

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF STUDY SESSION

Monday, October 15, 2007 - 6:30 p.m.
Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ransom, Deputy Mayor Fimia, Councilmember Gustafson, Councilmember Hansen, Councilmember McGlashan, Councilmember Ryu, and Councilmember Way.

ABSENT: None.

1. CALL TO ORDER

At 6:33 p.m., the meeting was called to order by Mayor Ransom, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Ransom led the flag salute. Upon roll call by the City Clerk, all Council members were present, with the exceptions of Councilmember Gustafson, Hansen, and Ryu. Councilmembers Gustafson and Ryu arrived shortly thereafter.

3. REPORT OF THE CITY MANAGER

Bob Olander, City Manager, provided the following updates on past and future City meetings, events, and projects:

- Town Hall Meeting on 15th Avenue Traffic, October 16
- Aurora Corridor Meeting, October 17
- Darnell Park Drainage Improvements Meeting, October 17
- Ridgecrest Commercial Zoning Study Session, October 18
- Boeing Creek Park Celebration by King County, October 20
- Pan Terra Pond Open House, October 18
- Shoreline Trail Corridor Study Group, October 22
- City Hall/Civic Center Meeting, October 25

Mr. Olander suggested that the Waste Management item be addressed first. He said if time permits he would also like to add an executive session to the agenda.

There was brief discussion between Council and staff regarding the Darnell Park drainage as well as the format for the 15th Avenue meeting.

At Mr. Olander's behest, there was Council consensus to take Study Item 6(b) first, followed by Item 6(a).

4. COUNCIL REPORTS

Councilmember Way reported on the environmental sustainability strategy meeting last week, noting there were presentations on waste recycling, green building, and low-impact development. She thanked the City staff for having the meeting.

Councilmember Hansen arrived at 6:46 p.m.

Councilmember Ryu reported on the Fircrest Open House held last week, which included a presentation by the Department of Social and Health Services (DSHS). She noted that there will be at least one more open house and she commended City staff for planning with DSHS to make this happen.

Deputy Mayor Fimia reported on the preliminary presentation by the Housing Advisory Committee last week. She said the feedback has been very good, and about 60 people attended the Fircrest Master Plan meeting.

5. GENERAL PUBLIC COMMENT

(a) John Chang, Shoreline, commented that every election year people attack each other instead of bringing ideas to make our community better. He commended City Manager Olander and his staff for doing an excellent job with regard to Aurora Corridor Phase 2, the City's budget, and the spirit of the City staff and the community. He commented that Mayor Ransom has also done an incredible job leading the Council during what has been a difficult two years. He urged people to vote for leaders who can lead and unite our community and make the City a better place to live.

(b) Mary Fox, Shoreline, representing Pro Shoreline, refuted the claims that Pro Shoreline brought the Open Public Meetings Act lawsuit, sent out misinformation, and is beholden to developers. She described its membership and donors, which can be verified in public records, and said Pro Shoreline intentionally and officially decided not to become involved in the lawsuit. She said the current City Council majority represents a political cabal that is only interested in advancing its own political agenda. She concluded that Pro Shoreline supports Paul Grace for Position #2 and Doris McConnell for Position #4 because they are concerned about the overall community and are not beholden to any special interest group.

(c) Gini Paulsen, Shoreline, said she is glad to have many opportunities to give input regarding City issues. She said she was especially pleased about the sustainable practices meetings last week, which was attended by Deputy Mayor Fimia, Councilmember Way, and Councilmember Ryu. She expressed disappointment that the remaining Councilmembers did not attend, since the information related to the long-term

costs of environmental sustainability. She urged people to compost coffee grounds and recycle. She said a news article indicates that Puget Sound Energy cannot generate the needed electricity levels in future, so we need sustainable environmental practices that conserve land and resources.

(d) Bronston Kenney, Shoreline, said that Pro Shoreline leaders and candidates have issued a steady stream of accusations and lawsuits against the people that oppose them. He stated that the coming election is about who will control Shoreline. He said the new Council has reversed the Pro Shoreline approach and now seeks out citizen involvement. Doris McConnell is strongly supported by Pro Shoreline so it can be assumed she will act in concert with them. Deputy Mayor Fimia and Chris Eggen have been endorsed by the Democrats and are the preferred candidates by the GOP. Additionally, Deputy Mayor Fimia is endorsed by the State Attorney General and State Auditor. He asked who is financing the lawsuit against the City, which amounts to massive political contribution to Pro Shoreline and its candidates.

