



Mayor
Timothy Clark

Council President
Scott Harden

Councilors
Patricia Smith

Bruce Nissen

Mark Clark

**MEETING OF THE
WOOD VILLAGE CITY COUNCIL
April 24, 2018
MINUTES**

PRESENT: Mayor Timothy Clark, Council President Scott Harden, Councilors Patricia Smith Mark Clark, and Bruce Nissen. City Attorney Jeff Condit, City Manager Bill Peterson, Finance Director Peggy Minter, Public Works Director John Niiyama, and interested parties.

ABSENT: None.

MAYOR CLARK CALLED THE MEETING TO ORDER AT 6:00 PM.

CITIZEN COMMENTS (NON-AGENDA ITEMS)

**PUBLIC HEARING: RESOLUTION 12-2018 WASTE MANAGEMENT RATE
ADJUSTMENT**

HR/Records Manager Greg Dirks presented the resolution. Dirks stated that this item includes the staff presentation, a presentation from Waste Management, a public hearing, and then the deliberation and decision by the Council. Dirks stated that the Municipal Code section 8.24 outlines the solid waste management within the City, and the code enables providers to have a ten percent return. Solid waste rates are set by the City via resolution, and requires a public hearing.

Dirks stated that in 2017 Waste Management had a return of 7.22 percent, which was due to increased personnel costs, disposal costs, and the decline in recycling commodity values. Dirks explained that recycling commodities had been a net value to Waste Management, but the market has made the commodity an expense. Dirks explained that changing market conditions for recyclable materials, and how the change impacts rates.

Dirks stated that Waste Management has requested a 10.1 percent rate increase. Dirks explained that 2.9 percent of that amount is due to operation cost increases, and 7.2 percent is due to the loss of recyclable material value. Dirks stated that while the Council has requested smaller increases, the loss of recyclable material value was unexpected, and is the main cause of the increase.

Dirks presented the proposed new rates, and stated that the average residential customer will have a three dollar increase per month. Dirks stated that the increase on commercial will vary depending on container size and pick up frequency.

Dirks explained that the Council has several alternatives, and does not have to act this evening. Dirks stated that the alternatives include a phase-in of the rate increase, a presentation by Metro on recycling values, or request a detailed audit of Waste Management's records. Dirks stated that the staff's recommendations is to approve the resolution.

Dean Kampfer and Evan Burmester of Waste Management gave a presentation. Kampfer stated that the main reason for the rate increase is because of the recycling market. Kampfer explained that Waste Management utilizes a third-party to process, sort, and market recyclables. The recycling market had been selling most of the products to China, but China increased its standards for accepting material and no facility can currently meet those standards. Kampfer stated that recycling saves energy, reduces water pollution, preserving resources, and reduces raw material mining to make new products. Kampfer stated that in good markets the commodity drive down costs, but in this case it has become a cost.

Kampfer stated that the co-mingled mix of recyclables used to have paper as the majority, which has a high value. That has been replaced by cardboard, so the overall bulk value has declined over time. Kampfer presented greenhouse gas impacts based on different materials, and how recycling can reduce those impacts.

Kampfer stated that China has been the largest importer of recycling materials for years. The United States exports about 30 percent of materials to China, with about 50 percent of that coming in as plastics. Kampfer stated that no other country can come close to handling the volume that China had been accepting.

Mark Clark asked if the material handling facilities will be upgraded to handle the new purity standards. Kampfer stated that Waste Management is upgrading, but they do not have any facilities in Oregon. Mark Clark asked if the area facilities will be upgraded. Kampfer stated that he cannot speak to other companies business models. Mark Clark stated that the City is looking into banning single use plastic bags, and asked from a waste perspective on that change. Kampfer stated that single use plastic bags are a big problem in the material recovery chain.

Kampfer stated that the current state of recycling is that China has banned 24 items starting this past January. Mixed waste paper, and mixed plastics were the largest recyclable material that Waste Management had, and that has now been banned. Harden stated that maybe education is part of the solution on what can and cannot be put into the comingled bin.

Kampfer stated that aside from the ban on materials, there has also been an increase in the purification standards. Kampfer stated that the new standard for China is .5 percent. Kampfer stated that facilities can get to about 2-3 percent, and it is very hard to get at .5 percent. That will involve higher costs to sort and create a pure material. Kampfer stated that in some ways this is painful, however it may be the right thing to do in the long term.

Kampfer stated that the end result in a loss in value, which increases the overall rates. Kampfer stated that at this point we do not know what the future holds for the commodity value.

Kampfer stated that the material list for recyclable goods will need to be adjusted, and DEQ and Metro are working on a revised list that will make some changes to what is acceptable. Kampfer stated that improving the quality of materials needs to improve on both the front and back end.

Burmester stated that their operating margin was 7.1 percent this past year, and this adjustment gets back to a 10 percent return. Peterson asked what the mix of revenue is by type. Burmester stated that it is about one-third each for resident, commercial and roll off. Kampfer stated that they provide a detailed annual cost report each year. Burmester stated that this would increase residential rates by about three dollars per month. Burmester stated that Gresham did a 9 percent increase, Portland did a 2.5 percent increase, and Clackamas had a 10 percent increase. Burmester stated that they have a proposed rate increase to Troutdale, but have not been scheduled into their council agenda.

Tim Clark stated that this increase in a mix of increased costs and the recycling issue. Kampfer stated that is correct. Tim Clark stated that with the Metro change in 2020, rates will also probably go up. Kampfer stated that it is hard to say at this point, and Waste Management tries to contain costs.

