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BOARD OF COUNTY COMMISSIONERS

May 30, 2018

Agenda

- 02:00 P.M. INVOCATION AND PLEDGE OF ALLEGIANCE
 CALL TO ORDER, *President Terry L. Baker*
 Location: 100 West Washington Street, Suite 1113, Hagerstown
- 02:05 P.M. EMERGENCY RELATED CONTRACTS IN SOUTH COUNTY – *Scott Hobbs,*
 Director of Engineering
- 02:15 P.M. FY2019 SOLID WASTE BUDGET DISCUSSION – *Dave Mason, Deputy Director of*
 Solid Waste and Watershed Programs and Sara Greaves, Chief Financial Officer
- 02:45 P.M. FY2019 OPERATING AND CAPITAL BUDGET ADOPTION – *Sara Greaves, Chief*
 Financial Officer and Kim Edlund, Director of Budget and Finance
- 03:15 P.M. ADJOURNMENT



Open Session Item

SUBJECT: Emergency Related Contracts in South County

PRESENTATION DATE: May 30, 2018

PRESENTATION BY: Scott Hobbs, P.E., Director, Division of Engineering

RECOMMENDED MOTION: Move to proceed with emergency related contracts to dewater and repair the culvert at Chestnut Grove Road to expedite the opening of the road. Other work on South County roads may be included as the assessment of the area continues.

REPORT-IN-BRIEF: The work will include utilizing current on-call state contracts and preparing condensed bids.

DISCUSSION: Earlier this month South County experienced significant flooding and damage to numerous roads and structures. Some roads have remained closed due to damage, including the 2500 Block of Chestnut Grove Road (north of Mt. Lock Hill Road).

FISCAL IMPACT: The cost of this work will be determined.

