

WALLA WALLA CITY COUNCIL

Work Session Minutes

November 12, 2012

1. CALL TO ORDER



Mayor Barrow called the meeting to order at 4:00 p.m.

Present: Councilmembers Conrado Cavazos, Jr., Barbara Clark, Jerry Cummins, Mary Lou Jenkins, Shane Laib, Chris Plucker and Mayor Jim Barrow.

Absent:None

City staff in attendance: City Manager Nabil Shawa, Deputy City Manager Tim McCarty, Public Works Director Ki Bealey, Parks & Recreation Director Jim Dumont, Public Library Director Beth Hudson, Deputy Fire Chief Brad Morris, Finance Manager Jean Teasdale, Human Resource Manager Jennifer Seekamp, Public Works Manager Mori Struve, Sustainability Coordinator Melissa Warner, and City Clerk Kammy Hill.

2. ACTIVE AGENDA

A. Discuss landfill, sanitation and recycling rates.

City Manager Shawa reported the landfill fund budget is built on an increase in tipping fees. This increase will be passed on to the sanitation fund. The sanitation fund has adequate fund balance to absorb the increase in landfill rates without an increase to sanitation customers.

Public Works Director Bealey introduced his staff in attendance and Derrick Dietrich and Terri Morris of Basin Disposal, Inc.

Public Works Director Bealey reviewed:

- Proposed landfill rate changes. The last landfill rate increase occurred in 2010. From 2010 to 2012, staff conducted an in-depth assessment of landfill funds and operations. The City hired WIH Resource Group to evaluate alternatives to the current operational model and to provide recommendations to improve the financial health of the landfill. Their recommendation was to maintain the landfill operation. Staff developed a “pay as you go” approach to future capital needs instead of using debt financing. Strategies were developed to create structural operational cost savings such as reducing days and hours of operation and service levels. The 2013 landfill operations budget is reduced by 9.7 percent over the adopted 2012 budget. After these cost cutting measures and the incorporation of capital set-aside, the budget has an annual shortfall of approximately \$720,000.
- Tonnage has been stagnant.
- 2009-2016 revenues versus expenses. Without a rate adjustment, the landfill will not have sufficient revenues to sustain operation.
- Staff is requesting a 9.5 percent rate increase for 2013 and 2014. This would make the basic tipping fee, without state taxes, \$64.80 per ton in 2013 and \$71.00 per ton in 2014. The proposed rate adjustments will be without tax to avoid the need to adjust rates due to changes in refuse or sales taxes. There was discussion on the rationale for establishing the rates as “pre tax.” Since the refuse tax is established and retained by the State, it is appropriate this tax be excluded from the City's tipping rate.
- Proposed budget includes a \$375,000 annual set-aside for future construction of Cell 3 in Area 7 in the year 2018. This is to fund future capital projects on a “pay as you go” basis rather than debt financing.
- 2009-2016 revenues versus expenses with proposed rate adjustments.
- 2013 landfill expenses. There were questions on comparable costs for landfill operations.
- Future capital and financial assurance set-asides – annual and cumulative.
- WIH landfill disposal and tip fee alternatives analysis.

- Comparison of solid waste disposal rates in Washington State for 2011-2012 and 2013-2014.
- Recommendation to abolish the out of County tip fee surcharges. The Solid Waste Advisory Committee consensus was to remove this barrier to receiving solid waste at the landfill. There was discussion on whether the decrease in tonnage is attributable to the economy; the potential liability from hazardous refuse originating outside of the County; and whether City ratepayers are paying a subsidy for landfill services. Staff indicated the landfill is an enterprise fund and they are trying to remove a barrier for tonnage coming into the landfill.
- Additional landfill changes include:
 - Clarifying the tiered-rate schedule for compost sales.
 - Eliminating the biosolids compost product from the rate schedule.
 - Eliminating the gravel or soil only disposal charge of \$6.10 per ton and adding soil to the description of cement, asphalt, concrete or rock rate of \$27.50 per ton (proposed 2013 rate). There was brief discussion on the percentage of the material coming in as gravel or soil and use of the Burdine site for City-related inert waste.
- Sanitation rate changes. Last sanitation rate increase was 2010. Staff is not proposing any sanitation rate increase for 2013-2014 due to a reduction in staffing and other operational changes. A graph was shown depicting projected/actual revenues versus expenses for 2009-2016.
- Basin Disposal, Inc. proposed recycling rate increases:
 - Maintain weekly service at \$5.17 per month.
 - Every other week service at \$4.39 per month.
 - Leave rates at current \$3.64 per month for weekly service.
 Staff recommends going to every other week service based on the results of the recent citizen survey.

