

SUMMARY OF ACTION
SANTA FE SOLID WASTE MANAGEMENT AGENCY
JOINT POWERS BOARD
SANTA FE COUNTY ADMINISTRATION BUILDING
LEGAL CONFERENCE ROOM
102 GRANT AVENUE
THURSDAY, SEPTEMBER 21, 2017, 5:00 PM

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SFC CLERK RECORDED 11/29/2017

WHEEL TRACTOR SCRAPER) IN THE
ESTIMATE AMOUNT OF \$421,315.80.

MATTERS FROM THE EXECUTIVE
DIRECTOR

DISCUSSION WITH POSSIBLE ACTION
ON THE SERVICES AGREEMENT WITH
FRIEDMAN RECYCLING COMPANIES
OF ALBUQUERQUE, NM, FOR THE
PROCESSING AND MARKETING OF
RECYCLABLE MATERIALS.

APPROVED

4-10

MATTERS FROM THE BOARD

NONE

10

MATTERS FROM STAFF - AGENCY,
CITY, COUNTY

INFORMATION/DISCUSSION

10

NEXT MEETING DATE

OCTOBER 19, 2017

10

ADJOURNMENT

ADJOURNED

10

SFC CLERK RECORDED 11/29/2017

**SANTA FE SOLID WASTE MANAGEMENT AGENCY
JOINT POWERS BOARD
SANTA FE COUNTY ADMINISTRATION BUILDING
LEGAL CONFERENCE ROOM
102 GRANT AVENUE
THURSDAY, SEPTEMBER 21, 2017, 5:00 PM**

I. CALL TO ORDER

The meeting of the Santa Fe Solid Waste Management Agency Joint Powers Board was called to order by Councilor Michael Harris, Chair, at 5:00 pm, on Thursday, September 21, 2017, at the Santa Fe County Administration Building, Legal Conference Room, 102 Grant Avenue, Santa Fe, New Mexico.

II. ROLL CALL

MEMBERS PRESENT

Councilor Michael Harris, Chair
Commissioner Anna Hamilton, Vice Chair
Commissioner Anna Hansen
Councilor Joseph Maestas
Commissioner Ed Moreno

MEMBERS ABSENT

Councilor Rene Villarreal, Excused

OTHERS PRESENT

Randall Kippenbrock, Executive Director, SWMA
Nancy Long, Attorney
Les Francisco, Santa Fe County
Shirlene Sitton, City of Santa
Neal Denton, Santa Fe County
Larry Ward
Joe Eiger
Rob Taylor, Freidman
Rosalie Cardanas, SWMA
Elizabeth Martin, Stenographer



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

SOLID WASTE MINUTES
PAGES: 12

I Hereby Certify That This Instrument Was Filed for
Record On The 29TH Day Of November, 2017 at 02:37:19 PM
And Was Duly Recorded as Instrument # **1842506**
Of The Records Of Santa Fe County

Deputy *Geraldine Salazar* Witness My Hand And Seal Of Office
County Clerk, Santa Fe, NM

III. APPROVAL OF AGENDA

MOTION A motion was made by Commissioner Moreno, seconded by

Commissioner Hamilton, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

IV. APPROVAL OF CONSENT CALENDAR

Chair Harris said he would like to pull both items A and B for discussion.

MOTION A motion was made by Councilor Maestas, seconded by Commissioner Hansen, to approve the Consent Calendar as amended.

VOTE The motion passed unanimously by voice vote.

**V. APPROVAL OF MINUTES
AUGUST 23, 2017**

MOTION A motion was made by Commissioner Hansen, seconded by Councilor Maestas, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote.

VI. MATTERS FROM THE PUBLIC

Mr. Eiger introduced Larry Ward, a member of El Dorado Recycling.

VII. CONSENT CALENDAR

A. REQUEST FOR APPROVAL OF CONSTRUCTIONS SERVICES AGREEMENT WITH COOPERATIVE EDUCATIONAL SERVICES (CES)/TLC COMPANY, INC. OF ALBUQUERQUE, NM, FOR THE BUCKMAN ROAD RECYCLING AND TRANSFER STATION WATER LINE AND MISTING SYSTEM IMPROVEMENT IN THE AMOUNT OF \$342,893.55. (PROPOSAL NO, '17/42/B)

(1) APPROVAL OF BUDGET INCREASE TO 52504.520100 (REPAIR AND MAINTENANCE BUILDINGS AND STRUCTURES) FROM 5520.100700 (CAPITAL IMPROVEMENTS RESERVE FUND) IN THE AMOUNT OF \$342,893.55.