CONCURRENCES: N/A

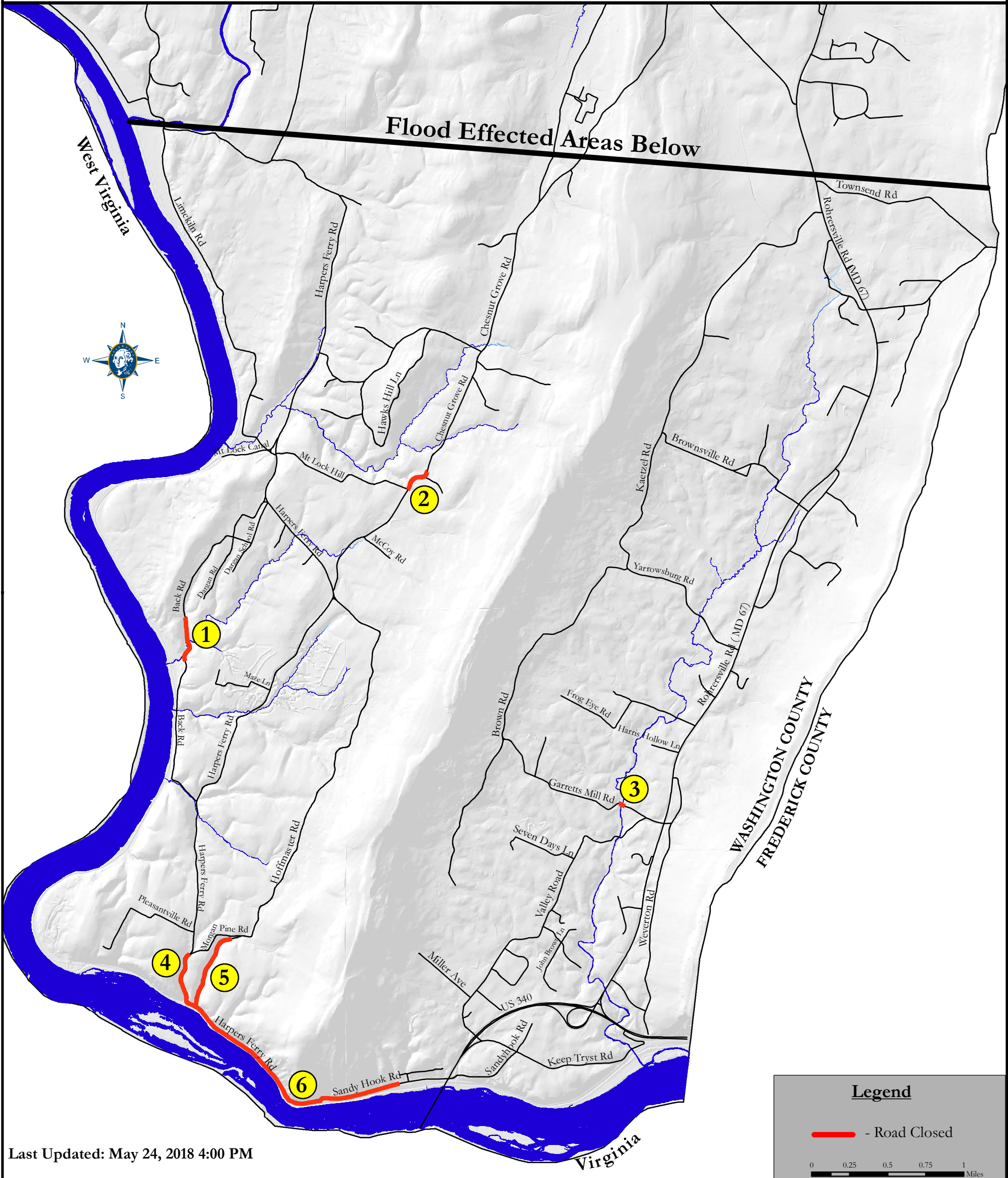
ALTERNATIVES: N/A

ATTACHMENTS: AERIAL MAP

AUDIO/VISUAL TO BE USED: N/A

South County Closed Roads Status & Plan of Action

- 1.) **Back Road-** Multiple options under consideration. Estimated road closure 12+ months.
- 2.) **Chesnut Grove Road-** Contract work in two phases. Initial phase is to dewater and unlog the existing culvert. Second phase is an accelerated construction advertisement process to replace the pipe and rebuild the road and embankments. Estimated road closure 3-6 months.
- 3.) **Garretts Mill Road-** Pursuing a design-build bridge replacement project. Initial work includes collecting geotechnical information and preparing a concept plan, then project advertisement for engineer-contractor teams to finish the design and build the new bridge. Estimated road closure 12+ months.
- 4.) **Harpers Ferry Road-** Contractor to construct retaining walls in portions of affected road. Estimated road closure less than 1 month.
- 5.) **Hoffmaster Road-** Lower section of road will be passable; however, County is pursuing a design-build stabilization project to permanently repair the damaged edges of road and drainage structures which will require the road to be closed. County is preparing a concept plan and design parameters prior to project advertisement for engineer-contractor teams to finish design and complete work. Estimated road closure 6 months.
- 6.) **Sandy Hook Road-** National Park Service (NPS) is addressing the landslide in two phases. Initial phase is repairing overhead utilities, removal of material and debris which may allow reopening of the road on a provisional basis. Second phase is the slope stabilization of the exposed embankment. National Park Service is responsible for remediating the situation. Timeframes for road closures are therefore less certain; however, a 6+ month closure is possible. County is coordinating with NPS to accelerate the work and reduce the closing duration.





Agenda Report Form

Open Session Item

SUBJECT: FY2019 Solid Waste Budget Discussion

PRESENTATION DATE: May 30, 2018

PRESENTATION BY: Sara Greaves, Chief Financial Officer, Dave Mason, Deputy Director of Solid Waste

RECOMMENDED MOTION: Move to adopt any combination of proposed landfill fees and/or adjustments to the budget as presented.

REPORT-IN-BRIEF: On April 24, 2018 the Commissioners held a public hearing and heard public testimony, if any, on the proposed establishment and modification of certain landfill user fees for FY 2019. On May 22, 2018, the proposed fees as presented were voted on and were not approved. Staff has brought several options for discussion to provide a solution that the majority is comfortable with.

DISCUSSION: An enterprise fund such as Solid Waste operates much like a private-sector business. It is primarily self-supported through user fees which cover the cost of service provided. Solid Waste tipping and permit fees have not increased since 2012. Staff has prepared some background information and several options for the Board of County Commissioners to consider. The discussion will include a history of fee increases, budgets and components thereof, fund balance, and cash reserves. Any fee increases presented for consideration are one facet of the overall budget proposal to help address the projected FY 2019 Solid Waste Department Operational Budget shortfall. The proposed rates reflect the current and projected cost of landfill and recycling operations, and are also in line with landfill user rates at other facilities in our local region.

