

ADMINISTRATIVE CONTROL BOARD (ACB) – WASATCH FRONT WASTE AND RECYCLING DISTRICT (WFWRD)
MONTHLY MEETING MINUTES

DATE/TIME	LOCATION	ATTENDEES
<p>March 26, 2018 9:00 a.m.</p> <hr/> <p>Next Board Meeting April 23, 2018 9:00 a.m.</p>	<p>Public Works Building 604 W 6960 S Midvale, UT 84047</p>	<p><u>Board Members:</u> Scott Bracken, Jim Bradley, Jim Brass, Kelly Bush, Brad Christopherson, Steve Gunn, Dwight Marchant, Sherrie Ohrn, Robert Paine, Ron Patrick, Brint Peel, Jenny Wilson EXCUSED: Kay Dickerson, Kris Nichol</p> <p><u>District Staff:</u> Anthony Adams, Mark Anderson, Larry Chipman, David Ika, Cathy Jensen, Yael Johnson, Pam Roberts, Ken Simin, Sione Tuione</p> <p><u>Public:</u> Justin Edwards (Herriman City), Kyle Kershaw (Finance Director, South Salt Lake), Maryann Martindale (Policy Advisor for Jenny Wilson)</p>

AGENDA

Call to Order: Steve Gunn, Board Chair

1. Consent Items: (Approval Requested)

1.1. February 26, 2018 Board Meeting Minutes (**Motion & Approve**)

2. Meeting Open for Public Comments: (Comments are limited to 3 minutes)

3. Business Items

3.1. Introduction of South Salt Lake City Mayor Cherie Wood, Dennis Peay, South Salt Lake City Engineer, and Millcreek City Mayor Jeff Silvestrini; Pam Roberts, Executive Director

- Salt Lake Valley Transfer Station Discussion (**Informational/Direction**)

3.2. Update on Recycling Vendors and Contracts; Pam Roberts and Rachel Anderson, Legal Counsel (**Informational/Direction**)

3.3. Sandy City Annexed Properties and the Granite Community - Possible Exchange of Services; Pam Roberts (**Informational/Direction**)

3.4. Annual Employee Celebration Event Budget; Pam Roberts (**Informational/Approval**)

3.5. 2017 Accomplishments/Satisfaction Survey Results; Pam Roberts (**Informational**)

4. Closed Session (If Needed)

The Administrative Control Board may temporarily recess the meeting to convene in a closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonable imminent litigation, and the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205.

5. Other Board Business

This time is set aside to allow board members to share and discuss topics.

6. Requested Items for the Next Board Meeting(s)

- 2017 Independent Financial Audit Reports

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1. Consent Items			
1.1 January 22, 2018 Board Meeting Minutes		Motion to Approve the Minutes by: Board Member Christopherson Seconded by: Board Member Ohrn Vote: All in favor (of Board Members present)	Approved March 26, 2018
2. Meeting Open for Public Comments	(Comments are limited to 3 minutes)		
	No public comments		
3. Business Items			
3.1. Introduction of South Salt Lake Mayor Cherie Wood, Dennis Peay, South Salt Lake City Engineer, and Millcreek City Mayor Jeff Silvestrini; Pam Roberts, Executive Director <ul style="list-style-type: none"> • Salt Lake Valley Transfer Station Discussion (Informational/Direction) 	Pam stated that WFWRD staff members have been reviewing three separate options which the Salt Lake County Council is considering in regards to the Salt Lake Valley Transfer Station: <ol style="list-style-type: none"> 1. Close the Transfer Station on July 1, 2018. 2. Raise collection fees to cover the reported costs associated with the operations of the facility. 3. Keep the facility open, but have another entity manage the facility's operations. <p>The District received a request from the County Council to submit a proposal to operate the facility. A team was established to create this proposal, including Cathy Jensen, District Controller; David Ika, Operations Manager; Andy King, Asset/Fleet Manager; Craig Adams, District Asst. Controller; and Pam Roberts, Executive Director. The goal was to determine what it would cost for WFWRD to run the facility.</p>		

During this evaluation, Pam reached out to South Salt Lake City, since the current interlocal agreement contains a conditional use permit for the facility to be located in South Salt Lake. Some of those conditions include having the station floor clean by the end of each day, having the Station open to South Salt Lake residents two Saturdays each month free of charge, and South Salt Lake not being charged any tipping fees for its weekly residential waste collections.

