MEETING NO. 2010-08: The Special meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 9:00 a.m. by Mayor Bruce Botelho.

I. ROLL CALL

Assembly Present: Mayor Bruce Botelho, Deputy Mayor Randy Wanamaker, Jeff Bush, Jonathan Anderson, Ruth Danner, Bob Doll, Merrill Sanford, and David Stone.

Assembly Absent: Johan Dybdahl

Staff Present: Rod Swope, City Manager; Kim Kiefer, Deputy City Manager; John Hartle, City Attorney; Jane Sebens, Assistant City Attorney; Beth McEwen, Deputy Clerk; Craig Duncan, Finance Director; Joe Buck, Public Works Director; Jim Penor, Solid Waste Coordinator

II. SPECIAL ORDER OF BUSINESS

A. Solid Waste

1. Summary. Mr. Buck gave a summary of the programs CBJ currently oversees, much of it contained in his memo to the Assembly provided in the packet of materials. The highlights touched upon include the following:

CBJ currently contracts for the following programs:

- **Household Hazardous Waste** program currently paid for through a $4 fee included in every utility billing sent out by CBJ,
- **Junk Vehicle** program currently paid for through an $11/year surcharge on vehicle registrations through the State Dept. of Motor Vehicles,
- **Recycling Center** is a voluntary drop off program at the landfill currently paid for through the utility billing sent out by CBJ.

The total amount for all three programs in FY11 is anticipated to be $1,069,000. The Assembly has established the fees and payment methods for these services through ordinance.

The **Household Hazardous Waste** (HHW) program came about through a mandate by the federal government from the Environmental Protection Agency (EPA). Currently CBJ contracts with Pacific Services out of Anchorage to run the HHW program and in 2009, they collected half a million pounds of HHW. The FY11 projected budget amount is $379,500. As mentioned above, it is paid for by a $4 charge on the monthly utility bill. For those property owners who do not receive and/or pay a monthly utility bill, they receive a single bill for $48 to be paid with their property taxes.
The **Junk Vehicle** program is currently contracted to Channel Construction. The contract collects enough to fund disposal of approximately 800-900 vehicles per year. The contract is coming up for re-advertisement this summer. The Junk Vehicle program was initiated by the Assembly and was originally funded through a portion of the Household Hazardous Waste fees. The Assembly then adopted an ordinance to fund the program through the State of Alaska collecting an $11 per year fee charged in conjunction with the biennial vehicle registration/renewal process. The total Junk Vehicle amount for FY11 is projected to be $447,000. Mr. Swope explained the process: the State collects the fees, takes an administrative slice off the top, the program is then advertised and run, and the contractor only accepts as many cars as there is available funding. Therefore, it is a wash with respect to the $447,000 amount collected.

The **Recycling Center** program at the landfill is currently under contract with Alaska Pacific Environmental Services. This contract is up for its second year of renewal option. In 2009, they collected 265 tons of recyclable materials. This program was originally begun by the Friends of Recycling in 1989-1990 and then they handed off the program to CBJ. They purchased the original glass crusher and were instrumental in purchasing the baler we currently use.

The total annual waste stream is approximately 33,000 tons, of which, we divert 265 tons to recycling which comes out to approximately 5% of the total waste stream. The other 95% is managed through private enterprise. Arrow Refuse handles the collections and Waste Management Inc. handles the disposal in the landfill. The contract between Arrow Refuse and Waste Management is such that Arrow Refuse is charged a $120/ton tipping fee with a caveat that they only use the location identified by Waste Management for disposal purposes. All other customers are charged a $140/ton tipping fee.

The Assembly and staff then discussed the budget process. When they set the budget, they look at the projected costs for the contracts as well as the projected revenues. The programs are funded separately from each other. Funding also pays for equipment, fleet replacement, and at this time, some of it is paying for the Solid Waste Coordinator position. If there is any money left over, it is placed in reserve. Right now, they have to draw from that reserve to fund the Solid Waste Coordinator position. Ultimately, the long-term plan was to have the position funded through either a franchise fee or what is called a “host fee” through Arrow Refuse’s collection or Waste Management’s tipping fees.

The sale of the recyclables offsets the shipping cost of the materials. The materials are collected and shipped off to Seattle, sold in Seattle and the proceeds are then used to pay the shipping cost. Anything that is left over from those profits is split 50/50 between the contractor and the city. The city’s portion goes towards reducing the monthly payment to the contractor for their services. We are set up to pay $13,000/month to the contractor and typically we get anywhere from $3,000-5,000 of that from the sale of the recyclables depending on the market. The money stays within the solid waste funding cycle. They do not use the junk vehicle revenues to support the other programs.

The Household Hazardous Waste program (HHW) is underwriting the Solid Waste Coordinator position, program advertising, and other administrative costs so in fact, it is helping to support the Junk Vehicle program. The risk for HHW program is in the escalating cost of disposing the hazardous waste. For the recycling side of it, the risk is in the market price of the materials that they sell. A year ago-February, when the market crashed, they were...
looking at a whole pile of recyclable material that had no value. They had to decide at that point whether to stockpile it until the prices went back up or to take a loss. The decision was to stockpile until the prices rose so they could at least afford to ship it to Seattle.

