

**MINUTES OF THE CHESHIRE TOWN COUNCIL SOLID WASTE COMMITTEE
MEETING HELD ON THURSDAY, NOVEMBER 17, 2016, AT 7:00 P.M. IN TOWN
HALL, ROOM 207, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Peter Talbot, Chairman; Paul Bowman and Thomas Ruocco, Committee Members.
Staff: Michael A. Milone, Town Manager; Alfred Smith, Town Attorney; George
Noewatne, Public Works Director; Walter Gancarz, Town Engineer.
Guests: Bonnie Wallinger and A.J. Wallinger - A.J. Waste Company

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

3. AUTOMATED TRASH COLLECTION PROPOSAL (possible executive session)

Mr. Milone commented on the fact that one of the goals established for him as Town Manager is a cost benefit analysis for moving solid waste collection to an automated collection arrangement. He noted the great success with the automated recycling program five years ago. There are savings resulting from this change, and it has worked out well despite some residential opposition. Mr. Milone stated that A.J. Waste has done a good job with the automated collection service and made it a smooth operation for the Town.

In recent weeks, Mr. Milone has reviewed the solid waste removal numbers with Mr. Noewatne and Mr. Gancarz, and they have met with Ms. Wallinger and Mr. Wallinger to discuss a contract for an automated system.

Three options have been submitted by A.J. Waste Company. There are four components of the trash pick-up -- residential, condominiums, schools and town buildings.

1. Manual Trash Pick-up - the existing contract goes to 2019, and A.J. Waste would extend the contract out five (5) years to 2024, staying with the manual trash pickup at the contract price. For the period 7/1/17 to 6/30/18 the monthly cost is \$95,690; the annual cost is \$1,148,287; for 7/1/23 to 6/30/24 the monthly cost is \$117,125 and an annual cost would be \$1,405,509. Total seven (7) cost is \$8,854,456. The cost includes the four components of the pick-up service.

2. Automated Trash Pick-up - A.J. Waste purchases the totes under this option at an estimated cost of \$450,000 plus sales tax (\$50 per toter for 9,000 toters). For the period 7/1/17 to 6/30/18 the monthly cost is \$99,000; the annual cost is \$1,188,000; for 7/1/23 to 6/30/24 the monthly cost is \$111,782; the annual cost is \$1,341,393. Total seven (7) year cost is \$8,601,849. These numbers do not include the schools.

3. Automated Trash Pick-up - the Town purchases the toters at \$450,000 (\$50 per toter for 9,000 toters).

For the period 7/1/17 to 6/30/18 the monthly cost is \$90,000; the annual cost is \$1,080,000; for 7/1/23 to 6/30/24 the monthly cost is \$102,500; the annual cost is \$1,230 million. Total seven (7) year cost is \$8,074,500. These numbers do not include the schools.

Options 1 vs 2 net savings over seven (7) years is \$252,607; Option 2 vs. 3 net savings over seven (7) years is \$329,956; the Town purchases toters for \$450,000.

Mr. Milone stated that the concern is A.J. Waste staff doing column 2 and 3, but they never did column 1 extended for another five (5) years. The savings are unknown in 2 and 3 until you go back to 1, assuming a status quo collection situation, and extend it out five (5) years to have a base of comparison. There was a dispute over the increases in years 3 to 8 because they were fluctuating year to year. Previous contracts saw a 3% raise for each of the five years. In looking at the numbers for manual trash pick-up, Mr. Milone talked about years 3 to 8 with percentage increases at 3% to 5.25%, down to 1.20% for two years, and up to 5% for the next two years. He has not seen this fluctuation before, and said if the base is overstated, the savings are overstated. If there is no agreement and comfort on the fact that this is a logical and reasonable starting point, then the savings are not realistic.

Ms. Wallinger advised that in looking forward with the current contract, her company would have to replace the rear load trucks with purchase of used trucks. With purchasing used trucks the company does not get the tax exemption that is given for new trucks for five years. She also advised that the entire State is going to automated solid waste removal. The minimum wage will also increase, along with workers compensation rates.

