

APPROVED

**CHITTENDEN SOLID WASTE DISTRICT – Administrative Office
FINANCE COMMITTEE MINUTES
CSWD Administrative Office, 19 Gregory Drive, South Burlington VT
Wednesday, February 14, 2024**

FINANCE COMMITTEE PRESENT: Paul Stabler, Paul Ruess, Rick McCraw, Leslie Nulty
Other Board members present: Ken Spencer

CSWD STAFF PRESENT: Sarah Reeves, Nola Ricci, Amy Jewell, Jen Holliday,
Josh Estey, Dan Goossen, Jon Dorwart, Brian Mital,
Laura Tomasi, Jennifer Getty, Toni LaRose

P. Stabler called the meeting to order at 8:35 a.m.

Agenda # 1. P. Stabler requested moving the Reserves & Capital Budget Overview to the end of the agenda.

Agenda #2. Public Comment Period – No public in attendance

Agenda #3. Consent Agenda –Minutes approved as presented.

Agenda # 4. FY 25 Budget Overview & Reserves

Summary Overview – N. Ricci reviewed that budgets are presented through income statements and balance sheets. The proposed FY 25 Budget includes revenue of \$15,867,869, cost of sales at \$162,411, resulting in a gross profit of \$15,705,458. The total expenses are \$16,77,490. The income before transfers is (\$372,032). This assumes an increased solid waste management fee charge of \$30/ton, up from \$27/ton. The overview shows projected revenue up 2.9%, and expenses up 6.2% from FY 24 Budget.

Self-funded Budgets

Biosolids – N. Ricci said that the Biosolids program provides management of contract services for community members biosolids waste and is a passthrough. J. Estey said there is a five-year extension to the existing service agreement and a price increase to the contract, but the towns manage this. He noted the current process is land application and discussed whether it would be banned in the future.

Closed Landfill – N. Ricci said this program oversees post-closure care and includes increased costs associated with material management and includes additional money for skilled trades and engineering. Discussion was held on the additional funding and proposed staff time during the FY 25 Budget. S. Reeves said we are generating more leachate than expected at this point in time. Jeannine McCrumb is assisting with the additional work. She said PFAs will be discussed by the federal government with possible changes in the next 12 to 18 months. P. Stabler asked about the structural integrity. S. Reeves said more staff time is being spent on this and looking at the seal. L. Nulty asked about contingencies. S. Reeves said the reserves are the contingency and we have been drawing from reserves. L.Nulty requested info regarding major concerns and remedies. S. Reeves explained that the worst case would be removing the cap and replacing the

cover liner bit that is not anticipated. She noted that we do have water infiltration, which could be a result of leaking. She said that the CSWD's consultant work includes seepage issues. J. Estey explained that the biggest expense for this program is the management of leachate, and we are confident that the outer layer of the double-liner is intact because we do regular ground water monitoring. Jeannine is analyzing precipitation reports against leachate, seeing the correlation and eliminating scenarios. We know that the infiltration is from the top cap. We will look for holes in the liner and see if anything needs to be resealed. A whole in the cap would be the most dire. J. Estey also noted that PFAs discussion at the State level has acknowledged the difference between a closed landfill not generating revenue and an open landfill that has incoming revenue. R. McCraw feels that the board should be included in the conversation. P. Stabler also requested the Board understand why it's Phase III. P. Ruess noted that CSWD's solid waste management fee increase will assist with the upcoming post-closure costs for the landfill. P. Stabler asked about Ed DeVarney's project equipment and flares. J. Estey said he is no longer there. J. Estey noted that any major changes coming won't affect FY 25, this budget year.

Operation Budgets N. Ricci reviewed the Operating Departments proposed budget totals, which include \$10,486,329 in revenue with total expenses being \$10,979,322 with loss of \$655,404, which will come from the reserve.

