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Santek Environmental Landfill Management Agreement

Excerpt **Minutes 2-7-11**

NEW BUSINESS

Solid Waste Committee Recommendation for Landfill Operations

David Francis, Solid Waste Committee Member, explained that the County sought request for proposals (RFP's), for management of the White Oak Landfill (WOLF). Out of three proposals, the Solid Waste Committee is making a recommendation to allow the necessary County staff, legal counsel with experience in solid waste contract negotiations and Chairman Swanger to enter into negotiations with Santek Environmental, Inc. for the management and operation of the WOLF. Santek Environmental, Inc. offered the only financial benefit to the County. Mr. Francis stated that with a ten-year contract the County would save \$462,000 per year. With a twenty-year contract, the County would save \$480,000 per year.

On January 24th, 2011, the Solid Waste Committee met along with representatives from the municipalities. From that meeting the Solid Waste Committee recommends to allow the necessary County staff, legal counsel with experience in Solid Waste contract negotiations, and Chairman Swanger and Commissioner Bill Upton to enter into negotiations with Santek Environmental, Inc. for the management and operation of the WOLF. The Solid Waste Committee also recommends a change in the transfer station operations at 278 Recycle Road, upon completion of necessary capital improvements at the White Oak Landfill. This recommendation, for transfer operations, is recommended regardless of successful or unsuccessful negotiations with Santek. The County will incur capital expenditures for truck wash, public convenience center, new truck scales and scale house if negotiations are unsuccessful with Santek.

Vice-Chairman Kirkpatrick inquired as to the participating municipalities. Mr. Francis stated that representatives from the Towns of Waynesville, Canton and Clyde attended that January 24th, meeting. Commissioner Sorrells stated that the proposal received from Santek looks like a win-win for Haywood County, but the next step is simply to review the proposal thoroughly to be certain that all the questions regarding the landfill are answered completely. Commissioner Sorrells inquired if there had been a site visit to a similar operation in another state. Mr. Francis replied the committee could arrange a site visit. Vice-Chairman Kirkpatrick stated that Santek would most likely bring trash from outside Haywood County to the landfill. If Haywood County continues operating the landfill the proposed life expectancy of the landfill is thirty years. If Santek operates the landfill and brings additional trash the proposed life expectancy of the landfill is still thirty years. Vice-Chairman Kirkpatrick explained that Santek could run the landfill better and save the County money.

Excerpt
Minutes 9-6-11

OLD BUSINESS

Santek Environmental Landfill Management Agreement

Marty Stamey, County Manager, gave a PowerPoint presentation regarding the proposed Santek Environmental Solid Waste landfill management agreement. Mr. Stamey introduced Cheryl Dunson, Santek Environmental Vice-President of Marketing; Matt Dillard, Vice-President of Operations; and Rob Burnette, Vice-President of Engineering. Mr. Stamey explained the four functions of solid waste include the convenience centers, recycling center, the transfer station and the landfills. In 2008, Haywood County formed a solid waste committee. The goals of the solid waste committee include:

- Eliminating the need for additional capital associated with future development of solid waste facilities and equipment
- Maximize financial stability of the County's Solid Waste program
- Reduce the financial liability for taxpayers
- Preserve and protect landfill capacity for the citizens of Haywood County
- Maintain environmental and regulatory compliance

Mr. Stamey reviewed the recommendations of the solid waste committee:

- Public-private partnership with convenience centers
- Change the process for handling recyclables
- Change in transfer function at the materials recovery facility (MRF)
- Public-private partnership for the management of the White Oak Landfill

After lengthy reviews of proposals, hearing presentations, checking references and meeting with attorneys and representatives of Santek and Haywood County, the solid waste committee recommends contracting with Santek Environmental for the management of the White Oak Landfill.

