

City of Henderson, Kentucky

NOTICE OF WORK SESSION

Tuesday, January 21, 2020

January 16, 2020

Commissioner Patti Bugg  
Commissioner X R. Royster, III  
Commissioner Bradley S. Staton  
Commissioner Austin P. Vowels

Dear Board Members:

The regular work session is scheduled for 5:30 p.m. on Tuesday, January 21, 2020, in the 3rd Floor Assembly Room of the Municipal Center. The items on the agenda for review are as follows:

A G E N D A

1. Roll Call
2. Sanitation Operations
3. Smoking Ordinance
4. Adjournment

Respectfully,

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Steve Austin, Mayor

A copy of the foregoing notice received and service thereof waived this 21<sup>st</sup> day of January 2020.

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Commissioner Patti Bugg

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Commissioner X R. Royster, III

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Commissioner Bradley S. Staton

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Commissioner Austin P. Vowels

**City Commission Memorandum**  
**20-07**

January 16, 2020

TO: Mayor Steve Austin and the Board of Commissioners

FROM: William L. "Buzzy" Newman, Jr., City Manager



SUBJECT: Work Session Agenda

The regular work session is scheduled for 5:30 p.m. on Tuesday, January 21, 2020, in the 3rd Floor Assembly Room of the Municipal Center. The two items on the agenda for review are as follows:

**Sanitation Operations**

Mr. Robert Gunter, Finance Director, Mr. Brian Williams, Public Works Director, and Mr. Sam Lingerfelt, Sanitation Superintendent, will give a presentation detailing options for landfill and sanitation operations.

**Smoking Ordinance**

Ms. Dawn Kelsey, City Attorney, and Mr. Trace Stevens, Parks and Recreation Director, will be in attendance to discuss proposed changes to the smoking ordinance relating to City parks.

c: Robert Gunter  
Brian Williams  
Sam Lingerfelt  
Dawn Kelsey  
Trace Stevens

## SANITATION OPTIONS

### **Option A – Current Operation (Nothing Changes)**

- Keep operations as-is with fee increase included
- New rear-loader will be necessary biennially
- No loss of employee positions

Annual Gain/ <b>Loss</b>	2021 - \$161,179.00	2025 - <b>\$(51,886.00)</b>
Cumulative Gain/ <b>Loss</b>	2021 - \$161,179.00	2025 - \$12,053.00

### **Option B – Keep Collections, Privatize Landfill (Daviness County)**

- Keep collections
- Privatize landfill with Daviness County
- New rear-loader will be necessary biennially
- Percent (max Southern Consumer Price Index) increase every five (5) years on landfill fees
- Loss of three (3) full-time positions at landfill; no loss of positions in collections  
*Potential to keep some personnel for use as a bulk crew (approx. \$80,000 per position) with approximately \$20,000 capital investment for dump trailer.* Cost associated with disposal of bulk materials not included.

Annual Gain/ <b>Loss</b>	2021 - \$192,797.00	2025 - \$17,852.00
Cumulative Gain/ <b>Loss</b>	2021 - \$192,797.00	2025 - \$241,982.00

### **Option C – Privatize, Keep Some Collections (Transition Period)**

- Privatize landfill and partial privatization of collections
- Purchase of four tote lifters for existing garbage trucks (\$25,000)
- The company provides containers; City keeps some collections for two (2) years
- Immediate loss of three (3) full-time positions at landfill; loss of seven (7) full-time positions in collections (over two (2) year period)  
[End of year 1-loss of three (3) full-time positions; loss of a seasonal position]  
[End of year 2-loss of four full-time positions; part of a full-time position; loss of two (2) seasonal positions]  
*Potential to keep some personnel for use as a bulk crew (approx. \$80,000 per position) with approximately \$20,000 capital investment for dump trailer.* Cost associated with disposal of bulk materials not included.  
*Approximately \$36,000 annual cost for monthly bulk pickup after transitional period* (not included in any cost numbers).
- Add \$36,000.00 annually if vendor provides limited bulk pick-up on a monthly basis
- If time permits, remaining sanitation crews will pick up bulk items in accordance with the parameters that will be set.
- If privatized with Republic Services, Daviness County needs to be notified per the interlocal agreement as stated in Section 11 -Duration of Agreement following Option D below.
- Republic needs approximately three (3) months to get ready for residential pickup.

Annual Gain/ <b>Loss</b>	2021 - <b>\$(88,738.00)</b>	2025 - \$28,853.00
Cumulative Gain/ <b>Loss</b>	2021 - <b>\$(88,738.00)</b>	2025 - \$88,429.00

**Option D – Complete Privatization**

- Complete privatization of landfill (CDD material moved to transfer station, top of hill closed)
- Complete privatization of collections with company providing totes
- Annual increase of all services for life of contract is 3% per year
- Loss of 17.5 full-time positions
- If privatized with Republic Services, Daviess County needs to be notified per the interlocal agreement as stated in Section 11 -Duration of Agreement following Option D below.
- Republic needs approximately three (3) months to get ready for residential pickup.

Annual Gain/Loss	2021 - \$343,981.00	2025 - \$32,525.00
Cumulative Gain/Loss	2021 - \$343,981.00	2025 - \$958,024.00

**Section 11-Duration of Agreement (with Daviess County)**

Unless breached, the City and (Daviess) County’s rights and obligations shall terminate exactly five (5) years from the effective date of this agreement. The parties agree that upon expiration of this agreement, City shall have the exclusive option to renew this contract for five (5), five (5) year terms, under the same terms and conditions, provided the tipping fees are renegotiated in “good faith” at the beginning of each five (5) year term. City shall notify the County of its intention to exercise its option at least sixty (60) days prior to the expiration of this agreement or each renewal term. Thereafter, if the parties are unable to reach an agreement on the tipping fees by the end of the term, the agreement shall terminate. It is understood that the City may terminate this contract without cause by giving written notice thereof to the County by certified mail no later than one hundred eighty (180) days prior to such termination.

# Sanitation Five Year Projection

## Option A

Keep as is

	2021	2022	2023	2024	2025
Annual Gain/Loss	\$ 161,179.00	\$ (37,075.00)	\$ 63,770.00	\$ (123,935.00)	\$ (51,886.00)
Cumulative Gain/Loss	\$ 161,179.00	\$ 124,104.00	\$ 187,874.00	\$ 63,939.00	\$ 12,053.00

## Option B

Privatize Landfill (Daviness County) , Keep Collections

	2021	2022	2023	2024	2025
Annual Gain/Loss	\$ 192,797.00	\$ 3,802.00	\$ 114,503.00	\$ (86,972.00)	\$ 17,852.00
Cumulative Gain/Loss	\$ 192,797.00	\$ 196,599.00	\$ 311,102.00	\$ 224,130.00	\$ 241,982.00

## Option C

Privatize., Keep Some Collections (Transition Period)

	2021	2022	2023	2024	2025
Annual Gain/Loss	\$ (88,738.00)	\$ (152,724.00)	\$ 192,683.00	\$ 108,355.00	\$ 28,853.00
Cumulative Gain/Loss	\$ (88,738.00)	\$ (241,462.00)	\$ (48,779.00)	\$ 59,576.00	\$ 88,429.00

## Option D

Complete Privatization

	2021	2022	2023	2024	2025
Annual Gain/Loss	\$ 343,981.00	\$ 269,965.00	\$ 198,198.00	\$ 113,355.00	\$ 32,525.00
Cumulative Gain/Loss	\$ 343,981.00	\$ 613,946.00	\$ 812,144.00	\$ 925,499.00	\$ 958,024.00