

**NORTH CENTRAL SOLID WASTE AUTHORITY
BOARD OF DIRECTOR'S REGULAR MEETING
Wednesday, May 16, 2018 at 9:00 A.M.
2016 North Riverside Drive
Española, New Mexico 87532**

I. Roll Call

Board Members:

Rio Arriba County	Tomas Campos/Chairman, <i>Present</i>
Ohkay Owingeh	Ben Lujan/Vice Chairman, <i>Absent</i>
Santa Clara Pueblo	Bernardino Chavarria/Secretary, <i>Present</i>
Rio Arriba County	Alex Naranjo, <i>Present</i>
City of Española	John Ricci, <i>Present</i>
Ohkay Owingeh	Virgil Cata/Alternate, <i>Present</i>

Staff Members:

Manager	Peter Fuller
CFO	Audrey Gonzales
Human Resources	Janet Saucedo
Operation Supervisor	Jerome Broyles
Office Manager	Therisa Aguilar
Clerk I	Karina Cuevas

Others:

NCSWA Accountant	Ed Fierro
Citizen of Española	Peter Valdez

II. Call to Order

Chairman Campos officially called the meeting to order at 9:15 a.m.

III. Approval of Agenda- Wednesday, May 16, 2018

*Motion made by Commissioner Naranjo to approve the Agenda for May 16, 2018.
Motion seconded by Councilor Ricci.
Motion approved and carried 5-0*

IV. Approval of Minutes-

- Regular Meeting, Friday, April 27, 2018

Motion made by Commissioner Naranjo to approve the Meeting Minutes for April 27, 2018.

Motion seconded by Councilor Ricci

Motion approved and carried 5-0

V. Audience Participation/Public Comment

~None~

Chairman Campos asked Manager Fuller if he had taken care of the last customer issues from the previous meeting, Mr. Fuller stated he had.

VI. Financial-Audrey Gonzales

A. Profit & Loss Report

B. Monthly Expenditure Report

CFO Audrey Gonzales stated that in packet materials are the profit and loss report. At the last board meeting the board had asked what the status was of cleaning up documents, CFO stated that Accountant Ed Fierro from Fierro & Fierro was here to address the board on this issue.

Accountant Ed Fierro stated that he and North Central entered into a contract with his firm Fierro and Fierro to help clean up the accounting records. He also stated that Fierro and Fierro were the auditors for the last fiscal year ending 6/30/15 and at that time Fierro and Fierro had expressed a disclaimer in which the financial statement and county records were really in bad shape. At that time Audrey Gonzales was acting as Interim Manager and she decided with the board's approval that we needed to get the records cleaned up. Ed stated that in early March, Fierro and Fierro signed a contract with North Central Solid Waste Authority, and so he and his other staff began to start working on cleaning up the financials. Mr. Fierro stated overall the accounting is going well; he stated that he had to recreate the bank statements and reconciliations as of 6/30/15. Mr. Fierro stated that the financial statements presented before you that he would not place any credence on them because of unadjusted balances.

Mr. Fierro stated that NCSWA currently has three banks where money is located, Century Bank, NM Bank & Trust and Xpress Bill Pay. MR. Fierro stated that Century Bank is where most of NCSWA money is located and Xpress Bill Pay holds all online payments.

Mr. Fierro stated that the prior NCSWA Manager stored in Xpress Bill Pay Account had nearly grown up to five hundred thousand dollars, and he was very concerned with the money being stored there because it's just a company that does not provide no security or collateral, so when he came on board he transferred nearly five hundred thousand dollars from Xpress into Century Bank.

Mr., Fierro stated that he has instructed NCSWA staff to keep a minimum balance of twenty-five thousand in Xpress Bill Pay which is what the company requires to keep the account open.

Santa Clara Pueblo Secretary Bernardino Chavarria enters at 9:21 a.m.

Mr. Fierro stated that the state auditor required that this NCSWA select an auditing firm before May 15, 2018. So, CFO Gonzales placed out a BID for quotes which was then sent to the state auditor and sent out to all the eligible firms. NCSWA received two firms that responded, so CFO Gonzales made an evaluation and a firm has been selected. Mr. Fierro stated that their goal is to have FY16 and FY17 done by early July so that the auditors come in and get caught up.

