

COUNCIL MINUTES  
SPECIAL WORKSHOP MEETING

April 19, 2011

A special workshop meeting of the City Council of the City of Jacksonville was held Tuesday, April 19, 2011 Council Chambers of the Jacksonville City Hall. Present were: Mayor Sammy Phillips, presiding; Mayor Pro-Tem Michael Lazzara and Council Members: Jerry A. Bittner, Fannie K. Coleman, Randy Thomas, Bob Warden and Jerome Willingham. Also present were: Richard Woodruff, City Manager; Ron Massey, Assistant City Manager; Gayle Maides, Interim Finance Director; Glenn Hargett, Communications and Community Affairs Director; Grant Sparks, Public Services Director; Carmen Miracle, City Clerk; and John Carter, City Attorney. \*An audio recording of the Council Meeting is presently available for review in the City Clerk's Office.

CALL TO ORDER

Mayor Sammy Phillips called the meeting to order at 6:33 PM.

ADOPTION OF AGENDA

A motion was made by Mayor Pro-Tem Lazzara, seconded by Council Member Coleman, and unanimously approved to adopt the Agenda as presented.

RECOGNITION

Mayor Phillips welcomed two distinguished visitors from the United States Marine Corps – Lt. General Walt Gaskins and General Ron Bailey. He also thanked Mrs. Gaskin for her service on City Advisory Boards.

WASTE MANAGEMENT RATE ADJUSTMENT

Richard Woodruff, City Manager, stated that Council approved a five year commercial garbage collection contract with Waste Management to run from July 2, 2007 to July 2, 2012. The contract contained a provision for two one-year extensions potentially making it a seven year contract. The scope of service covered commercial customers and apartment complexes. One aspect of the contract provided Waste Management with an opportunity to come before Council on an annual basis to request a rate increase based on the Consumer Price Index (CPI) of the previous calendar year. Council was not being asked to take formal action at this time, but to consider Waste Management's request for a rate increase during budget considerations.

Mayor Phillips asked how many times Waste Management had been before Council to request a rate increase since the start of their contract. Ron Massey, Assistant City Manager, stated that last year a rate increase was requested by letter, but they did not come before Council. Council considered their request and felt the increase was not appropriate at that time.

Ms. Chip Dodd of Waste Management introduced Kyle McNear who recently came to Jacksonville to manage their Jacksonville operation. She asked Council to call on him or herself if they could be of any help. Waste Management understood the financial strains that the City had as well as other municipalities across the State. Her company has also felt the pressures and the cost of living increases. Using the PowerPoint presentation attached to the official minutes as Exhibit A, Ms. Dodd explained the services they performed for the City and their costs. She pointed out that there was no provision in the contract to negotiate for a fuel increase. They tried to negotiate that allowance with the City, but it was not allowed.

To answer Mayor Phillips question, Ms. Dodd stated that a CPI increase of 4.4% was approved after the first year, there was no increase to the CPI the second year, and after the third year (2010) the CPI increase of 2.4% was denied. This year a request was being made for the CPI increase of 1.4% plus the 2.4% not received last year. This increase would help with fuel cost, materials and cost of labor and living increases.

Mayor Phillips asked what this increase would be on an annualized basis for the average customer as he was concerned about the impact. After discussion, Ms. Dodd stated that in 2008, an adjustment increased the rate from \$5.15 to \$5.38 per lift. The requested increase would increase the fee to \$5.61 per lift (4.3% increase). The fee was based per lift and not the size of the dumpster. Pick up was scheduled for twice a week.

Mayor Pro-Tem Lazzara stated that even though Waste Management did not receive an increase last year, there was an increase on the rental fee for the dumpsters. Ms. Dodd stated she was not familiar with the dumpster rental as it was not part of this contract. Her company did not own the majority of the dumpsters that were rented, but she would research and provide that information to Council. Mayor Pro-Tem Lazzara stated since the City only had control over the tipping portion of the fees, he would like to know what the percentage increase for dumpster rentals have been.

