

GREATER NEW BEDFORD REGIONAL REFUSE MANAGEMENT DISTRICT

Minutes October 18, 2018

The Greater New Bedford Regional Refuse Management District Committee held a publicly posted meeting on **Thursday, October 18, 2018 at 8:00 AM** at the Dartmouth Town Hall, Room 305, 400 Slocum Road, Dartmouth, MA.

District Committee Members in attendance: John Beauregard, Chairperson; Daniel Patten, Christine LeBlanc, Kathleen Towers. Nathalie Dias arrived at 8:54 a.m.

Ken Blanchard is not in attendance.

Also present: Scott Alfonse, Executive Director; Leonor Ferreira, Secretary; Attorney Matthew J. Thomas, District Counsel.

1. Call to order

The meeting was called to order at 8:05 AM.

2. Salute to the Flag

All in attendance stood to salute the flag.

3. Legal notices

Mr. Beauregard read the notice advising the Board that the meeting may be recorded by audio and/or video.

Legal notices have been posted in New Bedford and Dartmouth.

4. Warrant Reports and Ratification (September 4, 2018, September 19, 2018, and October 4, 2018.)

Mr. Alfonse informed Ms. Towers of the warrant ratification process.

Motion to ratify the September 4, 2018, September 19, 2018, and October 4, 2018 warrants made by Ms. LeBlanc, seconded by Mr. Patten. Vote 4-0.

5. Approval of Minutes (September 5, 2018 – Open session and Executive Session)

Motion to approve the September 5, 2018 regular session and executive session minutes made by Mr. Patten, seconded by Ms. LeBlanc. Vote 4-0.

6. Old Business

a. Revised District Investment Policy

Motion to discuss the revised District Investment Policy made by Mr. Patten, seconded by Ms. LeBlanc. Vote 4-0.

Attorney Thomas reviewed the revisions to the Investment Policy since the September 5, 2018 board meeting.

Motion to accept the revised Investment Policy made by Ms. LeBlanc, seconded by Mr. Patten. Vote 4-0.

7. New Business

a. Discussion of financial forecast and commercial hauler contracts.

Motion to discuss the financial forecast and commercial hauler contracts made by Mr. Patten, seconded by Ms. LeBlanc. Vote 4-0.

Mr. Alfonse discussed the Draft Financial Forecast FY 2020 to FY 2037 presentation.

Page 9 - Ms. LeBlanc questioned if Mr. Alfonse had a projected revenue for cell 8, and if it was worth building it at the estimated cost, given the size of the cell. Mr. Alfonse noted that it may not be feasible in the current market. It may be feasible in the future, depending on solid waste disposal costs at the time of construction.

Ms. Towers questioned if there were any special conditions that made cell 8 more costly to construct. Mr. Alfonse referred to the landfill map showing the rough boundaries of wetlands. A distance of 100 feet must be maintained from wetlands. Capacity is impacted because cell 8 is narrow. It will not rise to a high elevation.

Ms. LeBlanc questioned if the wetland area could be used for landfill construction. Mr. Alfonse noted that wetland have been impacted by previous cell construction and a wetland replication area was constructed. The District is limited to 5,000 square feet of wetland impacts.

Page 12 - Mr. Alfonse noted that the Board should decide a reasonable tonnage "ceiling" and "floor", a reasonable tipping fee, and basic terms of the contracts. Mr. Alfonse recommended 1.5 to 2.5 year contracts to expire June 30th (end of fiscal year). Mr. Alfonse also recommended discussing payment terms. One of the District's customer is on prepayment terms, other haulers have different payment terms (45 and 60 day terms). Mr. Alfonse discussed the status of receivables from the two haulers not on pre-pay terms, and noted the impact of 60 day terms (vs. 45 day terms) on the District's overall receivables.

Page 13 - Committee members discussed contract payment terms and some of the challenges associated with it.

Ms. Towers questioned how delinquent was the major customer on receivables. Mr. Alfonse stated that one major customer is approximately \$20,000 over the 60 day term. He noted that customer must get current, and stay current before a new contract is negotiated.

Mr. Patten questioned if customer's payment on overdue invoices, included the amount of the invoice plus the added interest, or did major customer pay only on the amount due on the invoice. Mr. Alfonse noted this customer pays only the amount due on the invoice. Payments are applied to oldest interest, and/or oldest invoice. Payments were previously applied to the invoice customer was paying on and interest was accruing.

