An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on May 9, 2012, at 3:00 p.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from May 2, 2012.

PRESENT: Mr. Kenneth C. Boyd, Mr. Christopher J. Dumler, Ms. Ann Mallek, Mr. Dennis S. Rooker (arrived at 3:58 p.m.), Mr. Duane E. Snow and Mr. Rodney S. Thomas.

ABSENT: None.

OFFICERS PRESENT: County Executive, Thomas C. Foley, County Attorney, Larry W. Davis, and Clerk, Ella W. Jordan.

Agenda Item No. 1. The meeting was called to order at 3:00 p.m., by the Chair, Ms. Mallek.

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Agenda Item No. 2. Closed Meeting.

At 3:01 p.m., **motion** was offered by Mr. Dumler, that the Board go into Closed Meeting pursuant to Section 2.2-3711(A) of the Code of Virginia under Subsection (7) to consult with legal counsel and staff regarding pending litigation that challenges the denial of ZMA-2010-17, Redfields PRD, because a public discussion would adversely affect the litigating posture of the County. Ms. Mallek **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Snow, Mr. Thomas, Mr. Boyd, Mr. Dumler and Ms. Mallek.
NAYS: None.
ABSENT: Mr. Rooker.

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Agenda Item No. 3. Certify Closed Meeting.

At 3:21 p.m., the Board reconvened into open meeting. **Motion** was then offered by Mr. Dumler to certify by a recorded vote that to the best of each Board member's knowledge only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the closed meeting were heard, discussed or considered in the closed meeting. The motion was **seconded** by Ms. Mallek. Roll was called, and the motion carried by the following recorded vote:

AYES: Mr. Snow, Mr. Thomas, Mr. Boyd, Mr. Dumler and Ms. Mallek.
NAYS: None.
ABSENT: Mr. Rooker.

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Agenda Item No. 4. Discussion: Implementation of Virginia Retirement System (VRS) Changes Mandated by SB497.

The following executive summary was forwarded to Board members:

On April 18, 2012, the General Assembly approved a variety of changes to reform the retirement plan administered by the Virginia Retirement System (VRS). The General Assembly passed bills establishing a new hybrid retirement plan for state and local employees who are hired on or after January 1, 2014 (HB 1130 and SB 498), as well as a companion bill (SB 497) which requires local governments' and school divisions' current employees to pay a 5% contribution to VRS by no later than July 1, 2016 and for local governments and school divisions to provide employees with a salary increase to offset the cost of the employees' VRS contribution. (The "5 and 5 Requirement")

Prior to the final approval of SB 497, the Governor amended the language to provide a 5-year period in which local governments, as well as school boards, can phase-in the contributions for existing employees at the rate of 1% per year until July 1, 2016. Additional details regarding the anticipated long-term benefits to the VRS system as identified by the state and information regarding the Governor's amendment are detailed in an April 10, 2012 letter from the Governor (Attachment A).

SB 497 mandates local governments and school divisions to:

- Require current employees who are VRS members to contribute 5% of their salaries to VRS by no later than July 1, 2016 and for local governments and school divisions to pay employees an increase in their base salaries to offset the cost of the employees' contributions to VRS.
- Require all new employees hired after July 1, 2012 to pay the 5% contribution immediately.
- Complete any phase-in option, if elected, using whole percentages by no later than July 1, 2016.

The County must implement these changes effective July 1, 2012, and they will have cost implications that must be included in the FY 13 budget for both the School Division and the County. Determining whether to implement the new VRS contribution requirement in its entirety in FY 13 or to phase-in the change over time has important implications.

Considerations include (these considerations are more fully described in Attachment B):

- Commonality with the School Division
- Complexity/equity issues associated with administering disparate pay schedules and grades
- Costs:
  There is a cost to implementing this change to both the employee and employer because the employee VRS contribution is not pre-taxed for purposes of FICA. Therefore, the employee and employer must pay the FICA tax on the full five percent or phased amount contributed to VRS on the amount contributed by the employee.

  - Option 1: The cost to implement "The 5 and 5 Requirement" entirely in FY 13 is approximately $355,000 for the General Government and $754,144 for the School Division.

  - Option 2: Costs to phase in the VRS mandate in FY 13 using the straight 1% phase-in option is estimated to be $83,000 for General Government and $182,460 for the School Division in the first year. The long-term cost of phasing in the mandate over the entire five years at 1% per year has not been calculated by OMB staff and is not recommended. Staff believes that implementation should be done as quickly as possible after FY13 to avoid other negative implications of delaying implementation as outlined above and in greater detail in Attachment B.

    Note: Costs for either option would be significantly greater if the School Division and/or the General Government decide to also provide additional funding above the required raise to employees to help them offset the cost of employee-paid FICA and other tax implementations. Some call this option "making employees whole."

General Government leadership believes that implementing this VRS-related mandate should be undertaken utilizing the same approach and funding schedule for both the School Division and General Government due to the County's history of and desire to continue commonality. Given the administrative complexities and staff equity issues that might occur due to the utilization of a phase-in approach, staff believes that, in principle, fully funding this "5 and 5" mandate in FY 13 would be the preferred approach for the County to take. Staff does not, however, recommend funding this requirement with one-time end of year monies since it is an on-going operating cost.

Given that this unfunded mandate has been imposed on localities at this late date in the FY 13 budget development process and the significant on-going financial impacts of this mandate for the School Division and General Government, phasing-in 1% of this requirement in FY 13 is a reasonable approach to take at this time with a goal to accelerate the phase-in process as quickly as possible. Phasing in this mandate incrementally allows staff time to fully evaluate the impact and develop strategies and options during the Board's five-year financial planning discussions that begin in the fall.

Impacts to the FY 13 Budget could range from $83,000 to $355,000 for General Government and $182,460 to $754,144 for the School Division, depending on the direction taken to implement this requirement. The impact would be much greater if the decision is made to implement the 5% contribution in FY 13 and provide additional funds for employees to offset employees' additional costs. For example, the estimate for the School Division alone would be $1.44 million in FY 13 if that approach was taken by the School Board. Additional costs would be incurred if part-time employees who are not in VRS are also provided the same amount of raises as VRS employees are given. There will be continuing annual operating impacts in the following years.