Mr. Anderson pointed out that it costs half of the tipping fee to ship trash south. Staff explained that while the cost-per-ton to ship it south is $65-70, that is a contractual negotiated rate and that is just the shipping rate. There are then handling and disposal fees that would have to be added once it arrived. Those amounts would have to be negotiated and are not known at this time.

Mr. Wanamaker asked for additional information on the full cost of providing the services for the Recycling Center and the Household Hazardous Waste programs, how much money they have in total and where the money is coming from or going to. Mr. Buck explained that for the Recycling Center, Waste Management Inc. is the current contractor and the annual budget is $181,500. For the Household Hazardous Waste program, PSC is the contractor and the annual budget for that program is $379,500. The Junk Vehicle program is contracted with Channel Construction for approximately $400,000. Ms. Kiefer explained that the small amount of surplus is paying for new equipment and presently pays for the Solid Waste Coordinator position but that is just temporary funding for that position and they will be going into the red if they do not receive additional funding with the rates the way they currently are.

Discussion took place regarding any impact private businesses like Skookum Recycling might be having on the Recycle Center and other recycling efforts. Mr. Buck explained that he is not sure how much impact it may have on the Recycling Center. Skookum Recycling has traditionally taken in metals that would have otherwise gone into the landfill and they are paying people for those metals. It provides a public service and does not really compete with what is going to the Recycling Center.

Mr. Buck then explained that the above programs run by CBJ make up approximately 5% of the waste within the municipality while the remaining 95% is handled through private enterprise. He gave a historical overview of the landfill and explained the roles of the various associated businesses and governmental agencies. The key points are outlined below:

- Channel Construction – William R. “Shorty” Tonsgard was the previous owner of the landfill. He was the one who actually built the original incinerators approximately 30 years ago.
- Those incinerators provided a valuable public service for two decades. At one point, he owned both the collection and disposal pieces during that period.
- Tonsgard sold the landfill to Waste Management Inc.
- In 1999, Waste Management Inc. hired some consultants to look at the landfill and renew the Department of Environmental Conservation (DEC) permits for using the landfill. There are reclamation or closure permits and those come up every 5 years for review/renewal. The current permit will be coming up for DEC consideration this year.
- Arrow Refuse provides solid waste collection services to the community, charging rates that are approved by the Regulatory Commission on Alaska (RCA).
- RCA does not control the waste stream and they do not tell Arrow Refuse where they have to dispose of the waste that is a contractual agreement between two private companies.
• Arrow Refuse has a contract with Waste Management Inc. to dispose of the collected waste for a reduced tipping fee $120/ton provided Arrow Refuse uses only Waste Management property for disposal purposes.

• In 2004, Waste Management Inc. was faced with significant capital costs associated with the burning of plastics and other dioxins. It was going to cost approximately seven million dollars to replace the air handling system to bring the air emissions of the incinerator up to the new standards. They were also looking at a cost of approximately $10-20 million to possibly replace the incinerator so they decided to stop using the incinerator and started just placing all waste into the landfill. They did not change the rates or the tipping fees, just started using the landfill instead of the incinerator.

• With the incinerator use stopped in 2004, they also stopped accepting sharps, medical waste, animal carcasses, and a lot of other stuff that was incinerated before.

Mayor Botelho asked what the DEC regulatory requirements were for landfill closure. Mr. Buck explained that they have a six million dollar bond and it is reviewed every five years by DEC. CBJ will eventually need to have some discussion with DEC about that. Some of what has come to staff’s attention during this whole process on reviewing solid waste management has to do with some shared risk with the landfill material. He does not think it is quite as black and white that they used to think it was. We, as a city, used to think that we have nothing to do with it, therefore we do not have any share in the risk but he does not think that is quite the full truth and something Law will want to look into.

• The community started to become more aware that we were not incinerating, the landfill began to grow and smell, and the public became more concerned and vocal about their complaints.

• This was the impetus for CBJ to do a long-range solid waste management study.

• In 2006, the Assembly was first approached about funding a study and $75,000 was appropriated in FY07.

• The Assembly funded a study and hired WIH Resource Group as the consultant.

• WIH began their research in March 2007. They gave their final presentation to the Assembly December 2007. The Assembly gave tentative approval or adoption to the document itself.

• The Assembly went through and modified the recommendations that the contractor laid out for them as far as implementing the solid waste strategy.

• Those are the twelve points/recommendations of the strategy that staff has been working to implement so far.

Mayor Botelho said he recalls when the Assembly adopted those twelve steps, the one caveat from Assemblymembers was that in adopting the twelve points, there would be decisional points that would follow. They were not committed to a specific path until the time at which they have to reach decisions on those points. Mr. Sanford said that was still the case today and they have not yet decided which direction they were going. That will affect some of those twelve recommendations one way or another. A decision made one way would affect points 1-8, while a different decision would affect points 1-12, and they need to get to that decision making point. Mayor Botelho said he hoped at least the first round of decisions would happen at this meeting.