Pam met with South Salt Lake Mayor Cherie Wood, City Engineer Dennis Peay, and Millcreek City Mayor Jeff Silvestrini, on February 26th to discuss options and possible adjustments of the existing terms in an effort to reduce operations costs at the facility.

Kyle Kershaw, South Salt Lake Director of Finance, introduced himself, representing Mayor Wood and City Engineer Dennis Peay, who could not attend. He confirmed the conditional use permit that was established 20 years ago. He stated that South Salt Lake residents should receive some benefit for having this facility within their city boundaries, since trucks are wearing out the city's infrastructure and it is an unsightly regional facility placed within the city.

This facility is in addition to two jails, a wastewater treatment plant, and a new homeless shelter. The elected officials are very sensitive that the residents of South Salt Lake have stepped up and accepted these facilities within their city limits. Board Member Marchant added that all of the government facilities within South Salt Lake prevent that land's use for commercial, revenue-producing uses.

Board Member Bradley differed in the evaluation that the facility is unsightly, stating that the County has tried very hard to keep the facility as clean as possible. He commended South Salt Lake for taking more than its fair share of governmental facilities in the city. He asked if

there have been any complaints about the facility. Mr. Kershaw indicated that he did not have access to any of that information, which would be directed to their Public Works Department or Mayor's Office.

Board Member Marchant asked for clarification on the disposal benefits to South Salt Lake residents. Mr. Kershaw stated that the current agreement allows residents to dispose of private waste during a four-hour block every other Saturday at the facility at no charge. Additionally, South Salt Lake is not charged for tipping fees for its contracted curbside waste collections.

Pam indicated that the Saturday operations really drive up the costs of operating the facility. This was part of the discussion with South Salt Lake Mayor Wood and Dennis Peay, to see if they would consider to negotiating the elimination of the Saturday services. She voiced support in extending the District's voucher program to South Salt Lake residents so they could dispose of their waste directly at the landfill.

Board member Ohrn asked what the cost would be to keep the Transfer Station open on the required Saturdays. Pam replied that the evaluation team is still working to determine exact costs, and is still working to get all the required financial information from the County. The County is still working to separate Landfill costs and Transfer Station costs.

Board Member Bracken asked what percentage of our budget goes toward tipping fees. Cathy Jensen indicated that she did not know the exact percentage, but it is over \$3,000,000 each year.

Mr. Kershaw asked what the request of the ACB is for the South Salt Lake Mayor and Council, in regards to adjusting the conditional use permit. Pam replied that the added costs for Saturday operations is currently the

primary concern, and she would like to reduce that option to once per month or eliminate it altogether, which would drastically reduce operational costs. She added that she feels that to continue the current condition of not charging tipping fees for the city's curbside collections is much more manageable.

Board Member Wilson indicated that, between South Salt Lake and Salt Lake County, it could be determined how often the Saturday benefit is being used. If it is a popular benefit, then we would need to adjust. Mr. Kershaw confirmed that South Salt Lake did not have any information on the usage of that benefit. Board Member Bradley confirmed that there is no curbside collection on Saturdays and that records could be obtained to discern residents' usage on those days.

Board Member Bradley stated his surprise that an additional four hours on two Saturdays was so expensive to operate the facility. Board Vice Chair Peel stated that among those expenses are premium wages for staff on the weekend. Pam commented that she visited North Point Transfer Station in Lindon, where there is a separate bay for residential waste. The general manager of that facility disclosed that it costs them an additional \$10 per ton to process the residential waste because of additional liability and because it is more bulky and lighter weight than the commercial loads which are already compacted. As a result, more trucks are needed to transport that waste.

