



WASATCH INTEGRATED WASTE MANAGEMENT DISTRICT

Minutes of the meeting of the Administrative Control Board of Wasatch Integrated Waste Management District held March 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
Vice-Chair, Mayor Mitch Adams, Clinton
Secretary, Council Member James Bruhn, West Bountiful
Council Member Vern Phipps, Clearfield
Commissioner Bret Millburn, Davis County
Commissioner Randy Elliott, Davis County
Commissioner Jim Smith, Davis County
Mayor Jim Talbot, Farmington
Mayor Don Carroll, Fruit Heights

Mayor Steve Hiatt, Kaysville
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:

Mr. John Higginson, Centerville

Council Member Tony London, Morgan

STAFF PRESENT:

Nathan Rich, Executive Director
David Van De Graff, Controller
Juli McIntosh, Recorder
Andrew Adams, ERF
Bart Baker, ERF
Doyle Ballingham, ERF
Jonathan Corbin, ERF
John Deans, ERF
Brett Emmett, ERF
Brandon Fellows, ERF
Adam Hacker, Accountant

Steve Hall, ERF
Kathy Hammerle, HR/Scale Mgr
Jeff Harris, ERF
Gene Hill, ERF
Brad Jolley, ERF
Preston Lee, Landfill Manager
Eric Larsen, ERF
Joe Lesuma, ERF
Daniel Lewis, ERF
Michael Matthews, ERF
Allen Miller, ERF

Bruce Patrick, ERF
John Provence, ERF
Todd Quinley, Purchasing Mgr
Richard Stattler III, ERF
Cody Taylor, ERF
James Taylor, ERF
Terry Van Ausdal, ERF
John Watson, ERF Plant Mgr
Richard Whittaker, ERF
Mike Williams, ERF

VISITORS:

Larry Jenkins, Kirton McConkie
Chad Bangerter, Sunset City
Ricky Carlson, Sunset City
Kellee Corbin, Employee Family Member
Sheri Staples, Employee Family Member
Hope Watson, Employee Family Member

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 February 24, 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 February 24, 2017.

Welcome

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

Minutes Approval

Chairman Stevenson presented minutes of the February 1, 2017 board meeting to the board for approval.

Upon motion duly made and seconded, minutes for the February 1, 2017 board meeting were approved. Voting in favor of said motion was unanimous.

Public Comment

Mr. Nathan Rich thanked the employees in attendance for coming to the meeting. He said that all comments from employees would be accepted as personal and only Plant Manager, John Watson would be expected to speak as an employee of Wasatch Integrated.

Chairman Stevenson stated that all were welcome to comment but asked that comments be kept to a maximum of three minutes in consideration of all the large number in attendance.

| Commenter: | Summary: |
|----------------|---|
| Andrew Adams | Worked at the energy recovery facility since 1987 (with a short break in the middle); believe in the plant; life remaining in the plant; the air force has been unreliable in the past; the plant is an asset and should remain open for at least 2-4 more years to allow employees to reach 20 years for retirement purposes. |
| John Watson | Many long term and loyal employees; should make the responsible decision; ethical is what brings the greatest amount of happiness to the greatest number of people; should raise rates to support the facility because it's the right thing to do; it's a good system for employees and people we're serving. |
| Allen Miller | Worked at the energy recovery facility since 1989; people don't stay for the high pay but for the career; the facility is run efficiently with low emissions; recycling is not always about the money but also about the environment; future with only landfill option concerns about burying waste and methane emissions at the landfill. |
| Bart Baker | Worked at the energy recovery facility since 1988 as systems manager on computer systems, network. |
| Chad Bangerter | Formerly served on Wasatch's board while mayor of Sunset City and understand costs associated with operation of an energy recovery facility; cost shouldn't necessarily be the main concern; HAFB previously threatened to reduce or suspend steam purchase; don't believe their threats are real; District staff have done a great job of keeping rates low; believe an investment to maintain operations is a good idea; the community could absorb the increased costs; but understand reasons for closing the facility. |
| Brad Jolley | Worked at the energy recovery facility since 1991; HAFB continues to accept all steam Wasatch produces; take waste from all over the west coast. |
| Ricky Carlson | Sunset City council member; expected the facility to expand, not close; energy recovery facility is a point of pride in the community and the right thing to do. |
| Steve Hall | Been working at the energy recovery facility for the last 25 years; agree with what Mr. Adams said; everything we've worked for will be gone but we can work through these issues; there are good people here. |
| Mike Matthews | Been working at the energy recovery facility for the last 16 ½ years; started as a laborer; very rewarding work; facility is clean burning, ash is inert; volume of waste reduced by incineration; clean source of energy; not a fossil fuel; proud of our hard work and of the facility; jobs in this industry are scarce. |

Mr. Rich thanked everyone for their comments and indicated he was proud of what the District has accomplished. He added that everyone, including the board, appreciates what facility employees do for the District.

