

## KENAI PENINSULA BOROUGH

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DALE BAGLEY  
MAYOR

### MEMORANDUM

**TO:** Pete Sprague, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Dale Bagley, Borough Mayor *DLB*

**FROM:** Richard Campbell, General Services Director *RC*  
Catherine Mayer, Solid Waste Director *CM*

**DATE:** September 28, 2004

**SUBJECT:** Resolution 2004- *106*  
Establishing Positions in the Solid Waste Department for the Central Peninsula Landfill

The Kenai Peninsula Borough (Borough) has contracted the operations of the Central Peninsula Landfill (CPL) for approximately 30 years. Although contracting has historically been a successful management tool for the majority of solid waste operations, continued contract operations at this regional solid waste site is no longer the most practical option.

Providing an integrated solid waste management program is one of the Borough's primary area-wide responsibilities. During the past ten-years, the CPL has evolved from a simple "dump and bury" operation to a regional landfill receiving waste from approximately 75% of the Borough population (exceptions are the Homer area and remote landfills).

With construction of the new landfill and in order to provide a reliable, flexible, efficient, and cost-effective program that meets both current and future needs, it is time to consider Borough operations and site management.

The Borough is unique in the fact that we own the landfill, but contract operations. Landfills are generally municipal owned and operated or privately owned and operated. There are a variety of reasons that the owned/operated sites are most practical and many of those reasons are referenced in this memorandum.

The attached resolution requests approval to establish 11 positions in the Solid Waste Department (SWD) to replace the current contracted positions. Planned positions are itemized as follows and job descriptions are attached for reference.

One (1) Landfill Manager, two (2) Operator I, two (2) Operator II, one (1) Operator/General Maintenance Mechanic, one (1) Operator/Mechanic, two (2) Scale Attendants/Clerks, and two (2) Laborers.

Last year the current landfill contractor worked 12 full-time staff, overtime hours, and temporary staff for hours equivalent to 14 positions.

The Borough would work 11 full-time employees,  $\frac{3}{4}$  contract administrator already budgeted to the CPL, temporary employees, and contracted services. The total hours worked would be equivalent to the staff hours currently worked by the contractor. Once operating, we can determine if it is most practical to establish an additional position or to continue utilizing temporary employees and/or contract services.

Funds are available in the CPL operating budget 290.32122. If the positions are approved, a budget revision from the CPL contract services account will be made to the appropriate accounts.

In order to provide a "picture" of what is needed to operate and maintain a site of this magnitude, it is necessary to provide an overview of the background of the site and facility as well as current operations.

## **BACKGROUND**

The CPL, located 2.5 miles south of Soldotna, was established in 1969 by the City of Soldotna and operated by the city, or its contractor, until 1974 when the Borough assumed control. An abbreviated overview of site development is as follows.

- The site was operated as a dump with minimal controls from 1969 - 1974.
- In 1990, the Kenai Peninsula Borough Assembly adopted recommendations including utilization of the landfill as a regional landfill, construction of a baling facility, a lined disposal cell and a leachate collection and treatment system.
- Approximately \$2,083,000 was expended to purchase surrounding properties to ensure development and buffer area for 30-50 years. Over 620 acres is available for landfill development, waste related uses, and buffer.
- The Kenai and Seward landfills closed, transfer facilities were upgraded, and waste from all areas along the road system (except Homer area) was routed to the regional landfill for disposal.
- CPL site/facility construction was completed in 1992 with additional improvements added later. Construction has included improvements in the landfill; weigh system; 13,000 square foot building with a baler and conveyor; pump house and 30,000 gallon water tank; multi-purpose building and loading dock; storage warehouse; two 8,000 gallon washwater holding tanks; hazardous waste

storage trailers; used oil collection tanks, oil burner, vehicle battery collection stations; fluorescent bulb processing station; roads and parking areas. The 1992 improvements cost approximately \$4.7 million, which were funded through an ADEC grant, legislative grant and the issuance of general obligation bonds.