Operating Administration – N. Ricci said that the Operations Administration supports the operating departments and includes the addition of a Construction Project Manager position. P. P. Ruess asked if this position was temporary. S. Reeves said it was not and is replacing the engineering position previously held, which requires ongoing projects at all facilities. R. McCraw asked for clarification on the change in 91100 swm fee subsidy and 91200 Operating reserve subsidy. S. Reeves explained that historically the swm fee was used to augment operations not covered by revenue. The FY 25 will use the operating reserve.

Materials Recycling Facility – N. Ricci said that the MRF manages recycling and produces sellable material for domestic commodity sales. She noted that in FY 25 an additional 4,000 tons is coming from Addison County and 7% in expenses is due predominantly from processing fee and material. P. Stabler asked when the contract with Casella ends. S. Reeves said it is extending through the decommissioning of the end date of the current MRF, but some components will need to be renegotiated or amended. P. Ruess asked about the operating fee. S. Reeves explained the fees changes with the MRF and the process, which includes a per ton processing fee for Casella, the tip fee, and the average commodity revenue (ACR). L. Nulty asked about the budgeted revenue drop in the ACR. S. Reeves explained this reflects the current fiscal year with pricing far below the budget. L. Nulty asked how to increase tonnage, similar to the Addison contract. S. Reeves said our goal is not to increase the amount of material coming in, but to keep material out of the trash stream and financially sustain the operation. She said that CSWD has added a Compliance Specialist to help with this goal. R. McCraw noted the intricacies of this model with Casella and asked about further exposure of certain commodities. S. Reeves explained that the tip fee will be the driver for that exposure and currently Casella is required to bring 13,000 out-of-district tons to the MRF. Further discussion was held on projected inbound tonnage, ACR rates, and the tipping fee. L. Nulty said that the over-arching concern is the need to fill the \$4 million deficit for the new MRF and increased revenue at the MRF will help.

Hazardous Waste – N. Ricci said that this program provides affordable disposal options and produces Local Color paint recycling program. She noted increased costs for disposal and

conferences. L. Nulty asked about the increase to expenses versus volume of incoming material. J. Estey said the increase is due to costs and not increased material. He said the three-year contract will come to the full board this month. L. Nulty asked about educating the public on the toxicity found in household cleaners and would like further outreach including online seminars, surrounding this issue. She suggested a link in Front Porch Forum for the public to attend. J. Holliday noted that this is important and feels like the EPR programs provides opportunities to make change. She said they would look into additional educational opportunities for the community. She noted that the EPR law will result in changes in the next two years in Vermont and will hopefully provide financial assistance to this program. P. Stabler asked about Local Color. J. Estey acknowledged Bob Holman, who oversees the program, keeps the program going, works with the vendors to determine sales and demand for colors, and does the day-to-day work, including opening every incoming paint can. The Committee acknowledged the work that he is doing for the program and suggested cross-training within the program. J. Estey said that CSWD has the option to recycle all incoming paint regardless of whether it is through Local Color or another source.

Organics Diversion Facility – N. Ricci said that ORF manages the organics streams diverted from the landfill. FY 25 projections include a reduced tipping fee income, a price increase to cost of goods sold, an increase to research and development costs, and a reduction in the wood processing fee. D. Goossen summarized that this program is doing well and has appreciated the capital improvements to the site over the past few years as well as the investment in equipment. He noted that although we continue to exceed budgeted sales, expenses continue to rise. ORF will be finalizing a contamination policy and has hired a new employee, to check incoming loads, and work with businesses and institutions, including CSWD’s outreach and compliance programs to decrease contamination. Dan attended the US Compost Council last week and is continually reminded of how different CSWD’s model is from other compost facilities. Most models rely on the tip fee and not the sales, and our model includes 1/3 of revenue coming from the tip fee and 2/3 coming from the sale of material. He also noted that we don’t charge for yard waste and the fairly new depackaging facility is taking away tonnage that could be brought to ORF and made into a local resalable compost. ORF continues to explore different revenue sources and the change to the onsite wood waste will significantly decrease the processing costs of grinding. L. Nulty asked about the increase in sale of materials but a reduction in tipping fees and tonnage. D. Goossen said that is not linear and food waste, which is mostly water, is charged a tipping fee, wood or yard waste is not charged, and CSWD uses manure in the process. He noted that compost is the base product, but we can stretch our total output by making value added product with sand, silt, and peatmoss. He said that this results in less compost sold, but overall, more products sold, which includes topsoil and garden mix. This system prevents running out of compost in May or June. S. Reeves summarized that we are improving the quality of material coming in, so that we can continue making a premium product, and we are prolonging running out of compost so that we don’t lose customers, which can be hard to get back. L. Nulty said that the goal has been to minimize the subsidy for organics and the immediate budget doesn’t support that goal. She asked if there are initiatives, similar to Addison’s recycling commitment to our MRF, that ORF could consider. D. Goossen said that we are limited due to the population density but that we could take in more tonnage and expand operations on the current site if necessary. S. Reeves shared the previous subsidies at the ORF were as high as \$800,000 and is now \$80,000. P. Stabler asked about manure in the compost products and possible risk given the past herbicide issue in 2012. D. Goossen said minimizing the risk includes ongoing growth trials and lab testing. D. Goossen explained the use of wood chips in the compost process. Further