With regard to the manual pick-up, Mr. Milone cited the concern that many of the elements affecting A.J. Waste going forward affected the company for five years, yet the rates were kept consistent at 3%...trucks had to be replaced, minimum wage increased. He asked how they were able to keep the consistent percentage.

According to Ms. Wallinger, the minimum wage will increase to \$15 per hour; it is higher compared to past increases; workers compensation insurance will also increase; the company has to purchase new trucks; and the numbers reflect the depreciation in value of the trucks.

Under the existing contract, Mr. Wallinger said the plan is to use the current trucks until the end of the contract, and with the contract extended another five years, it requires purchase of new equipment.

In years 2022 and 2023 there is a 5% increase and Mr. Gancarz asked why...after going down to 1.20% for two years.

Ms. Wallinger pointed out that in looking at the percentage increases, it averages out to 3.4% per year. When the contract with the Town started there was a 3% to 4% annual increase. With this contract extended out from 2019 to 2024 the average increase is 3.5%, which is .5% more than the past averages. She stated A.J. Waste's costs will increase more than the .5%. Ms. Wallinger noted the 2017-2018 numbers are already in the contract.

The difference in year one is \$257,000, and Mr. Milone said this is 22.4%.

Under option #1, the numbers are larger due to higher personnel costs and purchase of newer used trucks. Under option #2, A.J. Waste has the cost of buying the toters plus sales tax, and personal property taxes must be paid on the toters. The toters are the same ones used for recycling; there would be one size toter, i.e. 96 gallons; and the company would still offer driveway services for senior citizens and handicapped people.

With regard to the size of the toters, Mr. Ruocco stated his preference of a 64 gallon toter for once a week solid waste pick-up.

Mr. Wallinger reported that surrounding communities with once a week solid waste automated pick-up use 96 gallon toters.

It was noted by Mr. Talbot that the Town handles the delivery of recycling toters and exchange of the toters, if required.

Mr. Milone clarified that the existing contract between the Town and A.J. Waste expires in 2019, and the numbers stated for automated trash removal are everything except all the schools.

Mr. Milone said the options are to negotiate what we already have or negotiate a new contract in two years, explore getting toters and who should buy them, or wait and go out to bid. Everything is based on the base being developed, and he wants to be sure everyone is comfortable with this and savings are accurate.

There was a discussion about "bulky waste pick-up" and costs. Mr. Gancarz reported the basic cost is \$160,000; the town paid \$100,000 in disposal fees for 1100 tons; and the last pick-up was in 2014. If there was the ability to bring bulky waste to a designates site, Mr. Bowman said people would be willing to do so for a small fee. The town can do a pick-up every few years or people can drop off bulky waste a few times a year.

According to Mr. Wallinger this is a program that would have to be worked out. The next pick-up would be in 2017 and it is not budgeted, so there could be a hybrid program for everyone. The facility could have a reduced residential rate with the town subsidizing the cost difference for a bulky waste drop off on a designated Saturday until 4:00 p.m. \$260,000 works out to \$10 per person. It was pointed out that one setback

to a designated facility is that many people do not have a vehicle to transport the bulky waste.

Mr. Wallinger discussed the purchase of the toters, noting that for A.J. Waste to undertake the purchase there are additional costs, i.e. sales tax and personal property tax payments (\$80,000 over 5 years paid to the town).

Since the trash toters would be used double the time of recycling toters, Mr. Noewatne explained there could be some problems with the toters, over time, and the life span is 10-12 years.

Ms. Wallinger talked about 2024, buy back of the toters at \$30 per toter, A.J. Waste Company name is on the toters, and this being part of the contract. She believes option #3 is the best for Cheshire's program. The company works with many towns, and she said the cited numbers are fair; the average increase over 5 years is about 3%; the cost of toters for the town is the same as A.J. Waste's cost without taxes involved. Automated trash removal would start July 2017.

The issue of paying for the toters was raised by Mr. Milone who informed the committee the funds can come out of C.N.R. The town would not start saving money until it recouped the \$450,000. If the decision is do the automated but wait two years, the question becomes whether this complicates everything or makes it simpler for A.J. and the town, and enables the town time to generate the money to purchase toters.

