

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council
FROM: Mari E. Macomber, City Manager ^{MEM}

SESSION DATE: June 9, 2008
TIME: 5:30 p.m.
PLACE: Second Floor Conference Room

AGENDA:

- **Commercial Air Service Update**
- **Trash Service - Solid Waste Management Proposal**
- **Community Campaign Discussion**
- **Newsletter Review – June 6, 2008**

COMMERCIAL AIR SERVICE UPDATE

In January, the City was notified that MESA Airlines wanted to terminate its essential air service to all of its essential air communities, including Kirksville. The U.S. Department of Transportation solicited proposals from air service providers for a new essential air service carrier. We had received inquiries from Great Lakes, Inc., Air Choice One, Inc., Gulfstream International, Mesaba Airlines, and Island Air, Inc. There is also interest at the local level by Craig Shorten.

Craig Shorten attended the April 1 Airport and Transportation Commission Meeting, to encourage support from the Commission and the City for a smaller aircraft. Mr. Shorten recommended the support of a 9 seat Caravan, which was a smaller aircraft than the current essential air service would allow. It was stated that a smaller aircraft would make it easier to fine tune scheduling. The City Council at the request of Mr. Shorten and the ATC amended its agenda to consider supporting a change in the minimum passenger seating requirement for air service to Kirksville. The Council voted to opt out of minimum 15-seat requirement for essential air service at its April 1 meeting.

Two companies submitted proposals for the Kirksville Regional Airport – Island Air and Multi-Aero. The Council had a special meeting on April 7 to meet with Shane Storz of Multi-Aero and Craig Shorten, local representative. The Council was then asked to attend a meeting later that week, on April 11 to listen to a presentation from a representative of Lambert International Airport. Multi-Aero's proposal included air service to and from Kirksville. The Council extended an invitation to Island Air to make presentation at a Special Study Session on April 14. No representative was available to attend this meeting, so it was cancelled.

The Council had a deadline of April 23 to submit a recommendation to the US Department of Transportation on the best air carrier for the City of Kirksville. The Council voted to support Multi-Aero at its April 14 Council meeting. A notice of award was sent out in early

May announcing Multi-Aero as the new essential air carrier for Kirksville. By May 14, we were given notice that Mesa Airlines, who originally was expected to continue service until Multi-Aero was up and running, was terminating its service by the end of June.

Multi-Aero has agreed to ramp up its operations earlier than expected and provide limited air service by July 1. There are many details that need to be worked out. The Council has already approved a terminal lease with Multi-Aero and approved a policy to allow for the sale of fuel to the carrier at a reduced rate. Additional details will follow in the near future including a proposed ground handling agreement.

Included with this Study Session cover report is a staff report from Steve Bell. Mr. Shane Storz will be at the Study Session on Monday to provide information to the City Council.

Recommended Action:

We are very fortunate to have essential air service despite our minimal daily passenger counts. This will be an opportunity for the City Council to ask questions of Mr. Storz and discuss any other issue regarding the airport essential air service.

TRASH SERVICE – SOLID WASTE MANAGEMENT PROPOSAL

The City has been reviewing the trash service contract for some time to determine how we might improve the service that is received by the citizens in terms of street maintenance issues and solid waste management services. A public meeting was held in April to allow Veolia an opportunity to explain their proposal and to answer citizen questions. Veolia presented a video on the proposed tote system, but did not explain the other components of the proposal. Citizens raised a number of issues at this meeting regarding the container, recycling, yard waste, furniture pickup, quantity of trash and costs. A summary list of these issues is found in the power point presentation that is part of this packet.

After the meeting, city staff set out to determine whether there were other service providers who would be able to provide service to the citizens and whether Veolia's proposal was reasonable in cost and would work to serve the majority of the citizens needs.

Based upon current pricing and even proposed pricing of Veolia, the service fee charged to Kirksville was reasonable when compared to other cities. Estimated fees for service given by other vendors are very similar to the new rates presented by Veolia. One of the issues we face in our area is the distance to a landfill, which in turn raises the price. Included in the power point presentation is a comparison of costs and services from a number of communities. In reviewing this, you can see that Kirksville has all of the services provided to its citizens either by the contractor or the City.

Additional details and information will be given as we walk through the power point presentation on Monday.

Trash Contract

In 1999 the City entered into an agreement with the company that eventually became Veolia (new ownerships and name changes have occurred since 1999). In doing so, the City negotiated a deal that offered a reduced rate of \$.20 per month per customer in price

if the City assumed the responsibility of taking over the billing. The savings was supported and the City took over the billing responsibility. At the end of this packet is a report that outlines the issues that have resulted and the subsequent costs to the City of Kirksville, as a result of our doing the billing.

