

Lake Havasu City Council Work Session  
Police Facility, 2360 McCulloch Boulevard North  
Tuesday, March 28, 2017 5:00 p.m.

### **CALL TO ORDER**

Mayor Nexsen called the meeting to order at 5:00 p.m.

### **PLEDGE OF ALLEGIANCE**

The Mayor led in the Pledge of Allegiance.

### **ROLL CALL**

**PRESENT:** Councilmembers Mark Nexsen, Michele Lin, Jeni Coke, Cal Sheehy, David Lane, Gordon Groat, and Donna McCoy.

### **CALL TO PUBLIC**

There were no requests to address the Council.

### **PUBLIC HEARING**

#### **5.1 Residential Solid Waste Collection and Recycling Service Options**

Administrative Services Director Tabatha Miller introduced Mr. Matt Kross, General Manager of Republic Services. She stated that Republic Services is the City's current provider for solid waste collection and recycling and have exclusive rights over both commercial and residential customers, and currently includes multi-family structures. She said the State Legislature passed a statute that changed the way that cities can control trash within their boundaries going forward where the city is unable to provide an exclusive franchise to commercial customers. Ms. Miller stated when the agreement with Republic Services expires on July 1, 2017; commercial customers will become free market which means that the city will not control pricing or have any control on how it is operated and added there is potential for additional providers to compete for that business.

#### **BACKGROUND**

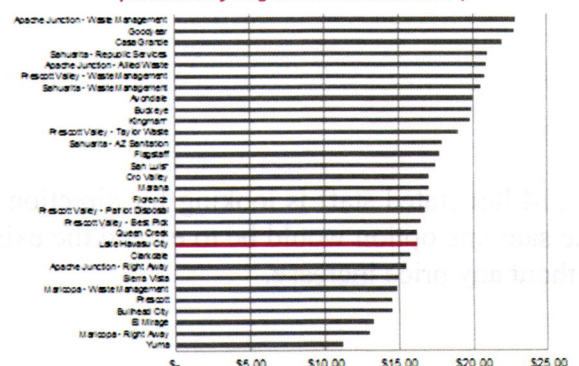
- Republic Services currently has an exclusive agreement to provide Solid Waste and Recycling services to residential, multi-family and commercial customers in the City Limits
- Arizona Revised Statute (A.R.S.) 49-746(A) prohibits cities from granting exclusive franchises to commercial and multi-family (5+) solid waste and recycling providers
- Agreement expires on July 1, 2017 but was extended for 6 months for the residential services
- City issued Request for Proposal December, 2016
  - Focus on value and providing adequate options for proper disposal
    - Republic Services only respondent

Ms. Miller stated back in December 2016, staff prepared a Request for Proposal (RFP) for residential trash service and recycling. She said they focused on two items; the best quality and the most that the city can provide for the dollars and secondly, adequate options for customers to properly dispose of trash to avoid illegal dumping.

Ms. Miller stated the other thing staff looked at was how the city's numbers at that time compared to similar cities in the state. She said the prices vary from \$11.00 per month up to \$23.00 per month and the city's charge for residential trash service at that time was \$16.21 per month but has since risen to \$16.38 per month. Ms. Miller stated the figures as of July 1, 2016, provided staff with the assurance that the city has good solid service and good value.

#### **Monthly Residential Trash Service Fees As of July 1, 2016**

*(includes recycling service unless marked \*)*





Ms. Miller stated when comparing city to city, it is never apples to apples because there are a lot of different factors that impact the price. She stated when staff was making the comparisons; a big factor for the city was the cost of disposal at the landfill. She said the landfill operation agreement is also with Republic Services and what staff discovered was that agreement is a much bigger undertaking and liability. She said at any point in time the city could walk away from residential trash collection, and turn it over to the free market but the city owns the landfill for the rest of its life and landfills are very expensive to close.

Ms. Miller stated one of the things built into the current contracts is that the franchise provider, because they have both trash pick-up and landfill operation contracts, when they take waste to the landfill, there is no charge to them so the landfill fees have been subsidized by not charging those additional costs. She said in order to focus on revenue on an ongoing basis staff is moving away from that free tipping fee so that the city can not only recoup those costs but also put that revenue back in the landfill fund for the possibility of closure and/or a new facility in the future. Ms. Miller stated that will impact the charges on commercial and residential going forward. She said the contract would also include two hazardous waste days per year and added, in the context of the expenditure limitation the billing for trash services would be moved from the city to the provider. She added staff would also be looking at a local ordinance that would require all residents in the city to have trash service. She said because of the landfill's limited life, staff looked at ways to reduce the waste that goes into the landfill and the most obvious is to increase recyclables.

