

**Board of Supervisors**

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May 30, 2014

**REQUEST FOR PROPOSAL****RFP #85144**

Sealed Proposals (**RFP #85144**) for the **Financing, Construction, Operation, and Maintenance of Alternative Methods of Processing Municipal Solid Waste for the Rappahannock Regional Solid Waste Management Board (R-Board)** will be accepted until **4:00 P.M., Tuesday, August 5, 2014**, at which time they will be opened in the Purchasing Office, Stafford County Administration Center, 1300 Courthouse Road, Stafford, Virginia.

**This is a Re-Advertisement of RFP #111124.**

Please be observant of all Proposal instructions and specifications. Should any questions arise concerning this Proposal, contact the County of Stafford Purchasing Office at (540) 658-8614.

**A Pre-Proposal meeting will be held in the Board of Supervisors Chambers, Stafford County Government Building, 1300 Courthouse Road, Stafford County, VA at 10:00 A.M., local prevailing time, Wednesday, June 11, 2014; followed by a site visit and tour of the landfill grounds 489 Eskimo Hill Road, Stafford, VA 22554. Questions pertaining to landfill operations and finances will be addressed at that time. Attendance is optional, but strongly encouraged. Call (540) 658-4590, if directions are needed.**

The R-Board reserves the right to accept or reject, in whole or part, any and all Proposals, and to waive informalities.

Anita Perrow  
Purchasing Manager



## GENERAL INFORMATION

- 1.1 Mail or deliver Proposals to the Stafford County Purchasing Office, Stafford County Administration Center, 1300 Courthouse Road, P.O. Box 339, Stafford, Virginia 22555-0339.
- 1.2 **Submit one (1) original clearly marked, four (4) copies, and an electronic copy** of the Proposal before the opening time stated in the Proposal Invitation.
- 1.3 All Proposals must be received in sealed envelopes or boxes with the statement "Proposal Enclosed" and the Proposal number typed or written in the lower left-hand corner.
- 1.4 Stafford County reserves the right to accept or reject, in whole or part, any and all Proposals received and to waive informalities.
- 1.5 Proposals must be received on or before **4:00 P. M., Tuesday, August 5, 2014** in the Purchasing Office. Attendance at the opening of Proposals shall be limited to the Evaluation Committee. No late Proposals shall be accepted. **The Proposer is solely responsible for the delivery of their Proposal to the correct office at the date and time specified herein.**
- 1.6 Proposals shall be binding for ninety (90) days following the Proposal opening date.
- 1.7 Proprietary information will not be disclosed during the selection process.
- 1.8 Time is of the essence for completion of these Projects.
- 1.9 Each Proposer is required to state in the Proposal, their name and place of residence and the names of all persons interested with him; in case of a corporation, the names of other than the president and secretary need not be given. References shall be furnished to establish the skill and business standing of the Proposer.
- 1.10 This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia Section §2.2-4343.1, or against a Bidder or Proposer because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.
- 1.11 By submitting a Proposal in response to this solicitation, the Proposer is certifying that no employee, official, or elected officer of the County of Stafford, City of Fredericksburg, or the R-Board has a proprietary interest in the company, corporation, partnership or other organization, furnishing the goods and/or services, or stands to benefit personally from the furnishing of such goods or services as referenced above.
- 1.12 Exceptions to the Specifications or General Instructions must be in writing and submitted with the Proposal Form.

- 1.13 No interpretation of the meaning of the Contract Documents will be made to any Proposer orally. Every request for such interpretation must be in writing. To be given consideration, such requests must be received at least seven (7) days prior to the date fixed for receiving Proposals to be considered. Any and all interpretations and/or any supplemental instruction will be in the form of written Addenda, which if issued, not later than five (5) days prior to the date fixed for receiving of the Proposals and will be posted on the Stafford County Purchasing website <http://staffordcountyva.gov/index.aspx?NID=154>. Failure of any Proposer to receive any such Addenda or interpretation shall not relieve said Proposer from obligation under the Proposal as submitted. All Addenda so issued shall become part of the Contract Documents.

1.14 Insurance Requirements

The Contractor shall maintain insurance to protect the County, City and the R-Board from claims under the Workers' Compensation Act, and from any other claim for damages for personal injury, including death, and for damage to property which may arise from operation under this Contract, whether such operations by the Contractor, or anyone directly or indirectly employed by either Contractor or Sub-contractor, such insurance to conform to the amounts as prescribed by law:

The insurance requirements are as follows:

"The successful Contractor assumes and agrees to hold harmless, indemnify, protect and defend Stafford County, the City of Fredericksburg, and the R-Board against any and all liability for injuries and damages to Contractor himself and to Contractor's employees, Agents, Subcontractors and guest, third parties or otherwise, incident to or resulting from any all operations performed by Contractor under the terms of this Contract.

In addition to any other forms of insurance for bonds required under Contracts and specifications pertaining to this project, the R-Board shall require any Vendor to whom or to which it lets any work contemplated hereunder to carry Public Liability Insurance in accordance with the specifications on the following exhibit and a Certificate of Insurance attesting to these required coverages. If any of the work is sublet, similar insurance shall be obtained by or on behalf of the Sub-contractor to cover their operation.

The insurance specified shall be with an insurance company acceptable to the parties hereto and licensed to do business in the State of Virginia. All insurance must be obtained before any work is commenced and kept in effect until its completion."

Minimum insurance requirements are shown on the attached "INSURANCE SCHEDULE "A". Current insurance certificates documenting compliance with this coverage shall be provided to the Purchasing Office and the R-Board's Project Administrator prior to the commencement of work under this Contract. The certificate shall name Stafford County, the City of Fredericksburg, and the R-Board as "Additional Insured" under the Automotive and General Liability categories of this policy.

#### 1.15 Hold Harmless Clause

The Contractor shall, during the term of the Contract including any warranty period, indemnify, defend, and hold harmless the County, its' officials, employees, agents, and representatives thereof from all suits, actions, or claims of any kind, including attorney's fees, brought on account of any personal injuries, damages, or violations of rights, sustained by any person or property in consequence of any neglect in safeguarding contract work or on account of any act or omission by the Contractor or his employees, or from any claims or amounts arising from violation of any law, bylaw, ordinance, regulation or decree. The Vendor agrees that this clause shall include claims involving infringement of patent or copyright.

#### 1.16 Safety

All Contractors and Subcontractors performing services for the County of Stafford are required and shall comply with all Occupational Safety and Health Administration (OSHA), State and County Safety and Occupational Health Standards and any other applicable rules and regulations. Also, all Contractors and Subcontractors shall be held responsible for the safety of their employees and any unsafe acts or conditions that may cause injury or damage to any persons or property within and around the work site area under this Contract.

#### 1.17 Notice of Required Disability Legislation Compliance

Stafford County government is required to comply with state and federal disability legislation: The Rehabilitation Act of 1993 Section 504, The Americans with Disabilities Act (ADA) for 1990 Title II and The Virginians with Disabilities Act 1990.

Specifically, Stafford County, may not, through its contractual and/or financial arrangements, directly or indirectly avoid compliance with Title II of the American with Disabilities Act, Public Law 101-336, which prohibits discrimination by public entities of the basis of disability. Subtitle A protects qualified individuals with disability from discrimination on the basis of disability in the services, programs, or activities of all State and local governments. It extends the prohibition of discrimination in federally assisted programs established by the Rehabilitation Act of 1973 Section 504 to all activities of State and Local governments, including those that do not receive Federal financial assistance, and incorporates specific prohibitions of discrimination on the basis of disability in Titles I, III, and V of the Americans with Disabilities Act. The Virginians with Disabilities Act of 1990 follows the Rehabilitation Act of 1973 Section 504.

#### 1.18 Ethics in Public Contracting

The provisions contained in Sections 2.2-4367 through 2.2-4377 of the Virginia Public Procurement Act as set forth in the 1950 Code of Virginia, as amended, shall be applicable to all Contracts solicited or entered into by this County. A copy of these provisions may be obtained from the Purchasing Office upon request.

The provisions of this article supplement, but do not supersede, other provisions of law including, but not limited to, the Virginia Conflict of Interest Act (§2.1-348 et. seq.), the Virginia Governmental Frauds Act (§18.2-498.1 et. seq.) and Articles 2 and 3 of Chapter 10 of Title 18.2. The provisions apply notwithstanding the fact that the conduct described may not constitute a violation of the Virginia Conflict of Interests Act.

#### 1.19 Employment Discrimination by Contractors Prohibited

Every Contract of over \$10,000 shall include the following provisions:

During the performance of this Contract, the Contractor agrees as follows:

- A. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age or disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, shall state that such Contractor is an equal opportunity employer.
- C. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient to meet this requirement.

The Contractor will include the provisions of the foregoing paragraphs, A, B, and C in every Subcontract or Purchase Order of over \$10,000, so that the provisions will be binding upon each Sub-contractor or Vendor.

#### 1.20 Drug-free Workplace

Every Contract of over \$10,000 shall include the following provisions:

During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every Subcontract or Purchase Order of over \$10,000, so that the provisions will be binding upon each Sub-contractor or Vendor.

For the purpose of this section, “drug-free workplace” means a site for the performance of work done in connection with a specific Contract awarded to a Contractor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale distribution, dispensation, possession, or use of a controlled substance or marijuana during the performance of the Contract.

#### 1.21 Exemption from Taxes

The R-Board is exempt from State Sales Tax and Federal Excise Tax. Tax Exemption Certificates indicating the County’s tax exempt status will be furnished by the County of Stafford on request.

#### 1.22 Substitutions

NO substitutions, including key personnel, or cancellations are permitted after award without written approval by the County Administrator.

#### 1.23 Assignment of Contract

This Contract may not be assigned in whole or in part without the written consent of the County Administrator.

#### 1.24 Proof of Authority to Transact Business in Virginia

A Bidder or Proposer organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 of the Code of Virginia shall include in the Bid or Proposal the identification number issued to it by the State Corporation Commission. Any Bidder or Proposer that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 of the Code of Virginia or as otherwise required by law shall include in the Bid or Proposal a statement describing why the Bidder or Proposer is not required to be so authorized. Any Bidder or Proposer described herein that fails to provide the required information shall not receive an award unless a waiver of this requirement and the administrative policies and procedures established to implement this section is granted by the County Administrator ([https://cisiweb.scc.virginia.gov/z\\_container.aspx](https://cisiweb.scc.virginia.gov/z_container.aspx)).

#### 1.25 W-9 Form

Each Bidder or Proposer will submit a completed W-9 form with their Bid. In the event of a Contract award, this information is required in order to issue a Purchase Order and payments to your Firm. A copy of this form can be downloaded from <http://www.irs.gov/pub/irs-pdf/fw9.pdf>.

1.26 Debarment

By submitting a Proposal, the Proposer is certifying that he is not currently debarred by the County. The County's debarment procedures are in accordance with Section 2.2-4321 of the Code of Virginia.

1.27 Certification

Each Bidder or Proposer shall certify, upon signing a Bid or Proposal, that to the best of his knowledge no Stafford County official or employee having official responsibility for the procurement transaction, or member of his/her immediate family, has received or will receive any financial benefit of more than nominal or minimal value relating to the award of this Contract. If such a benefit has been received or will be received, this fact shall be disclosed with the Bid or Proposal or as soon thereafter as it appears that such a benefit will be received. Failure to disclose the information prescribed above may result in suspension or debarment, or rescission of the Contract made, or could affect payment pursuant to the terms of the Contract.

1.28 Immigration Reform and Control Act of 1986

By accepting a Contract award, Vendor certifies that it does not and will not during the performance of this Contract violate the provisions of the Federal Immigration Reform and Control Act of 1986, which prohibits employment of illegal aliens.

