



COUNTY BOARD OF PUBLIC WORKS

**June 7, 2012
MINUTES**

**Earl G. Woodworth Building
Board Chambers
1500 Scribner Avenue NW
Grand Rapids, Michigan 49504**

MEMBERS PRESENT: Commissioners Vonk, Koorndyk Byl, VanderMolen, Shroll, Groenleer

MEMBERS ABSENT: Commissioners Rolls

ABSENT WITH NOTICE: Commissioner VanderMolen

OTHERS PRESENT: Douglas G. Wood, Director; Dan Kendall, Finance Division Director; Dennis Kmiecik, Solid Waste Division Director; Elissa Soto, Office Administrator; Steve Achram, Civil Engineer; Linda Howell, Assistant Corporate Counsel; Cal Brinks, KC Purchasing Division; Steven Bland, Rehmann; Will Love, Rehmann

I. Call to Order

The meeting was called to order at 8:00 a.m.

Chair Vonk welcomed Jim Warner, Director of the Lancaster Solid Waste Management Authority. Director Wood added that Mr. Warner is also the current President of SWANA of North America. He stated that Kent County and Lancaster County have similar solid waste systems with the exception that Lancaster is a Solid Waste Authority. Mr. Wood felt that it would be beneficial to the Department to glean from Mr. Warner and learn about their systems.

II. Public Comment

None

III. Review and Approval of Minutes

MOTION

It was moved by Commissioner Koorndyk and supported by Commissioner Shroll to approve the minutes of the May 3, 2012 meeting.

Motion carried unanimously.

IV. Administration

A. Presentation of 2011 Audit Reports

Dan Kendall, Finance Division Director introduced Steven Bland and William Love from Rehmann which has done the Department's audit for the last four (4) years. Mr. Bland presented the 2011 Audited Financial Statements of the Department. Board members

received a copy for review. There is an SAS 61 letter from the auditors that gives information on their procedures and results. Mr. Bland reviewed with the Board the report presented and explained the audit procedure.

Mr. Bland reviewed the Department's financial statements and reported that it is their determination that the financial statements presented are reliable and can be used to make good financial decisions. Mr. Bland also reviewed the report on the Departments internal controls over financial reporting. This report not only looks at the numbers, but the system behind the numbers. This report would bring to the Board's attention any systemic issues that negatively impact the Department. They found no deficiencies and have given a clean report.

Board members had no questions or comments.

B. 2013 Budget Presentation

Director Wood stated that the Department begins the budget process before the rest of the county in order to be able to submit and integrate it into the county's budget on their schedule. The Department also revisits the budget in the fall in order to set rates and to make sure the Department has the proper revenue.

Board members received Department Budgets for 2013 which discussed changes in and highlights of the 2013 Budgets. There is a summary for the Administration Fund budget and detail for the Waste-to-Energy and Solid Waste budgets.

Administrative/Debt Service Fund

Debt Service Fund budgets are based on the debt schedules for the corresponding bonds. There are no known construction projects for 2013; therefore there is not a budget request. If a project surfaces, staff will request an amendment to the budget through normal procedures.

Director Wood stated that the Administration Fund revenue flows from the operation funds. It is essentially a management cost center from the Department. This fund includes the Director, Office Manager, the Systems Administrator and the Accounting and Finance Division.

Director Wood added that there were no significant changes. He also stated that the fund was capped at \$2.5 million and 1% was added for salary increases. If there are any salary increases the Department will be notified by county administration.

Commissioner Vonk asked if the Assistant Director position that had been spoken of in the past would be included in this fund. Director Wood stated that it would be in the future but is not included in the 2013 Budget.

Commissioner Koorndyk asked why there are such differences in budgets over the past few years. Mr. Kendall stated that in the past a Deputy Director position had been included. It has since been removed. Additionally a restructuring in staff is included.

Mr. Kendall continued with the Debt Service Retirement. The only outstanding external debt is for the City of Wyoming Lake Michigan Transfer Line. It is scheduled to be fully paid in 2015. Director Wood added that the reason the Department is involved with this debt is because the county has a good credit rating and in public works law the Department can finance these kinds of projects. This is how the Department got involved with the townships, though it is phasing out of this, it can still finance projects in the future.

MOTION

It was moved by Commissioner Byl and seconded by Commissioner Shroll to approve the 2013 Budgets for the Administration Fund and Debt Service Funds for submittal to the County Administration.

Motion carried unanimously.

Solid Waste Fund

The 2013 Solid Waste Fund Budget was submitted for review and approval by the Board. The resulting budget reflects maintaining the overall landfill disposal fee of \$35 (includes \$.50 environmental & safety charge)/ ton. The final rate will be before the Board at the October meeting for consideration. The budget that is sent to Fiscal Services is based on this rate study and adjusted for debt services payments, depreciation and capital improvements.

