

**DRAFT  
MINUTES OF MEETING  
DELAWARE SOLID WASTE AUTHORITY  
BOARD OF DIRECTORS**

**DATE:** May 19, 2009  
**LOCATION:** 1128 S. Bradford Street  
Dover, DE 19901  
**TIME:** 5:00 p.m.

**ATTENDEES:**

**DIRECTORS**

Richard V. Pryor  
Theodore W. Ryan  
Timothy P. Sheldon  
William J. DiMondi  
Tonda L. Parks  
Gerard L. Esposito

**STAFF**

Pasquale S. Canzano  
Richard P. Watson  
Anne M. Germain  
Jack J. Lechner  
Logan V. Miller

**LEGAL COUNSEL**

F. Michael Parkowski

**GENERAL PUBLIC**

(See List Attached)

**REGULAR BOARD MEETING**

The Chairman, Richard V. Pryor called the three hundredth and thirteenth regular meeting of the Delaware Solid Waste Authority Board of Directors to order on Thursday, May 19. He announced the meeting had been duly noticed and the Directors had received copies of the information to be considered.

**A. MINUTES**

Chairman Pryor called for additions or corrections to the draft of the Minutes of the last meeting of the Board of Directors.

**Motion A** – Moved by Ms. Parks

“The Minutes of the April 23, 2009 Board of Directors’ meeting of the Delaware Solid Waste Authority be accepted as written.”

**Second** – Mr. Ryan

**Vote – Unanimous**  
(DiMondi, Esposito, Parks,  
Ryan, Sheldon, Pryor)

**Motion Adopted**  
(unanimous)

**Report of Citizens Affairs Committee**

**B. DROP-OFF CENTERS AND DELIVERY TO DSWA’S TRANSFER STATIONS  
CONTRACT NO. S-08-595-SW**

**Motion B – Moved by Mr. Ryan**

“The Committee recommends the Board approve the proposed amendment to the contract with Allied Waste, Inc. to allow for an additional payment of \$6,000 annually for every recycle center over 160 centers effective June 1, 2009.”

**Second – Ms. Parks**

**Amendment to Resolution**

**“The staff is to evaluate the sites and propose reductions with the goal of choosing 160 sites by July 31.”**

**Vote – Unanimous**  
(DiMondi, Esposito, Parks,  
Ryan, Sheldon, Pryor)

**Motion Adopted**  
(unanimous)

Mr. Canzano stated in the last submittal by Allied Waste, they always had a price for additional centers over 140. When they submitted their proposal to us on this particular contract, they had a price of \$6,450 for the incremental cost over 140. At the time, Rich VonStetten negotiated the contract and was able to negotiate down the original proposal cost of a little over \$4 million down about \$40,000. In addition to that, he was able to negotiate out the \$6,450 at that time for the additional sites. For the longest time, we hovered around 140 and we told them if there were a few more than 140, let’s work together and they agreed to zero at the time we signed the contract. We didn’t think the centers would go much over 150. What’s happened is everyone has decided to go green and now we’ve had a rash of additional centers and now we’re heading towards 180. At the time we negotiated out the \$6,450, there was the intent that if the numbers did jump we would be willing to talk with Allied. There was a goodwill effort made at the time we signed the agreement that if for some reason we had a large number of these centers, we would come back and revisit this. So 160 is the number that Allied has said we need some additional help and we some additional money. We went from 140 to 160, so we picked up 20 centers at no additional cost. Internally, we have said that we don’t want to go over 185 in this budget year. Allied originally had \$6,450 and they are now proposing \$6,000 and we feel that is a fair and reasonable amount for the added drop-off centers. Mr. Pryor asked if we are getting increased recyclable materials from these centers. Mr. Canzano replied that in some instances we are getting more material, but we are going to eventually have to take a look at

whether we might have too great a density of centers at a given location. We have to recognize that we just can't pull a school even though there may be another center close by.