Staff recommends that the VRS mandate be phased at the rate of 1% in the first year with the objective of accelerating completion of the phase in as soon as possible and as a high priority during the Five-Year Financial Plan discussions this fall. Other recommendations of staff include:

- not exercising the option for General Government to pay a lower VRS rate than the rate certified by the VRS Board of Trustees;
- not utilizing one-time fund balance to pay for this on-going annual operating mandate in FY 13;
- not providing equal offsetting raises for part-time employees who are not VRS members and therefore will not be contributing to VRS;
- working with the School Division to continue commonality.

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Ms. Lori Allshouse, Director of Budget and Performance Management, stated that Board members received an executive summary related to VRS changes that have been mandated by the state and must be implemented beginning July 1. She said that the Board must make a decision on this item as soon as possible because it had come so quickly from the state.

Mr. Davis noted that there were a lot of moving parts to this mandate, particularly on the School Board side but also on the Human Resources (HR) side in general because there must be a pay classification system in place which incorporates these changes by July 1. He added that the School Board must be able to provide teachers under contract information as to what their salaries will be.

Ms. Allshouse reported that the General Assembly approved VRS reforms on April 18, and one of those reforms establishes a hybrid retirement plan for those hired after January 1, 2014. She explained that the reform requires current employees of local governments and school divisions to pay a 5% contribution to the Virginia Retirement System (VRS) no later than July 1, 2016 and for those employees to be provided with a salary increase to offset the cost of that contribution. Ms. Allshouse noted that this is an unfunded state mandate and provides an option to phase in the requirement by a minimum of 1% per year beginning July 1, 2012 or any stepped implementation reaching the 5% by 2016. She said that any new employee hired after July 1 will be required to pay the 5% all at once, so phasing in for current employees would mean some inequities. She also stated that the budget bill provides options for jurisdictions to pay the VRS rate or a lower rate. Ms. Allshouse said that today's decision is before the Board on whether to institute the VRS mandate all at once beginning July 1, or begin to phase in the 5% employee contributions and offsetting raises in 2013. She stated that the second decision for today is whether to adopt General Government's VRS certified rate for FY13-14 or go with a lower percentage.

Mr. Boyd asked if the County is having an equivalent amount reduced from the contribution made by the County to VRS to compensate for the additional 5%.

Ms. Allshouse explained that if the rate was 18%, for example, the employee would pay 5% and the County would pay 13% so the rate would essentially be the same.

Ms. Allshouse reported that implementing the new VRS mandate increases costs for the County as the employer, and this is because the County will have to pay employees more, either 1% or 5%, for the mandate and, at the same time, the FICA tax will increase because that tax is a percentage of one's salary.

Mr. Snow commented that the employer also pays an additional amount.

Ms. Allshouse said that this mandate will have an impact on both the employer and the employee. She stated that group life insurance rates are based on a percentage of an employee's salary, so that rate would also go up; health and dental rates would stay the same. She said that employees will realize increases in their costs, because their take-home pay will be different due to their 5% VRS contribution rate based on their higher salary, as well as an increase in FICA costs.

Ms. Allshouse reported that Albemarle County is unique in the state, as there are only a handful of localities in the state that share financial systems with schools so staff tries to keep benefits uniform between the two entities. She said that cost is an important consideration, and implementing the changes all at once would mean approximately $355,000 for General Government starting in FY13 and would be an ongoing cost. Ms. Allshouse said that phasing in the 1% for FY13 would amount to approximately $83,000.

Ms. Allshouse explained that, for the School Division, it would cost $791,000 to implement the mandate all at once; phasing at 1% would total approximately $168,000 for FY13.

Mr. Dumler said that covers just the cost of the phased-in 1% salary increase, and does not take into consideration the ancillary costs or the 1% market raise.

Ms. Allshouse confirmed that was the case.

Ms. Allshouse said that the other important consideration concerns using fund balance for an ongoing expense. She said there is a County policy which discourages paying for recurring, on-going expenses using one-time money, adding that the policy states that one-time money is to be used for one-time expenses. Ms. Allshouse said that the 1% implementation strategy would be more complicated on the Payroll side, as there would be numerous contribution rates. She stated that the internal equity for the new hires and part-time employees would be challenging, and staff is recommending that if an employee is a part-time, non-VRS contributor, that employee would not get the raise.

Mr. Boyd asked if staff were considering a change in salary scales.

Ms. Allshouse responded that if the mandate is implemented at 5%, there would be a plan to change the County's salary scale so new hires would come in making 5% more in order to match existing employees.

Mr. Davis emphasized that there would need to be a lot of decisions made as to how the mandate would be implemented with some equitable ways and some inequitable ways in which to implement it; but the legal requirement only applies to existing employees. He said where it becomes complicated for HR staff is how to deal with an influx of new employees, part-time employees and others in order to have a fair pay system. He pointed out that staff is struggling with how best to implement a phased-in approach if that is the decision that is made. Mr. Davis added that the School Division has a large number of part-time employees, with fewer on the General Government side.

Ms. Allshouse reported that staff surveyed several other jurisdictions in an effort to establish market competitiveness, and most of those surveyed have not yet decided because the mandate came forward so quickly. She noted that the County could have some competitive disadvantage if other school divisions decide to implement the 5% and increase their pay scale.

Mr. Dumler commented that it would only look like more on paper, as the take home pay would be less because of the 5%.

Ms. Allshouse stated that this was a very important decision for the Board to make, especially given the very limited timeline. She added that all systems must be in place by July 1, adding that teachers will need to be notified prior to renewing their contracts.

Ms. Allshouse reported that the Board recently received a letter from the School Board with a recommendation of full implementation of the 5% beginning July 1, and it also voted to fund the implementation in full from their fund balance. She said that the School Board's letter indicated it is aware that this is one-time money and that the impact of the VRS increase would need to be offset first by revenue growth in FY13 and, if that growth was insufficient, the School Board would offset expenses to address the obligation as it plans the School's FY14 budget. Ms. Allshouse stated that the letter also recommended that the Board of Supervisors adopt the full implementation option, so that both the School Division and General Government implement the change the same way.

Ms. Allshouse explained that there are several options, and the one staff has recommended in the executive summary is the phased-in approach. She stated that staff is not recommending using one-time money for recurring expenses, and their recommendation is to phase in the mandate at 1% this year and try to make up the 4% in the fall.

Mr. Snow said that, even if one-time money is used this year, the County would still have to come up with all the money in FY14. He stated that, since the money is already in the fund balance, the County should use that money for one-time expenses this year and then staff would have to still budget for it next year regardless.

