

**Wicomico County Council
Open Work Session
August 19, 2014 Part 1**

Work sessions require written minutes that reflect each item that the public body considered, the action that the public body took on each item and each vote that was recorded. **It should be noted that at work sessions, the Wicomico County Council does not take formal action, nor is a vote taken on any item discussed.**

In attendance: Matt Holloway, President; John B. Hall, Vice President; Bob Culver, Stevie Prettyman, Gail M. Bartkovich and Joe Holloway. Mrs. Sample-Hughes was absent.

Present: Matthew E. Creamer, Council Administrator; Edgar A. Baker, Jr., County Attorney; Wayne Strausburg, Director of Administration; Steve Roser, Internal Auditor; Lee Beauchamp, Director of Public Works; Brad Simmons, Director of Business Development with TFC and Melissa Holland, Recording Secretary.

Letter of Understanding between Wicomico County and TFC Recycling-Lee Beauchamp, Director of Public Works and Commodities Audit Report by Steve Roser, Internal Auditor:

Mr. Roser said the scope of the audit was to determine what is produced and evaluate internal controls during calendar years 2011 through 2013. He said he looked at pricing and prices were dropping with the exception of bulk metals. Mr. Roser said there was an increase in cans, metal and cardboard. He said there was a decrease in newspaper and plastic remains flat. Mr. Roser said most of the revenue comes from bulk metal followed by newspaper and cans last. He said a trend analysis was done and recycling is flat and cardboard is showing a positive trend. He said they looked at recycle locations and the most active were the ones at the Civic Center and Wal-Mart and the least active were the ones at Quantico, Mardela and Delmar. Mr. Roser said he looked at inventory and did a count based on current pricing and said there is about \$50,000 of recyclables on site, with the exception of bulk metal, at the landfill. He said there is no perpetual inventory. Mr. Roser said he spoke with management and observed security measures and concluded that recycled inventory is reasonably secured within a fenced area and the area is covered by security cameras. Mr. Roser said they looked at the Maryland Department of Environment regulations and noted that private businesses which engage in recycling are required to periodically report to the county the value of materials recycled. That recycling is included with the county's efforts toward reaching the percentage of the waste stream which the county is required to recycle. While reporting is required, the county has no way to monitor private sector recycling and to do so would be cost prohibitive. The County's overall diversion rate is 18%, exceeding the state required 15% diversion rate.

Mr. Beauchamp gave the Council an operating cost analysis for the current recycling operation. He said there are bins at the convenience center with separate compartments for glass, metal and plastic. When the bins are full they are taken to the

landfill and processed by dumping the bins on a tipping floor for separation of the recyclables for further processing in preparation for shipment. He said in FY13 the Solid Waste division recycled 2200 tons of processed material and the cost was \$342,000 and the revenue from sale of the recycled material was \$270,000, a net loss of \$71,000. He said in FY14 the tonnage was increased, equipment costs went up and operating costs went up. Revenue increased from the doubling of materials recycled. He said there was a net profit of \$8,000. Mr. Beauchamp said in January and February they put out an RFP for bids for a vendor to take over the recycling operation. He said they didn't get any bids and he said that he was informed from talking with other counties that TFC Recycling does this and he contacted them. He said that TFC works with Accomack and they collect the material, process it at their Hampton, Virginia plant and they do a profit sharing arrangement. Mr. Beauchamp said the material is assessed in raw form and there is a processing cost and the profit is split. He said they would take the dividers out of the bins and residents would put unsorted recyclables in the bin. He said the landfill would pick up the material and put into a compactor which is owned by TFC and when it is $\frac{3}{4}$ full TFC would collect the filled bins and replaced them with empty ones. He said the county would receive 50% of the revenue from the sale of recycled material on a monthly basis. He said they estimate that the recycling will increase to 4400 tons per year, adding that this will allow Fruitland and Delmar to begin curbside recycling and there is a lot of benefit for residents, the municipalities and the county. He said there is a compactor that will be installed at the landfill, which due to the cost will be on a five year contract with five one year extensions. He said this will decrease operational costs greatly.

Mrs. Bartkovich asked if the same products will be recycled to which Mr. Beauchamp said more material can be recycled due to volume. He said that TFC will not be recycling bulk metals, the county will continue to do this separately. Mr. Simmons said the material collected from Wicomico County will be processed at Chesapeake, Virginia.

