CITY COUNCIL STUDY SESSION MINUTES

February 5, 2013

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a study session at 5:39 p.m. in the Municipal Building Conference Room on the 5th day of February, 2013, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray, and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT:	Councilmembers Castleberry, Gallagher, Griffith, Jungman, Kovach, Lockett, Spaulding, Williams, Mayor Rosenthal
ABSENT:	None

Item 1, being:

CONTINUED DISCUSSION REGARDING THE CURBSIDE RECYCLING PROGRAM AND EVALUATION OF REQUESTS FOR PROPOSALS RECEIVED ON JANUARY 10, 2013.

Mr. Ken Komiske, Director of Utilities, said the current curbside recycling contract expires in 2013 and Requests for Proposals (RFP) were issued on November 30, 2012. Bids were received from Republic, Waste Management, and the City of Norman Sanitation Division. Mr. Komiske said Republic, formerly known as Allied Waste, was the lowest bidder and operates the landfill the City of Norman utilizes for solid waste sanitation disposal.

A City Council Conference was held on January 22, 2013, and there was interest from some Councilmembers for the City to provide the recycling service; however, Councilmember Castleberry asked to see more detailed numbers on the City's proposal before making a decision. Mayor Rosenthal suggested Staff put together information to be reviewed at a Study Session or Conference.

Mr. Komiske said at the Conference there seemed to be consensus from Council for bi-weekly service (every other week) utilizing 95 gallon containers. He said bi-weekly service reduces traffic and noise in neighborhoods; reduces fuel consumption; provides larger containers (95 gallon polycarts) with wheels and lids; allows cardboard recycling; and does not require a rate increase. He said customers will have to adapt to non-weekly service, but it would not begin immediately because polycarts have to be purchased and distributed and trucks acquired.

Mr. Komiske highlighted the advantages of utilizing the lowest bid received from Republic and said Republic can provide the service cheaper than the City; has fixed prices for each year; is a nationwide company with years of experience; can begin service sooner than the City; would be responsible for vehicle replacement costs, fuel prices, and labor variables such as wages, health insurance, and workers' compensation; would be responsible for an agreement with the Material Recovery Facility (MRF); and if multi-family recycling is considered, the contractor would be responsible for the contamination rate. He said the City has a good customer service reputation and a vendor contract would need to be tightened for customer service accountability. He said the City will be required to monitor and administer the contract.

Councilmember Castleberry previously asked for additional information on the City's bid relative to health care costs, workers' compensation costs, etc., and Councilmember Kovach asked if Councilmember Castleberry had reviewed those figures. Councilmember Castleberry said he and Staff reviewed the bid and while the numbers were good, they did not factor in rising fuel costs and other uncontrolled costs, e.g., the Material Recovery Facility (MRF). Mayor Rosenthal was concerned about rising fuel costs and asked what assumption Staff used and Mr. Komiske said those costs were estimated by the Fleet Maintenance Division.

Councilmember Gallagher asked how many trucks the City would need to purchase to provide bi-weekly service and Mr. Komiske said three. Councilmember Castleberry said purchasing trucks would be a onetime cost and was factored into the City's bid. Councilmember Kovach asked the life span of the trucks and Mr. Komiske said seven to ten years, but the older the truck the more repairs are needed so Staff amortized costs for a five year vehicle. Councilmember Castleberry said recycling trucks can be used as sanitation trucks so at the end of five years, if the City decided not to continue the service, the City still has an asset that can be used. Councilmember Griffith asked if the trucks will be Compressed Natural Gas (CNG) and Mr. Komiske said the City's trucks would be, but the contractor is not required to use CNG trucks.

Councilmember Williams said there will be a lag time no matter who provides the service due to purchasing polycarts and single streaming recycle trucks, and distributing polycarts. He said Council previously discussed extending the Waste Management contract for the interim period and asked if Waste Management had been approached with that idea. Mr. Komiske said Waste Management said they would continue, but would not quote a price to the City at this time. Mr. Komiske said the price could fluctuate based on whether or not Waste Management gets the new contract. Councilmember Williams said the extension will be for ten to twelve months, which could increase the City's cost considerably. He said Republic or Waste Management could begin service in six months, but the City would need ten to twelve months.

