

POULSBO CITY COUNCIL WORKSHOP OF OCTOBER 28, 2015

MINUTES

PRESENT: Mayor Erickson; Councilmembers Henry, Lord, McGinty, Musgrove, Nystul, Stern, Thomas.

Staff: Finance Director Booher, Office Clerk II Diehl, City Engineer Kasiniak, Public Works Assistant Superintendent Lund, Finance Accounting Manager McQuade, IT Support Williamson.

MAJOR BUSINESS ITEMS

* * * Workshop : Solid Waste Utility Evaluation

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Erickson called the meeting to order in the Council Chambers at 7:00 PM and led the Pledge of Allegiance.

2. AGENDA APPROVAL

Motion: Move to approve the agenda.

Action: Approve, **Moved by** Nystul, **Seconded by** Henry.

Motion passed unanimously.

3. COMMENTS FROM CITIZENS

Shane Skelley dropped in to say hello to the council.

4. MAYORS REPORT AND COUNCIL COMMENTS

Councilmember Lord reported she attended the KEDA workshop on the Real Estate Market.

Mayor Erickson reported on the upcoming Downtown Halloween Event this weekend; and running this council meeting as workshop in order to make it more relaxed than a normal council meeting.

Councilmember Stern reported he attended the KEDA workshop and found it to be very informative.

Councilmember Musgrove reported on the Downtown Trick or Treat, Spooktacular, and Haunted House events that will be occurring this weekend.

5.CONSENT AGENDA

None.

6. BUSINESS AGENDA

a. Workshop: Solid Waste Utility Evaluation

City Engineer Kasiniak presented the Solid Waste Utility Preliminary Evaluation Report that included the following topics:

- Replacing Old equipment
- Developing a Business Plan
- Processes and Practices of Existing Operations
- Existing Costs of Commercial and Residential
- Future Costs
- Cost versus Revenue
- Poulsbo Commercial and Residential Rate versus Bainbridge Island Disposal & Waste Management
- Pros & Cons of Solid Waste

Kasiniak reported some statistics on the current operation: 2.5 trips made to the Olympic View Transfer Station; 3,053 Residential Accounts, 25 Multi-family Accounts, 297 Commercial Accounts; Solid Waste is picked up Mon-Fri including holidays that fall on those days; commercial services with up to 8yds dumpsters; and the Clean-up Program.

Kasiniak stated Public Works provides service for the following: Residential Service of 10, 20, 32, 64 gallon cans; Commercial Service with dumpster up to

8yds; Construction Debris with dumpsters over 8yds; and the Clean-up Program which provides 1yd containers.

Kasiniak noted the City has a current contract with Bainbridge Disposal for the following services: Commercial Services with dumpsters over 8yds; Construction Debris with dumpster over 8yds; Recycling; and Yard Waste.

Kasiniak reported the staff hours for the city provided services total over 8,000 hours a year. The staff hours include; 3 FTE for commercial, 1 FTE for Residential, .75 FTE for Office Admin Staff, 1,500 hours Casual Labor hours, 750 Mechanic hours.

Kasiniak described the Citys Vehicles; 3 trucks for Commercial Accounts, 2 trucks for Residential Accounts, range in age from 2 years to 20 years, trucks should be on a 7 year life cycle, and cost to replace a truck range from \$300,000 to \$350,000.

Kasiniak reported the Solid Waste Budget numbers as:

Net Operating Income for 2013 income is \$170,221, 2014 income is \$197,012, and 2015 income is \$25,542. A drastic decrease for 2015 due to; \$80,000 Depreciation, \$325,000 fleet update, \$152,000 per year (22.5% of total cost) for Solid Wastes portion of the new PW Facility, and \$48,000 per year Excise Tax increase. Creating a \$-186,000 net deficit which could result in a rate increase of \$55 per year or \$4.60 per month, per account.

Council and Staff Question and Answer discussion included:

No other entity provides service for a 10 gallon can the smallest is normally 32 gallon. The Citys 64 gallon can is considerably higher than Waste Management in order to motivate people to recycle and supplement some of the costs of the commercial accounts. Importance of re-investing in our assets and keep our assets well maintained. If we contract with another agency, finding a way to control the cost of services, so a monopoly is not created and bills end up increasing drastically when the contract expires.

Depreciation costs associated with the 1 yard container program; 1 yard containers are picked up Tuesday & Thursday by 1 FTE at a cost of \$35,000; the City has 4 containers at \$300 piece and 10 year life cycle; \$6,000 in fuel expenses; \$18,000 in truck expenses; creating a total depreciation of about 60,000. The 1 yard Dumpster program was used by 311 customers last year. All the other entities have a clean-up program.

Residential accounts are supplementing the commercial accounts as of now, but in 2018 residential accounts will be in the red. With plans to operate an additional residential truck & ½ FTE in 2018, revenues will need to be increased by 36% for commercial & 13% for residential accounts to break even.

Council and Staff discussion on the Pros and Cons of Maintaining Solid Waste Services included:

Pros included: City maintains complete control and flexibility regarding level of service; City maintains 3 FTEs to help with emergencies, special events, etc; Cost sharing for indirect Allocation; Reduce liability risk to the City – L&I Claims, Equipment Maintenance; Reduce Cost on new Public Works Facility Design & Construction (Approximately \$300,000); Reduction of 70% of an FTE in the Administrative Staff allowing support to other Public Works functions; Public Works Department would be able to allocate staffing and resources to other City functions; Customers monthly bill would be less since it would not include solid waste and any outstanding balances would not affect water turn off or delinquent penalties; Contracted providers have the most recent technology in their equipment; Customers have the ability to put out extra garbage without purchasing tags and add charges in the field through computerized systems; Less equipment breakdown for immediate repair in order to maintain service.

Cons included: Loss of revenue (\$260,000) which would need to be recouped through other utilities (could be recovered by adding administrative/infrastructure fees to provider); Loss of Control over Level of Service; Less Flexibility; Contractually limited; Possibly fewer additional services (contractually negotiated); Loss of extra eyes around City for spotting other violations; City is 100% accountable for mandatory continuing service making the service a priority over other City services; Reserves will greatly be reduced to replace very old equipment; Increase in service rates to support operations as well as build reserves for capital replacement; Expend funds to develop long range functional plan; Additional funds for new technology; Possible service level reductions for a consistent and stable utility business plan; Loss of the service would not be able to be re-established in the future and could create higher rates in which the City would have no other options.

Council decided more time was needed to make such a major decision and they would like to review a few different Requests for Proposals with alternates, in a future workshop.

7.COUNCIL COMMITTEE REPORTS

8.DEPARTMENT HEAD COMMENTS

9.CONTINUED COMMENTS FROM CITIZENS

10. COUNCILMEMBER COMMENTS/BOARD/COMMISSION REPORTS

11. ► ADJOURNMENT

Council chose to forgo Council Committee Reports, Department Head Comments, Continued Comments from Citizens, & Councilmember Comments/Board/Commission Reports due to this being a special workshop on solid waste and not a regularly scheduled council meeting.

Motion: Move to adjourn at 8:50PM.

Action: Approve, **Moved by** Stern, **Seconded by** Henry.

Motion passed unanimously.

Rebecca Erickson, Mayor

ATTEST:

Rhiannon Fernandez, City Clerk, CMC

Respectfully prepared and submitted by Kati Diehl