

**City Council of Peachtree City
Retreat Workshop Minutes
May 1, 2018**

The Mayor and Council of Peachtree City met in Retreat workshop session on May 1, 2018. Mayor Vanessa Fleisch opened the workshop at 6:30 p.m. Council members attending: Terry Ernst, Mike King, and Phil Prebor. Kevin Madden was absent.

City Manager Jon Rorie recapped that this was Council's third Retreat session of 2018, and the topics would cover insourcing and outsourcing options for building inspections, right-of-way mowing contract, legal services, and solid waste collection, or sanitation, services, which, he noted, had come up many times in the past. Rorie pointed out that the discussions would pave the way for further dialogues during the upcoming budget development process.

Rorie highlighted two sections of the City's mission statement. The primary mission was to provide high quality services to residents, and a key component was to provide consistency in the delivery of municipal services in a fiscally responsible manner. He asked Council to keep the terms "consistency" and "fiscal responsibility" in mind during the Retreat presentations.

If the City existed to provide services, Rorie asked, what kind of services were to be provided? There were many possibilities. He said when the City chose to provide a service it was making a decision to do something. Not everything had to be provided by the City -- when the City made policy decisions about the type of services provided, it did not mean the City had to produce the service. As an example, parents provided an education for their children, but they did not usually produce it. With their tax dollars, they provided education through the schools and teachers, and education could be turned over to a public or private school. The production aspect led to the question of whether the City could provide and produce something in a fiscally responsible manner. It was not always necessary to both provide and produce, Rorie concluded.

Another example was providing Emergency Medical Services (EMS) through the Fire Department. Rorie said it would be possible to contract with a private company to provide EMS, but the City chose to form its own service. Fire protection could be contracted through a private company such as Wackenhut or the City could contract with another public agency, including Fayette or Coweta counties. Jails were the best example, he noted, and the City contracted with Fayette County, but there were also a lot of privatized prisons and jails.

Rorie summarized that the challenge was to determine the best strategy to use limited revenue to provide services, asking whether the best return on investment would be through insourcing or outsourcing.

Rorie said many people thought privatizing services was optimum because it allowed for control of employee benefits and capital equipment costs by passing them to an external party. Another argument was that the private sector operated more cost efficiently due to the competitive market forces traditionally not found in monopolistic governmental organizational structures. People asked all the time, "Why don't you operate more like a business?" His response was "what type of business? Retail, for profit?" It could not be manufacturing, Rorie stated, because the City did not make a product; it existed to provide services such as landscaping, education and others for the benefit of its customers. The way it did those things required answering the question of what quality services the City would provide.

Rorie used what he called "the Yellow Pages test" to talk about the services the City provided. For

instance, if he went to the Yellow Pages, he said, he could look up paving contractors. Some would do street paving, others would do just driveway paving, but he could look up a company that produced a service, put it under contract and pay for that service. This could be done for any number of services, such as education and information technology (IT). The Yellow Pages allowed the City to look up any number of services to contract out rather than provide internally.

Rorie went over the advantages and disadvantages of insourcing and outsourcing and said they would apply to every topic that would be discussed that evening. The first advantage of outsourcing was revealing the costs of production and eliminating waste through competition. He said this would be a critical component of the solid waste discussion later.

Realization of economies of scale by spreading costs over a larger geographical area was another advantage of outsourcing Rorie mentioned. Building services was one example of creating an economy of scale and delivering a service for profit, he noted. Performance of private contractors served as "yardsticks" to compare the efficiency and effectiveness of service levels in-house, and Rorie said the City had often used this principle.

In outsourcing, personnel costs were limited by not having to provide benefit packages. Rorie used the contractors who mow the grass for the City as an example, saying the landscaping company could hire people for \$8 an hour, but the City could not. He said the City would have to hire them at a given hourly rate with a benefit package. In essence, Rorie noted, the way the contractors stayed competitive was by not taking care of their employees.

Disadvantages of outsourcing included the watchdog requirements of contract administration. Rorie summed that up by saying that you could not pay enough for someone to care. Lowballing was another pitfall. Rorie said a contractor might have the lowest bid, then tack on fees or create change orders that cost extra. He said the City would be left with no back up plan to execute the work or quickly hire another contractor. The City chose to provide a service, then hired someone to produce it, but had alternatives if the contractor fell short.

