PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
AND THE RATE REVIEW ADVISORY BOARD
JOINT WORK SESSION HELD ON
Tuesday, June 7, 2016

A work session of the Cochise County Board of Supervisors was held on Tuesday, June 7, 2016 at 10:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present:	Richard R. Searle, Chairman; Patrick G. Call, Vice-Chairman; Ann English, Member
Staff Present:	James E. Vlahovich, County Administrator Edward T. Gilligan, Deputy County Administrator Lisa Marra, Communications & Community Relations Administrator Nike Noack, Financial Services Manager Karen Riggs, Community Development Director Ruben Miranda, Fleet Services Director Mike McGinnis, Budget Manager Kim Lemons, Assistant to the Clerk of the Board
Attendees:	Andy Haratyk, Bisbee Interim City Manager Bill Stephens, Benson City Manager Carlos De La Torre, Douglas City Manager Chuck Potucek, Sierra Vista City Mgr, (telephonic) Eric Petermann, Sierra Vista Herald Bradley J. Hamilton Dustin DeSpain Peggy Judd Lisa Carrie

Chairman Searle called the meeting to order at 10:00 a.m.

ANY ITEM ON THIS AGENDA IS OPEN FOR DISCUSSION AND POSSIBLE ACTION

PLEDGE OF ALLEGIANCE

THE ORDER OR DELETION OF ANY ITEM ON THIS AGENDA IS SUBJECT TO MODIFICATION AT THE MEETING

INTRODUCTIONS

ITEMS FOR DISCUSSION

Board of Supervisors

1. Discussion and possible direction regarding the fee schedule for the Solid Waste system.

   There were no representatives present from Willcox and Tombstone.

   Mr. Chuck Potucek, began by saying that the Cities of Willcox and Benson were not presence at the last Rate Review Advisory Board (RRAB). The RRAB were given direction by the Board of Supervisors to come up with a funding plan that eliminated the subsidy that the County was providing to the system. The RRAB Board determined by a split vote (3-1, City of Douglas opposed) to increase the tipping fee to $64/ton, above the $60.50/ton approved last year which will takes care of deficit immediately. However, this Work Session was scheduled in order to allow Willcox and Benson to provide their input.

   Ms. Riggs stated she would give a summary from the 2014 Solid Waste Operational Efficiency study completed by an outside consultant, their recommendations and the May 2016 Solid Waste Update in response to those recommendations and other considerations and practices implemented since that study was completed. The report follows:

REPORT RECOMMENDATIONS AND COUNTY RESPONSE

Recommendation 1: Implement a structured density monitoring program that would include verification through survey of the actual achieved density for the monitoring period. This information would be used as a performance metric for the operations staff and will provide a basis to make updates to the CPC (Closure/Post Closure) and site development reserve funds for the future;

> **1A. Response:** We have implemented a program of bi-weekly field surveys. We track total daily incoming tonnage and the daily filled area after compaction. This gives density. We are tracking at about 900 lb/cubic yard. This compares well with expected densities possible in the arid west of 1000 lb/cubic yard. We are using this to update CPC & site development reserve funds. Because of the improvements in density, we have decreased contributions from $265,000/year to $196,846/year for an annual savings of $68,154. If we can continue to justify this amount (or less if we can improve density even more) we are projected to save about $4 million over the rest of the life of the landfill. An issue that hurts our density numbers that we have tried to solve is mattresses: We average about 100 mattresses a week. We have priced a mattress shredder and found it cost prohibitive. It might be possible to work a cooperative program whereby several regional landfills share a shredder, but we have not had time to thoroughly evaluate this idea. We also tried to develop a program to donate at least the better mattresses, but have not made this work yet either.

Recommendation 2: Implement a detailed soil tracking program to monitor the use of soil for daily and intermediate cover. Soil use has a significant impact on in-place waste density and on regulatory compliance. Aggressively monitoring the quantity of use will result in cost savings for the county while maintaining compliance with state regulations;

> **2A. Response:** We use alternate daily cover (Posi-shell) except on Saturday when dirt is used (as required by our permit}. The dirt cover is removed on Monday prior to adding new material. We have researched and are recommending a tarping system for daily cover. This is projected to save $132,000 over 10 years compared to our current methods. This analysis includes replacement cost in 10 years plus cost of tarps and repair for the 10 year period. The system pays for itself in the second year.

