Call to Order: 6:00 p.m.
Roll Call: Council Member West, Mayor Pro Tem Irish, Council Member Hamilton, Council Member Stadtherr, Mayor Martinez (arrived a few minutes late)

Pledge of Allegiance Led by Council Member Stadtherr
Invocation - a Moment of Silence was observed.

ORAL COMMUNICATIONS
None

SCHEDULED MATTER
1. CURBSIDE RECYCLING ANALYSIS

Recommendation: That the City Council:
1. Accept the Analysis of Recycling Program Options and Costs: City of Porterville report submitted by SERA, Inc.;
2. Direct staff to begin implementation of a residential curbside recycling program; and
3. Authorize development and issuance of a Request for Proposals for Processing of Recyclable Materials.

City Manager John Longley presented the item, and Public Works Director Baldo Rodriguez presented the staff report. Mr. Rodriguez indicated that staff member Lori Mercado would provide a presentation for the Council.

Ms. Mercado took the floor and introduced Lisa Skumatz of Skumatz Economic Research Associates, Inc. (“SERA”) of Superior, Colorado. She indicated that Ms. Skumatz had prepared the Analysis of Recycling Program Options and Costs for the City and was present to answer any questions that the Council might have. Ms. Mercado then commenced the presentation, indicating that it would include: 1) an update on the status of the Solid Waste Fund; 2) a discussion on the Curbside Recycling Analysis prepared by Skumatz Economic Research Associates, Inc.; 3) an exploration into possible expansion into commercial recycling; and 4) an introduction into CWMA Waste-to-Energy Program.

Solid Waste Fund
Ms. Mercado indicated that due to revenue projections being higher than had been budgeted, and expenditure projections being lower than had been budgeted, Fiscal Year End 04/05 would result in an approximate $7,000 positive fund balance. However, Ms. Mercado explained, projections for Fiscal Year 05/06 resulted in an approximate $239,000 deficit in the Solid Waste Fund. She indicated that staff attributed this forecasted deficit to a number of factors, including increased fuel costs, mandatory compliance with Air Board Emissions standards, a low trend in commercial revenue growth, and the expansion of both the Graffiti and the Consolidated Waste Management Authority Programs. Ms. Mercado concluded that exclusive of the implementation of a new program, a 6% to 8% refuse rate increase would be necessary to maintain a positive fund balance.
Ms. Mercado stated that the City’s rates were currently inline with other cities throughout the County, and in fact the City had the lowest rates for standard residential service – $15.00 per month. She pointed out that even with an 8% increase, which Ms. Mercado explained would bring the monthly rate to $16.20, the City would remain the lowest priced provider in Tulare County.

Curbside Recycling Analysis
Ms. Mercado reviewed the timeline by which the City had hired a consultant and the Curbside Recycling Analysis had been completed. She identified components of the Curbside program, which included: single stream collection; fully-automated system; 60 gallon blue cans; acceptance of all materials currently accepted; weekly or every other week collection; separate or embedded recycling fee; mandatory program; either City or private hauler; and same or differing collection days. Data for the analysis, Ms. Mercado explained, came from a variety of sources, including: 1) information from City staff; 2) hauler/processor interviews; 3) comprehensive program database (both California-based and nationwide); 4) secondary research; and 5) prior program analysis. Ms. Mercado then proceeded to review in detail Options A through F:

Option A: Recyclables to “Dirty” Materials Recovery Facility (“MRF”)
Option B: Recyclables Delivered to Sunset Waste Paper - High Quote
Option C: Recyclables Delivered to Sunset Waste Paper - Low Quote
Option D: Recyclables to Waste Management
Option E: Sunset Quote for Collection and Processing
Option F: City Collection to Waste Management

Option A, Ms. Mercado explained, consisted of a program in which all recyclables went to a “dirty” MRF, also known as a “bag the wet” commingled collection program. She stated that the program required no additional containers, vehicles or staff, but rather education of residents to bag only the wet material and place the recyclables loose in the same container. Ms. Mercado stated that the entire waste stream was then hauled to a processing facility. She indicated that effective “bag the wet” programs resulted in a relatively clean waste stream and therefore provided efficiencies, however, the bag the wet programs had a much lower public perception. She added that this type of program operated effectively in the City of Tulare, however, Tulare had endured a long period of adjustment. She stated the analysis for this option reflected a cost of $87 to $100 per ton recycled, and a projected cost of $2.65 to $2.94 per household per month.

