



<b>TRANSMITTAL MEMORANDUM</b>
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TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: November 9, 2020

RE: **Amendment No. 2 to the Agreement Between the City of Ketchikan and the Ketchikan Gateway Borough for Disposal of Solid Waste and Collection of a Non-Areawide Community Solid Waste Disposal Fee**

At its meeting of March 19, 2020, the City Council adopted a motion exempting the procurement of solid waste transport and disposal services and recyclable transport and processing services from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code. The motion adopted by the City Council also authorized my office to enter into Amendment No. 1 to Contract No. 14-37, Solid Waste Transport and Disposal Services and Recyclable Material Transport and Processing Services, between the City and Regional Disposal Company.

As the City Council will recall, Amendment No. 1 to Contract No. 14-37 significantly increased the cost for disposal and recycling services charged by Regional Disposal Company and significantly increased the cost of transport charged by Alaska Marine Lines. At the time Amendment No. 1 was approved, staff indicated that the projected cost increases could not be sustained by the current rate structure and that the Solid Waste Division would be proposing an increase to solid waste charges.

At its meeting of October 1, 2020, the City Council approved in second reading Ordinance No. 20-1919. As the City Council will recall, Ordinance No. 20-1919 provided for increasing various solid waste disposal rates in accordance with the provisions of Amendment No. 1 to Contract No. 14-37, including annual cost escalators for solid waste disposal and recyclable transport services and for solid waste disposal and recyclable material processing services. Ordinance No. 20-1919 also provided for increasing the community solid waste disposal fee from \$18.00 per month to \$20.50 per month, which requires an amendment to the agreement between the City and the Ketchikan Gateway Borough. At its meeting of November 2, 2020, the Borough Assembly approved Ordinance No. 1932, which increases the community solid waste disposal fee to \$20.50.

Attached for City Council review is Amendment No. 2 to the Agreement between the City of Ketchikan and the Ketchikan Gateway Borough for Disposal of Solid Waste

and Collection of a Non-Areawide Community Solid Waste Disposal Fee, which authorizes the increase from \$18.00 per month to \$20.50 per month.

The Public Works Director and Solid Waste Division Supervisor will be attending the City Council meeting of November 19, 2020, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

### **RECOMMENDATION**

It is recommended that the City Council adopt the motion approving Amendment No. 2 to the Agreement between the City of Ketchikan and the Ketchikan Gateway Borough for Disposal of Solid Waste and Collection of a Non-Areawide Community Solid Waste Disposal Fee and authorizing the City Manager to execute the agreement on behalf of the City Council.

**Recommended Motion:** I move the City Council approve Amendment No. 2 to the Agreement between the City of Ketchikan and the Ketchikan Gateway Borough for Disposal of Solid Waste and Collection of a Non-Areawide Community Solid Waste Disposal Fee and authorize the City Manager to execute the agreement on behalf of the City Council.

Mitch Seaver  
City Attorney

City of Ketchikan, Alaska

334 FRONT STREET  
Ketchikan, Alaska 99901  
Telephone (907) 228-5611  
Facsimile (907) 247-2111

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**TO:** Karl Amylon, City Manager  
Lacey Simpson, Assistant City Manager

**FROM:** Mitch Seaver  
City Attorney

**DATE:** November 6, 2020

**SUBJECT:** Solid Waste Agreement

Transmitted herewith is Amendment No. 2 to the solid waste agreement with the Borough regarding the increase in the areawide fee from \$18.00 per month to 20.50 per month. The increase is set forth in City and Borough ordinances both of which are effective December 1, 2020.

**AMENDMENT NO. 2**  
**TO AGREEMENT**  
**BETWEEN**  
**THE CITY OF KETCHIKAN**  
**AND**  
**THE KETCHIKAN GATEWAY BOROUGH**  
**FOR**

**DISPOSAL OF SOLID WASTE AND COLLECTION OF A  
NON-AREAWIDE COMMUNITY SOLID WASTE DISPOSAL FEE**

**THIS AMENDMENT** made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between **THE CITY OF KETCHIKAN, ALASKA**, a first class, home rule, chartered municipality, 334 Front Street, Ketchikan, Alaska 99901 (hereinafter referred to as “City”), and **THE KETCHIKAN GATEWAY BOROUGH**, a general law municipality and a borough of the second class, 1900 First Avenue, Ketchikan, Alaska 99901 (hereinafter referred to as “Borough”).

**RECITALS**

**WHEREAS**, the City and the Borough entered into an Agreement between the City of Ketchikan and the Ketchikan Gateway Borough for Disposal of Solid Waste and Collection of a Non-Areawide Community Solid Waste Disposal Fee dated February 6, 2015 (hereinafter referred to as the “Agreement”) and an amendment thereto dated October 9, 2015 (Amendment No. 1).

