SOLID WASTE ALTERNATIVE FUNDING TASK FORCE

NOVEMBER 1, 2010

MEMBERS PRESENT

Mr. Curtis Binney (Chairman)
Mr. Lindell Dorsett
Mr. Dan Gorden
Mr. Richard Grier
Mr. Donald Taylor
Ms. Brenda Boggs
Ms. Chloe Gentry
Mr. Peter Tarby

MEMBERS NOT PRESENT

Commr. Welton Cadwell

OTHERS PRESENT

Mr. Sandy Minkoff, Interim County Manager
Ms. Wendy Taylor, Executive Office Manager, County Manager's Office
Mr. Jim Stivender, Public Works Director
Ms. Erin Hartigan, Assistant County Attorney
Ms. Susan Boyajan, Recording Secretary

CALL TO ORDER, ESTABLISHMENT OF QUORUM, AND APPROVAL OF MINUTES

Mr. Curt Binney, Chairman, called the meeting to order and announced that they had properly noticed the meeting and that a quorum was established.

On a motion by Mr. Gorden, seconded by Ms. Boggs and carried unanimously by a vote of 4-0, the Solid Waste Alternative Task Force (SWATF) approved the Minutes of September 13, 2010.

On a motion by Ms. Boggs, seconded by Mr. Grier and carried unanimously by a vote of 4-0, the SWAFT approved the Minutes of September 20, 2010.

Ms. Gentry, Mr. Dorsett and Mr. Taylor joined the meeting at 9:03 a.m.

On a motion by Ms. Gentry, seconded by Mr. Taylor and carried unanimously by a vote of 7-0, the SWAFT approved the Minutes of October 18, 2010.

SPECIAL ASSESSMENTS

Mr. Jim Stivender, Public Works Director, related that the first handout was regarding the Special Assessments, and he would also be discussing the ad valorem and how that affects the property taxes that go toward the special assessment. He pointed out a section on Page 1 that showed what all of the

cities charge monthly and annually for collection, and he stated that it was important to note that the cities also pay the ad valorem charge.

Mr. Jeff Cooper, Financial Coordinator for the Solid Waste Division, explained how they came up with the figures on the chart at the top of Page 1 for the ad valorem charge, the non ad valorem assessment, and the total solid waste cost for a $150,000 house with a $50,000 exemption, specifying that the total solid waste cost for the taxpayer of that home would be $206.78, and he noted the other home values that the chart also gives that information about. He mentioned that he put the information that he gave the committee at the first meeting about where the different cities were at this point in time as of June of 2009 on this page, and he gave an estimate of hauler annual and monthly costs for different collection levels and the estimates to change that to different options of once a week pick-up with recycling and once a week pick-up with no recycling.

Mr. Sandy Minkoff, Interim County Manager, explained that the general fund transfer was designed to arbitrarily lower the tipping fee at the waste energy facility, because if they kept it at its real cost, none of the cities would bring the waste to the County. He related that the Board used the County-wide ad valorem tax to buy down the rate to $40, and without that the tipping fee would rise to $60 or $70. He also opined that the County collection system is the best in terms of the quality and what was allowed, and none of the cities have better service. He pointed out that some of the cities transfer money from their solid waste costs to run general government.

Mr. Gorden commented that they were not really paying for usage by doing it this way, but paying according to the value of their homes. He also opined that most residents did not know about the ad valorem charge on their tax bill.

Mr. Stivender commented that the County's goal is to eliminate the general fund transfer as soon as they could and at least by 2014, since these funds are supposed to be set up as enterprise funds.

Mr. Minkoff stated that they would like to lay out the different hauling options for the committee, but they could not really choose a hauling option until they chose a disposal option, because they all inter-relate. He commented that if they did not have a model that required everyone to have pickup, the amount of trash that they picked up would be reduced, which would impact what they could do for disposal. He explained that the only time they would have to continue the ad valorem tax after 2014 is if they chose a disposal method that had a higher than going rate charge, but if they chose the least expensive disposal option, the ad valorem charge would likely go away.

Mr. Grier asked if the residential business was being subsidized by commercial customers.

Mr. Minkoff responded that he thought it was, and if the commercial was totally free market, chances are the rates would be lower than what the commercial rates currently are.

