

**AGENDA**  
**SPECIAL**  
**COMMITTEE OF THE WHOLE MEETING**

**City Hall – Council Chambers  
3600 Kirchoff Road  
Rolling Meadows, IL 60008**

**April 11, 2023 – 7:00 p.m.**

- 1) Rolling Meadows Transfer Station – Transfer Station Management**

## Special Committee of the Whole Agenda Item - April 11, 2023

### 1) Rolling Meadows Transfer Station - Transfer Station Management

#### **Attachments:**

- US Justice Department Press Release October 23, 2020

In 2020 Waste Management Inc. (WMI) acquired Advanced Disposal Services (ADS). As part of the acquisition, the US Department of Justice (DOJ) required a divestiture of assets to occur in order for the acquisition to proceed. The DOJ issued a press release on October 23, 2020 detailing why and how the divestiture was necessary to “preserve competition in markets...”. At the time the DOJ ordered the divestiture of assets, ADS was the contracted agent managing the Rolling Meadows Transfer Station.

The resulting October determination from the DOJ, led ADS to submit, in writing to the City of Rolling Meadows, on November 9, 2020 a “Request for Consent to Transfer the Lease and Intergovernmental Agreement” from ADS to GFL Environmental Inc. (GFL). This request was received by then City Manager Barry Krumstock, and then Director of Public Works Fred Vogt, with the oversight of the City of Rolling Meadows Attorney, James Macholl. The City Manager and Director of Public Works signed the “Consent to Transfer” agreement. There was no Council action or communication about allowing for the transfer of the lease from ADS to GFL, nor was Council made aware of the extenuating circumstances of the DOJ’s dealings with WMI and ADS that set this entire chain of events in motion.

The results of city staff authorizing the “Request for Consent to Transfer” agreement, enabled GFL to be the official agency managing the Rolling Meadows Transfer Station. From this point, GFL and the City of Rolling Meadows were to move forward honoring the original contractual obligations outlined in the 1996 “Transfer Station Host Agreement” plus any subsequent Amendment documents.

In September of 2021, a third party informed the Mayor that GFL was no longer the entity managing the Rolling Meadows Transfer Station, rather an agency known as Lakeshore Recycling Services (LRS) had taken over GFL's contractual obligations managing the City's asset. The following day, the Mayor inquired with the city's then Director of Public Works Rob Horne, regarding the validity of this information. After some investigation, it was confirmed by Director Horne, Public Works that GFL was no longer managing the facility and LRS was.

In January 2022 the City of Rolling Meadows hired new City Manager Rob Sabo. The Mayor informed Manager Sabo of the situation surrounding the Transfer Station. In March 2022 the City Manager, Mayor, and Director of Public Works scheduled an in-person meeting with representatives from LRS to understand how and when the change of management had occurred. LRS was also informed at the meeting of certain quality issues that had been observed as a result of the recent transfer station managing agency change. Concluding action items from the meeting were for LRS to resolve the quality issues. LRS was also to deliver an accurate timeline of when the change of management officially took place along with an explanation for why the City was not alerted to this change or why a written request of consent permitting the change wasn't issued to the City as the contract stipulates.

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In May of 2022 the discussion was brought before the city council in a closed session to inform the city council of the situation comprehensively. The discussion focused on the change among managing agencies and the Host Agreement Contract and Litigation.

The Host Agreement Contract specifically states, in section 25, "Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign this Lease, in whole or in part, without the written consent of the other party". Ultimately, this means, no other agency shall manage the transfer station without the written consent or agreement from the City and the City in turn, cannot assign another agency to manage the transfer station without any form of written acknowledgement provided to the current managing agent.

At this time, and because of what is stated in section 25 of the host agreement contract, the City finds LRS to be operating the transfer station without approval to do so in violation of the Lease. It's also important to note, the consent agreement lease term between GFL (*prior legitimate agent*) and the City of Rolling Meadows runs through August 20, 2026.