City Manager Shawa reported the variables in sanitation costs are fuel and landfill tipping fees. Staff is looking at a conversion of the sanitation vehicles to natural gas. In addition, the City has entered the carbon credit market which appears to be a viable revenue source with an offer made by Seattle Power and Light to purchase carbon credits. Staff also recommends changing to every other week recycling service and grant the rate increase to Basin Disposal, Inc.

There were concerns expressed with the timing of an increase in recycling rates and the impact on ratepayers, while decreasing the level of service. Councilmembers expressed their individual opinions regarding a recycling rate increase and changing to an every other week schedule. Staff was asked to attempt to negotiate a more agreeable rate with Basin Disposal, Inc. A majority of Council indicated changing to an every other week pickup for recycling was acceptable.

Mayor Barrow invited public input.

Derrick Dietrich, Basin Disposal, Inc. (BDI), commented the agreement in place is similar to a marriage and both parties must try to make the arrangement work. There are mutual obligations for both parties to a contract and BDI has performed their part in the contract. In the current arrangement, BDI has been subsidizing curbside recycling service to City residents, such as the out of pocket payment of \$94,000 for processing the recycling material. The City cant simply wish away the expenses in this partnership. BDI has provided staff with a great level of detail on the need for the proposed rate increase in an effort to be transparent.

B.Overview of high deductible health plan and health savings account (HDHP/HSA).

City Manager Shawa reported the City has been exploring offering a high deductible health plan with a health savings account.

Human Resource Manager Seekamp provided an overview of:

- Benefit goals for 2013 and beyond.
- Description of a high deductible health plan coupled with a health savings account.
- The types of employees that may be interested in this HDHP/HSA as an option.
- A HDHP/HSA is being looked at as a third option for employees in addition to the two current plans. A HSA is employee owned and both employees and employers may make contributions. Funds in a HSA may be used to pay medical expenses. Contributions to a HSA are made on a pre-tax basis. The goal of a HDHP is to change behaviors and to make consumers more responsible for their health decisions.
- The City would save money on the insurance premiums and would plan on incentivizing the program for employees by making an employer contribution, in an amount yet to be determined, to the HSA.

There was discussion on:

- Positive experiences with high deductible insurance plans.
- Implementation of a national health care plan and anticipated cost increases. Staff reported the Association of Washington Cities is putting together information on health exchanges and educational materials.
- Anticipated cost increases for health insurance and whether there will be a savings with a HDHP. Staff indicated insurance premiums continue to rise. It is difficult to estimate how much may be saved by employees changing to a HDHP because the number of employees potentially changing is unknown along with the amount the City may contribute to a HSA.
- The cost of fringe benefits for employees is approximately one-third of the personnel costs.

Mayor Barrow invited public input. No one in the audience chose to address the City Council on this issue.

C.Review of 2013-2014 preliminary budget.

City Manager Shawa reported the deadline for certifying property tax levies to the County is November 30. The City Council will hold a public hearing on the budget and property taxes on November 14. Staff will need to have clear direction from the City Council on property taxes on November 14.

There were comments and discussion on:

- The current budget proposal assumes the use of one-half of the City's banked property tax levy plus the one percent property tax increase. If the City Council chooses not to use the banked property tax levy then additional service reductions will be necessary.
- Funding for the aviary. Staff indicated that the City doesn't have the capacity in the ending fund balance to continue to fund aviary operations. Until labor negotiations are concluded, the total impact to the ending fund balance is unknown. There are many unmet needs in the City and staff cannot recommend maintaining the aviary with so many other priorities.
- Amount of proposed property tax increase on the average homeowner. Staff indicated further information will be provided to the City Council.

Mayor Barrow invited public input.

Beth Hudson, 827 Hobson Street, Walla Walla, expressed objections to caging birds in the aviary and asked that the money be used to enhance services in other areas.

3.Other Business

No other business was discussed.

4.ADJOURNMENT

There being no further business, the meeting adjourned at 5:57 p.m.