Options B and C, Ms. Mercado explained, were options in which recyclables were delivered to Sunset Waste Paper by a private hauler. She stated that Sunset had provided a cost range, with Option B being based on the high end of the range quoted by Sunset, and Option C based on the low end. In terms of Option B, Ms. Mercado indicated that based on the residuals and the quality of the material, source-separated materials would be processed for a $25 per ton “tipping/processing” fee. According to this analysis, Option B resulted in a projected cost of $150 per ton recycled, and a cost to participants of $3.99 to $4.01 per household per month. Regarding Option C, Ms. Mercado explained that this option assumed the same private hauler delivery to Sunset, but was based on a much higher quality waste stream processed at no cost. She explained that the analysis for Option C reflected a cost of $115 per ton recycled, and a projected cost of $3.06 to $3.16 per household per month.

Option D, Ms. Mercado continued, assumed the same private hauler delivery to Tulare County Recycling. She stated that based on the quality of the material, source-separated materials would be processed with a $18.50 per ton revenue. She stated that this figure could drop, although programs throughout Tulare County typically remained under the 10% contamination rate. She concluded that Option D reflected a cost of $97 per ton recycled, and a projected cost of $2.57 to $2.67 per household per month.
Moving on to Option E, Ms. Mercado explained that this option consisted of collection and processing by Sunset Paper for an estimated quote of $3.00 per customer per month. She emphasized that the quote was an estimate and not a “hard” quote, and indicated that this option reflected a cost of $147 per ton recycled and a projected cost of $3.90 to $4.00 per household per month.

Ms. Mercado stated that the final option, Option F, assumed City staff collecting and delivering the material to Waste Management, or a similar facility for processing with a $18.50 per ton revenue. She concluded that Option F reflected a cost of $69 per ton recycled, and a projected cost of $2.01 to $2.11 per household per month.

Concluding her review of Options A through F, Ms. Mercado indicated that the consultant had made two recommendations. She stated that SERA’s primary recommendation was to establish a City-wide curbside recycling program, that collection services be provided by City forces, and that the City establish a Request for Proposals for processing services so as to ensure the highest return on the materials. She then discussed the advantages of the consultant’s recommendation, which she indicated included: the lowest cost to the City and to the participants; coordinated and effective outreach to participants; highest recycling return; integration with existing refuse and greenwaste collection; greater flexibility and control; and effective use of existing City resources.

In the alternative, Ms. Mercado explained that SERA’s secondary recommendation was to incorporate a “bag the wet” residential recycling program into the City’s current waste collection services and process the entire residential waste stream at a “dirty” MRF. She then went on to explain the advantages and disadvantages of the recommended program, indicating the advantages were: second lowest cost per ton; second highest recycling return; most effective use of existing City resources; and low implementation costs. Ms. Mercado pointed to a possible reduction in the effectiveness of existing variable can rates and to possible greater initial confusion as two disadvantages of the program.

Ms. Mercado next reviewed what would be required to implement the recommended program. She indicated that administratively, the City would need to: 1) make an adjustment to the Fiscal Year 2005/2006 Solid Waste Revenues and Expenditures; 2) establish and adopt a recycling fee; 3) contract for processing services; 4) develop an implementation plan and timeline; and 5) initiate a comprehensive public education program. In terms of functional requirements to implement the program, Ms. Mercado indicated that the City would need to: 1) establish weekly recycling routes, anticipating Tuesday through Friday collection to coincide with current collection; 2) retain two collection vehicles that were currently scheduled for replacement; 3) hire two refuse drivers; and 4) purchase and distribute 11,000 recycling containers. She noted that the City currently had $200,000 on hand for use towards the purchase of containers, and that there also existed the possibility of grant funding for the remainder.

Additional Diversion Programs
Ms. Mercado next discussed possible expansion into source-separated commercial recycling. She indicated that this program would be a voluntary program in which businesses would have a second bin specifically utilized for source-separated recyclables. She indicated that the program would incorporate a reduced fee for the recycling bin, providing an incentive for the businesses to participate, but yet would not replace the businesses’ current refuse service. She added that the material would then be processed at a MRF, with specific provisions being incorporated into the residential curbside recycling contract.

