 vaccine policies or mandates. He suggested potential incentives for staff to receive the vaccine, if they hadn't already, but acknowledged the potential

difficulties associated with a vaccine mandate. Board members agreed that this particular discussion was very difficult, and more time would be needed to assess how to move forward. A brief discussion on the percentage of vaccinated versus non-vaccinated staff occurred.

L. STATUS UPDATE ON THE DEVELOPMENT OF A DISTRICT STAFF REFERRAL AND NEW HIRE SIGN-ON BONUS POLICY

Evan Tyrrell reiterated the staffing challenges that the District continues to face, despite hiring on more staff, and asked the Board for their input on this discussion of developing a referral and new hire sign-on bonus policy. Board members agreed that this policy might be helpful in the long-term but expressed concern that a compensation study should be performed prior to moving forward with this policy. Evan Tyrrell agreed that a compensation study would be extremely beneficial to the District, however, the development and implementation of this policy would provide further incentive to future employee and potentially benefit the District in the long run.

NEW BUSINESS

M. *POSSIBLE ACTION ITEM:* APPROVAL OF THE PURCHASE OF REAR-LOAD DUMPSTER CONTAINERS FOR GARBAGE AND RECYCLING SERVICE NEEDS

Evan Tyrrell opened a discussion with the Board members regarding the purchase of rear-load dumpster containers for garbage and recycling service needs stating that current inventories are near zero at the Moab Transfer Station, and even more containers are necessary if services are to be extended to residents of Thompson Springs and other rural communities contained within Grand County. He expressed to the Board that Thompson Springs residents and UDOT currently utilize garbage services outside of Grand County. Evan Tyrrell provided a brief explanation on the addition of the containers, if approved, to the depreciation schedule and urged the Board to approve the purchase of these items. Board members inquired if used or refurbished units were available for purchase as opposed to new units and Evan Tyrrell indicated that newer units would last longer and provide a long-term benefit to the District, but also that steel prices are currently very high and supply chains are very low, so identifying and ordering used dumpster containers was not an efficient or viable option at this time.

MOTION: Mary McGann motioned/Kevin Fitzgerald seconded to approve the purchase of rear-load dumpster containers from Par-Kan Company in an amount not to exceed \$85,000. Roll call vote: Diane Ackerman, Kalen Jones, Mary McGann, and Kevin Fitzgerald each voted yes. Motion passed 4-0.

N. *POSSIBLE ACTION ITEM:* APPROVAL OF A KLONDIKE LANDFILL AGREEMENT WITH K&K CONSTRUCTION INC. DBA KEYS CONSTRUCTION & READY MIX

MOTION: Diane Ackerman motioned/Kevin Fitzgerald seconded to approve the Klondike Franchise Agreement with K&K Construction Inc. DBA Keys Construction & Ready Mix and authorize the Chair and District Manager to sign all associated documents.

O. REVIEW AND DISCUSSION OF PRELIMINARY 1ST HALF 2021 WASTE DIVERSION ANALYSIS

Evan Tyrrell opened a discussion with the Board members regarding a preliminary 1st Half 2021 waste diversion analysis stating that only a small percentage of the total waste stream in our service area was being effectively diverted from our landfills; however, he stated that there are several opportunities for improvement and indicated that the largest opportunities exist with local businesses, hotels, and restaurants. He stated that community outreach and education was not as effective as the District would like and provided a brief overview of commodity waste diversion figures to the Board members, which included several scenarios with varying commodity types included as part of the analysis. Evan Tyrrell stated that some assumptions had been made since data was either incomplete prior to the MWS acquisition, but since the District now provides comprehensive solid waste management services it can continue to review and analyze the entire waste stream and support increases in diversion rates in our area. Some discussion ensued between Evan Tyrrell and Board members on the applicability of the quantities provided along with a discussion on single-stream versus source-separated recycling volumes. Evan Tyrrell provided some examples of when the District has utilized waste diversion tactics such as asphalt reclamation for road base, green waste reclamation for unscreened mulch, and scrap metal recovery. He considers that the establishment of a full-time education and outreach coordinator will ultimately help to increase our diversion rates.

P. PRESENTATION AND DISCUSSION OF THE DISTRICT'S UPDATED ORGANIZATIONAL STRUCTURE

Evan Tyrrell provided a brief explanation of the necessity and usefulness for his recommended, updated organizational structure to streamline administrative and operational functions of the District and provide relief to several administrative positions that have taken on significant additional responsibilities as part of the MWS acquisition. Given the large growth of the District, these updates should increase efficiencies and enhance the management of District assets, facilities, heavy equipment, and vehicles. He provided in-depth reasoning for the potential creation of new full-time, salaried positions believed to be beneficial to the District in the long term while also justifying part-time positions meant to provide support to other positions. Evan Tyrrell stated that applicants for certain positions had been identified and would be interviewed in the near future. He also provided the Board with measures taken to advertise the open positions and that considerations had been taken in regard to upcoming fiscal budgeting.

CLOSING ACTIONS / ADJOURNMENT

Q. FUTURE CONSIDERATIONS

The next Regular ACB meeting is scheduled for September 16, 2021, beginning at 4:00 pm.

R. ADJOURNMENT

MOTION: Mary McGann motioned/Kevin Fitzgerald seconded to adjourn the meeting.

The meeting adjourned at 6:01 p.m.

Respectfully submitted to the Board,

Jessica Thacker
District Clerk, Solid Waste Special Service District #1