1.29 Organizational Matters

The Rappahannock Regional Solid Waste Management Board (R-Board) operates the Rappahannock Regional Landfill (Landfill) located at 489 Eskimo Hill Road. The facility and its employees are governed by a joint agreement between Stafford County and the City of Fredericksburg. Under the terms of this agreement, Stafford County is responsible for administration of all financial and contractual matters related to the Landfill.

Consequently, the terms "County", "Stafford County" and "R-Board" shall be considered to have the same meaning when used in this Request for Proposals.

1.30 Contract Administration

This Contract will be administered by the R-Board.

END OF SECTION

## PART 1 - INSTRUCTIONS FOR SUBMITTING PROPOSALS

### 1. Preparation and Submittal of Proposals

- a. All Proposals shall be signed in ink by authorized personnel of the firm.
- b. All attachments to the Proposals requiring execution by the firm are to be returned with the Proposals.

### 2. Withdrawal of Proposals

- a. The Proposer may withdraw his Proposal from consideration if the service proposed was substantially different than the other Proposals due solely to a mistake therein, provided the Proposal was submitted in good faith, and the mistake was a clerical mistake as opposed to a judgmental mistake, and was actually due to an unintentional arithmetic error, or an unintentional omission of a quantity of work, labor, or materials made directly in the compilation of the Proposal, which unintentional arithmetic error or unintentional omission can be clearly shown by objective evidence drawn from inspection of original work papers, documents, and materials used in the preparation of the Proposal sought to be withdrawn.
- b. The following is the procedure for withdrawal of a Proposal:
  - (1) The Proposer must give notice in writing of his claim of the right to withdraw his Proposal within two (2) business days after the conclusion of the Proposal opening procedure.
  - (2) No Proposal may be withdrawn under this section when the result would be the awarding of the Contract on another Proposal of the same Proposer.
  - (3) No Proposer who is permitted to withdraw a Proposal shall for compensation, supply any material or labor to or perform any Subcontract or other work agreement for the person or firm to whom the Contract is awarded or otherwise benefit, directly or indirectly, from the performance of the project for which the withdrawn Proposal was submitted, without the approval of the Chief Financial Officer. The person or firm to whom the Contract was awarded and the withdrawing Proposer are jointly liable to R-Board in an amount equal to any compensation paid to, or for the benefit of, the withdrawing Proposer without such approval.

### 3. Miscellaneous Requirements

- a. The R-Board will not be responsible for any expenses incurred by a firm in preparing and submitting a Proposal. All Proposals shall provide a straightforward concise delineation of capabilities to satisfy the requirements of this request. Emphasis should be on completeness and clarity of content.



- b. Proposers who submit a Proposal in response to this RFP may be required to make an oral presentation of their Proposal. The Chairman of the Rappahannock Regional Solid Waste Management Board or his/her designee will schedule the time and location for this presentation.
- c. The contents of the Proposal submitted by the successful Proposer and this RFP will become a part of any Contract awarded as a result of these specifications. The successful Proposer will be expected to sign a Contract with the R-Board. Additional terms and provisions will be included in the Contract.
- d. The R-Board reserves the right to reject any and all Proposals received by reason of this request, or to negotiate separately in any manner necessary to serve the best interests of the R-Board. A Firm whose Proposal is not accepted will be notified in writing.
- e. The Contractor is prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of this agreement or its rights, title or interest therein or its power to execute such agreement to any other person, company, or corporation without the previous consent and approval in writing by the County.

4. Form of Proposals

Interested firms are cautioned to provide in their Proposal as much detail as possible pertaining to their firm's capabilities, experience and approach to the tasks outlined in this Proposal.

5. Clarification of Proposals

R-Board reserves the right to contact Proposers individually for the purpose of clarifying Proposals.

6. Vendor Incurred Costs

R-Board is not liable for any cost incurred by Proposers prior to issuance of an Agreement, Contract, or Purchase Order.

7. Vendor Declaration

The Vendor must state that its Proposal was made without connection with any other person, company, or parties making a similar Proposal and that it is in all respects fair and in good faith without collusion or fraud.

8. Terminology

Terminology used in this request for Proposal might imply or denote a particular Vendor. The terminology used and the organization of the RFP is not intended to be restrictive in any way. Appropriate interpretation of the intent of the RFP should be made by the Proposer in

these situations.

9. Licensing Agreement

Any licensing agreement required by the Proposer must be fully described.

10. Proposal Property of R-Board

All Proposals submitted in response to this RFP become the property of the R-Board. Supporting information will be returned at the request of the Proposer.

11. Confidentiality

All Proposals become a matter of public record and therefore will be available for inspection by interested parties following the final selection date. If an Proposer wishes that any parts of his Proposal remain confidential, he should state so clearly.

Proposers should be aware of the high level of public scrutiny related to this proposal. Proposers are encouraged to provide information in a manner that is available for public viewing.

12. Addenda

Any Addenda to these documents shall be issued in writing; no oral statement, explanations or commitments by whomsoever shall be of any effect unless incorporated in the Addenda.

END OF SECTION

## PART 2 - SPECIAL CONTRACT TERMS AND CONDITIONS

1. The extent and character of the work to be accomplished by the firm shall be subject to the general control and approval of the County Administrator or his authorized representative. The firm shall not comply with requests and/or orders issued by anyone other than the Administrator's representatives acting within their authority for the R-Board.

2. Subcontractors

The firm shall identify all proposed Subcontractors who will be furnishing services under the terms of his Proposal. Subcontractors shall conform, in all respects, to the applicable provisions specified for the prime Contractor and shall further be subject to approval by the R-Board.

3. Termination

Subject to the provisions below, the Contract may be terminated by either party upon thirty (30) days advance written notice to the other party; but if any work or service hereunder is in progress, but not completed as of the date of termination, then this Contract may be extended upon written approval by the R-Board until said work or services are completed and accepted.

- A. Termination for Convenience

In the event that this Contract is terminated or canceled upon request and for convenience of the R-Board without the required thirty (30) days advance written notice, then the R-Board shall negotiate reasonable termination costs, if applicable.

- B. Termination for Cause

Termination by the R-Board for cause, default, or negligence on the part of the Contractor shall be excluded from the foregoing provision; termination costs, if any, shall not apply. The thirty (30) days advance notice requirement is waived in the event of Termination for Cause.

4. User List

Proposers are required to furnish the issuing office with a list of all locations in local governments in Virginia and nearby states that are using the same service and the name, address, and telephone number of a contact person.

5. Assignment

The Contractor will be prohibited from assigning, transferring, conveying, subletting or otherwise disposing of the agreement or its rights, title, or interests therein, or its power to

execute such agreement to any other person, company, or corporation with the previous consent and approval in writing by the R-Board.

6. Exceptions

Any and all exceptions to the specification included in this RFP must be fully detailed and explained on a separate schedule outlined "Exceptions to RFP". Should the Proposer not indicate and explain all exceptions, his Proposal may be rejected.

7. Proposal Selection

Contract(s) will be awarded by the R-Board to the most responsive and responsible Proposer(s) whose Proposal conforms to this Request and is most advantageous to the R-Board.

END OF SECTION

**FINANCE, CONSTRUCTION, OPERATION AND MAINTENANCE OF  
ALTERNATIVE METHODS OF PROCESSING MUNICIPAL SOLID WASTE FOR  
THE RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**SCOPE OF WORK**

**1. INTRODUCTION**

The Rappahannock Regional Waste Management Board (R-Board) is seeking Proposals from qualified firms for the financing, construction, operation, and maintenance of a facility capable of providing an alternative method of disposal for the municipal solid waste (MSW) currently delivered to the Rappahannock Regional Landfill (Landfill) in an environmentally sound, economically viable, and socially acceptable manner.

The successful Proposer shall demonstrate the necessary qualifications, facilities, equipment, staffing, and financial resources to provide an alternative method of disposal without interruption, along with the reliability to provide the required services while meeting financial and environmental goals of the R-Board. Of particular interest is the demonstration that the process proposed will:

- reduce the waste stream being directed into the Landfill, and convert waste into an environmentally safe product(s), suitable for reuse in a safe, cost effective manner;
- operate in a manner that protects the health and safety of the public and the environment;
- provide long-term financial stability for the R-Board's waste management services; and
- advance the R-Board's goal of obtaining an E4 rating at the Landfill.

**2. BACKGROUND**

The Landfill is located at 489 Eskimo Hill Drive, Stafford, Virginia. The Landfill is operated by the R-Board, which is a joint governmental entity of the City of Fredericksburg and Stafford County. While it operates the Landfill for the localities, the property on which the Landfill operates is jointly owned by the localities, and consequently this RFP is issued on behalf of the City and County as well as the R-Board. Administrative oversight of R-Board staff is conducted by Stafford County personnel.

The R-Board provides MSW disposal services for refuse collected from the citizens of Stafford County, Virginia and the City of Fredericksburg, Virginia. The Landfill municipal solid waste (MSW) delivered via commercial haulers, a drop off facility at the Landfill, and a satellite site off of Belman Road in Fredericksburg. In addition to the quantities of MSW listed above, the Landfill receives approximately 1,500 tons per year (TPY) of scrap tires, 7,500 TPY of recycling, along with other debris, appliances, etc. Stafford and Fredericksburg residents choosing to drop off their MSW at either facility are not charged for the service. Revenues are derived mainly from tipping fees paid by commercial haulers, recycle revenues, and other

miscellaneous sources. A summary of the R-Board's waste data is below. Additional details are provided in Attachment A.

<b>Waste Generation and Recycling (tons)</b>			
	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b> (through 4/30/14)
Waste Generation, Total	119,856	117,105	111,980
Recyclables Recovered	7,762	6,990	6,321
White Goods & Tires	552	1,585	517
Post-Recycling Waste Stream	111,542	108,530	105,142

The roughly 800-acre site has been in operation since the late 1980's, and has completed filling of the first five cells. Cell F was completed late in 2012 and is currently in service. The Landfill has sufficient permitted space for between 30 and 50 years operation, depending on future fill rates. Operating rules currently in place restrict the importation of waste from outside the two (2) participating localities. Furthermore, the current condition and capacity of Eskimo Hill Road discourages the importation of significant quantities of outside waste. Current traffic counts on this section of Eskimo Hill Road are about 4,000 vehicle trips per day, much of it from current Landfill activity.

Water distribution and sewer collection service at the Landfill is very limited. Water is provided from a small service line connected to the County water system. There is minimal line capacity for additional service water supply, and no capacity for process use and/or fire protection. Sewer service is currently provided through a grinder pump station at the adjacent animal shelter. This station transfers sanitary waste and landfill leachate to another pumping station near the state detention facility west of the Landfill, then transferred from a pumping station there into the County sewer collection system. There is minimal collection capacity for additional sewer service, and no capacity for process wastewater. While there is sufficient raw water supply, water treatment, and sewage treatment capacity for anticipated requirements, as noted above, water and sewer transmission and collection capacities are limited at the Landfill. It is likely that processes requiring substantial water supply and generating substantial sewage quantities will require water and sewer system upgrades.

The R-Board has an agreement in effect with Ameresco, Inc., to utilize the methane produced from prior closed cells to power electrical turbines capable of producing just over 2 megawatt electric (MWE). Construction and operation of a proposed alternative facility shall not affect the existing energy producing facility.

The Landfill currently holds an E3 certification (Exemplary Environmental Enterprise) received from the Virginia Environmental Excellence Program. The R-Board desires that construction and operation of this facility will enhance this certification, but in any case, will not jeopardize this certification.