Harden stated that there are alternatives in the staff report, and asked if it is possible to have a phased in approach. Peterson stated that the commodity related costs are a pass through, and the franchise enables a return on actual costs. Peterson stated that the bulk of this increase is because of the recycling related costs. Actual operating costs have increased only slightly.

Harden stated that perhaps when the franchise does get renegotiated, that it include some regular adjustment schedule. Peterson stated that there is a hard limit in the code, and annual increases could result in higher returns and other issues. Tim Clark stated that this the recycling issue is well known. Kampfer stated that Waste Management has been all over the state, and there has not been a lot of opposition.

Mark Clark asked why there is a difference between Gresham's increase and the City's increase. Burmester stated that it varies based on the materials from each community, and from a dollar perspective, Wood Village is still less expensive. Kampfer stated that rates have a lot of difference aspects into each rate model, which may not make them fully comparable as equals.

Tim Clark opened the Public Hearing.

There were no comments.

Tim Clark closed the Public Hearing.

Upon motion by Harden, seconded by Nissen and passing 5-0, Resolution 12-2018 adjusting the solid waste rate schedule for Waste Management was approved.

RESOLUTION 13-2018: MAIN STREETS ON HALSEY ECONOMIC REFINEMENT PLAN CONTRACT AWARD

Peterson presented the resolution and stated that this is consultant contract proposal with Johnson Economics for the Main Streets on Halsey project. Peterson explained that the City is acting as the lead agency on behalf of the HC3 group. Peterson stated that this grant is in partnership with HC3 and the DLCD. This plan will provide a full economic evaluation of each segment along Halsey to see what businesses and land uses can be supported. Peterson explained that additional work includes branding each segment, and then looking at code issues along the entire corridor to find ways to become reasonably compatible.

Peterson stated that the DLCD granted a \$41,000 technical assistance grant, and the HC3 community got \$10,000 from Troutdale, \$8,000 from Fairview and \$5,000 from the City, for a total value of \$64,000. Peterson stated that even though there was a robust outreach and advertising effort, only one response was received. Peterson explained that was because the project was either too small for the larger firms, and the other firms were already booked. Peterson stated that Johnson Economics put together a proposal that matches the scope and budget.

Peterson stated that this is a well-known firm, and the recommendation is to award to the contract.

Upon motion by Nissen, seconded by Harden and passing 5-0, Resolution 13-2018 awarding the Main Streets on Halsey Economic Evaluation contract to Johnson Economics was approved.

PUBLIC WORKS DIRECTOR'S REPORT

Niiyama presented the report, and stated that the staff has welcomed him and has helped him get on board with what is going on. Niiyama stated that the park irrigation design project is nearly complete, and a project meeting is scheduled for tomorrow. Niiyama stated that the Cedar Lane reconstruction project is also moving forward. Niiyama stated that there continues to be issues at the Shea lift station, and staff is looking into the next steps on those issues. Niiyama stated that the Riverwood South pavement has been completed, and the contractor is working on the new signs.

Niiyama stated that the Cottonwood water line project has again be delayed, and is moving forward slowly. Niiyama stated that the Gorge Hub project came in a higher than anticipated, but can be scalable. Niiyama stated the City applied for a state parks grant, and the grant was approved for \$45,000. The grant is to build a nature enhancement and play area at the south end of the park.

The Council thanked Niiyama for the report.

FINANCE DIRECTOR'S REPORT

Minter presented the report and stated that it covers 75 percent of the year, and we are on target on all items. Smith asked about interest income. Minter stated that the interest rate is at 1.92 percent, and the rate seems to be going up a bit every two months. Minter stated that total investments are at \$6.2 million with \$9,300 in interest.

Minter stated that we also received the latest CAFR award today. Minter stated that this makes 14 in a row for the City. Mark Clark asked about the water fund projects. Peterson stated that both the Cottonwood and Cedar Lane projects have been delayed, which will use water fund resources to construct.

The Council thanked Minter for the report.

CITY MANAGER'S REPORT

Peterson stated that the Annual Performance Plan report is in the packet. Peterson stated that a lot of what is in the plan has been completed, and part of that is because a number of the items were not appropriated. Peterson stated that has enabled staff to clear out the plan. Peterson stated that we are still working with Boli to get the City Hall project determination completed, and other than that things are on track.

Nissen asked how Boli works. Condit stated that we have been working with a Boli rep, and our request was received in January. Condit stated that it is typical with complex projects like this to get additional questions, and Boli has assigned a newer employee to go over the case. Condit stated that has added some delays in going through the responses, and hopefully the determination will be complete in a couple of weeks.

CITY COUNCIL REPORTS

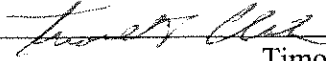
Mark Clark stated that there was a meeting with the architect team yesterday, and it felt that maybe it was a step backwards compared with the retreat. Mark Clark stated that it looks like we need to pin down a site to really move the process forward. Tim Clark stated that the team will be meeting every two weeks, and the intent is to keep everyone updated with key decisions coming back to the Council.

Tim stated that EMEA has a prosperity forum on May 4th. Tim Clark stated that Gresham presented its 2018 project list at EMCTC Gresham and the goal is to do an overlay on 25 percent of all its roads. Tim Clark stated that the big project is on Kane road, which will be closed to permanently fix the sinkhole that only had a temp repair a couple of years ago.

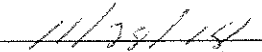
Harden stated that he attended the MHCRC meeting last night, and all jurisdictions are losing revenues as cable subscriptions decline. Harden stated that there is also an effort to exclude cities from collecting right of way fees.

ADJOURN

With no further business coming before the Council, the Council adjourned at 7:36pm.



Timothy Clark
Mayor



Date

ATTEST:



Greg Dirks: City Recorder