

October 18, 2007
SWRAC Meeting
DRAFT Summary Notes

Members present:

Greg Apa, Mauricio Avila, Eve Clute, Stuart Funke-d'Egnuff, Jack Freitas, Rob Hoonan, Debra Kelly, Councilmember Bill Medeiros, Kuhea Paracuelles, Steve Perkins, Victor Reyes, Terryl Vencl, Susie Thieman and Rick Woodford .

Members not-present:

Darlene Endrina and Councilmember Mike Victorino

Non-members present:

Chace Anderson, Stacia Bobikevich, Kim Compoc, Irene Cordell, Patience Gaia, David Galazin, Harvey Gershman, Buck Joiner, Michael Kehano, Gregg Kresge, Cheryl Okuma, Lane Otsu, Fred Pablo, Diane Petropulos, Mike Souza, Hana Steel, Ryan Takahashi, Kalbert Young, Maury King.

Public Introduction

Maury King, Lane Otsu – State Department of Health, Kalbert Young - Department of Finance, Fred Pablo - Office of the Mayor, David Galazin – Corporation Counsel, Mike Kehano - Solid Waste Division, Cheryl Okuma and Gregg Kresge – Department of Environmental Management.

Call to Order

Hana welcomed the group and announced she had been to a conference on Household Hazardous Waste Management. The Recycled Battery Corporation is going to allow Maui to participate in the national program. We will have a program for recycling rechargables, with drop offs in each community. (Not alkalines.) Also, the EPA standards for fluorescent lights say double bag it and then it goes to landfill. (note: the mercury amount is small.)

Approval of the Summary Notes

Notes were approved with minor grammatical changes.

Presentation of HHW/Education/Finances/Organization

See PowerPoint presentation by Chace Anderson, and Harvey Gershman

Discussion

- Re: "there is no significant commercial recycling on Maui." The real number is higher than what has been presented.
- The 2,100 recycled tons was said in the previous presentation, that contradicts this presentation.
- Per capital income must be considered in terms of impact on diversion rates, and that needs to be considered on Maui. Whatever recommendations we make, there may be serious delays (years even) due to the reality of the community's income, and the political reality. The timeline needs to be included in the goal, i.e. when can/should this be achieved?
- I felt the presentation was biased and not relevant to Maui County. Re: Order of magnitude costs, 86% of the capital expenditure was based on a WTE facility. # of households in the presentations didn't match Maui. I was disappointed, the worst we have had.
- Last time we talked about conceptual recommendations, which seem not to be reflected in the presentation today. The flavor of the last meeting was that WTE

would be put to the side, so it's surprising to see it here. Harvey – the chart includes the WTE because it is important to show the order of magnitude for any of those services, even if they are not going to be implemented.

- My question relates to the role of SRWAC. Are we going to talk about rate structure, or does management do that? At what level are we going to talk about the budgeting? Harvey – the recommendations are put together to think about funding and revenue, what we agreed on before. WTE will require additional capital but it may not be as big an impact as one might think. It was in this context the recommendations evolved. The scenarios include both with and without WTE, and we would run numbers on what each choice would cost.
- This is what I want to know also. Were our recommendations taken into consideration? Were they heeded, or just minor consideration?
- When big numbers are raised for 100+ for WTE b/c those numbers are scary. They are assuming mass burn. The community won't be for that. We are aware of source separation and refuse derived fuel, as has been said. What about organic sources of waste, that is a resource, an appropriate waste to energy. We have to know what we have. We don't have a basis for even having an educated assumption. Studies are too outdated. I disagree with Frank's calculation before. I was told I'd get a phone call which never happened. Our disagreement is important because the costs are affected, which again can scare people.
- Also, the composting cannot be kept status quo. The green waste facility was asked to move earlier this year because they do not have any more space. This has resource potential. There are a lot more things we need to know in order to get a suitable system for Maui County.
- This is a good example of how Mainland company can't understand the Maui reality. I have an idea about financing, something that is being done and isn't.
- Comments can be given on each slide, the minutiae, but that doesn't seem what you're asking for.
- These recommendations are GBB's, not the SWRAC. We voted "is it right for Maui County?" That's not the same thing as them being our recommendations.
- I agree with presenters. This can be a complex conversation. I know we have talked about this being dynamic and conceptual, but we are vacillating on the question of whether we should we put the numbers on these things, or whether to ask the presenters to. I've been on other committees where financial scenarios were discussed. The Real Property Tax bill having a differential tax rate, for example. That was encouraging to me that we can make for differences. Those differential things can work, like in Monterey County. This is helpful information.
- I was overwhelmed by the amount and complexity of information today. What are the gold nuggets? How can we incorporate this appropriately? How can we put them into a proposal? The rate structure of 3 counties that are doing a good job. I know the households don't match Maui but these ideas are good and relevant. The Base Case Scenario is useful. I think they are on the right track. I need to digest this to be able to give recommendations properly.
- The cost for the WTE facility is scary for a small county. There is good information in this presentation but the time isn't there to digest it to provide recommendations. What scares me is GBB comes up with recommendations because they have had the time to digest, but what if I haven't. I am not empowered to make recommendations yet.
- Where do we go from here? We have this meeting and what else? How many more do we have and what do we have to accomplish? Cheryl – At the November 8 meeting Kalbert will speak on financials. There will be time for discussion. GBB will not be at that meeting. With respect to the scenarios, SWRAC is advising the