Mr. Beauregard questioned if contract customers would be able to dispose at the contract payment terms after December 31, 2018 when contracts expires. Attorney Thomas noted that he would argue against it, and that customer should be paying gate rate.

Attorney Thomas recommended future contracts have 30 day payment terms. To address the balance remaining under the current contract, he suggested a promissory note (possibly secured by a mortgage on their property), payable over 5 years. He also suggested the District require an advance payment on any new contract to serve as a credit line. If they overspend their credit line, they would be subject to shutoff.

Mr. Alfonse noted this major customer has been a customer since the landfill opened in 1995. The customer has always been slow on payments.

Ms. LeBlanc and Mr. Alfonse discussed if other solid waste disposal facilities would have accepted these terms. Mr. Alfonse noted that a major customer would probably have to haul to another disposal facility.

Mr. Thomas expressed his concerns regarding 60 day terms and noted that in most businesses, once a debt ages to 90 days it is sometimes considered bad debt. Mr. Alfonse noted that to reduce past due balances, customers have been notified that as of November 1, 2018, customers with an overdue balance are not allowed to dispose.

Mr. Thomas also suggested that the customer be billed every other week, instead of weekly, to provide the customer with an additional week to pay. Ms. Leblanc suggested the hauler seek financing from a lender to clear up its balance.

Mr. Alfonse stated that should negotiations terminate and the customer decides to go elsewhere, the District would be losing a projected revenue in the middle of the fiscal year.

Attorney Thomas said that it's preferable to resolve issues regarding payment terms and past balances now. The District's current financial position is favorable, and it could absorb a decrease in revenue resulting from a customer not agreeing to the District's terms.

Mr. Beauregard said that he agreed with the Attorney Thomas's suggestions for 30 day terms, and a promissory note to address any balance remaining under the existing contract. He noted that requiring, advance payment on any new contract to serve as a credit line and shutting off a customer if they overspend their credit line might be difficult. He suggested that the clause should be added to the contract, and use it as a penalty. He also suggested adding certain parameters that customer would have to abide by. Should customer not abide by those parameters, the clause would be implemented.

Attorney Thomas expressed his concerns regarding how the timing of implementing such a penalty might impact its effectiveness.

The group discussed the impact of having such a large customer. Ms. Towers noted that this customer was also using up capacity at the landfill. The group discussed issues relating to contracting with a hauler that serves significant businesses in the District vs. accepting out of District waste. Ms. Leblanc stressed that the District's main focus should be ensuring pay in accordance with the terms of their agreements. Where the waste originates from should be a secondary consideration.

Nathalie Dias arrived at 8:54 a.m.

Mr. Alfonse questioned if the Committee would consider an early payment discount provision. Attorney Thomas suggested the District consider this option.

Page 14, Mr. Alfonse discussed draft recommendations for contracts beginning January 1, 2019.

Ms. Towers questioned tipping fees at other facilities. Mr. Alfonse noted that another local facility is probably in the low to mid \$70 per ton on their contracts. The District is a public entity, therefore its pricing is public information. However, because other solid waste facilities are private, it's harder to obtain their tipping fees.

Mr. Patten noted that one customer is prepaying and has the highest tipping fee, but the District is looking to reduce their tonnage. He questioned if this major customer's tonnage should stay the same as it was. Mr. Alfonse noted that he was recommending tonnage reduction for all District's customers, but the District could shift available capacity from one customer to another

The Board discussed tonnage amounts and limits for its contract customers. Mr. Beauregard noted his concern local hauler concerns if the District limits or reduces their allowable tonnage. Mr. Alfonse responded that the District does ask haulers to identify the origin of solid waste, but relies on the information provided by the haulers' drivers. He said the Committee could use this information to set the maximum tonnage allowable by a hauler to that which they currently collect within the District. Mr. Alfonse described the difficulties of enforcing a "District solid waste only" policy. The group discussed various ways it might set a limit on commercial haulers based on the volume of solid waste collected in the District. Mr. Patten noted the importance of diversified customer base so the District is not relying on one major customer. He noted the benefit of municipal customers.

Discussion also included the need for the District to maintain hauler diversification, and not have it rely only on a major customer.

