<u>Item #13</u>:

Village Trustee Yaeger

SWALCO Emergency Board Meeting 03/03/2016

SWALCO

SOLID WASTE AGENCY OF LAKE COUNTY, IL

MEMORANDUM

To: SWALCO Directors and Alternates

From: Walter S. Willis, Executive Director WSW

Subject: March 2016 Emergency Meeting Notice Information

Date: February 26, 2016

Attached you will find the agenda for an Emergency Meeting on March 3, 2016 at 7 p.m. at the Hainesville Village Hall. The meeting is focused solely on the decision on whether to continue SWALCO's electronics collection program after May 1, 2016.

We have confirmed a quorum for this meeting, but please confirm again with Amy that you will be able to attend the meeting, just so we are sure.

1311 NORTH ESTES STREET GURNEE, IL 60031 TELEPHONE: 847-336-9340 FAX: 847-336-9374

SOLID WASTE AGENCY OF LAKE COUNTY, IL
BOARD OF DIRECTORS
THURSDAY, MARCH 03, 2016 - 7:00 P.M.
HAINESVILLE VILLAGE HALL
100 HAINESVILLE ROAD, HAINESVILLE, IL 60030

AGENDA

1. **CALL TO ORDER** ..... Chairman
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL** ..... Secretary
4. **APPROVAL OF MINUTES** ..... Committee
5. **PUBLIC COMMENT**
6. **NEW AGENDA ITEMS**
7. **MEMBER RESOLUTIONS**
9. **BOARD ITEMS** ..... Executive Director

Action Items
1. Electronics Recycling Program

10. **EXECUTIVE SESSION - IF NEEDED**
11. **ADJOURNMENT**

Memo to the Board of Directors March 3, 2016

A– 1. Electronics Recycling Program

ISSUE: Whether to accept the proposal from Electronic Recyclers International, Inc. (ERI) to continue the electronics collection program or to discontinue the program after May 1, 2016 due to it being an unbudgeted expense, and an expense contrary to the intent of the Illinois Electronic Products Recycling and Reuse Act.

RECOMMENDATION: SWALCO staff recommends that the electronics collection program be discontinued as of May 1, 2016 until such time as we can negotiate and approve a contract with a recycler that does not include charges to operate the existing five collection sites. The collection sites are already providing approximately $150,000 annually for in-kind labor and equipment to operate the program, to expect more from the Agency is not reasonable.

BACKGROUND: An information item, which included a proposal from ERI dated January 29, 2016, was presented to the Executive Committee at its February 18th meeting. After much discussion it was the general consensus of the Executive Committee that: 1) the Agency should no longer fund the cost for the electronics recycling program, as this cost should legally be borne by the manufacturers, 2) the Agency should consider asking the Illinois Attorney General for a legal opinion regarding the intent of the Electronic Products Recycling and Reuse Act with a specific focus on who is responsible for funding collection programs and what costs are to be covered under the Act, 3) the Agency should schedule an emergency meeting of the SWALCO Board of Directors on March 3, 2016 to determine the fate of the electronics collection program after May 1, 2016 when the contract with Vintage Tech expires, and 4) the County's state legislators should be invited to the meeting along with the media.

Proposals from ERI. On November 17, 2015 Vintage Tech notified SWALCO in writing that it intended to terminate its recycling services in 180 days in accordance with terms of the contract. The contract we entered into with Vintage Tech in August 2015 was supposed to run through 2016, but Vintage Tech was unable to secure contracts with the manufacturers to cover the cost of running our program. With the 180 days of notice we have until May 15, 2016 before Vintage Tech is no longer contractually obligated to service our program. It should be noted that Vintage Tech is covering the full costs of our program and the Agency appreciates its commitment to fulfilling the contract.

Given this situation, SWALCO staff has been talking to all known registered recyclers in Illinois to determine if they can service our program. We have found that most recyclers don't have large enough contracts with the manufacturers to cover our program, and are instead focusing on more rural counties where the law provides a 2 for 1 credit on the pounds collected. The one company we have identified with sufficient contracts with manufacturers is Electronic Recyclers International, Inc. (ERI) (Will County did issue a RFP in January and received only one proposal and it was from ERI). ERI submitted its first proposal to SWALCO on January 29, 2016 (attached). That proposal required that the Agency cover costs for electronic devices not covered under the law (e.g. stereo equipment, toaster oven, microwave), and upcharges if we don't sort correctly, load correctly, meet a 20,000 pound minimum for loaded trailer weight, or leave items in their packaging. Staff's best estimate for this proposal was approximately $110,000 assuming a start date of May 1, 2016 and running for the rest of this calendar year.