## **FACTORS IMPACTING RESIDENTIAL PRICE**

- Municipal fees and/or local regulations
- Exclusive agreement or free market
- Requirement of household to have trash service
- Services provided and frequency
- Density and proximity of residences
- Cost of containers and whether provided
- Cost of disposal at local landfill
  - Age, location and anticipated closure costs

## **PROPOSED BUSINESS CHANGES TO CITY RESIDENTIAL TRASH/RECYCLING SERVICES**

- No longer provide franchised provider with free tipping fees at the City's landfill
- Include provider-sponsored Hazardous Waste Day
- Billing and payment processing will be assumed by the provider – not the City
- Require all residences to have trash/recycling services
- Goal of reducing the recyclables delivered to the City's landfill

## **PURPOSE OF WORK SESSION**

Direction for Staff to negotiate the terms of an agreement for Residential Trash and Recycling Services:

1. Extension of Existing Services by Republic
2. Republic's Recommended Automated Services
3. No Exclusive City Franchise – Open Market

## **EXISTING SERVICES**

- Households provide their own trash containers
- 5-gallon blue recycling bins upon request
- Weekly (same day) pick up
- No additional incentive to recycle or reduce waste in the landfill
- Continued availability of up to 6 bulk pick ups annually
- Likely no increased cost

Ms. Miller stated staff is looking for direction from Council how to negotiate and set up service going forward. She said one option would be to extend the existing services by Republic Services which could probably be done without any price increase.



Ms. Miller stated Republic's recommendation for the most part is also staff's recommendation. She said under their recommendation every household would be provided two containers, one for trash and the other for recyclables. She added more containers would be available to customers for an additional charge. Ms. Miller stated staff did not have the final pricing but said the additional cost to households would be approximately between \$1.25 and \$1.75 per month.

## **SINGLE-STREAM RECYCLING**

Encourage greater recycling effort in LHC

- Larger capacity – no sorting locally
- Estimate 300% ↑ in local recyclables

Educational program

- What can be recycled?
- How clean should recyclables be?
- How should the recyclables be packaged?
- Where do they go?

Facility in North Las Vegas

Reduce waste in landfill

"Right thing to do"



Ms. Miller stated that she traveled with the Mayor, City Manager, and City Attorney to North Las Vegas to observe single-stream recycling because that would be one of the biggest impacts to the landfill if the city were to go with the automated Republic Services preferred method. She said it encourages recycling and staff is estimating there would be an approximate 300 percent increase in recycling. She added with less trash going into the landfill that would extend its life. Ms. Miller stated the program would also come with an educational program for recyclables. She said when asked, Mr. Kross stated two truckloads of recyclables would be shipped to the North Las Vegas site on a daily basis.

## **NO EXCLUSIVE CITY FRANCHISE – OPEN MARKET**

- Opens City to new providers
- Potential for multiple daily truck routes throughout the City
- Services offered will depend on providers and demand
- City regulation or control of services would need to be through individual licensing requirements
- No contract terms to enforce service deficiencies or control market costs

## **REPUBLIC'S RECOMMENDED AUTOMATED SERVICES**

- 96-gallon solid waste cart with attached lid and wheels
- 96-gallon single-stream recycling cart
- New automated trucks
- Cleaner streets and less stray waste
- Continued availability of up to 6 bulk pick ups annually
- Weekly (same-day) pick up
- Accommodation for weekend residents and visitors
- Approximately \$1.25 - \$1.75 increase in cost to household

## **SINGLE-STREAM RECYCLING**



## **SINGLE-STREAM RECYCLING**



Ms. Miller stated that staff is not recommending it but the final option is to not renew the contract which would allow any new provider to come to town. She said the pricing would be set by the open market and the city would have no control over the ability to regulate if there were deficiencies in service and could not control the costs going forward.



City Manager Charlie Cassens asked Ms. Miller to explain to the Council the reason why the billing would be turned over to the provider. Ms. Miller explained that the refuse fund is revenue that is received from the landfill and residential trash which generates approximately \$6 million a year in revenue and expenses. She added by transitioning the billing to Republic Services, that would remove approximately \$5 million from the expenditure limitation to help stay closer to that threshold. Ms. Miller stated that would remain in place for the next few years and if the 2018 fall election is successful, staff would likely consider taking the billing back. She said the RFP from Republic Services provided an option for that and Republic Services has said they will reduce the price by \$1.00 per month per bill if the city takes the billing back.

Councilmember Groat stated that it is a positive impact to the expenditure limitation, but asked with the single stream recycling, what the extension of time would be for the lifecycle of the landfill. Ms. Miller stated that she did not have that answer but added that the city has hired a consultant to get a better idea of what the current landfill life cycle is and to look at what our options are when we replace the landfill.

Mr. Matt Kross, General Manager for Republic Services, addressed the Council and explained the current curb sort recycling program. He added that last year they collected 1,650 tons from curb sort recycling and with the single stream recycling program their projections show an increase a bit higher than 300 percent which will put them at over 5,000 tons of recycling per year. He added with the 20,500 tons of waste that is put into the landfill every year, minus the 5,000 tons of recycling, there would be a reduction to 75 percent of waste put in the landfill annually.

