

SOLID WASTE ALTERNATIVE FUNDING TASK FORCE

JULY 12, 2010

MEMBERS PRESENT

Commr. Welton Cadwell
Mr. Curtis Binney (Chairman)
Mr. Dan Gorden
Mr. Gary Hammond
Ms. Brenda Boggs
Ms. Chloe Gentry

MEMBERS NOT PRESENT

Mr. Richard Grier
Mr. Donald Taylor
Mr. Peter Tarby
Lindell Dorsett

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. Susan Boyajan, Recording Secretary

INTRODUCTION, ESTABLISHMENT OF QUORUM, AND APPROVAL OF MINUTES

Mr. Kirk Binney, Chairman, announced that they had publically noticed the meeting and that a quorum was established, and he had the members introduce themselves. He also related that there had recently been a change in staff in the leadership of the Solid Waste Department, and Mr. Jim Stivender, Public Works Director, would be taking over that position.

Mr. Stivender related that the Solid Waste Department was also under Public Works in the late 1980's and early 1990's and intermittently since then; however, it has been seven or eight years since he has been involved in the Solid Waste Department. He introduced the staff that was in attendance at the meeting.

On a motion by Mr. Gorden, seconded by Mr. Hammond and carried unanimously by a vote of 6-0, the Solid Waste Alternative Funding Task Force approved the Minutes of the May 24, 2010 meeting.

CHAPTER 21

Mr. Jeff Cooper, Financial Coordinator for the Solid Waste Division, presented information on Chapter 21 of the Lake County Code, which provided them with the opportunity to deal with solid waste in the County, and he prepared a one-page synopsis of the most important things, including Section 21.52

regarding the scope, which covered incorporated Lake County and allows for interlocal agreements with the cities; Section 21.57 concerning containers that the unincorporated residents are supposed to use; and Section 21.59 stating that the County is required to provide a disposal site. He encouraged the committee members to read Chapter 21 and pay particular attention to those particular sections and to call Ms. Cindy Heffler, Assessment and Customer Service Supervisor, with any questions they may have regarding Chapter 21 specifically or County staff for any other kind of question regarding solid waste.

NON AD VALOREM AND GENERAL FUND SUBSIDY

Mr. Cooper stated that the handout contained more information about the history of the non-ad valorem assessment in the County starting from 2002, which was when the County went to universal collection, showing the assessment fee of \$173.50 on each of the homeowners. He explained that they had a \$40 per ton tipping fee, and they figured out that the average tonnage per household was 1.3 tons, which came out to \$52.50. The average cost to pick up twice per week garbage and once per week recycling at that time was \$110, and the administrative costs of collecting on the ad valorem and maintaining the data base was about \$10. He noted that the intent at that time was to raise the rates every two years using the RRI (refuse rate index), which would have resulted in a current rate of \$221.52, but that did not happen, and the current rate charged to residents is currently only \$184.

TONNAGE, BUDGET, AND SCALES CODES

Mr. Cooper explained that the next handout gave estimates of the County's system of tonnage and revenue, and he pointed out that during the first eight months of this fiscal year, the unincorporated Lake residential tonnage was 49,959.83 tons, which came out to 74,939 annualized tons; and the total amount of monthly residential tons is 6,244 for 67,018 households. He noted that using a formula with the tipping fee of \$40, they came close to the budgeted amount that was needed for this fund. He pointed out that the Board of County Commissioners sets the tipping fee every year, and it has been at \$40 since 2003. He broke the municipal tonnage information out into cities and showed the tipping fee revenue generated from the municipal waste. He commented that the next page contained an interesting chart which showed what was happening in Lake County regarding Covanta this year and last year, and he related that there was a provision in the contract which states that Covanta does not have to accept waste that exceeds 3675 tons in a week's period; however, last year the amount of garbage over 3675 in a seven-day period went up to about 300 tons, and at some point in time this year had over 600 tons more than Covanta could handle lasting twice as long as previous overages, which resulted in a challenge for the County. He also noted that the first two days of the week had a huge influx of waste as a result of being the first pickup day for residents with lesser waste the rest of the week.