Pam commented that the estimates given by Salt Lake County, for the costs for South Salt Lake, is \$200,000 to \$300,000 per year. She stated that South Salt Lake has been very willing to share its tonnage reports, and that in 2017 the dumping fees for the curbside garbage would have been \$140,000. The Saturday operations and tonnages could very well reach that amount per year as well.

Board Member Bradley asked if the District is excited about the prospect of operating the Transfer Station. Board Member Bracken stated that he is very hesitant about it. Board Vice Chair Peel stated that he was also originally hesitant, but feels better about the idea after discussing the District's finances and ability make the operations happen. Cathy confirmed that our proposal is based on what it would take for us to operate the facility. We are hoping to find some efficiencies, which will allow us to manage the facility, but we need all the data to make a proper evaluation and submit a proposal to operate the facility.

Board Member Brass added that if the facility closes, everyone's costs will go up. It will cost less money to keep the facility open than having it close. Pam confirmed that there are many partnering industry entities that want to keep the facility open and that are willing to help the District make this work, including Ace Recycling and Disposal, Republic Services, and TransJordan Landfill. Former General Manager of TransJordan, Dwayne Woolley, has recently returned from out of state and has stated that he is very happy to help consult with WFWRD in making it work. Pam believes that there are opportunities which will allow us to capture a revenue stream to ensure that the operation of the facility is viable.

Board Member Christopherson asked about the dividend paid to Salt Lake City and Salt Lake County from the Transfer Station, and if it would remain in place if the District took over operations. Pam confirmed that a dividend is paid and split between Salt Lake City and Salt Lake County, but we do not know if that dividend would continue to be required.

Board Member Bradley stated that there could be a fourth option for the Transfer Station: The County could retain operations. The County is not excited about that possibility, but the public policy may need to be explored

due to the public benefit of it remaining open. Some fee increases may need to be implemented to help with the costs, but it may be the least expensive option compared to other alternatives. Board Member Wilson agreed that the County is an organization focused on efficiency, and confirmed that the County Council has not yet taken an official position on any of the proposed options. She stated that the County Council will review the status of the evaluations at the end of April.

Board Member Bracken suggested looking at Rocky Mountain Recycling for a comparison of property tax, since it is close by and a similarly sized facility. This is a piece of information that we should obtain and consider determining what may be a reasonable condition for the South Salt Lake waiver.

Board Member Bradley stated that he feels it is important that the Transfer Station remain in public ownership. Board Vice Chair Peel added that if the County decides to retain operations of the Transfer Station, then the agreement with South Salt Lake would remain. Mr. Kershaw confirmed that the agreement remains intact unless the facility is closed or abandoned by Salt Lake County. It is a 50-year agreement, and we are 20 years into it.

Board Vice Chair Peel asked how soon we could get the County financial information for the Transfer Station. Board Member Wilson replied that staff is currently working on it. They have a deadline of late April for an analysis of all possible scenarios. Board Vice Chair Peel countered by asking if the scheduled closure of the Transfer Station could be delayed to allow us time to analyze these financial reports. Board Members Bradley and Wilson confirmed that this could be the case.

3.2 Update on Recycling Vendors and Contracts; Pam Roberts and Rachel Anderson, Legal Counsel
(Informational/Direction)

Pam confirmed that she has kept the Board apprised of challenges to the recycling market, via email messages. WFWRD has been very lucky to still be paying relatively low fees for recycling disposal, but there are increasing challenges – specifically plastic bags and now plastics #3-#7.

Five years ago, China implemented the “Green Fence” and warned importers that they would be stricter on what they would allow as recyclable materials in order to keep contaminated materials from coming into China. Along with banning plastic bags, they have now restricted plastics #3-#7, and will not accept them for processing.

Pam provided a pricing index to the Board members. This index was provided by Rocky Mountain Recycling (RMR) on how they pay or charge WFWRD for recycling processing. She commented that their specific index is focused on paper and cardboard. This model does not allow a revenue share for all commodities to increase any revenues to WFWRD, or to help keep the fees charged low.