Outsourcing did not change the public character of a facility or service, Rorie continued. A street was no less a public road because a private contractor was responsible for resurfacing it. He said five or six years ago, the City chose to repave a section of roadway and saved money by using a driveway-type paving machine. It had created a washboard effect, demonstrating that the City was not equipped to produce that service. Fleisch pointed out that it had been re-done. Rorie said it did not matter whether the City or a contractor who produced the work. The City was responsible and owned it independently of the outside contractor. In addition, opportunity costs were rarely calculated. He noted these were intangibles, such as the line in a job description that read "other duties as required."

Rorie went over the standards of Cost Effectiveness Analysis (CEA) and said Council should think about this as they moved through the workshop's topics. Department managers should believe they operated at 100% management effectiveness, and that the services they provided were top notch, but in reality, it was a balancing act. The discussions could not meet the rigorous standard of a cost-benefit analysis, but he said they should always consider if "the juice was worth the squeeze."

Rorie asked, was the cost equal to the benefit, or would it be better to pay less for a reduced benefit or pay more for a higher benefit. The CEA was a decision-making matrix that assumed, if the costs were equal, the focus should be on the benefits. If the benefits were equal, the focus should be on the costs. Rorie said the goal was to produce something at the lowest cost with the maximum return on the investment of dollars. He commented that the City tried to operate on the

margin to produce something worthwhile at the lowest possible cost.

Building Services

Rorie recalled a course he took in college that discussed historical concepts relating to building codes, fire protection, and things of that nature. One of the oldest concepts was the Code of Hammurabi, which said if a building fell and killed a child, the child of the builder should be killed as well.

He continued that the City did not have to provide building services, but it chose to do so. It also had a choice of what standard to follow and chose the International Building Code, which it adopted on a regular basis. He said the City made this decision because Council believed it improved the quality of life for the residents building homes. It came back to the concept of providing a safe place to live, work, and enjoy leisure time.

However, Rorie remarked, when looked at from the balance sheet, there were a few questions that must be addressed. The peak year for the City's Building Department had been in 2008, with seven full-time employees, personnel expenses of \$441,188, and professional services/supply costs of \$60,800. Total expenses that year, not including debt service, had been \$502,000. Fees and revenues in 2008 totaled \$384,000, meaning a 23% subsidy from the General Fund (approximately \$114,000) had been required. Rorie noted that 2008 was a disastrous year for the economy, and construction slowed to the point that it became a question of whether the City was spending too much for the benefits obtained by having a department that had to be subsidized from the General Fund. Revenues generated from permit fees had not been enough to pay for the building services.

This led to the question of why everyone should pay for building services that only benefited a very few, Rorie related, saying he did not want to pay tax money into the General Fund and have it pay for building inspections. Of course, he noted, it was a question of balance, because once the homes were built, the owners began paying taxes. A decision was made to outsource the service, and the City went through the request for proposal (RFP) process and contracted with SAFEBuilt of Georgia in 2010. The agreement was renewed after another RFP in 2012.

Rorie said SAFEBuilt received 75% of all fees to the building department for plan review, permitting, and inspections. One building official, two deputy building officials/plans examiners, two building inspectors, three permit technicians (two on-site and one in Tyrone), plus secondary personnel as warranted were available for the City. Spreading the costs over a larger geographical area was one of the advantages of outsourcing, Rorie reminded Council, giving an example of an electrical inspector who might not have an inspection scheduled in Peachtree City, but, if he or she also worked in other parts of the county, would have more opportunity to perform.

Building Services fees and revenues in fiscal year 2017 were about \$1 million. The City paid SAFEBuilt \$783,000, leaving about \$287,000 for the General Fund to cover other support services, including an engineering and planning technician. Rorie estimated that the City could insource all Building Services for about \$643,000 a year, leading to the question of whether it was time to evaluate that service delivery strategy. From cost a purely cost perspective, the City could generate another \$100,000 of revenue, Rorie pointed out, asking what would happen if all those people were hired and another economic downturn hit. Another problem was the difficulty in finding qualified building inspectors to hire, along with the extraneous expenses such as fuel for department vehicles. Rorie said the City had a good contract with SAFEBuilt, and there was a benefit to having a third party inspector providing oversight. Cost was not always the deciding factor.