(e) Larry Owens, Shoreline, co-founder of the Shoreline Solar Project commended the Council, City Manager, and City staff for opening the public process. He said previously there was limited public access, but now it's a "community conversation." He said it is clear Shoreline residents want the Council to demonstrate environmental leadership and to put Shoreline "on the map" as a responsible community through sustainability. He encouraged citizens to be involved and asked Councilmembers to attend the next meeting.

(f) LaNita Wacker, Shoreline, urged the Council to adopt a City resolution supporting the roads and transit package so the citizens know where the City's stand on the issue. She noted the package includes \$40 million for Aurora Avenue, as well as another \$40 million for an overpass in Snohomish County that will directly affect our City. She said certain individuals wish to sabotage that funding with distorted facts. The plan has been approved by the Counties of Snohomish, Pierce, and King. Furthermore, the King County Council adopted it unanimously. She commented that these elected officials represent millions of citizens and the plan has been reviewed and fiscally audited.

(g) Ed Adams, Shoreline, on behalf of the Richmond Beach Community Association (RBCA), expressed his gratitude for the Council support of neighborhood organizations. The City of Shoreline, he commented, understands the relationships of strong neighborhoods to cities to develop civically engaged leaders. Socialization, he stated, keeps people connected and our neighborhood association has thrived and grown.

(h) Sheri Ashleman, Shoreline, said the RBCA keeps residents informed through monthly newspapers, meetings, activities, and is building and sustaining connections between neighbors. She outlined the many events occurring in Richmond Beach in the coming months, noting that the RBCA has completed many projects to continually improve and beautify the neighborhood. She encouraged the Council to

continue supporting neighborhoods. On behalf of the RBCA, Mr. Adams and Ms. Ashleman presented a plaque to the City of Shoreline.

(h) Bill Bear, Shoreline, on behalf of the Briarcrest Neighborhood Association (BNA), said the BNA funds its own newsletter and is independent from anyone except the neighbors that live and work there. He stated that when the Council and City staff make mistakes, it affects a lot of people. He said the BNA is concerned that someone would question the right to have an independent political opinion in its neighborhood newsletter. He commented that independent voices will continue to work out what is best for the neighborhood. The last Council of Neighborhoods meeting was not well-attended, which is problematic for the neighborhood associations because they might not have enough people to take a vote on a critical City issue.

Deputy Mayor Fimia asked Mr. Bear if he wrote the article as an individual or on behalf of the BNA. Mr. Bear said the article was signed by him and represents his views. He said it was in the Briarcrest newsletter as such.

(i) Chris Eggen, Shoreline, noted that Proposition 1, the Roads and Transit measure, is a very contentious proposition. He said King County Executive Ron Sims is against it and the Snohomish County Executive is in favor of it; it has pitted friends against each other. He concurred with a previous speaker that it has \$40 million for the Aurora Corridor Project and funding to widen the bridge in Edmonds, just north of the City limits. It also has the potential to bring Sound Transit on I-5. He concluded that these are good things for the City of Shoreline.

(j) Paul DuPris, Shoreline, expressed concern that the crosswalk striping on NE 165th on the cross streets of 6th Avenue, 8th Avenue and 9th Avenue have faded, making them indistinguishable as crosswalks. He said something should be done to address this since this is a school corridor with dozens of children utilizing it. He stated he called the City to report it, but was given the excuse that King County is responsible. He was told that the stop signs would suffice and invited the police to observe traffic speeds on 9th Avenue. He said all he is asking is that the City maintain these crosswalks and keep pedestrian safety a high priority.

Mr. Olander stated he will have a look at the crosswalks tomorrow.

Deputy Mayor Fimia commented that the Roads and Transit package is a part of the new 2040 Vision of the Puget Sound Regional Council. She said this package is a down payment on a bigger regional package that assumes completion of the full 125 miles of the light rail system. She said under this plan, congestion on freeways will double and on the arterials it quadruples in the future. She felt there needs to be a better transit plan because this one fails to address congestion.

6. STUDY ITEMS

(a) Selection of Solid Waste Service Provider

Mr. Olander introduced Mark Relph, Public Works Director, Jesus Sanchez, Public Works Operations Manager, and Rika Cecil, Environmental Programs Coordinator, who explained the Request for Proposal (RFP) process for a solid waste collection service provider. Others in attendance included Jeff Brown, City consultant, Chris Martin, President of Cleanscapes, and Jerry Hardebeck, Chief Operating Officer of Cleanscapes. Mr. Relph thanked the firms of Allied Waste (AW), Waste Management (WM), and Cleanscapes for participating in the City's process.

