

**FINAL COPY
TORRANCE COUNTY BOARD OF COMMISSIONERS
EWSWA WORKSHOP
FEBRUARY 13, 2019**

COMMISSIONERS PRESENT: RYAN SCHWEBACH -CHAIRMAN
KEVIN MCCALL –DISTRICT 1
JAVIER SANCHEZ –DISTRICT 3

**EWSWA BOARD MEMBERS
PRESENT:** JOHNNY ROMERO- MEMBER
FRED SANCHEZ-MEMBER

OTHERS PRESENT: WAYNE JOHNSON-COUNTY MANAGER
YVONNE OTERO-ADMIN. ASST.

This workshop is discussion only, no action can be taken.

Chairman Schwebach Calls the meeting to order at 1:04 PM.

Chairman Schwebach states that the purpose of this workshop is to discuss issues with ESWWA and how the County ties into it.

Commissioner Sanchez states that we can begin with the county representatives giving us an overview of what has been going on as there have been a lot of changes that have gone on within the past year. They can give us their SWOT analysis or strengths, weaknesses, opportunities, and threats. Commissioner Sanchez states that he would like to know their outlook on these things.

Johnny Romero states that when they first got involved with solid waste, the main issue was the problem on carrying the county contract. They began to look into the numbers and why they were so far off. In the end they figured out that it was not as far off as originally thought. It wasn't an easy task but they got it done. Communications between ESWWA and Torrance County have opened up and that has helped each side to better understand things. There is more that will have to be done between now and when the county contract is up in 2021 when the county will have to go out for bid on a new contract.

Chairman Schwebach states that we are all familiar with the questions on the contract. The contract is \$800,000.00 but the real number is \$840,000.00. Things seem to be going smoothly and asks if Mr. Romero agrees with that.

Johnny Romero states that he agrees with that to a point. The board members represent not only Solid Waste, but Torrance County, and the Commissioners. They have to work both sides and it makes it tough. Mr. Romero feels that there are things the county needs to look at and then there are things that Solid Waste needs to look at to make their situation work. This is a very unique situation. Mr. Romero doesn't like the fact that Solid Waste keeps asking for more money, you

have a contract to follow, make it work, and stick to it. Mr. Romero has stated that if the county wants things to go a certain way then they need to take over Solid Waste themselves.

Fred Sanchez states that he would like to add that there is a lot of dis-trust between the two entities. It has gotten better, still lots of work, and with the new manager on board things will get better. In using actual numbers instead of percentages it's helped. Bottom line is there needs to be more trust and working together.

Chairman Schwebach states that the county is one of the biggest contractors with EVSWA. The main thing for Solid Waste is to make sure the landfill is operating correctly and other services. The county's job is to make sure the residents have options to dispose of their trash. If the county is not contracted with EVSWA how does the landfill financially function?

Joseph Ellis states that the landfill can operate on its own. To date they have a net revenue of \$100,000.00. It is projected a net revenue of about \$200,000.00 to \$250,000.00. This fiscal year EVSWA has paid the county an overage of about \$42,000.00 that came out of the revenue stream. They showed a net loss from the county contract of about \$42,000.00 that has be reduced to about \$27,000.00. There is a payment for a new roll off truck and that payment comes out of the \$800,000.00 and there was a roll off truck repair for an accident that took out about \$15,000.00 from that as well. The previous manager stated that the landfill was losing money because of the county contract.

Mr. Ellis states that if the county contract went away and all they did was run the core business (the landfill) we need to allocate the expenses to the core business. The allocations were reprogrammed to see the profit and loss for both operations.

Chairman Schwebach states that because the roll off truck was doing county business this is why the county was billed for the use of that truck because the county does not own it, correct?

Joseph Ellis states that the county does not own any of the equipment used by solid waste. Time money, mileage, payment, all of those expenses occurred to deliver the county contract are allocated to the county contract. One difference is the manager's salary, it used to be 50% paid from the county contract and 50% from the core business. It is now all paid out of the cored business. The office manager is paid the same, even though she does the billing and payroll, all of her salary come from the core business.

Commissioner McCall asks how many of the office admins go toward the county contract and where does billing come in.

Joseph Ellis states that the office manager and the 2 Solid Waste Managers go to the land fill. The county contract includes a supervisor for that department, the 2 roll off truck drivers, the station attendants, and maintenance fees.