LRS is "currently" owned by Macquarie Asset Management fund out of Sydney, Australia. In February 2023 there was a memo announcing the CEO for LRS, Alan Handley had gone on administrative leave. At the time of Mr. Handley's leave, his duties were to be assumed by an interim committee of the board. More than likely a search to replace the former CEO will be underway eventually. It is important for the Rolling Meadows City Council and staff to remain aware of what's happening internally with our contracted service providers so we can better preserve our assets and our interests going forward.


Due to the lack of transparency put forth by past actions of LRS, it would behoove City staff and the City Council to be aware of the contractual obligations of whoever is the current managing entity of the Transfer station. It is imperative for the City to ensure that this asset is well managed, maintained, and operating at their full potential for the benefit of the tax payers.

### **Considerations:**

- Request the city council be mindful of the history of managing agents operating the city's transfer station.
- Recognize the strategic and financial value this transfer station has currently and it's potential as future developments occur in and around the city, which will require refuse and recycling transfer.
- Contract with an agency that will be genuinely interested in mutual gain and reciprocal benefit as it relates to this asset. Not solely one sided.

### **City Council Action:**

None at this time. For information & discussion only.

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## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, October 23, 2020

# Justice Department Requires Waste Management To Divest Assets In Order To Proceed With Advanced Disposal Services Acquisition

## Divestiture Will Preserve Competition in Markets for Small Container Commercial Waste Collection and Municipal Solid Waste Disposal in Over 50 Local Markets in 10 States

The Department of Justice announced today that Waste Management, Inc. (WMI) will be required to divest 15 landfills, 37 transfer stations, 29 hauling locations, over 200 waste collection routes, and other assets in order to proceed with its \$4.6 billion acquisition of Advanced Disposal Services, Inc. (ADS). The department said that without the divestiture, the proposed acquisition would substantially lessen competition for small container commercial waste collection or municipal solid waste disposal services in over 50 local markets.

The department's Antitrust Division — along with five state Attorneys General — filed a civil antitrust lawsuit today in the U.S. District Court for the District of Columbia to block the proposed transaction. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive harm alleged in the complaint. The participating state Attorneys General offices represent Florida, Illinois, Minnesota, Pennsylvania, and Wisconsin.

“Without divestitures, this merger would have harmed competition for essential waste collection and disposal services throughout the country,” said Assistant Attorney General Makan Delrahim. “By requiring WMI and ADS to divest numerous facilities and assets in ten states, will ensure that businesses, municipalities, and towns continue to benefit from competition for these critical services.”

According to the complaint, WMI and ADS both supply small container commercial waste collection and municipal solid waste disposal services. In each of the local markets alleged in the complaint, WMI and ADS compete vigorously against each other and are either the only two or two of only a few significant providers of one or both of these essential services. The combination of the two companies would eliminate head-to-head competition between them and threaten the lower prices and better service that customers have realized from that competition.

Under the terms of the proposed settlement, WMI and ADS must divest assets covering over 50 local markets including landfills, transfer stations, hauling locations, and waste collection routes to GFL Environmental Inc., or to an alternate acquirer approved by the United States. GFL, based in Ontario, Canada, is a provider of small container commercial waste collection and MSW disposal in local markets in Canada and the United States.

WMI, a Delaware corporation, headquartered in Houston, Texas, had total revenues of over \$15 billion in 2019.

ADS, a Delaware corporation headquartered in Jacksonville, Florida, had total revenues of over \$1.6 billion in 2019.

As required by the Tunney Act, the proposed consent decree, along with a competitive impact statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Katrina Rouse, Chief, Defense, Industrial, and Aerospace Section, Antitrust

Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 8700, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the final judgment upon a finding that it serves the public interest.

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**Attachment(s):**

[Download asset preservation stipulation and order](#)

[Download competitive impact statement](#)

[Download complaint](#)

[Download explanation of consent decree procedures.pdf](#)

[Download proposed final judgment](#)

**Component(s):**

[Antitrust Division](#)

**Press Release Number:**

20-1149

*Updated October 23, 2020*