Ms. Cecil commented that the current waste management contract expires on February 28, 2008. The City Council directed staff to begin the RFP on June 18, 2007 and the City received three proposals. A City evaluation team was created and scored the proposals on a set of criteria, where 80% was allocated to cost and 20% to service. Once the evaluation was completed, Cleanscapes was the top choice, with Waste Management in second and Allied Waste in third. Cleanscapes was also the lowest bidder and successfully answered all the questions from the evaluation team. She said the evaluation team is confident that Cleanscapes will be successful in executing the required elements of the contract. She said a City survey reveals that residents are interested in service level enhancements; the recommended package includes expanded recycling and universal garbage carts which reduce employee injuries, reduce the noise in the neighborhood, and keeps the rates down. The City is also including food scraps and the composting of paper in the contract. She said the City staff will ask for approval of this contract next week.

Mr. Relph said the staff report has detail of the proposal process and the staff recommendation to award the contract to Cleanscapes. Ms. Cecil, he said, has listed the enhanced services in the staff report and the City is not recommending mandatory collection or annual curbside collection. Additionally, based on the citizen survey the City staff is not recommending weekly recycling pickup or yard debris. He said his previous background involves his managing of a series of enterprise funds, including a municipal solid waste operation. He said he has learned the importance of customer service operations and innovation and felt that Cleanscapes submitted the most preferred proposal and demonstrates the best value to the City.

Chris Martin, President of Cleanscapes, discussed his company background. He said he founded the company a little over 10 years ago in response to inadequate garbage collection in Pioneer Square. Currently, the company has over 65 employees and has been named one of Washington State's fastest-growing companies. He noted that he is willing to work with labor unions, pointing out that he bid the current wages and benefits of those people doing the job for Shoreline today. He explained that it is illegal for him to call up the local union and say "We want our company to be union;" it is up to the employees of the company to make that choice. He stated that his company will hire any workers who are displaced from their current jobs at their same rate. He said finance questions have been raised, but he has an investment bank and was able to come back with a great financial package.

Tony Cone, principal with Westhoff, Cone, & Holmstedt investment bankers, affirmed that the banks have done the due diligence and Cleanscapes has the financial backing to fulfill its obligations under this contract.

Mr. Hardebeck stated that he transferred from Waste Management to Cleanscapes. He discussed Cleanscapes' collective experience and said this is the most experienced group of people he has ever worked with. He said over last three months he has attended many meetings in Shoreline and believes that Shoreline wants to do something different to reduce waste. He felt the City wants to increase sustainability and concluded that Cleanscapes is the company that will take the City where it wants to go.

Mr. Martin pointed out that his company placed the order for the trucks in August and has received a unique commitment from the equipment manufacturer that they would take the trucks into their own inventory if Cleanscapes wasn't awarded the contract. He said he wanted to start the contract by adhering to the 2007 terms for EPA-compliant trucks.

Mr. Olander stated that WM has been a good firm and they have done a good job for the community. He said the City was very concerned about Cleanscapes' depth of experience, however, the City found out that they have great experience and great managers. Additionally, City staff was concerned about the short timeframe and if Cleanscapes would be able to procure the trucks, manpower, carts, etc. Cleanscapes has given the City adequate proof that they are ready, willing, and able to perform under the conditions of the contract.

Mr. Hardebeck stated that in 1982 the City of Renton contracted with Cleanscapes and in 2000 the City of Seattle contracted with them for 67,000 homes and 2,500 commercial businesses. He said Cleanscapes doesn't have any problem executing contracts with cities and maintaining high quality services.

Mayor Ransom called for public comment.

(a) Tom Leland, Snohomish, District Manager for Waste Management, said he has been with the company for 20 years. He said Shoreline is the largest single contract of WM and when City staff calls he ensures to resolve City concerns within an hour. He said he takes this contract seriously and has worked hard to provide excellent service. Given Waste Management's 96% customer satisfaction rating, he has a hard time understanding why they would recommend a different company to the Council. He hoped the City retains WM as its service provider.

(b) Katie Salinas, Seattle, Community Relations and Sustainability Manager for Waste Management, discussed the WM commitment to environmental and sustainable systems. She felt that its positive impact on the environment is unsurpassed, and if they are guilty of anything it is of not doing a better job telling their story. She explained that WM has created a "Green Squad" program that will conduct sustainability audits which will reduce water, energy usage, and waste while increasing recycling. WM

has developed aggressive commercial food waste collection services and other recycling programs including fluorescent lights, batteries, electronic waste, and construction/demolition recycling. She hoped the City of Shoreline continues to partner with WM in the future.