Mr. Buck said that what the staff working group has found when trying to work on these recommendations is that they are so interrelated they cannot go off on one recommendation
without really addressing steps 1-3. The process has been narrowed down to needing action taken on those first steps before they can proceed with the rest of the recommendations.

Mr. Sanford asked about the contractual amounts for the WIH study and the SCS study and how much if any still remains. Mr. Buck explained that $75,000 was appropriated for the first study with $70,000 of that being applied to the WIH contract. For the second contract, $45,000 was appropriated and they contracted with SCS for $35,000 with $10,000 in reserve being used for administrative and other contract management. SCS is still on contract because their purpose was to assist the city with implementation and they are still working through the implementation process. Their contract expires at the end of this month.

Mr. Wanamaker expressed his concern regarding the scope of work, the criteria for their focus, the RFP process in general, and the method by which the companies were picked. Additional discussion took place regarding the RFP process. Mr. Buck said he did not have copies of the RFPs at the meeting but he did explain the process further. The RFP was developed in house with a standard process used by CBJ. It involves developing a selection team, preparing an RFP, sending it out. Depending on the type of contract they are dealing with, often a written proposal comes in and a team independently reviews it, scores it, and it is independently ranked to develop the first, second, and third candidates. He said with this contract, they also went to oral presentations. Candidates came to the team, presented themselves, their qualifications, their vision or expectation of how the process would be done. Those were independently scored and rated and a final score determined the final candidate and a contract was negotiated with them.

Mr. Stone also explained that he was quite comfortable with the RFP process. He explained the involvement of the Solid Waste Task Force and the process which included public participation at public meetings.

Mr. Buck explained that the WIH study is the Solid Waste Management Strategy and is the document that is leading them in this project. He said the numbers in the study were done in 2007-2008. When they reach the point to do any contract negotiations regarding waste management, they should re-look at the numbers to see what they should be at that point in time. He restated the strategy/focus as outlined in the study (pg 1 – executive summary): “to assist with conducting a long range solid waste management strategy and alternatives analysis. …a strategy for implementing environmentally prudent and cost-effective integrated solid waste management components to enhance or upgrade the CBJ’s existing solid waste management and recycling systems.” In light of that, he said WIH’s whole focus was an integrated system, not a piece meal system. That is why they presented the twelve recommendations to the city as they are all built on each other. The process staff is now doing, is determining how to implement this system or does the Assembly really want to implement this system down the road. They were looking at something based on filling up the landfill and maximizing recycling. What they are looking at today is that filling up the landfill may not be the best option and they may want to look at incinerating or doing other things. There is a lot of public input coming back to them and that may be one of the reasons they are back at this discussion again revisiting the study and recommendations.

Additional discussion touched on the various alternative options covered in the study. The recommendations made were based on the lowest costs. There were other alternative methods for waste management that were more expensive but they address some of the other methods of managing the waste in ways that the public and Assembly might be more in favor of
implementing. The most important issue that he sees is the control of the waste stream. Until they have control of the waste stream, the City does not really have a lot of say in the game.

Mr. Buck then gave an overview of his memo, the twelve recommendations (in bold), and the status of where they are on each of those recommendations.

1) Continue the use of Waste Management landfill for disposal.
We are continuing to use WMI landfill for disposal. When WMI updated their DEC permits in 2005, they were looking at a 30-year service window. That was five years ago and we are now looking at 25-years worth of capacity out there and as time goes by, it just gets smaller and smaller. If we choose to do nothing, we will be faced with having to ship, open another landfill, or do something. The advantage of looking at this now is having enough lead-time to come up with solutions while there is plenty of time to plan.

The contract between Waste Management Inc. and Arrow Refuse expires December 31, 2012. If we are going to somehow gain control of the waste stream by acquiring the RCA certificate, we will want to do it before that date, before they negotiate a new long-term contract for those services.

In 2009, WMI installed an active gas handling system to control landfill gas odors.

2) The Manager shall prepare a position description, schedule, and recommendation as to hiring a Solid Waste Coordinator.
They have implemented that recommendation since Jim Penor is now here in the position. He said as far as the funding goes for this position, it is currently being funded through the waste management fund and they have to pull on reserves for that. In earlier discussions, prior to filling the position, they ultimately wanted to try to fund that position through host fees at the landfill or through a franchise-type fee through the collection contract. They are looking at different approaches to the collection contract itself with the idea being that one of those two revenue streams would pay for the position and would not have the waste management program carry the whole burden. Mayor Botelho pointed out that in either case, they would need to obtain the RCA permit before being able to utilize either of these methods. Mr. Buck said that would be true as far as the collection side goes but the Assembly could tack a host fee onto the landfill anytime the Assembly chooses to do that. They could add a 50 cent/ton fee, and that becomes one of the costs to have the landfill in the borough. He said not only is that common but Waste Management Inc. suggested it to them. He did say that essentially ends up raising the rates accordingly.