David Francis, Tax Administrator, explained that there are two distinct aspects of the proposed contract, the management agreement and the expanded management agreement. Mr. Francis shared that the initial term is for twenty years. The County may extend the agreement for ten more years. Santek has agreed to provide to Haywood County at least thirty years of life in the landfill. This is backed up by a performance bond or performance security. Santek would manage the landfill and the new drop-off center. Santek assumes all management responsibility of the White Oak Landfill for \$127,000 per month. Current hourly County staff have the first right of refusal to join Santek Environmental at current wages. Benefits would include health and dental insurance, 401K, vacation, paid holidays, paid time off, boots and uniform allowance program and longevity pay. Santek would take over the leachate transportation and disposal, up to three million gallons per year. At the point that three million gallons are reached there is a 50 / 50 split of the leachate removal cost. Mr. Francis stated that all compliance is regulated by the North Carolina Department of Environmental and Natural Resources (NCDENR). The County has

retained all energy rights to the landfill. Santek would be required to carry environmental insurance beginning at \$2 million at the initiation of the contract, going up to \$10 million in year three.

Julie Davis, Finance Director, shared an annual cost comparison of the County operating cost and the cost of Santek.

- County operating costs: \$3,266, 911
- Santek operating costs: \$2,849,775

Mr. Francis shared that the expanded management commencement is triggered when Haywood County generated waste and out-of-county waste equals 396 tons per day. The out-of-county waste is limited to the 18 western-most counties in North Carolina and 400 tons per day. There is no out-of-state waste coming to the Haywood County landfill. Mr. Francis explained that once the landfill is permitted to accept out-of-county waste Santek would pay for all state permit fees, the management fee would no longer be necessary. However, the County would pay a tipping fee of \$22.25 per ton. Based on current projections, the landfill availability fee would pay for the tipping fee. Mr. Francis stated that presently the tipping fee is \$55 per ton. Mr. Francis explained that for Haywood County accepting out-of-county waste, Santek agrees to pay a host fee of five percent of the adjusted revenues. Ms. Davis summarized the 30-year projected savings for the County.

Ms. Dunson, Mr. Burnette and Mr. Matt Dillard commended Haywood County staff for their efforts during the contract negotiations.

After discussion the Board agreed to hold a public hearing at the next regularly schedule Board meeting at 5:30 p.m., September 19, 2011.

Excerpt
Minutes 9-19-11

PUBLIC HEARING

Santek Environmental Landfill Management Agreement

Chairman Swanger opened the public hearing for the Santek Environmental landfill management agreement. Marty Stamey, County Manager, explained that the notice of public hearing for this item, the PowerPoint presentation given at the last regular Board meeting and the proposed agreement were posted on the County website, www.haywoodnc.net.

Mr. Stamey introduced Cheryl Dunson, Santek Environmental Vice-President of Marketing; Matt Dillard, Vice-President of Operations; and Ron Vail, Engineer, with Santek Environmental.

Monroe Miller stated that he presented the proposed contract to former Solid Waste Director Bobby Cogdill, who made eighteen comments / questions regarding the proposed contract. Mr. Miller sent those comments / questions to Mr. Stamey and requested the Board address those concerns. Chairman Swanger confirmed that the Board would respond, as requested by Mr. Miller.

David Francis, Tax Administrator, replied to the comment / questions presented by Mr. Miller regarding the proposed agreement with Santek Environmental. Mr. Francis shared the importance of Santek Environmental operating the landfill for a year to ensure that there are no pre-existing environmental issues. Mr. Francis explained one example of a pre-existing issue. Sometime between 2000 and 2003, waste was placed outside the liner, but this was not discovered until 2009 during the construction of the new cell.

Mr. Francis shared that fuel surcharges have become an industry standard due to the volatility of fuel prices. Haywood County is attuned to post closure care. To ensure that all rules and regulations are met and followed, the County has made a significant commitment at White Oak Landfill (WOLF) and Francis Farm.

The drop-off center would make it more accessible and user friendly to all patrons of smaller vehicles. Mr. Francis stated that safety is of the utmost importance to the County.

Santek Environmental would lease the equipment and therefore, be responsible for the maintenance of the equipment. Santek Environmental has agreed to give Haywood County thirty years of disposable life. Presently, the County does not have such a guarantee. Mr. Francis stated that the Haywood County landfill inspector would be Stephen King, Solid Waste Director.