(c) Susan Robinson, Sammamish, Public Sector Services Director for Waste Management, stated that WM cares about Shoreline and the contract means a lot to them. She said WM is really baffled by staff recommendation to partner with a company that doesn't have a single municipal contract. She commented on WM's high customer service rating, noting that WM is already providing many of the services that Cleanscapes says it can provide. She commented on the high risk to the City of trusting a virtual start-up company to handle this contract in a four month timeframe. On behalf of the people working on the streets, in the community, and the residents of Shoreline, she asked the Council to negotiate with WM. She said as a part of the contract with WM the City can execute an extension to the current contract. She said WM is confident that they can meet the financial and service requirements for years to come.

(d) Steve Goldstein, Shoreline, outlined his 17-year experience as the Principal Planner in the Snohomish County Solid Waste Management Division. He said he staffed the Snohomish County Solid Waste Advisory Committee and has sat for six years on the King County Solid Waste Advisory Committee. He said next month he is going to work for WM. He said the business recycling education program should be provided by the County, not under contract with Cleanscapes. He commented on the lack of environmental benefit with plastics recycling and urged the Council to consider large bulky items and the financial benefits of stopping illegal dumping. He noted that mandatory garbage collection is difficult to enforce. He suggested that the City include a performance bond or financial instrument to guarantee services.

(e) Heather Trim, on behalf of People for Puget Sound, spoke concerning the goal of zero waste. She applauded the City for being proactive in its sustainability goals and said she would like to see a styrofoam food container recycling program expanded throughout the Puget Sound. She said many cities have banned styrofoam food containers. The City of Shoreline is moving towards zero waste and the City of Seattle has done a study to investigate the possibility of moving towards zero waste. She said banning styrofoam reduces loads of toxic pollutants and increase the amount of compostable materials. She concluded that it is good to see Shoreline considering this approach and that it has many long-term benefits.

(f) Dom Amor, Shoreline, wanted to make sure the City, the City staff, and the residents know he is speaking as a 19-year citizen of Shoreline. He appreciated the City taking a holistic and conservationist approach but is concerned about the way this contract is being recommended. He said he is unsure of how it affects him as an individual consumer and is not convinced it is the right way to go. He would like the City to take a closer look, and performance is a key issue for him. He said he is very pleased with his current service and the City needs to explain to the community how rates will be affected.

(g) Will Rance stated he was the Business Agent for Teamsters Local 117. He stated that WM and Local 117 has maintained outstanding service over the years. He stated that the right decision is to continue the service under the current standard. He urged the Council to make sure everyone is afforded the opportunity to do the fine job they've done in the community.

(h) Maryn Wynne, Shoreline, said she is the co-founder of the Shoreline Solar Project. She said her organization spearheaded an effort with the Chamber of Commerce to put on the "Taste of Shoreline" at the 2007 Shoreline Sustainable Living and Renewable Energy Fair. The organizers worked out a deal with WM to do the recycling at the event, but on the morning of the event WM didn't show up. She said a few weeks before she had received an application from Cleanscapes to be an exhibitor at the fair to show what they do and what services they provide. She commented that Mr. Hardebeck asked what he could do to help. She said they brought in recycle bins and did an amazing job. On Monday morning, a chart was e-mailed to her that showed what happened to all of the garbage, recyclables, and compostables. She noted that Mr. Hardebeck has attended several public meetings in an attempt to get a sense of community needs. She concluded that Cleanscapes "gets" what the community is asking for.

(i) Ken Marshall, said he is the Business Agent for Local 174 representing 681 sanitation workers. He said his job is to keep individuals working and has started to create a relationship with WM. He said Shoreline has the best and hardest-working sanitation employees in the country. He said he was a previous employee of Allied Waste and when he came to WM he sat down with the laborers and helped create the contract that is in place now. He said he doesn't want to discredit Cleanscapes, but they have "some huge shoes to fill."

(j) Chris Eggen, Shoreline, board member of Shoreline Solar, said Cleanscapes was very helpful at the fair on short notice. He said when Cleanscapes applied to serve the City's needs, he was told by a union member that Cleanscapes wouldn't be fair to unions. He spoke to Mr. Hardebeck, who said Cleanscapes recognizes that unions need to work under this contract. He said that if there isn't a union contract he isn't in favor of the contract. He noted that Mr. Martin stated that the union issue is something the workers will have to decide, and that anti-union tactics will not be used. Aside from this, he supported the recommendation from the City based on his experience.