Mr. DiMondi stated that this contract was entered into last July and asked how we have missed the mark in terms of the number of centers. Why are we having to renegotiate the numbers in less than a year? Mr. Canzano stated that historically we have been hovering around 140 centers and all of a sudden everyone is going green and now everyone wants to recycle. In these economic times, they see this as an opportunity to recycle at zero cost, albeit it is not zero cost. We haven't seen this explosion in the centers in the last 16 or 17 years since we've been doing this. Mr. DiMondi asked where we stand budget wise. Mr. Canzano stated it's going to be another \$120,000. Jack Lechner added that it is not in the 2010 budget. Mr. DiMondi asked at what point are we going to exercise a greater sense of discipline with regard to either the going green initiative and its impact on the budget. While there may be some concern about schools, have we looked into the other 140 centers to once again try to keep a lid on it.

Ms. Parks added that there was much discussion at the Committee level about this particular item and she expressed the same concerns. The decision on the Committee level, and the staff assured us that they would be reviewing all of the sites on an ongoing basis because to pull sites isn't necessarily in our best interest. Staff agreed there would be a much tighter review and possibly moving one site to another to get economies of scale and to keep the number under control. The biggest issue was that this firm that we've been working with had been letting us slide on the number of sites for years. They've been maintaining more than their contracted amount without charging us. Because the number of sites has increased so dramatically this past year, they're well beyond our cap.

Mr. Canzano added that we have set the number internally to 185 and we will revisit and take a look at all the centers out there, we do get tonnages (estimates) from each of the centers based on the fullness of the containers. Rick Watson and Rich VonStetten will be looking at that and to not go over 185. Mr. DiMondi stated that it is nice to internally establish a cap of only 5 above where we are right now, I would love to hear what our true goal is in terms of minimizing that number. Could we, as part of this motion, establish a goal of something less than the 180 to make it more than just a noble exercise, especially recognizing that we don't have a budget? I'm hoping to develop a framework for future discussions when we wrestle with the budgets.

Rick Watson suggested that we set the goal at 160, so that we would have no extra expense. We can pick the 20 worst performing sites and then make a recommendation to see if it makes sense to close any of those or not and why. Staff can get back to the Board on the evaluation by July 31.

**Vote:**  
Mr. DiMondi - Yes  
Mr. Esposito - Yes  
Ms. Parks - Yes  
Mr. Ryan - Yes  
Mr. Sheldon - Yes  
Mr. Pryor - Yes

**Motion Adopted  
(6 Yes 1 absent 0 No)**

**C. TIRE RECYCLING CONTRACT S-06-558-SW**

**Motion C** – Moved by Mr. Ryan

“The Committee recommends the Board approve the extension of the Tire Recycling Contract with Waste Management of Delaware, Inc. for one additional year at no increase in the contract price.”

**Second** – Mr. Sheldon

Mr. Canzano stated the existing contract as signed provided for an addition one-year extension at the discretion of the Authority. We are exercising that extension for one year. It will be at the same price of \$145.00/ton. It is a budgeted item and we recommend continuing the tire recycling program under this contract for an additional year.

**Vote:** Mr. DiMondi - Yes  
Mr. Esposito - Yes  
Ms. Parks - Yes  
Mr. Ryan - Yes  
Mr. Sheldon - Yes  
Mr. Pryor - Yes

**Motion Adopted  
(6 Yes 1 absent 0 No)**

Report of Technical/Facilities Management Committee

**D. PINE TREE CORNERS TRANSFER STATION OPERATION  
CONTRACT DSWA-198**

**Motion D** – Mr. DiMondi

“The Committee recommends the Board approve the extension of the Pine Tree Corners Transfer Station Operation contract with Waste Management of Delaware, Inc. for two additional years in accordance with the provisions of Contract DSWA-198.”

**Second** – Mr. Esposito

Mr. Canzano stated that this is a contract that allows for continued two year increments of contract renewal with Waste Management for the operation of Pine Tree Corners Transfer Station until the period of August 31, 2017. At this time, we are recommending that we proceed with an additional two years that would take us beyond August of 2009 beginning September 1. There is a draft letter attached. We’ve incremented this over the last two years and it is tied to the consumer price index and the CPI information is attached to Logan Miller’s letter. There is a formula that allows for a 85% contract price adjustment factor where they would in all event get a minimum of 1.5% increment per each year and a maximum of no more than 5% and as it turns out the factor is less than 1 which means they

would get 1.5%. The prices he has shown in the letter do exactly that, you can see the existing prices to operate Pine Tree and haul to Sandtown. The prices would go from \$32.62 to \$33.11 up to 70,000 tons and there is a ratchet above 70,000 tons which is \$27.64 right now and that would go to \$28.05.

