

**SPECIAL
COMMITTEE OF THE WHOLE
MINUTES
April 11, 2023**

Mayor Gallo called the Committee of the Whole meeting to order at 7:00 p.m.

ROLL CALL:

Present: Mayor Joe Gallo, Alderpersons Karen McHale, Nick Budmats, Kevin O'Brien, Jenifer Vinezeano, Jon Bisesi, Mandy Reyez and Lara Sanoica

Absent: 0

STAFF IN ATTENDANCE: City Manager Rob Sabo, Assistant City Manager/Community Development Director Glen Cole, Deputy City Clerk Judy Brose, Finance Director Molly Talkington, Police Chief John Nowacki, Fire Chief Peter Sutter, Deputy Fire Chief Scott Mohr, Director Public Works Aaron Grosskopf, Assistant Director Public Works JoEllen Charlton, Chief Information Officer Waseem Khan, Business Development Manager Martha Corner and City Attorney Melissa Wolf

Mayor Gallo announced that the floor will be open to the audience for 20 minutes to address the City Council on matters that are on the agenda after the City Council discusses with Staff. Persons wishing to address the City Council keep their comments to 5 minutes in length. Comments must be addressed to the Council as a whole through the Mayor, and profanity may not be used in any form.

1) Rolling Meadows Transfer Station – Transfer Station Management

Mayor Gallo stated that 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 Krumstok, 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.

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.

Mayor Gallo stated that he would like Council to be mindful of the history of managing agents operating the City's transfer station, recognize the strategic and financial value this transfers station has currently and it's potential as future developments occur in and around the City, which will require refuse and recycling transfer and contract with an agency that will be genuinely interested in mutual gain and reciprocal benefit as it relates to this asset and taxpayers.

Mayor Gallo presented this information to the City Council for informational purposes only, no action was requested from the City Council.

ADJOURNMENT

Mayor Gallo asked for a motion to adjourn. Alderperson McHale has made the motion and it has been seconded by Alderperson O'Brien. A voice vote approved adjournment.

There being no further business, by unanimous consent the Special Committee of the Whole meeting was adjourned at 7:15 p.m.

Respectfully submitted: Judy Brose, Deputy City Clerk

April 11, 2023 Special Committee of the Whole Minutes Approved by Council on April 25, 2023.

Judy Brose

Judy Brose, Deputy City Clerk