3) Propose ordinance on universal trash and recycling collection service.
This is the proposal on the mandatory solid waste collection ordinance. It was introduced, went to public hearing, was referred to the Committee of the Whole and right now is presently tabled in that committee and that is what led to this workshop today. He said the terms “universal collection” and “mandatory collection” are being used interchangeably. He included five points from the survey document that speak specifically to the purpose for a mandatory solid waste collection ordinance. They are specifically referring to splitting the costs up equitably throughout the populace similar to the way they are doing waste management fees. It is also a mechanism for raising additional revenues necessary to fund programs that are needed such as recycling. By having everyone participating in the collection process, you can then do other types of recycling processes such as drop boxes and things of that nature. You cannot do
those otherwise as people just use drop boxes for their garbage. They have tried it before and that is what happened.

4) Explore transfer of Arrow Refuse RCA certificate to CBJ.
Mr. Buck said that in his opinion, this is the cornerstone to the whole solid waste management strategy. This is the way that the community can actually control its waste streams. If they do not have the certificate, they have no legal way to tell any of the companies where to send the garbage. It is basically purely in the control of private enterprise. CBJ could continue to do their programs such as the junk vehicle, recycling, and household hazardous waste programs. However, that would continue to only affect approximately 5% of the total waste stream, 7-10% if they really pushed the programs aggressively.

Mr. Anderson said that potentially they could be at a decision point here and potentially raise the fees on landfill similar to the host fee to incentivize recycling. Mr. Buck said economic approaches could be tried but he is not too sure how successful that might be.

5) Scope Contractual partnership between CBJ and Arrow Refuse, and CBJ and Waste Management.
Mr. Buck said that they have been meeting and talking with Arrow Refuse about the transfer of the RCA certificate and a long-term contract for some time now. He said he believes there has been some confusion as to the approach that Arrow Refuse originally presented to them as compared to where they are today. When Arrow Refuse first came to the city with a proposal to turn the certificate over in exchange for a long-term contract, there were a number of items in their proposal that had significant economic impact and he thinks the city may not have been paying close enough attention to those. Arrow was proposing that for a ten-year contract, they would give the city the certificate. There were pieces to that contract that included the city passing the mandatory collection service ordinance, which would have increased their customer base by approximately 20% adding a 20% increase in their revenues. Another condition was automating the system which would mean getting rid of our bear ordinances and they would come in with more efficient, safer vehicles that one operator could handle instead of having 2-3 people on the crew. This would mean lower insurance costs, lower payroll, fewer workers compensation claims, etc…Another bonus was implementation of curbside recycling which basically would add 50% to their collections which would increase their revenue significantly. Another economic benefit to Arrow would include the Assembly setting the rates; by not having to go to the RCA for rate setting, they would be saving quite a bit of money. The ten-year contract with two multiple five-year renewals make it much easier and less expensive for them to do business. Other economic growth factors they were looking at included automatic annual CPI rate adjustments and contract adjustments while the CBJ was going to receive a franchise fee of 3-5%. They were going to make a lot more money over the next ten years and the related increase of revenue and savings would have compensated them for the value of the certificate. That is why they were not asking for a dollar figure in their original proposal.

As they got into discussing the terms of that contract, there was no guarantee that the Assembly was going to pass mandatory collection; there was no guarantee that they were not going to be protecting the bears anymore; there was no guarantee that there would be mandatory curbside recycling and make everyone pay for it. All these things had a significant financial impact on the customer. Since CBJ staff could not guarantee those things, they have been going through trying to develop a service contract without those guarantees. They are still following the proposed contract term of ten-years with the two five-year extensions, but now what they are
looking at is what it is going to cost just to get the certificate and those issues would be discussed in more detail during the executive session. At the last Committee of the Whole meeting, the Assembly was asking why they were looking at having to pay for it now when it was originally proposed without have a specific price tag attached. Those economic factors where in the original proposal but it were not obvious; it did not spell out that the certificate has a value of “x” and here is how Arrow Refuse will get compensated for it.

Mr. Sanford said they were under the impression that we were going after the certificate of need because that controls the flow. He said none of these other points were proposed to them, shown to them, or they ignored it. In any event, it was not clear to them until this last meeting. Some of the members became concerned as to what the true cost is. If CBJ cannot do all these things, Arrow Refuse may ask for more dollars for the certificate instead of the contract of the ten-years plus two renewals at five-years each.

Mr. Anderson said that when they were just using the word “transfer” that implied that it would not cost anything for the certificate. One of the things they asked in those early days of discussing this was to see all the various possible alternatives and how much they would cost and compare those with doing nothing. When the transfer was not a cost element, the Assembly said yes, let us do it, it will help them in making their decisions. He then said that once it became a cost element, they need to have the alternative answers now before they move forward. They need to know how much it will cost the consumer if they do “x”, “y” or “z” or a combination of options, including host fees, opting in to working with Southeast Conference on their proposal, or any other options that come up compared to doing nothing. This has pushed the decision making point up to deciding their path before acquiring the certificate rather than after.

Mayor Botelho said that no one wants to be in the position that as soon as CBJ receives the certificate that our citizens will be required to pay higher rates. That would just be proof that government can’t do it. He said he sees that as the essential dilemma they are touching upon.