(k) Pat Murray, Shoreline, said he came to the meeting to fully support WM. However, the only problem is management didn't support Shoreline citizens during difficult times, like storms. He said they also took up all the spaces in the parking lots with their trucks. He commented that bag collection is not acceptable in Shoreline because bags are vulnerable to animals. He noted that "green" carts are great, but on the last rate increase WM said they weren't going to participate because it costs too much money. He said when the rates are raised unduly, there will be less recycling.

(l) Jim Koch, Shoreline, encouraged Cleanscapes to form a union. He said he noted that the contract said Cleanscapes would change rates when changes are made on the costs in fuel and labor costs. He translated that to mean that if Cleanscapes goes union the rates will increase. He supported keeping WM as the waste management service provider for Shoreline.

(m) Nancy Koch, Shoreline, asked if Cleanscapes would be using biodiesel trucks, and if so, what percentage of them will be biodiesel. She said that bag collection is not going to work. She questioned the Council if curbside pickup will be done for residences. She spoke in support of WM and said the citizens' comments regarding WM on King 5 News were embarrassing.

(n) Michael Gonzales, said he is the Political Director for Local 174. He said both sides turned out and the community is here also. He said there is overwhelming support for WM. He said there is no representation from the people that Cleanscapes has worked for. He commented that while Cleanscapes has an experienced team, they don't have experienced drivers who travel down the streets of Shoreline with the families, cars, and traffic.

(o) LaNita Wacker, Shoreline, said she will need someone to take her garbage to the street because she is a widow and sometimes forgets. She admired people who are creative and innovate, but she supports unions and is concerned about the scoring of the proposals. She said as a citizen she expects her garbage to be picked up by union members. She said the skilled labor force in the United States and the level of quality work from union workers should have been added into the point system. She felt this contract needs to have unions involved in order to work.

(p) Tom Naski, Seattle, said he owns two strip malls in Shoreline and has been here for six years with no complaints from his commercial tenants about the current waste service provider. He said the management staff at the City is dedicated and thorough, but from a business perspective it doesn't make sense to award the contract to Cleanscapes. He said the idea of bag collection is "dumbfounding" to him. He said garbage is a major issue and he cannot believe Cleanscapes will do a good job.

Mr. Olander pointed out that the Council is not making a decision tonight, as this is a study session. He said next week there will be Council discussion and a potential decision. This portion of the meeting, he explained, is to correct misstatements and answer the questions that were brought forth in the public comment. The first, he noted, was that the City is not proposing the collection of residential materials in bags. He clarified that there was a reference to the collection of materials on a daily basis in bags in downtown Seattle, but that won't be occurring in Shoreline. Additionally, he said the City will maintain the community recycling events, but didn't think the major curbside event was worth the cost.

Mr. Martin also clarified that there will be no collection of residential material in bags, and commercial collection will be entirely dumpster-based. Basically, there will be traditional solid waste collection and recycling services.

Ms. Cecil confirmed that the contract provides for curbside residential collection.

Councilmember Ryu said she appreciated the option of using a dumpster because her experiences with dumpster carts have not been good. She stated she would like the union workers to have the right to organize under this contract.

Mr. Olander said the City can't require any contract to be a union contract. The City can only require the prevailing wage.

Councilmember Ryu highlighted that this contract cannot be outsourced. She wanted to have the organization that ends up being chosen for this contract to look at construction waste removal. She inquired if Cleanscapes was the highest ranked in both the cost and customer service and inquired about the corporate headquarters of each proposal.

Mr. Relph responded that Cleanscapes was the highest ranked for both of those categories. He noted that WM is based in Houston, Allied Waste is based in Scottsdale, AZ, and Cleanscapes is headquartered in Seattle.

Councilmember Ryu wondered what the timeline would be to make Shoreline a styrofoam-free City. She wondered if it is possible to rid the City of plastic shopping bags and asked if the contract included some performance measures.

Mr. Relph responded that there are contract measurement requirements and they are included in the proposal. He said he had hoped that the City could move first into our standard contract for the service provider, then move to those types of issues by adding services. Seattle, he noted, has taken the lead in styrofoam and plastics. He said he envisions Cleanscapes as a great partner in helping the City removing styrofoam and plastic bags. He summarized that he wants to complete the contract, make the transition, and then consider those types of issues.

Mr. Olander responded that anything outside the solid waste contract is a separate Council decision; banning those types of materials would be a policy decision made by the Council. He said the City has been tracking the Seattle study, and we may want to try to coordinate our efforts to have a sub-regional approach. However, care should be taken not to put local merchants at a disadvantage.