Chairman Schwebach states, if the county were to go out for bid, the EVSWA has enough information to give a solid bid to keep it solvent for the county, is that correct?

Joseph Ellis replies, yes, absolutely. If that is how the county goes, then Solid Waste can provide the county with any information they need. If that was to happen Solid Waste can then focus on the landfill.

Commissioner McCall asks Mr. Ellis to speak about the accounts that are not in good standing.

Danette Cabber, Office Manager for EVSWA, states that it is about 1,000 accounts that are not in good standing, out of the 4,000 accounts they handle.

Chairman Schwebach states that the main question is, what is the county's main responsibility in providing service? What does the county own and what does solid waste own in terms of actual property.

Joseph Ellis states that the county owns 3 collection sites, solid waste owns 2, and 3 are under lease.

Chairman Schwebach states that with this information we go back to the question of, are the residents paying too much for the services they are getting, and if so, how do we rectify that.

Commissioner Sanchez goes back to giving information on costs and the county contract. In 2020-2021 what will be the expectation of the fees, at one point it was determined the fees were about \$1.2 million.

Joseph Ellis states that Commissioner Sanchez is referring to the tipping fees. In terms of what we see going forward, there will be equipment that will need to be replaced. They are looking at about \$35,000.00, each, to replace the portable compactors. As the roll off trucks get older, those will also need to be replaced. The \$800,000.00 limit is close to where solid waste can operate.

Mr. Ellis states that he spoke with the County Manger and sent out emails to the commissioners to possibly set up an escrow account for overages that are over \$200,000.00 per quarter and anything above the \$800,000.00 per year will be placed in the escrow account. The money that accumulates in that escrow account could essentially be used for equipment repair and replacement. In the past few months solid waste has paid the county \$42,000.00 for an undesignated purpose. The residents of the county are paying their fees, so essentially the money should be used for the repairs/upkeep of the facilities and the upkeep/repairs/replacement of the equipment used to service the county customers. Mr. Ellis has spoken with the manager and he may be coming to the Commission with a proposed amendment to the ordinance to specify where the overage goes that is paid to the county.

Mr. Ellis also states that no one has taken a step back to see what the responsibility of the county is in providing these services. It will be good to analyze and see what the county's responsibility is. We will take a look at that and see if it will be done by contract, or if services need to be changed, maybe some areas could get curbside service.

Chairman Schwebach states that his viewpoint is this, it is the county's responsibility to pick up trash and get it to the landfill. There are concentrated areas in the county and one thing he does

hear is that most people are saying they pay too much quarterly, and some people would be totally fine with curbside service, although this could not be a possibility throughout the county. One question that arises is can we charge different amounts in different areas depending on the type of service.

Wayne Johnson states that during this time period, and will also ask the opinion of legal on the matter, but different services would be at a different rate. If there was curbside service he doesn't think it would be inappropriate or illegal to charge a different rate. There will be areas in the county that are not are not cost effective to be able to provide curbside service.

Chairman Schwebach states that under the assumption that the contract the county has, all costs are part of this bid, and should not be the responsibility to the county for replacement costs down the road. This hasn't happened, but in other contracts it's either the county that provides the equipment and the county is responsible for it and you run it or vice versa. He has heard many times that there is never enough money for replacement costs, any contractor would work all this into the contract. Its little things like this that need to be worked out, he does see the county providing the funds for replacement costs, but it's still tricky, because we don't control the employees that would be handling the county owned equipment.

Johnny Romero states that when this board came on for solid waste, what triggered this issue, was when Mr. Miller (former solid waste manager) came to the county to ask for \$125,000.00 more per quarter to carry the contract. That is when Commissioner Sanchez and former Madam Chair DuCharme asked why? Mr. Miller was basically telling the county they may need to go out for RFP because if you can't give us the extra money solid waste isn't going to hold the contract. Communication was a problem with solid waste and the county. This has since been rectified. The county was getting billed for things that were not part of the contract, there was no clear answer as to when the equipment was doing solid waste work or county work, and they could never give a straight answer, now they can.

Chairman Schwebach asks if there is a clear definition as to when one hires a private contractor, they don't pay the county as much, what is that fee?

Joseph Ellis states, that person will pay \$20.17 per quarter instead of the \$20.00 per month. Private haulers are only limited to a 90 gallon can. If they need to haul larger items, like tires, yard waste, etc., they are allowed to come to the transfer station with a level truck and dump that waste for an extra \$6.50 per month.

