Region 2000 Services Authority
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Date: January 29, 2025; 3:00 PM

Location: CVPDC Offices
828 Main Street, 12th Floor.
Lynchburg, Virginia 24504

Meeting Minutes

Members Present:

Greg Patrick, City of Lynchburg
Frank Rogers, Campbell County
Candy McGarry, Nelson County

Staff Present:

Alec Brebner
Sandy Dobyns
Patti Lassiter
Clarke Gibson

Others:

Johnnie Roark (alternate) Appomattox County
William (Bill) Hefty (virtual)
Mike Lawless (virtual)
Mike Cline (virtual)
John Hardie
Merritt Reagan
Sandy Glass

Absent:

Susan Adams, Appomattox County

1. **Welcome**
At 3:00 p.m., Chairman Greg Patrick welcomed and thanked everyone for coming.

2. **Public Comment**
Greg Patrick opened the floor to public comment. Three people were present for the meeting to provide public comment.

John Hardie,601 Colohan Road, Rustburg, VA, Campbell County Board of Supervisors addressed the board about the following topics:
- Timing of agenda publication
- Distribution of revenues to Campbell County and the City of Lynchburg
- Air quality issues related to VOCs
- Water concerns regarding leachate
- The ease with which a regional entity can withdraw

- Bird and air traffic considerations (Ford Act)
- The requirement to install gas collection systems
- The existence of a property protection plan
- Recycling initiatives
- The $6 million in excess revenue
- Ongoing litigation
- The accuracy of the pro-forma and property boundaries
- Lack of communication from staff, as calls are not being returned
- Revenue generated from Concord Turnpike
- Updates on ongoing projects

Merritt Reagan addressed the Board regarding the following topics:

- $6.5 million deficit related to Region 2000
- 60% increase in tipping fees in the proposed budget

Sandy Glass, residing at 161 Kirkley Place, VA, addressed the following points to the board:

- heavy traffic issues
- unrecognized and unpaid airspace and excess revenues
- closure/post-closure shortfall exceeding $7 million
- artificially low tipping fees that have not been raised since 2018
- filing of the audit with the Commonwealth
- requests for information under FOIA

3. **Minutes of Regular Meeting, October 23, 2024 ....Chair**
   Candy McGarry made a motion to approve the meeting minutes, and Frank Rogers seconded the motion. All were in favor. The meeting minutes were approved unanimously.

4. **Fiscal Year 2024 Financial Statements ....**Robinson, Farmer, Cox Associates
   Alec introduced Zach Hype from Robinson, Farmer, Cox Associates. Zach gave a brief overview of the recently conducted audit for the fiscal year ending June 30, 2024.

   First, regarding management and auditor responsibilities, management is responsible for establishing accounting policies and maintaining sufficient records and internal controls. The auditor's role includes auditing documents and providing an opinion on the financial statements. For FY 2024, no new accounting standards were implemented, and we encountered no difficulties during the audit.

   In terms of accounting estimates, significant estimates included the depreciable lives of long-term assets and pension liabilities based on a third-party actuarial study. There were no corrected misstatements in FY 2024.

   No evidence was found of management consulting with other auditors for a second opinion, and there were no audit findings during this fiscal year.

Moving to the financial report, Zach presented the independent auditor's report, which states that the auditor issued an unmodified opinion on the financial statements dated October 24, 2024.

Zach discussed the statement of net position, which is similar to a balance sheet and shows a total net position of approximately $9 million, classified into three categories.

Zach presented the statement of revenues, which is similar to an income statement for a for-profit entity. It shows an increase of about $400,000 in that position. The Statement of Cash Flows indicates that the authority's cash balance increased by approximately $1.65 million for the year ending June 30, 2024.

Regarding the Independent Auditor's Report on Internal Controls and Financial Reporting, which can be found on pages 59 of 60, this mandatory report for governmental agencies did not disclose any significant deficiencies or material weaknesses for the fiscal year 2024.

Zach concluded his presentation and asked if there were any questions. There were none.

5. **Financial Report, FY Quarters 1-2 & Fiscal Year 2026 Budget Considerations ....Chair & Staff**

Sandy provided several highlights from the financial reports, stating that the landfill has several open positions and that outside repair expenses have increased. There were no questions for Sandy.

Clarke presented the proposed FY26 budget summary, starting with the projected member tonnage for FY 2026, which is 71,265 tons, a half-percent increase from FY 2025. Market-rate tonnage is expected to be 125,038 tons, also a half-percent rise. The anticipated revenue is $10,692,554, reflecting a 49.5 percent increase, while operating expenses are projected at $9,442,174, up 49.5 percent. Total expenses, including the aeronautical space reserve, will match the revenue of $10,692,554.

Staff proposed a 3% salary increase for FY 26, subject to change based on a compensation study underway. Initially, $20,000 was approved for this study, but it was paused due to potential expansion. With the recent decision not to expand, management has included an employee retention plan in the budget.

Additionally, the staff has requested an estimate from our engineering consultants for cost comparison when contracting landfill operations to a private company. The FY 26 budget includes an extra $15,000 for these additions.

