

**OPEN SESSION MINUTES
WINNEBAGO COUNTY BOARD OF SUPERVISORS
SOLID WASTE MANAGEMENT BOARD**

DATE: December 4, 2019

TIME: 9:00 a.m.

LOCATION: J.P. Coughlin Center
625 E. County Road Y
Meeting Room A
Oshkosh, WI

PRESENT: Pat O'Brien, Chairman
David Albrecht, Vice Chairman
Paul Eisen, Secretary
Mike Easker
Jerry Finch
Gerry Konrad
Susan Locke
Doug Nelson

ALSO PRESENT: John Rabe, Director of Solid Waste
Cassie Stadtmueller, Administrative Associate
Kurt Pernsteiner, Operations Manager
Zach Moureau, Environmental Manager (9:00 a.m. – 9:35 a.m.)
Kathy Hutter, Recycling Program Manager
John Fink, Executive Assistant

1. Call to Order: P. O'Brien called the meeting to order at 9:00 a.m.
2. Approve Agenda: Motion to approve the December 4, 2019 agenda, moving agenda item #9 ahead of agenda item #6, made by J. Finch and seconded by G. Konrad. Motion carried 8-0.
3. Public Comments on Agenda Items: None.
4. Announcements/Communications: J. Rabe informed the Solid Waste Management Board (SWMB) that Ken Robl passed away on December 2, 2019. G. Konrad informed the SWMB that a visitation will be held December 10, 2019 at Sacred Heart from 2:00 p.m. – 4:00 p.m. with a funeral service at 4:00 p.m.

J. Rabe informed the SWMB that Brown, Outagamie and Winnebago (BOW) Counties support letter is being drafted for Outagamie County (OC) Northwest Landfill expansion for leachate disposal at the City of Appleton waste water treatment plant.

Discussion ensued amongst the SWMB.

5. Approval of Minutes – November 20, 2019 Open Session: Motion to approve the November 20, 2019 open session minutes, made by J. Finch and seconded by M. Easker. Motion carried 8-0.

9. Discussion/Action – Authorize 2020 Landfill Gas Pipeline Compliance Services: Z. Moureau presented the 2020 Landfill Gas Pipeline Compliance Services proposal to the SWMB as follows:
 - Utility Safety & Design Inc (USDI) previously authorized for January through December 2019 landfill gas pipeline compliance services (\$2,346/month); highly knowledgeable in pipeline compliance and have been able to effectively negotiate site specific requirements with the Public Service Commission (PSC). USDI personnel also have a good rapport with PSC personnel.
 - \$30,000 included in 2020 Budget
 - USDI provided proposal – \$28,800 for 2020 services (\$2,400 monthly). 2% increase from 2019 services
 - Request SWMB authorization for 1-yr agreement with USDI

Motion made by J. Finch and seconded by D. Nelson, to authorize a one (1) year agreement with USDI for \$28,800 for 2020 services. Motion carried 8-0.

6. Discussion/Action – Award Transfer Station Office Demolition & Renovation Project: J. Rabe presented the bid results for the Transfer Station Office Demolition & Renovation Project to the SWMB as follows:
 - November 18, 2019 – Bids due (3 received)
 - 2020 Budget Amount = \$85,000
 - Review bid tally = apparent low bidder A. Chappa Construction (Sheboygan Falls) at \$121,400 (base bid); Cardinal Construction base bid was \$169,500; Howard Immel Construction base bid was \$177,650
 - No action taken by the SWMB at November 20, 2019 meeting
 - Martin Riley bid clarifications with A. Chappa Construction (A. Chappa) – 60 day construction duration; received list of subcontractors; experience provided is a mixture of large and small projects so ours fits into their ability; approximate phase cost breakdown as follows: \$12,400 General Contracting, \$59,000 Demolition, \$26,000 Bathroom, \$24,000 Vector Sealing
 - Martin Riley revised construction estimate based on current design = \$114,000 with contingency; additional work items added since 2020 budget estimate was prepared which included a unisex bathroom (City requirement), IT closet relocation and additional provisions/measures for vector sealing in the updated space.