The Landfill has an air permit, solid waste permit, and stormwater pollution permit from the Virginia Department of Environmental Quality. It is expected that these permits will remain in place, but may be altered by the changes in operation resulting from a new facility and process

at the site. The R-Board will not allow poor permit compliance from the operation of a new facility to negatively impact the compliance record of the R-Board.

Additional information on the type and quantity of various waste streams from Fiscal years (FY) 2012-2014, and the R-Board's FY2013 Audit Statement is included in Attachments – B-D.

### **3. PREVIOUS PROCUREMENT ACTIVITY**

In October 2012, the R-Board solicited proposals from firms interested in providing alternative waste to energy services at the Landfill. Three proposals were received in November 2012. Following review, one proposal, was deemed to be substantially more favorable to the R-Board. The R-Board, at the November 14, 2012 meeting, authorized staff to negotiate an Agreement with EEP. This EEP Agreement was executed on April 22, 2013 and since that time has expired. Among numerous conditions of the initial agreement, Stafford County and the City of Fredericksburg were to consider a 20-year lease of approximately 10 acres at the Landfill for the facility. The Stafford County Board of Supervisors initially approved the lease, but this approval was subsequently rescinded before the lease was executed. Furthermore, the Stafford County Board of Supervisors required that an environmental study be completed before any facility would obtain a lease. The cost of this environmental study, described more fully herein, must be borne by the successful Proposer and performed by an independent third party. The R-Board elected to re-issue the proposal at the September 18, 2013 meeting.

### **4. SCOPE OF CURRENT SOLICITATION**

The R-Board is interested in receiving Proposals from firms that will enter in a Contract with the R-Board, whereby the Proposer will build, own, finance, and operate a facility which would process MSW and other suitable refuse currently delivered to the Landfill. The goal is to reduce the waste stream being directed into the Landfill, and convert waste into an environmentally safe product(s), suitable for reuse in a safe, cost effective manner.

Eligible technologies or approaches include, but are not limited to, pyrolysis, gasification, recycling, anaerobic digestion, composting, or other waste processing methods producing a renewable fuel, energy, recyclable, or other commercially viable products. For example purposes only, the table below summarizes such methods, facilities, or approaches that may be included, but are not limited, in Proposer's methods.

<b>Examples of Waste Management Methods, Facilities or Approaches</b>		
<b>Program Component</b>	<b>Category</b>	<b>Method, Facility or Approach</b>
Diversion	Waste Reduction, Reuse, Recycling	<ul style="list-style-type: none"> <li>• Yard Waste recycling/composting</li> <li>• Food Waste/Organic composting or other processing</li> <li>• E-Waste</li> <li>• CDD</li> <li>• Commercial recycling</li> <li>• Materials recovery</li> <li>• Others</li> </ul>
Processing	Thermal Conversion	<ul style="list-style-type: none"> <li>• Plasma arc</li> <li>• Pyrolysis</li> <li>• Gasification</li> <li>• Other</li> </ul>
	Biological Processing	<ul style="list-style-type: none"> <li>• Aerobic – composting</li> <li>• Anaerobic digestion</li> <li>• Other</li> </ul>
	Chemical Conversion	<ul style="list-style-type: none"> <li>• Acid hydrolysis</li> <li>• Fermentation</li> <li>• Other</li> </ul>
Disposal	Landfill	

Whereas the R-Board currently has a Contract with Ameresco to provide methane gas from the current landfill, which is being used to produce electricity, mining the existing landfill is not an option. The R-Board is interested in Proposals, which would take some, or the entire, waste stream from the Landfill.

This R-Board is amenable to leasing property located within the active landfill property boundary (see Attachment D – Graphic of Landfill Area). However, any proposed lease arrangement cannot be guaranteed and will have to be negotiated with the City and County, who own the property. Should the Proposer be interested in leasing property, the proposed lease terms should be included in the Proposal and will be negotiated as part of the overall development of the Agreement. Should the Agreement ultimately result in the lease of property within the landfill property boundary, the Owner makes no representations with respect to surface or sub-surface conditions at the site selected, or to the suitability of the site for the intended purpose. The successful Proposer will be required to perform engineering and geotechnical evaluations necessary for this determination.

Provided the project proceeds to the point where land disturbance and facilities construction will proceed, the successful Proposer will be required to post security for faithful completion of the work. The Proposer will also be required to provide a performance bond or other acceptable security to ensure removal and restoration of the site as agreed upon during negotiations for the lease, contract, and/or final agreement.



## **5. INFORMATION TO BE SUBMITTED WITH THE PROPOSAL**

### **5.1. Proposal Format**

The Proposals shall be organized in the following into the following sections:

1. General Company Information
2. Proposed Approach
3. Emerging Technologies (if applicable)
4. Environmental Impacts
5. Independent Environmental Study
6. Schedule for Implementation
7. Financial Information, Business Terms, and Costs to R-Board

### **5.2. Content Requirements**

The R-Board requires Proposers to have a sound understanding of public MSW management systems and have the organizational capacity to deliver. The viability of the Proposer is one primary factor in the R-Board's consideration of the received Proposers.

Proposals shall be limited to not more than 100 numbered pages.

### **5.2. General Company Information**

An explanation of the background of the Proposer, including:

1. Business structure of the entity submitting (e.g. corporation, partnership, sole owner, joint venture, etc.)
2. Years in business
3. Ownership of the Proposer entity and parent company organization business structure and ownership with the percentage of ownership indicated
4. Address and physical location of Proposer's corporate office and offices(s) responsible for the provided Proposal
5. Name, title, address, and phone number of the officers, directors, key employees, and contact person
6. The Proposer's area of expertise
7. Qualifications and experience with similar projects in development, construction, or operation
8. Information related to the financial resources and capacity of the Proposer.  
Specifically, detail:
  - a. Financial information to indicate financing plan for construction, and the funding strategy for continued, successful operation
  - b. Any joint ventures, indicate all parties involved with the same information
  - c. Any other contracts with local governments within the United States using this technology.

- d. Audited financial statements for the last three years for both the Proposer and parent company, as applicable
- e. Dunn & Bradstreet ID number
- f. Three references from clients, including contact information, which have acquired similar methods, facilities or approaches to that being proposed. For emerging technologies/markets, Proposers shall provide client reference and contact information that includes one or more planning, development, and/or implementation project.

#### **5.2.1. Proposed Approach**

Provide information describing the project approach that addresses, at a minimum, the following components:

- 1. The design-rated and most probable operating throughput capacity.
- 2. A description, as applicable, of each step in the process, including pre-processing, feedstock preparation, processing and management of all byproducts, residuals and products.
- 3. Schematics to illustrate all phases of operations identifying all inputs and outputs.
- 4. Graphics illustrating the size, layout, key features and general configuration of the proposed facility
- 5. Engineering studies, calculations and drawings for the proposed facility
- 6. Identify the area required and other features necessary for construction and operation of the facility
- 7. Identify the amount of waste the proposed facility would require each day, along with contingency plans and consequences should that quantity not be available. The R-Board will not guarantee any quantity of waste.
- 8. Recovered resources and available markets
- 9. Primary and secondary waste streams,
- 10. Plan for down-time or bypass conditions
- 11. Identify the anticipated emissions, noise and odor levels from the operation and how these issues will be addressed. Provide information to substantiate the anticipated levels.
- 12. Utility requirements including a description of the water and sewer service needs for the proposed facility, and discuss how these needs would be addressed.
- 13. Infrastructure requirements
- 14. Identify traffic impacts from the proposed facility and how these would be mitigated.
- 15. List of local, state, and federal permits needed to begin operation, along with an explanation of the requirement for these permits.

#### **5.2.2. Emerging Technologies (if applicable)**

The R-Board is interested in innovative or emerging technologies and markets; however, the R-Board has concerns regarding reliability, economics, effectiveness and ultimately the overall viability of such approaches. For the purpose of this RFP, the term “emerging technologies/markets” excludes technologies/markets that have been

demonstrated in the United States at a commercial operating scale of a minimum of 500 tons per day (TPD) with a continuous operating record for a minimum of the last five years. The R-Board's preference is that the emerging processing technologies have a demonstrated throughput or minimum operating capacity of 100 TPD.

For approaches that include emerging technologies or markets, the Proposer shall address the following with respect to the current development status of the emerging technology or market contained in the Proposal. For each emerging technology/market in the Proposal, provide, at a minimum, the information below. Note: The information requested in this section does not replace or otherwise supersede any information required in others sections of this RFP and that is specifically required by Section 5.2.1, 5.2.3, 5.2.4, 5.2.5, and 5.2.6. Moreover, the intent of this section is to stress to Proposers of emerging technologies or markets the importance of providing clear, complete and detailed information regarding the nature, type of process, capability, stage of development, and cost, of such proposed processes or systems. Proposals to which this Section 5.2.2 applies shall also address all other requirements of this RFP.

1. A description of the process flows, including all input, outputs, conversion methods, and related information to provide a complete understanding of the status of the developing technology/market(s).
2. A narrative describing technology/market development current status of design, development, and operations.
3. Estimated capital cost.
4. The most probable throughput capacity to be accommodated by such technology/market(s) including, proposed unit operating capacity, number of processing units, and required scale-up of proposed system.
5. Pre-processing requirements (describe process, equipment, materials separated, end product specifications and utility consumption).
6. Estimated annual operating and maintenance costs.
7. Estimated annual availability.
8. Environmental controls.
9. Physical description, waste characterization and quantity of process residuals and residuals management plan.
10. Markets and anticipated revenues projected from the sale of beneficiated products (specify products and markets).
11. Implementation challenges, including support or action desired from the R-Board.
12. Examples of similar projects implementing the emerging technology/market by the Proposer, including:
  - a. Project name and location.
  - b. Status of current operation.
  - c. Client references and contact information.
  - d. Design-rated processing capacity.
  - e. Type and characterization of materials processed.
  - f. Total waste reduction by weight and volume.
  - g. Description of process and equipment.
  - h. Environmental controls.

- i. Average annual operating and maintenance costs.
- j. Average annual availability.
- k. Commissioning date.
- l. Years of operation.
- m. Current operating status.
- n. Description of successes and challenges during the operating period(s).

### **5.2.3. Environmental Impacts**

All Proposals shall discuss known and potential environmental impacts from construction and operation. Provide details related to the environmental effects from the proposed facility:

1. Describe the various environmental permits required to construct and operate the proposed facility.
2. Identify the expected environmental impacts from the proposed facility. List the existing operational facilities, testing, reference materials, past studies, etc. used to identify these expected environmental impacts.
3. Describe any differences between existing facilities, studies, etc. referenced in (b.) above and the proposed facility relative to size, feedstock, pollution control devices, and final products. Explain how this has been incorporated into the identification of environmental impacts.
4. List the expected contaminants resulting from the proposed process at each stage. Identify which contaminants are expected to be regulated by the Virginia Department of Environmental Quality, and identify expected permit limits.
5. Identify the pollution control equipment, processing, and operational strategies to be incorporated to assure compliance with these expected limits.
6. Identify the contaminant potential of the products and byproducts from the proposed operation. Explain how this will be managed from production to ultimate distribution/disposal. Discuss any backup strategies should market conditions result in a disruption of the primary means of disposition.