Clarke noted that, despite negative comments, our landfill facility is well managed, as reflected in our excellent DEQ record and minimal customer complaints. This success is thanks to our dedicated team of equipment operators, maintenance workers, and office staff. Management hopes the Authority will support the retention plan that staff will present later, as the landfill wants to retain our employees during the upcoming landfill closure.

Clarke informed the Authority that the member rate has increased to $48.10 per ton, while the market rate is now $58.10 per ton. This is mainly due to a $3 million post-closure reserve contribution in the FY 26 budget and a $1 million equipment replacement reserve for a remanufactured compactor and bulldozer, which will be the landfill's final major purchases. Clarke plans to investigate financing options to spread these equipment costs over the next few years. Despite the increase, our rates remain lower than the Roanoke Resource Authority's member rate of $55 per ton and $65.75 for commercial customers.

The Chairman thanked Clark for his contributions. Greg noted that, despite recent comments about mismanagement, a professional auditor confirmed that our financial statements are accurate and meet all relevant accounting standards, with no significant deficiencies or material weaknesses. This contradicts much of what has been said.

Additionally, employees received disappointing news about potential job losses in four to five years, and everyone must recognize the impact this has on them, Greg noted. On behalf of the Board, Greg expressed his gratitude for the challenging work the landfill employees do each day. The Board truly appreciates their efforts. The Chairman opened the floor to any questions.

Candy McGarry asked about the potential equipment purchasing and the leasing option for the equipment purchase.

Clarke reviewed the landfill's plan to purchase remanufactured equipment instead of new models. For example, a new Aljon compactor costs around $1.2 million, while remanufactured ones are about $500,000, which is 50% less. However, there are no financing or leasing options for remanufactured compactors. For the dozer in the budget, staff can finance it at 6% for four years, totaling about $150,000 per year.

If the compactor is not replaced, the staff still have two that can be rotated. However, staff must replace its wheels, which will cost $150,000. Additionally, there will be other maintenance expenses to keep the compactors running for the next four years.

Frank Rogers stated that he is interested in timelines and appreciates staff's efforts to define the retention strategy, as it's crucial for the employees during the closure. Frank inquired, "Is our next meeting scheduled for April?" Frank sought clarity on the compensation study and retention strategy timeline and believes the Board must provide clear information to prevent misinformation. Frank would like the Board to have a clearer sense of what they might be willing and able to do sooner rather than later.

Clarke mentioned that he has a proposal to initiate a compensation study with Burns and McDonnell, which he estimates will take three to four months to complete. Their scope of work includes conducting employee interviews and researching regional and national salaries. Additionally, they will explore contracting out services, which may be necessary if we begin to lose employees. Clarke will collaborate with them to see if they can expedite the study.

Frank emphasized that although the Board is making a comprehensive effort, without a significant commitment from the Board, staff may start looking for other job opportunities in the next three to four months. This could lead to contracting out services, which would likely be more costly. Frank feels the need to discuss this urgently.

Frank stated that this situation will impact the Board's resources as we approach the budget adoption schedule, which ties back to the proposed rates of 48 and 58. These rates appear to reflect a projected deficit for post-closure under the current model, necessitating an increase to recoup costs in less time.

Frank mentioned that while staff have previously presented rate increases that were not authorized, we now have a confirmed timeline for closure. Historically, the pro formas have been reliable in guiding our rate determinations. Frank asked Clarke to confirm whether the proposed rates are based on our latest pro forma, especially since Burns and McDonnell are still working on some details.

Clarke responded that the pro-form from last year is being updated now, which staff doesn't expect to be too different than the one used to base the budget on last year. That one showed a tipping fee of about $41 a ton. The additional $7 or $8 is mostly due to that million-dollar equipment replacement reserve and not funding the closure/post-closure reserve fund by not increasing the tipping fee over the years. But that also impacted on the equipment reserve fund. The landfill needs to replace the dozer with 12,000 hours logged. The compactor was scheduled to be replaced in 2027, but it doesn't make sense to purchase a half-million-dollar piece of equipment for a year or two, so staff moved that up to this year's budget. Staff are looking at options for a partial rebuild instead of the financing option for that dozer. Rebuilding could lead to savings by reducing the need to replace the dozer and use financing, which would cost $150,000 a year. The partial rebuild would eliminate most of the equipment's reserve money, except for some maintenance required on the existing compactor. The remaining funds could be put into the operation budget. The other option would be to eliminate the request for a million dollars in our equipment reserve and have staff look at the financing options, which would be about $150,000 a year for just the dozer. Then staff could present the cost of upgrading the existing compactors.

Frank asked, "Are these one-off pieces of equipment? You drive it till the tracks come off, and then we're pretty much standing still, and do they have a salvage value? If you don't get to replace it, and you don't get to repair it, you're just driving it till it breaks down. Well, what happens if it breaks down before? And then, will this equipment have any utility for closure/post-closure activities?"

Clarke answered, "They do have a somewhat of a salvage value. When they are put on a government auction website, they might get a couple of hundred thousand dollars. If it breaks down before then, the landfill looks at some significant maintenance costs. As far as the equipment having any utility, yes, the dozer will transact, but the compactor won't."