Councilmember Griffith said if the City decides to provide the service and if Waste Management is willing to continue service until the City can purchase trucks, does the City really want to take this on. Mr. Komiske said there are pros and cons and Mr. Scottie Williams, Sanitation Division Superintendent, said the City can provide better service than either company, but there are risks in rising costs for wages, health insurance, fuel, etc. He said the single streaming MRF is new to Oklahoma City and Norman Staff is not sure if it will be successful or not. He said he would like to contract the service for another five years to see how the MRF does. Councilmember Kovach said there is potential for good and bad risk, but with an outside contractor the City knows it will not be saving money. He said City Staff puts in a great deal of time and effort dealing with customer complaints regarding recycling issues so the City needs to factor customer service into the equation. Councilmember Castleberry said he and Staff reviewed the complaint rate and it was not very high, approximately a tenth of a percent. Councilmember Gallagher asked if that is based on separate complaints or one person calling six times? He said he has never had a complaint from constituents regarding the recycling service. Mr. Scottie Williams said complaints are logged by address and if the recycling company does not respond, the City will.

Councilmember Lockett said changing service from weekly to bi-weekly will require educating the public to get them prepared for the change. Mr. Scottie Williams said he will work with the contractor on getting information to as many customers as possible. Mr. Mark Daniels, Utilities Engineer, said customers will be educated as polycarts are distributed.

Councilmember Griffith said if the City provides the service and after two years it looks to be cost prohibitive, would either contractor be willing to rebid and Mr. Komiske said yes. Councilmember Spaulding said in the event the City decided they could not continue to provide the service does the City need three trucks and Mr. Komiske said yes, the trucks could be rotated into the other fleet.

Councilmember Castleberry asked what additional terms could be added to the contract to address customer service issues and Mr. Steve Lewis, City Manager, said Staff has looked at best practices around the country and has found agreements that hinge on personal standards of personnel. He said there are also administrative fees or liquidated damages that can be placed in a contract to offset additional expenses the City may incur.

Mr. Komiske said another option is whether or not to offer curbside recycling of glass. He said glass is very recyclable, customers are used to recycling glass at the various recycling centers, and glass recycling removes it from the landfill; however, there are no cost savings to recycling glass, no nearby market for recycled glass, and broken glass is a hazard to workers and equipment. Councilmember Kovach said the City is spending more resources recycling glass than it is worth so until there is a nearby market, he would not want to offer glass recycling curbside. Mayor Rosenthal asked what difference it would make since all recycling materials are placed in the polycart then into

the truck and Councilmember Kovach said glass has to be transported from the MRF to the place it will be recycled, which could be out of state, and takes a lot of fuel. He said this would be a huge cost of resources if not a financial cost. Mr. Komiske said the City currently receives $4 per ton for recycled material so a 20 ton load of glass to Oklahoma City (OKC) and back averages $80, which does not cover the cost of the person driving the truck to Oklahoma City and back or the cost of fuel. Councilmember Williams asked what the negatives are to not recycling glass and Mr. Komiske said it goes into the landfill. He said if the City were to provide the service that included glass, the City would have to pay the MRF $75 a ton to accept the glass then pay another $30 a ton for MRF to get rid of the glass so the City would be paying over $100 a ton to deliver glass to the MRF, which is a strong negative. Mr. Lewis said some states require cities to recycle a certain percentage of their waste stream or have a percentage goal so if it were a requirement in Oklahoma glass recycling would go towards meeting that percentage, but Oklahoma does not have a requirement or goal.

Mayor Rosenthal said there are people who would prefer the City recycle glass and might perceive it as a reduction in service if glass recycling is taken off the table. She said curbside recycling of glass is more convenient than taking glass to recycling centers and there will be a number of unhappy customers if glass recycling is not offered curbside. She said it is not an easy choice and she understands the argument for both sides, but she would like to continue to offer glass recycling. Councilmember Kovach said his argument is not economic, but sustainability. He said the City offers recycling because of the environment, not the economics. He asked if glass recycling can be deferred until the Environmental Control Advisory Board (ECAB) or someone qualified can research data. Mayor Rosenthal said she did not want to delay the decision because there will already be a transition period and suggested keeping the option and asking ECAB to provide Council with additional data. She said the City can eliminate the option later, but she preferred not to defer a decision at this time. Councilmember Williams asked if the glass option changes whether the City or a contractor provides the service and Mr. Komiske said Waste Management did not care if glass was included and Republic will charge five cents less per household per month if glass is not an option. He said it would cost the City $105 per ton to deliver glass. Councilmember Gallagher asked how many tons of glass is collected per week and Mr. Komiske said he did not have that information on hand, but the contractor collects an average of 530 tons per year.