Councilmember Groat stated that Republic Services has proposed a 96 gallon for both the single stream recycling and trash and wondered if that was easier for the trucks and the equipment. Mr. Kross stated that it does not make it easier because it costs the same, and also takes the same amount of time but because of the projected increase in recycling he did not want the size of the can to limit recycling.

Councilmember Groat stated that it looks like a really good arrangement and will be very helpful for the municipality in a variety of different levels. He said that he appreciates Mr. Kross' willingness to invest a significant amount of capital expenditure into our community at a very minimal cost to our citizens to have an amazing service which ultimately may end up saving the community an extraordinary amount of money vis-à-vis the requirements with our landfill. He said it is obvious from his perspective which way the city needs to go and thanked Mr. Kross for answering his questions.

In response to Mayor Nexsen's question, Mr. Kross explained that the recycling program would be similar to the current recycling program where they pick-up the recycling on the same day as trash pick-up. He added the recyclables would be then shipped to their Material Recycling Facility (MRF) in Las Vegas and sold off to the market.

Councilmember Lane asked if everything would have to fit in the trash can, to which Mr. Kross stated that was one of the reasons they chose the truck and the operating system. He said the truck is a front load which allows their drivers to not only pick up automated but they can very easily pick up extra bags. Mr. Kross stated whatever trash is put out; they will still honor the city's unlimited service.

Councilmember Sheehy asked Mr. Kross to explain the billing process. Mr. Kross stated that their plan is to bill quarterly and would bill a third of the city at a time. Councilmember Sheehy stated that he agreed to return the billing to the city after the expenditure limitation issue is resolved because he does not believe people will pay their bill and will throw their trash elsewhere.

Councilmember Sheehy stated, with the number of steep driveways, some of the older population might have trouble bringing their carts to the curb. Mr. Kross stated the process would be similar to what is being done now.



He said they have a handicapped service where they put a bright sticker on the container that signals the driver that it is handicapped and is also noted on the route sheet. Mr. Kross stated when they recognize a handicapped residence they park their truck and run up the driveway to retrieve the containers.

Mayor Nexsen asked about the ability for people to pay their bill online. Mr. Kross stated that there are applications available plus there is an online service where people can manage their account online. Councilmember Lin asked if the part-time visitors and winter visitors would receive a trash bill. Ms. Miller explained that it is currently tied to their water service so if they have an active water account they are being billed for trash. She said what staff has envisioned is that would be a requirement and would bring that forward to require residential trash service to avoid illegal dumping. Mayor Nexsen stated in his view everybody has to be required to pay for trash pick-up.

The meeting was recessed at 5:31 p.m. for a demonstration by Republic Services of the proposed trash collection process.

The meeting was reconvened at 5:50 p.m.

Mayor Nexsen stated his preference would be the automated service to meet the city's needs. He added if we did go to the open market it would be an open disaster.

Vice Mayor Coke stated that she too agrees with Option #2. She thanked Mr. Kross and his team for being great community partners.

Councilmember Sheehy stated that he agreed to move forward but stated that we need to keep the focus on getting the billing back as soon as the expenditure limitation issue is resolved. He asked what the beautification of landscaping fee was used for. Ms. Miller stated that generally it has been used for parks. Mr. Cassens added that was also one of the funding sources for the Skate Park as well as the beach cleaning equipment and other beautification projects and equipment. Councilmember Sheehy asked if that was something that we would want to continue to which Mr. Cassens explained that staff thought it was best that those proceeds be diverted to the landfill closure fund. He added although staff has been contributing to that fund consistently, given the life span of the landfill, they felt it was appropriate to start building that fund because they expect that closing the landfill will be more expensive than what was expected.

Councilmember Groat stated he was in agreement with the other members of Council that Option #2 is the best option. He said the reason why that option is the best is because: Republic Services is a very good business partner for the city of Lake Havasu; it is very advantageous to the city of Lake Havasu on a number of very key and strategic fronts; and environmentally it is just the right thing to do to encourage more recycling because it is good for our environment and is in keeping with what our citizens expect.

Mayor Nexsen noted there was a consensus of the Council to proceed with Option #2, Republic Services recommended automated services.

### **ADJOURN**

Upon motion by Vice Mayor Coke and seconded, the meeting adjourned at 5:53 p.m.

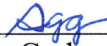
**CERTIFICATION**

I hereby certify that the foregoing is a full and true copy of the Work Session Minutes of the Lake Havasu City Council held on the 28th day of March, 2017. I further certify that the meeting was duly called and posted, and that a quorum was present.



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Kelly Williams, City Clerk/CMC

Prepared By:



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Sacia Graber, City Clerk Assistant/CMC