Chairman Schwebach asks if a municipality that has curbside service, do they pay the same amount to use the service. Does the amount that is paid for curbside service go towards the landfill? Will the amount paid from private haulers to the landfill, be enough to keep the landfill running?

Joseph Ellis states that the residents pay for the use of the 90 gallon cart. That fee is used to pay the private hauler. The \$6.50 or \$20.00 per quarter to the authority goes to the revenue of the county contract. The fees from the private haulers are enough to sustain the landfill, minus the county contract, and make a net revenue of about a quarter million dollars a year.

Michael Godey states that he has an issue with solid waste asking for more money. Solid waste needs to honor the contract and make it work. Curbside service has problems as well, certain areas may want it but others that are in an incorporated area may not want it, Tajique being one of those areas. Figure out who pays, who doesn't, who was notified and fix the issue. Come up with some form of amnesty.

Commissioner Sanchez asks if the over performance from the county contract is attributable to what? Is it increased revenue from customers paying or from the reassignment of costs within the county contract? Or is it a combination of both? Are the customers overpaying?

Joseph Ellis states that the overage is not a function of the revenues and expenditures, it's a function of revenues over \$200,000.00 per quarter. It has nothing to do with the expenditures. The revenue that we receive from the customers is greater than the level of the contract. That is why the board has asked that we look at the overages.

Commissioner McCall asks if there has been an increase with customers remaining in good standing, or is it staying the same?

Danette Cabber states that for the past two quarters she has seen things get better and the amount received is higher than usual.

Commissioner McCall do the residents of the City of Moriarty pay the \$6.00 per month as well?

Steve Guetschow states that the charges to the city residents are included in the utility bill. If there are items that do not fit in the curbside can or that cannot be placed in the can due to environmental reasons, the residents must go and purchase a ticket at the town hall so that they can go dump at the transfer station.

Danette Cabber states that all municipalities must purchase a tip-ticket at \$10.50 to be able to dump and that goes towards the county contract.

Charlene Guffey states that a lot of people are upset about the liens. Look at those 1,000 people and see what their finances are and maybe put them on a monthly bill and make sure they are paying. The increase on the money coming in was due to the change on vacant properties from those that were saying the land was vacant when in fact it was not. The county shouldn't have taken a step back, it was forcing the people to pay up. People complained because they were paying too much and the county backed off. Everyone should pay the same amount no matter what. There was also a discussion of the amnesty program, the number seems to always be at 1,000. Why is there no change?

There is some discussion between Commissioner Sanchez, Chairman Schwebach, and Commissioner McCall having to do with costs. What should be done? The main issue seems to be with the rates and what people are paying. Increase costs, decrease costs? Utilize numbers and work from there. What are the costs of the hauling, the collections, and the billing? Research needs to be done on this and maybe go out for RFP. Conduct research and when the times comes to

renegotiate the contract the county is better prepared to handle what comes. Separation of responsibility may need to be clarified between the county and solid waste.

Johnny Romero states that he sees two things that need to happen. What the county says they can do the contract for and what the county can do and take over the contract themselves. Mr. Romero doesn't understand why the county has never owned every part of the transfer stations and then contract out the work. If the county decides to go out for RFP they may come to realize that solid waste is giving them a great deal.

There is discussion between Ms. Guffey and Chairman Schwebach concerning liability at the stations and the amount of fees being paid and the issue with the tipping fees. There is talk of doing a breakdown from all the stations to see how much business is done at each site. If private haulers are used another thing that needs to be looked at are roads, a lot of the county roads cannot handle these trucks that come out to pick up trash. County roads would need to be fixed so that they could handle the heavy trucks.

Commissioner McCall asks Mr. Johnson to talk about an amnesty program.

Wayne Johnson states that he is not big on amnesty programs, but the objective is to get people back on the rolls and paying. Create an amnesty program based on performance. Have the people pay a certain amount towards the debt for a period of 6 months to a year, then at the end of that period, for every month they are in good standing after that, and they are continuing to pay, take a month of their debt. You may get up to 40% of that 1,000 that will pay and that will help the numbers come up. This option may work for some, but you will still have those that won't pay no matter what.

Fred Sanchez states that the way he looks at it right now, the system is working at its best. It's a fair system and if we continue bettering things, everything will be fine the way it is. There is no need to touch anything.