FISCAL IMPACT: The proposed Solid Waste budget for FY2019 is \$8,121,710

CONCURRENCES: Not applicable

ALTERNATIVES: Not applicable

ATTACHMENTS: Solid Waste History and Budget document

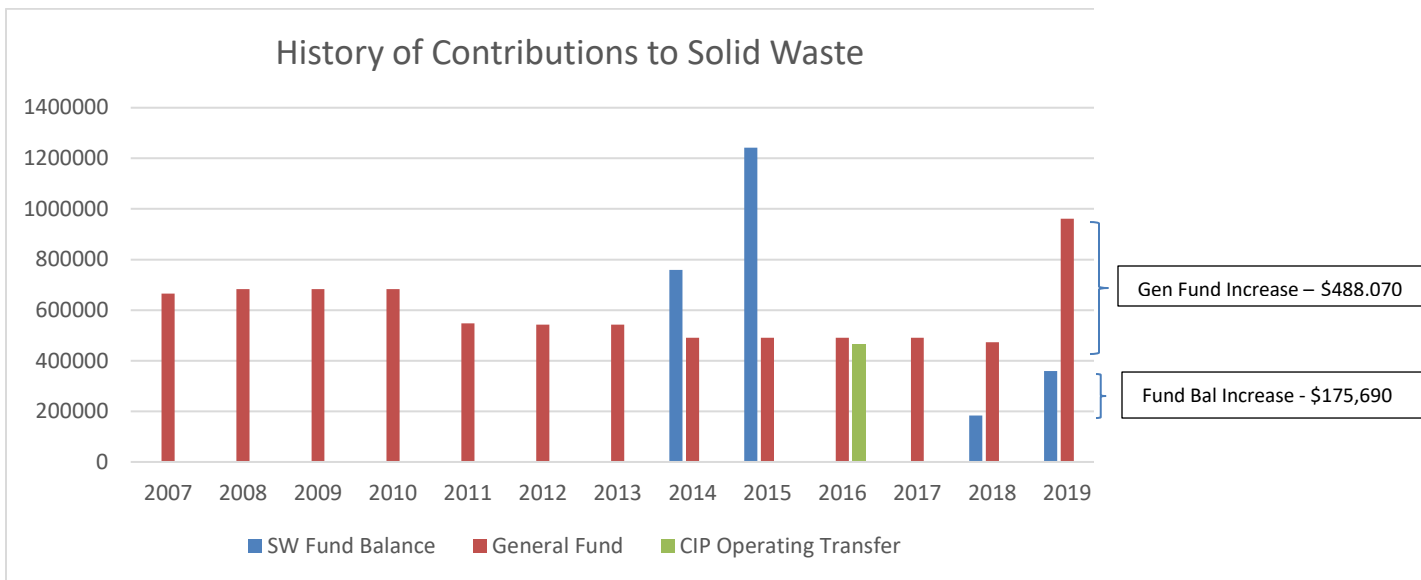
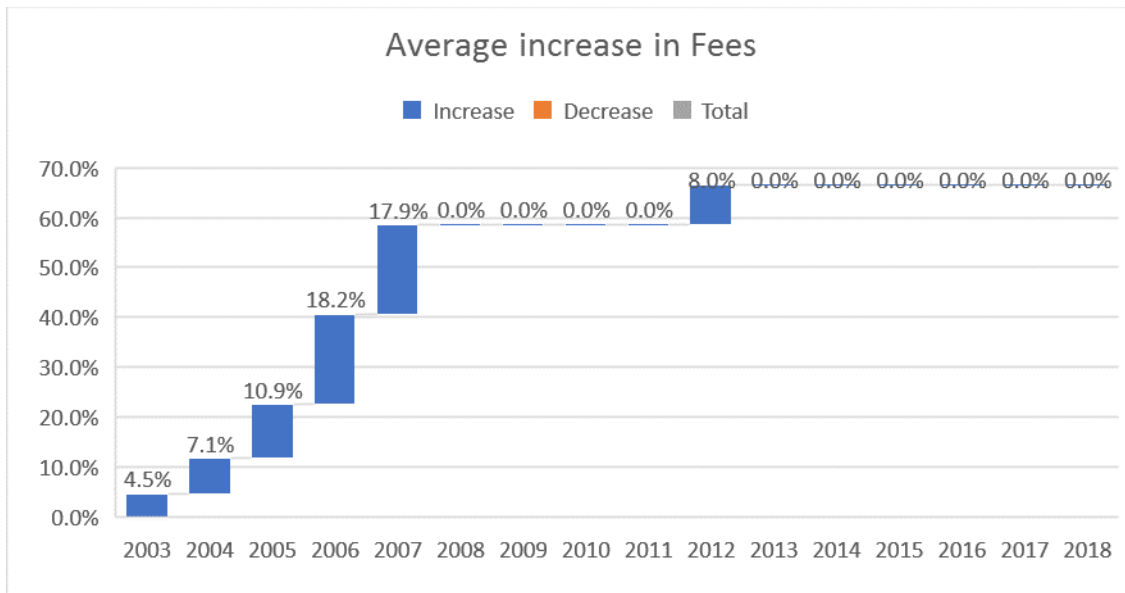
AUDIO/VISUAL NEEDS: Not applicable

Solid Waste Budget Discussion – Wednesday May 30, 2018

Background

Enterprise funds such as the Solid Waste fund operate much like a private-sector business. By design, it is important to understand the extent to which fees and charges are sufficient to cover the cost of providing goods or services. The Solid Waste fund is Self-Supported by and large, except for an annual transfer from the General Fund to cover the costs associated with closed landfill sites.