department. DEM will look at technical issues and feasibility and we will have our input. By end of October it will go to GBB. In the December meeting you will hear those results. As a result of that December discussion, they will go back and in January to say “yea or nay” to the plan. There is a 120-day period, then the plan goes to DOH who will decide their comment. Then 60 day public comment. If there are major items, we may re-convene the SWRAC. If it's OK from there, then the County Council. We estimate the 2nd quarter of the fiscal year 09, approximately. We do not know for sure if the work will be done in January. There are things that are out of our control.

- We shouldn't be shocked by those numbers. We saw Marin County's which are similar. We are all tax payers here. We have to be able to explain our votes with our neighbors. Risk assessment has to do with if the county does it all. This matrix here is really good, the best I've seen (vertical one). It still has holes. As you progress on the chart, the numbers go down. If you don't want everything presented to you, you've got to do work in between meetings. You've got to overlay dollars. If we say we want the County to do the Enterprise Fund, that means you go from \$12 a month to \$38 a month. The council can't even get a \$2 increase passed. We can say about we want to stay in concept, but we've got to ask these financial questions. We've got to make some decisions.
- Chace – the cost scenarios are the most important for the policy people. It was publicized that this meeting is about full cost management. We gave our presentation to answer that. RE: GBB doesn't have a goal re: WTE. We did not want to hide it. As far as the 5 scenarios- you can recommend to the county whatever you want.
- Presenters should have applied the tools, 50% diversion rate, and say the recommendations that apply to that. We have confusion b/c the tools were not applied. The challenge was already known and should have been made clear in the beginning.
- I am concerned about recommendations are not connected to the scenarios, which don't even talk about The Enterprise Fund, which is very important.
- Hana – by contract GBB will give us the financials on five scenarios. What we project to be your costs (\$155 million) takes into account some estimate of the cost to build on Maui. And it is a mass burn number. I was trying to put brackets around the recommendations and include the cost. RE: Montgomery County, those are the tools, b/c they are best practices. These are counties that have high diversion, happens to include WTE, this applies regardless of the population.
- What assumptions were the timeline and the cost study done? Harvey – the order of magnitude. No details analysis behind the numbers. That is the range of capital. In the scenarios we will give you detailed capital costs. We will make estimates that will have details and timelines for implementation, and the budget year and sequenced in a 20 year projection. We need to show how these will change if programs are added, with and without WTE, and one with conversion technology, trying to keep in mind what you said at the last meeting.
- These are all Gross figures. What about the Net? Harvey – they collect revenue in order to meet a 1.25% -1.5% debt service coverage. They have reserve fund requirements. This is a trust indenture requirement. There are funds that have to be filled. Nothing on property tax.
- Do they run in the red? Harvey – yes.
- Out of 100 slides, 5 relate to Maui, and the numbers differ from information presented before.
- Why is 86% have WTE in it, when this group has decided to table that.
- We have not finished the recommendations, I am frustrated b/c the scenarios might have been revised?

- p. 47 cost of building the facility? A private enterprise driven suggestion. Harvey – This number reflects the hard capital costs. Doesn't matter who owns it. That's what a private company would spend. How you raise the money is a different question.
- Isn't it true you can have someone build it for free? Harvey - They will charge you a service fee, amortization fee, 50% debt service, there are ideas, but they do not do it for free. A Revenue Bond, it doesn't go against the county's debt, it is linked to the revenues brought in from the program. In a sense, you don't have care about the capital expense if you design it right.
- We will make estimates of how much power will be gained. You will see the net, and see if you can afford it. Decide then if you want to advance for the county's consideration. It's not just the capital costs you need to look at.

- BREAK -

- We want an esoteric overview, and let implementation and operation take place at the proper time. Do we even want to look at those today? Harvey – SWRAC can make those items secondary instead of primary, which is the focus today.