Discussion ensued amongst the SWMB.

Motion to award Transfer Station Office Demolition & Renovation Project to A. Chappa for \$121,400, made by J. Finch and seconded by S. Locke. Motion carried 8-0.

7. Discussion/Action – Consider Meeting Schedule Changes for 2020: J. Rabe presented possible Meeting Schedule Changes for 2020 to the SWMB as follows:

- Last discussed at September 18, 2019 meeting
- SWMB Member schedules for 2020 – January 15, February 5 & 19, March 4 & 19, April 1 & 15, May 6 & 20, June 3 & 17 are the normal meeting dates
- Options to consider moving forward: monthly meetings through Quarter 1 & 2 as trial period (mailed out meeting packets); stick with regular meeting schedule and cancel meetings as necessary

J. Finch stated that he would prefer to have the meeting be the first Wednesday of each month, if monthly meetings are chosen.

M. Easker stated he preferred to keep both meetings scheduled monthly and cancel a meeting if necessary.

Discussion ensued amongst the SWMB.

Motion to maintain current meeting schedule for Quarter 1 & 2, making the first meeting the primary meeting and holding the second meeting only if necessary and review after six months, made by M. Easker and seconded by J. Finch. Motion carried 8-0.

8. Discussion/Action – Recycling Programs Updates: K. Hutter presented the Recycling Programs Updates to the SWMB as follows:

Material Recovery Facility (MRF) Projects

- Work continues on MRF Pre-sort Cabin Construction – anticipate completion in early 2020.
 - Remodel of pre-sort cabin to include insulated walls, update doors, replace guardrails and misc. finishing work.
 - Contractor: Milbach Construction Services
 - Engineering Services: McMahon Associates
 - Project bid \$421,068.
 - Budgeted in 2019 as a Capital Expense (\$1.3 Million available for multiple projects/items, BOW Staff prioritize purchases to meet the needs of the MRF).
- Request for Bid (RFB) results for MRF Equipment Replacement under review.
 - Work & equipment primarily entails upgrade of the Optical Sorter equipment, redesign of Polyethylene terephthalate (PET/#1 plastics) QC Station and Eddy Current separator (aluminum).
 - Goals are to replace obsolete equipment, achieve effective PET plastic and aluminum sorting, ensure material/bale quality meets buyer specification and secure higher value for sold material.
 - Revised bid due date was November 12, 2019. Two bids received. Both are within budget (\$1.4 Million)
 - BOW Single Stream Recycling (SSR) Staff, OC Purchasing Agent and Project Engineer discussed bid results on November 13, 2019. Reference checks and bid language clarification followed. Bid award must be approved by OC's

committee of jurisdiction (December 2, 2019), award notification and contract will be issued by December 13, 2019.

- Engineering Services: SCS Engineers
- Project will be funded through Equipment Replacement Fund (currently \$1.9 Million).
- Project completion deadline is May 25, 2020.

Tonnages

- MRF tonnage through 3rd quarter 2019 = 77,967 tons vs. 87,398 tons through 3rd quarter 2018.
- MRF Budget is based on processing 105,000 tons. Tonnage is on target through 3rd quarter.
- Winnebago County (WC) tonnage through 3rd quarter 2019 = 12,206 tons vs. 11,894 tons through 3rd quarter 2018.
- Decrease in commercial tons at MRF noted in July 17, 2019 SWMB report. Trend continues – commercial material is down ~4,500 tons in 2019 vs. 3rd quarter 2018.