discussion was held on reducing contamination and D. Goossen said that the purchase of new equipment, the hiring of a new position, dedicated to checking loads, and no longer accepting compostable products, which resulted in higher contamination, is instrumental in reducing contamination. P. Stabler asked about the site improvements, wet year and how the curing area is with the wet season. D. Goossen noted that overall, it's done well but CSWD is working with Hinesburg, Sand & Gravel, who is pulling sand from the property, and does effect groundwater. He noted that J. McCrumb has been working with HS&G and reviewing the Act 250 permit. P. Ruess commented on the amount of food waste that could be diverted from the landfill and if the ORF could manage a larger volume. D. Goossen said that depending on the amount it might require more infrastructure, but it is welcomed material.

Drop-Off Centers – N. Ricci said that the Drop-Off Centers provide residents and small businesses management of waste and noted that FY 25 includes opening the Burlington DOC to accept additional waste and there is an increase to the maintenance of stormwater infrastructure., opening Burlington DOC and Increase costs to maintenance of stormwater infrastructure. B. Mital said that the Burlington DOC would act as a fast trash in Burlington, which would include leaf/yard, MSW, recycling, food scraps, and metal. The Milton DOC has capital improvements coming to improve that facility. L. Nulty asked about line item – other income. B. Mital said that is credit card fees. Leslie – bulky waste, B. Mital said that they are looking at opening up bulky waste in other locations. B. Mital explained the contract and processing fee paid to the McNeil plant. R. McCraw asked about stormwater fee. B. Mital said that J. McCrumb, is adding a multi-sector permit for Williston DOC, which is due this year, as she felt the Town had an oversight with the facility being greater than 3 acres of impervious surface and we should have been included but will be next year. P. Stabler asked if with the new accounting system, we have a better idea of incoming materials. N. Ricci said that we have not upgraded our point of sale, but that will allow us to import directly into NetSuite and will be a better reflection of the materials collected. P. Stabler said it's important to know our pricing is accurate so that we are not unfairly competing with haulers.

Maintenance & Roll Off – N. Ricci said that Maintenance & Roll-off supports the operation, through ongoing maintenance and material hauling. FY 25 includes this department now being shifted to operating departments and is no longer allocated to specific departments and a new purchase of an enclosed trailer is proposed. R. McCraw asked about team motivation. It was noted that there was additional money in the admin budget. There were no other questions.

Property Management – N. Ricci said that Property Management oversees the remaining rentals and unoccupied property. She noted that FY 25 includes discontinued leases at most rental properties, resulting in reduced income. B. Mital explained that the budget covers Site 21, the former admin office, unoccupied rentals, and the Flynn Avenue property.

Administration Budgets – N. Ricci shared the overview of the Administrative Budgets. She outlined revenue at \$3,914,450, which is a 12.9% increase over the FY 24 Budget. She said that expenses totaled \$3,491,744, which is a 10.5% increase over FY 24. The total going to reserves will be \$422,796.