Ernst asked about salaries for those workers, and Rorie said it was difficult to hire for many positions at the minimum salary. He asked Human Resources and Risk Management Director Ellece Brown to confirm this. Rorie said many times they had to offer more than the minimum salary in order to fill a position.

Prebor inquired if a hybrid approach of insourcing and outsourcing had been considered. Rorie said it was possible to combine insourcing and outsourcing, and they had initiated a desktop plan for review to speed the process. He said a plan review was required for permission to build, and SAFEBuilt and City staff both were the target of complaints about how long this process took. About 90 percent of the time, delays were caused by the applicant's non-compliance with the process. Prebor said at some point, there must be a tipping point for bringing the inspections process back in-house, and Rorie said maybe, but not necessarily, with Fleisch pointing out that SAFEBuilt was hiring and could ebb and flow with the demand better than the City could.

King noted that \$300,000 in revenue without providing the labor seemed the obvious way to go. Rorie acknowledged that building inspection was not easy. He had worked for another City and had been asked to a meeting about the installation of fire alarms. Rorie declined, saying he would not go against what was required by the Fire Code, and there could be no discussion. Afterward, he learned the builder asked how they could "make their problem go away." This, he said, was why it was best not to get involved in building code.

Eric Shufro asked if there was any accountability when a permit was issued to ensure the inspection occurred. He said he understood that the City did not follow up with contractors. Rorie said he could not address that at this time, but encouraged him to follow up with staff.

Edge Gibbons said he was a contractor and noted that contracting out services was beneficial to the City because it was hard to recruit people. If a contractor failed to perform, the City had leeway to terminate the contract. He said in a situation such as with building services, in which City netted \$300,000 and the risk was entirely on the contractor, the City was getting a good deal.

Right-of-Way Mowing

Rorie said right-of-way mowing and landscaping had been a recurring topic of discussion in the six years he had been with the City, and he learned about the scope of the issue when he worked with the Public Works Department. Looking at a map that showed all of the areas where the City maintained rights-of-way, Rorie commented that this was a larger area than in any other city where he had worked. The City had developed with scattered subdivisions and villages, and the City maintained the public subdivision entrances, including mowing, edging, weed eating, etc.

Rorie said 398 acres, more than 17 million square feet, had to be mowed every two weeks. This included 68 acres along SR 54 and 74, 201 acres on primary roads, 81 acres on secondary roads and 41 acres on ancillary roads. By July every year, it was beyond the ability of City staff and the outside mowing contractors to keep up, and the City had to subsidize them.

Rorie said in 2014, they had discussed cutting the grass every 10 days, instead of every 14, was discussed, but the cost had been prohibitive. The City paid \$250,000 to mow for eight months of the year. He said one year, when the City had a contract about \$289,000, he had to go back during the budget process and lower the figure to \$250,000. The next year, the budget was returned to \$289,000, but did not allocate funds for right-of-way trimming of tree limbs and shrubs that grew out over the roadways.

In 2015, \$100,000 had been added to the budget, and the right-of-way tree trimming was

outsourced. In 2016, the landscaping was insourced, with the crews performing tree trimming during the winter. However, the right-of-way mowing season lasted longer than it should have, and the crews fell behind in their trimming duties. Rorie said this showed that \$250,000 was not enough to cover all the needed tree trimming and grass cutting duties.

Rorie continued that he had found a formula that showed how long it would take to mow a certain amount of grass. One person, in a perfect world, using a 72-inch deck mower, could mow 57 acres in 32 hours. Of course, this would be a big open field, and it was very different along a busy roadway, dodging tree limbs and maneuvering into a median. This figure did not account for some intangibles such as when workers were absent show up.

Outsourcing cost the City \$250,000 for eight months, which broke down to \$31,250 per month. Insourcing costs for five personnel, capital, and operations expenses would total about \$364,000, Rorie reported, about \$114,000 more than currently budgeted, for the entire year and would cover tree trimming and maintenance in the winter. He said this had been an issue for five or six years, and it might be time to re-evaluate the service delivery strategy. Also, there were opportunity costs, such as the consideration that crews were out trimming limbs when they could be painting walls or doing other work. He said it might be time to evaluate right-of-way mowing as well.

Legal Services

Brown explained the scope of the considerations when deciding on insourcing or outsourcing legal services. She presented an extensive list of some of the areas of knowledge/expertise a city attorney must possess. General legal expenses, which covered legal advice not related to litigation, had averaged about \$151,000 annually to the City Attorney for the past seven years. Costs for litigation averaged about \$80,000 over the same period. Those were not all the costs, Brown pointed out. The City sometimes needed to hire specialized attorneys, and those costs averaged about \$77,000 annually. The total annual legal services expenses for the City averaged \$231,000, not counting fees for specialized attorneys.

Currently, Brown continued, the City outsourced its legal services, paying the appointed City Attorney \$160 an hour for legal services in addition to reimbursements for mileage costs, continuing education, and other expenses. There was no contract, just an arrangement. She said the City had done this for many years.

Another option for legal services would be to set up a contract agreement with the City Attorney, which would continue outsourcing but establish an all-encompassing hourly rate that eliminated the extra expenses such as mileage.

Insourcing legal services was a third option. Considerations would include finding an attorney familiar with work in the public sector and issues the City might face. Salary and benefits were also factors. Typically, an attorney would have staff and resources. Brown went back to the question of knowledge and experience, and pointed out that a City Attorney needed a vast amount of both.

Brown presented a salary chart that showed requirements and salary ranges for five levels of city attorneys, which she said had been difficult to research. An entry-level attorney, who would require supervision, would be expected to draw a salary of \$89,000 – \$97,000, with benefits totaling \$31,000. A second level attorney with two to four years' experience would be \$116,000 – \$124,000, with benefits of \$40,000. A level two attorney could work on some complex tasks, but would need some supervision. A level three attorney, with four to seven years' experience, would be \$156,000 – \$168,000 with benefits of \$55,000. Brown said this would be an attorney who could work independently or collaborate with specialized attorneys. This attorney could work on moderately

complex aspects of a project.

Brown said she used salary ranges from the Atlanta area. Fleisch asked where Brown got the salary information. Brown said she used Salary.com, Indeed, and organizations that reported legal salaries. Rorie said it also came from a survey of cities.

In creating an analysis of what insourcing for a city attorney would cost, Brown said she used figures for a level three attorney. She used the minimum salary of \$156,130 and added the \$55,000 benefits for a total cost of \$211,130. The attorneys would need at least a secretary, which she estimated would require a compensation package of about \$59,000 for a junior legal secretary. Support staff, such as a paralegal, would be required from time to time, as well as a legal library for reference, but she said she had no cost estimates for that.

The total costs for insourcing would be about \$270,000, not including the unknown expenses for support items and personnel. Right now, the City paid \$230,000 for legal services. Brown said to keep in mind that specialized services would still be required, even with insourcing. These figures showed a small savings for outsourcing legal services for a city attorney.

Brown said she conducted two surveys, one last fall and another this spring, and 22 governments responded with information about how they handled legal services. About 82% outsourced their legal services. LaGrange, Roswell, Marietta, and Gwinnett County were the only respondents that insourced their legal work.

Rorie said this was a way of looking at cost vs. value. He said there were opportunities to combine public and private services. There could be an agreement between two cities to share an attorney. There was a lot of benefit that went unrecognized if you relied only on cost. Fleisch pointed out that the City Charter gave Council the authority to appoint the city clerk, city attorney, municipal judge, and city manager; the City Manager hired everyone else, but Council was responsible for the hiring or appointment of those four positions.

Prebor said a contract would make it easier to quantify everything. Rorie said the contract could be as simple as a retainer for all general services as opposed to litigation. Prebor clarified that they did not want to "go cheap" on an attorney, but sometimes the most expensive attorney wasn't necessary. He said the \$230,000 broke down to about 30 hours a week over 48 weeks. He commended City Attorney Ted Meeker as being very good, but said maybe someone less expensive could be used for 10 of those hours per week.