**WHEREAS**, due to increased costs the City is increasing the Community Solid Waste Fee from \$18.00 (under Amendment No. 1) per month to \$20.50 per month effective December 1, 2020.

**NOW THEREFORE**, the parties agree as follows:

1. In accordance with Section 1 of the Agreement The City has provided the Borough with notice of its intent to raise its community solid waste fee to \$20.50 per month effective December 1, 2020. The Borough has provided for such an increase under KGBC 8.15.040 to \$20.50 per month effective December 1 2020, to match the City increase.

2. Except as provided in Paragraph 1 of this Amendment all of the terms, covenants and conditions of the Agreement remain in full force and effect.
3. This Agreement may be executed in separate counterparts, each of which is part of a single contract. A party's transmission to the other by fax, email or other electronic means of the transmitting party's signature on this Agreement shall be effective as an acceptance of this Agreement by the transmitting party, with the same force and effect as the delivery of an executed original.

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Karl R. Amylon  
City Manager

Dated: \_\_\_\_\_

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Ruben Doran  
Borough Manager

Dated: \_\_\_\_\_

October 1, 2020

**Amendment of the Ketchikan City Council Rules of Procedure  
– Native Lands Acknowledgement**

Moved by Kiffer, seconded by Flora the City Council approve the amendment to the City Council Rules of Procedure as detailed in the Assistant City Manager's report dated September 10, 2020.

Motion passed with Coose, Kiffer, Gage, Zenge, Chapel, Flora and Bergeron voting yea.

**Ordinance No. 20-1919 – Repealing Subsections (c) and (d) of Ketchikan Municipal Code Section 7.16.060 Entitled, “Solid Waste Collection;” Amending Subsection (a) and Repealing Subsections (d) Through (h) of Ketchikan Municipal Code Section 7.16.070 Entitled, “Solid Waste Disposal;” Adding New Section 7.16.072 to the Ketchikan Municipal Code Entitled, “Solid Waste Collection and Disposal Fees;” Adding a New Section 7.16.074 to the Ketchikan Municipal Code Entitled, “Solid Waste Collection and Disposal Billings;” – Second Reading**

Copies of Ordinance No. 20-1919 were available for all persons present.

Moved by Kiffer, seconded by Flora the City Council approve in second reading Ordinance No. 20-1919 repealing Subsections (c) and (d) of Ketchikan Municipal Code Section 7.16.060 entitled “Solid Waste Collection;” amending Subsection (a) and repealing Subsections (d) through (h) of Ketchikan Municipal Code Section 7.16.070 entitled, “Solid Waste Disposal;” adding new Section 7.16.072 to the Ketchikan municipal Code entitled, “Solid Waste Collection and Disposal Fees;” adding a new Section 7.16.074 to the Ketchikan Municipal Code entitled, “Solid Waste Collection and Disposal Billings;” and establishing an effective date.

Motion passed with Coose, Kiffer, Gage, Zenge, Chapel, Flora and Bergeron voting yea.

**Appointments to Boards and Commissions – Mayor Sivertsen**

Mayor Sivertsen submitted the names of Dragon London, Amanda Welsh and Silvia Greuter for re-appointment to the Ketchikan Historic Commission and David Deal for re-appointment to the Planning Commission; and no objections were heard.

**Draft Letter to Governor Dunleavy and Commissioner Anderson Requesting Declaration of an Economic Disaster for the City of Ketchikan**

Moved by Kiffer, seconded by Flora the City Council direct the city manager to finalize and transmit a letter under the signature of the Mayor on behalf of the Ketchikan City Council to Governor Dunleavy and Commissioner Anderson requesting a declaration of economic disaster for the City of Ketchikan in response to poor salmon harvest and the impact of the COVID-19 pandemic on the tourism industry.

Motion passed with Coose, Kiffer, Gage, Zenge, Chapel, Flora and Bergeron voting yea.

The addition to the City Council Rules of Procedure if adopted reads as follows:

“The Ketchikan City Council would like to respectfully acknowledge the traditional first people of this land in Ketchikan the Tongass Tlingit people.”

Councilmember Chapel read the history of the Tongass Tlingit people as written by Mr. Jackson. She said one of the things she has learned is the way to show respect is ask the people that you want to honor and respect what would be respectful for them. She thanked Mr. Jackson for sharing these words, noting their words speak out.

Councilmember Chapel also noted there would be two additional amendments to the Council’s Rules of Procedure under No. 12 and No. 13.

Motion passed with Bergeron, Flora, Chapel, Zenge, Gage, Kiffer and Coose voting yea.