Mr. Martin added that he is a member of the City of Seattle Solid Waste Advisory Committee and there are a host of issues surrounding styrofoam and plastic bags. He agreed that the City should let Seattle be first to implement their plans; then Shoreline can learn from their experience.

Councilmember Way thanked the WM workers who have done a terrific job over the years. She applauded Cleanscapes for pledging to honor a union contract, their commitment to prevailing wages, and for their future outreach to displaced workers if they are awarded the contract. She inquired about biodiesel and recycled cooking oil.

Mr. Martin said his company collects the grease from restaurants and the contract requires him to burn the biodiesel in his trucks.

Councilmember Way reviewed an article on biodiesel and asked about the concept of rebates.

Jeff Brown, City consultant, explained that when recycling started in the state-regulated areas, they would charge separately for collections and supply rebates for recycling. This figure would go up and down, resulting in people's garbage bills going up and down. The proposed contract requires the contractor to absorb all the risk for declining markets. He added that if there is a decline in the market, the contractor will have to absorb the difference so the resident's bill doesn't go up.

Mr. Olander said that in a rate-embedded system, if the amount of garbage is reduced there will be a lower rate, which serves as a built-in incentive to recycle.

Councilmember Way supported a styrofoam-free campaign, but felt the City needs to do whatever it can in order to avoid unduly pressuring Shoreline businesses. She commented that Cleanscapes donates time and personnel for "Treescapes," which involves eradicating noxious weeds from trees.

Councilmember Gustafson thanked Cleanscapes for the presentation as well as WM, noting that he understands why the WM approval rating is high. He respected the staff recommendation but wanted to know how much money the City can save between choosing WM and Cleanscapes. He requested a point-by-point comparison of the services offered by both firms and stated that he agreed with the online payment system.

Mr. Relph clarified that the WM 96% customer service rating is comprised of the following telephone survey response percentages: "Very satisfied" 63%; "Somewhat satisfied" 33%; and "Somewhat dissatisfied" 4%.

Councilmember McGlashan expressed concern about the possibility of a difficult transition from one service provider to another. Mr. Brown stated that the transition occurs over a two-week period in coordination with the incumbent contractor. He commented that it goes very quickly and is well-coordinated.

Councilmember McGlashan noticed that City staff is not recommending a curbside spring cleaning collection. Mr. Relph responded that staff did not deem it to be that cost-effective, but it could be added later. Councilmember McGlashan asked if the discount by using internet billing is only available if customers use the Cleanscapes website.

Mr. Martin responded that Cleanscapes is not going to send a bill, but an e-mail. He stated that it will be through the Cleanscapes website. He said on their website customers can get a vacation hold, request additional service, and look at their collection calendar and invoices.

Councilmember McGlashan commented that smaller containers will cost less, which is good. He asked for an explanation on motor oil recycling. Mr. Martin stated that residents can put motor oil out for collection in a gallon twist-top jug.

Councilmember Gustafson said that on the WM and Cleanscapes comparison he would like to know the rates for individual homeowners with different sized cans.

Mr. Olander said each submittal loaded their rates differently and it will be difficult to make direct comparisons. He stated that a comparison may not be easy to make regardless of which provider the City chooses. Additionally, he wanted to ensure the public knows that they can expect increases because of labor, fuel, the cost of anti-pollution equipment, and King County's fee for using their commercial dumps.

Deputy Mayor Fimia commented that what the City is getting with Cleanscapes is not just a service, but a philosophy. She said they have created a network and infrastructure. WM has done a great job and have high ratings, but the public wants to go in a different direction. She felt WM will go this way in five years, or whenever the contract ends the City will raise the entire issue again. She explained that if the City is serious about reducing waste and moving towards zero-waste, a company like Cleanscapes is the way to go. She asked about the duration of the contract. Mr. Relph responded that the length of the contract is seven years. Mr. Martin confirmed for Deputy Mayor Fimia that Cleanscapes is pulling from the existing pool of workers. He said the company will continue on that model and wants to deliver outstanding service.

Deputy Mayor Fimia supported the idea of limiting Styrofoam in the future. She said the City experiences lots of windstorms and residents pile debris in front of their yards. She asked if woody debris is a part of this. Ms. Cecil responded that those people who pay for curbside collection will get it picked up for free, and all others can pay a nominal fee.