Mr. Culver asked Mr. Beauchamp what he will be cutting out. Mr. Beauchamp said they are looking to moving the staff to Roads or other operations in the landfill. He said they are doing dredging of the Wicomico River and in the fall they will set up a site for the lower river.

Mrs. Bartkovich asked how long it will take to get this project started. Mr. Beauchamp said they will work with the Law Department and they have to order the compactor so it will take around 6-8 weeks to begin this recycling. Mr. Simmons said they would use three trailers per week for the tonnage estimated and if tonage increases it will be collected daily, as needed.

Mr. Joe Holloway asked if more debris is placed in the bins than recyclables is there a charge to the county. Mr. Simmons said his company has a lot of experience and based on the waste audits with test loads and examination of the material being placed in the recycling bins, as it stands now the residue levels were very low. He said they expect to get 15% of residue but if it exceeds that the premium will be adjusted. He does not believe that this will become an issue. Mr. Beauchamp said this will be set up at the convenience centers first and then will be pushed out to the un-manned recycling

centers until TFC provides education to the public and staff. Mrs. Bartkovich feels that this is a very good idea and she is in favor of recycling.

Lee Beauchamp, Director of Public Works; and Brent Eskay, SolarCity came before Council. Mr. Beauchamp passed out copies of a PowerPoint to the Council. He said this began last March when the county went out to bid for vendors to purchase solar power. He said they received five quotes and SolarCity had the most responsive bid. He said they have been looking at potential sites and the structure of the Power Purchase Agreement. Mr. Beauchamp said Wicomico County has identified two sites to install solar panels. He said the total amount of energy produced at each site: Landfill burrow pit-rate to buy the energy is \$4.5 cents a kilowatt and there is no escalator rate for 20 years as this rate is locked in and are looking at \$111,000 a year in energy savings; Delmar convenience center- he said that this site used to be a borrow pit but has not been used for years and the savings on that project is approximately \$51,000 yearly. Mr. Beauchamp said there would be virtual net metering and they can put 20 of the largest consumers into the savings and pro-rate the savings for the amount of energy used. He said if Solid Waste uses 20% of the aggravated usage they will receive 20% savings. Mr. John Hall said the Airport is not included in this agreement to which Mr. Beauchamp said they are working on their own project. Mr. Hall also asked if the two sites could be counted as one and allows 40 meters. Mr. Eskay said if there is that much consumption as long as there are two separate parcels and two separate sites. He said the 20 meter option is a program called Aggravate Net Energy Metering which is run by Delmarva Power and SolarCity sets the rate. Mr. Beauchamp said if the size of the solar field is too large there is a process in which it has to be approved. He is hoping to be under construction by the end of the calendar year. Mr. Hall asked if the Airport was considered to which Mr. Beauchamp said they are working on their own project which is called Power Wheeling and they would lease the land space and get revenue from the land lease. He said the county is looking to get better energy rates to receive savings. Mr. Hall said they will need to discuss this again with the Airport Commission. Mr. Joe Holloway said if a different system is used at the Airport a comparison can be made with the Power Purchase Agreement project. Mr. Beauchamp said a resolution will be presented at the next Council meeting to approve the Power Purchase Agreement. He said the county has been working with Funk & Bolton on this agreement as they have done other systems for Cecil County and Queen's Anne County. He said he feels confident they looked out for the county's needs.

Mrs. Prettyman asked whether the Law Department has seen the agreement to which Mr. Beauchamp said he has and they are very close to finalizing the document. Mrs. Prettyman said she is in agreement with this.

Mr. Joe Holloway said he feels there may be concerns from the neighbors regarding the Delmar location. Mr. Baker said a public hearing will be held.

Mrs. Bartkovich asked if over time the solar panels lose their efficiency and since this is a 20 year term she asked if the panels are changed. Mr. Eskay said the silicone deteriorates slightly each year and they offer a performance guarantee and will guarantee a certain savings each year. If that mark is not met a difference will be paid

to the county. He said at the end of the term they can remove them or the county has the option to buy during the contract. Mr. Beauchamp said monitoring equipment will be installed so residents can see what the savings are and educate the public.