Mr. Komiske asked for Council direction on whether the City or the contractor should provide polycarts. He said if the City purchases the polycarts they would save money because polycarts can last about ten years, but the contractor gives them a life span of five years because that is the timeframe of their contract. He said the City could put their logo, address, contact number, website, ect., on each polycart. He said 30,000 polycarts would cost $1.5 million and take several weeks to distribute. Mr. Komiske said the City currently replaces lost or damaged recycling tubs even though Waste Management “owns” the tubs. Mr. Komiske said if Republic is awarded the bid and the City provides the polycarts, Republic will reduce their price by seventy cents per customer per month and Waste Management’s cost would be reduced by $1.13 per customer per month.

Councilmember Gallagher asked the percentage of sanitation polycarts replaced year and Mr. Komiske said approximately 100 per month. Councilmember Spaulding asked if the City repairs polycarts, throws them away, or sells them at auction and Mr. Komiske said they are repaired, cleaned, and re-used or recycled when no longer respairable.

Councilmember Spaulding asked if there is an economy of scale to buying 30,000 polycarts or 1,200 per year to replace damaged polycarts and Mr. Komiske said yes, it will be cheaper to buy 30,000. The price per polycart lessens with larger orders.

Councilmember Williams asked if the City could include language in the contract that penalties will be assessed if polycarts are not replaced in a timely manner and Mr. Lewis said yes. Mr. Komiske said the City could definitely tighten the contract language. Councilmember Kovach asked when the City would know if a contractor will agree to that language.

After further discussion, Mayor Rosenthal said there seems to be consensus on the City purchasing the polycarts.

Mayor Rosenthal said both contractors are willing to provide multi-family service. Mr. Komiske said many customers that live in apartments have expressed an interest to recycle and it is not cost prohibitive, but there are customers that do not want to recycle. He said, currently, multi-family customers do not pay for recycling so rates for all multi-family customers will increase whether they recycle or not. He said some apartment complexes may not have the available space for recycling dumpsters and past experience has shown that contamination rates are high due to people dumping household trash, furniture, etc., into the recycling containers. He said when this happens the material is taken to the landfill. Mayor Rosenthal said the City established single family household recycling rates through an election and asked if applying that rate or a different rate to multi-family customers would require another election and Ms. Kathryn Walker, Assistant City Attorney, said the original proposition language reads "urban residential areas." She said the residential zoning definition includes multi-family areas so the service could be provided using the current rate.

Councilmember Kovach said there are many complexes that do not have room for dumpsters. He said he is all for multi-family recycling and believed the way to achieve that is to start changing zoning regulations to require a recycling station at new facilities. He said there is a tremendous unfairness to the idea of all apartments paying for a service they do not have the ability to have access to. He said with curbside recycling the customers have the choice to do it or not. He said some complexes pass on utility payments to their renters, but others do not have that in their contract or may only have one utility such as water included. He said this places the operating cost difference on the operator until they can renegotiate their leases. He suggested Council look at adjusting the zoning requirements for new properties before going down this road. Councilmember Williams said if the City adjusted the zoning code requiring new development to provide a space for recycling containers that would be requiring new people to add recycling who would possibly never use it and he did not understand that direction. Councilmember Kovach said trends are going toward multi-family recycling and the City should start at some point and hope other complexes retrofit. Mayor Rosenthal said a logical alternative would be for an opt in or opt out arrangement based on available space.

Councilmember Castleberry asked Ms. Walker if the City can make every complex recycle and Ms. Walker said it could be based on some evidence that there is no physical, possible way for the complex to recycle, but she would do more research. Councilmember Castleberry said most complexes get sanitation service so trucks get in and dump those dumpsters so all the City is talking about is the same size truck getting into that complex. Councilmember Gallagher said parking space is the issue and some complexes do not have space available for a dumpster and there have been cases where sanitation trucks have struck parked cars because it is difficult to maneuver. He felt there would be a lot more problems with trucks going into some of those complexes. Councilmember Lockett said the City could work with new developers on adding space for recycling and give existing owners an option to have recycling. She said it is not fair to tell apartment complex owners they have to give up parking spaces for a dumpster. Councilmember Castleberry asked if apartment complexes want recycling or is this something the City wants and Mr. Komiske said the City only hears from the ones that do not have it and want it. Mr. Komiske said multi-family requires a different type of vehicle, a commercial truck, and the City could go forward with the contract and discuss the multi-family piece after feedback from apartment owners. Councilmembers agreed it would be better to defer multi-family recycling for further discussion.

