

MINUTES OF MEETING
DELAWARE SOLID WASTE AUTHORITY
BOARD OF DIRECTORS

DATE: December 17, 2020

LOCATION: This meeting was held via Zoom webinar due to the State's COVID-19 social distancing requirements.

TIME: 5:00 p.m.

ATTENDEES:

DIRECTORS

Gerard L. Esposito, Chairman
Timothy P. Sheldon, Vice Chairman
Temple Carter, II
Norman Griffiths
Michael R. Paraskewich, Ph.D, P.E.
Tonda L. Parks
William J. Riddle

STAFF

Richard P. Watson, P.E., BCEE
Robin M. Roddy, P.E., BCEE
Michael D. Parkowski
Joseph J. Koskey
Jason M. Munyan, P.E., BCEE
Lynsey K. Baer, P.E., BCEE

LEGAL COUNSEL

Michael Teichman (PG&S)

GUESTS

None

REGULAR BOARD MEETING

The Chairman, Gerard Esposito, called the four hundred and sixteenth regular meeting of the Delaware Solid Waste Authority Board of Directors to order on Thursday, December 17, 2020. He announced the meeting had been duly noticed and the Directors had received copies of the information to be considered. Mr. Esposito had the clerk call the roll for the Board.

A. MINUTES

Chairman Esposito called for additions or corrections to the draft of the Minutes of the October 22, 2020, meeting of the Board of Directors.

Motion A – moved by Mr. Riddle

“The Minutes of the October 22, 2020, Board of Directors’ meeting of the Delaware Solid Waste Authority be accepted as written.”

Second - Ms. Parks

Vote – (Carter, Griffiths, Paraskewich,
Parks, Riddle, Sheldon, Esposito)

Motion Adopted
(7 Yes, 0 No, 0 Absent)

Report of the Administrative & Citizens' Affairs Committee

B. DISCOUNT DISPOSAL FEE AGREEMENT

Motion B - moved by Ms. Parks

“The Board approves the new Discount Disposal Fee Agreement that will commence on July 1, 2021.”

Second – Mr. Carter

Mr. Watson said that the current Discount Disposal Fee Agreement (DDF) was for five years and will expire on June 30, 2021. Staff worked with legal and developed a new agreement. The new one will be for a shorter term, three years. The highlights of the new DDF are that the gate rates will stay the same at \$85.00/ton and it will have a rebate like the current one. The first-year rebate starts at \$15.00/ton for landfills. The current rebate is \$16.00/ton. It will follow the same pattern as the previous agreement and will decrease a \$1.00/ton per year for each of the three years. Mr. Parkowski then explained that the biggest difference in the new DDF will be the recycling. DSWA set out to create a level playing field for all the haulers in the state that are collecting single-stream recycling in that they will all have a zero tip fee at the facilities when they will deliver their recyclables. The reason that this is important is that under the current DDF some of the haulers have different agreements depending on what they decided to do five years ago. This has created an unlevel playing field across the state as to pricing. This affects DSWA because we don't want to be in a situation where a municipality or community can't get equal pricing across the board. It also encourages companies to keep collecting the recyclables and discourages them from putting it in the landfill. DSWA has created a system where everyone will have a zero-tipping fee for recyclables and DSWA will supplement the cost of the recycling through the tipping fees at the landfill. Mr. Griffiths asked Mr. Parkowski to go over the contamination issue that haulers were having with Republic since they were a hauler also. Mr. Parkowski explained that when the DDF started with ReCommunity, they were a processing company that only processed recycling and they didn't collect trash or recycling. They were never in competition with the haulers. Then Republic, one of the largest haulers in the world, bought ReCommunity and all their MRFs. When they did that, they became a hauler who is running the recycling facility. This created some angst with the other haulers. They felt like if Republic wanted to target their company, they could charge them contamination fees at the MRF or artificially inflate the tipping fees for specific companies that they were in competition with. In reality that was not happening but, sometimes it is hard to overcome the perception even if it is not true. The haulers are happy that DSWA is stepping in as a third independent party to provide inspection services for contamination. In the new agreement Republic has no say in the contamination fees whatsoever. Mr. Paraskewich asked about the net tipping fee going from \$85.00 down to \$70.00. Why is that a

