



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, JANUARY 10, 2023, 2:00 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Phil Goode, Mayor

Brandon Montoya, Mayor Pro Tem

Cathey Rusing, Councilmember

Eric Moore, Councilman

Connie Cantelme, Councilwoman

Steve Sischka, Councilman

Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON JANUARY 10, 2023, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Goode called the meeting to order at 2:00 p.m.

2. ROLL CALL

Phil Goode	Mayor
Brandon Montoya	Mayor Pro Tem
Connie Cantelme	Councilwoman
Eric Moore	Councilman – Excused
Cathey Rusing	Councilmember
Steve Sischka	Councilman
Clark Tenney	Councilman

3. DISCUSSION

A. Presentation & Discussion Regarding the Solid Waste Rate Study.

Deputy Public Works Director Janet Ramsay provided introductions of Solid Waste Superintendent Brady Higgs and MSW Consultants Representative Dave Davis regarding the recent solid waste rate study. She stated that rates will be coming forward for Council approval at the January 24 Voting Meeting. Solid waste is one of Public Works' enterprise funds (water, wastewater and solid waste) base the services off of the rates that are collected and are not subsidized by taxes, so it is important that the rates are accurate and validated. Staff is asking for an increase, bring in the waste and take it back out of the area from the transfer station. Much of what is driving and will continue to drive rates is that the city is already at a deficit in solid waste, 31 cents/week will be the proposed increase. Would like to increase staffing in 2023, last year worked 2100 hours in overtime which is impacting our retention. Goal is to provide quality customer service-based services so there are additional services the city provides that our competitors do not.

Mr. Higgs continued the presentation regarding Solid Waste Operations.

2022 Overview:

- * Residential and Commercial Collection
- * Transfer Station
- * 29.5 full time staff
- * 22,600 accounts
- * 341 days of collection services
- * Transfer station operated 311 days, served 100,000 customers, and accepted 81,000 tons of waste

Residential Collection:

- * Weekly service, garbage and recycle
- * Can request additional containers and pickup if needed

Additional Services:

- * Christmas Tree Collection – one week, 80 labor hours
- * Brush Drop Off – five Saturdays, 250 labor hours, 818 customers
- * Household Hazardous Waste – three weeks, 560 labor hours, 774 customers, 25.5 tons collected
- * Bulk Item Collection – seven weeks, 1120 labor hours, 451 tons collected

Commercial Collection:

- * Businesses, restaurants and construction debris
- * Variety of dumpster sizes and collection – offered Monday-Saturday and three-day a week recycling
- * 1200 accounts throughout the city

Transfer Station:

- * Central location where waste is brought in by collection vehicles or self-haulers and then disposed of or hauled to final location
- * Our transfer station hauls materials off
- * Six day a week operation – 250 tons per day with 300-400 transactions per day
- * Household trash, brush waste, inert debris (concrete, rock, asphalt and dirt), scrap metal, electronic waste, used oil, antifreeze and recycle center

Mayor Goode thanked staff for the information and about the request for additional staff. He commented that the alleyways in the commercial corridors have overflowing dumpsters and asked how that can be controlled.

Ms. Ramsay said it will be part of the presentation from the consultant.

Mr. Higgs responded that commercial drivers will report back to Solid Waste regarding overflow and staff will coordinate with owners regarding options to alleviate those problems.

Councilman Tenney asked for confirmation on the daily amount of waste at the transfer station and thanked staff for the great work they do.

Mr. Higgs confirmed and said staff does a wonderful job.

Mayor Pro Tem Montoya echoed Councilman Tenney's comments, this is the nuts and bolts of what the city does, and many people take for granted. Hopeful that a rate increase will help to alleviate some of the personnel issues the department is experiencing. He asked about the recycling and transferring down to MERF center and if there is a cost associated with recycling not being sorted correctly.

Mr. Higgs responded that there is contamination in the recycling, much of which is the difference between reuse versus recycle so outreach is important. Most common mistake is bagging your recyclables when it should just go directly into the container. On the city website there is a landing page prescottrecycles.com which will tell you what should be in trash versus what should be in recycling.

Councilwoman Cantelme commented that just based on fuel she was anticipating an even larger rate increase than \$1.33/month and even cumulatively it is only \$7/month over time. She asked about the increase in roll-off costs and if that is due to inflation/if it is priced out with other organizations.

Mr. Higgs responded that the city is below the average rate now on roll-offs.

Councilmember Rusing pointed out that we are currently paying \$4.75/week and complimented staff on how efficiently everything is run at the transfer station even on busy days.

Ms. Ramsay said that this is the most efficient solid waste team she has ever worked with.

Mr. Davis continued the presentation regarding the Solid Waste Rate Study done by MSW Consultants.

Background & Objectives:

- * Solid Waste Enterprise Fund
- * Three Operating Divisions
- * Services provided – single family, commercial, roll off, transfer station, etc.
- * Objectives – identify nexus rates vs. costs, project revenue and expenses, prepare financial plan, design rates to achieve objectives

Key Assumptions:

- * Inflation – 3% annual (5-year period)
- * Volume growth – 1.8% annually
- * 5-year capital expenditures - \$24.8million (\$12.8 million rate funded, \$12 million debt funded)
- * Nine (9) new positions to be added

Financial Plan:

- * Planned capital expenditures
- * Operating and cash balance if current rates are not adjusted
- * Summary of rate adjustments

- * Big part of driving the rate increases is the planned capital expenditures at the Transfer Station which would come with rate increases and potential debt-funding.
- * Target balance should be 15% of total expenditures, without the rate increase would run out of funding for the enterprise fund in FY2025.

Collection Adjustments:

- * Residential – three adjustments at 7% per year (March 1, 2023, then Jan. 1 each subsequent year), then 4% annual adjustments
- * Commercial – increase at 8% per year (same dates as residential)
- * Transfer Tip Fee – two increase of \$10/ton per year, increase by \$7 per ton/year thereafter
- * Minimum load charge increases by \$6/ton

Other Rates:

- * Unincorporated - \$32.40/month
- * Prescott Valley - \$22.68/month (\$21.65 for recycling)
- * Chino Valley - \$29.15/month
- * Dewey-Humboldt - \$29.15/month

These rates will accomplish the objectives for Solid Waste division to solve their missions and keep the city competitive with other jurisdictions. Roll-off loads is based on a market analysis which would bring it up but still make it competitive.

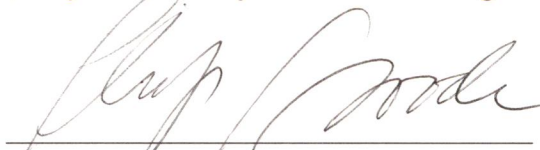
Mayor Goode commented that this rate structure reminds him of some HOAs he has lived in and much better off bringing the rates up in a more reasonable and competitive manner. He asked why debt funding is being proposed on the capital. We have a low rate that pays for high performance in services.

Finance Director Mark Woodfill responded that debt proposal is for half the debt tied to expansion of the transfer station and will be a significant expansion that will be utilized over the next many decades.

This item was for discussion only, no formal action was taken.

4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 2:50 p.m.


 PHILIP R. GOODE, Mayor

ATTEST:

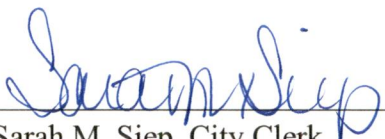

 SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council Study Session of the City of Prescott, Arizona held on January 10, 2023. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 25 day of January, 2023.





Sarah M. Siep, City Clerk