- The 1992 lined landfill construction was postponed due to regulatory flexibility that allowed continued vertical fill over the current site. It is anticipated that with proper management, space is available to continue filling through the summer of 2005. Operating the site as long as possible to delay expenditures to close the site (and commence with the 30-year post-closure requirement set forth by regulation) is financially practical.
- The October 2002 election authorized issuing \$12,000,000 in bonding to fund ten-year landfill capital costs for two lined cells and related improvements. \$7,040,000 was issued in 2003 for the first cell and related development.
- New lined landfill construction is anticipated to be complete in December 2004. Construction includes lined cell construction; leachate (water passing through the waste) and gas collection and treatment systems; leachate lagoon and tank (approximately 1 million gallon cumulative capacity); leachate loading station; stormwater collection and sediment lagoon; mechanical/pump building; extensive fencing; driving and parking pads and roads; and other related upgrades.
- The current landfill operations (conducted by the landfill contractor, the Borough and other contractors) include, but are not limited to, management of solid waste, construction and demolition debris, recycling, compost, tires, lead acid batteries, used oil, fluorescent bulbs, sewage sludge, asbestos, hazardous waste (collected on designated days), refrigerators/freezers requiring removal of refrigerants before disposal, and other material.
- New operations will incorporate waste not previously accepted such as various wet wastes and low level contaminated soil. In addition, the Borough will strive to divert waste by recycling, burning, reusing, or any other means to avoid disposal in the expensive lined landfill - operations will change continually to address these needs. Leachate and gas systems will be operated, modified and expanded as needed (to avoid expensive treatment and disposal).

As shown, the solid waste management infrastructure at the CPL has changed dramatically in the last ten years. Changes will continue in the future and a Borough-operated site can best address changed operational requirements and added constructed facilities and equipment.

Operational issues, related to contracting and Borough management, are discussed in the following sections.

### **BOROUGH AND CONTRACTOR OPERATIONS**

The Borough has been operating the CPL with a combination of contracted and Borough employees. The current recommendation is to shift operations from contracting to direct operation by Borough employees. It is the Borough's intention to continue to contract services where work can be clearly defined and tasks and bid prices will not change substantially during a contract term.

## FINANCIAL CONSIDERATIONS

Bidding/Competition: It is difficult and sometimes impossible to predict in bidding documents the best practices for meeting regulatory requirements and adapting to continuously changing waste management challenges. Interest in most solid waste construction contracts has been very competitive with a lot of interest; however, interest in solid waste operational contracts has been very limited with an average of TWO bidders/proposers (occasionally one or no bids). Solid waste projects require extensive equipping and staffing needs and competition has been limited.

The Borough has the financial interest to implement and change waste management procedures to delay capital cost expenditures for new cell construction or landfill closure. The Borough must look at what is happening five and ten years from today. However, contractors are not impacted by the capital costs and will conduct their operations to minimize their costs, while attempting to comply with Borough contract requirements.

The Borough is responsible to provide efficient and cost effective operations and development in an environmentally sound and safe manner. Unfortunately, in order to save money in a profit driven environment, corners can be cut or procedures followed that may not be in the Borough's best interest.

Additionally, it has been very difficult to budget and estimate bid/proposal prices from one contract to the next. Price increases due to staffing, higher tonnages, utilities and fuel costs, are expected, but some costs differ so much from bid to bid, that it is difficult to substantiate costs.