Mr. Fierro stated that the only issue we will have on June 30, 2018 is determining accounts payable, due to vendors sending payments late. He also mentioned that on December 15, 2018 the audit report is due. Chairman Campos asked Mr. Fierro who stated that in the most recent months NCSWA was disorganized, Mr. Fierro stated that there are members who are not financial people and don't understand the financial side of things, so he stated that you're a mail clerk and you're trying to fill a lot of slots with mail, so what has happened here is that all this activity has been dumped on table and now what our firm is trying to do is organize it and get it to the right spots. One of the processes on the bank reconciliations is that there needs to be supporting documents that substantiate what you are doing, so we have created this worksheet to help better understand how the processes work.

Mr. Fierro stated what is good is that now the CFO can develop the files the way she wants them, so that the staff understands. Mr. Fierro stated to answer your question he has not gone into the most current information. The older information he stated that he has discovered some things that need to be looked at real close. Mr. Fierro then stated that in a system the key is internal controls you have to establish internal controls. He stated that this is something that Audrey is looking into, so that all the employees understand that someone is looking over their shoulder, so that thought process will eliminate any inappropriate activity. Mr. Fierro stated that we should be current and be able to analyze our records.

Commissioner Naranjo asked Mr. Fierro stating that he stated a couple months back you stated that your company or firm would bring everything current by the end of July; Mr. Fierro stated that this was correct. Mr. Fierro stated that the goal is that by early July FY16 and FY 17 will be completely done and ready for the auditors to come in and be audited. In that same process we will be current in that same fiscal year, the only thing is that by the end of July we can't really turn over to auditors yet because there might be some invoices that have not come in. But as far as the regular operating everything will be current.

Chairman Campos asked if Mr. Fierro was going to help us create some internal financial policies. Mr. Fierro stated that it is not part of the contract but he is working with Audrey to help her understand and she is writing down procedures and policies that she will bring to the board.

Councilor Ricci stated that Mr. Fierro is basically building in checks and balances which were not there, and Mr. Fierro stated that since Mr. Lewandowski had been with the organization there has been poor accounting procedures in place with the organization trying to combine the city and county and pueblos, there were a lot of operational items, then they got behind on paying taxes, etc, then got caught up and the county had to put in a substantial amount of money. In May of 2017 the organization paid back the county about four hundred thousand (\$400,000), now I think it is down to six hundred fifty (\$650,000). Mr. Fierro stated that the cash balance right now if he has to guess would be about two thousand dollars (\$2,000) right now in the bank, I know that in the beginning of the fiscal year there was 1.7 million cash.

Commissioner Naranjo stated that the amount to the county was 1.2 million and then if NCSWA paid four hundred thousand the balance would be at least six hundred thousand. Mr. Fierro chimed in and stated that they have already made some payments, than Mr. Naranjo asked if we were current on the payments, and Mr. Fierro stated they are not current on the payments. CFO Gonzales chimed in and stated that they discussed it and we are going to start paying the bill monthly.

Mr. Fierro stated that at the end of April we will know what cash the organization has so we can start making some management decisions.

Accountant Ed Fierro left at 9:34 am

C. NM Procurement Code (Ernie Byers)

CFO Gonzales stated that with regards to the next item on the agenda the Procurement Code for Ernie Byers, she stated that they did find the procurement code from the state that anything over twenty-five thousand (\$25,000), we can't go over the 8 years with regards to an item at the last board meeting you wanted him to check on. Chairman Campos asked how long the current contact was and CFO Gonzales stated she believed it ended in 2020.

Commissioner Naranjo stated that according to the 2006 NM Statutes Section 13-1-150-Multi-term contracts on section B it states a contract for professional services may not exceed four years, Manager Fuller asked if what Mr. Byers provided to us is Professional Services because Mr. Fuller feels that it does not fall under this category. Chairman Campos stated that he thinks that it is its own line because when they went out to bid, Mr. Byers didn't have any competition because we are not just bidding for land fill services, but there is some type of hauling involved and no one else can provide that. Chairman Campos asked Manager Fuller how we want to develop this, Mr. Byers can write up his own contract and he understands that it is affordable.

Manager Fuller stated that we have 2 years with Mr. Byers which is good, he stated that we need to see if he will consider all our landfill options but according to his contract it states he provide additional services but it states that the cost is to be negotiated. Until we know what his costs are

does it make sense to continue this? Manager Fuller stated that Mr. Byers has done some work for us but at this point going seven (7) years is not something that he is comfortable with.