Fee History

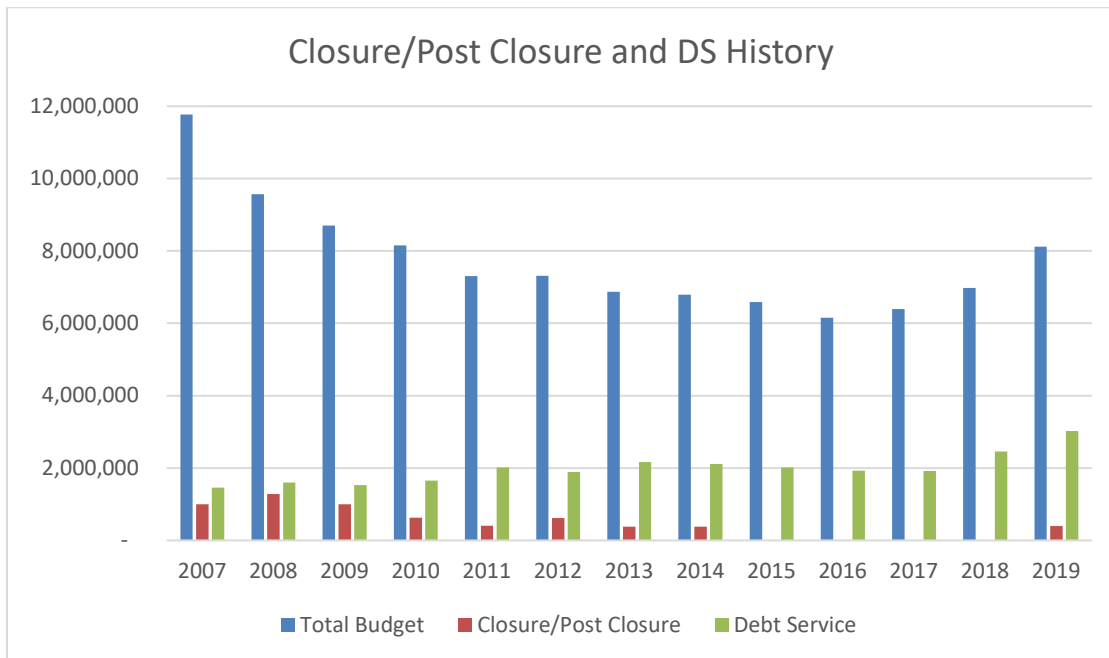


When fees do not cover expenditures, where does the money come from to balance the budget?

- General Fund – Taxpayer dollars
 - o FY2019 General Fund Transfer increased by \$488,070
- Solid Waste operating cash reserves
 - o FY2019 operating reserves increased by \$175,690
- Solid Waste capital reserves

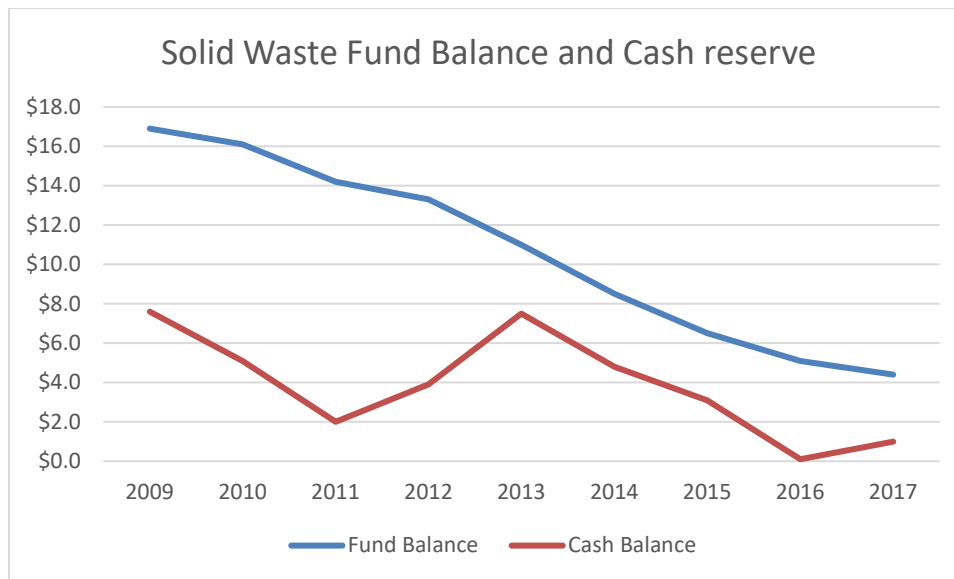
Closure/Post Closure and Debt Service History

GASB 18 requires a reserve to be set aside for Closure/Post Closure care costs. The County is required to put a final cover on closed landfill sites and to perform certain maintenance and monitoring functions at the site for up to 30 years after closure.



- Sites that are closed are still quite dynamic
- No Closure/Post Closure budgeted in years 2015-2018
- Debt service increases in 2018 and 2019

Fund Balance compared to Cash Reserve Balance



Fund Balance – ‘Assets – Liabilities = Fund Balance’

- What are examples of Assets and Liabilities?
 - o Assets can be equipment, roads, landfills, and buildings. Liabilities include debt and landfill closure costs.

Cash Reserves – Cash available to use. Policy states we must maintain 25% of Operating and Maintenance expense as reserve.

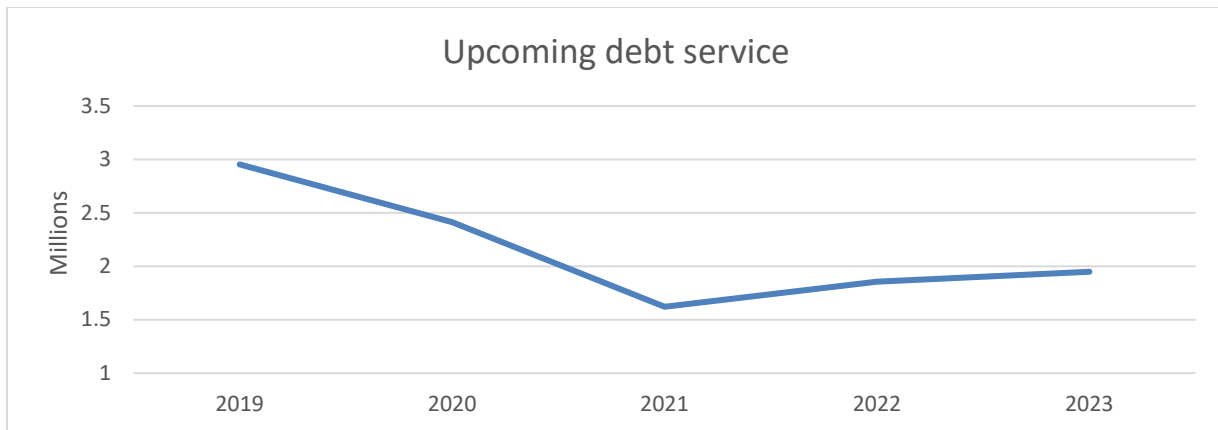
- Annual operating and maintenance expense = \$3,868,740 X .25 = \$967,185
- Reserve levels fell below requirement in 2016