There are currently some discrepancies that exist between the City and Veolia regarding the fees to be charged and the amounts to be remitted. We estimate that Veolia owes based upon our calculations and records. Veolia does not.

These issues will need to be resolved through further discussions with Veolia and future changes in the contract regardless of the carrier.

Current Contract and Ordinance

The City Council approved the current contract in 2005. This contract called for a raise in the rate from \$6.00 to \$6.50 and an increase of 1% in the franchise fee. Neither of these changes was implemented. Typically contracts are not incorporated into the City's Code of Ordinances, but the trash contract had been added years prior. Therefore, the law of the City did not change which affected both of those fees. Regardless of the actions of the Council, this contract will need to be made part of the City's Code of Ordinances to insure compliance with the terms and conditions.

Options to Consider:

- Do nothing to change the trash service or contract
- Change the Ordinance to mirror the current contract - \$6.50 and 3% franchise fee
- Open the contract to correct the delinquency issue
- Address Administrative Service Fees and delinquencies
- Renegotiate the services and contract with Veolia and enter into a new five to eight year agreement
- Bid trash service out in 2009 with the intent to implement the new contract April 2010
- Combination of any or all of these

New Route

Veolia has experienced an increase in the number of households it is serving, specifically in the northeastern part of the City and is working on implementing a change in their routes. A map showing the new routes is included in this packet.

Recommended Action:

Veolia was first approached with the idea of assuming the spring clean up services in early 2007. It has taken an excessive amount of time to receive a proposal and has brought us closer to the termination date of our current contract; therefore, changing significant details of the contract can wait and allow the City to bid the service. It should be understood that the cost for the service will go up significantly. The City and Veolia does need to change the contract in regard to the delinquencies and collections, and the City Council needs to adopt an Ordinance that reflects the current contract.

COMMUNITY CAMPAIGN DISCUSSION

A couple of years ago, an Image Campaign Committee were formed through the efforts of KREDI to help improve the perception that Kirksville was a good place to live. The Director of Job Creation, Phil Tate, being new to the community, had seen Kirksville as a gem and thought that maybe the citizens who had lived here were not seeing it the same way. This Committee established the "Kirksville – Where People Make a Difference" slogan. This slogan has been used throughout the community. Unfortunately, the Image Campaign Committee has not met in a while and appears to have disbanded.

The elected officials of the City and the City staff are not the only ones who live, work and play in Kirksville. There are at times, close to 30,000 people in our community on a daily basis, if not more. We are all part of the community. The Council has talked briefly about the amount of negative comments that are out in our community at any given time. As one of the goals for this fiscal year, the Council wanted to discuss a possible community pride program or campaign.

There are community pride campaigns that have been developed elsewhere and focus largely on beautification efforts which may include incentives for home improvements, awards for landscaping, etc. A few campaigns focus on establishing a common slogan for the community, such as our "Kirksville – Where People Make the Difference." Other community pride campaigns focus on volunteer efforts.

Our issue may be more about people agreeing with the goals of the City and feeling a part of the community. It is always easier to point a finger at someone or something and say what is wrong with it, but it is a whole lot harder to identify something that is wrong and work to fix it. Maybe if we could turn the opinions of people into ideas?

Recommended Action:

The City Council will need to discuss this issue and determine if there is a consensus on a program concept or idea that could be implemented.

NEWSLETTER REVIEW – June 9, 2008

Attachments

- Staff Report – Steve Bell Commercial Air Service
- Airline Passenger Information for Kirksville Regional Airport
- Central Region Airport Information for 2007 Calendar Year
- Trash Proposal – power point summary
- New Trash Route Map
- Current Contractual Issues

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Commercial Airline Service Transition

STUDY SESSION MEETING DATE: June 9, 2008

CITY DEPARTMENT: Community Services

PREPARED BY: Steven Bell, Community Services Director

Background:

MESA has notified the City that their subsidiary providing service to Kirksville will be going out of business June 30th and will not be able to provide service through September 1st as planned. Air Choice One has agreed to start limited service to Saint Louis on July 1. This is two months earlier than anticipated. Because of this Air Choice One still have some issues to resolve. Ticketing and baggage transfer (code share) are two of the main issues. Service may start without these in place.

Shane Storrs, CEO of Air Choice One, will address Council during the study session to discuss schedule, finalizing ticket cost and general transition issues that are pending.

Additional Services Requested by Air Choice One:

Air Choice One has asked us to provide the following contracted services:

- A. Ground services:
 - 1. Load control information
 - 2. Ramp functions
 - 3. Air / Ground communication
 - 4. Communication to/from Air Choice One Dispatch

Above items contracted at a rate of \$21.50 per man hour per turn. This is consistent with what we do for other air craft using the general aviation side of the airport.

