

Special Environmental Quality Committee  
June 24 2014  
Summary

Stinnett called the meeting to order at 11:05 AM. All committee members were in attendance except Mossotti. Kay and Beard also attended.

1. April 15, 2014 Committee Summary

On a motion by Scutchfield, second by Henson the April 15, 2014 Committee summary was approved unanimously.

2. LexServe Collections

Rusty Cook discussed the LexServe collection system. He provided background. He stated that the billing started September 2012. The system includes 115,000 customers for Sewer, Landfill and Water Quality fees totaling \$ 65 million of annual billings.

He stated under the previous system managed by Kentucky American Water the collection rate was 98.8%, while at present the current system has a collection rate of 95.8%. The reduction in collections translates to \$ 1.8 million of lost revenue.

Cook also stated that accounts receivable has increased to \$ 5.7 million an increase of \$ 4.4 million.

Cook described delinquent bill process including communications with customers. He also discussed the water shut off procedures for delinquent bills. He stated that accounts are chosen based on highest past due and oldest delinquency. He stated a 10 day shut off notice is sent to the customer. After the 10 day period a shut off service order is sent to Kentucky American Water. After water is shut off the customer must pay a minimum of all outstanding sewer charges or agree to a payment plan for all outstanding bills along with signing a promissory note. Cook stated that water service will be restored the same day if payment is completed by 2:00 PM>

Cook stated that 500 customers have currently opted out of a paper invoice. In addition 22,000 customers utilize the electronic funds transfer program.

Henson asked about the decrease in the collection rate. She asked if this is a result of the switch or a trend. In response Cook stated that it is a trend. Henson asked if there were agencies that assist with people who cannot pay. Cook said there are services available and they are recommended when people call in with difficulty

Stinnett asked how many customers were delinquent with and bills and in the collection process. Cook was going to provide that information.

In response to a question from Clarke, Cook described the collection process. He stated that accounts are chosen based on highest past due and oldest delinquency.

Lane stated that many customers in the 12<sup>th</sup> District just received the Water Quality bill because they did not receive landfill or sewer services. He asked the number of 12<sup>th</sup> District customers were in arrears for just the Water Quality bill. Cook was going to provide that information.

### 3. Materials Recycling Facility Audit Follow Up

Charlie Martin updated the Committee on the Materials Recovery Facility (MRF) audit status. He stated that the Administration has started to address each of the twelve Internal Audit recommendations.

Martin stated that Recommendation # 1 assign a separate fund for the MRF was not carried out by the Administration. He stated that the MRF was designed to be a component of the County's waste plan program not an independent entity.

In response to a question from Lane, Martin stated that his charge was to decrease expenses while increasing revenue rather than creating a separate accounting stream for the MRF.

Henson stated that the MRF needed to be operated both efficiently and effectively.

Martin stated that a Senior Manager has been hired to manage the facility (Recommendation # 2). He stated that the Manager has successfully addressed safety issues and implemented a preventative maintenance strategy. The Administration is in the process of retaining an Accountant for the facility (Recommendation # 3). Martin stated that security issues at the facility are being addressed (Recommendation #4). Martin stated that excessive overtime is being addressed (Recommendation # 5). He stated that from January-June 2013 the MFR was averaging over 432 overtime hours per month. By comparison in April-May 2014 the overtime hours per month was reduced to 158 hours a 63% reduction in monthly overtime hours.

Martin stated that cash and checks are now being properly handled (Recommendation # 6). He stated that Risk Management issues are being addressed (Recommendation # 7). Martin stated that outside contractors are being monitored for compliance (Recommendation # 8). He stated that a LaborWorks Supervisor is now on site. Contracts with affiliates are being updated (Recommendation # 9). He stated that the agreement with the Bluegrass Regional Recycling Corporation (BRRC) has been terminated and commodity marketing is being handled in house. Martin stated that any discrepancies in monthly reports from the BRRC are pointless as those services are not being contracted out (Recommendation # 10). He stated that production reports are now complete and on schedule (Recommendation # 11). Martin stated that all additional issues have been or are being addressed (Recommendation # 12).

Lane stated that Lexington funds should not be used to subsidize the processing of recycled materials from the surrounding counties.

In response to a question from Henson Martin stated that staff is examining both qualitative and quantitative standards.

In response to a question from Lane, Martin stated that the quality of the MRF equipment is in good order.

Stinnett, Lane and Henson thanked Internal Audit and Risk Management for examining the MRF operations and the Department of Environmental Quality for following up on the various recommendations for improvement.

#### 4. Monthly Financials

Stinnett noted that the monthly financials were included in the packet. There were no questions about the information.

#### 5. Items Referred

The meeting adjourned at 1:58 PM.

PAS 06.30.2014