Fleisch asked how continuing education became an expense. Brown said she did not know the history, but it had always been included in the eight years she had been with the City. She assumed that if the City Attorney worked for more than one city, those costs would be spread out. Rorie said this was exactly the type of issue these Retreat sessions were designed to examine. He said they had a responsibility to look after the City's assets, whether physical assets or employees.

King noted the high price of legal services, but recalled a 2014 case of litigation regarding property on Robinson Road that went on for two and a half or three years at a cost of more than \$100,000. At the same time, the City had another fairly expensive litigation expense. He said these two cases were bubbles that caused the average cost of legal services to be so high.

Residential Solid Waste Service

Rorie began with a history of solid waste collection in the City. He said Peachtree City began looking at alternatives for one provider in the 1970s and 1980s, and first took action in 1999 when the state mandated a reduction in solid waste. The City took bids and named two preferred

providers that reduced rates for citizens the first year, but then rates increased next year. Sanitation complaints also began to increase at City Hall after this. He said when the City monopolized a service, one way or the other, the City was accountable.

In 2006, a single franchise agreement had been considered, but Council decided not to follow through after public opinion was against it. In 2009, Council revisited the single franchise agreement, this time with an opt-out for customers, but wound up adopting the current non-exclusive franchise and fee. Rorie noted that Al Yougel, director of Keep Peachtree City Beautiful (KPTCB), along with Public Works Superintendent Scott Hicks and Director of Financial Services Paul Salvatore, could all remember these most recent discussions regarding solid waste collection. Recycling was included in the base rate, which resulted in increased participation, as well as a franchise fee that went to KPTCB.

Rorie said this issue had come up again because the City had an obligation to provide high quality services to residents. By having multiple providers, the City was reducing the longevity of its roads and faced failures in the road network a lot sooner than necessary. He said options had consequences, and Council needed to look at the consequences of its decisions. Was it fiscally responsible to have multiple providers, or was there a better way?

City Engineer Jonathan Miller introduced several acronyms. Equivalent Single Axle Load (ESAL) was a way to quantify damage to roads by converting data from different vehicles and different loads to the same unit. Structural number (SN) was the figure used in pavement design to determine the thickness of the pavement to sustain a certain amount of damage, or ESALs, for the life of the pavement. The acronym PCI was the Pavement Condition Index.

Miller explained how to convert weight to ESALs. The average garbage truck weighed 55,000 pounds, while most cars, trucks, and vans weighed between 4,000 and 6,000 pounds. He said he would refer to ESALs as damage, and a garbage truck did 2.8 ESALs of damage to a road. Cars did .0004 ESALs; pickup trucks .0032. One garbage truck on the road equaled 7,000 cars, he or about 880 pickup trucks.

Miller presented a cross-section diagram of the subgrade, binder, and topping required by the City of all contractors in paving a residential street. He said he could use these standards to calculate a structural number and figure out how many ESALs, or how much structural damage, a road could sustain for its life, usually over a 40-year period. He showed the formula used for this calculation and said that over 40 years the road could sustain about 28,000 ESALs.

Fleisch said Miller had previously talked about a 15-year life cycle for roads, but he clarified that the 40 years would be to completely wear out the road and take it back to dirt or rock.

As an example, Miller used a neighborhood with 131 residences and no cut-through streets. He made some typical assumptions to calculate the ESALs that neighborhood would produce and found that garbage trucks would account for 40% of the damage. As a neighborhood got smaller, the garbage trucks would cause a higher percentage of damage.

Rorie asked Miller to share the paper clip analogy. Miller said asphalt paving was flexible, like a paper clip. It could bend a little, and it bounced back repeatedly. The same applied to a car going over a road. However, the garbage truck bent the road even more, causing it to snap, comparable to bending the paper clip too far and too many times.

Fleisch noted that the City had three providers with a potential for six trucks. Miller said his example only accounted for one garbage truck and one recycling truck that would produce a total of 293 ESALs. If all three of the City's providers came into this neighborhood, the percentage of damage

to the road from garbage trucks would increase greatly.

