

MINUTES
SPECIAL CALLED MEETING
LAWTON WATER AUTHORITY
FEBRUARY 25, 2003 - 6:00 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBERS

The meeting was called to order at 6:11 p.m. by Chairman Cecil E. Powell. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT: Randy Bass, James Hanna, Glenn Devine, Amy Ewing-Holmstrom, Robert Shanklin, Barbara Moeller, Stanley Haywood, Michael Baxter. ABSENT: None.

ALSO PRESENT: Larry Mitchell, Acting City Manager; John Vincent, City Attorney; Brenda Smith, City Clerk; Col. George Steuber, Fort Sill Liaison.

CONSIDER APPROVAL OF MINUTES OF LAWTON WATER AUTHORITY MEETING OF FEBRUARY 11, 2003.

MOVED by Hanna, SECOND by Baxter, to approve the minutes. AYE: Moeller, Baxter, Bass, Hanna, Devine, Ewing-Holmstrom, Shanklin. NAY: None. ABSTAIN: Haywood. MOTION CARRIED.

Mayor Powell noted Haywood sometimes loses his voting privileges due to sitting on various boards.

BUSINESS ITEMS:

1. Consider rejecting bids for solid waste collection services. Exhibits: None.

Jerry Ihler, Public Works Director, said in October 2002 staff was directed to prepare bid specifications for contract operations of solid waste collection services. In December 2002 the Authority approved the specifications and authorized advertisement. Bids were received January 28, 2003, from two companies: Waste Connections, Inc. and IESI. Waste Connections also submitted an alternative bid.

An overhead slide showed a comparison of the bids and of the City's cost over a five-year period. The City's services cost \$2.6 million; last year the budget was \$2.3 million, no trash trucks were purchased; next year's proposed budget will be \$2.6 million and that number was used for the comparison.

The lowest bid was from Waste Connections, Inc. at \$4,874,045. Bid specifications provided for a five-year contract with three potential five-year options at the City's discretion. Providing an apples to apples comparison of the City's costs with the lowest bid by Waste Connections, Inc., the five-year comparison shows it would cost the City approximately \$2.3 million to contract out the services.

Ihler said staff added \$70,000 per year to each contractor's bid because the City would have to pay all associated costs for a superintendent to monitor the contract.

Ihler said there is an item under the City's proposed budget showing landfill tipping fees. These costs were included in the contractors' bids. The tipping fee is \$28.75 per ton to dump at the landfill. The contractor's bids include that \$28.75 for that same 54,000 tons of trash, and in order to be fair, that was added to the City's cost to be able to compare apples to apples, and that is the \$1.5 million added to the operating budget.

Ihler said a minimum bid of \$1.577 million was received from contractors to purchase City equipment, so that amount was subtracted from their bids as a one-time purchase over the five-year period. The result is that the City would spend an additional \$2.3 million over a five-year period if the contract were awarded to the apparent low bidder. From that standpoint, it is staff's recommendation to reject all the bids and continue to provide the services with City staff.

Ihler reviewed a letter from Waste Connections, Inc. giving their analysis and comparison showing a financial benefit to the City of \$3.2 million for the five-year contract. The analysis contained an assumption that the City's budget did not include general liability insurance, accident costs, container repair and maintenance, communications, dispatch, legal expenses, administrative costs, bookkeeping and other items. Ihler said the division budget does not contain costs for legal services, but it funds costs for administration, payroll (time sheet preparation), and purchasing (requisitions). Financial Services is involved only in purchases of items over \$2,000, such as trucks and containers.

Ihler said Waste Connections also assumed the City would no longer have to buy \$4.1 million worth of equipment, which is a correct statement, however they have shown that figure twice essentially because in their cost comparison they show basically the solid waste collection costs, which is the City's budget from last year, and then the cost of the landfill operations. The City's budget numbers include the purchase of equipment; we do buy our equipment and those are included in those budget numbers so where it transfers over to \$11 million and \$5 million and then when they come down and add the \$4 million, in essence they are adding that number twice because we already purchase it out of our budget.