The Solid Waste Fund includes the South Kent Landfill (SKL), North Kent Transfer Station (NKTS), Material Recovery Facility (MRF), Gas to Energy (GtE), Resource Recovery/Household Hazardous Waste (RR/HHW), Act 451 Plan (Act 451), North Kent Landfill (NKL) Sparta Landfill (SPL) and Kentwood Landfill (KWL). Director Wood stated that there are only four (4) sources of revenue to support operations.

Revenues for SKL, NKTS, MRF and GtE total \$9,441,250. Under operating expenses one-third, \$3,276,340 is for salaries and benefits. The balance, \$6,164,910 is operating expenses for all cost centers and non-operating income and expense. Director Wood added that the budget was tight this year due to the desire to maintain the \$35/ton disposal rate.

Director Wood stated that the Department has a new approach on how the budget is presented. Mr. Kendall explained the differences in the way this budget was presented this year versus how it was presented in the past. Mr. Kendall explained that the current budget shows the Solid Waste expenses and how they are being funded. New to the budget is identifying the different types of rates for example the rates charged to charities, sludge and demolition, these all receive a discount.

South Kent Landfill experienced a net loss in 2011 of \$230,118. Reasons for the loss are: 1) Projected 2011 revenues were \$821,126 under budget; 2) Operating expenses were approximately \$228,286 above projections; 3) Total non-operating income was \$134,382 under budget; and 4) Capital expenditure compared to depreciation was \$282,986 under budget. The bulk of the loss was projected tonnage that was not received.

The North Kent Transfer Station realized a \$267,368 net income above projected budgeted in 2011 income due to increased sales.

Gas-to-Energy: This cost center presently generates excess revenues in the short-term. Generally, revenues received for electric sales are used to offset capital expenses for the portion of the facility owned by the County. The balance of revenues from the sale of renewable energy credits and/or of carbon credits will be used to assist in offsetting any revenue shortfalls from all other cost centers.

Material Recovery Facility: 2011 was the first full year of operation of the single stream recycling facility. Though operation expenses were higher than projected for the year throughput was also significantly higher. Further the operation continues to experience increases in throughput in early 2012. In 2011, the operation realized a net income of \$816,014.

Resource Recovery/Household Hazardous Waste Programs: A Resource Recovery Programs Manager remains unfilled but is budgeted in 2013. This is a new management pay plan position for the resource recovery programs and services that include: public education and tours, WM Take Back Meds, Household Hazardous Waste and proposed sharps recovery program, and planning.

Projected 2013 expenses for these programs are \$422,250. These expenses are offset by \$202,500 from the Waste-to-Energy Division budget, \$2,500 miscellaneous income leaving a net cost of \$217,250. These funds are collected in the landfill and transfer station tipping fee.

Closed Landfills: Overall, closed landfills are the remaining expenditure that in the long-term will be a costly liability. The Department is developing plans toward the objective of reducing long-term cost liability. These plans will require implementation of strategies that will be new to the County.

Commissioner Byl asked about the net revenue versus the bond payment for the Recycling Facility. Mr. Kendall noted that although the MRF has a bond payment of roughly \$900,000 it still realized a net income of \$816,014. The MRF shows a good positive cash flow. Director Wood added that the tonnage of the landfill has been down and the staff had projected a loss and the revenues from the MRF made a major contribution to the overall fund. In the past the landfill subsidized the recycling operations.

Commissioner Byl asked about the net income at NKTS. He asked how it was possible to have a position net income when the same rate is charged at the transfer station and there is an additional transfer cost. Mr. Kendall stated that the transfer station does not charge the cost of transportation for the waste. The tipping fees for the landfill and transfer station are the same. Commissioner Byl asked whether there should be a slightly higher rate at the transfer station to make up for transportation costs. Director Wood stated that staff has had the same discussion and staff has opted to keep the rate the same.

Director Wood stated that the biggest issue is the closed landfill. This is why staff is in the process of amending the Solid Waste Management Plan. All of this is in efforts to finance the maintenance of the closed landfills. These landfills cost the Department approximately one million dollars per year and only those who use the County facilities are covering costs for the closed landfills.

MOTION

It was moved by Commissioner Byl and seconded by Commissioner Shroll to approve the 2013 Budget for the Solid Waste Fund for submittal to the County Administration as adjusted.

Motion carried unanimously.

Waste To Energy (WTE) Facility

Staff prepared a Rate Study for the Waste-to-Energy (WTE) Facility. Mr. Allen also presented a memorandum summarizing budget changes and a History of WTE disposal rates. The Rate Study was presented to the WTE Advisory Committee at their April meeting. The Advisory Committee recommended approval of the Rate Study to the BPW. The Rate Study projects continuing the disposal fee \$45 per ton for 2013. Mr. Allen plans to keep this rate for the next four (4) to five (5) years. The final 2013

disposal fee is subject to adjustment and will be presented to the Board in October. The budget that is sent to Fiscal Services is based on this Rate Study and adjusted for depreciation and capital improvements.