Councilmember Hansen said the savings for citizens according to the contract differences will be about \$3.00 per resident per year. He expressed concern about the financial viability of Cleanscapes. Mr. Cone said his firm has given the company a choice of two banks: Wells Fargo and Union Bank, and they have commitments to lend now. He said the banks have signed the letters of commitment and the company is deciding which bank to work with.

Councilmember Hansen added that there is a deposit that must be brought forth before the commitment is fully-executed. Mr. Martin responded that the commitment hasn't been entered into by Cleanscapes because they just received the executed documents from the banks in the last two days.

Councilmember Hansen commented that he would like to change a couple minor terms in the contract. He also asked to know the amount of the overall contract increase and the residential bill increase on a percentage basis.

Chris Husband, Chief Financial Officer, Cleanscapes, responded that based on 2008 rates there will not be a change in the 32-gallon one-cart rate. He said there will be significant decreases as people scale down and recycle more. The formula is complex, but the vast majority of customers have the 32-gallon cart.

Councilmember Hansen inquired if they had a fee schedule prepared for the cost of the various services. Mr. Husband said they can provide a fee schedule.

Councilmember Hansen wanted to know the cost differential of using biodiesel fuel. Mr. Martin said it is not having a negative impact on the company because they get a discount from providing the feedstock from restaurants. Councilmember Hansen wondered if there was a sufficient supply right now to fill the trucks. Mr. Martin replied that he doesn't know if there is a sufficient supply based on the amount they are collecting. However there is a sufficient amount in the state. He added that the trucks can use regular diesel also. Councilmember Hansen asked how many customers one driver can service in one-route per day. Mr. Martin said it depends on the commodity and the service requirements of each resident.

Dan Bridges, Operations Manager, Cleanscapes, replied that a driver services 750 customers on the garbage side. He said they are proposing a different kind of collection service for garbage and recycling. He added that a driver can usually handle about 350 recycling runs and 250 yard waste runs per day.

Councilmember Hansen calculated that there would be about 500 customers serviced by one truck, so he is pleased that the numbers somewhat match. Mr. Bridges added that they have spare trucks, too. Councilmember Hansen wanted to know what happened if a truck broke down. Mr. Bridges said they are carrying a 20% spare ratio, and trucks that run at night could be utilized in the daytime. Councilmember Hansen said the bank is requiring reviewed financial statements instead of certified financial statements. He said he would like to see some financial data on the company to convince him that it has the financial capacity to execute the contract.

Mr. Olander asked how many drivers and trucks would be needed to cover the Shoreline service area. Mr. Bridges said they would need about ten. He said there are nine collection routes for commercial recycling, and they would carry about 15% employees to back them up for sick leave and time off. Noting disputes with the union in the past, Mr. Olander asked what Cleanscapes would do if its employees went on strike. Mr. Martin explained that they would prioritize collections so that hospitals, schools, and large accounts are serviced first. Basically, Cleanscapes would implement the same kind of operations plan. He said Cleanscapes will partner with the union and will be able to use a technique called interest arbitration. He added that he doesn't want to fight with employees because he wants good morale and good pay.

Mayor Ransom commented that he has looked over the rating system and didn't have any problems with it. He agreed with the general philosophy of Cleanscapes; however, he has been satisfied with WM and is concerned about Cleanscapes' viability. He noted that problems can create a backlash, so he wanted some assurance there wouldn't be major problems. He noted that many senior citizens would still like paper bills in the mail, as opposed to online billing. Mr. Martin responded that the default practice is to mail the bills to customers.

Mr. Olander said he asked the question about the number of trucks and drivers because he wanted to ensure the Council knows that there aren't going to be hundreds of trucks running around the City. Additionally, he wanted to ensure they know that this is something that can be done and managed.

Mayor Ransom summarized the Council consensus to bring this item back next week for action.

RECESS

At 9:38 p.m. Mayor Ransom called for a five minute break. The Council meeting reconvened at 9:51 p.m.

(b) Transmittal of the Proposed 2008 Budget

MEETING EXTENSION

At 9:52 p.m., Councilmember Ryu moved to extend the meeting until 10:30 p.m. Councilmember Way seconded the motion, which carried 7-0.

Mr. Olander reviewed the budget adoption process and proposed schedule. He stated that the budget is balanced and the City is in excellent financial condition. Furthermore, the budget totals \$93.9 million and maintains the City's current service levels. He provided the following revenue and expenditure highlights:

- The City has \$467,000 in one-time funding for projects and equipment for those that are either mandated or help provide efficiencies and save money.
- The budget incorporates the 2008 year of the 2008 – 2013 Capital Improvement Plan (CIP).
- The City's operating fund expenditures total \$33.4 million, representing a 5.4% increase from last year's amount and equivalent to 36% of this budget.
- The City's total capital expenditures total \$48 million, representing 51% of the City's proposed expenditures.
- The Surface Water Utility Fund makes up 11% of the total budget and includes all surface water related activities, including operations and capital projects. The 2008 projected expenditures represent a 1.8% increase from those budgeted in 2007.