good thing? Mr. Parkowski said it was a good thing because DSWA is still able to do operations with the revenue generated with the lower tip fee. There was a time when the fee was higher based on, at the time, the amount of trash, which was much lower, and also the amount of debt on the books because of expansion of the landfills in all three counties. It's important for DSWA to adjust the tipping fees to what we actually need and not charge more than we need because we are serving the public. We view ourselves as a utility that is charging a fair price. The pricing also needs to reflect the market in the areas surrounding Delaware. That was one of the main reasons we really worked hard to get the tipping fee down. Ms. Roddy stated that in 2016 DSWA enacted flow control which is designed to provide DSWA with secure waste revenue to properly maintain and manage its facilities now and into the future. Part of the flow control strategy was to ensure that DSWA's pricing was comparable to other landfill options in the region. Mr. Paraskewich asked when DSWA compares their tip fee to others, with this lower fee are we now more in the realm of others. Who are the others, who are the comps? Mr. Parkowski said that it is southern New Jersey, southeastern Pennsylvania, Maryland and northern Virginia in our region. DSWA compares with them favorable except Virginia which has lower tip fees than anyone else because they import trash from all over. Mr. Riddle asked Mr. Koskey if DSWA accrued the rebate amount every month? Mr. Koskey said that it was accrued each month and paid out twice a year in February and August. Mr. Griffiths asked when DSWA takes over monitoring the contamination rates will there be a cost? Mr. Parkowski said that there will be a cost to pay the auditor and get a report from them. Mr. Esposito congratulated staff on getting this set up. Mr. Parkowski noted that the haulers had a buy-in to the agreement and were the driving force in DSWA taking over the contamination piece. He has been in contact with haulers, the hauler's association and even municipalities.

Mr. Carter	Yes
Mr. Griffiths	Yes
Mr. Paraskewich	Yes
Ms. Parks	Yes
Mr. Riddle	Yes
Mr. Sheldon	Yes
Mr. Esposito	Yes

Motion Adopted

(7 Yes, 0 No, 0 Absent)

NEW BUSINESS

Mr. Parkowski noted that he had a follow-up meeting with the Governor's office regarding a yard waste facility in New Castle County and said they have not progressed with any plans at this time.

Mr. Riddle said that DSWA's net investment income is significantly below budget, it is almost half. He said that someone was going to look into the flexibility DSWA had in their investment policy. Mr. Teichman said that they did look at the issue and confirmed that there is really no statutory limitations to how DSWA invests their funds. Technically speaking, legally speaking, DSWA is not restricted in how DSWA invests their assets. That being said, we always have to remember that DSWA is a creature statute created by the General Assembly and the General Assembly keeps tabs on DSWA. It would be a matter of DSWA's judgement and being conservative. DSWA is not tied to the state guidelines in terms of how

you manage your investment portfolio. Ms. Parks said that this should be a topic for a retreat for discussion. Mr. Riddle said he thought it was worthy of a dialogue to see if DSWA could help keep operating expenses down by possibly earning more excess cash.

Mr. Riddle asked about the four suspended accounts. When does DSWA take legal steps to collect this money. Mr. Koskey said that the procedure before turning them over to legal is to turn it over to a collection agency that DSWA contracts with. In most cases internally staff will contact the companies and work out a deal to make fixed payments until they are current with their account. Depending on the long history of their account, staff would evaluate it from there. Normally it is taken care of internally and only a couple of times in the last ten years has it been turned over to legal. Mr. Griffiths asked if DSWA puts the delinquent accounts on cash on delivery or cuts them off until they are current. Mr. Koskey said that a suspended account would have to pay cash to use the facility and also to make payments to get the arrears caught up. If they have a DDF account they will not get their rebate, it would be applied to their account.

Mr. Griffiths asked if there was any information on the new administration building. Mr. Munyan said that bids had been received and it will be presented to the Committee and Board in January.

PUBLIC COMMENT

No comment

Motion – moved by Mr. Carter

“The Board Meeting is adjourned.”

Second – Mr. Riddle

Vote – (Carter, Griffiths, Paraskewich,
Parks, Riddle , Sheldon, Esposito)

Motion Adopted
(7 Yes, 0 No, 0 Absent)

Respectfully submitted,

Pamela Williamson

Meeting Adjourned: 5:52 p.m.