

MINUTES

Monroe County Solid Waste Management District
Board of Directors
Nat U. Hill III Meeting Room, Monroe County Courthouse
Bloomington, Indiana
Thursday, September 9, 2010 4:00 p.m.

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

Members absent: All present.

Staff present: Larry Barker, Executive Director, Tom McGlasson, Environmental Compliance & Safety Director and Landfill Director, Shirley McMurry, Controller, Scott Morgan, Operations Director, Elisa Pokral, Media and Education Director, Brenda Strauss, Director of Employee Services and Administration.

Legal counsel present: Bob Mann.

CAC present: Steve Akers.

Chairperson Stoffers called the meeting to order at 4:09 p.m.

Approval of Minutes – August 12, 2010. Kiesling motioned to approve; Volan seconded. The verbal vote was six ayes (McKim, Kruzan, Stoffers, Stoops, Swafford, Volan) and one abstention (Kiesling).

Controller's Report – Payroll, Claims & Cash Flow. Volan motioned to approve; Kiesling seconded. McMurry said the total was \$131,191.22. The verbal vote was unanimous (Kiesling, McKim, Kruzan, Stoffers, Stoops, Swafford, Volan).

McMurry reported cash flow through August and said the preliminary September through December to be \$1.3 million.

PUBLIC HEARING – 2011 Budget. McMurry said County Council delayed action for binding review of the District's budget to October 12, so it is not officially approved. There were two adjustments made: wage increase was

reduced from 3% to 2% and the utility line was increased to handle the anticipated increase from the City. The budget is now \$10,000 less than last year's budget.

McKim (president of County Council) said the delay was due to a time issue and certainly not a reflection of the merit of the budget.

There was no public comment. Stoffers closed the hearing.

Approval to Bond for Materials Recovery Facility (MRF). McKim motioned to approve Resolution 2010-06; Volan seconded. Barker said this resolution will authorize the District to move forward with the adoption of a non-referendum bond to operate a MRF. He discussed the letter and three bond options and summaries from Greg Guerrettaz of Financial Solutions Group. The District strongly supports the Bond Anticipation Note (BAN). It is important to note that even though you pass it today it is not final until it goes to County Council for their approval.

Volan asked how the resolution would change the 2011 budget. McMurry said there would be no change; the bond is for capital expense not operating. It will not affect total expenditures because we will use the already budgeted dollars for hauling and disposal fees. It is a wash. The bond will have its own dept number and there would be no net change in this budget. Barker said the SDG study said the revenue from sale of recycled commodities will offset the cost associated with the bond.

McKim confirmed the BAN is paying interest with a balloon payment at the end. Barker said the operation costs will be absorbed internally. Kiesling asked about the market and the process. Barker said based on the projections of SDG the foreseeable future indicates the market is going to stabilize; over a five year period no one can guarantee anything but even in a worse case scenario the MRF is still a revenue generator. We will process the material and ship it to various markets. For instance glass will go to Strategic, metals will stay local, and fiber will most likely go to Quincy Recycling.

Mike Bates, Bloomington resident, said if the Board votes for the MRF he feels it is using capitalism to incentivize our recycling system. Once we feel the revenue coming in from recyclables it will show just how much additional revenue we have the ability to make. Non-profits could benefit from this; it doesn't have to be all government run. There are smart people in Bloomington

who are on top of the details, folks we can put our trust and resources into; those who are making progress in the face of certain adversities.

McKim confirmed with Barker that we would back the BAN with a General Obligation (GO) Bond according to Guerrettaz. The District would be pledging their support of the bond as a taxing unit. Kiesling said there is a limit.

Volan said the District is a separate taxing authority and can raise a solid waste management fee in addition to collecting taxes. Kiesling said the growth of our levy is limited to a certain amount each year. McMurry said the taxes the District collects is property tax, commercial vehicle excise tax, and the excise tax itself. The debt service tax is separate to pay off the bond (Landfill and Admin building). The bulk tax is the property tax. We do not collect any money from a solid waste management fee. McKim clarified the debt service tax is a property tax.