- B. Snow and Ice Removal contracted at a rate of \$21.50 per man.
- C. Irregular Operation (late arrivals exceeding thirty (30) minutes will be charged an additional \$32.25 per man hour past the 30minute grace period.

Staff will develop a contract for these services.

Air Craft:

Air Choice One will be providing service with a Beech Craft 58 through September and transition onto a Piper Chieftain in September. Both planes are twin engine. The Beech Craft has 6 seats and room for five passengers. The Piper has nine seats and room for 8 passengers. Over the last few years the commercial service averaged 3.5 passengers per flight. Both planes can handle the average passenger load. Shane has indicated that the air service will add flights both short term and long term to accommodate greater passenger loads.

Month	Scheduled Flights	Actual Flights	Deplaned Passengers	Enplaned Passengers	Number of Passengers per Day	Passengers Per Flight
Nov-05	104	102	181	205	7.77	2.99
Dec-05	106	96	127	138	7.19	2.53
Jan-06	104	78	117	116	11.13	3.45
Feb-06	96	88	111	112	8.29	2.37
Mar-06	104	100	170	175	10.84	3.17
Apr-06	100	98	130	102	10.23	3.41
May-06	108	106	156	180	7.61	2.62
Jun-06	104	90	154	153	10.67	3.27
Jul-06	104	90	100	136	6.58	2.17
Aug-06	108	98	151	169	10.32	24.62
Sep-06	102	94	99	105	6.58	15.69
Oct-06	106	0	0	0	0.00	0.00
Month	Scheduled Flights	Actual Flights	Deplaned Passengers	Enplaned Passengers	Number of Passengers per Day	Passengers Per Flight
Nov-06	88	82	145	174	10.68	2.78
Dec-06	100	98	140	208	7.32	2.61
Jan-07	108	96	132	135	8.35	2.49
Feb-07	92	87	112	115	9.36	2.73
Mar-07	106	104	123	136	8.35	2.49
Apr-07	102	96	140	122	8.13	2.44
May-07	108	104	114	145	10.29	2.75
Jun-07	102	100	113	131	9.87	2.77
Jul-07	116	116	156	163	7.23	2.07
Aug-07	108	107	157	139	10.74	3.14
Sep-07	110	108	108	116	12.50	3.68
Oct-07	108	106	161	172	10.74	3.14
Month	Scheduled Flights	Actual Flights	Deplaned Passengers	Enplaned Passengers	Number of Passengers per Day	Passengers Per Flight
Nov-07	104	102	187	188	12.50	3.68
Dec-07	104	84	107	135	7.81	2.88
Jan-08	108	94	104	130	7.55	2.49
Feb-08	100	91	48	64	3.61	1.23
Mar-08	100	92	82	75	5.06	1.71
Apr-08	96	92	77	88	5.32	1.79
May-08	110	105	64	87	4.87	1.44

Average passengers per flight 3.56

Central Region Passenger Airports
Ranked by Passengers for the Year Ended December 31, 2007
Approximates 100% Sample - Outbound Passengers Only

Rank	Airport	Passengers			Revenue (000's)			Fared Average Fare			Fared Average Yield		
		Year ended December 31			Year ended December 31			Year ended December 31			Year ended December 31		
		2007	2006	Change	2007	2006	Change	2007	2006	Change	2007	2006	Change
1	St Louis, MO	10,521,180	10,252,280	2.6%	\$1,486,358	\$1,477,444	0.6%	\$149.43	\$152.58	-2.1%	16.69¢	16.96¢	-1.6%
2	Kansas City, MO	9,769,940	9,434,800	3.6%	\$1,301,301	\$1,261,117	3.2%	\$140.04	\$140.36	-0.2%	14.80¢	14.71¢	0.6%
3	Omaha, NE	3,956,510	3,850,540	2.8%	\$584,115	\$565,134	3.4%	\$155.31	\$154.28	0.7%	15.00¢	14.75¢	1.7%
4	Des Moines, IA	1,689,980	1,677,620	0.7%	\$301,890	\$299,041	1.3%	\$188.63	\$187.29	0.7%	17.09¢	17.19¢	-0.6%
5	Wichita, KS	1,362,070	1,265,240	7.7%	\$235,252	\$232,666	1.1%	\$180.83	\$192.64	-6.1%	16.82¢	17.86¢	-5.8%
6	Cedar Rapids, IA	921,690	893,360	3.2%	\$164,503	\$158,703	3.7%	\$190.67	\$189.26	0.7%	17.13¢	16.86¢	1.6%
7	Springfield, MO	770,790	765,110	0.7%	\$148,588	\$147,161	1.0%	\$209.80	\$206.76	1.4%	19.70¢	19.27¢	2.2%
8	Lincoln, NE	296,060	335,390	-11.7%	\$53,111	\$58,075	-8.5%	\$191.07	\$183.13	4.3%	19.33¢	18.29¢	5.7%
9	Dubuque, IA	84,880	86,380	-1.7%	\$14,053	\$14,703	-4.4%	\$175.49	\$180.34	-2.7%	15.72¢	15.87¢	-0.9%
10	Sioux City, IA	80,850	58,830	37.4%	\$15,216	\$13,737	10.8%	\$198.70	\$255.95	-22.4%	19.19¢	23.30¢	-17.6%
11	Waterloo, IA	49,580	60,270	-17.7%	\$9,943	\$11,854	-16.1%	\$214.00	\$207.71	3.0%	17.65¢	16.98¢	3.9%
12	Joplin, MO	27,750	21,610	28.4%	\$3,884	\$3,528	10.1%	\$141.69	\$165.38	-14.3%	20.54¢	19.81¢	3.7%
13	Kearney, NE	24,540	16,370	49.9%	\$4,941	\$3,213	53.8%	\$203.75	\$202.48	0.6%	23.30¢	22.02¢	5.8%
14	Mason City, IA	22,100	22,610	-2.3%	\$4,068	\$4,129	-1.5%	\$196.13	\$195.95	0.1%	16.86¢	16.44¢	2.6%
15	Garden City, KS	21,210	19,960	6.3%	\$4,082	\$3,822	6.8%	\$194.27	\$195.50	-0.6%	24.34¢	22.67¢	7.4%
16	Manhattan, KS	21,000	19,060	10.2%	\$4,995	\$3,146	58.8%	\$241.29	\$166.25	45.1%	28.63¢	22.60¢	26.7%
17	Scottsbluff, NE	19,580	17,650	10.9%	\$3,722	\$3,804	-2.1%	\$192.76	\$220.89	-12.7%	29.63¢	27.27¢	8.7%
18	North Platte, NE	19,470	15,690	24.1%	\$4,234	\$3,406	24.3%	\$219.85	\$222.00	-1.0%	26.40¢	24.01¢	10.0%
19	Hays, KS	19,080	18,010	5.9%	\$3,425	\$3,118	9.9%	\$181.23	\$174.97	3.6%	24.55¢	23.15¢	6.0%
20	Columbia, MO	14,770	24,830	-40.5%	\$2,209	\$4,263	-48.2%	\$150.00	\$174.22	-13.9%	23.41¢	23.99¢	-2.4%
21	Grand Island, NE	13,600	14,380	-5.4%	\$1,923	\$2,707	-29.0%	\$143.15	\$191.46	-25.2%	25.16¢	23.56¢	6.8%
22	Fort Dodge, IA	13,590	11,960	13.6%	\$2,617	\$2,157	21.3%	\$202.55	\$191.76	5.6%	16.35¢	14.86¢	10.0%
23	Dodge City, KS	10,030	9,780	2.6%	\$1,821	\$1,799	1.2%	\$183.42	\$187.25	-2.0%	26.55¢	23.39¢	13.5%
24	Liberal, KS	7,440	7,580	-1.8%	\$1,627	\$1,732	-6.1%	\$223.45	\$232.85	-4.0%	26.42¢	26.75¢	-1.2%
25	Mccook, NE	5,720	4,910	16.5%	\$764	\$859	-11.0%	\$133.65	\$177.76	-24.8%	28.70¢	24.76¢	15.9%
26	Chadron, NE	4,680	4,470	4.7%	\$887	\$917	-3.3%	\$192.42	\$209.43	-8.1%	23.22¢	25.17¢	-7.7%
27	Salina, KS	4,500	3,410	32.0%	\$691	\$549	25.6%	\$158.19	\$164.97	-4.1%	24.50¢	24.39¢	0.5%
28	Alliance, NE	3,990	3,440	16.0%	\$702	\$735	-4.5%	\$176.80	\$218.15	-19.0%	27.08¢	24.09¢	12.4%
29	Burlington, IA	3,860	14,910	-74.1%	\$595	\$2,689	-77.9%	\$155.64	\$182.59	-14.8%	19.21¢	18.82¢	2.1%
30	Kirksville, MO	3,640	3,190	14.1%	\$464	\$506	-8.3%	\$127.76	\$158.49	-19.4%	25.10¢	24.47¢	2.6%
31	Fort Leonard Wood, MO	3,630	15,970	-77.3%	\$991	\$4,975	-80.1%	\$275.14	\$313.47	-12.2%	25.53¢	27.15¢	-6.0%
32	Cape Girardeau, MO	3,080	16,520	-81.4%	\$502	\$3,305	-84.8%	\$166.72	\$202.99	-17.9%	18.35¢	21.53¢	-14.8%
33	Great Bend, KS	1,570	1,590	-1.3%	\$224	\$209	7.4%	\$144.60	\$137.24	5.4%	24.96¢	21.56¢	15.8%
Total Central Region Airports		29,772,360	28,967,720	2.8%	\$4,363,697	\$4,294,203	1.6%	\$154.60	\$156.27	-1.1%	16.05¢	16.11¢	-0.4%

Note
1/ Central Region includes IA, KS, MO, & NE.
2/ Fared average fare/yield include revenue passengers only.
3/ Non-reporting airlines not included.

TRASH PROPOSAL

WHY

Are we here, looking at the Trash Contract?

ANSWER:

1. To improve the level of service to the citizens of Kirksville.
2. To reduce or eliminate the impact of the Spring Clean-Up on street repairs by the Public Works Department.

Comparison of Missouri Cities Trash Costs and Policies

CITIES	Contractor	Pick-up	Max. Can Size/Wt.	Costs Per Month	Re-cycle	Yard Waste	Spring Clean-up	Furniture & Large Household	Appliance Pickup	Extra bag cost	Billing done by	Fees
Neosho	Waste Corp of America		96 gal. / No limit	\$9.49 Note # 1	Yes					\$3.00		
Odessa	N/A	1/wk		\$10.80	Yes			Weekly, included			City	\$.45/mo /cuts.
Mexico	Dyane's Waste Disp.	1/wk	unlimited pickup	\$6.25	No	No	\$5.50 per cubic yard		2 pickups / year/citizen \$20/appl.	.		
Hannibal	Private Companies	1 or 2/wk		\$16-\$18			City does them					
Glasgow	Veolia	1/wk		\$9.70								
Nixa	American Disposal	1/wk	Polycarp	\$6.27/bag \$6.97/cart Note #2	Yes	Yes	Yes, included.	One item per month, included.				8.4%
Clarence	Veolia		40 lbs.	\$10.20		No	2 per year included		\$5 to \$20 /appliance			\$100 per month
Macon	Veolia			\$6.20	No	No		1 item /wk				
Kirksville	Veolia	1/wk	32 gal/40	\$6.00	Yes	Yes	City does	No	At cleanup	\$1.00	City	3%
Moberly	Veolia			\$7.50 Note #3	Yes	No		Going to 1 item/wk				
Shelbyville	Veolia	1/wk		\$10.70	No	No	2 per year					
Trenton	WCA	1/wk		\$9.15		\$2.57 /mo						

Notes: #1 – Residents 65 and older get 10% discount. They also have the option to bag trash in lieu of being billed for container service.
 #2 – Residents 65 and older have the option of paying 95 cents/bag for all trash removal. Residents opt for either bag or cart service
 #3 – No trash is picked up unless residents buy special bags from Contractor for \$1 for 33 gal. Bag or 50 cents for a 13 gallon bag.

**List of Issues at the Public Hearing for Trash Collection on April
17, 2008,
regarding proposal from Veolia**

1. **Can Size:**
 - * Too big to push
 - * No room to store
 - * Don't have that much trash
 - * Can't push in snow
 - * Are smaller cans available

2. **Quantity:**
 - * Only have one small bag of trash
 - * Don't want any changes – works ok now
 - * Could charge based on amount of trash

3. **Costs:**
 - * I only have one bag of trash, why do I need to pay more
 - * Automation will save Contractor money, why do costs go up?

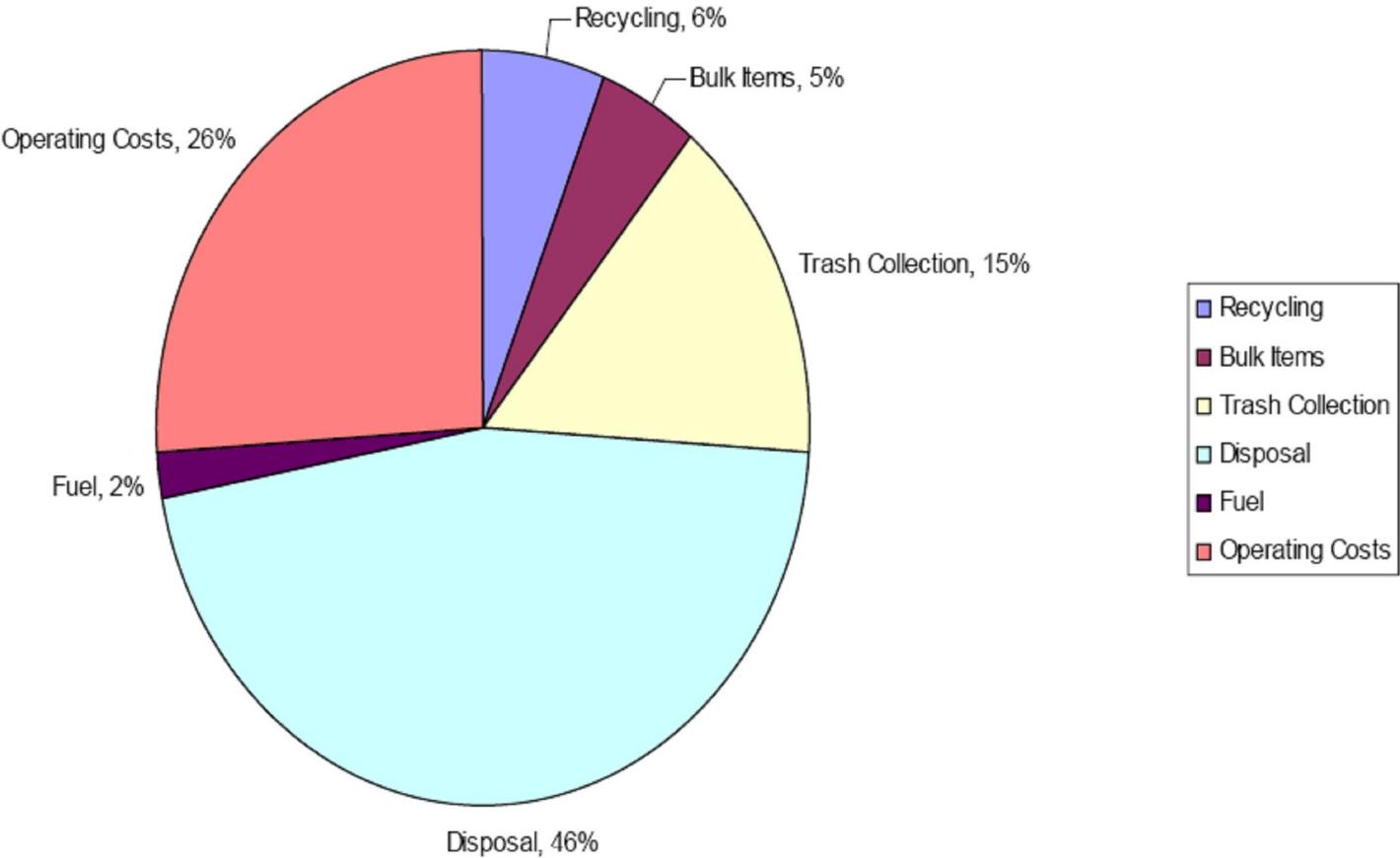
4. **Recycling**
 - * Don't want recycling to diminish due to unlimited trash pickup.

5. **Yard Waste**
 - * Don't have way to get leaves to Veolia's pickup point.
 - * Can't afford \$1 per bag

6. **Furniture**
 - * Furniture being picked up once per week will look bad on the streets.

7. **Bids**
 - * No bids from anyone but Veolia

Veolia Operating Costs



Current Franchise Fees

Water / Wastewater	5%
Telephone	5%
Electric	4.76%
Cable TV	3%
Trash Collection	3%

	P/UP	MAX CAN SIZE / WT.	COST PER MONT H	RE-CYCLING	YARD WASTE	SPRING CLEAN-UP
EXISTING VEOLIA CONTRACT EXPIRES 03-31-2010	1 / wk	33 gal./ 40 lbs	\$6.00 but could be \$6.50	1 / wk	Once/Month Exc. Jan/ Feb	Yes – City 50¢/ month see note #2
VEOLIA'S PROPOSAL- (PRIOR TO PUBLIC HEARING)	1 / wk	96 gal. No limit	\$10.75	1 / wk	Brings yard waste to collection point - \$1/bag See note #1	none
NEW PROPOSAL #1 VEOLIA	1 / wk	64 gal./no limit or 1 bag rate- 40 lbs	\$10.50 cart or \$5.85 bag	1 / wk	Once/month Exc. Jan/Feb. \$1 per bag See note #3	none
NEW PROPOSAL #2 DAYNE'S WASTE	1 / wk	No limit	\$10.95	1 / wk \$4 / mo	1 p/up per month \$2/month	none
NEW PROPOSAL #3 WASTE CORP OF AMERICA	1 / wk	96, 64, 32 or bags	\$10.50 8.50 2.50 All ests.	1 / wk Given totes at n/c	Sign up qtrly p/up weekly-\$4-7 per mo.	Provides dumpster free of charge at all times.