Mr. Wanamaker expressed his opinion that so far today the fundamental question is “should we require the certificate”. He said there were definitely some points he had not heard before. He was impressed that the public was able to express itself with their concerns and he is now back to ground zero and said he would have to be convinced that obtaining the certificate is a necessary thing. He also said he had a number of questions and comments about the finances but will bring them up during the executive session. He said if they aren’t appropriate for executive session, he will be told that during that time and will bring them up when they are out of executive session but that he has a number of fundamental legal and financial questions that he would like to ask before any decisions are made.

Mr. Doll said the reason they are discussing this at all is due to it being a major concern of two consecutive League of Women Voters’ surveys. It elevated the concern with the landfill with the continued and unconstrained growth of the landfill was what spurred public to request the Assembly’s involvement in this matter.

Mayor Botelho explained Assembly involvement in 2005-2006 dealing mainly with the recycling issue but has since involved into more discussion and emphasis on seeking solutions to the landfill issue.
Mayor Botelho then called for a ten-minute break at 10:00. They returned from break at 10:12 and although the recording was turned on the main sound system did not get switched back on so there is a gap in the recording from 10am until after the return from executive session at 1:31pm.

Upon returning from the break at 10:12am, Mr. Buck continued with the remainder of his report on the status of the recommendations.

5) Scope Contractual partnership between CBJ and Arrow Refuse, and CBJ and Waste Management. (discussion continued)

Mr. Buck explained that Mr. Duncan will explain in more detail during executive session the fiscal implications of the certificate transfer/contract. He also said staff has had a number of meetings with Eric Vance of Waste Management Inc. to discuss the management of the disposal process. He said that at this point, until the certificate is in CBJ’s control, it is really too early to look at the disposal portion of the mix.

Mr. Wanamaker questioned Mr. Buck’s statement about it being too early and asked if it is just too early for staff to show the Assembly copies of what they are considering or what exactly he means by “too early” to look at.

Mr. Buck explained that right now, the staff team has been concentrating its efforts on looking at the collection side of the issue and they have not had the time to look at the disposal piece. He said that Waste Management Inc. did provide them with something in writing but staff has not yet had the time to look at it or spend any time during their meetings discussing it.

Ms. Kiefer explained that Arrow Refuse currently has the contract with Waste Management and that CBJ does not have any control over the disposal. The contract between those two companies is in place until 2012 and from a priority standpoint, they are only looking at the Arrow Refuse collection contract at this time. They will be able to share more information about that during executive session.

Additional discussion took place with staff and Assemblymembers regarding the following key points:

- Before CBJ has any say in the matter, they have to obtain control of the waste stream first by obtaining the RCA certificate.
- Arrow Refuse’s contract with Waste Management Inc. expires Dec. 21012.
- If CBJ has the certificate, an RFP could be done for disposal prior to the expiration of the Dec. 2012 contract to be in place upon the expiration of that contract.
- While Arrow Refuse has the certificate to be the sole collector within the CBJ area, there is no similar certificate for waste disposal services within the municipality.
- Needing to decide whether to put out a bid/RFP for one portion of the waste stream issue such as disposal or if they should put everything together in one lump sum bid for all services which would include recycling, waste management, household hazardous waste, junk vehicles, and anything else that would need to be addressed.

For administrative purposes, Mr. Buck recommending putting all those services together under one management umbrella. Mr. Hartle explained that could be done by including language in any contract stating that management “could include” all existing contracts. Mr. Wanamaker asked what the legal agreements/business relationships were between Arrow Refuse, Waste
Management Inc., and any parent or affiliated companies. Staff gave some information on the current known relationships in that Waste Management Inc. d/b/a Capital Disposal owns the landfill and they contract with Arrow Refuse for disposal services. Arrow Refuse is owned by Alaska Pacific Environmental Services and they provide the collection services. Mr. Hartle said they would have to look further into it to be able to give any specific information on any ownership/relationships between the companies.

6) Identify private industry and municipal alternatives for a multi-purpose Materials Recovery Facility (MRF).

7) Research and recommend residential refuse collection with variable rates.

Discussion on items 6 & 7 were combined. Mr. Buck explained that if the Assembly does go with universal collection, they can have a number of recycle collection sites around town with bins that would roll off trucks. The cost to provide the service would be fixed but the main variable would be the market value of the recyclables. If they did curbside recycling, it would include a $13/month increase in the collection fee and would include more variables in the processing of the materials. Mr. Doll suggested narrowing the range of possible economic outcomes and avoiding the costs of specific collection systems by using the area wide drop off sites. Mr. Sanford suggested they could still do area wide drop off sites without universal collection if they were to secure the sites.

Mr. Buck referred to the SCS analysis of operational costs for both Arrow Refuse and WMI. Mr. Anderson discussed the rates Mr. Buck provided in his memo.

8) Prepare private industry and municipal alternatives for the design, construction and operation of a Materials Recovery Facility.

9) Design and recommend Promotion, Education, Outreach (PEO) plan.

Mr. Buck said for recommendations 8 & 9 above that Jim Penor has been doing public outreach, promotion, and education in the community by meeting with stakeholders, citizen groups, individuals, and the media.

He then said that regarding items 10-12 below, they have not yet done anything for those issues as they are tied to decisions that still need to be made by the Assembly on the preceding recommendations.

10) Design and recommend residential recycling collection service.

11) Design and recommend commercial/institutional recycling collection service.