Mayor Mitch Adams said that facility employees are well trained, he doesn't want to see the energy recovery facility close, he knows it's cheaper to bury trash in a landfill but not as good for the environment, solicited and received many comments from a school tour regarding keeping the facility open. He added that HAFB hasn't indicated that they will stop taking steam altogether, just that they will reduce what they accept by 50 percent; that the facility could generate electricity and sell it back to power company, an option that would make less money but the difference could be made up by ratepayers. He advocated for staying the course and do the right thing.

Chairman Stevenson updated board members on the latest conversation with military officials. He spoke with a general who indicated that no new decisions had been made and no final decision regarding the construction and installation of combined heat and power facility on HAFB has been made. Lt General Lee K. Levy, who has been kept current of the issues with the base and the energy recovery facility, has indicated that Wasatch should do what it thinks is best but the air force is unable to commit to anything beyond his expectation that the combined heat and power facility will not be completed for another four years.

Mayor Len Arave, Chair of the Advisory Committee, said that, on behalf of the Advisory Committee, all committee members have nothing but the highest regard for facility employees and the assets that they care for. He added that he hopes employees can appreciate the difficulty of this decision and that no decisions are made lightly.

Mayor Arave reported that the Advisory Committee met on February 15, 2017 and February 27, 2017. The committee discussed:

- Their agreement with the Districts efforts to continue to dispose of solid waste in an environmentally but cost effective manner
- That recycling remains a top priority
- That the energy recovery facility is aging technology, continues to need costly repairs and upgrades, and that new technology is available
- That the risks: high costs associated with upgrades and repairs, necessity to borrow money to make currently planned upgrades and repairs, and the real potential for steam sales to decline significantly as well as likelihood of increased air pollution control equipment costs in the near future, outweigh the benefits
- The benefits being: maintaining 30 plus jobs and recycling via energy recovery
- The need to make a decision in a very short time

Mayor Arave also reported that the Advisory Committee recommend closure of the energy recovery facility.

He asked if there were any questions.

In response to a question, Mr. Rich explained that last year's capital budget plan included large repairs at the energy recovery facility, which were scheduled to be completed over the next three years, however conditions at the energy recovery facility changed over the last year which required the bulk of repairs be completed within the next year. Additionally, uncertainty of the base's steam needs and inability to predict future air pollution control equipment costs were a contributing factor in the Advisory Committee's recommendation to close the facility.

Mayor Arave added the ongoing costs to operate the facility are high and money would be better spent on new recycling additions, which could be paid for in four to five years, while the energy recovery facility's operating costs will only increase over time.

He reiterated the Advisory Committee's commitment to continue to operate an environmentally friendly and cost effective system.

Mr. Rich explained that for a few years, all District waste will be diverted to the landfill while plans are made to implement new options at the incinerator site; additional recycling, organics separation, and creation of engineered fuel from waste. Long-term plans include keeping the landfill open for future use and transferring a portion of the waste to a regional landfill.

In response to another question, Mr. Rich said that the District expects payment by the cement plant for engineered fuel, reduced waste transfer costs, and avoidance of landfill tip fees to partially offset the cost to produce the fuel.

Board members discussed the environmental impact of closing the energy recovery facility versus hauling garbage to Bayview and the impact to the community due to loss of jobs.

Mr. Rich explained possible scenarios, including, 1) increasing household use fees by \$2 per can and securing a loan for immediate repairs and improvements to the energy recovery facility and keep the facility operating, 2) increasing rates by \$3 per can to keep the energy recovery facility operating and to install the first phase of improvements (additional recycling and organics separation), or to 3) close the energy recovery facility, save funds for the first phase of improvements (additional recycling and organics separation) with installation anticipated in the next two years with no increase in household use fees for the foreseeable future.

Chairman Stevenson said that at some point in the future, it will be necessary to face this decision, that air pollution along the Wasatch Front will only increase, and the uncertainty of future steam sales require the board to consider its options.

Council Member Mike Gailey asked Mr. Watson what would happen to the remaining steam if, in the future, steam requirements of the base are only 50 percent of current requirements.

Mr. Watson said that a condensing turbine to generate electricity could be installed.

Chairman Stevenson asked what that would cost, to which Mr. Watson replied, \$10 million.

Mr. Rich explained that the energy recovery facility currently generates some power, which operates the facility and all additional power must be sold through Rocky Mountain Power. A \$10 million investment would result in approximately \$2.8 million in electricity sales.

Mr. Rich presented the District's rate history and historic city can fees, explaining that rate reductions began in 2003 and were reduced again in 2006 when the bonds were paid off. Continued board discussion included the value of curbside recycling programs operating concurrently with an upgraded recycling operation at the incinerator site and community recycling education.

Board members also discussed continued operations of the energy recovery facility versus closure; the uncertainty of Hill Air Force Base's future plans, and funding future District recycling projects.