DROP-OFF CENTERS ANALYSIS

Mr. Cooper explained that on Page 2 they tried to show what is happening at the different drop-off centers with an analysis of the tonnage and the number of tickets (pulls) and have also tried to incorporate the actual budget numbers for the drop-offs in the chart, as well as breaking up the figures into the types of waste, such as processable waste that could be burned at Covanta, Class III, tires, mulch and recycling.

Mr. Gary Debo, Solid Waste Operations Director, explained that the variable was the number of pulls and the number of tons, and they were able to analyze it just based on that information.

Mr. Cooper pointed out that the different kinds of waste all had different cost factors involved, and they could not just divide it out and get a per ton disposal cost. He also commented that there were very few people using these centers, and the $600,000 cost was a lot of money for that.

Mr. Minkoff opined that per person the drop off center option was the most expensive collection method that there is, running approximately $70 a ton, and the curbside is the most efficient. He also mentioned that a lot of Lady Lake and the Villages residents use the Lady Lake drop-off center, since that city does not do curbside recycling.

Mr. Debo pointed out that the County makes revenue from that recycling, and the MSW portion that those residents put out was collected at curbside.

Mr. Stivender remarked that they had very few drop-off centers compared to Marion County, which had 18, and the ones in east Lake County are strategically placed to take care of unincorporated residents in the large area with long distances between drop-off centers.

Mr. Minkoff further explained that these were not eliminated when they went to mandatory collection because it was impractical for some rural residents to put garbage out due to the roads in some rural areas being difficult or impassable for a solid waste truck to drive on, animals invading the waste, or other reasons; and he noted that these residents were still paying for pickup.

Mr. Gorden commented that he thought they would probably have to keep these centers open.

Mr. Minkoff explained that if the County went to a Sumter County model that did not have mandatory pickup, they would have to start charging for disposal at the drop-off centers or figure out a way to bill everyone on their tax bill to run them, and they would need more of them for other areas of the County.

Ms. Gentry asked whether they could charge residents to use the drop-offs.

Mr. Cooper responded that they used to have a self-haul system with cards issued to users that were punched after each use and allowed once a week usage, which was the cheapest alternative although a little more costly administratively.

Mr. Minkoff explained that that system made the hauling system much more inefficient, because they had to know which houses to pick up from and which ones did not have hauling service.

Mr. Cooper added that the County ended up paying a higher hauling price, since the haulers lowered the rate once the County went to universal collection.

Mr. Gorden commented that he was an advocate of universal collection.

Mr. Cooper noted that if they made just the people who had access to drop-off centers pay for it, it would be very expensive.

Mr. Binney stated that with universal collection they could do MSW, recycling, bulky items such as mattresses, and hazardous materials at curbside and decrease volume at the drop-off facilities.

Mr. Minkoff commented that it would not always be less expensive to do curbside, especially for special pickups.

Mr. Tarby arrived at the meeting at 9:48 a.m., and Mr. Binney noted that they had a full board.

COMPARISON TO OTHER SOLID WASTE OPERATIONS

Mr. Cooper explained that Page 3 was an update of the recycling revenue that was received for the entire year, which specified the vendors and the commodity that generated the revenue.

Ms. Boggs asked where they were getting the vegetable oils from.

Mr. Emiliio Bruna, Solid Waste Programs Director, responded that they got that from residents, and they were not competing in the commercial market. He specified that they got 50 cents a gallon for that oil.

Mr. Stivender commented that they were working on some programs this coming year to improve their situation, especially on the MRF, and they were currently doing some testing to see how they could make it more productive and efficient.

Mr. Grier asked whether there were recyclables that are not going through the MRF because there was more than the current number of employees could process.

Ms. Debbie Fore, Environmental and E-Cycling Coordinator, answered that when they only had four employees, they had more tonnage coming in than they could process, but with eight workers they could now process almost everything that they received, which would result in much more income for the recyclables. She mentioned that the intake would start to increase now that the northern residents have come back to the area. It was also mentioned that these employees were day laborers and not on the County payroll, which gave them flexibility.

Mr. Cooper stated that the whole point of the study is to start out with the personnel, get people there every day,and find out how much they could do, since the more they do, the more money they are

going to make. He commented that he thought they needed to at least get through the current calendar year and study many factors and issues before they came up with real numbers or conclusions, and they just got started October 18.

Mr. Bruna mentioned that the County currently was not processing glass, but they expected that a glass machine paid for by federal stimulus money would be in place by the first of the year which would enable them to grind it. He added that they were also getting a magnetic separator to separate aluminum cans much faster as well as ferrous to enable it to be another income stream.