Mr. Binney inquired why the amount of waste always spiked in March.

Mr. Cooper responded that that was a result of the snowbirds cleaning everything out before going home, and there was a lot of yard waste as a result of the freeze in February this year. He then presented a chart which showed that the total revenue generated for disposal was \$16,241,432 as well as the disposal expense and disposal shortfall or surplus., and he noted that the debt service would end

October 1, 2013. He explained that the next page gave budget analysis information giving all the basic costs and specifics regarding the Solid Waste Division budget of about \$22 million, with \$494,000 in reserve. He pointed out a transfer to the general fund, clarifying that when they refinanced the bonds and renegotiated the contract with Covanta several years ago, the Board decided to take the equivalent cost of the debt service and transfer that to the Solid Waste fund so that all residents in the County would be paying the cost of the debt service. He then explained that every year he performs an analysis of the contract as it was in 2004 versus today, and he presents that information to the Board of County Commissioners. He pointed out that the annual Covanta contract review also showed the Covanta revenue sources versus the Covanta expenditures, and he related that the Board decided to go to waste-to-energy in 1988 with two bonds totaling about \$70 million and that the Board renegotiated the Covanta contract during the process of Covanta coming out of Chapter 11 bankruptcy.

Mr. Minkoff explained that the Covanta agreement with the County was for them to process the County's waste, and there were a lot of guarantees included in it in terms of how much waste they had to deliver, as well as a complicated payment method which depended on the cost of energy and the pass throughs. He noted that the County never owned or issued debt to pay for the facility.

Mr. Cooper added that the energy contract with Progress Energy was the collateral for the bond, which was why it was set up so that all of the money goes to a trustee, who paid Covanta what they were due. He stated that the next page was the Covanta Budget Overview, which gave all the different line items. He noted that they get a \$640,000 capacity payment every month for the actual amount of electricity generated, with the net amount going down because of a 6.34 percent increase every year. He also gave some information from a webinar he attended on June 30, 2010 regarding waste to energy and greenhouse gases and a Scales Codes Matrix showing how they account for all of the tons that go across the scales.

Commr. Cadwell suggested that they set aside 10 to 15 minutes at the beginning of the next Solid Waste Alternative Task Force meeting for Mr. Cooper to come back to answer any questions regarding this material.

Mr. Stivender mentioned that this was supposed to be an enterprise fund that at least paid for itself, and the committee needed to address getting it to be more of a true enterprise fund.

COLLECTION SYSTEM

Mr. Emilio Bruna, Solid Waste Programs Director, related that it was his responsibility to make sure the solid waste was picked up. He commented that the County has had a very good waste management contract that has worked well for them, and any problems that the County has encountered in the past have been the result of application of that contract. He stated that they have been under contract since October 1, 2002, with the contract being amended over the years, and they entered into negotiations to bid out the contract once again; however, they found that the best thing was to negotiate with their existing franchise contractors instead. He pointed out that their rate is a lot lower than other counties were paying, and he reported that as of October 1, 2009 they have two franchise haulers, which were

Waste Management and Waste Services Inc., and three different districts. He also commented that their complaint rate is down to the lowest historical numbers, indicating that things were going well. He explained that the franchise haulers were given the exclusive right to collect residential and commercial MSW (municipal solid waste) within the unincorporated areas of Lake County, with the County setting the rate for the MSW; but recyclables, construction and demolition waste is open for other companies to participate in the County. He opined that they offer better service than many other counties do to their residents, with twice-a-week pickup for about 67,000 units which included vegetative waste, as well as an excellent customer service section, and he gave the committee members a list of their recyclable items, including newspapers, magazines, cardboard, plastics, steel, aluminum, glass, and household batteries. He went through and described the contract, and he opined that the RRI (refuse rate index) added stability to the contract. He noted that the County has an option to extend the Covanta contract one more time after it ends in 2014 based on negotiations of the rates with the haulers. He mentioned that the collection equipment was also refined in the contract to specify the proper equipment for the job, and he emphasized the importance of Section 35, which stated that once the haulers pick up the solid waste and recyclables and it enters the truck, it becomes the property of Lake County. He pointed out on the exhibits where the three service areas were located.