- Operating expenditures are projected to increase by 5.4% (\$1.8 million) and capital expenditures are projected to decrease by 7.5% (\$3.9 million).
- Capital fund expenditures are projected to decrease primarily as a result of the purchase of several open space properties during 2007 that were included in the bond issue.
- The City's primary revenue sources are the property tax, the sales tax, and the utility tax and franchise fees.
- Grants make up a large portion of the City's capital projects (19%) and bonds and loans make up 16%. A large portion of this revenue comes from the parks bond, and some anticipated debt for the City Hall project.
- The property tax levy rate has dropped from \$1.62 to a projected \$1.07 next year due to the 1% limitation on property tax increases. This represents a 2.7% decrease in the property tax levy from 2007 to 2008.
- The City's share of the property tax collection is 11 - 12%. A significant portion of the property tax share goes to the School District, King County, the Fire District, the Library District, and other government entities. Residents pay an average of \$4,000 per year in property tax; of this amount, \$368 goes to the City for basic services.

Debbie Tarry, Finance Director, reviewed personnel costs, noting the proposal in the 2008 budget for two new part-time positions. The Community Services Division (CSD) has requested an administrative assistant, and the PRCS department has requested an additional specialized recreation assistant. These positions will not increase the budget, as they are being funded by adjusting existing line items. Salaries will increase by 4.25% due to a 3.15% market rate adjustment and due to step increases. Benefits are also increasing by 8.6%. She said the large proportion of the benefit increase is driven by the Public Employees Retirement System (PERS) and will continue to go up over the next few years. She noted that the 2008 City staffing levels reflect 2.64 employees per 1,000 residents, which puts Shoreline in the lower one-third of comparable cities.

Mr. Olander reviewed the operating budget changes. The police contract will increase by 5.7%; a large portion of this increase is due to the addition of a street crimes officer. He stated that that increase will be paid for by a reduction in jail costs by transferring booking services from King County to Issaquah. He outlined the Human Service changes, which include an additional \$18,000 for the Senior Center. As part of the utility tax increases the Council authorized, there will be \$25,000 available for low-income residents.

Ms. Tarry outlined the \$467,000 one-time funding recommendation. This amount includes an update to the City's financial software and an update of the digital aerial photography and mapping. Additionally, the Kruckeburg Gardens acquisition will include some operational and maintenance costs over the next three years. However, the goal is to have the Gardens self-supported after that three year timeframe. The one-time funding also includes new fitness room equipment for the Spartan Gym. Also, the Planning Department is expecting higher demand for construction inspection services and

have requested some funding in 2008. This will be monitored to determine if there will be any additional staffing needs.

Mr. Olander noted that \$550,000 in budget reserves is required by City policy; this amount includes an insurance contingency of \$250,000. He added that the City performs an annual salary survey of one-third of the employees to ensure salary levels are comparable, and there are some funds in the reserves to meet any needed adjustments. He noted that the budget is also impacted by the switching over of Seattle City Light (SCL) streetlights to the City, and there are some minor revenue and fee changes, mostly based on inflationary adjustments. Regarding the 2008 Capital Improvement Plan (CIP), he said there is \$56.1 million for major capital projects which include the Civic Center/City Hall project, the Park Bond projects, Aurora Avenue, overlay projects, planning and design of right-of-way, and flood protection projects (Boeing Creek Park, Cromwell Park, East Boeing Creek Drainage, Pan Terra Pond, Ronald Bog South).

Finally, Mr. Olander explained that Council has discussed at length the fiscal constraints of the City for some time. The City has far less revenue compared with other cities based on per capita tax collections, and there are budget deficits anticipated in 2010 and beyond. He said at the October 22 meeting there will be a City staff recommendation to start the public outreach program to look at the long-term financial picture. He concluded that the City has a balanced budget that maintains basic services and supports the vision and policy guidance of the Council.

Ms. Tarry said the budget will be available online tomorrow and there are hard copies at the libraries, police centers, and City Hall. She added that the next issue of *Currents* will focus on the budget.

7. ADJOURNMENT

At 10:21 p.m., Mayor Ransom declared the meeting adjourned.

Scott Passey, City Clerk