**Resolution No. 20-2790 – Amending the 2020 General Government Operating and Capital Budget to Provide a Supplemental Appropriation for the Public Health Department in the Amount of \$5,162,304**

Moved by Bergeron, seconded by Coose approve Resolution No. 20-2790 amending the 2020 General Government Operating and Capital Budget to provide a supplemental appropriation for the Public Health Department in the amount of \$5,162,304; and establishing an effective date.

Motion passed with Kiffer, Gage, Zenge, Chapel, Flora, Bergeron and Coose voting yea.

**Ordinance No. 20-1919 – Repealing Subsections (c) and (d) of Ketchikan Municipal Code Section 7.16.060 Entitled, “Solid Waste Collection;” Amending Subsection (a) and Repealing Subsections (d) Through (h) of Ketchikan Municipal Code Section 7.16.070 Entitled, “Solid Waste Disposal;” Adding New Section 7.16.072 to the Ketchikan Municipal Code Entitled, “Solid Waste Collection and Disposal Fees;” Adding a New Section 7.16.074 to the Ketchikan Municipal Code Entitled, “Solid Waste Collection and Disposal Billings” – First Reading**

Copies of Ordinance No. 20-1919 were available for all persons present.

Moved by Gage, seconded by Coose the City Council approve in first reading Ordinance No. 20-1919 repealing Subsections (c) and (d) of Ketchikan Municipal Code Section 7.16.060 entitled, “Solid Waste Collection;” amending Subsection (a) and repealing Subsections (d) through (h) of Ketchikan Municipal Code Section 7.16.070 entitled, “Solid Waste Disposal;” adding new Section 7.16.072 to the Ketchikan Municipal Code entitled, “Solid Waste Collection and Disposal Fees;” adding a new Section 7.16.074 to the Ketchikan municipal Code entitled, “Solid Waste Collection and Disposal Billings;” and establishing an effective date.

Manager Amylon said this is self-explanatory when the amendment was brought to the solid waste disposal contract to the Council back in March it was indicated the dramatic increases were not going to be sustained by the current billing structure. He stated Public Works Director Hilson and Solid Waste Manager Neeley have taken a comprehensive look at the cost and have prepared a new fee schedule to mitigate those cost.

Councilmember Bergeron felt there were inequities in the fee schedule as some people have hardly any garbage. He questioned if glass being removed would make a difference as a community to pay less money.

Councilmember Chapel asked what we could do as a community to recycle, and are there possibilities for composting at the facility.

Solid Waste Manager Neeley answered questions from the Council.

Mayor Sivertsen said in regards to the area-wide fee that is charged to everyone has a lot to do with the indiscriminate dumping of materials in places besides at the solid waste facility. He said this may have been more of a problem in the Borough, but since the fee was implemented you don't see hardly any dumping alongside the road. He said we aren't set up on a value based system. He said we are a class 3 landfill so we can't put food garbage in it unless we change our classification, and because of that we are held hostage by our contractor. He said what we have in place doesn't continue to sustain the service we offer, and we can't have a utility working in the red. He informed recycling has a cost to it too.

Motion passed with Zenge, Chapel, Flora, Bergeron, Coose, Kiffer and Gage voting yea.

#### **Resolution No. 20-2791 – Adopting a Solid Waste Fee Schedule**

Moved by Bergeron, seconded by Kiffer the City Council approve Resolution No. 20-2791 adopting a Solid Waste Fee Schedule; and establishing an effective date.

Councilmember Bergeron questioned when this new fee schedule would be effective, and asked if this date could be pushed out.

In answer to Councilmember Bergeron's question, Manager Amylon stated December 1, 2020. He said the problem would get progressively worse if it is deferred out further.

Public Works Director Hilson said it was originally planned for July 2020 and was pushed out to December given the financial issue the community is currently facing, and he would not recommend pushing this out any further than December.

Councilmember Flora said for public knowledge can you quantify what this rate increase will equal to a regular household.

In answer to Councilmember Flora's question, Public Works Director Hilson said the area wide fee would jump from \$18 to \$20.50, and there are no proposed increase for the collection rate of \$10.69. He indicated the scale rate goes from \$145 to \$170, which is hard to quantify on a residential basis.

Solid Waste Superintendent Neeley answered questions from the Council.

Motion passed with Flora, Zenge, Coose, Kiffer, Gage, Bergeron and Chapel voting yea.

#### **Ongoing Review and Discussion of Cruise Related Issues – Councilmember Bergeron**

Councilmember Bergeron said if we were able to put some teeth behind people complying with the mandatory quarantine when they arrive, we would have zero new cases in spread. He stated if we were able to do this we could open up visiting for the elderly and other things that are currently shut down. He didn't think we were far off from creating an environment on our island to facilitate that.