Debt Service

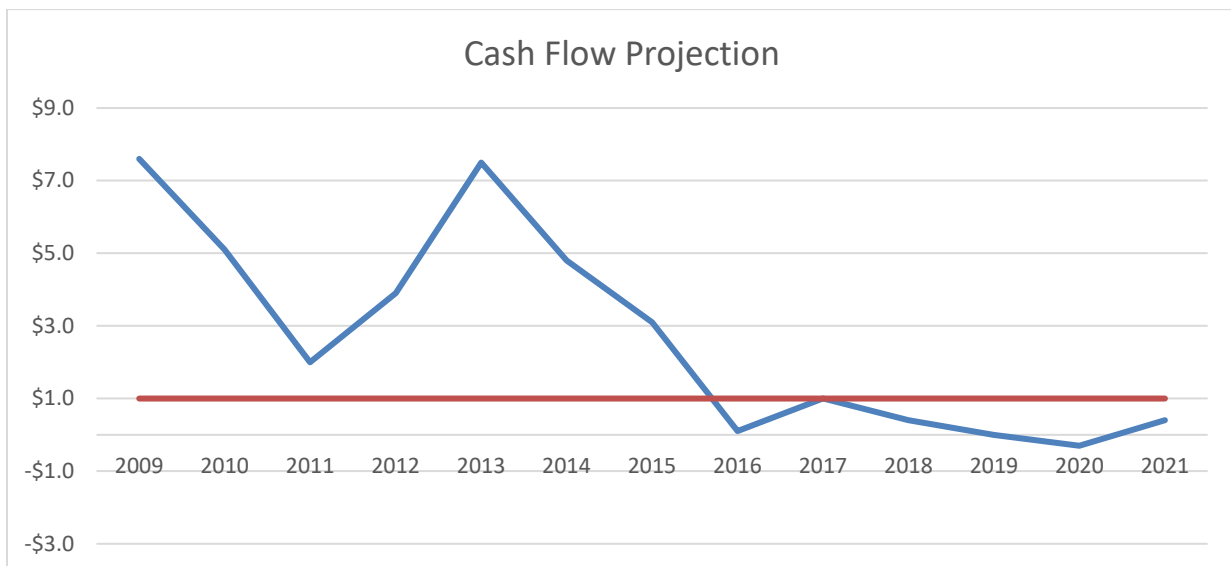
FY2019 debt service increased by \$562,370

FY2020 – FY2023 – Reductions to occur in FY 2020 and 2021, followed by increases in 2022 and 2023.

FY2019 Ten Year Capital Plan has additional Solid Waste Projects funded through bonds totaling 11.7 million



Cash Flow Projection



- FY2020-21 Cash flow projections assume lower debt levels, normal GF contribution and an increase in fees.