A.J. Waste costs would be amortized over five years, and Ms. Wallinger said this includes purchase of new trucks and equipment for automated trash removal. Staying with the manual trash removal the company must purchase newer (used) trucks without a tax exemption. Purchase of new trucks results in a tax exemption for personal property for five years.

MOTION by Mr. Ruocco; seconded by Mr. Bowman

MOVED that the Solid Waste Committee enter Executive Session at 7:40 p.m. to include Town Manager Milone, Town Attorney Smith, Public Works Director Noewatne and Town Engineer Gancarz to discuss solid waste removal program and contract.

VOTE The motion passed unanimously by those present.

MOTION by Mr. Ruocco; seconded by Mr. Bowman.

MOVED to exit Executive Session at 8:05 p.m.

VOTE The motion passed unanimously by those present.

Committee Chairman Talbot stated that there is a lot of information to reviewed and considered by the Council in one meeting. The committee wants to make sure the

numbers are the best ones, and asked A.J. Waste to take another look and pass through the cited numbers. With regard to the new automated trucks, Mr. Talbot said the town does not want to take on this total burden.

According to Ms. Wallinger the replacement of equipment is built into the company contracts, and newer rear load trucks need to be purchased.

The committee was informed by Mr. Wallinger that a new automated truck is \$300,000, and he would purchase two trucks for \$600,000. A rear load, used truck, would cost about \$130,000 to \$150,000. He believes there would be significant savings under the proposals presented to the Council.

Mr. Ruocco believes the toter size is an issue, and he prefers the 64 gallon toter.

In response, Mr. Wallinger said the average is 2.5 trash cans per house under the manual trash removal which equates to 90+ gallons. A family can go to a 96 gallon toter for once a week automated removal.

To go forward with what has been presented, Mr. Ruocco said this is a seven (7) year contract, and he is not sure such a contract should be awarded without seeing what else is out there. He did commend A.J. Waste for doing a very good job in Cheshire.

All the issues are on the table and Mr. Bowman requested Ms. Wallinger and Mr. Wallinger for any other thought process which is greatly appreciated. Like a business, the Town has obligations and needs creative ways to offset costs and having a good balance. Mr. Bowman commented on the advantage of having a local company performing services for the Town. He also noted the bulky waste program will be built into the package as another added value.

It was noted by Mr. Wallinger that with the new toters the lids are secured...current trash cans have lids off, rain gets into the trash making it heavier, and the toters provide more sanitary conditions with dry trash. And, the wind would not blow the toters around and into the street. He explained it would take six (6) to get new trucks; toters take about four (4) months to be delivered; and this would all be within the July 2017 time frame.

In response to a question from Mr. Talbot about businesses in town doing recycling, Mr. Wallinger said most do recycling.

The committee and the Wallingers commented on the need for additional public education about recycling. Two toters would encourage people to recycle. A.J. Waste pays \$12 a ton for recycling. It was agreed by Mr. Milone, the committee and the Wallingers that another education program should be undertaken. On the toters there would be the name of A.J. Waste, and a list of recyclable items for disposal.

4. COVANTA SOLID WASTE DISPOSAL SERVICES AGREEMENT AMENDMENT (possible executive session).

Mr. Milone explained that six (6) years ago the CRRA/Cheshire contract expired; it was a 20 year deal; and Covanta proposed an offer to the Wallingford project towns that was more attractive than what CRRA was proposing. Covanta took over the Wallingford plant. The five town consortium (Cheshire, North Haven, Meriden, Wallingford, Hamden) has worked well together for 25+ years. Overtime, Covanta has found the plan is not as economically attractive as it thought it would be. It started out as a waste to energy facility and is now just a transfer station. The waste used to be burned, converted and sold as electricity. Waste is now hauled to Bristol site and burned there. Covanta wants to close the plant and is ready to go under contract, and they have this right under the contract. If Cheshire stays, we are seeing a continuing decline in the waste volume going to the facility, which has a minimum tonnage of 48,000 tons a year. Towns are bringing about 56,000 tons now, but it continues to drop due to the increased success of the recycling effort, along with spot waste filling the gap. In that instance, the five towns must pay the difference between what they are bringing to the facility and the minimum 48,000 tons. If one of the five towns should leave, the remaining four towns go under the 48,000 ton minimum and pays the tip fee and subsidy.