Chair Harris said he wanted to comment on this because within Council there is always a discussion about the use of third party procurement. In this case it worked out well. We got 2 responsive bids. TLC did not list an electrical contractor. Are they

going to self perform

Mr. Kippenbrock said yes they are going to do that.

Chair Harris said as always you have been very thorough and if you have looked into that it is fine.

Commissioner Moreno said this was a good process.

Councilor Maestas said and we saved money.

Chair Harris said yes and it is a good bundle of work too.

MOTION A motion was made by Commissioner Moreno, seconded by Councilor Maestas, to approve the request.

VOTE The motion was approved unanimously by voice vote.

B. REQUEST FOR APPROVAL OF PROCUREMENT UNDER RFB NO. '16/08 B TO WAGNER EQUIPMENT COMPANY OF ALBUQUERQUE, NM, FOR A DEALER REBUILD - LEVEL 2 OF UNIT 1334 (CATERPILLAR 623G WHEEL TRACTOR SCRAPER) IN THE ESTIMATE AMOUNT OF \$421,315.80.

(1) APPROVAL OF BUDGET INCREASE TO 525.01.570500 (CAPITAL OUTLAY - EQUIPMENT AND MACHINERY) FROM 5502.100700 (EQUIPMENT REPLACEMENT RESERVE FUND) IN THE AMOUNT OF \$421,315.80.

Chair Harris said this is a clear package. His only question is did they make any representation of how many hours this rebuild unit will be able to perform.

Mr. Kippenbrock said about same as a new one. 10,000 hours. We have done this in the past and they all performed well. We elected to go with a dealer rebuild. Caterpillar was much higher. We were not comfortable with the new unit that is coming out yet. There are a lot of bugs to be worked out.

Chair Harris said we will have the added feature of GIS.

Mr. Kippenbrock said yes, for cut and fill.

Chair Harris said this is a good move and something we need.

Mr. Kippenbrock said we only have one other scraper for the 90 day period. If it

does not hold up we will have to rent another piece of equipment during that time at a cost of \$13,000. That is not included in this cost.

Councilor Maestas said we are using our Equipment Replacement Reserve Fund. Will we have to recharge that fund during this budget year.

Mr. Kippenbrock said yes. He passed out the Reserve Account detail information. This is a snapshot of what we have now. He reviewed the chart. The chart is incorporated into these minutes herewith as Exhibit "1".

Chair Harris said so even after this rebuild we are above the recommended balance. Thanks for anticipating the questions Mr. Kippenbrock. It makes our jobs so much easier.

MOTION A motion was made by Commissioner Moreno, seconded by Commissioner Hamilton, to approve the request.

VOTE The motion passed unanimously by voice vote.

VIII. MATTERS FROM THE EXECUTIVE DIRECTOR

A. DISCUSSION WITH POSSIBLE ACTION ON THE SERVICES AGREEMENT WITH FRIEDMAN RECYCLING COMPANIES OF ALBUQUERQUE, NM, FOR THE PROCESSING AND MARKETING OF RECYCLABLE MATERIALS.

Chair Harris said this was a starlight forward memo backed up with documentation from Friedman. Please expand upon it and then we will have questions.

Mr. Kippenbrock said in 2013 China consumed 45% of the mixed paper products and plastic. They don't have the resources in their county to produce what they do. They export products to the United States and did not want to take their containers back empty so they filled the containers with recycling and shipped it back to China for their use. There was a lot of contamination. This year, they came back and said they wanted to limit the contamination further in the recycling they purchased. Most companies like Friedman are set up to process large amounts with acceptable contamination. Usually that is 6% or 7%. Some of the better plants are doing 5%. China did 2 things. They said that on January 20th, 2018 they would lower the acceptable contamination down to .3%. That is physically impossible. Now in the last 2 days they raised that up to 1.5%. We have various organizations challenging that by asking what they mean by contamination. They have asked China to give them more time to adjust. There has been no word back.

Mr. Kippenbrock said he visited Friedman and they hired more people to try to do more sorting. It slows down the process quite a bit. Even then we are talking about 5%. Even if we get down to 1.5% China is not buying. They want to take care of their domestic product right now. China has 2 of the largest export buyers to buy material from the US to put in their containers to go back to China. They get quotas every year. September 1st they lost that. They, the government, has yet to re-establish that again. It is not moving. Friedman, like others, is trying to look for domestic mills, but they are usually already maxed out. They are looking at a mill in Shreveport, Louisiana. What he saw today was that they are stockpiling the mixed paper. Things slow down in the fall and winter then pick back up. But as you see in the letter from Friedman, even though all the planks are able to clean up the material China may not be in the position to buy the material. The US produces more than we can recycle. Next week it could be different. The Chinese government has not responded back to any of the trade organizations. It will take 3 to 5 years to retrofit these plants.