Ms. Allshouse explained that the first option is to phase in a 1% raise and a 1% offset, with no one-time fund balance utilized to pay for the ongoing cost. She said the cost to General Government would be $83,000, and the cost to the School Division would be $168,000. She said this would apply only to those employees who were members of VRS. She said that staff would work with the School Division to ensure commonality and accelerate completion of the phase-in as soon as possible, adding that staff felt strongly that doing 1% for a sequence of five years would be very confusing for HR and Payroll staff.

Mr. Snow asked if the phased-in 1% would mean a greater overall total cost.

Ms. Allshouse responded that, if the County did 5% all at once, it would be higher in the first year and in the first several years, but the 1% starts to compound so it would take many years but, by year 10, the compounding would actually cost more.

Ms. Allshouse explained that the second option staff considered is implementing the mandate all at once in FY13 using fund balance to fund the expense in the first year, with recurring money put in place beginning with FY14. Ms. Allshouse noted that this option would ensure commonality, and the cost to General Government in FY13 would be $355,000 and $791,000 for the School Division. She said that it would apply only to VRS member employees, and would be implemented only if all new revenues in FY14 received by General Government and School Division would first be used to offset this cost, and/or the operating expenses would be reduced in FY14 to ensure ongoing funds for this recurring expense.

Ms. Allshouse stated that staff is recommending a different option than what was in the executive summary, and now is recommending election of option two to ensure commonality with the School Division, to avoid the excessive administrative burden for HR and Finance, to ensure market competitiveness, and would require all new revenues to be directed to this expense in FY14 or reduce other expenses accordingly. She said that staff also had the option on the table to reduce the VRS rate back to the current rate; however, staff is recommending that the Board stay with the rate certified by the VRS Board of Trustees. Ms. Allshouse said that the reason for this recommendation is that staff didn't want to reduce the contributions and investment earnings they would generate, which would result in further assets available for benefits. She stated that it does not result in a higher calculated rate in the future and, if the rate were reduced now, the County would be paying more later.

Mr. Thomas asked if staff anticipated the rate could change if this option wasn't selected.

Ms. Allshouse responded that the Board has the option to go with the rate that VRS certified, which needs to be in the pension plan, but VRS has said it would allow for a lower rate to accommodate the employee contribution issue.

Mr. Snow asked what would keep the pension fund safe from raiding in the future, as has been done in the past.

Ms. Allshouse said that teachers are in the state's fund, so they do not have the same control over the VRS rate as local government employees have.

Mr. Foley noted that state employees are also in that pool, so the General Assembly decides issues about raises and benefits each year, but the other employees are separated.

Mr. Davis explained that there is a protected trust fund for Albemarle County local government, which is not susceptible to the state raiding it but, what this option does, is allows the County to raid it themselves.

Mr. Foley said that the reason this issue has arisen is that the General Assembly has not fully funded what VRS recommended in the past. He said Albemarle County has always followed VRS's certified rates.

Mr. Davis explained that, up to now, localities have always been required to follow those rates but now they have the option to raid it at a rate that was lower than the actuarial rate, however, those funds would have to be made up in the future because the new rates will be based on how much money is actually in the fund and the actuarial rate. He explained that if the County underfunds it now, it will have to pay for it later.

Mr. Foley reiterated that this is simply an option for General Government, not for the School Division, and said that underfunding it now would be setting the County up for a crisis down the road.

Ms. Allshouse added that VRS is requiring the County to sign a resolution, which is to include language stating that it has elected to fund VRS at a lower rate and this resolution will be noted in the CAFR indicating the County would have a pension plan liability.

Mr. Foley commented that the County is in a very unusual circumstance and the question is whether the County is likely to be able to recover from the cost immediately in the next fiscal year, adding that the difference between 1% and 4% versus doing 5% all at once is not great and will create a lot of difficulties. He said the question is whether fund balances are being put at risk, and staff does not believe that is the case. He stated that, if staff has an absolute plan on what to do as the Board approves this, and staff is suggesting the Board make it part of the approval that the first new revenues that the County gets, or any expenditures that are freed up in the coming budget, would immediately go to this priority, staff believes that what they are doing is immediately taking care of an obligation as the number one priority. He said staff feels pretty confident that revenues are going to grow well beyond what will be needed. He also stated that there are some expenditure changes that could be captured and set aside to meet the obligation. Mr. Foley said that there would be many negatives in going with the 1% and 4%, and staff feels confident that, as long as the Board approves this recommendation with those conditions set forth for both General Government and Schools, the County is in good financial circumstances to address the mandate all at once.

Mr. Thomas asked if revenues have been going up consistently since January 1.

Mr. Foley responded that revenues are moving in the right direction, and there are little things such as the drop in the group life rate that needs to be captured as the first priorities to meet the obligation. He said that the School Division plans to come back to the Board next month with a recommendation on use of their fund balance to fund its obligations, but that decision could be separated from this one to some extent. He said the County does have this obligation, and if it is not met now, staff believes that there are more downsides to spreading it out over time.

Mr. Boyd asked if there is enough in the General Government fund balance just in case the School Board decides not to use their fund balance to cover the obligation.

Ms. Allshouse explained that Local Government's fund balance goes into capital, so that amount would be at the expense of the capital budget.

Mr. Foley noted that, by policy, any money taken out of fund balance won't eventually go to CIP if it goes for something else, but the decision at this meeting is to address an obligation that must be met before capital anyway. He explained that this would be for one year until revenues catch up.

Ms. Mallek asked if this would affect projects that are being planned for right away and Mr. Foley said it would not.

Mr. Dumler pointed out that neither option addresses the fact that, with the additional employee tax/FICA obligations, everyone's take home pay is going down by some small percentage.

(Note: Mr. Rooker arrived at 3:59 p.m.)

Ms. Allshouse said that the 1% market increase would raise the take home pay slightly, and the School Division determined that it would take $1.4 million to make employees whole.

Mr. Foley stated that the simplest way to look at this issue would be that the County was hoping to give a 1% rate to employees, however, because of the state mandate and its impact on taxes, employees will now receive a .4% raise.

Mr. Davis said that amount will depend on an employee's salary. He added that some jurisdictions have given as much as a .77% additional raise to make up for the loss of net pay but that is based on a mythical employee and a hypothetical salary.

Mr. Foley said Albemarle County would not have done this to employees; however, this is a mandate that the County must meet. He said that 1% net increase employees would have gotten is going to be less now.

Mr. Davis explained that everyone's paycheck will still go up, but it will go up less than 1% net.

Mr. Snow pointed out that the money will be there when an employee retires.