The consensus from Committee members was to reduce the tonnage from a larger customer, and increase the tonnage from two other customers. Mr. Patten suggested that the District could use the reduction for the large haulers as a mechanism to reducing the District's receivables.

Attorney Thomas noted that the District would start with a 2.5 year term on the contracts until the June 30, 2019 date. After the June 30, 2019, future contracts would have a 2 year term.

Page 16 - Mr. Alfonse noted the need for professional consulting services to ensure that the District is on track. He expressed his confidence that the information presented was sufficient for planning over the next couple of years. He believed the District has room to reduce the tonnage, reduce revenue slightly, preserve capacity, and sustain the District operation. The group discussed who might best provide such services.

Mr. Patten asked if the District should wait until the end of the new contracts to have the forecast done. Mr. Alfonse said that the closer it gets 2037 the more critical the information is. He noted that the District should not wait until 2032 to discover that funds are not available to get the District through the next five years.

Mr. Alfonse asked how the Board would prefer to proceed. He said that in the past, staff discussed recommendations with a Hauler subcommittee, which would then present its recommendations to the Board. He confirmed that the consensus was to increase the tonnage in his recommendation

for two smaller haulers, and reduce the tonnage in his recommendation on the larger hauler. Mr. Alfonse said that he and District Counsel could negotiate with haulers and present the results of those negotiations. Mr. Beauregard said that given the small size of the Committee, it's preferable that discussions be done with the entire Board instead of a subcommittee.

The group discussed meeting schedules. Mr. Alfonse noted that Hague & Sahady will be attending the November meeting which will include discussion on the reconciliation. He suggested that results of negotiations be presented in December.

b. Transfer of funds from Recycling Reimbursement Reserve fund.

Motion to approve the transfer of \$83,860 from the Recycling Reimbursement Reserve fund to an appropriate District account. Upon receipt of copies of paid invoices or other supporting documentation for eligible expenses to enhance recycling educational outreach, and/or improve audits to improve quality or processing, the District will reimburse the City up to \$83,860.00. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Vote 5-0.

Mr. Alfonse noted in FY 2017, New Bedford solid waste was 83.86% of the total solid waste delivered by New Bedford and Dartmouth combined. New Bedford's share of the \$100,000 is \$83,860. New Bedford has requested that it be allowed to expend the funds for recycling public education, including the purchase of decals for the recycling carts throughout the City to remind residents about the items that are acceptable in the cart.

Mr. Beauregard questioned if the Town of Dartmouth had made a request for their share. Mr. Alfonse said that he will inform them of their share.

Chairperson Beauregard asked for a motion to approve the transfer. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Vote 5-0.

c. Director's Report

Motion to receive the Executive Director's report made by Ms. LeBlanc, seconded by Mr. Patten. Vote 5-0.

Umass Dartmouth College of Engineering

Mr. Alfonse noted that the Umass Dartmouth College of Engineering students will be at the Crapo Hill landfill on Monday.

Tom Cabral, Part-Time Recycling Employee

The Board agreed the District purchase a gift certificate in the amount of \$100 for Tom Cabral as a token of the District's appreciation for his 10 year service to the District as a part-time recycling employee.

f. Items which could not have been reasonably anticipated 48 hours in advance.

None

8. Set Date for Next Meeting

The next meeting to receive an update on the FY 2018 audit and reconciliation will be scheduled for November 27, 2018 at 8:00 am.

The next Board meeting to discuss the contracts will be scheduled for December 6, 2018.

8. Executive Session –(pursuant to G.L. c30A Section 21(a)(6) since discussion in an open meeting may have a detrimental effect on the negotiating position of the District and to reconvene in open session).

Motion to go into Executive Session pursuant to G.L. c30A Section 21(a)(6) since discussion in an open meeting may have a detrimental effect on the negotiating position of the District and not return to open session. Motion made by Mr. Patten, seconded by Ms. LeBlanc.

Roll Call Vote:

John Beauregard – yes

Nathalie Dias – yes

Daniel Patten – yes

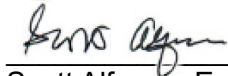
Christine LeBlanc – yes

Kathleen Towers – yes

Ken Blanchard – not in attendance

The meeting moved to Executive session at 9:34 a.m.

Approved by vote of District Committee on Tuesday, November 27, 2018.



Scott Alfonse, Executive Director