Ms. Cindy Heffler, Assessment and Customer Service Supervisor, stated that the refuse rate index (RRI) allows the hauler to receive an increase in their collection service for a period of time, based on trends of labor, fuel, vehicle replacement, vehicle maintenance, taxes, and insurance. She specified that although the commercial solid waste pickup was done annually, the residential was done quarterly, which gave them more stability and allowed them to keep track of it better. She pointed out the pages in the handout which showed a chart of the RRI calculation as well as databases, tables and calculators from the Bureau of Labor Statistics.

HAULERS CONTRACTS

Mr. Doug McCoy, District Manager for Waste Management, stated that their contract with Lake County was their largest contract, and they have served Lake County since the 1980's. He pointed out that although Waste Management is the leading solid waste services provider in North America with 25 million residential customers and 50,000 employees, he had significant autonomy at a local level to run the business, and he also commented that they tried to be good corporate citizens that were sensitive to local environmental issues. He related that Waste Management was a supporter of local schools, charities, and community organizations, including groups focused on environmental concerns. He noted that the company was a significant employer in the area with about 261 employees, and they served about 86,000 homes and 6,000 commercial customers in the four-county area of Lake, Sumter, Marion, and Citrus Counties. He opined that their vast customer base allows them to keep services at a high level and at a low cost, since they could spread their fixed cost over that large customer base. He opined that they had an excellent record of customer service performance in Lake County, and 46,000 out of their 67,000 customers were from Lake County, as well as 700 commercial customers, and they have gotten feedback indicating that the level of service has improved dramatically in the District 3 area that they have recently taken over from another provider. He pointed out that the County has basically

unlimited service where they accept just about any kind of refuse, including yard waste, and he mentioned that the commercial and rolloff collection services rate is the same throughout the county. He commented that the price of petroleum was one factor that they could not control which had a significant cost associated with their business and the RRI. He mentioned some current collection services trends in Florida, including once per week collection, toter automated services, and single stream recycling, and gave some pros and cons of each.

Mr. Minkoff added that the commercial rates subsidize the residential rates, and the commercial customers pay more in order to keep those residential rates lower.

Mr. Bruna stated that Area 1 and Area 3 presented more of a challenge, since Area 2 was more densely populated. He mentioned that WSI was not able to be present to make a presentation that day, and he reported that WSI was a publically-traded, large company with resources, which has been going through a number of mergers; however, he pointed out that it was still the same company and that their service has been good.

CITY RATE SURVEY

Mr. Cooper stated that he realized that he had done a rate survey of the Lake County cities last June, so he provided a list of cities and how they collect garbage, cost per month, the annual cost, and how it was billed by the city. He presented a chart which showed the June 2009 annual city garbage rates, and he pointed out that only Lady Lake had a lower cost than unincorporated Lake County.

RESIDENTIAL DROP-OFF ADDRESSES, CUSTOMER COUNT, AND WASTE PROFILE

Mr. Gary Debo, Solid Waste Operations Director, Department of Public Works, pointed out a listing of the addresses of the different drop-off sites included in the packet, and he related that they have six residential drop-off facilities, one of which was in the central landfill facility which he would discuss separately, with the others in Astor, Clermont, Lady Lake, Paisley, and Pine Lakes. He next presented a customer count of the number of people who came into the residential drop-off sites on a monthly basis for a total of 12 months, and he pointed out that there was a density factor that needed to be taken into consideration associated with the different sites. Next he presented a table that showed the different types of waste materials that are accepted at those residential sites, some of which were not eligible for curbside collection such as electronic waste and household hazardous waste.

Commr. Cadwell commented that the other value of these drop-off facilities, especially in the remote rural areas, was that residents did not have to haul unwieldy materials long distances.