	Furniture & Large House - hold	Appliance Pickup	Extra Bag Cost	Re - Cycle Bag Cost	Pickup Auto- mation	Billing Done by	Fees	Contract Costs Escala - tion
Existing Veolia contract- Exp.03-31-10	Available At extra cost \$5-20 ea.	Available at extra cost \$5- 20 ea.	\$1.00 Stickers	None	No	City	3%	None
Veolia's Proposal (prior to pub. Hearing)	1 lrg. Item Per week- Included in cost	Twice a year, same cost as above	None	None	Yes	City	3%	3% per year
New Proposal #1 Veolia	1 lrg item Per week- included	Twice a year, same as cost as above	\$1.00/ Bag. see note #4	None	Yes	City See note #5	4% See note #6	See note #8
New Proposal #2 Dayne's Waste	Weekly, Included in cost	Available at extra cost \$25 ea.	None	None	No	City	?	None
New Proposal #3 Waste Corp.	Charges \$5 – 20 for curbside p/up of items	Same as furniture	\$1 to \$1.50	None- Use small totes.	Yes Probably	Yes, Except For yard waste	?	Annual fuel sur-charge See note #7

Trash Proposal

-other options to consider-

1. Do Nothing for the duration of the Contract-
The current contract does not expire until March 31, 2010. Save current information and start getting new prices, vendors, and procedures nailed down in October of 2009, sign a new contract in December 2009, and make effective 4-1-2010. Our current price for service is VERY competitive.

Pros - * Keeps the competitive price for as long as possible.

Cons - * We will have at least one more spring clean-up at \$90,000.

* The contract will be changed to reflect the \$6.50 charge that is in the current contract. (Price is still very competitive.)

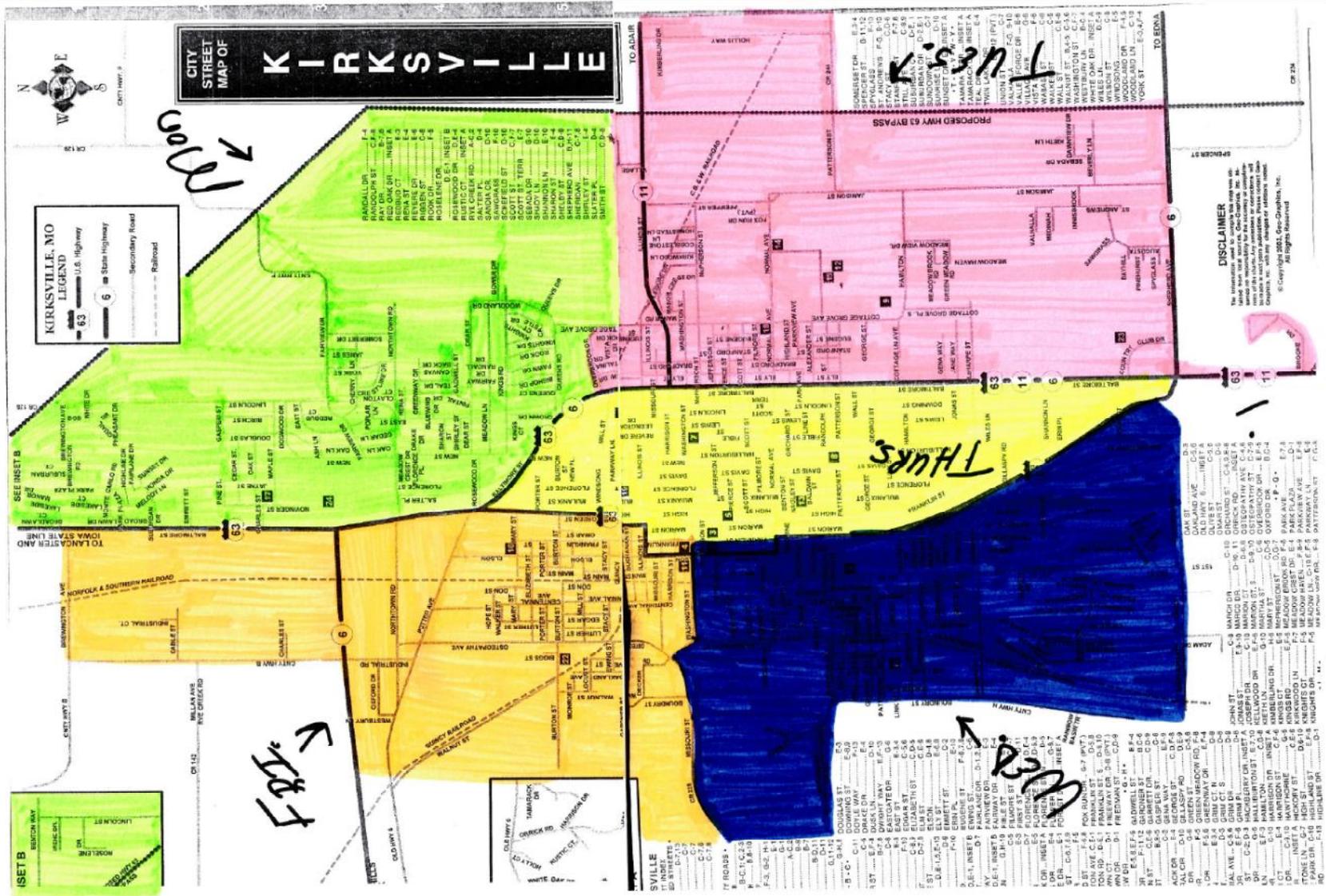
2. Consider the options presented from the 3 Waste Contractors.