Ms. Gentry commented that she thought it was exciting that recycling could generate so much revenue, and she thought it was an avenue that they should explore. She asked if it would be more cost effective to do more sorting at the curb rather than the landfill.

Mr. Cooper responded that sorting at the curb would result in higher costs for pickup, and the residents just wanted a convenient way to leave the recycling at the curb.

Mr. Grier commented that studies that have been done show that the way the County is currently handling it is the most efficient and cost effective way to do it. He added that they had potential growth in the area regarding improvements to the MRF, and he offered to share the study with the committee.

Mr. Binney expressed concern that over 60 percent of their recycling revenue comes from newsprint, which was decreasing, and he thought it was good that the County was moving towards processing new materials.

Mr. Stivender stated that the revenue stream created by some hazardous materials such as batteries is new for the County.

Ms. Fore pointed out that there are new markets available for the number 3 through 7 plastics, which are off-grade plastics such as plastic forks and plates, that they will look into once they get their line up and running efficiently.

<u>COMPOSTING MACHINE</u>

Mr. Bruna distributed a handout showing how the Earth Machine is used for composting, and he explained that this device, which is used in Alachua County, was a very simple, passive system that required no motors, special chemicals, or maintenance. He stated that Alachua County buys truckloads of the devices and sells them to the citizens at their cost, and he has heard that this has helped them meet their recycling requirements. He noted that this system, however, would result in less tonnage for the waste energy plant. He described how to use it, stating that they throw in the refuse from the top, including yard waste, and then later pick it up from the bottom. He also opined that there was no smell with this system, and the machines worked very well.

Mr. Grier stated that the way the system is set up right now needs some changes if they were going to be able to do green waste disposal.

Mr. Minkoff responded that whether it was Covanta, one of the waste companies, or large scale landfill contracts, in order to get the best price on the disposal, the County might have to commit to a certain amount of tons, which would tie their hands to be able to do the green waste.

Mr. Grier suggested that they try to work out more interlocal agreements to secure more refuse.

Mr. Minkoff reiterated a prior point that it would be cost driven. He mentioned that the amended contract was structured so that both Covanta and the County do best when the plant is running at full operational capacity.

RECYCLING UPDATE 2009/2010

Mr. Debo stated that they were trying to find out an estimated cost of landfilling from the surrounding counties, but it was not an easy task, because the true cost would depend upon the cost of land proportionate to the tonnage that they want to put into the cell, as well as other costs such as the cost of construction, closure, long-term care, and operational costs. He figured the costs of the Phase III landfill at $11.63 per ton of what the design capacity of the Phase III landfill was, not including salaries or equipment. He commented that Inquiries into other counties' landfill tip rates and estimated costs per ton introduced more questions than gave him facts. He specified that the gate fee in Marion County is $42 per ton, and their annual assessment is $87 per year. He also compared Citrus County's estimated cost to landfill of $35 per ton to Marion County's cost of $20 to $22 per ton; however, he was not sure what was included in the cost per ton figures. He reported that Hernando County's tipping fee was $54.50 per ton, and they did 100,000 tons a year. He added that they estimated their landfill cost was $30 per ton. He pointed out that Lake County currently did not have a true enterprise fund, and they were being supplemented by the ad valorem tax, which was an important question when he was talking to other counties. He gave figures for some waste management landfills in the private sector, including Chester Island, Georgia of $30.50 a ton, Trail Ridge in Duval County at $29.87 a ton, the Okeechobee landfill of $33.85 a ton, and the Holopaw landfill that is run by Waste Services of $38 a ton.

Mr. Minkoff clarified that these were spot fees, and the contract fees would probably be less.

Mr. Debo added that if they deduct a 15 percent profit margin off of that, they would get closer to the true cost of landfilling, but that may not be a good analogy. He noted that they were still working on this. He also explained that the amount of waste would be a large factor in what the rate would be.