Administration/IT - N. Ricci said that the Administration budget provides support services and in FY 25 includes a Software Developer and an increase in consultant expenses. A. Jewell reviewed the admin budget, which also includes the IT sub-budget and 5.05 FTEs. L. Nulty asked about the

increase in staffing from FY 23. A. Jewell said it is 2 FTEs in the IT Department. J. Dorwart explained the need for the new Software Developer position, which will include work to our Materials Tracking database (MaTrax), reducing manual processes, database development, and updating antiquated systems, including the Hazardous Waste software. P. Stabler expressed appreciation for the work that Jon has done in the IT program. R. McCraw expressed concern for safety/security and expressed continual support for outsourcing this aspect of IT so as not to go backwards. J. Dorwart also noted that VLCT has a security training program that includes a phishing service that assists staff in learning safe practices and has been helpful. He also expressed appreciation for Jon's work in the program. S. Reeves reviewed the increase to professional services, which is the contract work that include a community survey in FY 25 and work with Strategic Planning. She also noted that the Software Developer will free up Jon to assist with this process, which will be helpful given his background in planning. R. McCraw asked if managers have the training and knowledge needed for NetSuite. N. Ricci said that we do pay for support and mentioned ongoing learning coming up this year with SmartView, so the information can be manipulated in Excel but tied back to the software.

Compliance/Safety – N. Ricci said that Compliance ensures internal and external compliance and FY 25 includes an increase to legal services to develop ordinance changes regarding potential flow control. J. Estey explained that this program combines both Compliance & Safety. He noted that the ordinance change will include a lengthy process and public comment periods, so that haulers are well informed of the process. L. Nulty asked about compliance being external. J. Estey said that this program is both external and internal compliance. He shared that CSWD added a Compliance Specialist to the role and moved 50% of J. McCrumb's time to work on the closed landfill. L. Nulty asked how that fits in with the new Quality Control position at ORF. J. Estey said that the contamination position at ORF is separate from this program but will work with the outreach and compliance programs. P. Stabler asked if we are comfortable with the procedures and training in the safety program. J. Estey said that we are bringing this program back to one manager that will oversee this and report to the Executive Director and this continues to ensure the excellence within the program. He noted that CSWD's recordable injuries continue to be low.

Finance – N. Ricci said that the Finance program provides management, oversight, and control of financial assets. She noted that FY 25 includes an increase in travel and training, and decreases of administrative, professional, and postage expenses. She summarized that staff is feeling comfortable with NetSuite and the NetSuite support is working well. She has added additional training for the budget program for FY 25, including being able to utilize SmartView (an excel tool) that ties into the budget and will provide an easier source for complicated calculations. P. Ruess asked about the audit fee reduction. N. Ricci said that we no longer are hiring another firm to assist with reports. R. McCraw asked if the software allows us to run models and develop scenarios, which would include multiple factors, like changes to tip fees and the MRF ACR. N. Ricci said that SmartView would allow for this analysis.

Outreach & Communications – N. Ricci said that O&C provides education, communication, and fulfillment of statutory mandates. She said that FY 25 includes decreased staff and travel expense and an increase to the marketing and advertising costs for education campaign of the new MRF. J. Holliday said the new website will launch in March with a campaign in FY 25 that will bring people to the site. She said that FY 25 also includes focusing on food scrap diversion, moving towards opening of the MRF with a recycle right campaign, which will include hiring a marketing

consultant to help with the planning, communications, and opening event of the MRF. and opening event and communications around that. L. Nulty requested a marketing campaign to increase food scraps diversion and educate the public on toxics.