Mr. Milone stated that Cheshire has to accept the fact of redirecting solid waste to Bristol. Page 1 of the proposal from Covanta talks about the total subsidy of \$36,480, or \$12,160 a year. If Cheshire contracts with the Bristol facility to 2034 the energy and outreach share are cited totaling \$11,125 a year. Other savings are disposal savings. Going to Bristol saves \$2.88 per ton with a tip fee of \$62.12 versus the current \$65 per ton. It is estimated there would be 7,000 tons from Cheshire each year. The range of increase to be imposed is a minimum of 1.75% to 3.5%, the same as the current Covanta contract. It has been 1.75% for the last few years. Cheshire would save from \$20,640 to \$21,368 per year, which would be continuous.

There is significant savings in the Covanta agreement. The five towns had a reserve account with CRRA, and when the contract ended the towns got \$6.5 million. This built up the reserve account of \$2 million for anything needed at the facility. Cheshire's portion of this reserve is \$270,000. By agreeing to change there would be this \$270,000, \$11,125 annually, \$12,000 three year transportation subsidy, and tip fee savings.

Attorney Smith has looked at the Bristol agreement. This agreement goes another 14 years to 2030. It is suggested the contract go to 2034, and there would be entitlement to the energy and outreach funds.

One question is renewal for 5 to 10 years, what happens if we want to renegotiate, and Attorney Smith said we start with a clean slate. Mr. Milone noted there might be a higher tip fee, but the issue is the duration of the contract to be decided by the Council.

Mr. Milone commented on it being harder and harder to dispose of solid waste, and this is one reason for the 20 year Covanta agreement...we wanted a place to bring our trash. There is a need to lock in with something long term and not having to send trash hundreds of miles away with a higher tip fee. Bristol is close to Cheshire, but not as

close as Wallingford. There was discussion with the Wallingers on the longer distance for their trucks to travel.

Cheshire's Engineering Department technicians looked at the five areas of collection, took the mid-point from each area, took the distance of the mid-point to Wallingford, distance of the mid-point to Bristol.

Mr. Gancarz reported the total distance for each day to Wallingford is 40.1 miles; to Bristol is 62.3 miles; time is 92 minutes to Wallingford; and 102 minutes to Bristol. In the north end of town there is an advantage going to Bristol.

It was pointed out by Mr. Bowman that one variable is the wait time in Bristol as it is a more active facility. He asked about guarantee of tonnage.

With the new contract there is no minimum tonnage and Mr. Milone said Cheshire is obligated to send all the waste to Bristol.

The committee was informed by Attorney Smith that the contract is similar to the Wallingford contract; there is no minimum on volume; some of the economies are better; it is a standard contract on hauling and tip fees and additional fees changing under the law.

Mr. Milone will request Attorney Smith to discuss the contract with the Bristol facility attorney, review the agreement and discuss it further with the Council.

Bristol wants everything accomplished by December 31st. They are anxious as they want to dispose of some haulers, and want the tonnage to replace them. He stated Bristol is a waste to energy plant for about 35 towns. Cheshire will be an individual disposer in Bristol, rather than being part of a consortium.

Meriden, North Haven and Wallingford will go to the Bristol facility, and Mr. Milone was uncertain on Hamden's decision.

Attorney Smith informed the committee there are plants in Bridgeport, Hartford and Lisbon, and Cheshire should use the plant closest because of the costs.

Chairman Talbot summarized the discussion, stating Attorney Smith will review the contract with the Bristol facility attorney, and report back to the Council. He noted there is not much choice for Cheshire.

It was decided that the Solid Waste Committee will meet on December 7th, at 5:30 p.m. to review the contract and additional information.

5. ADJOURNMENT

MOTION by Mr. Bowman; seconded by Mr. Ruocco

MOVED to adjourn the meeting at 8:40 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk