

CITY OF MUSCATINE
IN-DEPTH CITY COUNCIL MINUTES
Council Chambers – 7:00 p.m. – May 12, 2016

Mayor Broderson called the City Council meeting for Thursday, May 12, 2016, to order at 7:00 p.m. Councilmembers present were Rehwaldt, Fitzgerald, Natvig, Saucedo, Bynum, Harvey, and Spread.

The first item on the agenda was a request to adopt a resolution authorizing and approving a certain loan agreement, providing for issuance of \$4,550,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2016, and providing for the levy of taxes to pay the same.

#23412. Councilmember Fitzgerald moved the resolution be adopted. Seconded by Councilmember Rehwaldt. All ayes: Councilmembers Rehwaldt, Fitzgerald, Natvig, Saucedo, Bynum, Harvey, and Spread. Motion carried.

The next item on the agenda was a review of the CSO Street Tree Review Process and Plan.

City Engineer Jim Edgmond, referencing the handouts City Council had on their desks, stated the first page of the document shows the trees that had been removed in Phases 1-3A of the West Hill Project. He stated these trees will be replaced.

Mr. Edgmond stated it was not the intent of the city to remove trees during this project but it became necessary to remove more than originally planned. He explained the various reasons why trees had to be removed. He pointed out that trees were not removed frivolously.

Mr. Edgmond stated the next two pages of the handout show which trees can be saved and which ones will have to be removed. He stated that under Phase 3B, Alliant Energy has indicated they may need to have trees removed on W. 5th Street. He stated the indication he received earlier today from Alliant was that every one of the trees would have to go. He stated that prior to their removal, property owners will be notified.

Councilmember Harvey asked if Alliant's lines will be placed in a new location.

Mr. Edgmond stated they will stay pretty much in the same place which is in the parkway between the curb and sidewalk. He said the water lines will also remain in the same place. He stated the good news from Muscatine Power & Water is they are going to try directional boring to minimize the need for tree removal.

Councilmember Rehwaldt stated it was his understanding that because of the location of the gas/water lines, there is not much that can be done about the tree removal.

Mr. Edgmond stated there is not much the city can do. He stated the handout tonight is meant to help staff address trees in Phases 3B and 3C. He stated that 3A was completed last summer, and a total of 18 trees had been removed in Phases 1-3A.

There was discussion concerning the cost to replace the trees that were removed and the types of trees that will replace them.

Councilmember Saucedo asked who makes the decision to remove a tree.

Mr. Edmond stated the contractor is currently making the call; however, that will be changed in Phase 4 of the project.

The final item on the agenda was a commercial dumpster review.

Finance Director Nancy Lueck began her power point presentation with a general background and history of commercial dumpsters as follows:

- The city provides weekly refuse collection service to approximately 8,900 residential properties which includes Ripley's Mobile Home Court and residential properties in the City of Fruitland. Residential refuse collection service has been the primary focus of the Refuse Collection division.
- The city also provides service on request to commercial properties in the city. The average number of commercial customers is 240 and the frequency of pickup for commercial customers varies by account.
- There are currently 73 commercial accounts with dumpsters that have a total of 92 dumpsters for a total of 183 dumpster stops/pickups each week.
- The Solid Waste division manages the commercial accounts and historically the commercial rates were reviewed at the time the rates for residential customers were adjusted.
- Residential and commercial rates were increased July 1, 2009 when the Transfer Station tipping fee increased from \$41 to \$60 per ton. Only residential rates were increased April 1, 2011 when the curbside recycling program was implemented (which only impacted residential properties). Those rates have remained in effect since 2011.
- With the limited residential changes, it has been at least seven years since there was an across-the-board increase in commercial rates. Staff does not believe there has ever been a comprehensive study of commercial accounts, specifically those with dumpsters.

City Administrator Mandsager stated that because trash is co-mingled, the city has never had a good handle on the volume of trash collected from dumpsters.

Ms. Lueck that talked about the initial review process of commercial accounts that began in February. She stated several issues were identified during that review including accounts that were being charged for refuse collection service in error and also accounts that were being picked up but not charged. She stated that inconsistent rates were also found.

Ms. Lueck stated the information compiled during the initial review process was reviewed and discussed by the City Administrator, Community Development Director, and Finance Director. Prior to doing a fair analysis of the commercial dumpster operation, the city's Accountant did a "ride-a-long" with Refuse staff for one week on routes set up by the Community Development Director that only picked up waste from the commercial accounts with dumpsters and it was not inter-mixed with residential or other waste.

Ms. Lueck stated that commercial dumpster waste volume picked up that week for a total of 24.92 tons (basically a typical week), it took 22.25 hours for each of the two refuse employees, and 181 miles were driven.

Ms. Lueck stated the financial results of the review were as follows:

- The number of dumpster stops per week are 1.93% of the total refuse collection stops/pickups each week.
- The waste tonnage for that week of 24.92 tons would be 1,296 tons annually. This is 16% of the total annual waste volume picked up by the Refuse division. (Previous analyses had assumed it would be no higher than 10% of the total from all residential and other commercial customers.)
- Transfer Station tipping fees at the \$60/ton rate were \$1,495.20 for that week and, assuming this was a typical week, would be \$77,760 annually.
- Wages and benefits for the two workers for the hours used for commercial dumpsters totaled \$1,534.22 for that week, which would be \$79,779 annually.
- The cost of fuel for the week was \$86.36 which would be \$4,491 annually
- The direct expenses of tipping fees, labor and benefits, and fuel totaled \$3,116 for the week which would be \$162,021 annually.
- Revenues generated from those same accounts totaled \$8,269 for the month or \$99,227 annually.
- Annual revenues generated from the current rates are \$62,794 less than the direct costs of providing the commercial dumpster services.
- The next step was for Finance and Community Development staff to determine rates for each size of dumpster that would cover the city's direct cost and an allocation of overhead costs.
- Staff discussed and agreed on assumptions for average tons per cubic yard in each size dumpster (2, 3, or 4 cubic yards) and also an average of the weight capacity used in the dumpsters (53%).

Councilmember Saucedo asked if this type of study had ever been done before, and City Administrator Mandsager answered no.

The financial results continued as follows:

- The city has 73 commercial accounts with dumpsters and those accounts have a total of 92 dumpsters (several customers have more than one). There are a total of 183 dumpster pickups each week since pickup frequency includes 1, 2, 3, 4 or 5 pickups per week.
- In addition to the direct costs of disposal, labor, and fuel, the final cost analysis included allocations of the dumpster depreciation costs, vehicle maintenance costs, and Refuse division overhead costs to determine the full cost to pick up each size of dumpster.
- Dumpster depreciation was based on the actual cost of the dumpsters and an estimated useful life of 15 years.
- The vehicle maintenance and overhead costs were allocated based on the ratio of commercial dumpster account stops to the total refuse stops for all customers (183 dumpster stops each week and a total of 9,496 stops for all customers).

Ms. Lueck then provided an overview of the proposed rate schedule for commercial dumpster accounts.

Councilmember Fitzgerald voiced his concern about replacement costs for those dumpsters picked up five days a week.

Community Development Director David Gobin stated the dumpsters have a normal lifespan of approximately 15 years. He stated the issue isn't wear and tear as much as it is rust.

Ms. Lueck continued her overview of the proposed rate schedule as follows:

- The rates for the 2nd-5th pickup during a week are slightly less than the once/week rate since the dumpster depreciation cost and other overhead costs are only allocated once to each dumpster.
- The rates being proposed are higher than the current rates for most of the city's commercial customers, some significantly higher.
- The City Code provides that residential refuse collection rates be set by resolution of City Council.
- The City Code provides that City Council establish guidelines for collection fees for commercial accounts.

Ms. Lueck then outlined the steps for implementing changes to rates for commercial accounts with dumpsters. She stated the proposed rates would be reviewed with City Council to gather feedback and would then be reviewed by the Chamber's Landfill Committee before any plans are finalized. She stated that with the increased rates, the city would likely lose a portion of their commercial customers and potentially have an overall reduction in waste volume going to the Transfer Station and Landfill. She stated the accounts that are retained should generate sufficient revenue to fund the cost of providing this service.

Ms. Lueck provided following additional information:

- While the Refuse Collection operation is accounted for in a separate fund, changes in that operation also impact the Transfer Station and Landfill funds.
- With commercial customers having the option of using private companies to provide this service, the potential impact to each of the city's solid waste funds, if there is a waste volume reduction, can only be estimated at this time.
- For the Refuse Collection division, if the city would lose 50% of its existing commercial dumpster account revenue, revenue from the remaining accounts at the proposed new rates would still be higher than current revenues from the dumpster accounts. Expenses would decrease with fewer customers.
- City staff will be reviewing the Transfer Station deficit and Landfill balances and projections with the Chamber's Landfill Committee at their scheduled meeting this Friday (May 6th). Discussions will begin on the possible impact the proposed dumpster account rate changes may have on the waste volume going to those funds.
- If the proposed new rate structure is implemented, it is proposed that another comprehensive review be done next spring to determine the impact these changes have had on the Refuse Collection operation and other solid waste funds. Based on that review, an evaluation of other options for these accounts can also be considered. Going forward, it is proposed the rate structure for commercial dumpster accounts be reviewed on a more frequent basis.

Councilmember Saucedo asked when the proposed rates would become effective.

City Administrator Mandsager stated this is just the initial discussion concerning the proposed rate increases for commercial dumpsters. He stated the next step is to visit with the Chamber's Landfill Committee for their input and come back to City Council with further information.

There was further discussion concerning commercial dumpsters and the proposed rate changes.

City Administrator Mandsager stated this study was a good exercise that garnered a lot of information. He stated staff put a lot of work into it.

Councilmember Rehwaldt thanked everyone for the time spent on the study.

Under comments, Councilmember Natvig stated he would like to comment on the city's recent bond sale. He stated he feels the citizens of Muscatine need to know that the city's excellent bond rating from Moody's is due to the hard work of Nancy Lueck, Gregg Mandsager, and the City Council. He stated the citizens also need to know the city is not in financial stress.

Councilmember Rehwaldt stated that in the interest of the community, he had attended Mayor Broderson's "Coffee with the Mayor" held on April 30th at Happy Joe's. He asked Mayor Broderson to repeat what she had said that day about her vision.

Mayor Broderson stated she can prepare that information for him.

Councilmember Rehwaldt stated he had a gentleman request the information because he was not sure he had heard everything she said.

Mayor Broderson invited everyone to attend her next "Coffee with the Mayor" scheduled for May 21st at Happy Joe's on Lake Park Boulevard.

#23413. Councilmember Spread moved to enter Closed Session at 8:05 p.m. per Iowa Code 21.5(1)j to discuss property acquisition. Seconded by Councilmember Natvig. All ayes: Councilmembers Rehwaldt, Fitzgerald, Natvig, Saucedo, Bynum, Harvey, and Spread. Motion carried.

Mayor Broderson called the Closed Session to order at 8:13 p.m. Councilmembers present were Rehwaldt, Fitzgerald, Natvig, Saucedo, Bynum, Harvey, and Spread. Also present were City Administrator Gregg Mandsager, City Engineer Jim Edgmond, Randy Hill, and Community Development Director David Gobin.

The purpose of the meeting was to review potential property acquisitions.

#23414. Councilmember Harvey moved to leave the Closed Session at 8:53 p.m. Seconded by Councilmember Bynum. All ayes: Councilmembers Rehwaldt, Fitzgerald, Natvig, Saucedo, Bynum, Harvey, and Spread. Motion carried.

Councilmember Harvey moved the meeting be adjourned at 8:54 p.m.

Gregg, Mandsager, City Administrator