Recommendation 3: Revisions to the maintenance system that track and charge equipment fuel and use rates. The report stated that fuel use rates were too high and the machine use rates not consistent or justifiable based on industry standards, but that the vehicle maintenance system was efficient and cost effective.

> **3A Response:** The Fleet services department has been working to bring these values in

line. This is an area of operations that Solid Waste does not have direct control over.

Recommendation 4: Implement suggested production modifications to the equipment configuration at the WRL and transfer station system;

4A Response: The report made several recommendations regarding Sierra Vista's schedule of trash and recycling pick up and it's affect on our ability to process waste at the SV transfer station. We have added hours to our staff schedules to address these concerns. Use of inmates continues to be a challenge and we continue to look for ways to obtain reliable labor at a reasonable cost for labor-intense operations (like recycling sorting, mattress deconstructing etc.).

The report states that trailer availability at transfer stations is critical to efficient operation and we absolutely agree. The report recommends and we agree that we need one or two more trailers at the busier transfer stations (Sierra Vista, Douglas).

We are leveraging military surplus equipment as backup and to reduce costs of using available equipment for tasks they are not intended for.

We have upgraded our weight tracking software. We still have technology challenges especially at the Rural transfer stations, where we have almost no utility service.

Free Dump Day needs to be revamped in our opinion. It is a huge logistical problem and loss of revenue for the cost incurred. If it is necessary to keep it in some form, we would like to see a voucher system that could be used to give one free dump day per year to Individuals. The logistics would need to be thought out, but even perhaps a free dump day (up to a certain weight limit) on your birthday-or within one week of it.

In report but not discussed:

The report recommended equipment changes at the landfill, specifically regarding our D-8 and scraper. Staff disagrees with those recommendations because of the caliche we have to rip through. Also the scraper allows us to move dirt very short distances and pre-excavate the next cell which will reduce construction costs for the next cell. We'll be getting an estimate of what that savings is expected to be for cell four shortly.

Recommendation 5: Detailed evaluation of the capital equipment replacement and reserve spending schedule;

5A Response: We are working with Fleet Services to become more involved in capital equipment decisions. We carefully scrutinize needed replacements and are contributing into a replacement fund for our basic equipment. We also need to get some equipment that is not now on a replacement schedule into a schedule and begin contributing for replacement. We also must start contributing to replacement of transfer stations.

Recommendation 6: File a permit amendment to modify the cell liner and closure cap profile;

6A. Response: Done and approved by ADEQ at an estimated savings of over $1.8 million in cell construction costs over future cell development (cells 4-12).

Recommendation 7: Establish a schedule to update the aging Urban transfer stations to an open top trailer operation;

7A. Response: A decision has not been made to proceed to change to open top trailer operation. We believe the estimate for changing over might be overly conservative and should be re-evaluated. We are also evaluating how electricity usage would be reduced with an open top system, as well as the ongoing costs of repairs and attempts to refurbish compactor systems that there are no parts available for any longer. The initial capital cost estimate stopped the conversation. A closer look that included payback period and all other savings needs to be done. It might be feasible to institute a pilot open-top project at one Urban transfer station to get a better handle on costs and benefits to switching systems. The in-house refurbishing of Sierra Vista and Douglas will be monitored to determine the long term viability of that approach. But it seems clear that in the long run, open-top is what we should be doing.

Recommendation 8: Establish a long-term plan and evaluation study on the future recycling activities that the county wishes to include in its solid waste system approach.

8A Response: Recycling is a program that on the surface is a good thing. Even when prices for recyclables was good, it has been a challenge to make profitable. Now with only one recycler buying materials in Tucson, the challenge is even greater. We recently did away with an inmate crew (and their guard on overtime) for Friday and Saturday in Sierra Vista. At the time this move saved us over $20,000 a year. However since that time prices have fallen yet again and a new weak link has appeared. This is the quality of the mixed recycling we take up to the buyer in Tucson.

(ReCommunity is the only one left. Waste Management closed their recycling purchasing program a month ago on very short notice).The non-recyclables that are mixed in (residue) are substantially reducing the price/ton that we are receiving. It also appears that the amount of non recyclables included in the amounts we get is increasing. This either increases our costs (in order to clean them out prior to taking up to Tucson so that we can get a higher price) or reduces our revenue. After seeing a profit in March (from eliminating the inmate crew and guard), we are in the red in April due to non-recyclables in the stream. We will need to add a special handling charge (already in our approved fee schedule) or get the members to institute better measures to insure a cleaner recycling stream delivered to us.