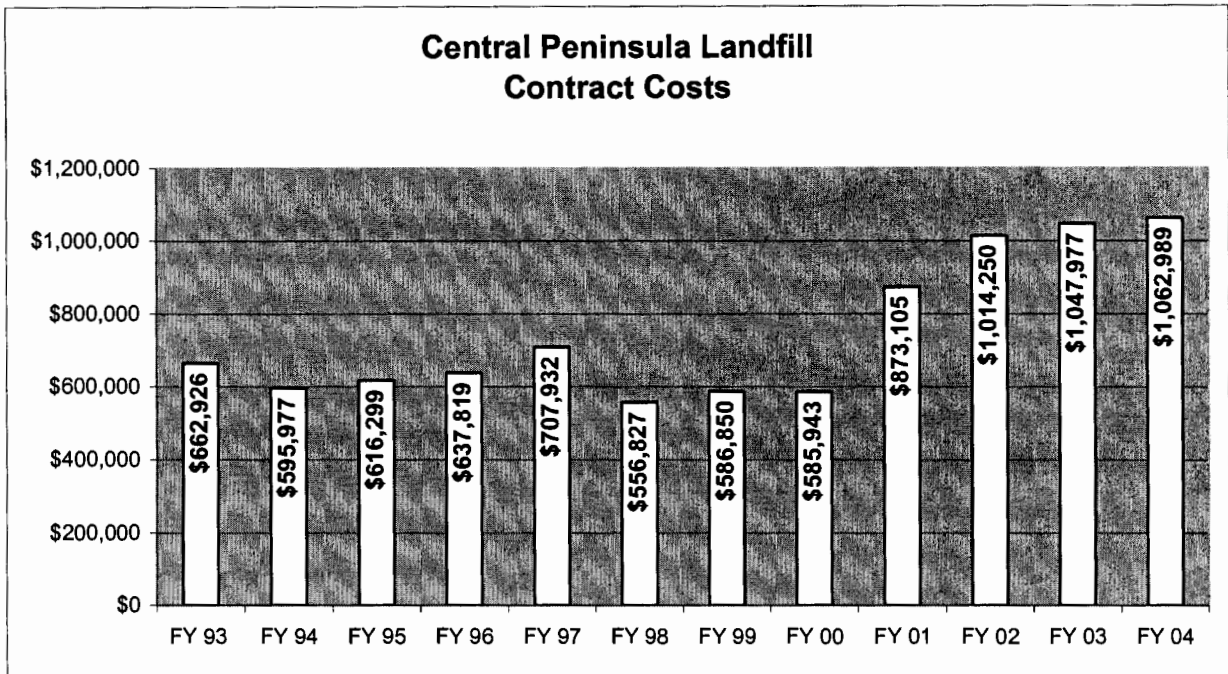
In 1999, Alaska Landfills/Waste Management was the only bidder for the Seward Transfer Facility operations. The bid received, in the amount of \$329,547, included minimal changes in tonnages and operational requirements but nearly doubled the cost of the previous contract.

In 2004, only two bids were received for operations of the Seward Transfer Facility: \$407,757 and \$657,385. The low bid contained a bidding error due to the contractor not conducting the required research needed for an accurate bid. The second bid, which was nearly double the 1999 contract, exceeded the available budget and was therefore rejected.

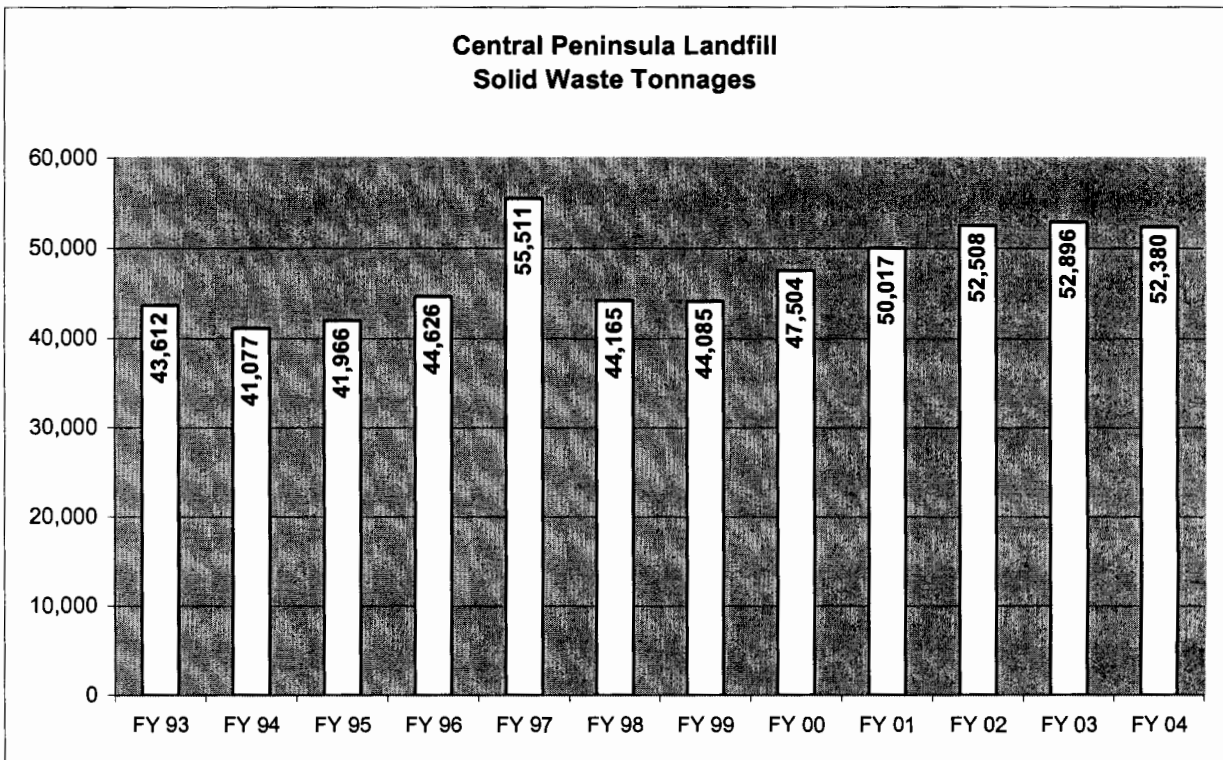
In 1999, three proposals were received for the CPL and award was made based on evaluation criteria to Alaska Landfills in the amount of \$977,494. The other two proposals, in the amounts of \$737,617 and \$2,126,467, varied substantially in their cost estimates to meet the same operational requirements.

