

**GREATER NEW BEDFORD REGIONAL REFUSE MANAGEMENT DISTRICT
DISTRICT MEETING – December 3, 2013**

Final Minutes

The Greater New Bedford Regional Refuse Management District Committee held a publicly posted meeting on Tuesday, December 3, 2013 at 3:30 PM at the Dartmouth Town Hall, Room 314, 400 Slocum Road, Dartmouth, MA.

District Committee Members in attendance: Rosemary Tierney, Chairperson; Isaac Graves, Nathalie Dias, Christine Leblanc, Stephen Mitchell and Jeff King.

Also present: Scott Alfonse, Executive Director; and Cynthia Cammarata, Secretary.

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1. Call to Order

Chairperson Tierney called the meeting to order at 3:30 PM.

2. Salute to the Flag

All in attendance stood to salute the Flag.

3. Legal Notices

Chairperson Tierney noted that the Legal Notices were posted timely both in New Bedford and Dartmouth.

4. Approve Minutes of the District Meeting on November 13, 2013

Chairperson Tierney called for a motion to approve the Minutes of the District Meeting on November 13, 2013. Motion made by Mrs. Dias, seconded by Mr. Mitchell. Voted 6-0.

5. Review and Approve Warrant

Chairperson Tierney called for a motion to review and approve the Warrant. Motion made by Mr. King, seconded by Mrs. Dias. Voted 6-0.

6. New Business

a. Director's Report.

Chairperson Tierney asked for a motion to accept and place on file the Director's report. Motion made by Mrs. Dias, seconded by Mr. Mitchell. Voted 6-0.

b. FY 2013 Audit

Chairperson Tierney postponed discussion awaiting arrival of Mary Sahady.

c. Health Insurance Update.

Chairperson Tierney asked for a motion to receive an update on the Employee Health Insurance. Motion made by Mrs. Dias, seconded by Ms. LeBlanc.

Chair Tierney recognized Mr. Alfonse, who told the Board that he had an opportunity to meet with Julie Jennings who is a licensed insurance advisor with the Sylvia Group. She will spend a few hours reviewing the

options provided by the joint purchase groups Gateway and Mayflower, and compare with some private insurance groups. She expressed some concerns about buying into a plan.

Chairperson Tierney asked vote to receive the report and place it on file. Motion made by Mrs. Dias, seconded by Ms. LeBlanc. Voted 6-0.

Mary Sahady entered.

b. FY 2013 Audit.

Chairperson Tierney asked for a motion to receive the Fiscal 2013 Audit and hear a presentation from Mary Sahady. Motion made by Mr. King, seconded by Mrs. Dias.

Chairperson Tierney recognized Mary Sahady, who thanked the group for having her here and introduced herself to the new members of the Board. Mrs. Sahady said that she is happy to say that the audit went very well and that Cindy and Scott have things really in control. Mrs. Sahady referred to the budget and actual document, and pointed out that the District has approximately one million dollars again that can be set aside for the reconciliation. Most of that came from a very good year in Recycling where income was up, and Site Maintenance was lower than anticipated. That combination along with other overages and underages results in about one million dollars for the reconciliation process. The investments weren't as good as they have been in other years; some of that is attributed to unrealized losses. Mrs. Sahady pointed out that investments are held for the long term, and that those losses are unrealized. Even with the unrealized losses, the reserves increased by over 1.2 million dollars. The District is required to set up certain reserves. At the end of the fiscal year, the District is over the required reserve amount for closure by 1.8 million dollars. The OPEB Trust has over 2 million dollars, and that money is being set aside for employees who will be entitled to Post-Employment Benefits. Information on Restricted Cash and Investments is included on pages 19 and 20 of the financial statements. Phase 2 Construction has a little over 5 million dollars in it which is put aside so that the District does not need to go out and borrow money. The other reserves are similar to prior years. Overall the District is healthy, the Trust and assets look good; the District is on the right track.

Mr. Graves asked Mrs. Sahady to comment on note 18, which addressed the economic dependency on Frade's. Mrs. Sahady explained that it is a requirement to disclose to the readers if there is a significant amount of your revenue from one or two vendors. The District relies heavily on Frade's. Approximately 2 million dollars is attributed to Frade's and the towns of Tisbury and Oak Bluffs.

Ms. LeBlanc asked if it would be a possibility of picking up some business due to the closing of the Fall River Landfill. Mr. Alfonse said it is a possibility; however the policy has been such that so long as our revenue is sufficient, the goal has been to not deplete the airspace. Protecting the airspace resource for the City and the Town for the long term has been the priority. Mrs. Sahady told the Board that has been the case for many years. Mr. Alfonse said if the District did see a reduction in income at some point that could be considered.