### **5.2.4. Independent Environmental Study**

As noted in the Background Information provided above, the Proposer determined to have provided a Proposal deemed to be in the best interests of the R-Board will be required to fund, at the sole expense of the Proposer, an environmental study to be conducted by an independent consultant and conducted under the direction of the R-Board. The study shall be comprehensive and address known and potential impacts to human health and the environment. Selection of the third party consultant has been completed by a separate request for Proposals issued by the R-Board. The selected firm, ARCADIS, is also providing assistance with the development and evaluation of the RFP. Depending upon the process selected, there is considerable variability in what such a study might entail. This will impact the cost, complexity and duration for the study. It is

expected that the study will serve a dual purpose by assisting in both the selection and permitting processes. The Proposer shall provide the following information:

1. Describe in general the expected study approach; identify the extent to which the Proposer will rely on previous studies and testing, and the extent of new testing specifically tailored for the proposed facility
2. Explain how the proposed test protocol for this study will be developed and vetted by concerned parties. Governmental agency, including the Virginia Department of Environmental Quality, review and comments as well as public involvement is anticipated.
3. Requirements for test units for the study, provisions made for the availability of these test facilities, and a statement of understanding that these facilities will be made available along with the necessary waste for testing, and disposal of test products and by-products. This cost will be absorbed by the Proposer.
4. A certification that the Proposer, if selected as being the Proposer deemed to be in the best interests of the R-Board, will fund an environmental study of their proposed process. Include any conditions relative to this certification.

#### **5.2.5. Schedule for Implementation**

Proposers shall provide anticipated development timeframe (in months from notice to proceed) to achieve commercial operations at the specified operating capacity. For each development timeline, describe the current status of technology development and planned steps to advance technology development to commercial operation within provided timeframe.

#### **5.2.6. Financial Information, Business Terms, and Costs to R-Board**

Capital and operating costs and their impact on customer rates is of critical concern to the R-Board. Proposers shall provide the following information to allow for a complete understanding of key cost factors and associated uncertainties:

1. Ownership arrangements.
2. Estimated facility capital cost and annual operations and maintenance costs.
3. Source of capital to construct the facility.
4. Financing plan.
5. Funding source to operate the facility during the start-up and operational ramp up until facilities main revenue stream is generated.
6. Products and by-products generated their marketability, revenue potential, and ultimate disposition.
7. Actions taken to date to secure end markets for these products and by-products.
8. All projected revenue streams, along with the estimated revenue to be generated from each.
9. Discuss the impacts of the proposed operation on the current revenue stream at the Landfill. Include all tipping fees and sales of recycled materials. Identify the disposition of revenues generated by the operation of the facility.
10. Per-ton fee structure, including revenue sharing, pass-through costs and other contract price items and terms. Proposer shall clearly delineate the material

assumptions and the allocations of risks to each party, including unforeseen circumstances and unforeseen conditions, changes in law, etc., relative to the cost information provided. Proposers shall present such business assumptions and risk allocations in an appropriate degree of specificity for the technology or approach proposed.

11. Identify performance guarantees.
12. Length of proposed contract with the R-Board.
13. Identify the area required and proposed payment to the R-Board for the lease of the property, as applicable.
14. Identify proposed means to protect the R-Board in the event the facility fails, or the parent company goes out of business, breaches the contract, or otherwise forces the R-Board to resume operation at the Landfill.
15. Bonding proposed to secure the completion of the proposed facility, and the subsequent removal upon termination of facility operations either at the expiration of the lease, or termination of the Agreement.
16. An estimate of how many persons will be employed at the facility, value of the building, value of the spare parts, machinery and tools in the building.
17. Identify all economic benefits such job creation, tax payments, direct and indirect economic stimulus.

Additional information including, but not limited to, financial matters, proposal team, and/or engineering and/or environmental matters may be requested during the evaluation and selection process.

## **6. EVALUATION CRITERIA**

The R-Board will use the following criteria, in the priority order listed below, in the review and evaluation of the Proposals:

1. Detailed Assessment of Environmental Risk & Willingness to Fund Further Study
2. Financial Risks to R-Board
3. Financial Rewards to R-Board
4. Project Impacts to Current Operations
5. Capital Investment Level & Funding Strategy
6. Previous Level of Effort Towards Project Development
7. Track Record of Successful Ventures
8. Schedule
9. Completeness, Content & Clarity of Proposal

**Note:** Elaborate and costly sales presentations are neither required nor expected. Stafford County will not reimburse a company for any cost associated with submitting a Proposal, participating in oral presentations, responding to inquiries or any other activity of the Proposer related to this procurement through potential selection, award, contracting, and notice to proceed. Each response should focus on the information requested above, and avoid extraneous material.

## **7. BASIS FOR AWARD**

The R-Board will evaluate the Proposals and may also ask questions of a clarifying nature from Proposers as required. A composite rating will be developed which indicates the group's collective ranking of the written Proposals in a descending order. The R-Board may engage in individual discussions with two (2) or more Proposers deemed the most fully qualified, responsive, responsible and suitable based on the evaluation criteria listed above. These Proposers may be requested to make an oral presentation to the Selection Committee to explain their Proposal and answer questions. The R-Board is not required to furnish a statement of the reason why a particular Proposal was not deemed to be the most advantageous (Section 2.2-4359, Code of Virginia).

At the conclusion of discussion, on the basis of evaluation factors as set at the time of issuance of this Proposal and all information developed in the selection process to this point, the R-Board shall select the Proposer deemed most advantageous on the basis of the factors listed above, and the results of the interviews, if applicable. Negotiations shall then be conducted with the Proposer selected. Financial provisions shall be considered, but need not be the sole determining factor. After negotiations have been conducted with the Proposer selected, the R-Board shall make a formal selection of the firm/joint venture with which it intends to pursue alternative methods of waste disposal. The R-Board may then enter into a Contract, Agreement, or other binding instrument, for the completion of an independent environmental study to assess environmental risks associated with the process selected. Final selection of a preferred Proposer by the R-Board, and subsequent action by the County and City with respect to a lease, will be determined after the conclusion of the environmental study; however, there is no guarantee of award regardless of the results of the study.

Should negotiations with the initial preferred Proposers be unsuccessful and not result in a mutually satisfactory outcome, the R-Board may then declare an end to negotiations with the first firm/joint venture, and initiate negotiations with the second ranked firm. The process, including another environmental study, will proceed in a manner similar to that described above, and continue with other Proposers until such time as a firm/joint venture is selected, or the R-Board abandons these efforts.

The R-Board reserves the right to accept or reject any or all Proposals received as a result of this RFP, to negotiate with any qualified firm or to modify or cancel in part or in its entirety the Request for Proposal if it is in the best interest of the R-Board.

Pending completion and review of the independent environmental study referenced above, the R-Board will decide whether to proceed with the project. If the R-Board decides to proceed, it will be necessary to receive approval from the Stafford County Board of Supervisors and the City of Fredericksburg if property on the Landfill site is required. This approval is not assured.

## **8. RFP SCHEDULE**

The R-Board anticipates conducting interviews with short-listed Proposers in September 2014, with selection of the successful Proposer in November 2014. At that time, negotiations for an agreement will commence. The R-Board reserves the right to change the deadlines and dates specified in the RFP.

## **9. ADDITIONAL REQUIREMENTS**

1. **Contingent Fee Warranty:** The Proposer warrants that it has not employed or retained any person or persons not generally associated with the Proposer for the purpose of soliciting or securing this agreement. The Proposer further warrants that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon the award or making of this agreement. For breach of one or both of the foregoing warranties, the Owner shall have the right to terminate this agreement without liability, or in its discretion, to deduct from the agreed fee, payment or consideration, or otherwise recover, the full amount of said prohibited fee, commission, percentage, brokerage fee, gift or contingent fee.

2. **Insurance:** By signing and submitting a Proposal under this solicitation, the Proposer certifies that if awarded the Contract, it will have the insurance coverage specified at the time work commences. Additionally, the Proposer certifies that it will maintain all required insurance coverage during the entire term of the Contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

3. **Authority to bind Contractor in Contract:** Proposals must give full name and address of Proposer. The person signing the Proposal should show title or authority to bind the Proposer in the Contract. Proposer's name and authorized signature must appear on the Proposal in the space provided.

4. **Severability:** In the event any provision shall be adjudged or decreed to be invalid, such ruling shall not invalidate the entire Agreement but shall pertain only to the provision in question and the remaining provisions shall continue to be valid, binding and in full force and effect.

5. **Performance: Unacceptable Performance –** The Owner reserves the right to inspect all operations and to withhold payment for any work not performed to or performed not in accordance with specifications/Contract documents. Payments withheld for unsatisfactory performance may be released upon receipt of satisfactory evidence that the work has been corrected to the Owner's satisfaction. These corrections shall be at no cost to the Owner. Contractor shall correct deficiencies within twenty-four (24) hours of notice by telephone or in writing. Failure to do so shall be cause for withholding of payment for the service and may result in default action.

6. **Sign and submit the Proposer Acknowledgement Form with the Proposal.**



## **10. Additional Information**

1. R-Board Contact: Proposers shall direct all technical correspondence, questions or inquiries to the designated contact below:

Keith Dayton  
Deputy County Administrator  
1300 Courthouse Road  
Stafford, Virginia 22555  
540-658-5125  
[kdayton@staffordcountyva.gov](mailto:kdayton@staffordcountyva.gov)

Non-technical questions concerning this Proposal should be directed to the County of Stafford Purchasing Office at (540) 658-8611.

2. Interpretations and Addenda: Proposers shall rely only on written responses from the R-Board Contact, which may include interpretations, clarifications or addenda. Verbal statements made shall not be relied upon. Questions or requests for clarification from interested Proposers shall be submitted on or before the date provided in the RFP Schedule provided herein. The R-Board reserves the right to receive questions from Proposers and to provide such answers or responses, as the R-Board deems appropriate. All responses will be formally issued and may be issued on an ongoing basis up to and including the date specified in the RFP Schedule.
3. Prohibited Contacts: Proposers shall direct all technical communication to the R-Board Contact via email address provided in #1 above. All emails shall include "R-Board Solid Waste RFP#85144" in the subject line. Non-technical questions shall be directed to the County of Stafford Purchasing Office. Proposers are prohibited from contacting, directly or indirectly, other R-Board Members, other County and City employees, elected officials, agents or representatives regarding this RFP.

## **11. PROPRIETARY INFORMATION**

Ownership of all data, materials, and documentation originated and prepared for the R-Board pursuant to the RFP shall belong exclusively to the R-Board and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Proposer shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Proposer must invoke the protections of Section 2.2-4342(F) of the Code of Virginia, in writing, either before or at the time the data or other material is submitted.

The Proposer SHALL specifically identify the data or materials to be protected and state the reasons why protection is necessary on the "Notice of Proprietary Information Form" below. In addition, the proprietary or trade secret material submitted must be identified by some distinct

method such as highlighting or underlining in the Proposal and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information.

The R-Board is interested in open public input into the contents of this RFP. Extensive protection from public disclosure will run counter to this intent. The classification of an entire proposal document, line item prices, and/or total proposal prices as proprietary or trade secrets is not acceptable and may result in rejection of the Proposal.

**To ensure any and all proprietary data is protected, please provide one (1) redacted copy for review.**

## **12. NOTICE OF PROPRIETARY INFORMATION FORM**

Confidentiality References Protection in Accordance with the Code of Virginia, Section 2.2-4342

Section Title	Page Number	Reason(s) for Withholding from Disclosure

**INSTRUCTIONS:** Identify the data or other materials to be protected and state the reasons by using the codes listed below. Indicate the specific words, figures, or paragraphs that constitute trade secrets or proprietary materials. The classification of an entire Bid or Proposal document, as proprietary or trade secret is not acceptable and will result in rejection of the Bid or Proposal.