The current contract with Waste Management has been in effect since January 1, 2000 and expires December 31, 2004. The Borough offered a six-month contract extension. Waste Management declined.

The chart below shows the unpredictability of contracted costs.



The chart below shows the relative stability of tonnages received (with the exception of 1997 which included the disposal of a large demolition project).



The chart below shows significantly greater cost increases at sites operated by contractors. The Homer Landfill, currently operated by Borough employees, has experienced a smaller increase in cost.

<b>FIVE-YEAR COST COMPARISON</b>			
(Total Site Expenditures)			
	FY99	FY03	Change
HOMER (Borough Operated)	\$471,065	\$544,895	15.7%
CPL	\$969,738	\$1,526,246	57.4%
SEWARD	\$200,263	\$387,700	93.6%

Overhead and Profit: In order to operate a viable business, there must be a profit. Adding a profit factor on top of staffing, equipment, supplies, etc. can add substantially to the cost of operating a landfill. Although base wages being paid for many current positions are comparable to what the Borough will pay, and contractors have provided some medical and other benefits in the past (does not mean a new contractor would do the same), the Borough's personnel costs will be higher than with contract operations due to insurance and retirement.

Equipment: As mentioned in the section RELIABILITY AND FLEXIBILITY, contractors have expressed concerns about purchasing equipment for a three to five year contract. Generally contractors will purchase used equipment due to the short contract term. The Borough plans to purchase equipment that can be used at the site for many years and won't have to be switched out every three to five years. Additional information on equipment acquisition is provided at the end of this memorandum.

### ASSET MANAGEMENT AND LIABILITY

Over a 20-year period (1991-2011), the Borough will expend approximately \$20 million for landfill capital planning, design, development, improvements, equipment and closure. The Borough is responsible to protect this investment by ensuring proper and safe site and facility management, conducting environmental monitoring for groundwater, surface water, and gas, and must ensure funding is dedicated for future closure or response or remediation.

Closed Landfill: Once the current landfill is closed, the closed site will continue to be used for landfill related activities. Thirty-five years of waste will be "tomed" and the Borough must maintain the integrity of the final cap, conduct water and gas monitoring, and respond and remedy any environmental impacts.

Damage to Landfill: In the event the site is operated by contract and the new landfill liner is torn, a fire occurs, improper management of leachate or gas, etc., it will be difficult to define who is responsible for the cause unless the incident is observed. Something as simple as a tear to the liner could be very expensive to repair as waste would have to be dug up and removed, materials ordered, a specialty contractor/installer (possibly from out of state) hired to conduct

repairs, quality control testing would be required and the Alaska Department of Environmental Conservation would be notified.

Insurance and Liability: Former solid waste site operators have declined to bid on Borough projects due to the concern of operator liabilities. Damage to contractor equipment due to vandalism, accidents at the sites by the public, and other issues have impacted contractor's ability to insure their activities. Additionally, contractors generally cannot obtain (so it is not required) environmental insurance. This would require the contractor or the Borough paying for any cleanup, if needed.