Mr. Debo added that since the County was so elongated in a northerly and southerly direction, having facilities in places other than at a site located centrally in the County could prevent the problematic situation of someone throwing trash in the woods and the National Forest. He presented a residential drop-off analysis chart showing the search of their scale system for June 2009 through May 2010, and he noted that some of the entities did not have any amounts listed in them, such as yard waste, because

they were not tracking that material coming into central or going to the waste energy. He pointed out that all of those numbers were reflective of what comes into their system. He related that they track all of their municipal solid waste or household garbage since by contract it has to be taken to Covanta, and he noted that mulch was processed on the site to be either given to citizens, transferred into central facility to mix with cover for their landfill, or taken to the waste energy plant to use as fuel. He pointed out that household hazardous waste designated as waste code 241 had no value listed, because for efficiency purposes it was collected by mobile unit at the site, and the material was bulked up separately, so it is impossible for them to know how much came from each particular site that was visited. He proceeded to explain what other materials the chart referenced.

Mr. Minkoff mentioned that he believed that the cost of each drop-off site was about \$200,000 to operate on an annual basis.

Mr. Debo referred to the handout that illustrated what they were accepting as well as what they did not accept at the landfill and the drop-offs and telling the customer where they could take those materials. He showed an aerial photograph of the different drop-offs, and he related that the Astor residential drop-off was the last drop-off site in Lake County to operate on a two-tier approach in order for the customers to get to the top of the trailers to put in their waste.

Mr. Gorden inquired about what the County does with electronic waste.

Mr. Bruna explained that they use a state contractor who has lowered the price over time where the County pays almost nothing, and he mentioned that they were presently flooded with large bulky televisions because of people buying the new flat screen ones. He stated that a County employee sometimes refurbishes computers that they receive and contributes them to church groups.

CONCLUDING COMMENTS

Mr. Stivender stated that at the next meeting they could discuss some of the issues that the committee would like to discuss with staff, and they wanted to make all the information they could available to the committee members to help them learn all they could about solid waste. He mentioned that there was a transition from older to newer technology.

Mr. Minkoff stated that they would like to schedule a visit to Covanta and the landfill, and he commented that he thought they needed a legal presentation regarding two areas, which were statutes concerning recycling at the state level and a flow control issue concerning waste. He suggested having an outside attorney that they occasionally used for solid waste issues speak to the committee telephonically.

Ms. Boggs commented that they have not yet discussed information about the recycling and the household hazardous waste, and it would be good to know about that before they went to the waste energy plant.

Mr. Cooper suggested that they could present that information at the next meeting as well as answer any questions the committee members have, and then make a visit to Covanta and the waste energy facility at the subsequent meetings after that.

Mr. Stivender mentioned that the timing was good for that, because they were getting ready to make a presentation on recycling to the Board in August on some of the programs that they had just started.

Mr. Binney agreed that the next meeting should be in Chambers and that they should have staff present at the beginning of that meeting.

NEXT MEETING DATE

Mr. Binney stated that they were looking at having meetings every two weeks, with the next meeting to be held on Monday, July 26 at 9:00 a.m. in Chambers. It was decided that they would tentatively set meeting dates for August 9 at the landfill and August 23 to visit Covanta.

PUBLIC COMMENT

Mr. Ronald Ney asked why the County gave out bonds for the incinerator but did not own any part of it.

Mr. Minkoff explained that the County did not issue bonds for the waste energy facility other than industrial revenue bonds, which were no different than what they issued for Senninger Irrigation or any other business that would utilize that type of bond and which was not a debt of the County, and the County had no responsibility to pay those bonds.

Mr. Ney asked what type of waste they considered residential hazardous waste.

Mr. Stivender responded that paint, batteries, and fluorescent lights were some of the things that were considered hazardous waste, but they would be discussing that further at the next meeting, and the committee members would see exactly how that was handled when they got a tour of the facility.

ADJOURNMENT

On a motion by Mr. Gorden, seconded by Mr. Hammond and carried unanimously by a vote of 6-0, the Board adjourned the meeting at 11:10 a.m., there being no further business to be brought before the Lake County Solid Waste Alternative Funding Task Force.