1. This page contains information relating to "trade secrets", and "proprietary information" including processes. Operations, style of work, or apparatus. Identify confidential statistical data. Amount or source of any income...of any person (or) partnership. "See Virginia Public Procurement Act. Section 2.2-4342. Unauthorized disclosure of such information would violate the Trade Secrets Act 18 U.S.C. 1905.
2. This page contains proprietary information including confidential, commercial or financial information which was provided to the Government on a voluntary basis and is of the type that would not customarily release to the public. See Virginia Public Procurement Act, Section 2.2-4342; 5 U.S.C. 552 (b) (4); 12 C.F.R. 309.5(c) (4).
3. This page contains proprietary information including confidential, commercial or financial information. The disclosure of such information would cause substantial harm

to competitive position and impair the Government's ability to obtain necessary information from contractors in the future. 5 U.S.C. See Virginia Public Procurement Act. Section 2.2-4342; 552 (b) (4); 12 C. F. R 309.5(c) (4).

### **13. REFERENCE INFORMATION**

References for informational resources identified in this RFP are listed below:

1. Solid Waste Management Plan (2006)  
<http://r-board.org/wp-content/uploads/2014/05/R-Bd-SWMP-2006.pdf>
2. R-Board Website Schedule of Tipping Fee  
<http://r-board.org/wp-content/uploads/2011/07/FeeSchedule2013v3.pdf>
3. Stafford County Purchasing Website  
<http://staffordcountyva.gov/index.aspx?NID=154>
4. County Planning & Zoning  
<http://www.staffordcountyva.gov/index.aspx?nid=478>
5. VA DEQ Waste Management Regulations  
<http://www.deq.state.va.us/Programs/LandProtectionRevitalization/Laws,Regulations,Guidance/Regulations.aspx>

### **14. ATTACHMENTS:**

Attachment A – Insurance Schedule

Attachment B – Rappahannock Regional Solid Waste Management Board Weight and Material Analysis Report – FY2012, FY2013 & FY2014 (partial)

Attachment C – R-Board FY2013 Audit Statement

Attachment D – Graphic of Landfill Area

**FINANCE, CONSTRUCTION, OPERATION, AND MAINTENANCE OF FACILITY TO  
CONVERT MUNICIPAL SOLID WASTE INTO AN ALTERNATIVE FORM OF  
ENERGY FOR THE RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT  
BOARD**

**PROPOSAL #85144**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Name of Person Submitting Proposal: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## REFERENCE LIST

The Proposer is required to state, in detail, in the space provided below, references and such other detailed information as will enable the Owner to judge its responsibility, experience, skill and financial standing. Proposals from Contractors inexperienced in this particular type of vehicle will not be considered.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

### **SMALL AND MINORITY BUSINESS ENTERPRISES**

The Stafford County Procurement Code and relevant Federal and State Laws, Orders and Regulations, require the County of Stafford to ensure that its procurement practices are non-discriminatory and promote equality of opportunity for Small and Minority Business Enterprises.

#### **Definitions:**

##### **1. Small Business:**

For the purposes of this document a Small Business concern is one which, regardless of ownership or control:

- (a) does not exceed two-hundred and fifty (250) employees.; or
- (b) gross annual income does not exceed ten (10) million dollars; or
- (c) is independently owned and operated (not subsidiary of another firm).

##### **2. Minority Business:**

A business entity, which is operated and controlled by a minority.

- (a) The terms "operated and controlled" shall mean that the managerial and official staff of this entity shall be comprised of minority persons, sufficient in ratio and gross earnings to demonstrate that the business transactions are, in fact, controlled by minority persons; and that the primary power, direct or indirect, to influence the management of this entity shall rest with minority persons or a corporation, partnership, or sole proprietorship in which minority persons collectively own, operate, control and share in earning of fifty one percent (51%) or more of such an enterprise.
- (b) A minority person shall mean Black, Hispanic; Asian or Pacific Islanders; American Indian or Alaskan Native; and women, regardless of races or ethnicity.

#### **PLEASE CHECK THE FOLLOWING INFORMATION RELEVANT TO YOUR FIRM:**

Minority Business Firm: Yes \_\_\_\_\_ No \_\_\_\_\_

Small Business Firm: Yes \_\_\_\_\_ No \_\_\_\_\_

The above information is requested for statistical purposes only. All firms tendering responses will receive equal consideration for award.

#### **CONTACT FOR ADMINISTRATION:**

NAME: \_\_\_\_\_

ADDRESS (OFFICE): \_\_\_\_\_

TELEPHONE (OFFICE): \_\_\_\_\_

**PROPOSER ACKNOWLEDGEMENT FORM  
REQUEST FOR PROPOSAL**

**RFP #85144**

Name of Proposer:	
Street Address:	
City, State:	
Country:	
Telephone Number:	
Fax Number:	
Federal Employment Identification Number:	

The above Proposer, by submitting a response to the R-Board in reference to RFP #85144, acknowledges the following:

- Proposer acknowledges that it bears any and all costs incurred by or on behalf of the Proposer related to the Proposer's review of, or preparation and submittal of Proposals, including preparation for, attendance at, and participation in interviews and the Independent Environmental Study. Proposer acknowledges the R-Board, County, nor City is not responsible in any way for the Proposer's costs associated with this RFP and will not reimburse a company for any cost associated with reviewing, preparing or submitting a Proposal, participating in oral presentations, responding to inquiries or any other activity of the Proposer related to this procurement through potential selection, award, contracting, and Notice to Proceed.
- Proposer acknowledges the R-Board may, at its sole discretion: invite Proposers to a discussion session and Proposer agrees to attend at its own cost. However, Proposer acknowledges the R-Board reserves the right to determine the number of Proposers to invite to such sessions or to not hold such sessions.
- Proposer acknowledges receipt of addenda issued by the R-Board in relation to this RFP. Proposers shall return Addenda acknowledgements with this form.

**Proposer Acknowledgement of Above**

Proposer's Authorized Signatory:	Date:
Name and Title:	
Telephone Number:	
E-mail Address:	

ATTACHMENT "A"  
SCHEDULE "A"  
INSURANCE COVERAGE

The kinds and amounts of insurance provided are as follows:

- A. **Workers' Compensation**: Statutory
- B. **Automobile Liability**: Provide a minimum of \$2,000,000 combined single limit for each occurrence because of bodily injury including death. The policy shall cover all persons involved, at any time, and arising out of the ownership, maintenance, or use of owned, non-owned, or hired automobiles.
- C. **Comprehensive General Liability**: Insurance shall be furnished with the limits of not less than:

<u>Liability</u>	<u>Each Occurrence</u>	<u>Aggregate</u>
Bodily Injury	\$1,000,000	\$2,000,000
Property Damage	\$500,000	\$2,000,000

- D. **Additional Insured**: The Stafford County Board of Supervisors, County Administrator, its officers, agents, employees, and volunteers shall be named as Additional Insured on the Automobile and Comprehensive General Liability coverage listed above.
- E. **Engineers Professional Liability**: "Errors and Omissions" coverage in the amount of two million dollars (\$2,000,000) shall be provided.





ATTACHMENT "B"

**Rappahannock Regional Solid Waste Management Board**

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

**Weight & Material Summary**

CATEGORY	FY2013 Weight (in Tons)	FY2012* Weight (in Tons)	% Difference
<b>BILLABLE</b>			
Commercial Waste	23,925	20,279	18%
Residential Waste	36,923	37,419	-1%
Mixed Load-\$71/T	21	2	742%
Debris Waste	18,581	18,839	-1%
Dirt	1,695	1,260	35%
Tires/White Goods	358	552	-35%
Compost Sludge	8,830	9,640	-8%
SEW Sludge	195	65	198%
<b>BILLABLE TONNAGE</b>	<b>90,528</b>	<b>88,057</b>	<b>3%</b>
<b>NON-BILLABLE (BASED ON \$41/TON)</b>			
Stafford County	6,613	10,727	-38%
Fredericksburg City	8,059	8,242	-2%
Belman Road	3,594	3,513	2%
Tires-Residential	1,227	1,352	-9%
Recycling	6,990	7,762	-10%
Cleanups	95	204	-53%
<b>NON-BILLABLE TONNAGE</b>	<b>26,578</b>	<b>31,800</b>	<b>-16%</b>
<b>TOTAL TONNAGE</b>	<b>117,105</b>	<b>119,856</b>	<b>-2%</b>
<b>% Non-Billable versus Billable</b>	<b>22.7%</b>	<b>27%</b>	

\* The FY12 numbers in this report have been realigned from previous reports to better match current tracking and accounting practices.

**Rappahannock Regional Solid Waste Management Board  
Weight and Material Analysis Report FY2014**

<b>CATEGORY</b>	<b>Mar-14 Weight</b>	<b>Apr-14 Weight</b>	<b>Apr-13 Weight</b>	<b>FY2014 Y-T-D Weight</b>	<b>FY2013 Y-T-D Weight</b>
<b>Billable</b>					
Commercial Waste	2,710	3157	2,733	23,321	18,536
Residential Waste	1,956	2023	3,212	30,942	31,372
Mixed Load-\$71/T	0	2.9	0	11	21
Debris Waste	1628	1959	1,771	19,502	15,359
Dirt	80	10	210	1,858	1,609
Tires/(White Goods)	5.76	17	20	114	315
Compost Sludge	411.77	857.11	734	7,061	7,092
SEW Sludge	0	0	31	0	125
<b>BILLABLE TONNAGE</b>	<b>6792</b>	<b>8026</b>	<b>8,711</b>	<b>82,809</b>	<b>74,429</b>
<b>Non-Billable</b>					
Stafford County	1708	1714	965	13,011	9,311
Fredericksburg	655	497	717	6,892	6,829
Belman	215	270	380	2,439	2,921
Tires residential	11	13	39	403	879
Recycling	545	1574	490	6,321	5,732
Cleanups	0	60	14	105	58
<b>NON-BILLABLE TONNAGE</b>	<b>3,134</b>		<b>2,605</b>	<b>29,171</b>	<b>25,730</b>
<b>TOTAL TONNAGE</b>	<b>9,926</b>	<b>8,026</b>	<b>11,316</b>	<b>111,980</b>	<b>100,159</b>
<b>% Non-Billable versus Billable</b>	<b>26%</b>				

ATTACHMENT "C"  
**RAPPAHANNOCK REGIONAL SOLID WASTE  
MANAGEMENT BOARD**

**FINANCIAL STATEMENTS**



**Year Ended  
June 30, 2013**

**Serving  
Stafford County and  
City of Fredericksburg, Virginia**

**Board of Directors**

**Paul V. Milde III, Chairman**

**Frederic N. Howe III, Vice-Chairman**

**Gary F. Snellings**

**George C. Solley**

**Beverly Cameron**

**Anthony J. Romanello**

**Administration**

**Keith C. Dayton, Director, Deputy County Administrator**

**Douglas S. Martinski, Superintendent**

**Maria J. Perrotte, Chief Financial Officer**

**Mickey Kwiatkowski, Accounting Manager**

**Lisa Haaf, Accounting Technician**

**Diane Jones, Recycling Coordinator**

**Julie May, Environmental Manager**

**Stephanie Persico, Administrative Specialist**

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December 19, 2013

Board of Directors  
Rappahannock Regional Solid Waste Management Board  
Stafford, VA

The Annual Financial Statements of the Rappahannock Regional Solid Waste Management Board (R-Board) are submitted herewith. This report has been prepared in conformity with the reporting and accounting standards promulgated by the Governmental Accounting Standards Board and accounting principles generally accepted in the United States of America, which are uniform minimum standards and guidelines for financial accounting and reporting. The information in this report is believed by R-Board management to be sufficient to fully represent the financial results of the R-Board's operations for the fiscal year ended June 30, 2013 and to provide an accurate and useful picture of the R-Board's status as of that date. All information included is the responsibility of the management staff of the R-Board with respect to accuracy, completeness and fairness.