Mr. Davis added that most of the additional money is going to fund FICA, so technically localities will be sending local money, per the state legislature, to the federal government to help pay for Social Security.

Mr. Foley stated that the whole package is about benefits and pay, and staff felt that combination was pretty good for employees, especially since health insurance will not go up again this year. He said that some localities are upping it, and some have decided not to do that portion of it. He said the School Board's decision, after balancing that out, was not to make employees whole either.

Ms. Allshouse noted that it would cost about $300,000 for a 1% pay increase, and that amount would be double for Schools.

Mr. Rooker asked if it is the Board's general decision to implement this incrementally as opposed to all at once.

Mr. Foley said staff is now offering a revised recommendation based on some more analysis in addition to grappling with the fund balance issue. Staff believes this is such an unusual circumstance but is reasonable as long as the County commits the first revenue growth next year or any savings in the current year to that obligation first.

Mr. Rooker said the only question he had in looking at the recommendation is if you do it incrementally, the difference between the 1% and 5% in the first year on the county-wide basis is $700,000. So, the first year, you have a 4% difference, the 2nd year there is a 3% difference….if you do it incrementally, after five years, you've paid in $2 or $3 million less…right?

Mr. Davis explained that if the County phases it in, employees would pay 1% with the employer paying 4% but the same amount is being paid to VRS either way. He said the only difference is who's paying it. He added that there are also incremental costs associated with that based on the employee's salary being increased.

Mr. Foley said that what staff was suggesting is to forego the first revenue growth next year to meet this obligation because it is an obligation that the County must meet. He added that, if it is spread out, it will create numerous administrative and equity issues. He said staff feels pretty comfortable in making that recommendation.

Motion was then offered by Mr. Snow to elect Option 2 which is to implement all at once "the 5 and 5 requirement" entirely in FY 13 under the condition that all new revenues in FY 14 received by General Government and the School Division will first be used to offset the cost of implementing this VRS mandate and/or operating expenses will be reduced in FY 14 to ensure that on-going funding will pay for this recurring expense. Ms. Mallek **seconded** the motion. Roll was called, and the motion carried by the following recorded vote:

AYES: Mr. Snow, Mr. Thomas, Mr. Boyd, Mr. Dumler, Ms. Mallek and Mr. Rooker.
NAYS: None.

Ms. Allshouse reported that staff would implement administrative changes immediately to put this in place, and also communicate to employees the decision made by both the School Board and the Board of Supervisors. She said staff will bring two required VRS resolutions to the Board at the June 6th meeting, at which time, the Board would elect the VRS rate and approve the member contribution rate and offsetting salary increase. Ms. Allshouse stated that by July 1, the change would be effective for the School Division and General Government.

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Agenda Item No. 5. Discussion: Solid Waste Service Options.

Mr. Foley reported that the County is on its third discussion of solid waste services for the future, but that is understandable because it is a major decision and there is the added confusion that the County is a member of a regional solid waste authority that's really not regional because only the County is in it. He said that Lee Catlin will help facilitate this conversation, and Mark Graham and Tom Frederick are also present.

Mr. Foley said that, in order to move forward, there may be questions that a consultant would have to help answer so that the County could put an RFP together to get some good bids on this. He stated that the outcomes anticipated for this meeting are to get some direction from the Board, eliminate some options, and get some focus but also to figure out if more information is needed and could be provided by the authority or whether a consultant to ultimately help put an RFP together as some of these services will need to go out to bid.

Ms. Lee Catlin, Assistant to the County Executive for Community and Business Partnerships, reported that there are three main areas that staff will need guidance on: determining the desired level of service, determining the appropriate organization and oversight structure, and determining the appropriate service provider. She said that additional information might be needed from a consultant source, and staff will be noting what that might need to be as the meeting goes along.

Mr. Mark Graham, Director of Community Development, addressed the Board, stating that Rivanna Solid Waste Authority is no longer self-supporting and there is an agreement for the County to provide a supplemental payment to bring them even. He said that this arrangement is not that unusual, and there were a lot of solid waste authorities that are struggling to make ends meet as revenues go down when tonnage goes down. He said that with Ivy, the County is currently supporting the Ivy operation through the funding agreement but the City is not participating in that facility. Mr. Graham stated that, with Ivy, the largest cost is municipal solid waste (msw) with construction debris comprising a smaller portion of the disposed material there. He said that for FY12, the County is paying about $339,000 to support the operation.

Mr. Graham reported that the County has a common agreement with the City on the operation of the McIntire Recycling Center and the recycling program itself, which is costing the City about $30,000 per year and the County about $70,000 per year. Mr. Graham stated that the other big program with Rivanna, is separate from what is being discussed today, and that is the environmental program which is the clean-up of the old landfill, and funded through a totally separate agreement with long-term funding through 2030. He said that the cost of that contract is about $440,000 per year, and he anticipates that being the County's ongoing share of the cost. Mr. Graham stated that the County is currently spending money on the cleanup rather than just the maintenance of the cleanup, with the next year being one of the last peak years. He said that, once they cross that point, the City/County contributions will totally fund the annual cost of the maintenance part of the environmental program. Mr. Graham explained that Rivanna's reserves are supplementing what the County and City are paying and making up the difference to pay the cost.

Mr. Foley said that the remediation initiative will always be regional with the County and City and does not ultimately have anything to do with the larger plan to handle solid waste.

Mr. Graham pointed out that there is a separate City/County/University agreement to fund this remediation program which is going on now.

Mr. Tom Frederick, Executive Director of the Rivanna Water and Sewer Authority, stated that there is one more year of enhanced bio-remediation and, after that, that would drop down to maintenance, however, Rivanna must submit a technical report to DEQ that says they have demonstrated the underground remediation is now self-acting and DEQ must approve that, so there is no guarantee that enhanced payment will end after one year.

Mr. Davis said that the City/County/University agreement for remediation originally had a 33% City, 60% County, and 7% University share, however, the University elected to pay all of its costs up front, which reduced the City/County contribution going forward to 35.5% City/64.5% County.

Mr. Graham reported that the transfer station is operating at about 60-80 tons of material per day, with about 60% of that tonnage associated with Waste Management who have a contract for taking the material from the transfer station and disposing of it. He said the remaining 40% is about split between household and construction. He said that historically tonnage has been much higher and was close to the 150 ton per day permit limit, so the facility is effectively operating at about 50% of what it used to. Mr. Graham stated that there are big spikes in vegetative waste that need to be disposed after strong storms, and the transfer station also takes refrigerators, stoves, tires and metal. He said that clean fill is held in a depot there, as vegetative waste is recycled and mulched. Mr. Graham stated that those operations are largely self-supporting and, in some years, are totally self-supporting. He said his opinion is those services would be self-supporting as a stand-alone operation; it only works in combination with the other services that are being provided there.