Currently, the contractor indemnifies the Borough and carries required insurance. The Borough pays indirectly for this indemnification and insurance. If the site is Borough operated, the Borough will directly assume some liabilities currently covered by the contractor's insurance. Ultimately the Borough is responsible for waste management and the associated liabilities whether contracted or Borough operated.

## RELIABILITY AND FLEXIBILITY

Operational modifications will be required on an on-going basis to address state and federal regulatory changes as well as Borough needs to provide effective solid waste management.

Operational Changes: The Borough can direct on-site staff to immediately address issues and changed operational needs without going through "layers" of contract staff or costly change orders. Currently, simple tasks may take numerous phone calls, discussions, change orders, etc. when an employee could simply have completed the task.

Water and Gas: The Borough must be flexible with operations to ensure proper waste "byproduct" management. Leachate generation and type (levels of contaminants), and subsequent management of gas generated from waste decomposition will vary as leachate and gas generation will be impacted by operational controls, precipitation, moisture in the waste, type of waste, volume of waste, etc. The Borough will conduct environmental monitoring and will perform work to connect into the gas and leachate recirculation systems as landfilling progresses. If leachate exceeds the amount that can be managed on site, additional leachate processing systems may be necessary and/or waste may have to be hauled to a wastewater plant.

Special Waste: New operations will incorporate waste not previously accepted such as some septic solids/sludge, fish waste, low-level contaminated soil, and other materials. Acceptance of some items will be on a trial basis (must meet regulatory and operational requirements) with hopes that more of these items can be managed at the landfill.

Space Utilization and Recycling: Management goals include minimizing the amount of waste requiring burial in the lined cell to delay costly landfill expansion. Diversion goals include a variety of operational methods which may include: diverting waste (construction, demolition, etc.) to a special disposal area; burn and/or chip waste; work with disposers to encourage alternative waste management methods; work with the general public, contractors, businesses or

agencies to set up reuse or recycling stations at the landfill; implement alternative management for items currently managed by hazardous waste contactor; recirculate leachate to provide additional capacity; and utilize alternative landfill capping/cover options such as tarps to reduce the amount of cover material (cover takes up space and is expensive to obtain).

Continue existing recycling programs and market Homer and CPL material together for efficiencies and higher revenue. The junk vehicle program could be expanded as additional storage space becomes available at the CPL and management could be coordinated with Homer.

Staffing: The Borough's control over contractor employees working on other contractor projects while being a paid, dedicated, and required position at the site is limited. Staffing of the site and facility can be controlled and monitored with Borough employees.

Safety and Training: Extensive landfill operations, safety, and specialty equipment training are necessary for site workers. Currently, every three to five years, trained staff may be lost when a new contract commences. Borough operations would provide consistency of trained and qualified staff with minimal changes, OSHA and other requirements could be implemented and enforced by the site manager, and existing Borough resources of the Borough health and safety officer could be utilized.

Equipment: Problems have occurred with the adequacy and condition of contractor equipment on various projects. The Borough would purchase mainly new equipment, which reduces "down-time" and minimizes repair costs. Most Borough equipment would have a ten-year "life" for financial budgeting, compared with contractors who only have a three to five year contracting period (bidders have complained that it is difficult to purchase equipment for short term contracts).

Capital Projects/Minor Construction: Borough staff, during normal work hours, can perform duties that if bid may require payment of Title 36, Davis Bacon construction contracts wages. For example, as part of on-going operations, Homer staff has constructed new cells, storm-water berms and controls, small building/shed construction, etc. Had the projects required bidding, time would have been necessary to compile, advertise, bid, award, enter into contracts, manage contracts and pay construction contractor wages. Additionally, the Borough has had difficulty in finding contractors that are interested, or available, to perform small construction projects.

Shared Responsibilities and Support Services: Trained and experienced staff from the SWD, Homer Landfill and CPL can coordinate/share responsibilities. Shared projects may include baler re-builds, refrigerant removal, battery collection/recycling, consolidation of recyclables and junk vehicles, special materials management, and other miscellaneous projects.

Emergency Debris Management: As part of emergency management planning, the CPL will be identified as a debris management site. In the event of a disaster, the Borough could address emergency needs, set up stockpile, recycling and burial areas as required. Borough owned equipment would be available to use without delay.