Chair Harris asked the contractual relationship with Friedman.

Mr. Kippenbrock said the current contract is based on a price index. Out of 100% 53% is mixed paper 24% cardboard and the rest is plastic and metal. We have 9% contamination. Based on our agreement, it was based on utilizing the Chinese market as most people in the Western US do, we averaged for the last 12 months \$125,000 in rebates or \$11,000 in rebate per month. Also Friedman handled the residual. They would pay us for picking it up. That has not happened in several months. They are proposing that we suspend the rebate and pick up all the residuals at our cost. That would be at a cost of \$13,000 a month. It is real. No one has an answer about what is going on. He did talk with Nancy Long in terms of the contract. This is a unique situation. It is not best to terminate the contract. What they are offering makes sense. We would make it effective on October 1st for 3 months not September for 6 months as they requested. Then we will wait to see what transpires.

Councilor Maestas asked is the back haul the only option. The trucks have to return from Friedman, but if they are loaded they simply bring it back to our landfill.

Mr. Kippenbrock said yes, it will take us an extra 2 hours to bring that material back. They load us up.

Commissioner Hansen asked what do they load up.

Mr. Kippenbrock said our residuals. It would be 1 to 2 loads that we would have to pick up.

Commissioner Hansen said that could be education on the consumers part.

Mr. Kippenbrock said we can educate but it is a difficult thing to do. Keep in mind that in our program we began in 2007 and it was the number 1 bottle and the number 2

bottle. We did not want to accept anything else. The bottles are a proven commodity. It is the mixed plastic and inserts and junk mail that are an issue because we did introduce that into our recycling program. The same situation exists in Las Cruces. You can educate or wait 3 months and see what transpires. The actual residuals are about 3%. It is like a big aircraft carrier. It is hard to turn it.

Commissioner Hansen asked are there any other recyclers in the world.

Mr. Kippenbrock said they are looking at other markets. They can only take so much. South Korea and Vietnam are being looked at. It takes time to shift.

Commissioner Hansen said on the education idea, she recognizes that people can't even figure out how many feet to put their cart by the street even when it says it right on the cart. People have responded to her Sustainability article in her newsletter. It got a few people writing back. She knows the education element is challenging.

Mr. Kippenbrock said the machine can pick up the plastic bottles if they are 3 dimensional but when they are flat it is seen as cardboard by the machines.

Chair Harris said so don't smash your bottles.

Councilor Maestas asked can our budget absorb a \$13,000 monthly hit.

Mr. Kippenbrock said yes.

Councilor Maestas asked are there any workload impacts on the longer hauls. 3 to 5 hours.

Mr. Kippenbrock said he thinks they can do it in the middle of the week when all operators are there. We will make it work.

Chair Harris asked the \$13,000 would you anticipate that will be accounted for against your Operating Account.

Mr. Kippenbrock said yes. We hope it is not long term.

Mr. Kippenbrock introduced Rob Taylor, Regional Manager for Friedman.

Mr. Taylor said you are very lucky to have Randall. He is wise and knowledgeable. He said about everything he would have said. The industry is in flux. This is a worldwide issue right now. Everyone is dealing with the Chinese government. This has a huge effect on jobs for us. It is all government driven. We are working with emerging markets in India and Vietnam. This has a worse effect on the Chinese economy than ours. The stance they are taking is to try to get some centers who are sending them garbage to get their contamination levels down. You can't blame them,

but unfortunately everyone is effected. They used a scatter gun rather than a rifle. It is fluid. We have meetings the next 3 working days. The domestic mills have given them an opportunity. Now they have an opportunity to look at us and say we doing a good bale. We are at 20% when it comes in to us. In Texas they are at 30%. This is an opportunity to get cleaner material. It will create some movement domestically. He is optimistic that some of that will work out. If this is long term other countries will build plants. We will be talking about something different in 3 or 4 months hopefully. This is uncharted territory for all of us. Hopefully it will get the bad ones out of the business.

Councilor Maestas asked could the member governments draft a Resolution urging that this is a disruption in the market.

Mr. Taylor said that is already happening. When 30% trash is coming over there they get upset. They do not want to take the world's trash.

Mr. Taylor said the older the program is the dirtier it becomes. Education with kids is a good thing. Randall is right about the aircraft carrier.

Councilor Maestas said we are still in the diligent and eager stage for recycling.

Mr. Taylor said he wishes everyone did as well as Santa Fe.

Commissioner Hansen said if you have not gone on a tour at Freidman she recommends it. We should all tour there.