Mr. Boyd commented that is because of the fees being charged for disposal and the resale value of mulch materials.

Ms. Mallek asked if vegetative waste requires scales, or is it just dumped there.

Mr. Frederick responded that Rivanna charges by the ton because they already have the scales at that location; however, if that operation were moved to a different location, a decision would need to be made as to how those charges would be assessed (by the truck load or by weight). If a decision is made to charge by weight, scales would be necessary.

Mr. Graham emphasized that the fees charged for taking material there are what makes it largely a self-supporting program.

Mr. Foley said if that facility had to operate independently, fees might not be able to be raised enough to offset the cost and a public supplement would likely be needed.

Mr. Graham reiterated that it only works in combination with other services.

Mr. Graham reported that household hazardous waste (HHW) is a very popular but expensive program to operate and costs about $35,000 each time the program is offered.

Ms. Mallek asked how the cost was split between the City and County last April.

Mr. Frederick replied that it was split per the Memorandum of Understanding and came out to be 65/35%.

Mr. Graham said that the McIntire Recycling Center has experienced a pretty significant reduction in tonnage.

Mr. Graham stated that there is some efficiency realized with the environmental program because there is already staff at Ivy providing other services. He added that, if Ivy only existed as a landfill clean-up site, the cost would be higher.

Mr. Boyd said that the reason McIntire's recycling volume has decreased is because the City has put a lot of effort into their curbside recycling.

Ms. Mallek noted that a lot of County people are using the single-stream recycling as well.

Mr. Graham stated that, historically, McIntire has done surveys of people using the facilities, and there has been a fairly significant drop in the number of County users also. He said the ratio of County to City users has stayed fairly constant over time, with County users using other alternative options that are now available which were not available five years ago.

Mr. Foley asked Mr. Graham to address the other recycling that is going on in addition to Ivy and McIntire.

Mr. Graham responded that the County has paper collection facilities, paid for through General Services, and those services do not pay for themselves. He said those collection facilities are located at Hollymead, Scottsville, and Ivy and are handled through a separate contract with the County and Rivanna.

Mr. Foley said those efforts are other issues related to waste management, and are another component of what should be done long term.

Mr. Graham stated that Rivanna can only provide those services as long as it is in the recycling business, so the County will have to look at other vendors if it were to continue the paper service.

Mr. Snow asked about the cost of the paper bins.

Mr. Graham responded that he didn't have that information in front of him, but he thought it was about $20,000. He added that most of the construction debris and municipal solid waste is picked up curbside, either through big bins at construction sites or putting waste at the curb with very little of it actually going to Ivy. He said most of that is actually taken to another transfer station outside the County.

Mr. Foley pointed out that 90-95% of this is already privatized, so what the Board is dealing with is only about 5-10% of the waste.

Mr. Graham explained that what is going on at Ivy is primarily small construction debris and drop off services for municipal solid waste from small contractors. He said it is not worth it for them to hire commercial haulers to put a bin in front of a home for materials collection.

Ms. Catlin said one of the issues that the Board will need to give guidance on is the area of collection of municipal solid waste and construction debris and the level of service it desires. She said it could mean maintaining current levels, expansion into other areas or a reduction or pulling back on some services the County currently offers.

Mr. Thomas commented that he is still bothered by the illegal dumping in the area, particularly in the areas of Rio Mills Road and Stribling Avenue.

Ms. Mallek said that residents can take their debris to Ivy and pay a fee, and this would not change.

Mr. Foley stated the Board does not want to reduce services that would result in increased dumping, but would want to at least maintain the ability to take appliances and such.

Mr. Snow said it was his thinking that the County does not want to decrease services to residents, but, at the same time, not expand services or be in the trash business.

Ms. Mallek stated that one question to be added to Ms. Catlin's list is how much the County is subsidizing a particular company at Ivy.

Mr. Foley said that this is a key issue to the transfer station versus a convenience site and that is the Waste Management contract which is generating some money to help pay for the rest of the operation. He stated that Waste Management cannot keep coming into a convenience site, so there would be a reduction in the level of service, and there would be some small contractors that might not be able to use the facility anymore unless there was a scale and a transfer site.

Mr. Snow stated that, regardless of revenues, it would still cost the County $339,000.

Mr. Foley agreed, stating that there is no profit with this enterprise.

Mr. Boyd said that there is an assumption that there might be someone in the private sector that would be willing to step up and absorb that cost, but he didn't think there was.

Mr. Snow said that had not yet been determined.

Mr. Rooker said that the overall package would need to be profitable enough to absorb parts of the operation that are costing the County money.

Mr. Boyd stated that his fear is it would cost the County more without small haulers.

Mr. Foley said there are two scenarios as to how this could work, and there is a costing out of those two to help answer that question as well as information on the market and cost return that might help offset costs. He stated that consultants who know the market could do the costing out and provide information as to whether it makes sense to keep the scales operating, and that is a complicated analysis.

Mr. Snow asked why the County would spend money on a consultant before at least putting the idea out there first to see if anyone is interested in taking that program over.

Mr. Foley asked at which level the Board would want it to be operated.

Mr. Snow responded that it would be at a level whereby a small contractor could come in and make their dump, be charged for that dump, and the recycling company could take the debris they were charged to have dumped there and recycle it and add some additional money to what they were taking in. He said that the conversation Board members had earlier with a private company had led them to believe the County could be out of the trash business and let them handle it at no additional fee.

Ms. Catlin said that it sounded like the Board is in agreement to retain the current level of service, and the issue is what form it would take, and the options, and how much it would cost so the question is whether that would go to a consultant first for study or if an RFP should be floated first.

Mr. Rooker stated that there are enough moving parts and complexity to this process that warranted using a consultant, even to draft an RFP, as well as running cost comparison options on the other side.

Mr. Foley clarified that there are two different levels of services to be decided on and, even if it went out to bid for the private sector to run it, it would be difficult to determine how it compares with running a convenience site, which could cost money albeit less expensive.