Kruzan confirmed in the worst case scenario the revenue will offset the cost. Barker said based on the analysis by SDG it appears we can garner \$185,000 to \$200,000 annually at the lowest revenue. Guerrettaz said the cost of the bond would be \$225,000 to \$250,000 per year.

Kruzan asked what we are getting for our money. Barker said we will lease a portion of the Otis complex, dump the material in a clean environment; we're getting a good lease price negotiated by Jim Regester. The lease will be for no longer than five years which timing coincides with the BAN. We're going in on the very low side with no City of Bloomington participation for now but the 60,000 square feet is large enough should the City, I.U., or other businesses in the community decide to participate. Barker said the vision is to build it and they will come. If the City joins and then leaves it is not a detractor unless we have to go into additional capital improvement to meet the needs of the City's co-mingle of the glass/plastic mix. The capital buy-in for the City would be about \$250,000 to \$300,000 for additional capital cost for equipment needed to handle their single stream. Discussion ensued between Kruzan and Barker about single stream versus dual stream collection and the diminished value of products from a single stream operation. Barker said he would not jeopardize the value of the District's higher valued sorted material by introducing a single stream of lesser value.

Kruzan said he understands that Hoosier Disposal is offering a pilot to their current customers in a specific part of the County to pick up curb side recycling for six months to one year. If they are taking the most valuable

commodities for free this gives them an edge and how does that impact the District. They are not taking glass, the most valuable commodity. Barker said Republic Service has never talked to the District and he cannot speak for them but the article said they hope to make it profitable. Republic could come back like they did in Terre Haute and charge \$5 per tote for recyclables.

Kruzan asked if Hoosier takes the recyclables county wide will it impact the District and other waste service providers in the community. Barker said to keep in mind the core mission of the District is to reduce the waste stream. Hats off to Republic if they can do it. Could we operate the MRF if Republic takes the County's recyclables – no. Barker says he has not seen a business plan. If the individuals that Hoosier are targeting are their own customers are those people actively involved in recycling with the District – probably not or they would not have hired Republic. Not unless Republic corners the market and take everything will they impact the District.

Stoffers said if a recovery facility with a dirty stream is our mission then long term that's where we should go. Barker said right now the purpose of the District is to generate revenue. Instead of sending it to Republic we want to market the material ourselves instead of paying someone else to market it and we end up getting a lesser price. Our material is so clean we would not have to do additional on-line sorting that maybe required if we work with the City or I.U. McKim said the first sort is done by the customer and the second by District operators.

Stoffers noted the 4th Whereas in the Resolution, '...lowering the cost of recycling...', and asked how lowering the cost is going to be expressed to the taxpayer. Barker said it lowers the cost because it affects apartment complexes. There will be entrepreneurs that will pull recyclables out of trash thereby reducing trash cost; there are a lot of variables involved that result in cost savings. Stoffers said adjusting the levy of the growth factor does not lower costs for anyone so how does the lower costs pass along to the customer, the ultimate payer.

Barker said our mission is to reduce the waste stream. Stoffers commented on the Chicago Yellow sheet showing weekly commodity pricing and said his concern is getting caught with long term leases and other expenses if things don't work out, i.e. if we don't have volume or price stability. Barker said the leases will have an out. The Resolution is asking to either move forward or cease and desist.

Discussion ensued about the type of bond and bond backing and amending the Resolution's last 'Whereas' and 'Therefore'. The bond is more marketable if we have a guaranteed back-up; we have to pledge full faith in our taxing unit.

McKim motioned to amend the last 'Whereas' and the 'Therefore' of Resolution 2010-06 to read:

WHEREAS, it may be necessary for the District to secure a non-referendum revenue bond for the start-up costs and initial operating capital for the Materials Recovery Facility.

THEREFORE, the Board of Directors of the Monroe County Solid Waste Management District authorizes the District's Staff to secure bond or bond anticipation note financing in order to develop and operate a Materials Recovery Facility to open January, 2011.

Stoops seconded the motion to amend the Resolution. The verbal vote was unanimous (Kiesling, McKim, Kruzan, Stoffers, Stoops, Swafford, Volan).