Commissioner Naranjo asked why Mr. Byers was asking for an extension two years in advance being that the contract expires in two years. CFO Gonzales stated that as far as she knew it was to lock in the price because the price would be going up in the next couple of years.

Councilor Ricci asked that since we pick up a portion of Santa Fe County within the City, how come we can't leverage that portion at the Santa Fe landfill? Operation Supervisor Jerome Broyles chimed in stating that their landfill operator stated that in order for NCSWA to fully utilize Santa Fe County landfill, it has to be approved first by the county commission of Santa Fe County, and then by the Santa Fe City Council and neither one of those parties is willing to take on another entity besides their own. Operations Supervisor Broyles stated that we do utilize them in an emergency situation, but we don't get good pricing.

Councilor Ricci stated that we are picking up a portion of their county we should be able to dump at their sight at their rate. Councilor Ricci stated that we need to go and present that to their city and be able to utilize their landfill because it would save us money on sending all our vehicles to Sandoval County. Chairman Campos stated that NCSWA has gone before the board and the county accepted us but the city rejected us, the second time we went before them the city accepted us and the county rejected us and it's been about six years since we have tried. Manager Fuller stated that he and Mr. Broyles will re-approach the two amenities. Manager Fuller stated that this is all informational no action needed on this discussion.

CFO Gonzales stated that Mr. Fierro stated that the contract for auditors has to be on the OSA connect website by Friday, so there will be three different contracts, all we are doing is waiting for the authorization from the state auditor's office.

Commissioner Naranjo stepped away at 9:42 am

VII. Manager's Report

Manager Fuller stated that with the meeting last month there is a question that keeps him focused is what is the safest, most practical and cost-effective way to serve the on-going solid waste collection and disposal needs of all our customers? He stated this is a question he is addressing with all of his staff to try to form into a mission statement.

Commissioner Naranjo returns at 9:44 am

Mr. Fuller stated that currently right now they are looking at a financial way of revising our PR/PO approval process. He said that Mr. Fierro and Mrs. Gonzales are working hard on this and we have informed our staff that this has not changed. Mr. Fuller also stated that the spending card analysis and oversight-card issuance to be based on legitimate business needs. Currently

right now no one should have a card that does not need a card. He informed his staff that whoever has a card he will need to see bank statements and reconciliations for all cards. Mr. Fuller stated that the staff has done some good work in the beginning stages of all fixed assets, with heavy emphasis on vehicles and equipment.

Mr. Fuller stated that he is working with Operations Supervisor Jerome where his first concern is safety. He said he has seen improvement and morale and staff are taking this very seriously, he thanked Jerome for that. He stated that he has a meeting later on today regarding route revisions that minimize cost and increase efficiencies and the cost per can, should have preliminaries by July 18th meeting.

Mr. Fuller stated that he has been researching what he can and cannot do to address customers concerns within the constraints of the county ordinance. Mr. Fuller thanked the board for their support in working together.

Commissioner Naranjo asked questions about the poly carts. He stated that there was an individual that was from Velarde that we claimed broke the poly cart, he stated that this is impossible. Operation Supervisor Jerome Broyles chimed in stating that none of his staff has ever informed the customers that they broke the carts. He stated that this varies from person to person situations like this where the cart is broken and we have to implement a poly cart fee or that the customer has paid for one, Commissioner Naranjo stated what if the customer does not want to pay, Broyles stated that is a challenge that we have come across, but we explain to the customer why we have this in place because when the county had the trash they never charged for poly carts, and the board implemented the \$50.00 poly cart fee.

Chairman Campos stated that he believes that the board never passed this, he stated that old manager Gino is the one who established the poly cart fee, that this is something that board has never approved or reviewed. Chairman Campos stated that at one time the county started with about five thousand poly-carts to county customers for free it was a first come first serve. Operation Supervisor Broyles chimed in stating that there is a resolution that was passed by the board. Commissioner stated that we need to work on some bylaws that would include that kind of mentality, because even though he has been crying about it that we should have bylaws that implement this and we don't have bylaws.

Virgil later leaves at 9:52 am

Chairman Campos asked that Manager Fuller to look into the policy of poly carts sizes where we all have same size in poly carts across the board and move forward. Councilor Ricci stated that there has to be some sort of uniformity on poly carts, he feels that there should be a deposit on the carts because they are expensive. He stated that as the board we need to implement a deposit.