Public Works Director Hilson said the design was not included in the packet but the design is pretty rudimentary and will fit with in the current style on Creek Street. He answered additional questions from the Council.

Councilmember Gage suggested the plan should include benches.

Public Works Director Hilson said they have designed a blank slate and any additions have been turned over to the discretion of Assistant City Manager Simpson and Museum Director Maxwell.

Motion to defer failed with Coose voting yea; and Gage, Flora, Kiffer, Bergeron, Chapel and Zenge voting nay.

Main Motion passed with Gage, Flora, Kiffer, Bergeron, Chapel and Zenge voting yea; Coose voting nay.

**Exempting the Procurement of Solid Waste Transport and Disposal Services and Recyclable Transport and Processing Services from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Amendment No. 1 to Contract No. 14-37 – Regional Disposal Company**

Moved by Bergeron, seconded by Coose pursuant to subparagraph 2 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of solid waste transport and disposal services and recyclable transport and processing services from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the city manager to enter into Amendment No. 1 to Contract No. 14-37, Solid Waste Transport and Disposal Services and Recyclable Material Transport and Processing Services, between the City and Regional Disposal Company; approve funding from the Solid Waste Disposal and Recycling Divisions' Disposal Services Account No. 635.09 and 635.09; and direct the city manager to execute the agreement on behalf of the City Council.

Mayor Sivertsen had concerns that there is a monopoly in regards to the current shipping facility options we have, and requested our concerns be known to the appropriate authorities.

Manager Amylon felt that was appropriate in light of the issues that were outlined in the public works director's report. He said as you are aware a number of communities in Southeast are talking about freight and transportation costs over the past several months, and they think this is just another example of the legitimate concern we all have. He suggested we bring this to the attention to both the legislation and the current administration.

Public Works Director Hilson said the rate increase by Regional Disposal Company is standard compared to similar facilities across the country, but what is troubling is the increase in the shipping of 28% from 2019 to 2020. He said this equals an estimated increase \$147,000 for only a partial year, so we are not even feeling the full effect of the increase. He continued that along with the shipping increase there will be a fuel charge which will vary to approximately 9%, and that is if oil prices go way down. He went on to say the new agreement has shipping rates escalating at 120% of the consumer price index, which the old agreement had shipping rates at 95% of the consumer price index. He said the bottom line is we will have to bring this back to figure out on how to fund it.

Manager Amylon and Solid Waste Superintendent Neeley answered question from the Council.

Councilmember Bergeron questioned when the proposal was received, and asked Solid Waste Superintendent Neeley if we could get a better proposal.

Solid Waste Superintendent Neeley responded that the disposal price is the best the City is going to get, and the last time they asked for bids they only received one proposal. He said people might not be aware of this but Regional Disposal Company has done a lot for the community and as an example they have done contaminated soil testing for residents.

Councilmember Bergeron suggested reaching out to Alaska Marine Lines (AML) directly to see if they can offer a better shipping rate.

Manager Amylon understands what Councilmember Bergeron is saying, but as he stated this has been a subject of discussion amongst all Southeast municipalities. He felt Council should approve the amendment as proposed. He indicated then they can have further discussion with the shippers, but at the same time we need to be raising the issue with the legislature, the administration and the regulatory folks.

Councilmember Flora requested staff bring back a synopsis of their conversation with AML on shipping prices.

Mayor Sivertsen asked for a show of four hands to have the city manager reach out to the appropriate authorities to discuss the price of shipping, and at least four hands were shown.

Mayor Sivertsen suggested we can try and reduce our volume and ship less containers, along with what we can divert to another in-house landfill. He felt we need to start thinking outside the box.

Superintendent Neeley indicated we need to be careful what we are burying, so it doesn't come back to haunt us. He said it does warrant looking at what we can put in the landfill, but we need to be careful on what is selected.

Mayor Sivertsen stated these solid waste contracts have a yearly built in escalation fee, and felt it would behoove us to have staff come back with a proposal where that is automatic within our rate structure so we don't fall behind. He said he would like to see a yearly escalator incorporated in regards to the demands of the service.

Manager Amylon said the best comparison is what we do with programming content for the Telecommunications Division that allows us to pass continuous rate increases through for Council consideration. He said he would envision a similar approach relative to the annual escalator you are describing. He indicated staff would take care of it.

Councilmember Chapel asked if it is possible to offer incentive rates to households that are recycling and decreasing the net weight of their trash.

Mayor Sivertsen explained in response to Councilmember Chapel, the City Council had looked into that process in the past but decided not to move forward with it.

Councilmember Gage suggested this may be the time to remove plastic bags.

Motion passed with Kiffer, Zenge, Gage, Chapel, Coose, Flora and Bergeron voting yea.