CWMA Transformation Program (Waste to Energy)
In March of 2005, Ms. Mercado indicated, the Consolidated Waste Management Authority (“CWMA”) had implemented a transformation program in which material from member cities processed at MRFs were diverted from landfills and instead transported to a “waste to energy” facility in Long Beach. She indicated
that the material diverted to Long Beach was strictly material bound for landfills and not comprised of recyclable material. She added that this program provided the highest diversion at the lowest cost, with an annual projected cost to the City of $55,000. She indicated that based on the amount of material suitable for the program, staff anticipated a 4% to 6% increase in the diversion rate for the entire CWMA.

At that point, Ms. Mercado concluded her presentation and invited questions from the Council.

Council Member Stadtherr stated that he had e-mailed a list of questions regarding the analysis of program options to staff, and requested that each be addressed at that time.

Field Services Manager Bryan Styles, with the assistance of consultant Lisa Skumatz, and staff member Lori Mercado proceeded to address Council Member Stadtherr’s questions.

Noting that the first question had already been covered during the presentation, Mr. Styles moved to Question No. 2 regarding how the costs had been calculated when some figures were based on monthly figures and others on annual figures. The consultant explained that the figures were scaled up to an annual figure, and then divided by 12.

Question No. 3 pertained to why the truck costs for Option F reflected $0, to which Mr. Styles explained that because the two trucks that would be utilized for collection were already in the City’s fleet, no cost had been included in that scenario.

Question No. 4 dealt with why the container costs for the City in Option F was $.60 per month per household, whereas the estimated cost for containers in the Options B through D was $.74. Ms. Skumatz explained that in Option F she had used the low end of the vendor quote, and in Options B through D, the high end of the quote had been used. City Manager John Longley confirmed that the $.60 figure could be used across the board.

Question No. 5 pertained to collection costs and questioned the disparity between the $2.14 figure shown for Options B through D, and the $1.42 figure shown for Option F. Ms. Skumatz responded that according to the information provided by the City, she assumed more households for collection by City staff in Option F, as well as greater efficiency than private haulers. A discussion ensued as to why the assumption of more households had been made for Option F. The consultant elaborated that the City’s labor rates were lower than some of the haulers’ rates. It was clarified that the private haulers would not pick up less households, but rather fewer households per route. Ms. Mercado explained that collection costs for Options B through D had been based on statistical data for private haulers, however, the collection costs for Option F had been based on actual route information from the City’s green waste program.

Question No. 6 questioned the varying education costs assumed for each option. It was explained that the education cost item also included some implementation costs, and the disparity had been attributed to the fact that the City would need to take the lead in the education for any of the programs. Ms. Skumatz explained in Option F, the City would bear the sole responsibility in any education efforts and therefore that education cost was assumed to be the highest. With respect to Option A, Ms. Skumatz indicated that because the implementation costs were so significantly lower for a “bag the wet” program, only $.30 had been assumed.

Question No. 7 pertained to the different assumptions made for total diverted tons for Options B through D and Option F, and questioned why the assumption had been greater for Option F. Ms. Skumatz explained that because the City had the ability to provide education in an integrated way, more attention and care would be given by the public, thereby increasing the tonnage.
In response to Council Member Hamilton’s question as to why Ms. Skumatz assumed that a professional hauler would not be as professional as the City would be, Ms. Skumatz stated that the City would likely be more interested in providing both the highest quality recyclable materials and good service to its customers. Private haulers, Ms. Skumatz surmised, were primarily concerned with getting the materials taken away and not having to return to a house for a missed collection, whereas the City might provide additional feedback or information to its citizens about the need for good quality recyclables. She added that her assumption had also been based on national statistical data which showed a higher recycling rate for municipal collection versus private collection.

Council Member Hamilton pointed out that the analysis did not include assumptions for replacement of the City’s two collection trucks.

Ms. Skumatz explained that because implementation/education costs would decrease as vehicle costs would increase, she believed that the $2.00 figure for Option F was accurate. It was pointed out that depreciation for vehicle replacement had been factored into the truck costs. A discussion ensued as to the City’s fleet operations and the standard by which City vehicles were replaced and/or rotated. Staff explained that Option F called for tapping into the City’s reserve fleet capacity, and that staff was comfortable with that figure.

A discussion ensued regarding the “bag the wet” program. It was explained that because the City could not prevent bags from breaking or citizens from not properly bagging the wet items, a variation existed in the amount and quality of materials that were diverted. Staff indicated that this option would not be a mandatory program, as there would be no way for the City to police the activity. It was pointed out that the charge for the program would be embedded into the current refuse service.

