

MINUTES

**Monroe County Solid Waste Management District
Board of Directors
City of Bloomington Council Chambers
Bloomington, Indiana
Thursday, July 14, 2011 4:00 p.m.**

Members present: Mark Kruzan, Geoff McKim, Patrick Stoffers, Mark Stoops, Dan Swafford, Steve Volan.

Members absent: Iris Kiesling.

Staff present: Larry D. Barker, Executive Director, Jane Doughman, Controller, Tom McGlasson, Director of Environmental Compliance & Safety and Landfill Director, Brenda Stogsdill, Office Manager.

Legal counsel present: Bob Mann.

CAC present: Steve Akers, Karol Stewart, Lily Kleinlein.

Chairman McKim called the meeting to order at 4:10 p.m.

Approval of Minutes – June 9, 2011. Volan motioned to approve; Stoffers seconded. Motion passed. The verbal vote was unanimous (McKim, Stoffers, Swafford, Volan).

Kruzan arrived 4:14 p.m.

Controller's Report – Payroll, Claims & Cash Flow. Doughman reported pre-approved claims in the amount of \$101,308.13 and current accounts payable of \$179,037.98 for a total of \$280,346.11 for the month of June. Volan motioned to approve; Stoffers seconded. Motion passed. The verbal vote was unanimous (Kruzan, McKim, Stoffers, Swafford, Volan).

Doughman said the projected cash flow July through December is running with a \$725,000 balance provided we receive our last settlement. McKim asked if we had been told we would not receive the settlement on time. Barker said no.

McKim stated the next two agenda items are mutually exclusive. The first is an updated MRF Business Plan presented by the Executive Director and the second is the proposed recycling services contract with Republic Services. McKim stated if the MRF business plan is approved we would not want to approve the recycling contract. This is a three (3) year contract if approved.

MRF Business Plan – Update. Barker presented the updated MRF Business Plan that was asked for at the May board meeting. This is version #4 which is a district version, meaning we will be processing the district recycling only. This reduces the amount of equipment needed. Barker stated the previous plan was a \$3.2 M bond which was too high. This plan would be selling the administration building on S. Walnut Street but not the Recycling Center/Hazardous Waste Facility. Barker said we would purchase a new facility using the proceeds from the sale of the administration building plus estimated \$300,000 additional money, and an additional \$100,000 for equipment and to refurbish the building.

Volan asked to clarify that the new building would cost approx \$850,000 and the current administration building is worth approximately \$550,000 with a net \$300,000 needed to purchase new facility. Volan asked what would be the total amount borrowed. Barker said approx \$450-475,000. Volan asked if there is already a financier lined up and Barker said no. Stoffers asked if this amount included interest. Barker said no, the total including interest would be approximately \$725,000 over twenty years.

Barker presented an overhead view of MRF comparisons. McKim pointed out that the 2010 Actual expense for processing recyclables was \$485,000 under the current Republic Services contract. The previous 2011 projected amount under the current contract was \$468,000. Now the new 2011 projected amount under the proposed Republic contract is \$291,000. Under the MRF Plan the projected amounts to process recyclables is \$215,000. McKim stated the last two amounts are most relevant being either \$291,000 or \$215,000 to process recycling.

Volan stated \$215,000 is only the minimum and does not include materials from the City or the University. The new MRF Plan was designed to be able to accommodate the City and I.U. Volan asked if the first version only had enough room for the District only. Barker said according to industry standards the previous bldg was not large enough to take care of our

community. Volan asked if he meant the entire County, City & IU, and Barker said yes. Volan asked if just with the district only we could save \$75,000 a year, if others came on board we could save more. Barker stated that each plan that has been presented has had a different scenario. This current plan is for the District only, there would be additional costs associated if others were to come on board.

Volan asked if there is anything else the new facility would do. Barker said the District had outgrown the South Walnut facility and the new proposed facility has over six acres with room to expand. Barker stated one of the greatest assets of the new facility would be the ability to recover materials such as construction materials for reuse, asphalt shingles could be shredded and used on roads and also carpet could be recycled.

