MEMORANDUM

To: SWALCO Directors and Alternates
From: Walter S. Willis, Executive Director
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.
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
8. BOARD ITEMS ......................................................... Executive Director

Action Items
1. Electronics Recycling Program

9. EXECUTIVE SESSION - IF NEEDED
10. ADJOURNMENT
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
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
Hi Walter,

Per our discussion....here is the revised proposal.

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    - CED Flat Panel (TVs/Monitors)
    - CED Ewaste
    - CED Desktop/Laptop
    - Non CED
- Non-CEDs $0.15/lb charge, except for Wood 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.
1-800-ERI-DIRECT (374-3473)

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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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