After the Executive Committee meeting on February 18, 2016, Walter Willis contacted ERI and told its representative that the Executive Committee was not interested in the terms presented and that we would be scheduling an emergency meeting of the Board of Directors to determine the ultimate fate of the collection program. At that point ERI asked for a chance to revise its proposal and sent a revised version to SWALCO on February 26, 2016 (attached). In effect the upcharges for improperly sorting, or packing have been removed, but the costs for electronic devices not covered under the Act remain. Given the nature of our collection sites which are primarily unmanned, we have little control over diverting these items from the sites besides educating the public. It is estimated, based on historic data, that approximately 10% of the weight we collect is not covered by the law. Assuming we collect 3.12 million pounds from April 1 through the end of the year it is estimated the cost to SWALCO would be approximately $62,400. If the Board of Directors chooses to enter into a contract with ERI and keep the collection program operating, staff and legal counsel will finalize a contract with ERI with a start date of April 1, 2016, the date ERI stated it wanted to assume the program from Vintage Tech.

ENCLOSED DOCUMENTS: January 29, 2016 Proposal from ERI, and February 26, 2016 Proposal from ERI

STAFF: Walter Willis, Executive Director

Willis, Walter S.

From: Kevin J. Dillon <kdillon@electronicrecyclers.com>
Sent: Friday, January 29, 2016 3:40 PM
To: Adrian, Peter; Willis, Walter S.
Subject: 2016

Hi Walter & Pete,

Apologies for the delay in getting this over to you. Please review and let me know how this looks. In reviewing our notes, I think you'll be happy with this solution.

- 2016 5M lbs
- CEDs recycled for free
    - Sort into the following categories:
        - CED Wood/Projection TVs
        - CED CRTs (TVs/Monitors)
        - CED Flat Panel (TVs/Monitors)
        - CED Ewaste
        - CED Desktop/Laptop
        - Non CED
- An improperly sorted Box or pallets, as defined by the product categories above, will be charge $0.12 per pound inefficiency fee (approx. $54).
- Non-CEDs $0.15/lb charge, except for Wood non ced e-waste & microwaves will have a charge of $.25/lb
- Recycled Boxes and Pallets will be provided
- 4 Trailers will be dropped....and swapped out when at maximum/efficient weight limits.
    - In view of the sites personnel a sliding scale for inefficient freight pricing will be put in place.
        - 20,000 or above gross weight = no fee to the County
        - 17,500 - 19,900 = $200 fee to the County
        - 15,000 - 17,400 = $400 fee
        - 12,500 - 14,900 = $600 fee
        - <12,500 = $800 fee
- A truck that is packed poorly, inefficiently, and difficult to unpack will be subject to subject to a $0.12 per pound fee (The intent of this is to have your locations properly package the items....and not slam pack, and must be loaded on pallets for easy removal)
- Encourage residents to remove batteries from all electronic devices and educate sites to remove any and all packaging. Any items still in packaging will be subject to a fee of $0.25 per pound to the County for inefficiency

Electronic Recyclers International, Inc.®
1-800-ERI-DIRECT (374-3473)

Kevin J. Dillon
Co-Founder / Chief Marketing Officer

7815 N Palm Avenue, Ste 148
Fresno, CA 93711

Office (559) 442-3990
Cell (559) 974-8558
Fax (559) 421-0375

Willis, Walter S.

From: Kevin J. Dillon <kdillon@electronicrecyclers.com>
Sent: Friday, February 26, 2016 9:35 AM
To: Willis, Walter S.
Cc: Adrian, Peter
Subject: RE: 2016

Hi Walter,
Per our discussion....here is the revised proposal.