Mr. Francisco said thank you Randall. We will keep calm and carry on like you said. If we keep changing before we know what is coming in the next few months we could have to change several times. If we continue to take it and find out what is really going to happen before we change the plan that is much better.

Chair Harris said there are enough interested parties to sort this out. That is what we have to do.

Commissioner Hamilton said waiting 3 months makes sense. Is that probably enough time. Is there something we should be talking about and anticipating. Implications we may have to consider.

Mr. Kippenbrock said from a rebate program to a processing fee is what you would be looking at. For recycling. In Houston it is as much as \$80 a ton. Above that is rebate. Most do a \$15 to \$20 processing fee.

Commission Hamilton asked right now 3 months is enough to start with.

Mr. Kippenbrock said yes that is what we are proposing.

Ms. Sitton said you are welcome for the super clean material coming from Santa Fe. First she would like to know how do you determine of that residual what is our residual.

Mr. Taylor said we have done an older audit on your materials. We track the production report. It has not moved from January to now. It is minimal.

Ms. Sitton said we hand sorted it before we went to a single stream program. That clean is huge.

Ms. Sitton said you said you have had domestic mills coming to talk to you. If there is anything she can do to help let her know. She has a relationship with Pratt.

Chair Harris said this reminds him that education is ongoing. This would be the right time for the normal course of business, let alone this new situation, to double down on the situation with education. Can Adam in your office work on a statement with Matt Ross on behalf of the agency.

Ms. Sitton said sure. We can put something out.

Chair Harris said lets do that.

Commissioner Hansen said in the big market we have had numerous upsets in Houston, Florida and the South Pacific. That has created a tremendous amount of more trash. If there were recycling centers in those places what is happening to them.

Mr. Taylor said some in Houston had to suspend their operations. They will be using those trucks to get the trash out that is a health issue. What this also has done is the mill in Shreveport received material from Houston. Florida is the same.

Ms. Sitton said as we were about to roll out the new cart program we talked about having an audit. She would like to get an audit on the books if we are getting charged for the back hauls.

Chair Harris said thank you for coming Mr. Taylor.

Mr. Kippenbrock said September 1st is when the Chinese buyers suspended their purchasing. Did that come in one day or did you know it was coming.

Mr. Taylor said it came in one day. Sept 1st they shut down the 2 mills and pulled the licenses.

Councilor Maestas said the letter from Friedman requests an interim agreement. Are we looking at amending the current agreement.

Chair Harris said that is the same question he has. Ms. Long what is your opinion.

Ms. Long said we have looked at the original contract and we can amend it. Or it can be done by separate agreement. We have to do something. An amendment makes the most sense. We have not received any proposal from Friedman as to how they want to handle it, but we are assuming they will work with us in the manner we prefer.

Mr. Taylor said she hit it on the nail. We will deal with it.

Chair Harris said we have a beneficial relationship with Freidman and we want that to continue and we want to continue to be good partners.

Councilor Maestas asked would this be retroactive to September 1st.

Chair Harris said Randall recommended October 1st.

Councilor Maestas said then we need to act consistent with Randall's recommendation.

Mr. Kippenbrock said we recommend 3 months instead of 6 months and we do the back haul.

Chair Harris said the action would be in the creation of the amendment in coordination with Freidman.

Councilor Maestas said if it is to be effective October 1st, We could delegate authority. We meet the next time after October 1st.

Chair Harris said that is fine.

MOTION A motion was made by Councilor Maestas, seconded by Commissioner Hansen, to delegate authority to Randall Kippenbrock to amend the contract consistent with the terms he outlined.

VOTE The motion passed unanimously by voice vote.

Chair Harris said thank you for coming and good luck in your business.

Mr. Taylor said we have a great relationship with Randall.

Chair Harris said Commissioner Moreno lets stay in touch and take the tour.

Mr. Kippenbrock said he would like to announce that this weekend is Fall Amnesty Weekend for trash. If it is very successful again this year we may move it to landfill to be able to handle all the cars.

Commissioner Hansen said maybe do it more often.

Chair Harris said we are taking a money hit here.

Councilor Maestas said maybe there would be less interest if they have to go all the way out to landfill. We will see how it goes.

IX. MATTERS FROM THE BOARD

None.

X. MATTERS FROM STAFF - AGENCY, CITY, COUNTY

Ms. Sitton said the Toss No Mas Clean Up registration opens at 7:00 am on Saturday. We will pick up materials on that day.

XI. NEXT MEETING DATE - OCTOBER 19, 2017

XII. ADJOURNMENT

There being no further business before the Board the meeting adjourned at 6:00 pm.




Councilor Michael Harris, Chair

Attested to by




Yolanda Vigil, City Clerk



Elizabeth Martin, Stenographer