Due to the market changes and China’s policies, RMR has been requesting the ability to charge WFWRD more than the \$25 maximum fee per ton. We received a letter from them on February 28th stating that they would start charging us a flat rate of \$47.50 per ton because of the market changes. This change would be in effect March 1, 2018. Pam indicated that, since RMR’s pricing index did not include plastics and metals, she was not open to renegotiating our contract in discussions with RMR late last year. They are now willing to provide that pricing index as requested, and they understand that if they refuse to accept our materials it is a breach of contract, and we will take all of our materials to Waste Management (WM).

Pam added that Salt Lake City also had a contract with RMR. In 2017, RMR came to them and claimed the changes in China were considered a force majeure, which under legal terms does not fit that clause to cancel or renegotiate a contract. As a result, Salt Lake City terminated the contract with RMR. Pam added that RMR followed this same tactic with WFWRD, giving us a one-day notice of their change in pricing. Pam replied that we would terminate the contract if an agreement could not be met.

Board Member Bradley asked if the difference between RMR and WM is that WM has a broader market for their commodities, which helps reduce their fees. Pam confirmed this as accurate, but RMR is selling other commodities and making revenues off of metals and some plastics. Board Member Bracken stated that WM's fees are based on a broader spectrum which helps keep their costs low.

Pam continued by stating that Salt Lake City sent out a Request for Proposals (RFP) for a recycling vendor. RMR and WM responded to this RFP, along with an additional vendor interested in setting up a facility in the valley. This third vendor also indicating that they have a way to deal with the #3-#7 plastics no longer accepted by China. This is why we have not yet instigated any efforts to remove those materials out of the blue carts.

Salt Lake City has requested Pam to be on the review panel of these candidates since WFWRD has one of the largest recycling streams in the valley. Board Vice Chair Peel added that, if this new vendor does come to town and we take over the Transfer Station, that would create a better financial situation for us.

Pam thanked Mark and Rachel Anderson for weighing in on the legal aspects of our contracts and the force majeure situation. Board Chair Gunn asked if Mark was confident

<p>3.3 Sandy City Annexed Properties and the Granite Community - Possible Exchange of Services; Pam Roberts (Informational/Direction)</p>	<p>in this analysis of force majeure. Mark replied that he was very confident in the analysis because of the way the force majeure provision is worded in our contract.</p> <p>Board Member Bracken stated that if an increase of recycling tipping fees exceeded waste disposal tipping fees, it would require an evaluation of our policies on where to take the collected recyclables. If that were to occur, he expressed his desire for the Landfill to isolate the recyclable materials in a separate section of the Landfill in case situations changed in the future, rather than combining them in the waste stream. Increasing rates of \$4-\$5 a month to process recycling is difficult to swallow. Pam confirmed that if that situation occurred, it would be a public policy decision that the Board would need to discuss and debate.</p> <p>Pam described the area around the unincorporated areas in the southeast area of our District. Some of these islands have been annexed by Sandy City. The Granite community is unique in that it is in a very outlying area for curbside collection and has the most City annexed properties. Pam has discussed this area with Sandy City representatives, about de-annexing these homes from the District or for WFWRD to enter into an agreement with Sandy City to provide services for these annexed areas and the properties in Granite that remain in District boundaries. This discussion has resurfaced recently with representatives from Sandy City's Public Works Department. Granite, in particular, is well outside our service economies of scale. Sandy City is not sure if they want to de-annex from the District, but is willing to discuss an arrangement in which they provide curbside waste/recycling collection and area cleanup services to these properties. Pam added that if any properties were to de-annex from the District, these are the properties that would make the most sense since they are an outlying area.</p>		
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Pam explained that we currently have this type of an arrangement with Salt Lake City for the properties within the District in the extreme northern area of Salt Lake County. Although an exchange of services for this area has existed with Salt Lake City for decades, a formal Interlocal Agreement was established for this service in 2014 to ensure that each party understood and agreed to the conditions.

In the agreement, Salt Lake City provides curbside waste and recycling services to this area, and WFWRD provides Area Cleanup services by offering a free trailer reservation to those residents each year. Board Vice Chair Peel asked who collects the fees for this North Salt Lake area. Ken Simin, WFWRD Customer Accounts Coordinator, confirmed that we collect the fees for County residents and Salt Lake City collects the fees for city residents. Pam verified that, since any arrangement with Sandy for an exchange of services would entail an Interlocal Agreement, the Board would need to direct and approve that Agreement.