Mayor Pro-Tem Lazzara asked Mr. Woodruff if it was appropriate to re-bid under these circumstances. Mr. Woodruff stated that because of the capital investment, a five year service

contract was a reasonable period of time. Because the one year extensions were coming up, the City Attorney could review the contract to see if those extensions were automatic. He also noted that the rate increase was not included in the recommended budget because that was a policy decision for the Council to make.

Councilman Bittner asked if Ms. Dodd had comparables on fees charged in similar municipalities. She did not, but would provide them.

Discussion followed on the fee charged. Waste Management's fee covered the lift fee which was the same regardless of the dumpster size. Ms. Dodd added that the rate also included the dumping of recycling bins. Mayor Pro-Tem stated that the recycling program just started and there weren't many recycling dumpsters. Kerry Terrell, Sanitation Superintendent, stated that there were 28 commercial customers with recycling dumpsters and 170 commercial customers with roll out containers being serviced by Waste Management. He stated that the \$5.38 fee the City billed customers was for the collection effort by Waste Management and not for the disposal. The other fee was for the rental of the dumpsters which was based on the size of the dumpster and was billed by the owner of the dumpsters.

Councilman Bittner asked what the amount of the other competitive bid was when the contract was bid in 2007. Mr. Terrell stated he did not remember, but it was higher than the Waste Management bid.

Mr. Carter stated that the current five year contract would expire July 1, 2012. Language in the contract stated that it may be renewed at the sole option of the City for subsequent one-year periods not to exceed the total of seven years for the same terms and conditions in the regular contract except for price. Council would have to start looking at that contract for an extension with price change or to rebid the beginning of 2012.

Councilman Bittner stated that the fuel costs and cost of living would justify an increase, but when the contract was originally bid, cost increases should have been built in.

Mr. Woodruff stated that the information would be analyzed regarding the rate increase request and additional information would be asked for including information Council asked for tonight.

Councilman Bittner asked if Waste Management was looking for a 1.4% increase. Ms. Dodd stated they were asking for this year's increase plus the increase they did not receive last year.

Councilman Warden asked if the contract allowed them to look back on a year that was denied. Mr. Carter stated that the contract seemed to indicate to him that there was not an option to go back to previous years and Council only had to look at the 2010 CPI increase, which was 1.4%.

ADJOURNMENT

A motion was made by Mayor Pro-Tem Lazzara, seconded by Councilman Thomas, and unanimously adopted to adjourn the meeting at 7:01 PM.

Adopted by the Jacksonville City Council in regular session this 3rd day of May, 2011.

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Sammy Phillips, Mayor

ATTEST:

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Carmen K. Miracle, City Clerk

Exhibit "A"

**Jacksonville City Council**



**Special Workshop Meeting  
April 19, 2011**



**Waste Management Rate  
Adjustment Request**



**Contract Between  
City of Jacksonville and Waste Management**

- o Commercial Collection of Solid Waste
- o Commercial Collection of Recycling
- o City Awarded Contract to WM in 2007
- o WM Started Service July 2007





**History of CPI Requests**

- o 2008 - 4.4% CPI Increase Approved
- o 2009 - 0% CPI
- o 2010 - 2.4% CPI Increase Not Approved
- o 2011- 1.4% CPI and 2.4% CPI Increase Requested




**Reasons for 2011 Request**

- o Fuel Costs Have Risen Dramatically - 63%
- o Feb 2007 - Fuel was \$2.40/Gallon
- o Mar 2011 - Fuel was \$3.91/Gallon
- o WM Trucks Use 4-5 Gallons/Hour




**Other Increases**

- o Materials and Labor Costs Have Risen
- o Cost of Living Has Increased
- o WM Is Strained to Cover Increases and  
Continue to Provide Highest Quality  
of Service





### Request Cost of Living Increase

- Equivalent to 2011 and 2010 CPI
- 1.4% plus 2.4%
- Effective July 1, 2011