Airport Projects: Robert Bryant, Airport Manager and John Lawmaker, Delta Consultants came before Council. Mr. Bryant said he has been working with Delta and the Airport Commission on this top ten priority list. He said he has been Airport Manager for 20 years and he said the Airport is a true enterprise department in the county. He said the Airport has never asked for monies from the General Fund and only once has used bonds to finance the cost of a Capital Improvement Project. Mr. Bryant said there are a lot of maintenance needs, which are high cost, are eligible for funding through the FAA Airport Improvement Program matched with grants from MAA and financed from the county level with Passenger Facility Charges. He said the ones that are not eligible had to be paid through the Airport Operating Account. He said the Airport is responsible for not only runways, taxiways, paved surfaces at the Airport lighting and maintenance and upkeep of every above structure at the Airport. Mr. Bryant said eight of the projects are FAA and MAA eligible projects and the last two will have to be funded solely through the rents and fees imposed upon the fees charged to the tenants and Airport users.

Mr. Bryant said the rehabilitation of terminal vehicle parking lot is not FAA or MAA or PFC eligible project. He said the bid cost of \$321,500 is being paid out of Airport Operating Account through several years of roll over's of year end revenues. He said Airport Terminal Road, which is a public use road, is eligible for funding from FAA and MAA and was bid at \$248,534 and because the FAA funds have been allocated to the rehabilitation of Runway 5-23 they could not get FAA money. He said since it is FAA eligible and the MAA improvement program parallels the FAA the MAA offered to pay at 75% of the cost and the PFC charges could be allocated towards the local share of 25% of the cost. Mr. Joe Holloway asked how much revenue is received from the parking lot. Mr. Bryant said it generates about 50% of the entire operating budget which is approximately \$500,000. He said the rehabilitation of the Terminal Building Phase II is a FAA project earmarked for 2015 which will begin in October of this year. He said this was a total replacement project as the FAA does not fund maintenance projects and it includes the HVAC system, back belts, restrooms and sliding doors. He said there are cracks in the ceiling on Taxiway Charlie and repairs are identified for the old terminal building roof and repairing of asphalt on the land side and air side of the terminal. The total of those repairs is approximately \$60,000 and the Airfield maintenance line item I the 2015 budget after the revenues are allocated to expenses the last items is this one and there is only \$108,000 in that account. Mr. Bryant said for MAA, PFC funded projects is the reconstruction of Taxiway Foxtrot and Bravo and the first phase has been completed on Bravo. He said they want to build an aircraft parking apron for future economic development. He said the T-hangars are of concern of tenants and the Airport Commission. A number of T-hangars are in poor condition, others are used to store things other than operable aircraft. There has been discussion of demolishing the hangars in the poorest condition as it would be cost prohibitive to restore them. The demand for T-hangars is also in long term decline. He said during last fiscal year he presented a four part strategic and sustainability plan to address the future of the sixty-

eight T-hangars at the Airport. He said he recommended taking the 26 T-hangars and demo those hangars. Mr. Bryant said in 2017 there will be continuation of Taxiway Bravo, Foxtrot and the Air Business Center Apron for Airport operated projects. Mr. Bryant said in 2018 after the Aircraft parking apron is complete and rehabilitation of Foxtrot and Bravo the intentions for FAA projects will focus on rehabilitation of Taxiway Alpha. He said Phase II of Taxiway Alpha project will begin in 2019. He said the 42 T-hangars on the south side of the airfield need sliding doors and to be bird proofed. Mr. Matt Holloway asked what the plan was for funding source for the corporate t-hangars. Mr. Bryant said new corporate hangars will likely be constructed using private capital. He said there is a maintenance line item. Mr. Bryant said all of the above ground structures were built with county bonds or private finds. He said debt services on the bonds were paid by the public and rents and fees from tenants was not intended to generate revenues to pay the tenants base rate share to maintain the Airport but a share to be used for maintenance and upkeep. He said the Airport Commission is taking a look at the above ground infrastructure at the Airport to see what is worth renovating. Mr. Bryant said less single engine airplanes are being manufactured and said that 15 of the t-hangars will hold these are vacant. He is worried that putting money into the hangars won't generate people to buy airplanes and use the t-hangars.

The resolution will be brought back at the next Council meeting. Mr. Matt Holloway thanked Mr. Bryant for the information.

Open Work Session Adjourned.