Option 1 – \$250K assumed plus reduced fee increases

| 421000 Permit Fees | | | | | | |
|----------------------------------|---------------------------|-------------|----------------------|------------------------------|-----------------|------------------------------------|
| | Estimated # of Permits | Permit Cost | Total Revenue | New Proposed Rate | Total Revenue | Additional Revenue Generated |
| Regular | 3,200 | \$ 130.00 | \$ 416,000.00 | | \$ - | |
| Senior | 3,600 | \$ 95.00 | \$ 342,000.00 | | \$ - | |
| Disabled Veterans | 70 | \$ 95.00 | \$ 6,650.00 | | \$ - | |
| 2nd Permit, Same Residence | 40 | \$ 65.00 | \$ 2,600.00 | | \$ - | |
| Regular, Half Price | 120 | \$ 65.00 | \$ 7,800.00 | | \$ - | |
| Senior, Half Price | 50 | \$ 47.50 | \$ 2,375.00 | | \$ - | |
| Veterans, Half Price | 10 | \$ 47.50 | \$ 475.00 | | \$ - | |
| Yard Waste Permit - Individual | 700 | \$ - | \$ - | \$ 25.00 | \$ 17,500.00 | \$ 17,500.00 |
| Yard Waste Permit - Add-On | 2,700 | \$ 15.00 | \$ 40,500.00 | \$ 20.00 | \$ 54,000.00 | \$ 13,500.00 |
| Recycling Permits | 2,000 | \$ 36.00 | \$ 72,000.00 | | \$ - | |
| | | | | | | \$ 31,000.00 |
| TOTAL PERMIT REVENUE = | | | \$ 890,400.00 | | | |
| 421035 Tip Fees - 40 West | | | | | | |
| | Estimated Tonnage | Cost/ton | Total Revenue | Proposed Increases | | |
| | | | | Cost/ton | Total Revenue | |
| Refuse | 52,000 | \$ 52.00 | \$ 2,704,000.00 | \$ 55.00 | \$ 2,860,000.00 | |
| Refuse Large Haulers | 12,000 | \$ 45.00 | \$ 540,000.00 | \$ 45.00 | \$ 540,000.00 | |
| White Goods | 50 | \$ 52.00 | \$ 2,600.00 | \$ 52.00 | \$ 2,600.00 | |
| MD Paper Sludge | 3,000 | \$ 52.00 | \$ 156,000.00 | \$ 52.00 | \$ 156,000.00 | |
| Industrial Waste | 150 | \$ 52.00 | \$ 7,800.00 | \$ 52.00 | \$ 7,800.00 | |
| E-Waste | 45 | \$ 52.00 | \$ 2,340.00 | \$ 52.00 | \$ 2,340.00 | |
| Yard Waste | 2,000 | \$ 63.00 | \$ 126,000.00 | \$ 63.00 | \$ 126,000.00 | |
| Dirt | 500 | \$ - | \$ - | \$ 20.00 | \$ 10,000.00 | |
| Recycling | 200 | \$ - | \$ - | \$ 30.00 | \$ 6,000.00 | |
| Carcasses | 25 | \$ - | \$ - | \$ 100.00 | \$ 2,500.00 | |
| Building Debris | 17,200 | \$ 75.00 | \$ 1,290,000.00 | \$ 75.00 | \$ 1,290,000.00 | |
| Sludge, Industrial | 2,500 | \$ 58.00 | \$ 145,000.00 | \$ 58.00 | \$ 145,000.00 | |
| Sludge, Domestic | 6,000 | \$ 59.00 | \$ 354,000.00 | \$ 59.00 | \$ 354,000.00 | |
| | | | | | \$ - | |
| High Volume/Low Weight | 50 | \$ 120.00 | \$ 6,000.00 | \$ 120.00 | \$ 6,000.00 | |
| Tires, Small | 70 | \$ 162.00 | \$ 11,340.00 | \$ 162.00 | \$ 11,340.00 | |
| Tires, Individual (per/Each) | 2,500 | \$ 3.00 | \$ 7,500.00 | \$ 3.00 | \$ 7,500.00 | |
| Tires, Large | 20 | \$ 250.00 | \$ 5,000.00 | \$ 250.00 | \$ 5,000.00 | |
| Tires - General | 90 | | | | \$ - | |
| Freon Appliances (units) | 1,000 | \$ 5.00 | \$ 5,000.00 | \$ 5.00 | \$ 5,000.00 | |
| Mattresses (per-Each) | 3,500 | \$ - | \$ - | \$ - | \$ - | |
| | | | | | | |
| FY17 Tip Fee Revenue = | | | \$ 5,362,580.00 | | \$ 5,537,080.00 | \$ 205,500.00 |
| Total Revenues = | | | \$ 6,283,980.00 | | | |
| Loan Repayment | | | | | | \$ 250,000.00 |
| | | | | Total Budget Increase | | \$ 455,500.00 |

Option 2 – \$250K assumed plus adjustments to tip fees

Tipping Fee Increases - \$186,660

Loan repayment - \$250,000

| 421035 Tip Fees - 40 West | Estimated Tonnage | Cost/ton | Total Revenue | Proposed Increases | | |
|----------------------------------|----------------------|-----------|-----------------|------------------------------|-----------------|---------------------|
| | | | | Cost/ton | Total Revenue | |
| Refuse | 52,000 | \$ 52.00 | \$ 2,704,000.00 | \$ 55.00 | \$ 2,860,000.00 | 156,000 |
| Refuse Large Haulers | 12,000 | \$ 45.00 | \$ 540,000.00 | \$ 45.00 | \$ 540,000.00 | - |
| White Goods | 50 | \$ 52.00 | \$ 2,600.00 | \$ 52.00 | \$ 2,600.00 | - |
| MD Paper Sludge | 3,000 | \$ 52.00 | \$ 156,000.00 | \$ 52.00 | \$ 156,000.00 | - |
| Industrial Waste | 150 | \$ 52.00 | \$ 7,800.00 | \$ 52.00 | \$ 7,800.00 | - |
| E-Waste | 45 | \$ 52.00 | \$ 2,340.00 | \$ 52.00 | \$ 2,340.00 | - |
| Yard Waste | 2,000 | \$ 63.00 | \$ 126,000.00 | \$ 63.00 | \$ 126,000.00 | - |
| Dirt | 500 | \$ - | \$ - | \$ 10.00 | \$ 5,000.00 | 5,000 |
| Recycling | 200 | \$ - | \$ - | \$ 45.00 | \$ 9,000.00 | 9,000 |
| Carcasses | 25 | \$ - | \$ - | \$ 100.00 | \$ 2,500.00 | 2,500 |
| Building Debris | 17,200 | \$ 75.00 | \$ 1,290,000.00 | \$ 75.00 | \$ 1,290,000.00 | - |
| Sludge, Industrial | 2,500 | \$ 58.00 | \$ 145,000.00 | \$ 58.00 | \$ 145,000.00 | - |
| Sludge, Domestic | 6,000 | \$ 59.00 | \$ 354,000.00 | \$ 59.00 | \$ 354,000.00 | - |
| | | | | | \$ - | - |
| High Volume/Low Weight | 50 | \$ 120.00 | \$ 6,000.00 | \$ 120.00 | \$ 6,000.00 | - |
| Tires, Small | 70 | \$ 162.00 | \$ 11,340.00 | \$ 162.00 | \$ 11,340.00 | - |
| Tires, Individual (per/Each) | 2,500 | \$ 3.00 | \$ 7,500.00 | \$ 3.00 | \$ 7,500.00 | - |
| Tires, Large | 20 | \$ 250.00 | \$ 5,000.00 | \$ 250.00 | \$ 5,000.00 | - |
| Tires - General | 90 | | | \$ 200.00 | \$ 18,000.00 | 18,000 |
| Freon Appliances (units) | 1,000 | \$ 5.00 | \$ 5,000.00 | \$ 5.00 | \$ 5,000.00 | - |
| Mattresses (per-Each) | 3,500 | \$ - | \$ - | \$ - | \$ - | - |
| | | | | | | |
| FY17 Tip Fee Revenue = | | | \$ 5,362,580.00 | | \$ 5,553,080.00 | \$190,500.00 |
| Total Revenues = | | | \$ 6,252,980.00 | | | |
| Loan Repayment | | | | | | \$250,000.00 |
| | | | | Total Budget Increase | | \$440,500.00 |