Chairman Campos stated that previous managers have refused to put a serial number on the poly cart and tie it into the account, Mr. Campos stated that he thinks that this is not getting done. Manager Fuller chimed in and stated that let this go on records that this is nonsense to him and why not. Chairman Campos stated that at one time we had purchased a bar code system to keep inventory of carts. Broyles stated that since he has been here he has never seen that and the way that we track poly carts is thru a work order system, customer calls in generates a delivery and poly cart number, then office staff add this poly cart to the account.

Commissioner Naranjo stated one of the items that we need to take care of is the liens in the county. I understand that some people are not being truthful, and also that in the past that we can only have two passes to the dump, he stated that he didn't think that was fair.

VIII. Directors Business

Councilor Ricci stated that with regards to the last meeting what about green waste creating a compost pile at the transfer station instead of taking it to Ohkay Owingeh and burning it, he stated he felt it was a waste to just burn it but was not sure if we had a facility for this but this is something that he thinks we need to look into. Chairman Campos stated that the only solution for this would be to negotiate with Ohkay Owingeh because it takes man power to operate something like this. Secretary Dino Chavarria stated that this is very labor intensive and we would need the area for it, if we were to do this the best option would be to contract out.

Chairman Campos stated that this was his understanding that at one time they used to make a lot of money with the 40-yrd roll-offs, and right now we are not doing that anymore. He stated that he and City Manager Kelly Duran have been speaking on how they are going to enforce the 40-yards, but that he also heard that NCSWA does not have enough of these 40-yrd roll-offs, he asked if the roll-offs are getting destroyed and not getting repaired. He stated that before NCSWA had enough and now they don't.

Chairman Campos wanted to know what has happened, he stated that he has done some investigation on his own asking certain contractors why they don't have a 40-year roll-off with North Central and they often say well they couldn't provide me with one for a month, or they don't have enough. These are the excuses that contractors are using as to why they are not using NCSWA roll-offs. Chairman is asking that we research as to why contractors are not using NCSWA roll-offs.

Commissioner Naranjo stated that Chairman Campos and City Manager Duran should speak to the Manager to see how you can assist him with your expertise, because City Manager should know what is being built here in Española, Commissioner Naranjo stated that currently there by McDonalds there are business that are being built and are they using North Central roll-offs or Santa Fe. Operation Supervisor Broyles stated that the contractor that they are using has not approached North Central at all. Commissioner Naranjo stated that with all due respect to the

City of Española that at one time when North Central was formed that the city should have no business dealing out of North Central. Chairman Campos stated that with regards to the NM State Police contractor he stated that he contacted North Central and that he was informed that for a month North Central was not able to provide them with a roll-off. Contractors are all about making their money. Chairman Campos stated that he can not pick on the city with them having roll-offs from Capital but that he can't pick on the city when this is North Central's fault. Chairman Campos stated that he can't blame the city if there not enforcing their franchise agreement unless we service them.

Commissioner Naranjo stated that it would only be common sense that if the City is going to issuing contracts for them to build in the City that it should be mandatory that they deal with North Central, but North Central needs to have all the equipment available. Chairman Campos stated that with North Central new budget we need to look into getting more roll-offs. Manager Fuller stated that if he was a contractor and he contacted North Central and they didn't have a roll-off that this is something that we need to clean up right now. If we have a MOU with the City that gives us exclusive rights we need to honor that. We also need to be competitive. Something that we can do right now is that if someone needs a bin we need to get them a bin, Manager Fuller said. Manger Fuller also stated that if he was a contractor and North Central doesn't have any bins why he is going to want to ever go back with North Central.

IX. Motion to Adjourn Meeting

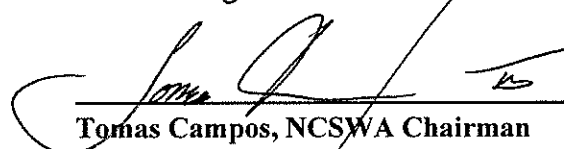
Chairman Campos asked for a motion to adjourn at 10:43 am

Motion made by to Councilor Ricci to adjourn.

Motion seconded by Secretary Chavarria.

Motion approved and carried 5-0

APPROVED AND ADOPTED THIS 20 DAY OF June, 2018



Tomas Campos, NCSWA Chairman
Ben Lujan, NCSWA Vice-Chairman

ATTEST:



Dino Chavarria, NCSWA Secretary