

NEW RIVER SOLID WASTE ASSOCIATION  
SPECIAL CALLED BOARD MEETING MINUTES  
NOVEMBER 5, 2014

The New River Solid Waste Association Board of Directors met for a Special Called Meeting on November 5, 2014 with the following members present:

Commissioner Mark Hartley, Chairman  
Commissioner Karen Cossey, Vice-Chairman  
Commissioner Doyle Thomas, Secretary/Treasurer  
Commissioner Gordon Crews  
Commissioner Jimmy Tallman

Others present were: Darrell O'Neal, Executive Director  
Perry Kent, Assistant Director  
Melissa Waters, Chief Finance Officer  
Lydia Greene, Office Manager/Admin. Assistant  
Russ Wade, Attorney

Commissioner Hartley called the special called meeting to order which was followed in prayer led by Chairman Hartley and the Pledge of Allegiance.

Commissioner Hartley called for discussion of agenda item #2, Discuss SP Fiber Tech-SP Recycling Southeast decision to stop collecting and processing our recyclables. Mr. O'Neal said that a document summarizing the recent situation with SP Recycling had been prepared for the board. Back in 2008, an RFP was issued to see if there were any private companies who would be interested in taking over our recycling collection, processing and marketing. We received 2 bid responses and the contract was awarded to SP Recycling Southeast. Mr. O'Neal said that the agreement with SP was they would pay New River to lease our 120 containers and the 2006 Peterbuilt Front Loader Truck. Mr. O'Neal said SP took over collection of 35 existing commercial cardboard customers and the county collection sites in all three counties. Since 2008, SP has picked up the county's co-mingled container (plastic and metal cans) along with the cardboard/newspaper container and took these materials to SP Recycling in Gainesville for processing. Mr. O'Neal stated that about a month ago he received a call from SP who informed him they wanted to get out of the

recycling business and wanted to discuss with New River what we wanted to do. Mr. O'Neal said he advised SP that New River wasn't in a position to get back into the recycling collection business as we do not have the money, the employees or the equipment to take over the county's recycling. Mr. O'Neal said he told SP that if they could find a company to assign the contract to, the board may be interested in doing that. This issue had been mentioned to the board at the last board meeting. Mr. O'Neal said that he had received an email from SP last week stating they would be discontinuing our contract and they would no longer pick up our recyclables after November 13, 2014. Mr. O'Neal said he contacted our attorney as we have some legal issues that need to be dealt with. Mr. O'Neal asked Ms. Palmi to introduce Charlie Hobson. Ms. Palmi said Mr. Hobson is the Operations Manager and overseer of the entire SP operation located at the Alachua County Transfer Station. Ms. Palmi also introduced Dave Cerlantic who is the new Alachua County Public Works Director. Ms. Palmi stated that SP has been leasing the building located at their site from the county since 2001 and has been handling the recycling for Baker, Bradford, Union, Alachua, Gilchrist and Levy Counties.

Mr. O'Neal asked Mr. Wade to discuss the legal issues with the board. Mr. Wade stated that basically we have received a notice of termination from SP but that we are under no obligation to sign it. SP has 11 months remaining on their contract and at the end of that time they are free to say they are not renewing the contract. Mr. Wade said SP has signaled their intent to breach the contract with New River and that he advises New River not to sign the termination notice. He also advises New River's response to SP to be that we do not intend to sign the termination notice and ask if they intend to continue the contract so that we can have someone else in place to handle the recycling and that we also intend to sue SP because of the breach. Mr. Wade said the extra cost incurred by New River for recycling would be the basis of the suit. Mr. Hobson added that SP filed for bankruptcy in 2012 and after that a new management team took over; SP's focus now is recycled cardboard and the processing facility in Gainesville is the only recycling location still in operation due to their contracts with New River and Alachua County. Mr. Wade said that it appears that the subsidiary we are doing business with has not been through bankruptcy which poses another possible issue with a law suit and may make it harder to collect. Commissioner Crews asked if the issue is that recycling doesn't make money and is that the reason not many companies are doing recycling. Ms. Palmi said that recyclables are market driven and SP is a huge company who has a lot of recycling centers which allows them more leverage for better prices. In the

past, newspaper recycling was their primary product and their main objective was to feed the paper mills. Ms. Palmi stated the county currently has a lease with SP through 2016 which includes the lease of the building and SP paying a host fee for all materials that come across their scales along with revenue sharing on the sale of recyclables through the curbside program and they also have a similar contract with the City of Gainesville. Ms. Palmi said SP contacted the county to see if the county would be interested in allowing them to get out of their lease agreement in exchange for the company giving to the county all of the assets associated with their recycling center. Ms. Palmi said the recommendation that will be made to Alachua County's Board of Commissioners on December 3<sup>rd</sup> is to take over the operation along with the assets and continue to process the materials for the six counties who are currently bringing their recyclables to that processing center. Ms. Palmi said this could be done since the county does not have to make a profit so their margin is much better for operating that small facility. Ms. Palmi said as mentioned at the last board meeting they are working on a proforma to see what the actual cost of running the facility will be. Mr. O'Neal asked how this would be done since the county's budget has already been approved. Ms. Palmi said the county has reserves that can be used along with the processing fees currently charged which will not be eliminated, along with using money generated from the sale of the materials. Ms. Palmi added that the processing center would be open to all who wanted to use it.