Option 3 - \$250K assumed plus adjustments to Permit fees and minimum charge

| | |
|--|-------------------|
| Permit Fee increases - | \$65,300 |
| Minimum Increase of \$15 instead of \$10 - | \$130,000 |
| Loan repayment - | <u>\$ 250,000</u> |
| Total | \$445,300 |

| 421000 Permit Fees | | | | | | |
|--------------------------------|---------------------------|-------------|----------------------|-------------------------|---------------|------------------------------------|
| | Estimated # of Permits | Permit Cost | Total Revenue | New Proposed Rate | Total Revenue | Additional Revenue Generated |
| Regular | 3,200 | \$ 130.00 | \$ 416,000.00 | \$ 135.00 | \$ 432,000.00 | \$ 16,000.00 |
| Senior | 3,600 | \$ 95.00 | \$ 342,000.00 | | \$ - | |
| Disabled Veterans | 70 | \$ 95.00 | \$ 6,650.00 | | \$ - | |
| 2nd Permit, Same Residence | 40 | \$ 65.00 | \$ 2,600.00 | \$ 70.00 | \$ 2,800.00 | \$ 200.00 |
| Regular, Half Price | 120 | \$ 65.00 | \$ 7,800.00 | \$ 70.00 | \$ 8,400.00 | \$ 600.00 |
| Senior, Half Price | 50 | \$ 47.50 | \$ 2,375.00 | | \$ - | |
| Veterans, Half Price | 10 | \$ 47.50 | \$ 475.00 | | \$ - | |
| Yard Waste Permit - Individual | 700 | \$ - | \$ - | \$ 50.00 | \$ 35,000.00 | \$ 35,000.00 |
| Yard Waste Permit - Add-On | 2,700 | \$ 15.00 | \$ 40,500.00 | \$ 20.00 | \$ 54,000.00 | \$ 13,500.00 |
| Recycling Permits | 2,000 | \$ 36.00 | \$ 72,000.00 | | \$ - | |
| | | | | | | \$ 65,300.00 |
| TOTAL PERMIT REVENUE = | | | \$ 890,400.00 | | | |