Materials & Commodity Markets

- January-September 2019 combined index value of commodities = \$41.12/ton (compared to same time period in 2018, \$64.13/ton and 2017, \$90.75/ton). Overall composite value continues to be driven down by low pricing in paper/cardboard markets.
- BOW staff continues to market commodities slightly above index, but the margin is narrowing.
- Due to the current export market situation, domestic fiber and plastic buyers have the advantage when setting commodity prices.
- Aging equipment, staffing shortages and increased contamination all impact bale quality and pricing.
- BOW Staff are focused on slowing the rate at which MRF Actual values are decreasing. The following are examples of efforts taken by staff to improve bale quality, improve effectiveness in material processing at the MRF and increase overall value of baled materials:
 - Consistent, well-organized, public education to reduce contamination at the curb.
 - A better trained and highly managed workforce (Leadpoint).
 - Increased monitoring of incoming materials at the MRF and transfer station (TS) tip floors to enforce quality standards.
 - Supply agreement renewals that are more favorable to BOW and enforcement of agreement terms.
 - Negotiations with material buyers that are more favorable to sellers and buyers.
 - Scheduled MRF equipment preventative maintenance that keeps equipment functioning as intended.
 - Development of an equipment replacement plan, ongoing needs evaluation/prioritization and follow-through to stay on task for replacement plan (2020 and beyond).
- Cardboard (OCC) continues to have good local demand. Local pricing is down ~50% from the beginning of 2019. Cardboard is ~20% of MRF's outgoing tonnage.
- Mixed paper had a decrease in local demand in September & October 2019; broker services are now being used to move excess inventory (at lower prices – market is saturated). Local pricing is down ~30% from January 2019. BOW staff are

- investigating the use of material sales agreements with preferred local paper buyers to stabilize pricing and material sales. Mixed paper is ~37% of MRF's outgoing tonnage.
- PET has good domestic demand, but more challenging to move; MRF uses primarily Midwestern buyers and continues to work on negotiations for better pricing. Local pricing is down ~40% from January 2019. Bale quality has been noted by buyers as a contributing factor in lower MRF pricing. The 2020 MRF Equipment Upgrade project will allow the MRF to compete for better pricing. PET is ~4% of MRF's outgoing tonnage.
 - HDPE Natural has good domestic demand. Index value is trending upward. HDPE Natural is ~1% of MRF's outgoing tonnage.
 - HDPE Color has good domestic demand. Index value is trending down (Midwest Region); lowest it has been in nearly 10 years. HDPE Color is ~1% of MRF's outgoing tonnage.
 - Aluminum (beverage containers) continues to have good domestic demand. Index value is declining; MRF value is declining at a steeper rate. Bale quality has been noted by buyers as a contributing factor in lower MRF pricing. The 2020 MRF Equipment Upgrade project will allow the MRF to compete for better pricing. Aluminum is ~1% of MRF's outgoing tonnage.
 - Steel continues to have good domestic demand. Index value is steady; MRF value is declining, yet still much higher than index. Steel is ~4% of MRF's outgoing tonnage.
 - MRF continues to work with Faulks Brothers (Waupaca) to supply glass for sand blast media. Strategic Materials (glass-to-glass recycler) was re-approached by BOW Staff, committed to a teleconference meeting, then failed to call into the meeting; no further communications were made. Glass continues to be used at the Regional Landfill (OC) as ADC and decking/road-building material. Glass is ~24% of MRF's outgoing tonnage.

Financials and Tip Fees

- Moving into 2020, generating MRF revenues continues to be a challenge. For budgeting:
 - Commodity markets are expected to remain flat.
 - Tonnage is expected to be down ~10%.
 - Capital improvement costs have been reduced by \$100,000.
 - MRF labor costs are somewhat adjustable but due to the quantity of material processed at the facility, quality will decrease if labor is cut back to a one-shift operation. Decline in material value and loss of sales will likely follow.
 - Only remaining lever to generate revenue is to increase charges to non-contracted customers (~30% of incoming tons).
 - Past practice is a CPI increase. For 2020, Tri-County Staff are considering a significant increase in processing fees, applicable to non-contract rates.
- OC, BC and WC share MRF revenues/expenses and will share the risk of financial loss if operational costs are not covered by revenues.
- In the process of calling competitor MRFs for capacity (MRF Equipment Replacement Project), it was noted that BOW rates average ~20% less than competitors. Assuming competitor rates are based on index, cover operational costs and have minimal mark-ups, BOW should be able to increase non-contract tip fee beyond CPI adjustment and remain competitive.