Ihler said Waste Connections inserted a cost of \$486,000 for the legal and admin costs, and \$4.1 million for equipment twice instead of once, so removing those numbers, the contractor would actually cost the City \$3.2 million. He said those numbers are very close to the numbers provided in our comparison, we show \$2.3 million cost for solid waste collection; the next item shows a \$1.2 million cost for the landfill; add those together and you get \$3.5 million ballpark area which is very close to that number when you do not incorporate the equipment twice and provide a true apples to apples comparison. Staff recommendation is to reject the bids for solid waste collection and retain the existing in-house personnel to provide that service.

Bass said the letter the contractor sent to Council shows purchase of equipment at \$2,527,000 but Ihler said they were only offering \$1,600,000. Ihler said we are analyzing solid waste collection and the \$2 million would be probably the landfill equipment as well as the solid waste collection equipment; landfill is the next item on the agenda.

Shanklin asked if there was one bidder. Ihler said we received three bids, two companies; Waste Connection, Inc. submitted an alternative bid. Shanklin asked if members of that firm came to Lawton to meet with staff. Ihler said no, this was a bidding process but a pre-work conference was held to address questions on the bid specifications, we addressed each of the questions they had in the pre-bid meeting.

Shanklin said those people came down and said how they would do it and how they would bid it in previous privatization ordeals. He said he thought the Council should have been in on a discussion.

MOVED by Shanklin, to table that until we can listen to these people personally.

Shanklin said he could not see us doing it this way because we were not going to get there to begin with. He said he had two letters saying they would not bid because they were not going apples to apples.

Ihler said Shanklin is talking about a proposal process, which is an entirely different process. He said staff asked Council if they wanted proposals or if they wanted bid specifications, and staff recommended the bid specifications to be able to go apples to apples because we wanted to be sure they picked everybody up twice a week, they picked up whatever was put out at the curb because that is what we do and generally contractors do not do that, they have limitations. The bid specifications method was to show that they were going to provide the same level of service that City crews provide.

Shanklin said this is being done all over the state and the nation and he wanted to save money for the taxpayers. He said we have not had a fair look at it and he wanted to listen to them talk. Shanklin said he had made a motion to table this for 30 days and bring these people in if they are interested to come in and explain it to us.

Baxter asked why Waste Connections offered an alternate bid. Ihler said because of the way the City is set up with the Water Authority and the City Council, we were required to go out with separate contracts for the purchase of the equipment. The bid procedure with operations needed to go through the Water Authority so it was a totally separate bid on the equipment. At the pre-bid conference the contractors stated their concerns about possibly winning the bid for the service but not the equipment purchase bid. The contractors wanted to provide an alternative bid to cover such a situation.

Bass said he would like to second Shanklin's motion but he would also like to have the contractors come before the Council and explain the apples to apples.

VOTE ON MOTION: AYE: Baxter, Bass, Devine, Shanklin, Moeller. NAY: Hanna, Ewing-Holmstrom. ABSTAIN: Haywood. MOTION CARRIED.

2. Consider rejecting bids for operation and maintenance of the City landfill. Exhibits: None.

MOVED by Shanklin, to table Item 2 along with Item 1.

Ewing-Holmstrom said we trust the Public Works Director to bring information that we can take action on and it seems we are just dragging this out. She said she appreciates Ihler's work and was sorry that this had become a frustrating process. Bass said he understood Ihler did a lot of work on this and that it had nothing to do with Ihler. Bass said he did not think everyone truly understood the differences.

SECOND by Bass. AYE: Baxter, Bass, Devine, Shanklin, Moeller. NAY: Hanna, Ewing-Holmstrom. ABSTAIN: Haywood. MOTION CARRIED.

There being no further business to consider, the meeting adjourned at 6:30 p.m. upon motion, second and roll call vote.

CECIL E. POWELL, CHAIRMAN

ATTEST: BRENDA SMITH, SECRETARY