Next, the question as to why one MRF provided a revenue source for the City, whereas another MRF did not was discussed. Ms. Skumatz pointed out that the figures for processing reflected in the analysis were the figures provided by vendors. Noting the current strong recycling market, Ms. Skumatz recommended that the City go to a Request for Proposal. She indicated that, generally, she witnessed revenues for processing and not costs.

Noting the Mayor’s arrival, Mayor Pro Tem Irish called for a ten minute recess.

The Mayor invited members of the audience to comment.

- John Mohoff, General Manager for Sunset Waste Paper of Visalia, questioned why the $.82 credit for avoided disposal costs had been omitted from Option E. He then contended that the $.90 cost for education in Option E should be eliminated, stating that Sunset’s rate had included education. He also pointed out that Sunset’s proposal had also included acceptance of additional materials that were currently not accepted, such as oil and batteries, and that their proposal had been for a 90 gallon container, not a 60 gallon container. He then voiced concern with the figure of 10% assumed for contamination, asserting that such low contamination rates for this area were not realistic and that 25% was more the norm.

- Jim Vagim, representing Sunset Waste Paper of Visalia, came forward and voiced opposition to the process by which the consultant gathered information from local vendors.

- Jim Pennington, Waste Management/Recycle America, Visalia, stated that the 10% contamination figure was accurate. He also asserted that the assumed “gate fee” revenue of $18.50 per ton for material was reality. He then voiced support for an RFP. In response to Council Member Hamilton’s questions, Mr. Pennington confirmed that weight calculated for the gate fee payment consisted of the gross weight of the material, based on the contamination percentage. He again asserted that 10% contamination was regularly achieved.
• Tony Lisenko, Attorney for Sunset Waste Paper of Visalia, pointed out that Mr. Pennington’s figure of $18.50 per ton revenue was contingent upon the contamination being at 10%. He asserted that the City’s contamination rate would more likely be at least 25%, thereby significantly reducing or eliminating that stated $18.50 revenue.

• Ron Killingsworth, Director of Marketing for Porterville Sheltered Workshop, spoke regarding current legislation which might provide the City the opportunity to work in partnership with the Porterville Sheltered Workshop. He then informed the Council of the Sheltered Workshop’s long history in the business of recycling and requested that the Council consider a potential partnership in recycling should the Council move forward with Option F.

City Manager John Longley noted for the record that he currently served as president of the Porterville Sheltered Workshop Board, pointing out that it was a non-remunerated position.

Concluding public commentary, Mayor Martinez requested staff to address the questions posed by the audience members.

In response to why the $.82 credit for avoided disposal costs had been omitted from Option E, Ms. Skumatz noted that the omission had been an oversight and therefore the total cost per household per month should be corrected to reflect a range of $3.08 to $3.18. In terms of the education costs line item, the consultant indicated that the figure represented a City cost and that it would remain for all options. She noted that even though in some cases education would be provided by vendors, the City would also need to commit to an education program, and added that the figure also included implementation efforts by the City. With respect to the difference in container sizes (60 gallon versus 90 gallon) and with projected waste streams (some being more narrow, others being more extensive), it was determined that those discrepancies would be addressed during the RFP process.

Council Member Hamilton suggested that staff provide additional analysis regarding actual costs and/or revenues achieved by local cities for materials. After some discussion, it was determined that the RFP process would also address that question, and that additional analysis would not be necessary.

Regarding Mr. Vagim’s assertion that Sunset Waste Paper had been the only vendor contacted, Ms. Skumatz clarified that she had not contacted Sunset to obtain a collection quote. She indicated that Mr. Mohoff of Sunset Waste Paper had volunteered that he could provide collection service at a $3.00 rate. Ms. Skumatz then indicated that “quote” in Option E should be changed to “interview.” She then informed the Council that Sunset Waste Paper had not been the only vendor contacted and interviewed by telephone, but rather all of the local processors had been contacted.

At Council Member Hamilton’s request, Mr. Pennington of Waste Management/Recycle America came forward to clarify his statement regarding his assertion of $18.50 per ton for 10% contamination and under. He stated that as the contamination increased, there would be a point at which the revenue would eventually diminish. He stated that in California, Waste Management’s single stream average for contamination was 8%. He stated that his company was still currently paying for materials with a contamination rate of 20% and indicated that he had not yet encountered a situation in which Waste Management had to charge. Mr. Pennington then clarified that contrary to what had been previously inferred that evening, he also had only a 10 to 15 minute telephone interview with Ms. Skumatz and had just met her for the first time that evening.