Mr. Mitchell commented that last year was a relatively good year with respect to investments. Mrs. Sahady pointed out that the financials are based on the fair market value at June 30, 2013; a point in time when the market was down. For a couple of the funds, it was pretty significant. Mr. King told the Board that the plan is to have the investment company attend a meeting in January for a review. Mr. Alfonse mentioned that the state has a legal list of investments that municipalities are restricted to.

Mr. Alfonse asked Mrs. Sahady what does the future hold in terms of unfunded pension liability. Mrs. Sahady said that the City is on track to fund their unfunded liability; and they are not at the maximum number of years at this time; they are intended to be funded by 2028. The City and the District's contributions are already going towards the unfunded liability. There are a significant amount of communities that are at the maximum, which is 2040. Mrs. Sahady said that at that time, the Governmental Accounting group that she belongs to will most likely recommend that communities begin to fund the OPEB liability; most communities are not funding the OPEB yet.

Chair Tierney commented that Mary Sahady is "the best in the business", and all agreed. Mrs. Sahady told the group that before she left that if there are any questions during the year to contact her.

d. Mechanic Health Insurance

Chairperson Tierney asked for a motion to discuss the Mechanic position and Health Insurance. Motion made by Mrs. Dias, seconded by Ms. Leblanc.

Mr. Alfonse referred to the memo in the packet which gives the chronology of the District's policy regarding the District contribution to employee Health Insurance. Currently we have one employee who has a 50% contribution rate. This employee was hired on July 1, 2012. Typically an employee's value increases in the first few years of employment; salaries are adjusted to reflect their increased value. In the case of this employee, he was hired as a mechanic and has since obtained his hoisting license. He operates all of the pieces of equipment in addition to being a mechanic, which in some instances makes him more valuable as an employee because of his skill as a mechanic. Most of our equipment operators only operate equipment. The Personnel subcommittee met and discussed what would be a fair increase. This employee has expressed an interest in changing to a family health insurance plan, but has found it to be cost prohibitive. The question is does the District want to continue with this split for one employee or is the Committee interested in having all employees enjoy the same benefits. Mrs. Dias stated that she feels that the District should stick with the policy as it stands. She pointed out that the District has already changed the policy for another employee. She said that this employee has become really important now; he's got these licenses and the District has made that up to him in salary increments; so she is against it. Mr. Alfonse clarified that this employee's salary hasn't actually been adjusted. Mrs. Dias asked if that is the plan. Mr. Alfonse said that is the question. He has met with the employee and the employee would prefer the higher contribution by the District for health insurance and a lower wage increase. Mr. Alfonse wanted to point out that the District has a very low employee turnover; he is concerned that in ten years from now, we will still have just this one employee with this split. Mr. Alfonse wants to be sure that the District compensates employees in a fair way; if one employee has a certain benefit then all employees enjoy that benefit. Mrs. Dias said that we can't change the policy every time an employee is hired. Mr. King asked a hypothetical question: "What if the City of New Bedford drops from paying 75% to 50% like Dartmouth. What will the District do?" Mrs. Dias stated that the Town is paying 52% now. Mr. King asked if we will we go down to 50% since we are servicing the two communities.

Chairperson Tierney explained that she and Mr. Mitchell spent a lot of time going over this as to what would be the best route, and Mr. Mitchell is excellent as to the budget aspect. Chairperson Tierney was HR for a number of years. This employee is cross trained. Ms. LeBlanc stated that she agrees with Mrs. Dias; the District should stick with the policy, and added that he should be compensated for his knowledge and cross training that he has obtained. The employee knew the policy when he was hired. Employees should be compensated for their knowledge. Mrs. Dias said that we need to stick to the policy.

Mr. Mitchell stated that maybe the Committee is putting the cart before the horse, because we are currently reviewing health insurance options; maybe this is something that could be tabled. Mr. Mitchell said that "...we may have recommendations that come back that maybe actually looking at those ratios and level fund everyone say at 50 or something... just by the virtue of a change in the health plan could be actually the time that we take advantage of that since we're addressing it now. So to take him just as an individual might be a little bit premature. We may be making a much larger scope decision for everybody involved."

Mr. Graves stated that we're looking at maybe 60%, but looking at more expanded services. Mr. Mitchell said "correct".

Chairperson Tierney agreed, and stated that circumstances change, and the climate changes, and the Board changes; a policy really can change. The committee should probably wait to decide on health insurance. Chairperson Tierney said that we really need a professional to take a look because this is going to affect everybody.