12) Recommend recycling standards for designated construction and demolition projects.

Mr. Anderson commented that in looking at Mr. Buck’s memo, all the discussion seems to lead to an emphasis on recycling but doesn’t mention much about the Waste to Energy or the Plasma Arc Gasification options. Mr. Buck explained that the memo was to update the Assembly on the twelve recommendations the Assembly had already approved. He said that once CBJ gets the certificate from Arrow Refuse through the RCA, they can then make any decisions on disposal issues at that time.
Additional discussion took place regarding timing issues as they relate to the certificate. They discussed the fact that if they do obtain the certificate from Arrow Refuse, they will need to address all elements of their solid waste strategy within the contract. Mr. Buck explained that so far in crafting the agreements, they have only included the provisions under the current contractual language between Arrow Refuse and Waste Management Inc. He explained they are trying not to impact rates to customers in the first 2 years after receiving the certificate. That allows two years in which to analyze service levels and do a rate analysis. The Assembly would need to adopt rates for the remaining terms of the contract. Mayor Botelho asked if there would be any change in the current customer service under this arrangement. Mr. Buck said that would depend upon whether the Assembly adopts a mandatory collection ordinance or not. Members discussed the SCS study and if they go with something like the Plasma Gasification or the Waste to Energy options would the recyclable materials be added to the collection process. Mr. Buck explained that right now they are just looking at current collection process and then they will look at each of the services being offered and the amounts associated with each of those.

Mayor Botelho asked what benefit are gained by obtaining the certificate if all they are doing is taking over the certificate but keeping the same services and rates. Mr. Buck explained that the benefit is controlling the waste stream. Ms. Kiefer explained that once we receive the certificate, things will not stay totally stagnant. There will be some changes such as the administrative billing service will folded into the utility billing under the PRISM system. They will also be looking at all different avenues related to associated costs and how to build in any potential savings.

Mr. Anderson asked if a regional recycling program would be self-sustaining. Mr. Buck answered that it would not be as the capital costs are more than any revenues that might be received.

Assistant City Attorney Jane Sebens then discussed the memo she had in the packet and answered the questions from the Assembly members. Ms. Sebens clarified that in this context, the use of the term “certificate” specifically means a “Certificate of Public Convenience and Necessity” issued by the Regulatory Commission of Alaska (RCA). She then gave an overview of the main points in her memo:

- If CBJ takes over the certificate, the rates will be controlled by CBJ and not the RCA.
- The proposed exclusive agreement with Arrow Refuse for a 10-year term, with the option for two five-year renewals, is to show the RCA that CBJ is “fit, willing, and able” to manage the waste collection service within the municipality.
- The negotiations for obtaining the certificate will be affected by whether or not the Assembly adopts and implements a mandatory collection ordinance.
- Once CBJ acquires the certificate, we would take over the Arrow Refuse contract with Capitol Disposal, Inc. for disposal at the landfill, then upon the December 31, 2012 expiration of the contract, CBJ would have the options of negotiating a new contract for landfill or other disposal methods.
- She said the hiring of Jim Penor as the Waste Management Coordinator has been a huge help in this process as the more questions they ask and get answered, the more questions arise out of those discussions.
• There are many alternatives and once CBJ has the control over the certificate, and therefore the waste stream, they can look at pursuing those that the Assembly might be favoring.
• Arrow Refuse would continue to provide the collection service but they would be accountable to CBJ rather than the RCA for any customer service complaints, process, etc…
• During the transfer process, RCA requires the rates to remain the same. The billing and collection of fees would be done by CBJ with CBJ paying Arrow a fee based on the bundle of services being provided.
• They are looking at doing variable rates with built in incentives for recycling.
• In looking at this, staff is trying to keep from having to set up lots of exemptions but rather, setting up the rate structure such that it addresses all the variety of problems that have been identified in the various emails and correspondence coming in from the public regarding this matter.
• They are still in the development stages of a proposed contract that would bundle up a variety of services.

Discussion took place on the regulatory aspect of the certificate. Presently, the certificate for waste collection in this geographic region is issued to Arrow Refuse. If CBJ were to acquire the certificate, it would not be subject to regulation by RCA, the municipality would in essence take the place of the regulatory body. Mayor Botelho asked what the administrative or Assembly burdens might be associated with this such as hearing appeals or any other issues. He expressed his concern that they wanted to avoid politicizing garbage and asked what role the city would play once they had the certificate. Ms. Sebens explained that if CBJ holds the certificate it becomes the regulatory body.

Mayor Botelho asked Mr. Stone to share his experiences in dealing with the RCA and how that might translate into what CBJ might have to do upon obtaining the certificate. Mr. Stone related his experiences in working with the RCA in which the main duty of the regulatory body is to protect the customers. Due to the monopoly type situation in a specific geographic region that the certificate provides, the business providing the service is under a tremendous burden of review and oversight by the RCA. The process they undergo for review, hearings, and audit involves an extensive amount of staff time and usually takes longer than a year to complete. He explained by CBJ taking on the certificate, they would also take on this role and it does end up politicizing the authority.