Ernst asked Miller how the weight of a garbage truck compared to the weight of a firetruck. Miller said they were similar, but they needed to look at axle loadings and whether the trucks had tandem or single axles. There was not a linear relationship between weight and damage, he noted, and conversion factors were different for the different types of axles. Fire Chief Joe O'Connor said a firetruck weighed 40,000 pounds.

Miller presented a chart he had used at the previous Council meeting to show the impact of garbage truck traffic on road condition in his example neighborhood. He said the road held up pretty well with just one provider, but the road condition declined rapidly with two or three providers and their truck traffic. He said his earlier presentation of the chart focused on money, but this time he would look at time. The first major rehab would be needed when the road reached 70 PCI and would require a two-inch mill/pave at a cost of \$152,900 per mile. With only one garbage provider, that point should not come for about 14 or 15 years, Miller noted, but with two or three providers, it would be reached at 10 or eight years, cutting the pavement life almost in half, or at best, by five years, before the first major rehab was required. He said the Infrastructure Management Services (IMS) analysis was based on one provider, so the figures presented were based on one provider.

Fleisch asked about the section of Dividend Drive where truck traffic was especially heavy, and Miller said it had a PCI of 61 and had a little more damage, but a big portion of the rating being so low was due to the roughness of the road. He said this could be due to the big trucks stopping for the light. Fleisch said this road had a full depth reclamation (FDR) in 2012, and there were sections that were at an 80 and holding up well, but the section with truck traffic had dropped to 61 in just six years. She said that seemed to be a perfect illustration of the wear and tear of heavy trucks. Miller said it showed there were extra factors that IMS did not account for unless asked.

Another slide showed the example neighborhood at year 15, requiring roadwork of around \$42,000 to \$152,000 per mile with just one provider. With two or three providers, it would require more expensive repairs, in the \$209,000 to \$342,000 per mile range. Rorie said if there were three trucks, the time for the repair would remain the same, but the cost would double. Miller said the chart could be viewed in terms of pavement life or in terms of cost for any given year. Rorie said it was a "pay now or pay later" situation.

In response to a resident's question about the condition of McIntosh Trail, Rorie said they were looking at using concrete in front of the Public Works building where there was near-constant heavy truck traffic, but it was costly. He said the question was whether it would be better to repave it twice for the same cost. Fleisch pointed out that spillway construction had added truck traffic to this road. Miller said a cement truck might be slightly heavier than a garbage truck, but a loaded garbage truck was very heavy. He reported a conversation with a contractor who was repaving Evian Way who said a garbage truck came into the neighborhood, went all the way down the street, picked up one can and went back out. So the street was damaged for one customer.

Yougel shared his thoughts as a resident of a subdivision that was responsible for paving its own streets. He said they realized the advantages of choosing one provider years ago, and he could identify with the City on a smaller scale. The homeowners association had postponed maintenance, and it would cost them dearly. Yougel also reported there were 13 commercial waste haulers that used connector streets to visit shopping centers and collect a couple of cans.

Rorie presented several data points about the current system. There were minimum insurance requirements. Providers set base rates. Service must include both garbage and recycling, and

they could offer yard debris and bulky waste pickup for extra fees. He asked if Council remembered him talking about a visit to the mulch yard. He said he wanted to look at it and see how it related to the topic of waste service providers. Providers must manage customer service, Rorie noted, and customers could change their provider if they were unhappy with service.

Prebor asked if all providers offered pickup of yard debris and bulky waste for extra fees. Rorie said his firm did, but he had to bag it. Prebor inquired if limbs were included, and Ernst said all providers were required to offer it, but customers had to call and set up an appointment.

Rorie discussed the rates charged by the three residential providers. He said he used Pollard and paid \$46 a quarter. If he wanted them to collect yard waste, he would have to bag it. He said he did not do a cost comparison when he chose them, he just saw their name on a can in his neighborhood and called them. Republic, another hauler, charged \$52.50 a quarter. Republic purchased Allied, All South, Robertson, BFI, and EPI. Waste Industries charged \$46 per quarter. They had purchased CLM, Cardinal, Dependable, IWS, Raintree, Titan, and Waste Management. Rorie said the subtle lesson here was that buying up your competition was the best way to control costs.