Stoops asked about process. Barker said if the Board approves the Resolution, according to Greg Guerrettaz the request goes next to County Council for approval of the financing of BAN and then the time line will be about 30 days – so mid-October; maybe November to meet advertising requirements. Barker added that Council may kill this. After Council there will be a time line for leases of facility, equipment, etc. and determine capital costs associated with bringing the MRF on line. The Board will have control on capital spending. SDG is confident their numbers will not be far off. The operation costs for the MRF are already in the budget for the District material so we just need to reallocate funds. There will be no bridging required for the operations to begin. Once its set up the MRF operation will begin the next day. Sub-contract expertise is needed. This will be a turn-key operation with trained staff and contracts will be lined up for the recyclables. McKim confirmed the legality of this, for us to process our own recyclables, is not a breach. Our Hoosier Disposal contract goes to December 31, 2010 with a 30-60 day out clause. Mann said the renewal of the existing contract time could be from month to month.

Swafford asked how the MRF will affect the tipping fee Hoosier pays us for trash. Volan said when the Landfill was closed in 2004 Hoosier guaranteed to pay the tipping fee for 20 years with a maximum increase of 12% over a three year period. The contract is good for 15 more years that Hoosier Disposal is obligated to take our trash. McMurry said if we opt out of the contract it takes away about \$300,000 from our annual budget which we need to maintain the

Landfill. Volan said this is the price Hoosier paid to make sure we closed our Landfill. The tipping fee is currently \$41 per ton and it will only go up from that.

Kiesling confirmed with McMurry that the Landfill trust is \$570,000 which is sufficient for IDEM and the County provides financial assurance not the District.

Kiesling said the County used to own the Landfill and they got out of it because it cost too much and then it was owned by the District. The District got out of it because it cost too much, there were too many challenges to keep it and it was too far out, and frankly, it would not be operating today if we had it because a landfill is not a good business for local government unless they have lots of resources available. The same is true for recycling. For 20 years I have been involved with recycling and have run a MRF and, frankly, it never made money. As a government outfit we need to look at giving the private sector the ability to do this rather than the public sector because, frankly, we are being restrained by a lot of different things and as time goes on if there are more restraints on our taxes it will be even more difficult to maintain what we have to do. Kiesling said she is very much a recycler; she grew up with recycling. She does not think a MRF will be as successful as people think. She is very suspicious. She has seen enough of them having been to several recycling places in the U.S. and was very involved with the one we had here. She is not willing to take this risk at this time with the public's dollars.

McKim said he sees it as an opportunity to be less dependent on tax revenue. Stoops agreed. Stoops said faced with restraints on taxing if the MRF breaks even as a worst case scenario it will put us tens of thousands of dollars ahead of where we are now. For Republic to put out a press release saying they are starting their own drop-off or pick-up without any back-up of information, schedule and prices, is a fairly open attempt to derail this process. To him it means they see the MRF as direct competition.

Kiesling asked Barker to put together a time line.

McKim said our mission is to keep material out of the waste stream and a little competition is not going to hurt us; it will make Hoosier Disposal more efficient and it will make us more efficient.

Volan said a part of the reason we are currently spending net \$450,000 on recycling is because we believe only the private sector can recycle our material. The idea that the District should not be in any business especially this business

is repudiated by the two times in the past when the District ran a MRF. Neither time were the MRF operations closed because they were not profitable. The MRF that was closed several years ago, in the 1990s, was doing so well it needed to expand but private sector wanted it and the Board said okay. The second MRF we ran at the Landfill closed because of the Landfill fire.

Volan said the community needs to be mindful of how cost effective this operation will be. We cannot be less cost effective, the way we are doing it right now. We are now paying essentially \$40 per ton to the private sector to haul off our recycling and recycling is worth on average of \$100 per ton if properly prepared for sale on the open market.