Mr. Sanford asked what type of administrative system would have to be set up to provide for this. Mr. Buck explained that we already have the Utility Advisory Board and it could be the body to hold any public hearings and cover that portion of the process. As for the administrative side, it would most likely entail the creation of another clerk position in Accounts Receivable and it would also keep the Solid Waste Coordinator very busy doing more of what is currently being done and most likely expounded upon.

Additional discussion took place on what the obligations of the municipality are if it were to obtain the certificate and if the municipality had any authority without obtaining the certificate. Ms. Sebens explained that there is only one certificate issued for a given geographic area. If a certificate were not already issued for our geographic area, the city would not be required to obtain one from the RCA. However, since one has been issued for our geographic area to a private business, the municipality is not in a position to apply for the certificate unless we have
an agreement to do so with the current certificate holder. Ms. Sebens also explained that most transfers of certificates are based upon fair market value and often times includes the purchase of the whole company and all its assets by the group acquiring the certificate. It is not often that just the certificate alone is transferred. Mr. Hartle also clarified that since there is only one certificate, making it a regulated monopoly situation, CBJ could acquire the certificate through negotiation or through eminent domain but we would still be required to pay fair market value in either case. He also explained that if we do obtain the certificate, it would not be subject to economic regulation as is the case when it is held by a private business. With CBJ having the certificate, the rates are set by the Assembly. Mayor Botelho also pointed out that if CBJ has the certificate, RCA would not review, nor oversee any agreements between Arrow Refuse and CBJ. Additional discussion took place regarding regulation, collection, contractual services, and health and safety issues that may or may not be used as a basis for obtaining the certification through eminent domain.

III. EXECUTIVE SESSION

Mayor Botelho asked if the members were ready to discuss matters in more detail in executive session as it relates to negotiations with Arrow Refuse. He asked Mr. Hartle to explain the basis under which they can go into executive session. Mr. Hartle referred to the Open Meetings Act (OMA), AS Sec. 44.62.310(c)(1):

(c) The following subjects may be considered in an executive session:

(1) matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity;

and he said that discussion of the financial implications of negotiations with Arrow Refuse on acquisition of the Certificate of Public Convenience and Necessity would fall under the above portion of the OMA.

MOTION, by Mr. Bush, to enter into executive session for the reasons stated above by the City Attorney.

Mayor Botelho asked if anyone from the public wished to comment on the propriety of the Assembly going into executive session.

There being no public comment and no objection from the Assembly, Mayor Botelho convened executive session at 11:33 am.

In addition to the Assembly members present, Mayor Botelho asked the following staff members to be present during the executive session: Rod Swope, Kim Kiefer, John Hartle, Jane Sebens, Joe Buck, Jim Penor, and Craig Duncan.

The Assembly returned from executive session at 1:31 p.m.

Mayor Botelho reported that they spent an hour and half in executive session reviewing the city’s options for negotiating with Arrow Refuse over the potential acquisition of the Certificate of Public Convenience and Necessity. They have given direction to staff with respect to those negotiations, and it is not a matter they would disclose publicly at this time as it would have an adverse impact on the finances of the city.
Mayor Botelho said they would discuss other issues related to waste management that they can get into some detail during this meeting.

Mr. Wanamaker distributed copies of materials that had been submitted to the Assembly from Plasma Waste Recycling, Inc. on June 17, 2008. He just wanted members to be reminded that this is a potential option available.

Additional discussion took place regarding the status of the universal collection ordinance and the status of regional drop off sites. Mr. Wanamaker suggested leaving the ordinance tabled in the Committee of the Whole at this time given the contract negotiations still being considered.

Mayor Botelho asked for any objections by Assemblymembers in leaving Ordinance 2010-03(b) tabled in Committee of the Whole for the present time. Hearing no objection, it was so ordered.

Mayor Botelho stated that the funding of the Solid Waste Coordinator position is currently tapping into the reserves. Additional discussion took place regarding possibly drafting an ordinance that would create a “hosting fee” that would help cover a portion of the funding for that position. Mr. Penor explained that a hosting fee is fairly common in other areas. If they were looking at just pulling a number from the air, a hosting fee of 1% of the tipping fee would cover between one third to one half of the funding for the Solid Waste Coordinator position. He explained that the host fee is charged as an administrative fee through a set percentage of the tipping fee for whatever comes across the scales at the landfill. Mayor Botelho asked if that applied to everything/everyone including sales tax exempt folks including businesses such as Arrow Refuse or other commercial vendors. Mr. Penor said he was not familiar with the CBJ tax structure enough to be able to answer that. When asked if there were any restrictions on what the money could be used for, he said there are no restrictions. Members discussed what any host fees might be used towards. Mr. Penor explained that at the last place he had worked, a 2 ½% host fee was collected and the money was applied to contractual and administrative expenses but a portion was also applied towards road repairs due to the wear and tear of the trash trucks on the area roads an other similar uses.