INTERIM REPORT

Mr. Binney related that he provided Ms. Wendy Taylor, Executive Office Manager, County Manager's Office, with his initial draft of the interim report, with a request that she provide that to the County Manager and Mr. Stivender for review for their input, and then she would provide it to each of the task force members. He asked the members to review it prior to the next meeting, and if they have any significant issues, he asked them to address it through Ms. Taylor so that it could be worked out prior to then and ready to be presented to the Board on December 7. He stated that after doing some research

and reviewing the resolution that created this task force, he thought it was important that they review what their mission is, which might help them move forward to structure their discussions. He named the six things they were supposed to do, which were to review the current solid waste disposal system which was already done, review and evaluate solid waste disposal options that are likely to be available to Lake County in 2014, review and evaluate the possibility of regional partnerships for waste disposal including within municipalities and outside the County, review and evaluate the possibility of private sector partnerships, make an interim report, and make a final report to the Board of County Commissioners on or before March 1 showing available options including pros and cons and an opinion as to which option or options it believes would be suitable to Lake County as well as recommendations as to the next steps that should be taken as to how to proceed. He went through the options regarding hauling or delivering waste into the system, which were private contracts and drop-off centers, and he commented that recycling was a different issue which he believed they should set to the side for now until they get through and understand the whole flow of MSW. He stated that another aspect to consider was the participation of the cities, which makes up about a third of their waste, and if there was a way to enhance that. He mentioned that one of the options they discussed was use of transfer stations to prevent the necessity of hauling long distances, and disposal at the central landfill or Covanta would affect other factors such as recycling.

Mr. Gorden commented that one of the disadvantages they had was that they did not know the 2014 costs for Covanta.

Mr. Binney recommended that they estimate, taking into consideration factors such as inflation and the projected costs of fuel.

Mr. Grier opined that he thought they should start with values that are important to them, and resource recycling and composting was important to him in order to prevent using up available resources.

Mr. Minkoff commented that Covanta had a great plan and company, but Waste Management had a big landfill and transfer station that they want Lake County to use as well as possibly waste energy plants. He emphasized that the County had a clean slate in 2014 and that Covanta was just one of the options the task force should be looking at, since the County did not have an obligation to them past 2014. He suggested that the committee evaluate all of the disposal options together and compare them, keeping in mind all of the pros and cons.

Mr. Binney recommended that they start at the curb, and follow it along, dividing it into subsets. He noted that everyone would have different perspectives of what is important depending on the values that were important to each member. He stated that they would arrange for representatives to make presentations regarding doing business with their landfill or other waste facility, and they would need to come up with a methodology of going through that.

Mr. Stivender commented that he has heard discussions regarding volume reduction and minimizing creation of waste, and he suggested that that could be one of their starting points, since he thought that the committee believed that landfilling the least amount was important.

Mr. Binney commented that obviously waste reduction is more economical than running a waste to energy plant, but he thought they both accomplished the same thing.

Mr. Dorsett believed they should reach an agreement that reflects what the community's priorities are and to determine the trade-offs that have to be made and the cost benefit analysis for each step.

Mr. Grier stated that studies have been done showing that efficient recycling programs are less costly than refuse disposal, and he thought they should marry the efficiency and the economics of doing the right thing.

Mr. Binney responded that the only time they would not see recycling as a priority is if they get wrapped into an agreement requiring them to provide tonnage for something else. He asked the task force members if they wanted to have a discussion about setting some priorities for subsequent discussions at the beginning of the next meeting, and it was agreed that they would do that.

Mr. Minkoff suggested that the committee start out with their values at the next meeting; have a recap of the collection discussion today, and then begin the introduction to disposal methods, which would probably take several meetings to hear the presentations.

Ms. Boggs commented that she thought it was very important to keep the cities in their loop, and she pointed out that it was not cost effective for each entity to do something separate.

Mr. Tarby stated that they were already in the process of entering into interlocal agreements with some of the cities, and he has tried to talk to the cities and tell them that everyone should be involved so that they could try to keep it central and within the County. He has also encouraged the cities to attend the meetings and give the task force their point of view, especially the ones that are not already involved. He also opined that price was a very important factor for the cities.

PUBLIC INPUT

Dr. Ronald Ney opined that if the committee did not know where the waste would end up, they would not know what the middle of the cycle would be or how it would be picked up.

NEXT MEETING

Mr. Binney mentioned that the next meeting would be November 15 at 9:00 a.m. in the same room. He noted that there was a scheduling conflict with December 13, but that he would get together with staff and then get back to the members at the next meeting regarding that. He also asked everyone to look at their calendars for the month of December.

Ms. Boggs related that she would not be available again until after Christmas break.

ADJOURNMENT

The meeting adjourned at 11:20 a.m.