Mr. O'Neal said that staff's first recommendation would be to have the attorney send a letter to SP Recycling stating that we do not intend to sign the termination agreement and that we expect SP to continue to honor the contract and conduct business as usual.

Chairman Hartley called for a motion to direct the attorney to send a letter to SP Recycling stating that we do not intend to sign the termination agreement and that New River expects SP Recycling to honor our contract. Commissioner Tallman made the motion. Commissioner Cossey seconded the motion. The motion carried unanimously.

Mr. O'Neal said if SP does discontinue service of our contract, and he expects that is what they are planning, we need to discuss a backup plan for continuing collection and processing of the county's recycling material. Commissioner Crews stated he feels we should have the attorney send the letter but agrees that this will not take care of our recycling needs if SP does breach the contract anyway. Mr. O'Neal said that this is what needs to be discussed with the board and that he has prepared five different scenarios for

consideration to continue our recycling program which has been described in the handout to the board.

Mr. O'Neal said the first scenario he would like to suggest is for the board to give staff the authority to negotiate with any vendor who would be willing to take over the cardboard collection at a minimum and allow them the use of our containers and truck if they will do it at no charge to New River. This will include the board to waive normal procurement procedures due to the state of emergency. Mr. O'Neal added this means that the counties may become responsible for the metals and plastic containers or will have to decide whether these materials should be discontinued.

Mr. O'Neal reviewed the other four scenarios prepared by staff for continuing a recycling program with the board and stated that scenarios three, four and five will mean New River getting back into the recycling business with no reserves, no employees, no budget, and no equipment. Mr. O'Neal added that he had prepared estimated budgets for each scenario. Scenario 1 and 2 would be at no cost to New River. The first year budget for scenario 3 would be estimated at \$246,460; scenario 4 at \$325,314 and scenario 5 at \$461,614. Commissioner Cossey said she feels scenarios 3, 4 and 5 would not be an option.

Mr. O'Neal said that a sixth scenario was presented today that he would also like to share with the board. He had a discussion with the person who runs the recycling program at Florida State Prison who collects and processes all recyclables for Region 2 prisons. Mr. O'Neal said that this might be another option to look into for the three member counties. Mr. O'Neal added that starting and completing the process with the DOC would likely be a lengthy process given our experience in the past. His recommendation is to have the board members to make contact with the DOC Secretary to start the discussion about taking our recycling.

Mr. O'Neal added New River could re-issue an RFP for recycling but that he has already contacted five different companies who have no interest in any of our recyclables other than cardboard.

The board was in agreement to approve scenario 1.

Mr. O'Neal said he would like to request board authorization to negotiate a contract with a vendor for cardboard collection at a minimum if our recycling services are disrupted by SP for the required interim period of time. And if necessary to re-issue an RFP for recycling services.

Chairman Hartley asked for a motion from the board. Commissioner Thomas made a motion to authorize staff to negotiate a contract with a vendor for an interim period of time for recycling services and to issue an

RFP if necessary. Commissioner Crews seconded the motion. The motion carried unanimously.

Mr. O'Neal asked where should we direct the citizen's calls in the event of complaints. His suggestion is that the citizens contact the County Solid Waste Directors. The board was in agreement.

Chairman Hartley asked for discussion of agenda item #3, Engineering. Mr. Woolsey said that these work orders represent ongoing projects that need to be refunded for the current fiscal year. Mr. Woolsey stated Item 3A is Work Order #59, Landfill Gas to Energy Engineering which covers engineering support of the LGTE project including assisting with review of the contract, scope development and improvements to existing gas collection system. Work Order #59 is in the amount of \$45,000. Mr. O'Neal added this is already included in the budget.

Chairman Hartley called for a motion. Commissioner Thomas made a motion to approve engineering work order #59 for Landfill Gas to Energy Engineering in the amount of \$45,000. Commissioner Crews seconded the motion. The motion carried unanimously.

Mr. Woolsey said Item 3B is for Work Order #60, EGC Closure Engineering. On October 24<sup>th</sup> Jones Edmunds along with Mr. Kent met with the solid waste folks with DEP in Tallahassee. DEP was very positive in the feedback given but this will require discussion and review at a higher level before approval is given. Work Order #60 is to keep this process going forward for approval for final closure in the amount of \$55,000.

Chairman Hartley called for a motion. Commissioner Crews made a motion to approve engineering work order #60 for EGC Closure Engineering in the amount of \$55,000. Commissioner Cossey seconded the motion. The motion carried unanimously.

Chairman Hartley asked for any further discussion. Mr. O'Neal said that there being no business requiring a regular board meeting next week, he would like to get board approval to cancel the regular board meeting scheduled for next Thursday, November 13<sup>th</sup>. The board was in agreement. Mr. O'Neal added he would like to plan a recognition for outgoing Commissioner Thomas. The board was in agreement.

Chairman Hartley called for a motion to adjourn. Commissioner Cossey made a motion to adjourn which was seconded by Commissioner Thomas. The meeting was adjourned.