Mr. Doll asked what affect, if any, imposing host fees might have on contract negotiations. Mr. Hartle explained that Arrow Refuse would have to go through RCA for any rate changes. Mr. Sanford asked if there is enough money to continue to fund the Solid Waste Coordinator position. Mr. Buck explained that they have enough to fund it though FY11 and FY12 but not after that under the current structure. Mr. Sanford said he is in favor of leaving it is as it is now. Mr. Wanamaker expressed his concern that he would want additional information on any host fee such as: what authority they could create it under, how it would be spent, could the Assembly state the intent of the funding or does it just go to the general fund, what are the specific dollar figures involved, and what they are really trying to accomplish by going with a host fee. He thinks it is premature at this time but would like those questions answered before making any decision.

Mr. Anderson expressed his concerns regarding any liability that the city might have with regards to the landfill and any environmental issues associated with that. He thinks that any host fee might help offset any risk management liability they may encounter. Mayor Botelho said that doing a quick calculation, a rough estimate based on the $140/ton tipping fee, a 1% hosting fee would bring in less than $50,000. It would not be the fund from which they would build the next landfill. He said he is getting the sense from the Assembly that it would be
something they want to hold off on doing at this time but it is something to keep in reserve for the future.

Mayor Botelho said the last thing he would like to discuss is the recycling piece and to look at area drop off locations. He said he had recent experience in seeing some examples of ways it could be done when he was down in Washington state. Mr. Anderson said he thought that was directly tied to the universal collection ordinance. Mayor Botelho said that Mr. Sanford pointed out the fact that there are possible alternatives to allow for area collection sites that would not require the universal collection ordinance. He explained that there are number of rural counties in Washington state that have these types of programs in place. Mr. Penor said the main issue is contamination of the recyclables by any waste that gets dumped into the recycle bins. Anytime there is contamination, you end up having to put the whole thing in the landfill, waste and recyclables. Members and staff discussed the current recycling center at the landfill and how it would compare with area drop off sites.

Mayor Botelho said that in Island County in Washington, there are fenced off areas for those sites and hours of operation so that you prevent the issue of contamination of the recyclables by any waste that is dumped in areas that are not supervised. He said that anyone can drive in when the gates are open, similar to what is done now at the landfill. This prevents folks from sneaking in at 7:30 pm or 2:00 am and making their own drop off that might include garbage. Mr. Penor said they have had successful programs where they have put them in stores, city lands in areas, and even some fire stations. He said they did have one area where they did encounter problems and it just comes down to managing it and, if need be, removing it and putting it in a different location.

Mayor Botelho asked for the Assembly’s approval for an initial evaluation of the cost for the establishment and operation of one, two, three, four sites for area collection. Whether they go to universal collection or not, whether they go to curbside recycling, he would like to have them look at any alternatives available out there.

Ms. Danner asked in light of that, if they could also do an analysis of the cost for the city to provide, one, two, three, four, or five dumpsters next to the recycling centers. Mr. Sanford shared his experiences as Fire Chief and the use of the Hagevig Fire Training Center. Mr. Buck shared an example Ketchikan’s system by which they charge a base fee of $15 to everyone. That pays for the landfill and since it is all inclusive to all citizens, anyone can deposit their trash in any receptacle in town.

IV. ASSEMBLY COMMENTS AND QUESTIONS

Mr. Stone distributed a copy of the revised Assembly Finance Committee schedule in which they condensed the agenda items to be considered so there are fewer meetings but they would take longer than in past years. Ms. McEwen also brought up the fact that the Bartlett Regional Hospital staff got back to the clerk’s office and suggested having the joint Special Assembly meeting with the BRH Board on Wednesday, April 14 following the Finance Committee meeting. Mr. Swope was hesitant to cut that finance committee meeting time too short since that is the meeting at which all the department heads would be there to answer any questions regarding their departmental budgets. Ms. Danner asked how much time they would anticipate spending with the hospital board. Mayor Botelho said it would take at least one hour as the possible agenda items, based on discussions with Dr. Pieman are: Quorum contract, Rainforest Recovery Center, Personnel Relations, Long Term Vision for Strategic Planning & CIP, and
Discussion of the Implications of the Health Care Legislation on Bartlett’s Operations and Juneau. Ms. Danner suggested making the April 14 Finance Committee meeting half an hour shorter but then following with the joint meeting. Mayor Botelho said his concern would be that there isn’t enough time to cover the finance discussions so he encouraged everyone to have their questions sent to staff in advance of the Finance Committee meeting to try to get them addressed as much as possible prior to the meeting. Ms. Danner said she’d be willing to begin the AFC meeting at 5pm. Mayor Botelho then stated they would begin the Finance Committee Meeting at 5pm and then begin the joint meeting with the Hospital Board at 7:30p.m.

Continuing on under Assembly Comments and Questions, Mr. Wanamaker commented that in looking at the finance schedule and the current finances of the municipality, he questions the need for the Solid Waste Coordinator position.

Mr. Doll informed the group that somewhat related to the solid waste issue, there is a group in town that is loosely formed, who wants to build green houses and they want to somehow tap into the methane in the ground from the landfill to be able to warm the green house. He said he has no idea how they intend to do that but wanted to mention it to the membership in case they hear any discussion about this issue.

V. ADJOURNMENT – 2:06 p.m.

Signed:___________________________________ Signed:_______________________________
Elizabeth J. McEwen, Deputy Clerk       Bruce Botelho, Mayor