Ms. Mallek said that her proposal would not be to predispose anything and instead get some proposals back from different companies as to what they would provide. She said then the Board would have something more reasonable to ask the consultant to evaluate, as opposed to going again through all of the same old stuff that has been studied over and over again in the last 10 years.

Mr. Foley said that the Board would set itself up for a process with people to come in on some undefined levels of service, then the Board could look at the information and then hire a consultant to put an RFP out.

Mr. Davis stated that staff envisions giving the consultant those alternatives, and they may talk to the key people and, based on experience from other markets, determine what has worked and what hasn’t worked. He said when Mr. Foley suggested the RFP, there were some assumptions about capital costs and employee costs that didn’t generate any real response because it was too expensive for the private sector to make that work.

Mr. Snow said that if he were making this decision in his business, he would call several people and have them come in and float ideas that would help him make his decision.

Mr. Davis stated that, if the consultant does what is asked of him, he would evaluate that information and provide realistic options, rather than hearing something from someone that may or may not work in the final analysis.

Mr. Thomas commented that he didn’t know if someone could bring people in to give ideas unless the RFP process was underway.

Mr. Davis said that, under Virginia procurement law, one would have to set the desired service level, and then procure that.

Mr. Foley said Board members would need information to help them decide whether they wanted to run a convenience site or a transfer station, with each option having different costs and infrastructure.

Mr. Rooker asked if anyone at today’s meeting, without additional information, could provide the answer to that question. He said he didn’t believe that was the case.

Mr. Snow said that, once a decision is made about what is wanted, then an RFP could be issued.

Mr. Foley explained that the consultant will have worked with a large number of local governments on the very same issues the County is struggling with here, in all kinds of different scenarios, so they would not be operating in the dark. He said simply defining this needs some professional expertise, and the Board gets to decide how it wants the RFP to go out. He said that there could be some open-ended alternatives to provide some additional ideas, but staff does not have the expertise to nail that down now. Mr. Foley clarified that the Board wants to continue levels of service that include white goods and such, but the question is whether the Board wants to take other kinds of commercial waste that another provider would bring in and make it a transfer operation.

Mr. Davis said that it might be helpful for Mr. Frederick or Mr. Graham to describe how that operates, in terms of what Waste Management and commercial haulers bring to Ivy now.

Mr. Frederick said people who use Ivy may be bringing in front end-type loaders or it might be dumpsters they are picking up. These haulers handle commercial routes and residential routes. There are small haulers that handle mostly residential routes. He said that Waste Management handles residential and some small commercial contractor routes, with about 15 tons per day total. He said if the Board decides to go to a convenience center, depending on the design, they could be putting the people who have the 15 tons per day in a position where they would have to find another site.

Ms. Mallek asked why they couldn't use a big trailer that carries 20 tons, and dump into a trailer from an elevated ramp.

Mr. Frederick responded that that service would require a top-load facility, which would be a new facility for this area.

Ms. Catlin commented that what the Board is discussing would need to be developed through the process of hiring a consultant.

Mr. Foley said that the last time the Board discussed this matter, it directed staff not to look at other transfer sites around the County and the consultant fee at that point was $32,000, with about 1/3 of the scope of work being taken out, so the amount would probably be in the $25,000 range. He added that whenever the County looks at a job they want to be done, staff always brings in vendors and talks to them before developing an RFP.

Mr. Snow said that he wanted to bring the vendors in and talk to them first.

Mr. Foley responded that the advantage with Draper Aden, who works with all of the vendors, is that they did bring all of that information together at one time and then met with Mr. Graham. He said that the County does not use consultants very often in comparison to other localities.

Mr. Rooker stated that he viewed this as different from making a one-time business decision and he saw this as entering into a long-term contract with a certain defined level of service in various categories. He said the Board needs better information, and ultimately will come out with a better RFP and a cleaner process and a contract being based on a body of information that will enhance the contract relationship.

Mr. Foley commented that it would save time also.

Mr. Boyd said he could go along with it, but hiring a consultant to evaluate proposals from vendors is different than hiring someone to help define the services to be offered. He emphasized that he still would like to see some entrepreneurship from private businesses and to give them an opportunity to bid on offering the services.

Mr. Foley asked Mr. Graham to explain what the consultant's scope of work would do.

Mr. Graham said that staff is looking for expertise that County staff do not have to evaluate a proposal or even to know if the proposal addresses the County's needs in the best way. He said county staff are not experts on solid waste services and added that Draper Aden provides these services throughout the state and would be able to evaluate and identify the options that are best suited for the County.

Mr. Foley said, at that point, staff could invite people to come in and tell staff how they can meet that, for what cost, etc.

Mr. Boyd stated that if staff moved forward on that basis, he could support the recommendation; however, he didn't want to close in the proposal process and would like to leave it somewhat open ended.

Mr. Snow said he could support a consultant assistance process to evaluate what the vendors would bring forward if the consultants would sit down with vendors in the area to come up with a plan first.

Mr. Rooker emphasized that the County is defining a level of service which is the current level. He said the only issue is how the County would provide those services, and the cost of providing those services.

Mr. Foley said that the huge difference here is a transfer operation versus a convenience site, and those are dramatically different.

Mr. Boyd commented that he would consider pulling out of the McIntire Recycling Center to save money.

Ms. Catlin clarified that, thus far, the Board has agreed on the consultant and how they would approach the issue to include the interaction with vendors on the front end of the process, and reporting back to the Board before going to the next step.

Mr. Graham reported that the McIntire Recycling Center continues to operate, but there has been a lot of discussion by the Board in the past on what that should look like in the future. He said that, at one point, the County had planned to put a number of recycling containers around the County to offer more expansive opportunities, but markets have changed since then and there are a lot more curbside opportunities now. Mr. Graham stated that the question for the Board is whether there is still a need for a McIntire type facility, or has the County evolved to something different.

Ms. Mallek said that she had always used the bin at the Whole Foods, but that has gone away. She stated that the battery, fluorescent bulb and paint disposal options are very important to her, and that should be an element in the discussion of Ivy also.

Mr. Snow stated that he was told that Ivy would take batteries and fluorescent bulbs, but a bin is needed in more remote places like Esmont and Scottsville.

Mr. Foley said that the issue would then be whether the Board wants to look at other recycling sites around the County, and what items they want to have recycled at each site as those things would drive cost. He stated that there is a question of whether or not to also staff those sites.

Mr. Snow said that gets them back to the discussion of including the private sector with facilitation from a consultant which would get the County basically out of the trash business but, at the same time, see to the needs of the County.