Option 4 – Reduce several proposed Fee increases and postpone new FTE

| Permit | Current Permit Cost | Proposed Permit Cost | # of Permits | Total | | |
|--------------------------------|---------------------|----------------------|--|------------|--|--|
| Regular | \$ 130.00 | \$ 130.00 | 3200 | \$ 416,000 | | |
| Senior | \$ 95.00 | \$ 95.00 | 3600 | \$ 342,000 | | |
| Disabled Veterans | \$ 95.00 | \$ 95.00 | 70 | \$ 6,650 | | |
| 2nd Permit, Same Residence | \$ 65.00 | \$ 65.00 | 40 | \$ 2,600 | | |
| Regular, Half Price | \$ 65.00 | \$ 65.00 | 120 | \$ 7,800 | | |
| Senior, Half Price | \$ 47.50 | \$ 47.50 | 50 | \$ 2,375 | | |
| Veterans, Half Price | \$ 47.50 | \$ 47.50 | 10 | \$ 475 | | |
| Yard Waste Permit - Add-on | \$ 15.00 | \$ 20.00 | 2700 | \$ 54,000 | | |
| Yard Waste Permit - Individual | \$ 15.00 | \$ 50.00 | 700 | \$ 35,000 | | |
| Recycling Permits | \$ 36.00 | \$ 36.00 | 2000 | \$ 72,000 | | |
| Tipping Fee | Current Tipping Fee | Proposed Tipping Fee | | | | |
| Refuse | \$ 52.00 | \$ 55.00 | | | | |
| Refuse Large Haulers | \$ 45.00 | \$ 45.00 | | | | |
| White Goods | \$ 52.00 | \$ 52.00 | | | | |
| MD Paper Sludge | \$ 52.00 | \$ 52.00 | | | | |
| Industrial Waste | \$ 52.00 | \$ 52.00 | | | | |
| E-Waste | \$ 52.00 | \$ 52.00 | | | | |
| Yard Waste | \$ 63.00 | \$ 63.00 | | | | |
| Dirt | \$ 75.00 | \$ 20.00 | | | | |
| Recycling | Permit Only | \$ 52.00 | | | | |
| Mattresses | \$ 52.00 | \$ 10.00 | Mattresses currently charged at \$52/ton, proposed \$10 each | | | |
| Carcasses | \$ 52.00 | \$ 200.00 | Carcasses are per ton, minimum fee applies (was \$10, proposed \$15) | | | |
| Rubble | \$ 75.00 | \$ 75.00 | | | | |
| Wood | \$ 75.00 | \$ 75.00 | | | | |
| Building Debris | \$ 75.00 | \$ 75.00 | | | | |
| Sludge, Industrial | \$ 60.00 | \$ 60.00 | | | | |
| Sludge, Domestic | \$ 60.00 | \$ 60.00 | | | | |
| High Volume/Low Weight | \$ 120.00 | \$ 120.00 | | | | |
| Tires, Small | \$ 162.00 | \$ 250.00 | **Competitive bids - lowest awarded November 14 for \$200/ton, cost as of January 1, 2017 was \$100/ton, cost as of January 1, 2016 was \$55/ton | | | |
| Tires, Individual (per/Each) | \$ 3.00 | \$ 5.00 | | | | |
| Tires, Large | \$ 250.00 | \$ 350.00 | | | | |
| Freon Appliances (units) | \$ 5.00 | \$ 5.00 | | | | |
| Mulch | \$ 30.00 | \$ 30.00 | | | | |
| Compost | \$ 20.00 | \$ 20.00 | | | | |
| Minimum Scale Fee | \$ 10.00 | \$ 15.00 | | | | |

Option 5 – Cuts to services, staff, and staff hours

- With this option – Union approval required

| Item | Description | Savings |
|------|---|---------------|
| 1 | Reduce Employee Hours | |
| | hours/day to 8.5 hours, Weight Clerks from 9 hours/day to 8.5 hours, reduce Supervisors from 9 hours/day to 8.5 hours and reduce Saturday hours to 7:00 to 11:00. | \$ 136,195.00 |
| 2 | Reduce Transfer Stations to 4 day weeks | \$ 27,600.00 |
| 3 | Postpone Proposed Position: Salary, Overtime and Benefits | \$ 77,278.00 |
| 4 | Eliminate Services | |
| | <i>Eliminate Electronics Recycling</i> | \$ 63,000.00 |
| | <i>Eliminate Scrap Tire Program</i> | \$ 24,000.00 |
| | <i>Eliminate Styrofoam Recycling</i> | \$ 2,000.00 |
| | <i>Add Cardboard Recycling to Permit Program (Now Free to Citizens)</i> | \$ 8,000.00 |
| | Total Item 4 | \$ 97,000.00 |
| 5 | Eliminate Gas Testing for Resh and City/County Landfill | \$ 30,000.00 |
| 6 | Close Dargan Transfer Station | \$ 35,000.00 |
| 7 | Additional Operating Budget Cuts (reduce line items by amount shown) | |
| | <i>Maintenance Contract Services</i> | \$ 4,000.00 |
| | <i>Supplies Materials - Operating</i> | \$ 20,000.00 |
| | <i>Leachate Testing</i> | \$ 4,000.00 |
| | <i>Travel Expenses</i> | \$ 400.00 |
| | <i>Small Tolls and Equipment</i> | \$ 1,750.00 |
| | <i>Building Maintenance</i> | \$ 1,750.00 |
| | <i>Tires</i> | \$ 5,000.00 |
| | Total Item 7 | \$ 36,900.00 |
| | | |
| | | |
| | Total | \$ 439,973.00 |



Agenda Report Form

Open Session Item

SUBJECT: FY2019 Operating and Capital Budget Adoption

PRESENTATION DATE: May 30, 2018

PRESENTATION BY: Sara Greaves, Chief Financial Officer, Kim Edlund, Director of Budget & Finance

RECOMMENDED MOTION: Move to adopt the FY2019 Operating and Capital Budgets.

REPORT-IN-BRIEF: On May 15, 2018, the Commissioners held a public hearing and heard public testimony, if any, on the proposed FY2019 Operating and Capital budgets.

DISCUSSION: The Fiscal Year 2019 Budget process has been a collaborative effort where the Office of Budget & Finance worked alongside departments, the administration, and the BOCC. We have brought forth a budget that was prepared in line with sound financial management and provides for both existing services and new initiatives. The Fiscal Year 2019 proposed budgets provide services to our citizens, maintain low debt levels, provide increased funding for education and public safety, and meets infrastructure needs. The 2019 proposed budget was balanced with no increase in the property tax and income tax rates.

FISCAL IMPACT: The FY2019 operating and capital budgets, which include all funds amount to \$328,752,270. The General Fund Budget is \$229,639,310 and the Capital Improvement Budget is \$43,958,000 for Fiscal Year 2019.

CONCURRENCES: Not applicable

ALTERNATIVES: Not applicable

ATTACHMENTS: Not applicable

AUDIO/VISUAL NEEDS: Not applicable