



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

John Palombi, Chair

Wes Benwick, Vice Chair

Greg Anderson, Secretary

Meeting Minutes

April 2, 2009

4:00 p.m.

Attendance: John Palombi (Chair), Joe Andrews, Greg Anderson, Elaine Burnett, Marcella Lowe, Wes Benwick, Mark Cowart, Louvenia Tippins, Randy Deen

Excused: Nicole Lester, Ron Mallett, Steve Jarecki, Robert Jones, Jason Fischer

The meeting convened at 4:12 p.m. without a quorum present.

Minutes

Deferred

Personal Appearance: Ebenezer Gujjarlapudi – Director of Environmental and Compliance Department

Mr. Gujjarlapudi thanked the commission for the opportunity to make a presentation on the proposed Trail Ridge Landfill operations contract extension. He began by giving some historical context on landfills in Jacksonville. In the late 1980s Jacksonville had 2 operating landfills (North Landfill on Heckscher Drive and East Landfill on Girvin Road), both of which had reached full capacity and were being overfilled in violation of their DEP permits. After several years of struggling unsuccessfully to obtain permits for a Southeast Landfill (the site of the current Nocatee development) the City issued an RFP for companies that could provide it with a landfill site and operating permits. Waste Management Inc. was the successful proposer and provided the current Trail Ridge site. Operations began in 1991, with an ultimate site capacity of 42 million tons of waste.

The initial landfill cell currently has approximately 5 years of remaining capacity based on the most recent annual aerial photography capacity estimate. The recent approval by the courts of the City's ash site settlement agreement with the US EPA will cause over 1 million tons of contaminated soil to be disposed of in the landfill (one year of capacity at the normal disposal rate). The recent economic recession has caused a reduction in the amount of waste flowing to the landfill, which will extend the life somewhat. The entire Trail Ridge site, consisting of 978 acres, of which some is unusable due to wetlands issues, has approximately 35 years of remaining capacity at normal disposal rates. Mr. Gujjarlapudi cautioned that an event like a hurricane that produces a tremendous amount of debris would shorten the life of the landfill by filling more than the usual amount of space with yard waste.

When the City and Waste Management entered into the land sale and landfill operations contracts the City understood the operations contract to cover the life of the initial 140 acre cell which is beginning to near capacity. Waste Management claims that the contract granted operational rights to the company for

the entire 978 acre site. The Office of General Counsel recently released an opinion stating that if the matter ends up in court and if the case is decided on the language in the 24-page operating agreement, then the City is on good legal footing and would likely win the case. If, on the other hand, Waste Management succeeds in incorporating nearly 20 years of other issues, verbal agreements, disputes, compromise settlements, etc. into the picture, then all bets are off and it could become a long, drawn out, expensive legal battle that could subject the City to considerable potential liability and the prospect of running out of capacity in the first cell at Trail Ridge before the case is settled. That would mean hauling the City's garbage to an out-of-county landfill, the closest one of which is in southeast Georgia at considerable cost.

In order to retain the landfill operation contract for the remaining life of the entire site (up to 42 million total tons of waste, probably 35 more years), Waste Management has made a very attractive contract offer which involves: 1) reducing the per ton tipping immediately by \$2 per ton to \$10.21 (\$20 million value); 2) assuming all closure and post-closure costs for the current cell (\$30 million value); and using City surplus dirt for daily cover purposes at the current cell (\$35 million value). The total value of the savings for the remainder of the life of the initial cell is \$85 million. Waste Management also agrees to indemnify the City for all legal fees and court-related damages due to legal action by other parties (i.e. other companies that may propose to bid on an operating contract for the next landfill cell) and to pay any costs associated with hauling waste out of the county should a permitting delays prevent the new cell from opening when the capacity of the initial cell is exhausted.

His department and the Council Auditor's Office have surveyed other landfills in Florida and around the country to determine what are typical operational costs and tipping fees. Although comparing costs and fees among landfills is complicated by several factors, Waste Management's proposed tipping fee of \$10.21 per ton compares very favorably with other large Florida landfills, which range from \$9.75 to \$13.91 per ton which do *not* include closure costs as WM's proposed fee does. Republic Services has publicly challenged the proposed contract extension and has stated that it could provide comparable savings. The company does not operate any landfills in Florida, but the department surveyed several Republic landfills in Texas and Arizona and found their tipping fees to be in the range of \$21.52 to \$22.95 per ton.

In response to a question about whether the City could further negotiate with Waste Management to include several of the suggestions made by the Council Auditor's Office in their review of the proposed extension, Mr. Gujjarlapudi stated that he has negotiated what he feels is the best deal he can reach with Waste Management. The City Council can certainly try to negotiate additional terms if that is their desire.

Minutes

Commissioners Tippins and Cowart having arrived during the landfill contract discussion and a quorum now being present, the commission **approved** the revised minutes of March 5, 2009 commission meeting as distributed at the beginning of the meeting.