- MRF's tipping fee is currently \$39.09/ton. WC SSR tipping fee, based on MRF processing fee, commodity values and hauling costs, is now \$43/ton for non-contract customers.
- Anticipated outcomes of a significant rate increase ...
 - Commercial recycling tip fee will consistently remain higher than garbage tip fee until commodity values rebound.
 - Additional commercial tonnage may migrate out of the BOW system. Customers may go to competitor MRFs in Eagle River, Germantown, Franksville, Monona or the transfer stations run by corporate waste collectors.
 - Contracted commercial materials (supply agreement materials) will have a CPI increase and are expected to stay within the system.
 - Minimal non-contracted SSR is brought to WC TS. These facility users will have some financial hardship until their customer contracts can be updated.
 - BOW will have more flexibility in entering supply agreements with other municipalities if some of the commercial material migrates out of the system. Residential material is typically better quality and municipalities are more responsive to education efforts.

WC Financials

- MRF revenues distributed to WC through 3rd quarter 2019 is \$74,047 vs. \$233,130 through 3rd quarter 2018. WC's projected revenues for Year End 2019 total is \$121,939 vs. \$530,374 Year End 2018 Actual.
- WC's MRF revenues are shared with signing municipal RUs, based on RU tonnage contributed to the system. WC RU preliminary financials show deficit of ~\$29,000 in 2019 (~\$2.40/ton and equivalent to a \$12-\$13/ton tipping fee). SWMB share of SSR program is expecting to see a deficit of ~\$50,000 in 2019. SWMB's portion includes the full debt service and interest payment expense which is ~\$72,300. Without this debt service payment, the adjustable commercial SSR tipping fees would cover the SWMB's portion of TS operational costs.
- RU tipping fee is \$10/ton in 2019. The same tipping fee is budgeted in 2020 – based on index markets, tonnage estimate, and operational costs from 1st & 2nd quarters 2019.
- Signing Municipality Agreement automatically renews as-is for a 5-year term on January 1, 2020. RU tip fee options were presented to the SWMB on January 16, 2019. No reasonable options were available to equitably share the risk of a program deficit caused by softening commodity values.
- In 2020, \$10/ton may cover RU program expenses if:
 - The MRF can increase processing fees for non-contracted customers and TS locations follow suit with increase.
 - Equipment upgrades produce better bale quality, resulting in higher revenues for sold materials.
 - BOW Staff can successfully negotiate outbound material sales contracts for higher revenues.
 - Robust education/marketing program continues (with RU assistance) and residuals are kept to a minimum.
- Suggested discussion/future considerations:
 - Commercial SSR tipping fees that are higher than general refuse tipping fees.

- How to address potential deficit to RU SSR program over the next 5 years of the Signing Municipality Agreement.
- Funding future MRF equipment upgrades.

Discussion ensued amongst the SWMB.

Motion to approve report as presented by K. Hutter, made by D. Albrecht and seconded by J. Finch. Motion carried 8-0.

10. Future Agenda Items: None at this time.

11. Set Next Meeting Date: The next SWMB meeting date is scheduled for December 18, 2019 at 9:00 a.m. (J.P. Coughlin Center, Room A).

12. Adjournment: Motion to adjourn made by M. Easker and seconded by J. Finch. Motion carried 8-0. Meeting was adjourned at 10:30 a.m.

Respectfully Submitted,

Cassie Stadtmueller
Administrative Associate

Approved by SWMB – December 18, 2019