This report is organized into three sections. The Introductory Section includes this letter of transmittal and other related items. The Financial Section includes management's discussion and analysis, the financial statements, notes to the financial statements and the accompanying opinion of the independent auditing firm regarding those statements. The Compliance Section includes a report from the independent auditing firm on internal controls and compliance with laws and regulations.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal and should be read in conjunction with it.

#### Organization and Services

The R-Board is a joint venture of Stafford County (the County) and the City of Fredericksburg, VA (the City). It was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining the Regional Landfill for the use and benefit of the citizens of the County and the City. The R-Board is not a component unit of either the County or the City. The County Administrator appoints a Superintendent who manages operations with day to day direction from the County Administration Office and policy direction from the R-Board.

The Board does not provide collection services. These services are provided by various commercial haulers who dispose of collected solid waste at the landfill. Residents of the County and the City dispose of household solid waste and recyclables at the landfill at no charge. The R-Board also provides recycling facilities.

### Economic Conditions

The regional landfill faces many of the same economic challenges as other local businesses. Management has made operational changes such as adjusting hours of operation to accommodate commercial usage. Staff continues to seek creative solutions for efficient operations. Environmental regulations also play a role in operations and fiscal policies.

The solid waste disposal facility charges tipping fees to commercial haulers. On average there are 30-35 commercial customers who are billed monthly for their tonnage. There are also numerous cash customers. During FY 2013 governmental customers (the County and the City) paid tipping fees for their use of the landfill. A rate increase of \$1.00 per ton was implemented in July 2012 for commercial haulers.

The recycling program promotes various activities and seeks state grant funds.

The R-Board assesses its operating results (revenues, expenses, tonnage) at its regular meetings and has been exploring options to improve financial performance.

### Accounting and Budgetary Controls

The R-Board's financial records are maintained by the County's finance staff on a fiscal year (July-June), accrual basis. Under this method, revenues are recognized when earned and expenses are recorded as liabilities when incurred without regard to receipt or payment of cash. Controls in place provide reasonable assurance that the R-Board's assets are properly recorded and that financial data may be used with confidence in preparation of reports and projections. Accounting control is maintained by segregation of duties and data security systems insure the integrity of billing, cash receipting, purchasing and disbursement processing.

The R-Board adopts an annual budget for fiscal guidance to staff. These projections and operating trends are used in setting tipping fees. The budget includes direct costs (i.e. personnel and operating expenses) and provision for equipment maintenance and replacement as well as allocations for site improvement and recycling. The Superintendent submits the proposed budget to the R-Board for consideration. Budgetary compliance is monitored and reported to the R-Board by the Superintendent. All budget items lapse at the end of the fiscal year.

### Annual Audit

State law requires an annual audit of the books and records of the R-Board. The opinion of our independent certified public accountants, McGladrey LLP, is included in the Financial Section of this report. Their report on internal control and compliance issues is included in the Compliance Section.

### Cash Management

Operating cash is pooled and invested in short-term securities according to forecasted cash flows. Funds are invested with the Local Government Investment Pool (LGIP), government-backed fixed income securities, corporate bonds and money market funds. Management feels that safekeeping and delivery arrangements provide appropriate security for the R-Board's investments.



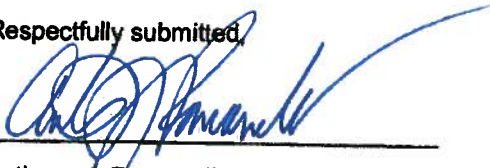
### Risk Management

The R-Board participates in the County's comprehensive property, liability and workers' compensation insurance programs. A safety program, including safety regulations, is actively administered and enforced to manage incidents and minimize exposure.

### Acknowledgements

The help of the Stafford County Finance Department staff and the R-Board administrative staff throughout the year and in preparation of this report is gratefully acknowledged. Such help and the support and commitment of the Board of Directors to financial reporting excellence are essential to the preparation of this report.

Respectfully submitted,

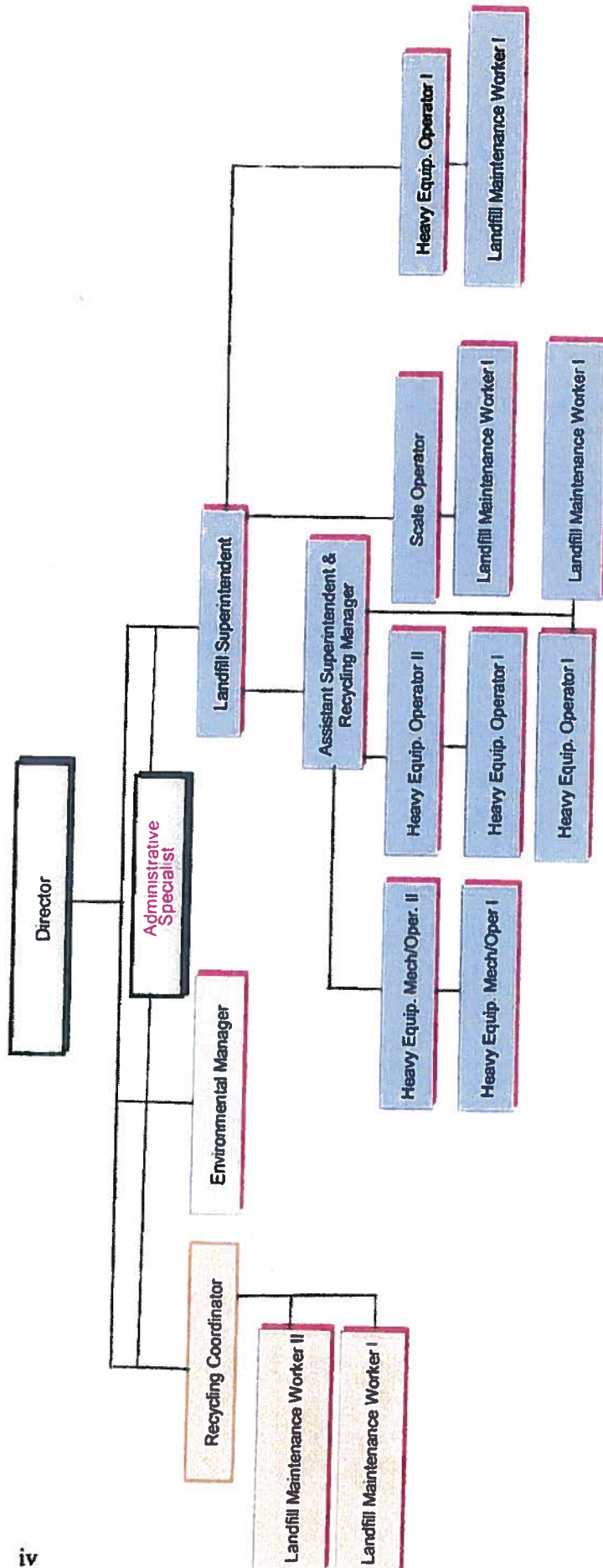


Anthony J. Romanello,  
County Administrator/  
Board of Directors



Maria J. Perrotte  
Chief Financial Officer

# RAPPAHANNOCK REGIONAL LANDFILL





## **Independent Auditor's Report**

To the Board of Directors  
Rappahannock Regional Solid Waste Management Board  
Stafford, Virginia

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Rappahannock Regional Solid Waste Management Board (the R-Board), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the R-Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the business-type activities of the R-Board as of June 30, 2013, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the Other Post-Employment Benefit Plan's Schedule of Funding Progress on pages 3 – 6 and page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the R-Board's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*McGladrey LLP*

New Bern, North Carolina  
December 19, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Rappahannock Regional Solid Waste Management Board (the "R-Board") offers readers of its financial statements this narrative overview and analysis for the year ended June 30, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the R-Board's financial statements. The R-Board is operated as a proprietary activity. It charges fees to users for services provided. As an enterprise type activity, the financial statements are comprised of this MD&A, the financial statements and notes to the financial statements.

The financial statements include:

- \* The Statement of Net Position – presents information on the R-Board's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the R-Board is improving or declining compared to the prior year.
- \* The Statement of Revenues, Expenses and Changes in Net Position – presents the effect on net position of revenues earned and expenses incurred.
- \* The Statement of Cash Flows – identifies the sources and uses of cash for operating, financing and investing activities.

The notes to the financial statements provide additional information that is essential to understanding the data provided in the financial statements.

### FINANCIAL HIGHLIGHTS

- \* Current assets decreased \$2.2 million.
- \* Capital assets, net of accumulated depreciation, increased \$800 thousand.
- \* Total liabilities decreased \$760 thousand.
- \* Unrestricted net position decreased \$1.5 million.
- \* Operating revenues increased \$260 thousand, and operating expenses decreased \$369 thousand.

## FINANCIAL ANALYSIS

As noted earlier, net position may serve as an indicator of the R-Board's financial condition. Assets exceeded liabilities by \$7,834,484 at the close of fiscal year 2013.

A large portion of the R-Board's net position (\$7,821,413 or 99.8%) reflects its investment in capital assets (land, land improvements, buildings, machinery and equipment, etc.). These assets are used in operations to provide services to customers and are therefore not available for future spending. The R-Board has not issued debt to acquire these assets. The remaining balance of net position (\$13,071 or .2%) is classified as unrestricted and may be used to meet the R-Board's ongoing liabilities. The following table presents a condensed Statement of Net Position in a comparative format.

**TABLE 1**  
**Summary of Net Position**  
**June 30,**

	2013	2012
Current assets	\$ 6,750,010	\$ 8,966,538
Noncurrent assets	<u>7,821,413</u>	<u>7,021,207</u>
<b>Total assets</b>	<u>14,571,423</u>	<u>15,987,745</u>
Current liabilities	3,622,410	4,377,991
Noncurrent liabilities	<u>3,114,529</u>	<u>3,118,999</u>
<b>Total liabilities</b>	<u>6,736,939</u>	<u>7,496,990</u>
Net position:		
Investment in capital assets	7,821,413	6,980,416
Unrestricted	<u>13,071</u>	<u>1,510,339</u>
<b>Total net position</b>	<u>\$ 7,834,484</u>	<u>\$ 8,490,755</u>

The decrease in net position of \$656,271 is attributed to these factors:

- \* The R-Board used current assets to acquire and recondition equipment and for the construction of landfill Cell F.
- \* Operating expenses exceeded operating revenue resulting in an operating loss of \$698,000.
- \* The result of capital assets increasing approximately \$841,000 increased the investment in capital assets while decreasing unrestricted net position by the same amount.

The following table shows how revenues and expenses contributed to the change in net position between fiscal years 2012 and 2013.

**TABLE 2**  
**Summary of Changes in Net Position**  
**Years Ended June 30,**

	2013	2012
<b>Revenues:</b>		
<b>Operating revenues:</b>		
Charges for services	\$ 3,793,888	\$ 3,374,722
Miscellaneous	<u>42,091</u>	<u>201,115</u>
<b>Total operating revenues</b>	<u>3,835,979</u>	<u>3,575,837</u>
<b>Nonoperating revenues:</b>		
Interest on investments	34,458	58,477
Intergovernmental grants	37,667	32,534
Gain on disposal of assets	<u>-</u>	<u>400</u>
<b>Total nonoperating revenues</b>	<u>72,125</u>	<u>91,411</u>
<b>Expenses:</b>		
<b>Operating expenses:</b>		
Landfill operations	<u>4,533,888</u>	<u>4,902,787</u>
<b>Nonoperating expenses:</b>		
Recycling program	<u>30,487</u>	<u>24,215</u>
<b>Change in net position</b>	(656,271)	(1,259,754)
Net position, beginning	<u>8,490,755</u>	<u>9,750,509</u>
Net position, ending	<u>\$ 7,834,484</u>	<u>\$ 8,490,755</u>

- \* Total operating revenues increased by \$260,142 due to an increase in tipping fee receipts and sludge disposal charges.
- \* Overall operating expenses decreased \$368,899 compared to amounts reported for fiscal year 2012. Personnel, contractual services and depreciation reported decreases. Management monitors expenses in relation to revenue and purchases are limited to operational necessities.