Santek Environmental would pay for all leachate cost under the expanded management agreement. Therefore, the County's leachate cost would not increase under the expanded management agreement. The first three million gallons of leachate would be paid for by Santek Environmental. Alternative covers would become the responsibility of Santek Environmental and would be paid by Santek Environmental, not the County. The County randomly checks loads as required by the permit. This has been an ongoing program since 2007. The County has gone through the steps to certify the employees through Solid Waste Association of North America (SWANA), an educational body for landfill operators that includes waste screening. The permit and contract require Santek Environmental to continue this best practice of preventing the burying of prohibited waste. The financial assurance remains with the County. However, once expanded management agreement is reached, the funding would become the responsibility of Santek Environmental and closure would be the responsibility of Santek Environmental. Closure would be completed in accordance with regulations, which should minimize post closure cost, and the tipping fee would decrease.

County Attorney Killian explained that hold harmless clauses are standard language in contracts. County Attorney Killian stated that the County would not want to be responsible for the landfill during Santek Environmental's operation of the landfill. In the same way, Santek Environmental would not want to be responsible when the County was in control of the landfill. Mr. Francis continued stating that once the proposed contract is signed, Santek

Environmental would be responsible for non-compliance. The County would be responsible for any issues prior to the signing of the contract.

Vice-Chairman Kirkpatrick inquired as to the options the County has, other than entering into an agreement with Santek Environmental. Mr. Francis explained that the County would continue to operate the landfill. Presently the household availability fee is \$92 per household. The closure and post closure cost of the landfill would increase that fee by \$14. Capital improvements of \$1.1 million would be needed, thereby increasing the fee even more. Chairman Swanger shared that the County adding new cells would further require increasing the availability fee. Mr. Francis estimated that the availability fee would increase \$125 to \$150 per year per household.

The Solid Waste Committee includes Chairman Swanger, Commissioner Upton, County Manager Marty Stamey, Tax Administrator David Francis, Finance Director Julie Davis, Solid Waste Director Stephen King and as needed, other staff members. Commissioner Ensley stated that the Solid Waste Committee has been reviewing the proposed agreement for more than a year.

Commissioner Sorrells inquired how Santek Environmental could guarantee that the life of the landfill would be thirty years. Ms. Dunson explained that upon assuming operation of the landfill, one of the first things Santek Environmental would do is review how to maximize the efficiencies of the permitted design that would include some modifications to the existing site, the first one being a modification to the service area. The thirty-year life of the landfill is for Haywood County generated waste only. If during the operations, it is realized that the volume of the landfill has increased to a point that the expectancy of the life of the landfill decreases below the thirty years, Santek Environmental would turn away waste from the other seventeen counties. Ms. Dunson reiterated that the proposed agreement is between Haywood County and Santek Environmental for Haywood County's waste.

Commissioner Sorrells inquired as to when Santek Environmental anticipates modifying the permit so that the landfill could allow for wastes from other counties. Ms. Dunson replied that Santek Environmental anticipates the process to be ready within six months to a year. Commissioner Sorrells asked if at the time that Santek Environmental reaches the point of expanded management, Santek Environmental expects to offer more jobs. Ms. Dunson stated that an increased number of jobs are not expected by Santek Environmental. Commissioner Sorrells asked what happens at the end of the thirty years. Ms. Dunson stated that it is impossible to know what Santek Environmental and the County would choose to do in thirty years. Santek Environmental is hopeful that the partnership between Haywood County and Santek Environmental would be positive so that as the close of the landfill nears, Haywood County would choose to continue using the services provided by Santek Environmental.

Being no other comment, Chairman Swanger closed the public hearing.

Excerpt
Minutes 10-3-11

Santek Environmental Landfill Management Agreement

Stephen King, Solid Waste Director, shared that if the proposed contract with Santek Environmental were approved, it would be approximately forty-five days to three months prior to Santek Environmental being on site and actually managing the landfill. Vice-Chairman Kirkpatrick clarified that if the Board approves the proposed contract with Santek Environmental, and if the North Carolina Department of Environment and Natural Resources (DENR) approves the application process, the agreement would go forward.

Commissioner Upton made a motion that the sanitary landfill operations agreement between Haywood County and Santek Environmental or North Carolina, LLC, be approved as presented. Commissioner Ensley seconded and the motion carried unanimously.