## EMPLOYEE COMMITMENT

Since 1992, there have been three operational contracts at the CPL. Each time a new contract commences, employees are faced with either losing their jobs or losing pay and/or benefits. At the end of each contract, employees are very frustrated as their futures are unknown and at the start of a new contract they may be faced with loss of wages and benefits.

For example, at the start of a CPL contract, employee hourly pay rates dropped and benefits and leave were reduced. Substantial staffing changes have occurred at the CPL during the past ten years, attributed in part to contract change over.

CPL supervisory staff has experienced a turnover of six (6) different site supervisors since 1992. By comparison, the supervisor at the Homer Landfill retired after 20 years.

Borough operations would provide consistency of qualified, trained and experienced staff. The Borough would make an investment in the employees to ensure they receive safety, environmental and health training, and cross training for a variety of tasks. Once staffed, it is anticipated that turnover would be low, which reduces long-term costs for training new employees, obtaining necessary certifications and provides for a safer work environment.

## CONTRACTOR CONFLICT

Some operational conflicts would be eliminated if Borough staff operated the CPL. Conflicts with contractor operations that have or may occur include:

- Contractor owned/affiliated vehicle may be allowed to dispose ahead of other disposers (their company trucks dump first to shorten dump time at the landfill).
- Equipment/personnel assistance may be provided to offload material from a contractor owned/affiliated vehicle but not other vehicles.
- Fees may not be charged if there was a financial interest to not issue a fee ticket. Fees could be collected and not forwarded to the Borough.
- After hours disposal may be allowed when the others cannot dispose after hours.
- Waste generated from outside the Borough may be deposited.
- The facility may be used during or after hours for purposes unrelated to landfill operations.
- Spills and emergency response can be handled quickly (Borough) without conflict of one contractor disagreeing with another contractor on responsibility.
- Contractors have alleged that wetting of waste has occurred to increase weights (and payment for weights). Various contractors are continually "watching" other contractor's equipment, procedures, contract requirements, etc. when their time would be better spent performing their contract functions.

## BUDGET

If Borough positions are approved, approximately \$605,600 will be transferred from the CPL contract services to the appropriate personnel accounts. No additional funds are requested for the proposed change.

Heavy equipment will be purchased from the equipment replacement fund and the solid waste bond account.

- An ordinance will be introduced at the October 12, 2004 assembly meeting requesting appropriation of \$275,000 from the equipment replacement fund for a facility loader and roll-off truck. The CPL operating budget will pay an annual rental fee of \$27,500 over a ten-year period and the solid waste budget has funds available for the FY05 payment.
- The remaining equipment will be purchased through the solid waste bond fund. Equipment shall include a small loading crane (installed in the building), landfill loader, bulldozer, scraper, and containers. Equipment costs are estimated at \$1,075,000. The annual cost is included with the budgeted bond debt reimbursement.

The short time period does not allow the Borough to acquire equipment for use before January 1, 2005. Therefore, equipment will be temporarily leased and some services will be contracted until Borough equipment arrives.

## CLOSING

The recommendation to operate the site with Borough employees does not come without a substantial amount of consideration and evaluation. Having worked in the SWD for over 20 years, I have had the privilege to work with contractors and Borough employees. Each has unique issues to address. In my view it is in the Borough's best interest at this time to manage the CPL with Borough employees.

It is the Borough's intention to continue to use contract services where work can be clearly defined and tasks and bid prices will not change substantially during a contract term. For example contract services at the CPL are planned for the following:

- Water and gas monitoring
- Analytical testing
- Design, engineering and surveying
- Junk vehicle and recyclable hauling
- Dump truck and other heavy equipment services
- Scale maintenance
- Major excavation and clearing
- New landfill construction
- Litter collection services
- Major facility, baler, road and site improvements/repairs

The Central Peninsula Landfill, both old and new sites, is the Borough's responsibility. The challenges associated with operating and maintaining the new lined landfill and the existing facilities can be better managed directly with onsite Borough employees.

There are many areas where the Borough will have cost savings due to waste management efficiencies and the ability to implement new waste management programs and modifications on an on-going basis. Cost savings may not always be immediately measurable, but savings are expected five, ten, fifteen years in the future.

Thank you for your consideration.

**Attachments: Job Descriptions**