The R-Board's investment in capital assets as of June 30, 2013 was \$7,821,413 (net of accumulated depreciation). This includes land, land improvements and cell construction, buildings, equipment and vehicles. The following table summarizes the change in capital assets for fiscal year 2013.

**TABLE 3**  
**Change in Capital Assets**

	Balance June 30, 2012	Additions/ Deletions, net	Balance June 30, 2013
Capital assets not being depreciated:			
Land	\$ 1,401,640	\$ -	\$ 1,401,640
Construction in progress	-	1,473,267	1,473,267
Capital assets being depreciated:			
Land improvements and cell construction	11,063,322	-	11,063,322
Buildings and improvements	1,205,713	-	1,205,713
Furniture, fixtures and equipment	5,185,096	197,385	5,382,481
Technology infrastructure	536,085	-	536,085
Vehicles	870,929	-	870,629
Accumulated depreciation	<u>(13,282,069)</u>	<u>(829,655)</u>	<u>(14,111,724)</u>
<b>Total</b>	<b><u>\$ 6,980,416</u></b>	<b><u>\$ 840,997</u></b>	<b><u>\$ 7,821,413</u></b>

Major acquisitions included the reconditioning of a caterpillar loader and construction of Cell F. Additional information about the R-Board's capital assets is presented in Note 6 of the Notes to the Financial Statements.

#### LONG-TERM OBLIGATIONS

The R-Board has a \$6,259,592 obligation to close the landfill site and perform post-closure monitoring. Other long-term obligations include employee accrued vacation pay and retiree post-employment benefits. Additional information on the R-Board's long-term liabilities is presented in Notes 5, 7 and 12 of the Notes to the Financial Statements.

#### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Rappahannock Regional Solid Waste Management Board's finances for those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Landfill Superintendent, County of Stafford, P.O. Box 339, Stafford, Virginia 22555-0339.



**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**STATEMENT OF NET POSITION**  
**June 30, 2013**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 469,029
Investments	5,941,026
Accounts receivable	
(less allowance for possible losses of \$21,345)	338,955
Other assets	1,000
Total current assets	<u>6,750,010</u>

**Noncurrent assets:**

**Capital assets:**

Land	1,401,640
Construction in progress	1,473,267
Land improvements and cell construction	11,063,322
Buildings and building improvements	1,205,713
Furniture, fixtures and equipment	5,382,481
Technology Infrastructure	538,085
Vehicles	870,629
Less accumulated depreciation	(14,111,724)
Total noncurrent assets	<u>7,821,413</u>

Total assets	<u>14,571,423</u>
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**LIABILITIES**

**Current liabilities:**

Accounts payable	140,036
Accrued salaries and benefits	33,739
Deposits held in escrow	52,969
Compensated absences	88,329
Landfill closure/post closure liability	3,307,337
Total current liabilities	<u>3,622,410</u>

**Noncurrent liabilities:**

Compensated absences	115,429
Other post-employment benefits	46,845
Landfill closure/post closure liability	2,952,255
Total noncurrent liabilities	<u>3,114,529</u>
Total liabilities	<u>6,736,939</u>

**NET POSITION**

Net investment in capital assets	7,821,413
Unrestricted	13,071
Total net position	<u>\$ 7,834,484</u>

See Notes to Financial Statements

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2013**

<b>OPERATING REVENUES:</b>	
Charges for services	\$ 3,793,888
Miscellaneous	<u>42,091</u>
Total operating revenues	<u>3,835,979</u>
<b>OPERATING EXPENSES:</b>	
Personnel services	1,945,054
Contractual services	876,642
Supplies and maintenance	722,160
Utilities	55,108
Leases	51,700
Depreciation	829,655
Landfill closure/post closure	(9,370)
Miscellaneous	<u>62,939</u>
Total operating expenses	<u>4,533,888</u>
Operating loss	<u>(697,909)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest on investments	34,458
Grants	37,667
Recycling program	<u>(30,487)</u>
Total nonoperating revenues, net	<u>41,638</u>
Change in net position	(656,271)
Net position, beginning	<u>8,490,755</u>
Net position, ending	<u>\$ 7,834,484</u>

See Notes to Financial Statements

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2013**

<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 3,812,915
Payments to employees	(1,835,614)
Payments to suppliers	(2,583,607)
Net cash used in operating activities	<u>(606,306)</u>
<b>Cash Flows From Noncapital and Related Financing Activities</b>	
Receipt State supported recycling program	37,667
Recycling program payments	(30,487)
Net cash flows provided by noncapital and related financing activities	<u>7,180</u>
<b>Cash Flows Used in Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	<u>(1,670,652)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	34,458
Purchase of investments	(1,498,495)
Proceeds on sale of investments	3,863,998
Net cash provided by investing activities	<u>2,399,959</u>
Increase in cash and cash equivalents	130,181
Cash and Cash Equivalents:	
Beginning	<u>338,848</u>
Ending	<u>\$ 469,029</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating loss	\$ (697,909)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	829,655
Other post-employment benefits	87,636
Landfill closure/postclosure liability	(9,370)
Changes in assets and liabilities:	
Increase in accounts receivable	(18,792)
Increase (decrease) in:	
Accounts payable	(815,058)
Accrued liabilities	(1,627)
Deposits held in escrow	(4,272)
Compensated absences	23,431
Net cash used in operating activities	<u>\$ (606,306)</u>

See Notes to Financial Statements



**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Significant Accounting Policies**

The accounting and reporting policies of the Rappahannock Regional Solid Waste Management Board (Board or R-Board) conform to accounting principles generally accepted in the United States of America applicable to proprietary operations of governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the Board's accounting policies are described below.

**Reporting entity:** The Board is a joint venture of the County of Stafford (County) and the City of Fredericksburg (City), Virginia. The Board was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining a regional landfill for the use and benefit of the citizens of the County and City. The Board began operations on July 1, 1988.

The Board is administered by a six-member Board of Directors currently comprised of three members from the County and three members from the City made up as follows:

- The County Administrator of Stafford County
- Two members of the Stafford County Board of Supervisors appointed by the Board of Supervisors
- The City Manager of Fredericksburg
- Two members of the City Council of Fredericksburg appointed by the City Council

The Board adopts an annual operating budget and sets user fees for the landfill. The Board has the authority to enter into written agreements with any contracting party for the operation and maintenance of the landfill. The Board has an ongoing operating agreement with the County which can be terminated at any time by either party. If there are operating deficits, they are funded by the County and the City, based on the solid waste that is generated from each of the two jurisdictions and received by the landfill. The County's and the City's equity interest as of June 30, 2013 was \$ 4,458,166 and \$3,376,318, respectively.

The title to all real property acquired, held, or leased is allocated equally between the County and City, except for 30 acres owned by Stafford County.

Due to neither the County nor the City appointing a majority of Board members, neither governing body having the ability to impose its will on the Board, and the Board being fiscally independent, the financial statements of the Board are not included in the financial statements of the County or City, in accordance with GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The Board has no oversight responsibilities for either the County or City organization or other outside organizations or activities. Therefore, no additional organizations are included herein.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Significant Accounting Policies (Continued)**

**Basis of accounting:** Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Board maintains its records on the accrual basis, in accordance with the principles of fund accounting for an enterprise activity. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the Board are from tipping charges. Operating expenses include the cost of goods and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting these classifications are reported as nonoperating revenues and expenses.

**Statement of cash flows:** The cash presented in the statement of cash flows consists of all demand deposits and short-term investments. For purposes of this statement, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

**Investments:** Investments are stated at fair value based on quoted market prices.

**Accounts receivable:** Accounts receivable consist of amounts due from customers for tipping fees. The Board uses the allowance method to determine the uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts.

**Capital assets:** Capital assets purchased by the Board are stated at cost. Donated property is recorded at fair value at the date of donation. Depreciation has been provided over the following estimated useful lives using the straight-line method:

Land improvements and cell construction	5 – 20 years
Building and improvements	10 – 40 years
Furniture, fixtures and equipment	3 – 10 years
Vehicles	5 years
Technology infrastructure	5 years

**Compensated absences:** Employees of the Board accumulate vacation and sick leave hours depending upon their length of service based on the policy set by the County. The County has established accumulated leave balance thresholds for vacation and compensatory leave. There is no threshold on accumulated sick leave. Vacation leave, compensatory time, and a portion of sick leave up to the established thresholds are payable upon termination of employment.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Significant Accounting Policies (Continued)**

*Use of estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Deposits and Investments**

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investment Policy:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP) and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP).

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Deposits and Investments (Continued)**

The following table shows the Board's total deposits and investments at June 30, 2013:

	<u>Fair Value</u>
U.S. Securities and Agencies	\$ 1,901,243
Municipal Notes	99,880
Corporate Notes	3,585,152
Money Market	<u>354,751</u>
Total Investments	5,941,026
Cash held by the Treasurer of Stafford County	468,779
Petty Cash	<u>250</u>
Total Deposits and Investments	<u>\$ 6,410,055</u>

**Credit Risk of Debt Securities:** Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the Board's debt investments as of June 30, 2013, and the ratings are presented below using the Standard & Poor's rating scale.

Investment Type	Value					
	Short Term		Long Term			
Primary	AAAm	A-1	AAA	AA	A	BBB
U.S. Securities and Agencies	\$ -	\$ -	\$ -	\$ 1,901,243	\$ -	\$ -
Municipal Bonds	-	-	-	99,880	-	-
Corporate Notes and Bonds	-	500,045	-	2,834,247	250,860	-
Money Market	130,062	224,689	-	-	-	-

As of June 30, 2013, all investments were in compliance with the State Statutes administering investments of Public Funds. Ratings are purchased by the issuer from Moody's and/or Standard & Poor's. Ratings must comply with the investment policy prior to any purchase.

**Concentration of Credit Risk:** Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GASB 40, if certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and the issuer. The Board's investment policy has adopted more rigorous strategies in their investment policy to reduce this type of risk. For example, State statutes allow 100% of the investment portfolio to be invested in Federal agencies while the Board sets a limit of 35%.



**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Deposits and Investments (Continued)**

At June 30, 2013, the Board had the following investments exceeding 5% of the total investments:

Investment Type	Value	
	Dollars	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	\$ 975,818	16.43%
Fannie Mae	499,810	8.41%
U.S. Treasury Note	410,640	6.91%
Debt Security: General Electric Bond	410,484	6.91%

**Interest Rate Risk:** Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Due to market conditions, the Board's investment policy generally sets a 5-year maximum maturity from the date of purchase. Additionally, the Board requires 25% of the liquid funds be invested in over-night funds while the remaining 75% be invested in no longer than 180 days. Furthermore, the core funds are to have a final maturity of no longer than 5 years and a duration requirement not exceeding 3 years to manage portfolio volatility. The Board establishes these guidelines to minimize investment risk in the portfolio.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
<b>Primary</b>					
U.S. Securities and Agencies	\$ 1,901,243	\$ 14,975	\$ 1,886,268	\$ -	\$ -
Municipal Bonds	99,880	-	99,880	-	-
Corporate Notes and Bonds	3,585,152	1,313,497	2,271,655	-	-
Money Market	354,751	354,751	-	-	-

**Note 3. Risks and Uncertainties**

The Board invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of net position.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 4. Defined Benefit Pension Plan**

The employees of the Board are employed by the County and participate in the same benefits as all other County employees, which includes participation in the Virginia Retirement System (VRS). The R-Board contributed \$128,772 of the County's \$5.3 million annual pension costs. Complete information for the County's participation in VRS can be found in the footnotes and required supplementary information of the County's Comprehensive Annual Financial Report.