Solid Waste Management Fees – N. Ricci said the solid waste management fee is the management of fee associated with administration of waste received at the landfill and FY 25 includes a proposed increase from \$27/ton to \$30/ton. Discussion was held on the \$3/ increase, which has not been raised in 12 years. She also noted that she would like to remove that specific dollar amount from the ordinance and is discussing the pros and cons of that with legal. She supports removing that and making the fee part of the budget process, which provides more transparency and opportunity for the public, including haulers to voice their concerns. The public process for the budget and Ordinance changes was discussed. S. Reeves also explained the SWM Fee, and the Alternative Daily Cover charge, which is 25% of the SWM fee charge. L. Nulty asked about the forecasting model used. S. Reeves said that they will be using the company SERA, who initially designed the model for CSWD and making sure all assumption are still accurate for further modeling. It was suggested that CSWD provide a pie-chart of swm fees and where they are expensed across CSWD programs. R. McCraw asked about the increase and the hauler reaction to this increase. S. Reeves said that the hauler will likely raise their prices so that it doesn't negatively affect their profit margin, but that number shared across customers is low. P. Ruess estimated a \$3/ton increase might be about \$0.03 per pickup.

Total Compensation – A. Jewell reviewed the total compensation package for the FY 25 budget, which includes 56.80 FTEs, up 4.15 FTEs from FY 24. She reviewed the assumptions used in the process and explained the changes made to health insurance to decrease costs. S. Reeves reviewed the organizational chart changes and rationale made in moving direct reports. P. Ruess asked whether it was anticipated that staffing continues to increase. S. Reeves said that the MRF contract could play a role in future increases, but otherwise any new hires moving forward could be minimal. L. Nulty asked if new hires were decreasing contract cots. S. Reeves said no. Discussion was held on MRF software. L. Nulty asked if Sarah was comfortable being one step removed from operations, with only one direct report She said that the current system, frequent operations meetings, and updates will work well.

Reserves/Capital Overview – N. Ricci reviewed the reserve transfers, which will include pulling money out of the reserves in FY 25 for the landfill post-closure, operating reserve, and community clean up fund, and increasing reserves to the solid waste management and biosolids. R. McCraw asked about the timing for putting money into landfill post-closure. N. Ricci explained the waterfall and said that change would occur on July 1, 2026, so not in the FY 25 Budget. P. Ruess asked about capital projects. N. Ricci reviewed that after the \$2.8 million projected the capital budget would have \$6 million, which we might consider using for the new MRF. She noted that in the three-year outlook of capital that would leave us \$1 million. It was noted that might be low, but S. Reeves noted that assumes that we do not receive grant money for other projects and for the MRF and we are hoping to receive a grant for the shredder. If we don't those purchases will come before the board to make decisions on expenses. Discussion was held on the timing of breaking ground for the new MRF through completion and decommissioning of the current MRF. S. Reeves said that CSWD would break ground as early as September of 2025. J. Estey said the bid is going out now and the big factors will be permitting and earthwork, but essentially, we are putting up a warehouse and that part will move quickly. S. Reeves noted the equipment has been ordered. R. McCraw asked about decommissioning the MRF. S. Reeves said

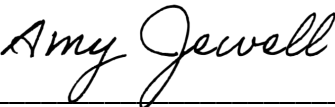
that would happen simultaneously with the new MRF because of the equipment that is being moved. S. Reeves noted the decommissioning will come before the board and CSWD has \$1.4 million in facility closure reserves. L. Nulty asked about an appraisal. S. Reeves said the town appraisal is \$1.7 million and that will be done as it gets closer to decommissioning.

Agenda #7. Other Business –

- The committee thanked staff for a well run all day meeting.
- R. McCraw asked about Key Performance Indicators and not seeing how most are relevant to the budget process, as they are not tied to the budget. S. Reeves said that we have struggled with meaningful KPI's. L. Nulty said that she has been requesting measurable goals for managers for a while. Discussion was held on reviewing these and
- R. McCraw asked about providing additional information to the Board on the variables used in building the budget and which ones would have the most impact. These include increasing the swm fee, ACR, tip fees. S. Reeves noted that this is done routinely and can be shared with the board.

Agenda #8. Adjourn

Adjourn. Motion by L. Nulty, Second Rick McCraw to adjourn the meeting. VOTING: unanimous; motion carried.

- The meeting was adjourned at 2:06 p.m. 

Amy Jewell

I agree that this is an original copy of minutes and they have been approved by the Finance Committee at the meeting held via Zoom.



Amy Jewell, Secretary