2016 5M lbs

- CEDs recycled for free
  - Sort into the following categories:
    - CED Wood/Projection TVs
    - CED CRTs (TVs/Monitors)
    - CED Flat Panel (TVs/Monitors)
    - CED Ewaste
    - CED Desktop/Laptop
    - Non CED
- Non-CEDs $0.15/lb charge, except for Wood non ced e-waste & microwaves will have a charge of $.25/lb
- Recycled Boxes and Pallets will be provided
- 5 Trailers will be dropped....and swapped out when at maximum/efficient weight limits. Weights will be 18k lbs. Your sites will need to properly package the electronics, in a safe manner using pallets, boxes, and/or wrap. All items must be packaged on the truck by your staff.
- Encourage residents to remove batteries from all electronic devices and educate sites to remove any and all packaging.

Electronic Recyclers International, Inc.®
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Co-Founder / Chief Marketing Officer

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Cell (559) 974-8558
Fax (559) 421-0375
Email kdillon@electronicrecyclers.com
Web www.electronicrecyclers.com

How am I doing? Please email my manager, John Shegerian, at john.shegerian@electronicrecyclers.com with any feedback. Please don't print this email unless absolutely necessary.

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David Lothspeich

From: Willis, Walter S. [WWillis@swalco.org]
Sent: Monday, February 22, 2016 2:24 PM
To: Adrian Marquez: Highwood City Manager Asst.; Andy Peterson: Highwood Alderman; Barbara Telle: Park City Alderman; Bernard Wysocki: Green Oaks Mayor; Bernie Konwent: Fox Lake Trustee; Beth McAndrews: Deer Park Village Administrator; Bob Cerretti: Round Lake Park Trustee; Brad Burke: Lincolnshire Village Manager; Brad Fink: Wauconda Public Works Director; Bruce Bassett: Grayslake Trustee; Christopher Martin: Lake Barrington Village Administrator; Chuck Black: Wauconda Trustee; Cindy Hebda: Vernon Hills Trustee; Dave Kilbane: Round Lake Beach Village Administrator; David Brown: Vernon Hills Director of Public Works; David Lothspeich; Deb Waszak: North Chicago Chief of Staff ; Debra Baggett: Tower Lakes Deputy Village Clerk; Dominic Marturano: Lindenhurst Mayor; Don Newby: Round Lake Trustee; Donna Lobaito: Hawthorn Woods Chief Administrative Officer; Donna Wagner: Round Lake Park Trustee; Drew Irvin: Lake Bluff Village Administrator; Ed Macek: Antioch Trustee; Frank (Bud) Rothing: Bannockburn Village President; George Russell: Lake Bluff Village Engineer; Ghida Neukirch: Highland Park City Manager; Glenn Ryback: Wadsworth Mayor; Harold Hoppe: Third Lake Trustee; Holly Kim: Mundelein Trustee; Jackie Andrew: North Barrington Trustee; Jeff Katzel: Round Lake Heights Trustee; Joel Brumlik: Winthrop Harbor Police Chief; John Hucker: Beach Park Mayor; John Norris: Riverwoods Trustee; John Wagener: Green Oaks Trustee; Jon Kindseth: Beach Park Administrative Services Director; Karen Daulton Lange: Lake Barrington Trustee; Karl Warwick - Lake Villa Village Administrator; Keith Olson: Deer Park Trustee; Kevin O'Donnell: Riverwoods Trustee; Lawlor, Aaron L.
Cc: Bartemio, Amy; Adrian, Peter; Rampale, Merleanne; Nelson, Steven E.
Subject: Emergency SWALCO Board Meeting on March 3, 2016

Dear Board of Directors,

At the direction of the Executive Committee, which met last Thursday, I am sending you this email to determine if enough members are able attend an emergency meeting on March 3rd at 7 pm in Hainesville to discuss the future of the Agency's electronics recycling program. At its meeting last week the Executive Committee was informed by staff that there is only one recycler capable of taking on our program, ERI, and that the cost to run the program from mid-May to the end of the calendar year per ERI's proposal was estimated at $110,000. The Executive Committee's recommendation was to not fund the program in 2016 due to the fact this is an unexpected and un-budgeted expense, and one quite frankly the Agency should not be shouldering under the State law. In effect, this would mean the 5 collection sites would be shut down and residents would have limited, if any options, to recycle TVs and other electronics in Lake County (Best Buy is no longer accepting TVs in IL unless you purchase one from them or pay $100 for a pick up).

