



WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT

Minutes of the meeting of the Administrative Control Board of Wasatch Integrated Waste Management District held February 1, 2017 at 5:00 p.m. in the large conference room, Wasatch Integrated Waste Management District Administrative Offices, 1997 East 3500 North, Layton, Utah.

Conducting: Board Chair, Mayor Bob Stevenson, Layton City

ADMINISTRATIVE CONTROL BOARD PRESENT:

Board Chair, Mayor Bob Stevenson, Layton
Secretary, Council Member James Bruhn, West Bountiful
Vice-Chair, Mayor Mitch Adams, Clinton
Mr. John Higginson, Centerville
Council Member Vern Phipps, Clearfield
Commissioner Bret Millburn, Davis County
Commissioner Randy Elliott, Davis County
Commissioner Jim Smith, Davis County
Mayor Don Carroll, Fruit Heights

Mayor Steve Hiatt, Kaysville
Council Member Tony London, Morgan
Council Member Ned Mecham, Morgan County
Mayor Len Arave, North Salt Lake
Mayor Tammy Long, South Weber
Mayor Beverly Macfarlane, Sunset
Councilmember Mike Gailey, Syracuse
Mayor Erik Craythorne, West Point
Council Member Wally Larrabee, Woods Cross

ADMINISTRATIVE CONTROL BOARD MEMBERS EXCUSED FROM ATTENDING:

Mayor Jim Talbot, Farmington

STAFF PRESENT:

Nathan Rich, Executive Director
David Van De Graff, Controller
John Watson, Plant Manager
Preston Lee, Landfill Manager
Kathy Hammerle, HR/Scale Manager
Juli McIntosh, Recorder

STAFF EXCUSED:

VISITORS:

Larry Jenkins, Kirton McConkie
Buddy Briesmaster, 75th Civil Engineer Group Director, Hill Air Force Base

Notice of time, place, and agenda of the meeting was sent to the Salt Lake Tribune, Deseret News, Davis County Clipper, Morgan County News, and Standard Examiner newspapers on January 27, 2017. Notice of time, place, and agenda of the meeting was sent to each member of the Administrative Control Board via e-mail and posted at Wasatch Integrated Waste Management District Administrative Offices on January 27, 2017.

Welcome

Board Chair, Bob Stevenson welcomed board members, staff, and visitors to the meeting.

Minutes Approval

Chairman Stevenson presented minutes of the November 2, 2016 board meeting to the board for approval.

Upon motion duly made and seconded, minutes for the November 2, 2016 board meeting were approved. Voting in favor of said motion was unanimous.

Public Comment

Mr. Buddy Briesmaster, 75th Civil Engineer Group Director, Hill Air Force Base addressed the board, discussing the long and mutually beneficial partnership that Hill Air Force Base and Wasatch Integrated Waste Management District have enjoyed. He explained the combined heat and power project contract, awarded to ESG, and approval to proceed. He said that an investment grade audit will be presented in June when a final decision will be made regarding whether or not to pursue the project. The project is expected to reduce the purchase of steam produced by Wasatch Integrated's Davis Energy Recovery Facility by 40-60 percent. Mr. Briesmaster stated the facility is not expected to be operational for approximately three years. He also informed board members of the military's mandate to pursue other alternative energy sources like solar and suggested that combined projects, with Hill Air Force Base and Wasatch Integrated should be considered, although capital investment costs for projects mentioned were \$30-40 million.

In response to a question, Mr. Briesmaster reiterated the project, if pursued, would not be approved before June 2017.

Mr. Briesmaster also stated that the air force's philosophies and ideas have changed recently, favoring resiliency and self reliance.

Mayor Mitch Adams expressed frustration at the air force's reprioritization of renewable energy and suggested that alternate forms of renewable energy are inconsequential as compared to the system currently in place, namely the energy recovery facility. He also questioned the motivation of those involved in the last round of contracts, asking if negotiations were conducted with the expectation of fulfilling the contract.

Mr. Briesmaster answered yes, but the mission can change, reflecting the current interests of the air force and federal government.

Mayor Adams stated that without a guarantee of continued consistent steam purchase, the District is being forced into a decision they are not eager to make.

Mayor Len Arave expressed disgust at feeling misled and the seeming waste of money spent by the District on improvements based on a 10-year contract for steam supply and purchase.

In response to another question, Mr. Briesmaster explained that the air force must comply with recently issued Executive Orders mandating renewable and sustainable energy projects with the goal of using the funds of participating energy savings companies to finance the projects.

Mr. Briesmaster explained the upgrades and what areas of the base the current project would impact.

He also explained that, in determining whether or not this is a viable project, they do not expect natural gas prices to rise significantly in the future, that the mandates are clear regarding political pushback versus mission but commanders could determine that community ties are a higher priority,

In response to a question, Mr. Briesmaster said that it is unlikely that the project under current consideration would be pushed out six or seven years to allow for completion of the steam contract but that it would be three to four years before the project was complete and operational. Mr. Briesmaster also said that, although aging, the current base boiler system is able to provide all the steam needs of the base. The base is looking for combined heat and power while the steam systems

currently in place do not provide the power option but if the combined heat and power project fell through it would be necessary to update their boiler system.