Mr. DiMondi stated that there were several questions raised at the Committee level and staff was going to do some research about the basis of the contract against the backdrop, recognizing that we are getting ready to approve an extension at our option that would include a 1.5% escalator and there was some discussion that maybe market conditions are such that if tested out there that we could have potentially brought in a bid lower than what we are agreeing to by virtue of the option. We were wondering what could potentially trigger a recommendation from staff with regard to going back to market and testing these numbers and in doing so through a competitive bid situation, could that have been interpreted as a waiver of our option to renew if sequenced property in terms of the calendar. Mr. Canzano replied that there is a termination for convenience provision in the contract so we can always terminate for convenience. The other thing is that this was a turn key contract, where they put up the money up front to build the project and that was factored into the pricing mechanism and there was an intent to do a 20 year deal. We always look at the pricing and look at whether or not what we see is something that is fair and reasonable in relation to what we could operate it at. Logan Miller looked into that and came up with \$29 - \$30/ton. It is within the realm of what we could operate it for. We've been very pleased with their performance and we have not had any problems. The bottom line is we're pleased with the work that they are doing and it is within our budget. Our feeling is we would like to continue with them for the next two years.

Mike Parkowski added whether we exercise the option or not, the contract is going to be what guides that decision and interpretation. We have a specific time frame in which to exercise the option and we have to renew in that time frame or lose it. If you're looking for alternative pricing, there is nothing that prevents us from going out and shopping if we wanted to. We do have the ability to terminate for convenience and we have a lot of flexibility in the way the contract is structured. It is definitely tilted in our favor, but there is another aspect to all of this and this is something that is historic in nature. Allied and Waste Management are our two major customers. There is a certain symbolism that exists between the way that we deal with them as major customers bringing most of our waste. The fact that they have benefited operating under the fee arrangement that we have and have other contractual commitments binds them closer to Delaware rather than taking them further away. There are goodwill reasons as long as the pricing is reasonable.

**Vote:** Mr. DiMondi - Yes  
Mr. Esposito - Yes  
Ms. Parks - Yes  
Mr. Ryan - Yes  
Mr. Sheldon - Yes  
Mr. Pryor - Yes

**Motion Adopted  
(6 Yes 1 absent 0 No)**

**Motion** – Mr. DiMondi

“The Board of Directors go into Executive Session.”

**Second** – Mr. Sheldon

**Vote** – Unanimous  
(DiMondi, Esposito, Parks  
Ryan, Sheldon, Pryor)

**Motion Adopted**  
(unanimous)

**Moved** – Mr. Ryan

“The Board of Directors return to regular session.”

**Second** – Mr. Sheldon

**Vote** – Unanimous  
  
(DiMondi, Esposito, Parks,  
Ryan, Sheldon, Pryor)

**Motion Adopted**  
  
(unanimous)

**E. MILFORD TRANSFER STATION AND ROUTE 5 TRANSFER STATIONS OPERATIONS – CONTRACTS O-08-602-CM & O-08-603-SR**

Motion E – Moved by Mr. Sheldon

“The Committee recommends that the Board award the contract for the Milford Transfer Station and Route 5 Transfer Station Operation to Independent Disposal Service for a two year period with the option for a third year in the amount of \$10,157,790.00.”

**Second** – Mr. Ryan

**Vote:** Mr. DiMondi - Yes  
Mr. Esposito - Yes  
Ms. Parks - Yes  
Mr. Ryan - Yes  
Mr. Sheldon - Yes  
Mr. Pryor - Yes

**Motion Adopted**  
**(6 Yes 1 absent 0 No)**

**NEW BUSINESS**

Mr. Ryan commented that there are pot holes at Pine Tree Corners that need to be repaired. Mr. Miller said that we have the work scheduled to be done after July 1.

**Motion** – Mr. Esposito

“The Board Meeting is adjourned.”

**Second:** Mr. Sheldon

**Vote** – Unanimous  
(DiMondi, Esposito, Parks,  
Ryan, Sheldon, Pryor)

**Motion Adopted**  
(unanimous)

Respectfully submitted,

Libby J. Kelley

Meeting Adjourned: 6:30