Powerpoint Presentation re: Recommendations

1. Change Department of Environmental Management (DEM) Solid Waste Division to an Enterprise Fund for Solid Waste Management that would include elements such as:
 - i. "System" revenue bonding for major capital investments such as land purchase, MRF, WTE, HHW, collection trucks and carts, etc.
 - ii. Plan and implement Solid Waste System Benefit Fee and collect via property tax bills
 - iii. For all properties: covers debt, administration, and funding for non-revenue program requirements
 - a. Plus, for those receiving County collection services and using landfills, an additional fee, including possible "Pay As You Throw" fees
 - b. Utilize full service contracting for major infrastructure improvements requiring sale of products

Comments:

- This should be set up as a public/private i.e. port authority funded by government. Money must be spent by Project director and can't be changed by legislature.
- Ownership of waste stream goes to the one doing it. Evaluate other possibilities.
- Enterprise fund is another unnecessary government level (like Water Supply) but do set up as a business.
- Separate from General Fund is good; protect fund from State. Trash is different from water, trash may succeed here.
- Does there need to be charter change for Port Authority? Can earmark with Enterprise Fund.
- Can an enterprise zone be legally set up? Needs a time frame; won't happen in one year. If can't do user fees then limited to just landfill.

- Should be last decision to make and not now
- Build system and pay as you go. Independent of taxes, cart's before the horse.
- What's the alternative business model if not Enterprise Fund?
- Those business models can be run without Enterprise Fund because to change Charter takes too long.

New language proposed:

- "Division should be operated on full cost management principles and pursue the development of an institution with exclusive control of its revenue sources."
- Change "would" (line 3 of the recommendation) to "may"
- Make the systems parallel

Topic Tabled.

#2 Continue SWRAC involvement with annual review and comment on Plan implementation

Comments:

- Meeting every few months is good.
- Meeting annually does not make sense to me.
- I've never been asked back to a group like this and I've been part of three.
- An annual review shows that we get our time's worth, and the County gets their time's worth.

Is this right for County of Maui? 11 for yes, 3 for no (Consensus not reached).

- #3. Establish overall objectives for solid waste management, e.g.:
- Meet the current 50% diversion law (when?)
 - 70% diversion goal using reduce/reuse/recycle (R/R/R); or
 - 50-50 partnership: R/R/R and WTE...R/R/R taking up the growth

Comments:

- Have Department of Environmental Management come up with this timeline, leave it with those who know about it.
- State law: 50% by 2000 (recycling, conversion, diversion). Should be - are we going to comply with state law?

Suggested new language: To meet current 50% diversion law by 2011.

Discussion on recommendations tabled until next time.

Scenario Presentation

(See Powerpoint presentation)

- I prefer Scenario V, but with an edit on the food waste part to be like Puaa.
- I prefer Scenario 3 and 4. Although WTE is still undecided. Harvey - Feasibility study will reflect the impact on your system.
- I'm for food waste recycling. They do take banquets waste too, not just the prep waste. They strain it, cook it and feed it to the pigs. I'm not sure the compostability of ketchup and shoyu. I agree that WTE is for a feasibility study, not for a scenario now.
- A lot of compostable should be composted, I'm not concerned about food waste, it's never clean material. RE: WTE, I have been trying to keep an open mind about WTE on Maui. I don't think it makes sense to have WTE but I would still like

to see the numbers. I am comfortable having a scenario with it, that help us understand. We need to keep the option on the table.

- We need to be concerned about what assumptions you will use when you break down these scenarios with financials. For example, with 60% diversion, are you going to do all the C&D, etc, what is the basis?
- WTE is required by law, it must be considered in the scenario. Frank's high number before regarding _____, without the consideration for the cost, not waste to burn, 10% downtime is equivalent to 78,000 megawatt hours. A typical agreement today is 90 cents, 14 million dollar a year.
- I have no problem with the cost scenarios, but are you going to do each showing each line item? Harvey – yes, every service function. Capital operating costs, revenues, all the cost assumptions, kilowatt hours per ton in terms of waste stream. Our judgment of what would be left to find a [DPU](#).
- I don't want to get the assumptions. Are they going to be presented each line item. Harvey – Yes.
- Let's just knock out Scenario #3.
- With the WTE when it is evaluated I encourage the consultants to look at options other than mass burn, which is not realistic. Harvey - Also refuse derived fuel usage from HC&S. Also two stage combustion systems. We can replace the term "WTE" with "Conversion Technologies" in the language of the scenarios.

Decisions on the Scenarios:

- 1 – base. Group is at consensus that this is not where we want to be.
- 2 – Same
- 3 - Same
- 4: Replace the term "WTE" with "Conversion Technologies"
- 5 – Same with Eve's suggestion on the organic
- 6 – out
- 7 – out

GBB will develop scenarios for the above:
14 for yes (consensus).

Next Meeting:
November 8

Written comment by Eve Clute:

If it is within the contract with GBB, answers to the following would be helpful in our discussions for the Nov 8 meeting.

- 1] What is the cost of building an appropriately-sized MRF for Maui island?
- 2] Scenario 4 - What is the cost of maintaining an ash monofill that would be generated in WTE? What size land is needed? Where would it be placed to avoid contamination of other areas on Maui?
- 3] Since GBB will not be at the Nov 8 meeting, what do we do with our questions for clarification? Can we phone GBB with questions during the meeting? Who will be available to answer our questions?