Ms. Skumatz added that according to a recent study of single stream MRFs across the country with concentration in California, data showed the weighted average for contamination reflected 9%.

Mayor Pro Tem Irish suggested that the RFP appeared to be the appropriate course.
Council Member Hamilton indicated that his only concern with any of the options pertained to the truck costs.

Council Member Stadtherr confirmed with staff that the required replacement or retrofitting of the trucks had been budgeted and therefore was not a part of the analysis. A discussion ensued as to the requirements of the Air Board.

In response to Council Member West’s question, Mr. Styles responded that the City had built-in efficiencies and the immediate availability of trucks. He stated that because the City already had an operation, economies of scale were provided. He stated that the figures provided in Option F were actual costs and confirmed that this economy of scale would likely place a private vendor at a disadvantage in the bidding process.

At the request of Mayor Pro Tem Irish, staff offered further information as to how a commercial recycling program would work. Ms. Mercado indicated that the program would be addressed on a customer by customer basis, stating that most newer construction allowed for a larger waste enclosure area to allow for more bins. In terms of customers with existing structures, assessments would need to be made. It was pointed out that participation in the commercial program would be voluntary.

Mayor Pro Tem Irish then voiced dissatisfaction with staff for not providing the disadvantages of the consultant’s primary recommendation.

City Manager John Longley confirmed that copies of the analysis would be presented to the Council and made available to the public the following day, and added that staff could add disadvantages to the report if the Council so desired.

In response to Council Member Hamilton’s question as to why the consultant had recommended that the City proceed with a curbside recycling program, Ms. Skumatz indicated that the City’s decreasing diversion rates had been one of the main factors. A discussion then ensued regarding the City’s current inability to definitely calculate its diversion rate because of being in the Waste Authority. Staff estimated that implementation of the Residential Curbside Recycling Program would impact the City’s waste stream by approximately 3% to 4%, and by approximately .5% for the entire Authority’s waste stream. Ms. Mercado emphasized the importance of good faith efforts by the City.

At Mr. Longley’s request, staff offered additional information on the waste to energy program. Ms. Mercado explained that this program would yield an estimated 4% to 6% on the Waste Authority’s entire diversion rate.

Mr. Longley noted that he believed the primary disadvantage in the consultant’s recommendation would be the increased cost to the residents. Staff added that the program might also create some complexities in the City’s refuse operation, and might impact the school program.

Council Member West commented that the consultant’s analysis appeared to be slanted towards the City and questioned how much input City staff had in making the recommendation. He then voiced dissatisfaction with the presentation that evening and with the consultant’s analysis.

Ms. Skumatz responded that staff took no part in the formation of the executive summary nor the recommendation.
Mayor Pro Tem Irish indicated that he believed that the analysis provided had been exactly what Council had been looking for, in that it took the Council to the next step: the Request for Proposal. He then commented that he appreciated the work that went into the presentation and analysis.

Council Member Hamilton commented that he was not yet ready to go to a RFP and that he instead thought it should be set for a public hearing.

COUNCIL ACTION: MOVED by Council Member Hamilton, SECONDED by Council Member West that the Council direct staff to set the matter for public hearing. The motion carried unanimously.

City Manager John Longley confirmed with Council that the public hearing would be set for the second meeting in May, 2005.

ORAL COMMUNICATIONS
- Jim Vagim, Sunset Waste Paper of Visalia, suggested that the City proceed with a RFP for hauling.
- Jim Pennington, Waste Management/Recycle America of Visalia, voiced support for the City issuing a RFP for hauling.

Mayor Martinez confirmed with staff that there were approximately 8 haulers in the area.

OTHER MATTERS
- Council Member Hamilton updated everyone on the League of California Cities Employee Relations Policy Committee meeting that he attended in San Jose on April 7th.
- Council Member Stadtherr updated everyone on the League of California Cities Environmental Quality Policy Committee that he attended in San Jose on April 8th.
- Mayor Martinez informed everyone of the Sister Cities Association meeting that he attended in Los Angeles and indicated that the Porterville area might be a possible venue for their National Conference. He then indicated that Porterville was the only “active” Sister City in the Southern San Joaquin Valley.
- Mayor Martinez informed the Council of his recent meeting with the new Mexican Consul in Fresno and suggested that she be invited to an event in Porterville.

ADJOURNMENT
The Council adjourned at 8:02 p.m. to the meeting of April 19, 2005 at 6:00 p.m.

Patrice Hildreth, Deputy City Clerk

SEAL

Pedro R. Martinez, Mayor