Mr. Briesmaster concluded by saying that the 10 year contract with the District was never viewed favorably and he has repeatedly defended his decision to negotiate a contract of that length. He added, he will relay the concerns of the board to his superiors.

Chairman Stevenson thanked him for his time.

Director's Update

Mr. Rich informed board members that supporting documents regarding Mr. Briesmaster's presentation were attached to the Director's Update.

He presented operational trends discussing self haul visits, which are putting stress on the system, and the increase in household hazardous waste visits.

Financial Report

Mr. Van De Graff presented the financial reports of the District.

Mr. Van De Graff presented disbursements for November, December 2016 and January 2017. There were 512 disbursements for the months of November, December, and January totaling \$2,807,664.38. Checks over \$12,000, for the months of November, December, and January represented 70 percent of disbursements and totaled \$1,977,468.36.

Upon motion duly made and seconded, disbursements were approved. Voting in favor of said motion was unanimous.

Mr. Van De Graff presented financial statements ending December 31, 2016. He reported that operating revenues were at 48 percent and operating expenses were at 54 percent of the budgeted amount.

Resolutions

Resolution 17-02, Authorizing Disposal of Surplus Property was presented to the board for approval.

Upon motion duly made and seconded, Resolution 17-02 was approved. Voting in favor of said motion was unanimous.

Resolution 17-03a and 17-03b, alternative resolutions regarding Future Operations of the Energy Recovery Facility, were presented to the board for discussion.

Board members discussed Mr. Briesmaster's information and the likelihood that the proposed project would take as long as three to four years to be operational (it is likely closer to 18 months to 2 years), the cost of continuing to operate the energy recovery facility (even if current steam sales remain, the District will have to raise rates and borrow money to finance the maintenance and continued operations), the lead time on ordering outage supplies (supplies are currently being ordered, fabricated, and received), how long the maintenance outage could realistically be postponed (if it is postponed any longer than September the incinerator will likely cease operating due to unmaintained systems from lack of funds), maintaining partial operation of the energy recovery facility (partial operations cost more because all systems must still be maintained and virtually the same workforce employed), potential closure timelines (no more than a few months of operation before closure), and the possibility of closing the facility for a period of time (hoping for future operations options) or its complete closure.

Board members considered the impact on District employees and the number of jobs which would be lost noting the hardship it would cause but acknowledging that the job market is strong right now, which is a small consolation. They also briefly discussed severance package options and their intent to adequately compensate separated employees.

Board members also discussed the air force's push for self reliance and what it means to the District (the air force's priorities have changed and they are not as concerned about renewable energy as they once were, particularly under the new administration), remaining life of the landfill (32 years with the energy recovery facility operational and 23 years if the energy recovery facility ceases operations),

In response to board member discussion and questions, Mr. Rich explained that air quality along the Wasatch Front continue to worsen and therefore air quality standards continue to increase. He said that there is virtually no possibility of receiving a waiver for air pollution control system requirements and postponing installation of air pollution control equipment would only postpone the inevitable and incur fines.

He also explained his philosophy on waste to energy; if the air force were not considering a project that drastically impacts District revenue and the only consideration was extraordinary funding for maintenance this year he would recommend that the board consider raising rates and securing a loan to finance the maintenance outage because, from an environmental standpoint, waste to energy is worth the cost. But due to the uncertainty regarding the base's future plans and continued steam sales coupled with the age of the facility, Mr. Rich said he could not recommend continued operation (and the immediate and extraordinary cost of maintenance) of the energy recovery facility and therefore had to reluctantly recommend its closure.

Board members discussed future waste disposal options if the energy recovery facility were to close. They discussed building a transfer station on the current energy recovery facility site, the cost of transferring waste, and that rates would remain the same even with the closure of the energy recovery facility and transferring. They also discussed whether the \$10 million spent on upgrades two years ago justified spending more to keep the facility open, the fact that waste to energy is environmentally preferable to landfilling, and how to maintain good relations between Davis County and Hill Air Force Base in the event of the closure of the energy recovery facility.

Commissioner Jim Smith made a motion to table the resolutions in order to give the board more time to contact government and military officials and look for a resolution.

The motion was seconded and voting in favor of the motion was unanimous.

Because Resolution 17-04, Resolution Authorizing the Executive Director to Execute a Contract with Fuel Tech for Construction and Installation of Air Pollution Control Equipment, the final resolution on the agenda, was contingent upon a decision being made regarding future operations of the energy recovery facility and a decision was not made, the resolution was not presented to the board for approval.

Other Business

Board members discussed not delaying a decision too long for the sake of employees affected, forming a committee of board members to discuss and recommend short term plans for the energy recovery facility and long terms plans regarding solid waste management, and individual board members making contact with those government and air force officials with whom they have ongoing relationships.

A board meeting was scheduled for March 1, 2017.

Adjournment

Upon motion duly made and seconded, the Administrative Control Board meeting was adjourned at 7:02 p.m. Voting in favor of said motion was unanimous.



Mayor Bob Stevenson, Board Chair



Nathan Rich, Executive Director