Volan asked how the new MRF could operate without additional staff. Barker said this is for processing District only materials. Hoosier only has two people running their MRF and they take care of the entire County. Volan asked if additional times would be needed for baling and Barker said only about seven hours per week. Stoffers asked if we are recovering anything or just baling since our materials are already sorted. Barker said 90% of our material is sorted by customers but our Green Business Network (GBN) material is not. Volan asked if we accepted the City material would additional sorting and equipment be needed which would not mean a necessary win in the deficit category, Barker said yes.

Stoffers asked if this is contingent on selling the South Walnut facility and sub-dividing the property. Barker said yes. Volan asked how long that would take and if it would be an issue to sub-divide. Barker said it is unknown at this time. Volan doesn't see the City having a problem with sub-division. Swafford thinks that would be problem to sell with the recycling center next door. Barker stated that without the sale of 3400 there would be no MRF because we can't pay on two separate properties.

Volan asked if voting on the MRF Plan today was contingent on selling one property and buying another how long would that take. Barker said this is not for approval this is only an update per board request. Volan stated the plan does not need approval but the plan is contingent on approving the Hoosier contract. Barker said yes.

McKim asked if there are other properties that would be available for construction material recycling rather than the MRF property. Barker said it is hard to establish a recovery business because most codes are written as a salvage yard and salvage yard codes have to have General Industrial Code 1. Most available parcels do not have that code and would have to be rezoned.

Resolution 2011-03 – Recycling Services Contract. Stoffers motioned to approve; Swafford seconded.

McKim stated we are currently operating under a 2004 contract for processing recyclables. We have been going month-to-month to extend the contract and now have a new contract for consideration.

Barker presented a new contract from Republic Services for processing recyclables as well as a comparison of the old 2004 and new 2011 Republic Services contracts. The new contract shows a \$103,881 savings per year over the old 2004 contract by decreasing processing fees, increasing rebates and decreasing hauling fees. (breakdown of comparison is included as a part of the July board packet on file.)

Volan stated that according to the appendix in the MFR Plan, the 2011 projected deficit under the old contract was \$468,000 for the recycling operation but under the 2nd column putting in new Hoosier contract we would see an improvement of \$175,000. Volan asked how we are saving more according to this projection than the contract comparison shows. Barker said some items Hoosier is not involved in such as metals and GBN membership which do not have anything to do with this contract. Volan stated that according to Column B1 & B2 in the MRF Plan, without the Hoosier contract the District has a deficit of 468,000 but with the Hoosier contract there is a deficit of 175,000 smaller, but according to the MFR comparison this contract improves our bottom line by only \$103,000 and this discrepancy is not explained. Barker said the \$103,000 savings is just from the new Hoosier contract and does not include other revenue items listed or associated with the MRF. McKim stated he was unclear on these figures also. Volan said he does not feel comfortable voting on the contract with these figure discrepancies.

Stoffers said the question is whether the contract is wrong or the MRF Plan is wrong but the MRF is not on the table. Volan feels this discrepancy effects the contract decision.

Stoops arrived 4:50 p.m.

Due to confusion and figure discrepancies Volan stated we should not approve the contract this month and motioned table.

Motion failed.

Stoops said he is not satisfied with the numbers for the MRF and this contract will give us a couple of years to put together a solid proposal.

McKim agreed, saying this seems like a very small amount of savings when we are also talking about no increase in labor costs, sub-dividing property, buying a factory, making improvements at factory , buying equipment, and how to staff facility, moving some of the staff to new facility and still leave the recycling center open, and no flexibility with few employees, while totally restructuring the District to save \$75,000 – 150,000 a year. McKim also stated that this assumes revenue from the sale of recyclables continue and the cost of labor doesn't increase.

Kruzan agreed with McKim and Stoops and added that anything new is speculative. Kruzan stated he doesn't think we would have gotten as good of deal with Republic if it had not been for the MRF Plan. Kruzan apologized for not getting a City response.