City Clerk/Public Information Officer Betsy Tyler had conducted a survey of 26 nearby jurisdictions and found that nine used one company, 12 had a city department, and three had a county department, Rorie reported. Only two, Peachtree City and Milton, had multiple companies. All 26 provide recycling, while 16 did yard debris, and 11 provided for disposal of bulky waste. Milton and Newnan had outside garbage collection contracts, but internalized bulky waste collection, while Roswell outsourced bulky waste disposal, but had an internal garbage collection operation.

A look at costs showed that the City of Dalton had no separate fee, but Rorie said it was probably assessed through taxes. Fayetteville showed the lowest fee, \$31.35, for garbage collection and recycling, while Gainesville had the highest, \$96.30 a quarter, to cover garbage collection, recycling, and yard debris disposal. The average fee was \$45.58, but Rorie said averages did not matter because everyone made an independent decision.

Fleisch asked what company Fayetteville used, and Rorie said Waste Industries, which served the county landfill.

Yougel noted that, of the three providers serving the City's 11,000 customers, Republic and Waste Industries had all the customers, except for 300. Pollard's truck drove all around town for 300 customers. He invited Council to spend a day with KPTCB to get a better idea of the yard waste issue apart from flow charts and spreadsheets. They could look along the cart paths at all the debris from the Bradford pears and help with situations such as a 55-gallon can filled with wet grass clippings. He said they should ask Code Enforcement about all the household garbage being put into bins at the baseball/soccer complex, along Line Creek, and on the cart path system. Yougel noted there was a lot of work going on caused by the way the system was now handled. He said everyone should be required to have garbage service. Rorie noted that Newnan required this.

Other considerations Rorie mentioned included accountability – who should be contacted for spills and unsecured loads or service stoppage. The impact on City staff in fielding complaints was another issue. There was also the issue of free enterprise and giving residents a choice of provider. Options listed by Rorie included continuing the current situation of a non-exclusive contract. The City could create its own department as another option. A single provider contract was another possibility, as was a combination of internal and external services. A totally open market, with no franchises, no fee, and no calls to City staff was also an option.

Rorie said the City was aware of the situation Yougel reported regarding the greenbelts and trash containers. The current system had worked well for a number of years as far as competitive pricing and service and fewer phone calls to City Hall than when the preferred provider program was in place. There were consequences with any system, he noted. Some people would complain they did not have a choice, but he said the choice came during the RFP process when Council made the choice for the whole City. Every time a trashcan was laying in the road, the phone call would come to City Hall because City Hall had chosen that provider. He said some cities had their own departments, but he did not want to do that. However, if he had to have someone dealing with complaints, the City needed to own it.

The current program did not address road damage or issues with trucks getting in and out of some cul-de-sacs.

Rorie went over the costs associated with a City department, which included capital, labor and operational expenses. He said the cost of providing 11,000 households with a \$100 container would be \$1.1 million. Trucks would bring the capital investments to over \$2 million. Operational costs for staffing, insurance, and disposal were still unknown, he remarked. There would be a cost associated with billing. He mused that maybe it could be attached to the Fayette County Water bill, but there would be a charge of what Fleisch said was about \$1.65.

With a City department, there was no competition for pricing or service, and Rorie pointed out that the average fee for a city-owned sanitation department was \$56.53, 22% higher than average. But was it really 22% higher when it was one truck driving all over the City as opposed to three, he asked, noting that this might be the difference between \$150,000 and \$300,000 for a road for 15 years. Another argument was that it competed with existing free enterprise. Rorie felt cities should not compete with local businesses as a rule.

In a totally free market, there was the use of a public asset (streets) for private gain, Rorie mentioned. There was no accountability for spills or other problems, and insurance was a question as well.

A single company contract would be competitively priced and awarded through an RFP/bidding process. There would be fewer trucks on the road, and residents could see a potential savings or added services. Some people would complain they had no choice, however, and Rorie said this had stopped the idea in the past.