Committee Reports

Performance Committee – Commissioner Anderson reported that the committee is working on 3 projects: 1) performance measurement and management; 2) Information Technology Division operations; and 3) follow-up on the committee's previous procurement and contract management study.

Today the committee met with former City budget director and current special projects employee Cal Ray to discuss the new Performancesoft performance measurement/management software package recently

purchased. The system will allow the City's performance officers to mine data from existing databases for measurement and management improvement purposes.

Long Term Fiscal Health Committee – Commissioner Andrews reported that he is working on a draft of a committee report which he will circulate to his committee members for their consideration.

Legislative Tracking Committee – Commissioner Benwick reported that the committee reviews a number of pending bills at each meeting and seeks further information on several. The committee has seen several pieces of legislation that have raised questions about the City's use of the Banking Fund for capital purchases, so the committee recommends that City Finance Director Mickey Miller be invited either to a future commission or committee meeting to discuss the Banking Fund's uses and policies. In recent weeks the committee has also seen several bills relating to Florida Inland Navigation District (FIND) grants and the committee is interested in knowing more about how the City develops and prioritizes its annual FIND grant project list.

City Dockmaster Jim Suber addressed the commission briefly about the Metropolitan Park Marina power and water project and how the City's needs to improve the condition of the electric power and water systems at the marina in general led to a plan to provide improved services to transient boaters via the FIND grant. He described the City's plan to offer a credit card-swipe system to allow boaters to pay for water and electric service at the marina on a 24/7 basis without the need for around-the-clock City personnel on duty. Commissioner Lowe told the commissioners that the State had recently changed the FIND rules to allow counties that do not pay a FIND millage to apply for and receive FIND grants if they are contiguous to a county that does pay a FIND millage.

Auditor's Report

Thomas Carter, representing Council Auditor Kirk Sherman, reported that no audits had been released in the past month but several are in process. The office is heavily involved in research and support for the Special Committee on City Pension Reform and for the landfill contract extension issue.

Chair's Comments

Chairman Palombi stated that, following Commissioner Andrews' recent release from the hospital and his ability to polish the proposal he made at the last commission meeting, he will be issuing the commission's resolution commending the JEA for attempting to operate in a business-like manner by closing its 5 satellite offices and contracting for approximately 90 remote payment locations. Mr. Palombi also requested the commissioners to assist the Long Term Fiscal Health Committee by recommending the most important priorities for the City as it grapples with the preparation of next year's budget this summer. Suggestions should be communicated to Jeff Clements who will compile them for consideration by the Long Term Fiscal Health Committee at its next meeting.

Old Business

None

New Business

None

Commissioner Comments

- Commissioner Andrews stated that bill 2009-185 (Northwest Area Economic Development Fund grant and loan to Cedar Grove Corp. for a truck wash expansion) has been revised and the new version is available on-line through the City's legislative bill search system.

- Commissioner Benwick stated that the Trail Ridge Landfill contract extension controversy points out the City's need for better contracting processes. Should this issue be referred to the Performance Committee for review of that aspect?
- Commissioner Burnett recommended that the commission look at the issue of how the City helps its citizens access jobs and employment skills. In her opinion what is available now is insufficient. She suggests having the Jacksonville Urban League make a presentation on what it does in this regard.
- Chairman Palombi thanked Commissioner Burnett for her years of valuable service to the commission and to the citizens of Jacksonville, and for always presenting good ideas and raising important issues that often don't get enough attention.
- Commissioner Lowe asked if the TRUE Commission was going to take a stand one way or the other on the Trail Ridge Landfill contract issue. Chairman Palombi suggested two possibilities – appoint a committee to study the issue and develop a proposed action, or have the commission reconvene in a special meeting for that purpose.

MOTION: Commissioner Benwick moved that the commission hold a special meeting to debate the issues and determine what, if any, position the commission wants to express regarding the landfill contract extension. – **approved.** Staff will determine meeting room availability and will propose 2 potential meeting times between April 9th and 21st; commissioners should respond to staff with their meeting preference.

Public Comments

- Commission nominee Thomas Martin suggested that it appears a lawsuit will be in the offing whichever way the City acts on the landfill contract extension and wondered what the costs of that might be. He also noted that City's dependence on getting the next landfill cell permitted in a timely manner. He agreed with the earlier suggestion to have Mickey Miller address the Banking Fund and how it works. Also from the work of the Legislative Tracking Committee, he is interested in the committee following up on the City's contract with SMG to operate the various public assembly facilities to understand how that contract works.

Next meeting

The commission's next meeting is scheduled for Thursday, May 7th at 4:00 p.m.

There being no further business, the meeting was adjourned at 5:53 p.m.

Posted 4.6.09
11:15 a.m.

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