Board Member Wilson confirmed that servicing these islands is complex. She recommended that WFWRD Operational Management and Sandy City determine the best way to service these residents, but she stated that it does not make sense to have multiple service providers in the same areas.

Pam requested direction from the Board that she continue discussions with Sandy City to determine the best way to provide services to the residents in the Granite area. She also emphasized that this is a different situation than with Murray City in that Granite is such an outlying area and that it is not cost effective for our collection vehicles to service the area. Board Member Wilson added that she and Board Member Bradley should work with Sandy City on this issue for the benefit of the residents. Board

<p>3.4 Annual Employee Celebration Event Budget; Pam Roberts (Informational/Approval)</p>	<p>Member Bush commented that other service providers are also re-evaluating how to provide services to this area for the best interests of the providers and the residents.</p> <p>Board Member Bradley asked about the difference in service fees. Pam confirmed that the fees for Sandy City are lower per month – around \$14 per month. However, they are able to subsidize their area cleanup program through their Public Works budget and General Fund. The actual costs per home for all services are close to WFWRD’s monthly fees.</p> <p>The Board supported Pam’s request to proceed with an Interlocal Agreement with Sandy City.</p> <p>Pam explained that WFWRD has held an annual employee celebration for the past decade. This is in addition to the monthly recognition meetings focused on safety and performance. This annual celebration has traditionally been held at the end of the year, and at a venue which has allowed us to use their banquet facilities for free. However, this location is no longer available. We have typically spent around \$1,500 for this event. Pam added that she receives a \$1,500 stipend for serving on the Board of the Utah Local Governments Trust (Trust), which she reallocates to the District since the District pays for her service on that Board. Her stipend has funded this employee celebration for the past couple of years as she has served on the Trust’s Board.</p> <p>In past years, the event has been an evening dinner at a restaurant, and the District has paid for the employee and one guest. Employees can pay for additional guests to attend. In discussions with staff, they have expressed their desire for a larger, more family-friendly event.</p> <p>The Celebration Planning Committee has explored other venues and discovered that, for most options, it costs</p>		
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<p>3.5 2017 Accomplishments/Satisfaction Survey Results; Pam Roberts (Informational)</p>	<p>\$1,500 simply to rent the venue, which does not include food expenses.</p> <p>Board Member Marchant asked how many people attend this event. Pam replied that we have had about 100 attendees each year. We anticipate more attendees if we open it up for a day or weekend event. It could be 150 or more attendees.</p> <p>Pam requested an annual budget of \$3,000 for this event.</p> <p>Board Member Wilson stated that she has planned these events before and they are not easy to organize. Board Vice Chair Peel concurred and stated that he spoke with Cathy Jensen about finding the money. Cathy confirmed that the funds could be allocated. Board Members Bradley and Peel stated that, with Pam not taking the \$1,500 stipend from the Trust, then it would essentially allow \$4,500 for the event.</p> <p>Pam reviewed some of the results of the 2017 Employee Satisfaction Survey. The overall satisfaction was 83%, which is a 9% improvement from the 2016 results. She commended our effective management and our team for this score. Pam added that she hopes to have the results of the Customer Satisfaction Survey at next month's meeting.</p>	<p>Motion to Approve \$3,000 budget for the Annual Employee Celebration Event: Board Member Peel Seconded by: Board Member Wilson</p> <p>Vote: All in favor (of Board Members present)</p>	<p>Approved March 26, 2018</p>
<p>4. Closed Session</p>			
	<p>No closed session</p>		
<p>5. Other Board Business</p>			
	<p>No additional Board business</p>		
<p>6. Requested Items for the Board Meeting on April 23, 2018.</p>			

	<ul style="list-style-type: none"> 2017 Independent Financial Audit Results 		
ADJOURN		Motion to Adjourn: Board Member Brass Seconded by Board Member Bradley Vote: All in favor (of Board Members present)	Approved March 26, 2018