The four tasks of recycling are sorting, baling, moving, and shipping. We only sort; the more recycling is sorted the more it is worth. A part of the reason the City of Bloomington's recycling has not come into play here is because the City collects two co-mingled streams: one is fiber and the second is non-fiber (glass, plastic, metal). The additional expense of \$300,000 that Barker was talking about before would be needed for equipment to sort the non-fiber co-mingled stream from the City. If we sent the co-mingled to market we would get much less for it. If we sorted it the benefits would accrue for everyone, the value of the commodity goes up by a factor of 2 or 3; it is in our interest to take care of our own waste and maximize the value of these commodities; every part of a waste stream is a potential commodity. The idea of a dirty MRF is not as practical as what we are going to do.

Volan noted last year's idea of buying a 15,000 square foot facility. The 60,000 square foot building is forward thinking to rent as much space as we need anticipating other entities in the community to join. This proposal is for the District; the only entity that is obligated to use this facility is the District; there is no moral obligation for anyone else to use it. It will make sense for only the District to use it even if I.U., the City of Bloomington, or any other entity doesn't participate. We are building an asset and it will benefit anyone who wants to use it. We are going to make money, there is nothing that says making a profit can only be done by the private sector.

Stoffers said he has been skeptical for a long time saying the District best meets its intended purpose by being a destination. He sees no utility in building a recovery facility that does not recover anything except what is brought by those who use the facility. The assertion that we are going to lower costs by adding an additional tax rate on a GO bond is ironic.

The question was called to approve the amended Resolution. The roll call vote was five ayes (McKim, Kruzan, Stoops, Swafford, Volan) and two nays (Kiesling, Stoffers).

McKim left at 5:17 p.m.

Leases and Agreements for Recycling and Solid Waste Stations (RSWS). Kiesling suggested next time resolutions numbers be used instead of just titles.

Barker said the documents are already approved by the entities we are working with so we can approve them all at one time. Kiesling motioned to approve the Interlocal Agreement with Ellettsville, the Ground Lease with Dillman Road, and the Ground Lease with Oard Road. Volan seconded. Morgan said the leases are for the recycling and solid waste stations. Dillman and Ellettsville are for five years and Oard is for one year. No action is required for auto renewal. Barker said the leases had expired and renewing them was triggered by the County's desire to locate warning sirens at three of our stations. Rogers requested only a one year renewal on Oard Rd. The verbal vote was unanimous.

Volan motioned to approve the Memorandum of Understanding (MOU) authorizing Monroe County to locate a warning siren on Oard Rd. Kiesling seconded. Morgan said the MOU is the same as the document approved by the Board at last month's meeting authorizing a siren on Anderson Road. Barker said we are pleased to help the County's Emergency Management Department fill two of their spacing gaps.

Citizen's Advisory Committee Report. Akers reported Bulky Item Days are October 8 and 9. CAC will participate and will have St. Vincent/DePaul and Habitat/Restore to take reusable items as we had last spring.

A visitor from SW Indiana Recycled Products, Clark Sorensen, introduced his company and gave a brief overview. Using recycled glass for landscaping and mulch material he would potentially be interested in being a MRF customer.

All future 2010 CAC meetings will be held in the District's library at 3400 South Walnut Street.

There is more information to come about the CAC's survey of downtown businesses.

Reports from Staff.

Pokral presented from her prepared report, attached as a part of these minutes, highlighting media and education overviews for September and the upcoming media and education activities for October. Pokral stated she is now booking sessions with teachers into May 2011.

McGlasson presented from his prepared report, attached as a part of these minutes. He highlighted the recent Landfill inspection, the lack of leachate generation, and said vegetation is established so there will be no problem with heavy rain.

Morgan said he had nothing to add to his written report and reiterated Bulky Item dates and pertinent information. The event is being done in conjunction with Hoosier Disposal, the Monroe County Fair Board, the Monroe County Highway Garage, and reuse partners Habitat/ReStore and St. Vincent DePaul.

McMurry said the audit of records for 2008-2009 will show the insurance escrow fund credited for \$469. The Landfill closure and bond payment were fine. The exit conference lasted seven minutes.

Public Comment. None.

The meeting adjourned 5:34 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 September 9, 2010