The Budget continues to be based on receiving 222,500 tons; processing 187,000 tons with 35,500 tons of reject and transfer waste. This Budget is intended to set the stage for long term rate stability by pre-funding a significant portion of the five year Capital Improvement Plan and by funding the Rate Stabilization Account. Electric Revenue shows an increase of \$215,491 compared to the 2012 Budget. The amount of electricity projected to be sold has been increased by 2,210,700 kWh (2.24 percent) to 100,980,000 kWh. Electric sales estimates were reduced for the 2012 budget because of a scheduled 18 day Turbine/Generator outage. The estimated price per kWh sold has been increased to reflect an average payment of 8.40 cents per kWh in 2013 compared to 8.00 cents in the 2012 Budget. The "Energy" portion of the electric payment may increase or decrease on a month-to-month basis tied to Consumers Energy's coal and coal plant maintenance costs.

Commissioner Byl stated that last year was the first year at the lower disposal rate. He asked if the Department knows whether those cost savings were passed along to residents. Mr. Allen stated that it is difficult to know, but has been told that some haulers did pass along the savings and some have not. Director Wood added that this is something that is out of the Department's control.

Commissioner Groenleer inquired on Covanta's Operation and Maintenance Fee. Mr. Allen stated that Covanta's fee is tied to the tons processed. The 2013 budget is based on processing 187,000 tons. Covanta will need to operate the Facility at approximately 92 percent availability in order to process 187,000 tons of waste in any given year. The fee amount is adjusted annually based on a rolling five-year average of three inflation indices. The fee is also subject to adjustment if the waste heating value varies by more than 2 percent from a Base of 5,700 BTU/lb. Staff is estimating 3.8 percent inflation for an adjusted O&M Fee of \$39.31 per ton processed (\$7,350,794) in 2013

Commissioner Vonk asked if any waste from North Kent Transfer Station goes to the WTE. Mr. Allen stated that it does not, though the facility does have the ability to accept it, if needed.

MOTION

It was moved by Commissioner Byl and supported by Commissioner Shroll to approve the 2013 WTE Rate Study and authorize the Director to submit the 2013 WTE Budget to County Administration as adjusted

Motion carried unanimously.

V. Solid Waste Operations

A. 451 Plan

1. Solid Waste Plan Amendment/Comment Period Extension

Director Wood presented a request to authorize the extension of the Solid Waste Plan Amendment Public Comment Period. The Solid Waste Plan Amendment comment period ended March 17th. The public hearing was held March 7, 2012. Due to significant interest in the Solid Waste Plan Amendment staff recommended extending the public comment period an additional 90 days. That time period will end on June 15, 2012. The State law procedure for approval of a plan amendment requires that the plan be submitted to the Board of Commissioners for action within

30 days of the close of the public comment period. Due to the complexity in drafting revised amendment language for the solid waste plan, it is the opinion of staff to extend the public comment period for another 90 days. This will give staff time to prepare revisions to the amendment for review by the Solid Waste Plan Committee and the Board of Public Works. The public comment period will end on September 13, 2012.

There was no further discussion on this item.

MOTION

It was moved by Commissioner Shroll and seconded by Commissioner Groenleer to extent the public comment period on the Solid Waste Plan Amendment for another 90-days and authorizes a public notice to be published declaring the extension to September 13, 2012.

Motion carried unanimously.

B. Resource Recovery

1. 2012 Community Pollution Prevention Grant Program

The Department applied for and received notice awarding \$63,883.50 from the Michigan Department of Environmental Quality 2012 Community Pollution Prevention Grant Program. The grant is for the West Michigan Take Back Meds initiative with partners from the City of Wyoming, City of Grand Rapids, City of Holland and Kent County. The Department is the lead agency for the grant. Funds from the grant will be used for constructing a permanent storage area at the Waste-to-Energy Facility from storage of pharmaceuticals. The balance of the funds will be used for public education using various media outlets

There was no further discussion on this item.

MOTION

It was moved by Commissioner Koorndyk and seconded by Commissioner Byl to accept the MDEQ 2012 Community Pollution Prevention Grant in the amount of \$63,883.50 and further authorizes the Director to execute the grant agreement.

Motion carried unanimously.

VI. Waste-to-Energy Facility

A. Purchase of Closed Top, Live Floor, Compactor, Transfer Semi-Trailers

Staff, working with the Purchasing Division, requested bids for the purchase of two (2) closed top, live floor, compactor, and transfer semi-trailers. One trailer will be for use in the WTE Transfer Operations and the other will be put into service at the North Kent Transfer Station. Four (4) bids were received May 15 (Tabulation Sheet is enclosed). The low bid of \$93,700 per unit (total cost of \$187,400 including freight) was from Steco, Manufactured by Gefco, Inc. The Department has utilized Steco trailers for a number of years and they have performed well. The purchase of this equipment is included in the 2012 Capital Budget.