Mr. Alfonse stated that because he is preparing the draft budget, he will probably prepare an upper limit salary adjustment for budgeting purposes, since the budget needs to be completed by January 21.

Chair Tierney suggested that we don't take any action at this time. It would be wise to hire the individual to help with the decision. The Committee also mentioned the possibility of reducing everyone's contribution percentage. Mr. Mitchell also mentioned that you also need to look at the impact of payroll taxes on a higher compensation versus an increase in health insurance contribution. Ms. LeBlanc mentioned that higher compensation would also impact on the long term retirement.

Mr. Alfonse told the group that with regard to the OPEB calculation, all employees were considered at 75%.

Chair Tierney asked for a motion to table this discussion at the present time. Motion made by Mrs. Dias, seconded by Mr. Graves. Voted 6-0.

e. Policy for Signature on Checks Greater than \$50,000

Chairman Tierney asked for a motion to address the policy for signature on checks greater than \$50,000. Motion made by Mr. Graves, seconded by Mr. Mitchell.

Mr. Alfonse explained that the District has a policy requiring a second signature on checks over \$50,000. It seems the intent of the policy was for checks to vendors; but that isn't clarified in the policy manual. Mr. King said that if it is a transfer between accounts, an email to the Treasurer would be adequate for approval. Chair Tierney suggested that the policy be revised to say that transfers be approved either by second signature on the check or by an electronic approval. Mr. King noted that this is acceptable for checks that are used to "pay ourselves", such as transfer. If a check is going to a third party such, then the second signature would be required.

Chair Tierney asked for a revision of the original motion to clarify the policy for signatures on checks greater than \$50,000 be approved either /or electronically or in person. Voted 6-0.

f. Frades Contract

Chairperson Tierney asked for a motion to discuss the status of the Frades Contract. Motion made by Mr. Graves, seconded by Ms. Leblanc.

Mr. Alfonse referred to the memo in the packet. Mr. Alfonse, Mrs. Dias and Mr. Graves (Hauler subcommittee) have met to discuss Frades fees. The first proposal offered by the Hauler subcommittee was to continue the contract at \$63 per ton. Mr. Frade asked for a price adjustment to \$58 per ton; the District countered with \$60 per ton. Mr. Frade would prefer a five year contract. Mr. Alfonse prepared a proposal beginning with \$60 per ton with 2% annual increases. Mr. Frade would prefer even numbers in order to simplify pricing for his customers; he proposed \$60, \$62, \$62, \$64, \$64. Mr. Frade's counter proposal results in a negligible difference of revenue to the District over a five year period. Mr. Alfonse explained that tipping fees over the last ten years has gone down as has the market. Semass has lowered their tipping fees in response to ABC who is negotiating 10 year contracts starting at \$60 per ton. Bourne has recently signed a contract with Falmouth at \$58 per ton.

Chairperson Tierney explained that ABC's goal is to corner the market. It is a private company where we are a public facility. Frade is private, and ABC is their competition. Mr. King commented that it is in the interest of the District to accommodate a loyal customer. The Board discussed reducing Frades receivables. Although the contract reads that interest shall be assessed after 30 days, the District has not enforced this. Mr. Alfonse stated that by year end Frades has always managed to get their receivables less than 90 days. Ms. LeBlanc suggested that the District consider some of Fall Rivers contractors. Mr. Mitchell suggested looking for other customers. Chairperson Tierney explained that in the past the Board has been adamant about saving the space we have for the communities of New Bedford and Dartmouth. Ms. LeBlanc suggested that interest

start being assessed. Mr. Alfonse pointed out that Frades is servicing local companies in the communities of New Bedford and Dartmouth. Mr. Alfonse told the Board that the District has gotten inquiries from the Towns of Freetown and Acushnet, who have not yet signed back on with Semass. Freetown is looking for a very low rate; in the \$50's – since it abuts the landfill. Mr. Mitchell suggested that having more customers is not a bad thing. Chairperson Tierney pointed out that sometimes policy changes with new Board members. Ms. LeBlanc suggested that this is the perfect time to start talking with other potential vendors. Mr. King suggested changing the interest assessment to sixty days rather than thirty days; and then bill them accordingly.

Chairperson Tierney called for a vote to accept the terms of the Frades contract as presented. Motion made by Mr. Graves, seconded by Ms. LeBlanc. Voted 6-0.

7. Public Comment

None.

8. Set dates for next District Committee Meeting

The date for the next District Committee meeting is scheduled for Tuesday, December 17, 2013 at 3:30 PM.

8. Adjourn

Motion to adjourn made by Mrs. Dias, seconded by Mr. Graves. Voted 6-0. The meeting was adjourned at approximately 4:50 PM.