Ms. Mallek noted that, a few years ago, there were three different volunteer fire stations that were interested in having a bin on their property, and that would be one type of location where an all-purpose mixed recycling facility could occur. She said that neighboring counties do not have a staff person, and they don't have a pigpen.

Mr. Foley said there are varying ends of the spectrum as to which items are lucrative to recycle and which are not. He said the County needs to determine the level to which the Board wants to provide sites, determine the kinds of materials, and what should happen at each site. He said the private sector does provide some of these services, however, he was uncertain if that would be adequate or not.

Mr. Snow suggested taking these questions to the vendors and have them weigh in.

Mr. Foley stated that the Board might want to hear from the people who really know this business regarding the issue of batteries, bulbs, paper, etc.

Mr. Thomas said items such as batteries and bulbs should be confined to certain facilities as they are the most potent contaminants.

Mr. Boyd commented that he didn't think people were hesitant to travel a short distance to dispose of hazardous waste, but there will always be people who dump trash on the sides of roads.

Mr. Frederick noted that this is one thing the consultant could help the Board with, adding that the Board expressed a desire to keep sites tidy but also wanted to keep costs down. He explained that, several years ago when Rivanna went through the RFP process, they had some people talk to them about changing how they did the McIntire Recycling Center with the idea of saving money by eliminating staffing at the facility. Mr. Frederick said that the hauling, sorting and recycling was included but when Rivanna ran the numbers, even with the reduced amount of volume, the costs would be significantly higher than the cost of operating McIntire today. He said that McIntire is operating within $30,000 of breaking even, and he had floated an idea by the Solid Waste Authority as to how to invest that amount and save that amount each year, and found that a one-bin system at McIntire would cost the City and County significantly more.

Ms. Catlin said that the idea being discussed is to invite vendors in using a consultant-type process to talk about possibilities and options and get costs established for more sites, more materials, etc.

Mr. Snow stated he thought the County wanted to get out of the trash business, and said the plan was to get an idea of what it would take for a private vendor to run it and make a profit.

Mr. Frederick explained that he was referring to the operating expenses to run McIntire and the revenue obtained from the recycling only. He said that there are administrative fees that the RSWA allocates across all of the call centers and, if the County starts taking away from that, it would lose economies of scale in administration costs, which means the other program dollars go up.

Mr. Graham mentioned that household hazardous waste is disposed of during two special drop-offs per year, which is a very popular program but very expensive, and that will need a decision for the future as well.

Mr. Boyd said it seems the Board is in agreement on hiring a consultant to help sort through that, and suggested that staff start with what is being done now as a baseline and, if someone wants to come in and talk about doing additional things, that could be brought into the conversation.

Mr. Rooker added that, if the Board starts adding services now, it would be a never-ending process.

Mr. Graham said staff could certainly ask private companies at the same time about other services that they could potentially provide.

Mr. Foley clarified that the County is at current level of service and getting alternatives.

Ms. Mallek noted that there may be other ways to do current level of service other than the way the County is currently doing it.

Mr. Foley said, even though staff will ask the private sector to provide all of this information and provide alternatives, part of this discussion has to do with how many locations. He said he understood from the Board that McIntire and Ivy are where the County does recycling now in addition to the paper drop-offs at the other three sites; but asked the Board if staff should look at something beyond that, and perhaps get rid of one of those services.

Mr. Boyd said he would like to establish a baseline for comparison and then discuss options going forward.

Mr. Rooker agreed with Mr. Boyd.

Mr. Graham said that he didn't know how much time the Board might need to discuss other services, but he heard the Board say they would like to get costs on current levels of service.

Mr. Graham reported that, for organizational oversight, the current agreement provides services through the Rivanna Solid Waste Authority (RSWA), and there are three representatives from the County, three from the City, and one chosen jointly. Mr. Graham stated that the City has an equal voice in decisions that only affect the County, which is the core issue with this item. He said that the basic question is whether there is a need to look at alternatives, or if the Board is comfortable with the current arrangement as it stands.

Ms. Mallek said that she is not comfortable with the way it currently stands, because the City is able to share in decisions without giving any money.

Mr. Boyd asked if there was a way to simply restructure that authority so the City would not have any representation.

Mr. Davis responded that the Board can always reconstitute the authority, but the important element of the RSWA is the environmental remediation that will continue for a long period of time and one in which the City has an equal interest. He said he does not know that this will be a simple thing to resolve as far as representation.

Ms. Mallek asked why the remediation couldn't be considered separately.

Mr. Foley said that the RSWA would need to stay in place to manage the remediation, so the question is how to oversee the County's operation.

Mr. Rooker stated that it depends on the decision that is made about how to provide those services either as a governmental service or using private services.

Mr. Davis said if the County ends up with service delivery that is self-sufficient where the County no longer has an expense associated with it, Rivanna could operate that service and, as long as Rivanna breaks even and provides the desired level of service, the Board might be OK with that.

Mr. Foley stated that the contract would be with the City/County citizen representatives managing it.

Mr. Davis said that is correct under Section 4.3 of the agreement which is a request by the County for Rivanna to provide a service to the County.

Mr. Foley said, as long as the County goes through Rivanna, it would go through that authority.

Mr. Snow stated that the County would have to rewrite the agreement and pull out the solid waste management part of it.

Mr. Foley said the County would essentially be creating a separate entity.

Mr. Rooker stated that if the County ultimately privatized services, the contract would be with the County and not with Rivanna.

Mr. Davis said that would depend, because the Ivy site and McIntire Recycling Center are owned by Rivanna.

Mr. Foley said the County would either have to do a lease with Rivanna or purchase that transfer site and convenience site, and deal with RSWA on the cost of a lease or a purchase.

Mr. Davis and Mr. Rooker said that the County would not want to purchase those sites.

Mr. Foley explained that the County would be leasing from the RSWA then, and would be subject to their lease rates over time. He said if the County plans to stay on that site, the County would either have to purchase it or lease it.

Mr. Davis pointed out that a key element in the formation of the Authority was to have a separate legal entity responsible for the Ivy landfill site.

Mr. Foley stated that is why staff had talked before about wanting to do another site somewhere, because the County would completely oversee it and, based on this conversation, that option has been eliminated.

Mr. Rooker asked how that decision would affect the Board's ability to make a unilateral decision about services.

Mr. Davis responded that the services being provided now are not services being provided regionally by Rivanna any longer at the Ivy site; it is under a provision of the operational agreement that states the authority could provide services requested by either the City or the County. He explained that this is a County service that's being provided by Rivanna, under the operational agreement which requires that all solid waste be handled by Rivanna.