Commissioner Groenleer asked what will happen to the current trailer. Mr. Allen stated that they could be used as a standby or they could be sold through the Purchasing Division.

Commissioner Byl asked the life cycle of the trailers. Mr. Allen stated they normally last from 8 to 10 years.

MOTION

It was moved by Commissioner Shroll and seconded by Commissioner Koorndyk to authorize the purchase of two (2) closed top, live floor, compactor, transfer semi-trailers from Steco at a cost of \$93,700 per unit and a total cost of \$187,400.

Motion carried unanimously.

VII. Conference/Education Travels

A. WASTECON 2012

Approval was requested for Director Wood and any Board Member to attend the SWANA Wastecon 2012 conference on August 14 – 16. This year SWANA celebrates its 50th Anniversary. SWANA Wastecon is the only conference run by and for solid waste professionals in North America, to explore new technologies, practices and lessons learned.

Attendees will have the opportunity to network, and to learn who is trying something new and what they've learned in the process. SWANA has also designed a special Elected Officials Track aimed at educating board members and elected officials on issues that are important as solid waste professionals.

Total cost per person is \$2056. There was no further discussion on this item.

MOTION

It was moved by Commissioner Groenleer and seconded by Commissioner Koorndyk to approve conference travel for Douglas G. Wood and any Board members interested to attend the SWANA Wastecon 2012 conference being held in Washington, D.C. August 14-16, 2012 at an estimated cost of \$2056 per person

Motion carried unanimously.

VIII. Approval of Monetary Outlays

MOTION

It was moved by Commissioner Byl and seconded by Commissioner Koorndyk to approve the Monetary Outlays for June 2012.

Motion carried unanimously.

IX. Director's Report

A. Sparta Landfill Property Acquisitions

Director Wood stated that two parcels were appraised. The residents were asked to get the properties professionally appraised. One property appraised at \$188,000 and the other was appraised at approximately \$55,000. Director Wood would like to make an offer at the appraised price. The plan is to demolish the properties and fence it in because there is migration of methane gas. The residents have methane detectors in their homes.

Commissioner Byl asked if there was any benefit to moving the houses rather than demolishing them. Staff believes that one could be but it would be difficult to move, the other property is not worth saving because of its condition. Mr. Wood added that when demolishing the Department would opt for what is called a deconstruct. This is through Grand Rapids Community College and any usable material would go to Habitat for

Humanity.

B. Legislation Update

Director Wood stated that the State of Michigan has had a yard waste ban since 1984. Recently there have been efforts to lift the ban. The Yard Waste Ban has passed the House. Lifting the ban will allow yard waste at the landfills. Though the Department remains neutral on this issue, the Department would like the same benefit at the WTE.

Director Wood is proposing to add renewable energy projects to PA185. This authorizes the Department to become involved in many types of renewal energy projects if it so chooses. Senator Jansen has been very helpful in this process. This has to be passed to the full Senate. Thus far there has been no controversy on this issue.

C. 10 Mile Road Property Acquisitions

There are two houses on 10 Mile Road that are in front of the proposed baseball complex. They were appraised; one at \$43,000 and one at \$78,000. There is no technical reason that the Department needs this property, it would only acquire it for the baseball complex's benefit.

Commissioner Groenleer stated that the Road Commission may be interested in acquiring the property. Director Wood stated that he will have a conversation with John Rice, the Road Commission's Director.

D. WTE Contracts, Delivery Agreements and Excess Waste

Flow control was used for the six cities until 1994. They were required by city ordinance to deliver to the WTE facility. In 1994 there was a Supreme Court case that said that flow control could not be used. In 2007 this was reversed stating that if the facility was owned by a municipality then flow control could be used. The WTE currently use delivery contracts which most haulers have signed. Director Wood proposes implanting flow control again. The Department will let those delivery contracts lapse.

E. Mayor Root, WTE Advisory Committee

Director Wood would like to recognize Mayor Root for his participation and support of the WTE facility. The Mayor served on the WTE Advisory Committee and recently resigned as Mayor for the City of Kentwood. He made significant contributions to the Committee. Director Wood will draft a letter recognizing his contributions.

F. July Meeting


Director Wood proposed canceling the July Board meeting due to the Holiday. Board members agreed. The next meeting will be August 2, 2012.

X. Miscellaneous

Commissioner Byl stated that the Drain office is doing an inventory of county drains. He stated that the Department has granted use of one for their pick-up trucks for this purpose and wanted to thank the Department.

XI. Adjournment

The meeting was adjourned at 8:58 a.m.



William Byl, Board Secretary