The Chairman noted that any rate increases discussed in the budget meeting require a public hearing, with dates set for April and June. "When should we advertise this hearing?" Greg asked.

Alec stated that the Board needs to prepare the resolution, as they did last year, to announce the public hearing for June in April.

Candy asked, "What is the statute of limitations on the previous public hearing regarding the rate increase if we never took action on it?" Alec noted that Mr. Hefty had mentioned that if the matter isn't addressed at the next meeting, it will remain unresolved, and it should be readvertised. Candy concurred, stating that it should be advertised, if only for the sake of transparency.

Greg pointed out that the tight deadline makes it essential to schedule the meeting before June 25, as it is close to the budget deadline. Frank added that he needs to know the anticipated rate, as it must be included in the budget adopted on the first Tuesday in April. This information is necessary for him to inform the Board of Supervisors of Campbell County's share of the cost.

Greg posed a question to Alec and Clarke: "When reviewing last year's pro-forma, if we assume a tipping fee based on that, does it consider that there was no increase in the tipping fee last year? Because of this, will it lead to a higher pro-forma value for the tipping fees this year?"

Clarke responded, "It could."

Alec replied, "Right, the pro-forma shows we banked $2 million this year."

Greg asked, "So we are $2 million behind these tipping fees essentially? When can we expect the updated pro-forma? We need to inform Burns and McDonald that this is a priority." Greg continued, "Based on the pro-forma, where does the tipping fee go in the next four years?

Clarke responded that last year, we jumped up to $41.21.

Greg asked, "If we follow that fee in theory, it will provide enough funding in the closure/post-closure reserve to meet our obligations, correct?" "Does that rate assume Lynchburg and Campbell are paid from the funds in question? Clarke responded in the affirmative. Greg continued, "Will the updated pro forma include new equipment reserve numbers?

Clarke responded, "Yes, the updated one will have new equipment reserve numbers. Should I explore financing options for this budget rather than a lump sum purchase?

Greg answered, “This leads me to ask: Is the $1 million equipment reserve considered a one-time cost?” Clarke affirmed. Greg said he feels spreading the cost over time seems more reasonable than absorbing it all at once. Frank said he’d like to see multiple options, including a "Do Nothing" option, but he needs precise information about the equipment's life cycle.

Candy stated that given the budget timeline, the Board should arrange special meetings before the next meeting. Frank agreed that once the Board receives the updated pro-forma and has a clearer picture of equipment reserve options, they should meet. The Chairman said that once the Board gets the pro forma and has a sense of the tipping fee obligation, they should reassemble, go through the numbers again, and work through the budget process. It was decided that the Board would meet as quickly as possible after they get the pro forma numbers.

Frank asked about doing a public hearing and what notifications are required. “How do we plan to let the customers know?”

Frank moved the discussion to retention strategies. Clarke informed the Board that he had had several meetings with landfill employees to update them. “We have 20 employees, and none have threatened to walk out.” Clarke envisions that in early 2029, the gates will be shut when the last load of solid waste is delivered. “The landfill will likely need to maintain a full staff for several months to finalize operations and prepare the site. During this time, staff must apply an intermediate cover to the landfill, which we plan to do in-house. This process will probably take three to four months with full staffing.”

About a year or two before the landfill officially closes, staff must begin engineering and permitting for the final closure cap. According to DEQ regulations, once the gates close, the landfill has 12 months to start construction on the closure cap. Therefore, the construction of the closure cap is expected to begin sometime in late 2029. The landfill will need to keep several employees around to monitor the construction activities and continue with our environmental monitoring permit requirements. Once the landfill is completely closed and the contractor is finished, the landfill will have a 30-year post-closure monitoring period. Two landfills must be monitored during the 30-year closure period: Concord Turnpike and Livestock Road. It's very likely that the Authority will need to have one, maybe two full or part-time staff members for the entire 30-year post-closure period. That person would need to maintain the grass, the grounds, and the buildings. The landfill will still have to meet permit obligations, requiring personnel to manage those environmental engineering contracts.

6. Organizational Reports..Staff

a) Director’s Report .... Clarke Gibson

i. Odor Complaint Report

Clarke informed the Board that since the last meeting, he had received 5 complaints from 3 addresses.

ii. Tonnage Report

Clarke reviewed the tonnage report with the Board and stated that to date, the landfill is 1,000 tons ahead of last year.

Clarke gave a brief update on the gas collection system expansion that was approved at the last Board meeting. This project is currently under construction and is expected to be completed and operational in about four to six weeks. Clarke also stated that someone had commented that the landfill was borrowing money from our closure fund to pay for that. The landfill is not borrowing money because that permanent gas collection system is part of the closure plan. It is a legitimate closure expense.

7. Adjournment

Frank Rogers made a motion for adjournment, and Candy McGarry seconded the motion. All were in favor, and the meeting ended at 3:47 pm.

X ___________________________________ Date: ___________________

Secretary Alec Brebner April 23, 2025