Swafford also agreed that now is not the time for a MRF but appreciated the work that has been done toward this project and feels this project should proceed and possibly in the next 2-3 years this will work.

Barker said next month we will see a new Capital Projects Fund budget line item and hopefully over the next 3 years we will be able to save enough money to purchase a facility and move forward with the MRF.

Volan said he has studied these numbers more than anyone and he buys them and feels the plan works. The only difference between this plan and the first plan is the building. We are never going to get a better deal from Hoosier than this but the MRF Plan is a beginning. In 1996 and 2001 the

District started MRF's that were profitable, the only reason the second one closed was due to the landfill fire . Volan said the Districts mission is not to just breakeven but to have net zero waste. We have been paying \$40,000 a month for the cost of recycling , under the MFR Plan we can do more to fulfill our mission. Volan said the MRF drew Hoosier to come off their ridiculous prices. Commodity prices for 2010 were the highest they have ever been and through the past years we have never had zero commodity prices but we have left money on the table by having Hoosier sell our communities and not having a MRF.

Stoops said the term of this contract gives us time to nail down figures for a MRF. Stoops would have to be 100% certain this would move forward but he is not and doesn't think the County Council would be either especially with having to take out a bond. McKim said this would not be a bond but would be a conventional mortgage paid from revenue. Stoops feels that would be even more liability. Stoops feels we just need more time for this project.

McKim said he supports this contract and asked Barker if he does. Barker stated this is a drastic improvement over what we had.

McKim asked for public comment.

Akers, CAC member, stated he wished that Barker and the Board had had work sessions to clear the confusion. It now seems we are trapped by Hoosier Disposal fees.

Stewart, CAC member and small business owner, feels if we are having Hoosier sell our commodities why couldn't we do the same and possibly make money and create green jobs here locally? McKim said we have in a sense that glass is not part of this contract because we found a buyer. McKim said if we move forward with construction material we are increasing reuse not just recycling.

McKim wanted to clarify that the cost is only for the principal of the mortgage if we purchase the property and does not include interest or other associated financing. Barker said the \$475,000 is the amount of the loan, the total would be \$725,000 over 20 years including interest.

McKim called the question. A roll-call vote was taken. Motion passed.

(five (5) yes, Kruzan, McKim, Stoffers, Stoops, Swafford – one (1) no, Volan)

Resolution 2011-04 – Inter-Local Agreement – w/Monroe County.

Stoffers motioned to approve; Swafford seconded. Barker presented inter-local agreement between the District and Monroe County for human resource services. Barker stated this contract is meant to partner with the county assets in the amount of \$15,000 to maintain our human resource requirements. McKim stated that Rhonda Foster from the county human resource department is here to answer any questions. McKim asked what the previous salary plus benefits were. Barker said around \$78,000.

A roll-call vote was taken. Motion passed.

(six (6) yes, Kruzan, McKim, Stoffers, Stoops, Swafford, Volan)

4:58 p.m. – no quorum

Reports from Staff. McGlasson highlight from his written report that the State did approve the permit modification to our NPDES permit which will save approximately \$7,000 annually by reducing our sampling frequency from weekly to bi-weekly. McGlasson also stated no leachate has been hauled for about seven weeks and we are down to running one cycle a day at the treatment plant.

Barker noted from his written report that the EQCS has slated membership and the SWD directors are working to answer questions for the proposed SR33.

McKim thanked Barker and his staff for all the work put in to the MRF study and said no doubt this is directly responsible for us getting a much better deal from Republic Services and looks forward to seeing those ideas evolve in the future.

Citizen’s Advisory Committee Report. Akers stated the CAC July 7th meeting was cancelled so he did not have a report.

The meeting adjourned at 5:10 p.m.

Unless otherwise stated, all documents referenced in these minutes are considered a part of these minutes and are on file in an official record book in the District office. These minutes were offered for review to all Board members and Staff members who attended and participated in the meeting.

Signed – Board Member
Minutes of June 9, 2011