Mr. Foley emphasized that the only thing the Board needs to address with the Rivanna Authority is the lease price on the property, and the rest of it, such as level of service, would be the Board's decision.

Ms. Mallek asked if the Board could tell the Authority there is a new contractor onsite.

Mr. Graham said that the County could lease the site and then contract with Rivanna to operate the site for the County.

Mr. Foley stated that the Board would want to separate itself from the decision-making of that Authority as it relates to the services and fees, but if the Board decided to stay with that site, the County would have to lease it from Rivanna.

Mr. Davis said there are some complicating issues to that because Rivanna holds the permit for that site, which is required by DEQ, as a transfer station. He said if Rivanna no longer operates that site, then whoever the new operator is would be required to obtain a new permit. He stated that a new permit for that site would have regulatory issues, a process it would have to go through, and possibly questions about the reliability of the new operating entity. He said there is a can of worms that could be opened in a permitting process. Mr. Davis said the County went through this process about 10 years ago when closing a cell and trying to get a new permit for another cell and, at that time, there were a lot of questions about viability or the long-term future of a transfer station there based on complaints of property owners in the vicinity. He stated that those complaints have decreased, largely because the volume has gone down but, if there is an anticipation that the use would intensify under a private-sector arrangement, people might have concerns and worries about that.

Ms. Mallek asked why volume would be anticipated to increase.

Mr. Davis responded that it would be profit-driven.

Mr. Foley said that, without volume, costs would not be offset. He pointed out that volume depends on the level of service that is going to be provided there.

Mr. Rooker said that, in order to truly privatize this, a vendor would have to come in and get another permit and asked about the timeline for that process.

Mr. Frederick responded that it could take several years, perhaps two.

Mr. Foley said that two years would be a minimum.

Mr. Davis said that depends.

Mr. Rooker said that is if the County is defining what it can do here.

Mr. Boyd said that pertained to a transfer station as opposed to a convenience station.

Mr. Frederick explained that if the Board wanted to specify a level of service, private companies make money by attaining a market volume, and that could drive public opposition based on where the site would be located.

Ms. Catlin summarized that the Board is clearly not comfortable with the current RSWA agreement, is clearly interested in separating the decision-making about the solid waste contract issues from environmental management with control of the second piece, and the question remains as to a leasing arrangement with Rivanna and what that might look like if the Board decides to go with privatization, a clearly separate entity.

Mr. Davis noted that Albemarle is not unique, and there may be some innovative arrangements that could be developed with the help of a consultant by studying other localities or other ways to solve this issue.

Mr. Foley said that Mr. Graham has already incorporated that into the scope of work with the consultant, and the consultant would be able to help with permitting issues and where it might lead the County to look at options. He stated that the County would not be going to another site and going through that process, and would not want to buy the site which would then become a liability, so that leaves only the option of leasing and, depending on the decision the Board makes about level of service, permits that becomes another issue requiring expertise.

Mr. Rooker said that would significantly impact the amount of time it would take to complete the arrangement.

Mr. Davis agreed.

Mr. Foley stated that the consultants know this information because they deal with these issues all the time with DEQ. He said the consultants know the people at DEQ, they know the timeframes, and the costs of going through the process, which would help the Board make the decision on transfer versus convenience.

Ms. Mallek commented that she didn't understand why it is anticipated that there would be a big influx of people generating more volume at Ivy. She said the grand majority of residents already have someone else taking their trash somewhere else.

Mr. Davis said it depends on how it would be set up. He said, if it is a transfer station, it might become marketed for people who pick up on a residential route to take it there. He pointed out that, if it became more competitive, maybe every route would take it there because it would be a competitive place to take it and recycle, adding that it depends on what service is provided there and how cheap it is.

Mr. Foley stated that the scope of that operation would then become very different and may drive permit considerations.

Mr. Davis pointed out that there is a limitation on tonnage for the existing permit and that was very controversial at the time.

Mr. Graham confirmed that it was 150 tons per day average and some days, in the past, they were running over that.

Ms. Mallek said that she had heard someone today say the volume was 60 to 80 tons at most, which was well below the cap.

Mr. Graham said that's what is being run today.

Mr. Davis stated that, at one point in time, they were at that cap and it was problematic, however, it was more profitable at that time.

Ms. Catlin noted that the Board has talked through the oversight piece and talked a little bit about the appropriate service provider.

Mr. Foley said that, at this stage, the rest of it plays out through the process the Board has established with the assistance from the consultant.

Mr. Boyd said that this needs to be moved forward at a fairly fast pace, as it is important to resolve some outstanding issues for Rivanna's benefit.

Mr. Davis stated that Mr. Frederick has a decision to make regarding the Waste Management contract, and there is a deadline associated with that.

Mr. Frederick reported that there is a deadline of December 2012 to give notice to Waste Management on whether or not that contract is to be extended for another five years or discontinued. He said that if the contract is discontinued, it will expire June 30, 2013. He said, in that contract, Waste Management brings its waste to Ivy but the waste produced at the transfer station has to go to the Amelia landfill. He added that if that contract is broken, then both pieces are broken.

Mr. Davis said, at that point, Rivanna would have to find someone to haul the waste and pay for its disposal.

Mr. Rooker said this would add significant cost to the operation.

Mr. Foley said they would be generating $8 more per ton to help offset the rest of the operation, so it would be a pretty significant change.

Mr. Davis emphasized that they didn't want to lose tonnage as long as they were making money on each ton.

Mr. Rooker said that, simply stated, the Board needs to make a decision with enough lead time to know what they would do with the contract.

Mr. Foley mentioned that Mr. Graham has done a lot of background on getting the consultant moving on this piece, so it could be forwarded fairly quickly.

Mr. Graham said that the consultant has been waiting in the wings and, with a revised scope, he can get them moving again pretty quickly.

Mr. Boyd emphasized that he didn't want this to be just the consultant's plan, and wanted to get some ideas from the private sector who have some experience in this area as well.

Mr. Graham responded that he had very clear direction, including Mr. Snow's earlier comments, to have a discussion with the industry first to solicit their input on what might work.

Agenda Item No. 6. From the Board: Matters Not Listed on the Agenda.

There were none.

Agenda Item No. 7. Recess.

The meeting recessed at 5:22 p.m.

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Chairman

Approved by Board
Date: 08/01/2012 Initials: EWJ