Martin Lucero states that EVSWA is the best provider in the state. Mr. Ellis has done a great job sorting things out. EVSWA is a model for other authorities. We don't want to fall back to the times of burning trash in our back yards and dumping wherever. The authority has done a great job in minimizing those impacts. Also need to look at the socially economic impacts of the members of the county. EVSWA authority employ's local people if you consider other options it may cause these people to be without jobs and then have to move out.

Commissioner McCall states that he is happy with the direction they are going. There is room for change, and for the first time both entities know their roles and responsibilities.

Chairman Schwebach states that he agrees that we not cut services. The main issues are with those not paying and the fees and costs in all areas. Need to look at the contract and those numbers. The taxes for environmental, the JPA's with the municipalities, they pay these taxes and that money goes into the landfill. That is essentially needed for the landfill to remain financially viable. Chairman Schwebach asks Mr. Ellis to explain this. If there continues to be a growth in profit from the landfill, could the members of the JPA receive a discount?

Joseph Ellis states that was the basis two which EVSWA was formed. The JPA's were signed so that each of the member entities would have a continuing investment in the infrastructure development of the land field. They all pledged environmental GRT's. Yes the members of the JPA could receive a discount, as long as the infrastructure is being maintained.

Wayne Johnson states that the county will have to be careful when it comes to offering curbside service. You need compact areas for it to be economical. The community may not want to buy in, that area may be content with the service they have. In a city it works economically but not so much for county areas. There are many differences to look at.

Fred Sanchez states that he agrees with Mr. Johnson. The area where he lives would not be able to handle curbside service. Mr. Sanchez is a resident that would not want it.

More discussion ensues pertaining to the issue of people not paying and how to get them to pay. Pay as you throw, get an account card, or using a ticket system, or if you don't pay your bill then you can't use the system. Then you run into the problem of illegal dumping. Mr. Ellis states that even though a person may be delinquent they are still allowed to dump at the transfer station. More discussion on options and the possibility of going out for an RFP.

Steve Guetschow states that when a person dumps illegally P & Z will issue a notice of violation. If they fail to clean up they then will take them to court. It would be up to the judge to fine them or collect P & Z fees. The case would not be dismissed until they came into compliance. Mr. Guetschow states that in other areas, part of the 685 budget is for cleanup. This fund is supported by the court fees and part of the permit fees from P & Z. It is also supported by the Commission from the general fund. There usually is enough in this fund for one cleanup. P & Z comes before the Commission with a resolution, they go out and clean that property and then places a lien on that property, but this is still not an immediate turn around. There was a bill sent out to an owner in the amount of \$8,400,000. The owner has yet to pay that. We may not get any of that money until the property is sold.

Wayne Johnson would like to suggest going out for an RFI, and talk about transfer stations and delivery of waste to the landfill. We could get information from contractors and do some comparisons on if it would be viable for us to go out for an RFP. We could use this as a framework.

Chairman Schwebach states that the issue he has with an RFP or RFI is that the county is saying that they are ready at looking into hiring a 3rd party.

Joseph Ellis states that the county may have to bring in an independent contractor. The county will have to pay money to have this person come in and review all numbers and options that are provided by EVSWA.

Johnny Romero states you can't just start doing things a couple of months before the contract is up there are many things that need to be looked at. How long before the contract ends does the county need to start looking into all this.

Wayne Johnson states that it varies from contract to contract. We can do research and do an RFI. There is some validity on bringing in an independent contractor to look at the numbers. There is nothing standard to this. There are things with other counties that things have not changed for decades. There are a log of moving parts to look at when it comes to the county trying to bring this on that we need to look at. JPA's aren't bad, there are many ways to proceed. If things are good you may not want to change but Mr. Johnson will proceed with however the county wants him to.

Commissioner Sanchez states that public buy is very low when it comes to this entity. Their view is that of coercion and corruption. We need to give people an incentive to want to pay and build a public buy in. When the contract is up things may change and process may go up. We really need to look at ways that will make the fees much better. We need to look in detail at every option so that we can get the public buy in. Make it more equitable and more viable.

Chairman Schwebach he can agree somewhat with Commissioner Sanchez. The question is do you get the public buy in by dropping cost or by showing them what they are paying and getting their value for?

Commissioner Sanchez states that we need numbers, you need the options, and these are things we don't have at the moment. He has been here 2 years and learned that you can't believe everything you hear. We need to see some data, there are no numbers in front of us. The commission has total control of the form they would like to see the contract take.