3. Forget the Polycart cans and "keep it simple"
Double the existing 32 gallon/40 lb. weight limits. Expand the quantity per household to two (2) 32 gallon cans or two (2) 32 gallon bags of trash. This would allow younger families more trash pickup. The sticker program would need to continue for those with even more trash.

Pros - * The Contractor would not have the initial outlay of dollars for the Polycarts, so price should be competitive. Veolia would only have a limited justification to raise fee.

Cons - * The Contractor would not be able to realize the savings in workers comp costs and injuries that automated pickups would provide, so prices may remain high, assuming that worker injuries would continue due to lifting.

* People with only the one small bag of trash don't want their rates to rise.



SOLID WASTE HAULER CONTRACT

Scot Wrighton initially negotiated a contract with Superior Services effective April 1999 where the City would be responsible for the billing and collection for trash services. One of the goals was to relieve the burden of the Municipal Court to prosecute unpaid trash accounts. Two options were provided with the original contract: \$5 per month trash charge if the City performed the administrative work or \$5.20 per month if Superior did their own administrative work. The cheaper option was chosen and the City was burdened with the additional task to perform the billing and collection for Superior with no compensation. The additional \$.20 saved per month billing has resulted in a savings of \$136,000 administrative services to the contractor from April 1999 through March 2008, which the City has absorbed. During that same time period, the franchise fee collected has been \$68,000, resulting in a minimum of savings of \$68,000 for the contractor.

Contract Issues

Per Scot, it was negotiated that the franchise fee was to be netted out prior to the remittance to Superior as so stated on the remittance form which has accompanied each payment since April 1999.

The trash charge was to be pro-rated on the number of days of service by each customer not to exceed the contract fee. This resulted in excess trash charges billed out than the number of customers actually billed. It was billed on by a 60-day cycle which corresponded with the calendar months. The City bills for other services on a 60-day read cycle.

Each remittance was to be net of a "negotiated" percentage for delinquencies. This was never negotiated which meant that neither delinquent nor uncollectible accounts were to be netted out. The City has funded all uncollected trash charges while the contractor has been made whole at the City's expense. Trash accounts that have been taken to court were at the City's expense. The City has lost interest by carrying these trash charges.

There was never an administrative fee built into the contract to cover personnel, postage, supplies, software training and maintenance, etc. A franchise fee is paid by the other utilities for the usage of the public right-of-ways without the City having to provide the level of service which is performed for the residential trash hauler.

The franchise fee is lower than is charged for other franchised services. A comparable charge would be to increase to 5% from the current 3%.

Reconciliation of Charges

The City has withheld the franchise fee from the monthly remittance to Veolia since April 1999. Veolia claims from 2002 through 2006, they overpaid the City by \$30,331.

Veolia did not update the commercial franchise fee to 3% in 2005, which resulted in an underpayment to the City of \$4,050 for 2005 and 2006. They have not remitted any commercial franchise fees to the City for 2007 or 2008 which is estimated to be \$15,000 underpaid.

From the initial start of the contract in April 1999, the uncollectibles and delinquencies were never negotiated on how to handle and the City Manager's decision was for the City not to deduct. To date, \$29,000 has

been absorbed by the City in unpaid trash charges. The carrying charge on this loss of revenue to the City has not been calculated.

The updated rate schedule effective with the current contract or by City Ordinance was not updated, which has resulted in the underbilling of the monthly trash since April 2005. In addition, the City has withheld only 2% in franchise fees instead of 3% since that time which has resulted in the City being underpaid \$8,800 in residential franchise fees. Based on the number of residential customers billed per cycle, the contractor has been overpaid \$3,838 since 1999, even taking into account the unadjusted monthly charge effective since 2005.

At a minimum, to reconcile the above differences, the City has overpaid the contractor approximately \$20,800. I would like to recommend that we reopen the contract and start over with the process and correct the contract deficiencies.