Chairman Stevenson said that HAFB is not interested in a joint project with the District due to cost. Energy Savings Performance Contracts projects are often a better option for the military because those projects utilize private company funds. He also said that HAFB has indicated they can produce enough steam on the base to meet their needs. The energy recovery facility is the largest renewable energy project in the air force's portfolio and it is unfortunate that they are unconcerned with the facility's potential closure.

Board members discussed the urgency of the decision at hand. Mayor Erik Craythorne said that the board is not accustomed to making these type of decisions, the Advisory Committee has recommended a course of action that many do not want to face, but the long term viability of the facility is in question and all indications point to closure.

Mayor Steve Hiatt asked what would happen if the board took no action.

Mr. Rich explained that last August was the first the District heard about a combined heat and power project with HAFB. At that time, Mr. Rich told Mr. Harry Briesmaster that the District would not be able to continue operating if the base were to purchase only half of the steam currently produced. The base's project then proceeded to the investment grade audit, which indicates a project has merit. Mr.

Rich again spoke with Mr. Briesmaster and reiterated the District's inability to continue operations at the waste to energy facility if the base purchases only half of the steam. He added, that the decisions should be made independent of the air force. If the board chooses to take no action, the facility will cease operations due to equipment failure within the next six months.

Mayor Arave suggested that the board consider moving forward with an expanded materials recovery system which would make for a smoother transition from one type of recycling to another. The District could bond for funds in order to get the project started more quickly.

Board members discussed the difficulty in asking residents to support a rate increase to keep the incinerator open.

Commissioner Jim Smith said that when considering the amount money budgeted for fund repairs, the future of air quality on the Wasatch Front and future pollution control requirements, old technology at the incinerator, and especially the uncertainty, he doesn't see the benefit of continuing operations versus the costs involved. He was not convinced that the District should invest in an \$8 million budget. Closing the facility will result in an immediate savings of \$5 million per year.

Board members discussed the difficulty in discussing raising rates, closure of the energy recovery facility, and fair compensation in the event of closure.

Mayor Steve Hiatt said that he would not be comfortable voting to close the incinerator unless the board also voted for the most generous severance option for incinerator employees.

Commissioner Smith asked if the board could suggest another option, one that placed no limits on weeks of severance paid. Mr. Rich said that the most generous offer already considers employees with the most time.

Mr. David Van De Graff explained that there are three severance options for the board to consider. The District's total liability for Option A would be \$247, 781, for Option B would be \$445,595, and for Option C would be \$500,060.

Board members discussed providing job training funds for separated employees. Chairman Stevenson suggested that \$5,000 per employee for job training be added to Severance Package Option C.

Board members agreed that severance funds paid out to separated employees would have minimal impact on District finances in the long term.

Commissioner Smith made a motion to approve Resolution 17-03b, Resolution Directing Closure of the Energy Recovery Facility with Severance Package Option C.

Mayor Hiatt recommended adding wording to Commissioner Smith's motion to include authorizing the Executive Director reasonable leeway in adding additional benefits to the severance package, like extending health insurance and providing job training.

Commissioner Smith accepted the amendment to his motion.

Chairman Stevenson stated that a motion had been made and seconded and called for a roll call vote. The Wasatch Integrated Waste Management District Administrative Control Board vote is as follows:

Mayor Mitch Adams – no
Council Member James Bruhn – yes
Commissioner Bret Millburn – no
Commissioner Jim Smith – yes
Commissioner Randy Elliott – yes
Council Member Vern Phipps – yes
Council Member Ned Mecham – yes
Mayor Jim Talbot – yes
Mayor Beverly Macfarlane – no
Mayor Erik Craythorne – yes

Council Member Wally Larrabee – yes
Mayor Tammy Long – no
Mayor Steve Hiatt – yes
Mayor Don Carroll – yes
Council Member Mike Gailey – yes
Mayor Len Arave - yes
Mayor and Board Chair Bob Stevenson - yes

The vote was 13-4 in favor of Resolution 17-03b, Resolution Directing Closure of the Energy Recovery Facility with Severance Package Option C, including authorizing the Executive Director reasonable leeway in adding additional benefits to the severance package, like extending health insurance and providing job training.

Other Business

Mayor Jim Talbot thanked the Advisory Committee for the work in making a recommendation and staff.

Mayor Steve Hiatt commented that former Mayor James Behunin, currently working for the Legislative Auditor General’s Office, said that Wasatch’s board is operating according to the rules, as a board should.

A board meeting was scheduled for May 3, 2017.

Adjournment

Upon motion duly made and seconded, the Administrative Control Board meeting was adjourned at 7:53 p.m. Voting in favor of said motion was unanimous.



Mayor Bob Stevenson, Board Chair
MAYOR MITCH ADAMS,
VICE CHAIR



Nathan Rich, Executive Director