Mr. Riggs continued by saying operational changes need to be examined and costs analyzed associated with recycling specifically in regards to handling and sorting unclean loads brought into the transfer stations from urban areas, in order to get data to make a decision within the next 6-8 months. Mr. Haratyk will get prices from the company who contracts with the City of Bisbee for recycling.

SOLID WASTE RECOMMENDATIONS:
Plan for a pilot open-top project at one of the transfer stations in order to fully test implementation costs and cost savings. It is feasible to test at one station since we can easily convert enough trailers to service one station. Track costs and savings for 6 months to one year and report back.

Keep pursuing all ideas that will reduce costs and/or increase revenues. (Recycling, density, permitting and construction costs, etc.)

Budget for repair/replacement of transfer stations each year and get other necessary equipment on a replacement schedule.

Tighten up equipment and fuel charges.

Produce and deliver a semi-annual report to the RRAB.

Raise tipping fee to $64.00 July 1, 2016. With the assumptions made on revenues and costs, this will put the system in balance, allow for substantial contribution to transfer station replacement/repair in FY 2017 and negate the need for substantial rate increases until 2020. The rate increase estimated for 2020 will be necessary in order to have adequate funding to design and construct the next cell in 2022.

End of report.

Mr. De La Torre summarized the reasons the City of Douglas voted no for the increase: opportunities in working with current operations and the cities; augment recyclables, divert construction debris, utilize equipment, and use landfill/transfer stations at a lesser cost; provide a revenue stream; use recycling materials for other uses such as roads and daily coverage instead of hauling.

Mr. Stephens, City of Benson, indicated they would vote in favor of an increase.

Supervisor English reiterated from a previous discussion, why we have not figured out what to do with construction debris, instead of sending to the landfill. Ms. Riggs addressed and said it costs more to separate before bringing in and that could be fixed with a rate change. She also clarified that the rate of $60.50 was approved last year, effective July 1, 2016.

Supervisor English brought up the use of the ½ cent sales tax for capital related items, and commitment countywide for permanent storage of material.

Mr. Hararyk stated he was interested in cost-sharing on a mattress disposal system. Mr. Riggs said she would research further and continue the discussion.

Mr. De La Torre said the City of Douglas can absorb the increase in order to keep the Solid Waste System solid.

Chairman Searle asked for the amount of undesignated half cent sales tax; Mr. McGinnis stated $1.3 million for this year dependent on Decision Packages approval. The group discussed operating more efficiently through a pilot program changing to open top because of transportation costs: $21 per ton for hauling; $20 at Transfer Station; and $26 at landfill, the transfer stations are already operating efficiently.

Mr. Potucek added after listening to this discussion and as Chairman of the RRAB, there are three things to look at: potential opening of a construction fill at the WRL, incentivizing contractors with a lower rate to haul their own loads; since recycling is not making money, may need to look at a small tipping fee; and using some of the ½ cent sales tax to upgrade transfer stations and improve operations in order to help stabilize rates.

Mr. Vlahovich acknowledged the ½ cent sales tax discussion and future discussions with the RRAB in order to present the best use for money to the Board for action.

Vice-Chairman Call stated the Board asked the RRAB to come up with solutions, privatization did not work; ½ cent sales tax, is a one-time infusion that may need to be used but be mindful that there are a lot of other priorities and shortages to address.

Chairman Searle asked about payroll increases and said he was leaning toward Supervisor English's recommendation for ½ cent sales use but not sure if the full $1 million is needed. Ms. Riggs gave one scenario for keeping the rate at $60.50.

The Board and administration discussed what the undesignated ½ cent sales tax amount for FY 2016-17 would be in relation to approved decision packages; the additional cost for the construction of cell 4 if the increase is not approved; the requirements for the current rate approved to begin July 1 st; and reiterated the vote from the RRAB.

Mr. Vlahovich and Ms. Riggs will put together an analysis of the various options for discussion in the near future.

Chairman Searle adjourned the meeting at 11:11 a.m.

APPROVED:

____
Richard R. Searle, Chairman

ATTEST:

____
Kim Lemons, Assistant to the Clerk of the Board