Commissioner McCall can agree with some of what Commissioner Sanchez states, but if things were as bad as they are, it seems like the room would be overflowing with citizens voicing their opinions. Is there a lot of discontentment? The big number that needs focus are those 1,000 that are not paying.

Wayne Johnson states that the Commission could include a survey with the billing to get the opinion of the bill payers. That would be a great place to begin with public perception. It's easy to lose and hard to regain.

Geno Brito, from Manzano, states that he agrees with Commissioner Sanchez. There is a lot of unhappiness. Mr. Brito doesn't think it is fair that a family of 1 should be paying the same as a family of 6, he doesn't produce that much trash. The room is empty because people don't want to walk into a wall again. The cities have better representation than those people in the county. This pits the county residents against the city residents.

Fred Sanchez states that he received some disrespect from the Chairman and is formally resigning from the board.

Charlene Guffey states that no one is here because it wasn't advertised and because they are happy with their system. She is present to state that the authority has been trying to work with the county. Lincoln County and Valencia County are having issues, they gave people options, and they now have way to much trash. Santa Fe County did a 5 year plan and a family of 4 on a pay as you throw plan now pays \$480.00 on tip tickets. The county needs to quit giving the discounts. If you get a private company to come in everything will change. They will underbid the contract but then when

they come in they will raise fees and they start coming to the county for money for repairs and upkeep. The EVSWA already handles all of this. The system is working. Rio Arriba decided to take over their authority and they are \$2.2 million in the hole. They had to hire an authority and they are now trying to figure out how to recover. Everyone has an option to use a private hauler, but they also have to pay to get the trash thrown. The county is making sure that the residents have options to use the stations. Private companies will not have the salary options that the EVSWA offers now, sometimes the private companies will bring in their own workers. This is a community that built this system up over the past 20 years. What is the cost on sending out a monthly bill? Maybe some people can afford paying \$20.00 per month and not the \$60.00 in one shot. The vacant lots in the county need to be looked at as well and no matter what everyone needs to pay.

It is stated again that the Commission needs to look at options. Look into every aspect from fees to employees. The delinquent accounts also need to be looked at so that they can see what direction they want to go in with them. Send out a survey to the people and get some opinions on what is good or what can be fixed.

Commissioner Sanchez states that we could look in to another workshop and have the public here. Also need to focus on the delinquent accounts, and curbside service. Again just look at all the options. In the second meeting in March we have another workshop that has us decide what step to take. Do we go out for an RFP or not.

Chairman Schwabach states that if we put it on the agenda then they will need to take action and he needs more information before they decide to spend money out of pocket for the RFP.

Wayne Johnson states that if they go out for RFP after hiring a consultant that is money out of pocket. Just going out to RFP we could end up with nothing so we need to be very careful in the design of the RFP. That is why he suggested the RFI that would help design the RFP better. If it's done wrong it could cost the county a lot of money and significant reduction in service. There are lots of options to look at. We need to be sure that we have a problem. If there isn't a problem then why fix it.

Chairman Schwabach states that we could get public buy in by stating we have a good service and it's very economical and the RFI would help us define the RFP.

Commissioner McCall ask if it would help to ask EVSWA to send out a survey to get public opinion.

Wayne Johnson states that it would be a great idea and add a comment section to see what needs to be improved or what needs to be changed.

Johnny Romero states that you need to not exclude the public, but there needs to be a line drawn so that you don't get out of control. Come up with an idea and then present that to the public.

Commissioner Sanchez states that the Commission should have another workshop at the second meeting in March, talk about the options that we are wanting to explore. Then ask if we want to go out to RFP or not. If it is no then it ends there, but if its yes we take it to the next meeting for

approval. The Commission needs to digest all this information, ask some questions, get the answers, and then come back and have another discussion.

Chairman Schwebach agrees with that decision.

ACTION TAKEN: **Commissioner McCall** makes a motion to adjourn the EVSWA/Torrance County workshop. **Chairman Schwebach** seconds the motion. No further discussion, all Commissioners in favor. **MOTION CARRIED**

MEETING ADJOURNED AT 3:23 PM



Chairman Ryan Schwebach



Yvonne Otero-Administrative Assistant

March 13, 2019
Date

The video of this meeting can be viewed in its entirety on the Torrance County NM website, Audio discs of this meeting can be purchased in the Torrance County Clerk's office and the audio of this meeting will be aired on our local radio station KXNM.