Mayor Rosenthal asked whether the City should provide the service or a contractor and Councilmembers Castleberry, Williams, Spaulding, Griffith, Lockett, and Mayor Rosenthal supported a contract with Republic. Councilmembers Kovach, Jungman and Gallagher supported the City.

Councilmember Kovach asked the dollar difference between the City's bid and Republic's and Mr. Komiske said $60,000. Councilmember Kovach said the City services customers who have been skipped or has other problems with the service and although the customer is happy, they did not get the service from the contractor they were promised. He said those concerned about risk management should understand the same risks are budgeted every year in the City's budget and he is comfortable with the ability of Fleet Maintenance to predict the average cost of fuel and vehicles over five year period. He felt there could be cost savings to the Enterprise Fund if the City provides the service since the contractor is doing this for a profit.

Councilmember Gallagher asked if there is a preponderance of complaints regarding the current recycling service versus sanitation complaints and Mr. Williams said there are more recycling complaints than sanitation complaints.

Councilmember Castleberry said if the City buys the polycarts they will use a ten year amortization schedule whereas the contractor will use a five year amortization schedule, which will be a big cost difference. He said if you take polycarts out of the ratio you are not talking about $60,000, you are talking about half a million dollars. He said if the City provides the service there will be savings, but costs are calculated over a five year period. Mr. Komiske said Republic guarantees a 3% increase per year so the City knows the cost every year and Waste Management's increases are based on the Consumer Price Index (CPI), which could be more or less than 3% and the City assumed 3% per year in its bid. Councilmember Kovach felt the City's estimates are very conservative and actual costs after five years will be less than Republic's and that is what the Enterprise Fund is paying out in expenditures. Councilmember Kovach asked the percentage difference between Republic and the City and Mr. Anthony Francisco, Director of Finance, said less than 2% without polycarts.

Councilmember Jungman asked if Republic is providing service to any other city in Oklahoma and Mr. Komiske said a few smaller communities like Piedmont, but Norman would be their largest customer in Oklahoma. Councilmember Jungman asked about Republic's track record and Mr. Komiske said Staff researched communities similar in size to Norman that Republic services and they were happy with Republic's service. Councilmember Jungman felt the contractor's numbers were low and the City needed to add in the customer service the City will do for them. Councilmember Kovach said he would like the contract language tightened up to protect the City.

Ms. Joy Hampton, The Norman Transcript, clarified Council direction as contract with Republic, bi-weekly service, include cardboard, include glass for now, defer multi-family for further discussion, and the City will purchase the polycarts. Mayor Rosenthal said that was the consensus and Staff will also negotiate a contract with these provisions.

Items submitted for the record

1. Memorandum dated January 30, 2013, from Kenneth Komiske, Director of Utilities, to Steve Lewis, City Manager, with Option 1: Dual Stream Curbside Weekly Collection in 95-Gallon Bins from Single Family Dwellings (Current Service); Option 2: Single-Stream Curbside Weekly Collection in 18-Gallon Bins from Single Family Dwellings (Modified Service); and Option 3: Add Single Stream Curbside from Recycling Stations at 150 Multi-Family Apartment Complexes (New Service)
2. Memorandum dated January 17, 2013, from Kenneth Komiske, Director of Utilities, to Steve Lewis, City Manager, with Attachment A, Collection Options; Attachment B, Proposal Requirements; and Attachment C, Material Recovery Shared Revenues
3. City Council Conference minutes of January 22, 2013
4. PowerPoint presentation entitled, "City of Norman Curbside Recycling Service," dated January 2013

Participants in discussion

1. Mr. Ken Komiske, Director of Utilities
2. Mr. Scottie Williams, Sanitation Division Superintendent
3. Mr. Mark Daniels, Utilities Engineer
4. Ms. Kathryn Walker, Assistant City Attorney
5. Mr. Anthony Francisco, Director of Public Works
6. Ms. Joy Hampton, The Norman Transcript,

The meeting adjourned at 7:10 p.m.

ATTEST:

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City Clerk Mayor