Our current recycler, Vintage Tech, gave us notice on November 17, 2015 that it intends to terminate our contract in 180 days or May 15, 2016. This prompted staff to look for other options and the only one we have found is ERI, as discussed above. After the Executive Committee meeting I contacted ERI to let them know the Executive Committee had rejected its proposal and ERI asked for more time to work on its proposal. At this time I am still in discussions with them to bring us a "no cost" program much like we have with Vintage Tech currently (please recognize that there is a tangible cost to the five collection sites and we need to continue to thank them for their efforts).

In conclusion, please let Amy Bartemio (abartemio@swalco.org) know whether you can make an emergency meeting on March 3rd. If we are able to secure a quorum for the meeting, we will either be voting on a "no cost" contract with ERI (if we are able to agree to terms this week) or deciding whether to terminate our program due to the unfunded mandate we are experiencing under the State law. If the Board does decide to terminate the program, we would view it as a temporary termination with the goal of amending the law this legislative session to remove the unfunded mandate to local government so that SWALCO could once again collect electronics. If we cannot achieve this goal of "fixing" the legislation, we would recommend that the ban on landfilling electronics be immediately rescinded by the General Assembly until such time as programs can be put in place for residents to recycle their electronics. SWALCO has a long standing legislative policy of not supporting landfill bans unless there is a plan in place for people to comply with the

ban, clearly without SWALCO's collection sites and with Best Buy's policy, there is no plan in place in Lake County or IL for that matter.

Please let Amy know if you can make the meeting,

Walter S. Willis, Executive Director
SWALCO
1311 N. Estes Street
Gurnee, IL 60031
847/377-4951
630/621-0736 (cell)

Daily Herald

Lake County | updated: 3/1/2016 1:55 PM

Future of free electronics recycling sites in Lake County questioned

Cuba Township's electronics recycling facility on Cuba Road near Barrington is one of five free drop off sites in Lake County.
Mick Zawislak | Staff Photographer

Mick Zawislak

Free options in Lake County for dropping off electronics for recycling could evaporate pending potential actions by the agency that oversees the program.

The Solid Waste Agency of Lake County is digging in its heels on the cost of dealing with electronics dropped off at sites it operates free to the public, and its top executive is suggesting the five remaining sites be closed as of May 1.

"We can't keep spending money without any hope of resolving this," said Walter Willis, executive director.

The agency board, which represents most communities in Lake County, is having what is described as an emergency meeting Thursday to consider its next move. And while there are variables that could change the situation in the future, Willis' suggestion is to reject a proposed contract with a recycling company to begin April 1 that would cost the agency an estimated $62,400.

"It's not a decision we take lightly," Willis said.

Under state law, manufacturers are supposed to pay to recycle a set weight of what was sold two years earlier and hire companies to do the work. In turn, agencies like SWALCO that oversee collection sites hire recycling companies to deal with the materials that are dropped off.

However, electronic devices are getting lighter and heavy items, such as old TVs people want to get rid of, account for the weight before the contracts with the agencies are up. That means recyclers have to foot the bill for the duration of a contract or the cost has to be picked up by the agencies, and subsequently many sites throughout the suburbs have closed or limited hours.

The Solid Waste Agency of Lake County had a contract with a recycler through 2016, but the company has exercised an option to end the contract as of May 15.

"Quite frankly, they're doing us a huge favor by absorbing the cost of our program without any manufacturer support," Willis said.

The agency has been negotiating with another recycling company but the stipulation is that it be paid to deal with items, such as stereo equipment and microwave ovens, not covered by state law.

Willis said his agency spent about $230,000 last year subsidizing electronics recycling sites that he said should be paid for by the manufacturers. He also estimated the annual in-kind value of the manpower and associated costs of the five collection sites, which includes the Grayslake public works facility, at $150,000.

On a broader level, the Illinois Environmental Protection Agency has recommended changes in the law. Stakeholders including public agencies, recycling companies, manufacturers and others were to meet today in Springfield for the first round of discussions regarding the electronics recycling program.

"That's a lot of our frustration and concern -- why are we getting stuck with these costs and why isn't the law working as intended?" Willis said.

@dhmickzawislak (https://twitter.com/dhMickZawislak)

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