In the current system, Republic had more than 50% of the customers even though, at \$52.50 per quarter, their rates were 15% higher than the other two companies. Rorie said most people did not look at the costs when choosing a provider, and Yougel pointed out that Republic had a points system in the past, and might still have it, for recycling that might have attracted customers. He noted that people did not change waste haulers unless they had a problem.

In 2009, Republic came in with a price for the RFP, but that plan was scrapped, and the City went with multiple haulers. Yougel said after that, the haulers all raised their rates. Rorie said going with a single provider could save customers about \$10 per quarter. Even with reduced rates, the hauler would make more money by having 11,000 customers and not having them scattered throughout the City. Additional services could include yard waste pickup at no extra cost or backdoor service for the elderly or disabled.

Rorie remarked that there was no single right answer. If he had to use Joe's Garbage Service because they were the City's franchisee, he would want to make sure they were high quality. That

would not be any more of a problem than the situation of dialing 911 and getting the Peachtree City Fire Department. He said he did not call 911 and ask for the lowest cost fire department. He got the monopolistic service of the City's fire department. The same was true of police and some of the public works services. There would be some people who would complain about not being able to choose their provider.

Rorie summarized that the roads were the City's cost of keeping the current system. If the City went with a single provider, there might be a reduction in costs to customers due to economies of scale. The City would also end up owning the service, even though it was contracted with a private company. It was a "pay me now or pay me later" situation, he said. Maintaining the status quo would cause more damage to the roads, and the City would have to pay for that sooner. The City might not be able to pay for the repairs when first needed, leading to more expensive repairs later. There were no easy answers, but Council must look at the situation.

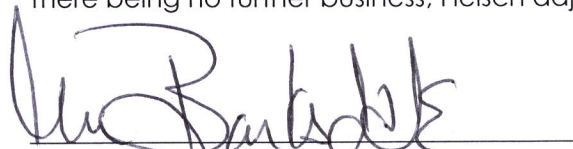
Rorie commented that Council could go forward on all of these service delivery topics (building inspections, right-of-way mowing, legal services, and sanitation services) and re-evaluate. He said as the budget process moved forward, Council needed to consider whether to look at service delivery proposals for insourcing and outsourcing and what would give the greater return for the investment of tax dollars in a fiscally responsible manner.

Prebor asked if there was a way to set up a performance bond and how would that work. Rorie said that gave the City the authority to pull the trigger if the company failed to perform to the standards of the contract. However, he cautioned, it was not as easy as it sounded. Prebor asked if the City could tap into the bond if the company failed to perform and the City had to step in, and Rorie said he did not know. It was a legal construct. If company was fired, the City could pull their bond and hire another company. The question would be how long would it take to hire another company. Rorie asked what would happen if the first company took all its containers and garbage piled up in the streets. Prebor asked if the bond could be used to pay if, for instance, the company failed to perform, and the City had to take up the slack. Rorie said he did not know, but he did not want to have to negotiate if there was a problem.

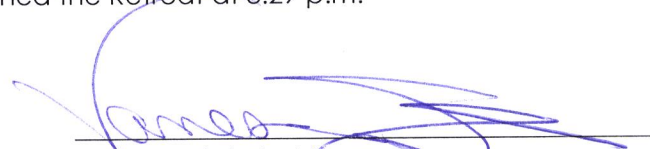
Prebor also mentioned that a small player would have trouble ramping up to handle 11,000 garbage customers. Rorie said he did not think the smallest company would have a chance, and Fleisch said probably only Republic could handle it. Yougel said Waste Management might be able to as well.

Rorie concluded that if the City did nothing about garbage service, it would wear out its roads quicker. If that was the course they chose, they could charge a \$5 quarterly franchise fee to each hauler. For 11,000 customers, that would generate \$220,000 a year, or \$2.2 million in 10 years. At \$153,000 per mile, that would amount to just 14 miles out of 192 miles of road. Rorie also noted there needed to be a rock-solid contract if they went in the direction of contracting with a hauler.

There being no further business, Fleisch adjourned the Retreat at 8:29 p.m.



Martha Barksdale, Recording Secretary



Vanessa Fleisch, Mayor