**Note 5. Other Post-Employment Benefits**

**A. Plan Description**

Name of Plan: Stafford County Retired Employees Health Insurance Plan (SCREHIP)  
Identification of Plan: Single-Employer Defined Benefit Plan  
Administering Entity: Stafford County

The Board's employees are considered employees of Stafford County. As such, they follow the County's personnel policies. The County provides post-employment healthcare insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, employee/retiree contributions and employer contributions are determined by the County through its personnel compensation plan. They may be amended by action of the governing body – the Board of Supervisors. The plan does not issue a separate financial report. Required supplementary information and trend information are included below.

**B. Benefits Provided**

All retiree healthcare benefits are provided through the County's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services, mental and nervous care, vision care, dental care and prescriptions. To be eligible for benefits, an employee must qualify for retirement under the VRS.

**C. Membership**

At June 30, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	4
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>28</u>
Total	<u>32</u>

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Other Post-Employment Benefits (Continued)**

**D. Funding Policy**

The Board's employee and retiree healthcare contribution rates are set as policy by the County Board of Supervisors. Beginning July 1, 2009, a choice of health care options was offered for active and retired employees. The options differ based on level of coverage. All plan participants, active and retirees, are required to pay a portion of the monthly premium. The monthly premium is based on dependent coverage.

VRS eligible retirees receive a monthly health insurance credit (HIC) of \$1.50 for each year of service up to a maximum of \$45.00 per month. The HIC is applied to and reduces the retiree contribution. For retirees with fifteen (15) years or more of service to the County, the HIC covers the retiree's share of the premium. The Board contributes the remainder of the retiree-only premium. Retirees with less than 15 years of service pay the full premium less any VRS HIC. The retiree is responsible for dependent coverage at stated plan rates.

Medicare eligible retirees with 15 years of service must be enrolled in Medicare Parts A and B to be eligible to participate in the County's health insurance plan. Payment for Medicare Parts A and B is the responsibility of the retiree.

**E. Annual OPEB Costs and Net OPEB Obligation**

The R-Board's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Board's annual OPEB cost for the year, the amount contributed to the plan and changes in the Board's net OPEB obligation to SCREHIP:

Annual required contribution (ARC)	\$ 155,000
Interest on net OPEB asset	(2,000)
Adjustment to ARC	<u>2,000</u>
Annual OPEB cost (pay-as-you-go)	155,000
Contributions	<u>(67,364)</u>
Increase in Net OPEB obligation	87,636
Net OPEB asset, beginning of year	<u>(40,791)</u>
Net OPEB obligation, end of year	<u>\$ 46,845</u>

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Other Post-Employment Benefits (Continued)**

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation through FY 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)	Actuarial Accrued Liability	Funded Ratio
June 30, 2009	\$ 84,000	216.6 %	\$ (242,568)	\$ 422,000	57.5%
June 30, 2010	48,000	77.3%	(231,678)	422,000	54.9%
June 30, 2011	94,000	26.9%	(163,015)	1,387,000	11.7%
June 30, 2012	143,000	14.5%	(40,971)	1,387,000	2.9%
June 30, 2013	155,000	43.5%	46,845	1,541,000	33.4%

**F. Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the plan was 33.4% funded. The actuarial value of the plan assets was determined using current market value as these assets were invested in an irrevocable trust offered to local governments. The actuarial accrued liability for benefits was \$1,541,000, and the actuarial value of plan assets was \$514,000 (funded by a \$422,000 contribution plus accumulated interest earned on invested contributions), resulting in an unfunded actuarial accrued liability (UAAL) of \$1,027,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,174,538, and the ratio of the UAAL to covered payroll was 87.4 %.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented above and in more detail following these notes, shows multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits over time.

**G. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Other Post-Employment Benefits (Continued)**

volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the unfunded level of the plan at the valuation date, and an annual pre-Medicare trend rate of 8.0 percent and an annual post-Medicare trend rate of 6.50 percent. The trend decreases gradually. The ultimate post-Medicare rate is 3.42 percent which is achieved in 2084. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 25 years. Amortization periods used are closed.

**Note 6. Capital Assets**

A summary of capital assets as of and for the year ended June 30, 2013 is as follows:

	Beginning Balance June 30, 2012	Additions	(Deletions) Reclassifications	Ending Balance June 30, 2013
<b>Capital assets, not being depreciated:</b>				
Land	\$ 1,401,640	\$ -	\$ -	\$ 1,401,640
Construction in progress	-	1,473,267	-	1,473,267
<b>Total capital assets, not being depreciated</b>	<b>1,401,640</b>	<b>1,473,267</b>	<b>-</b>	<b>2,874,907</b>
<b>Capital assets, being depreciated</b>				
Land improvements and cell construction	11,063,322	-	-	11,063,322
Buildings and improvements	1,205,713	-	-	1,205,713
Furniture, fixtures and equipment	5,185,096	197,385	-	5,382,481
Technology infrastructure	536,085	-	-	536,085
Vehicles	870,629	-	-	870,629
<b>Total capital assets being depreciated</b>	<b>18,860,845</b>	<b>197,385</b>	<b>-</b>	<b>19,058,230</b>
<b>Less accumulated depreciation for:</b>				
Land improvements and cell construction	(7,692,828)	(439,242)	-	(8,132,070)
Buildings and improvements	(682,731)	(25,435)	-	(708,166)
Furniture, fixtures and equipment	(3,754,943)	(288,806)	-	(4,043,749)
Technology infrastructure	(436,479)	(33,082)	-	(469,561)
Vehicles	(715,088)	(43,090)	-	(758,178)
<b>Total accumulated depreciation</b>	<b>(13,282,069)</b>	<b>\$ (829,655)</b>	<b>\$ -</b>	<b>(14,111,724)</b>
<b>Total capital assets being Depreciated, net</b>	<b>5,578,776</b>			<b>4,946,506</b>
<b>Total capital assets, net</b>	<b>\$ 6,980,416</b>			<b>\$ 7,821,413</b>

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 7. Long-term Debt Obligations**

The following is a summary of long-term debt obligation transactions of the Board for the year ended June 30, 2013:

	Compensated Absences	Landfill Obligation	Totals
Beginning balance, June 30, 2012	\$ 180,327	\$ 6,268,962	\$ 6,449,289
Increases	179,299	55,286	234,585
Decreases	(155,868)	(64,656)	(220,524)
Ending balance, June 30, 2013	\$ 203,758	\$ 6,259,592	\$ 6,463,350
Due within one year	\$ 88,329	\$ 3,307,337	\$ 3,395,666

**Note 8. Related Party Transactions**

The Board has an ongoing operating agreement with the County to provide management, administrative and personnel services to the Board. Fees for these services were \$246,423 for the year ended June 30, 2013.

**Note 9. Major Customers**

The Board has three customers whose total charges were approximately \$2,063,000, or 53.8% of operating revenues, for the year ended June 30, 2013. Accounts receivable from the major customers for landfill usage at June 30, 2013 was \$238,704.

**Note 10. Operating Leases**

Total operating lease expense for fiscal year 2013 was \$51,700. The Board leases office space under an operating lease agreement for which rent expense totaled \$33,314. Monthly rents for the period May 2012 through April 2013 were \$2,278 plus additional fees. The lease agreement provides for a 4% rental escalation per year (\$2,381 for May and June 2013). The lease expires April 30, 2014. Other operating leases totaling \$18,386 were for office copiers.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Summary Disclosure of Significant Commitments**

During FY 2011, the R-Board submitted a Part A application to the Department of Environmental Quality (DEQ) to expand the landfill by approximately 80 acres and extend its life 40-50 years. The application was approved by DEQ. A subsequent permit for construction of Cell F (Part B application) was approved. Bids for construction were solicited in January 2012 and a \$3.4 million contract was awarded. The completion date for the first of three cells (Cell F1) was July 2013.

**Note 12. Landfill Closure and Post-Closure Cost**

State and federal laws and regulations require the Board to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$6.3 million reported by the Board as landfill closure and post-closure liability at June 30, 2013 represents the cumulative amount reported to date based on the use of 100% of the total estimated capacity of the landfill. The R-Board will recognize any remaining estimated costs of closure and post closure as new phases are developed. These amounts are based on the estimated cost to perform all closure and post-closure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The landfill site currently has five cells. Cells A and B have reached 100% capacity and are closed. Cells C and D are at 100% capacity, and Cell E is at 95% capacity. Estimated life of Cell F1 is 3 years.

**Note 13. Pending GASB Statements**

At June 2013, the GASB had issued statements not yet implemented by the Board. The statements which might impact the Board are as follows:

In March 2012, GASB issued Statement No. 66, *Technical Corrections 2012 – an amendment of GASB Statements No. 10 and 62*. This statement provides clarifying guidance on fund classifications and the accounting for operating leases with scheduled rent increases. The statement is effective for reporting periods beginning after December 15, 2012. The R-Board will implement Statement No. 66 in FY 2014.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Pending GASB Statements (Continued)**

In June 2012, GASB issued Statements No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 67 addresses financial reporting for state and local government pension plans. Statement No. 68 establishes standards for measuring and recognizing the liabilities and expenses related to the employer's pension plan. Statement No. 67 is effective for fiscal years beginning after June 15, 2013, and Statement No. 68 will take effect for employers in fiscal years beginning after June 15, 2014. The R-Board will implement Statement No. 68 in FY 2015.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. Statement No. 69 establishes accounting and financial reporting standards related to government combinations (acquisitions, mergers, transfers) and disposals of government operations. The statement is effective for reporting periods beginning after December 15, 2013. The R-Board will implement Statement No. 69 in FY 2015.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement No. 70 requires revenue and liability recognition for nonexchange financial guarantees and specifies related disclosures. The statement is effective for reporting periods beginning after June 15, 2013. The R-Board will implement Statement No. 70 in FY 2014.



**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

**SCHEDULE OF FUNDING PROGRESS**

**Other Post-Employment Benefit Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-Age Normal	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2007	\$ -	\$ 912,000	\$ 912,000	0.00%	\$ 1,140,525	79.96%
July 1, 2009	422,000	422,000	-	100.00%	1,258,620	0.00%
July 1, 2010	482,000	1,387,000	905,000	34.75%	1,207,100	74.97%
July 1, 2011	482,000	1,387,000	905,000	34.75%	1,229,475	73.61%
July 1, 2012	514,000	1,541,000	1,027,000	33.35%	1,174,538	87.44%

The R-Board implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. Information for prior years is not available.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	25 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	8.00% - 8.50%
Year of ultimate trend rate	2084
Includes inflation at	2.50%





**Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based  
On An Audit Of Financial Statements Performed  
In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

To the Board of Directors  
Rappahannock Regional Solid Waste Management Board  
Stafford, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Rappahannock Regional Solid Waste Management Board (the R-Board) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the R-Board's basic financial statements and have issued our report thereon dated December 19, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the R-Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the R-Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the R-Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the R-Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the R-Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McGladrey LLP*

New Bern, North Carolina  
December 19, 2013



