



Mayor – Sandy Sanders

City Administrator – Carl Geffken

City Clerk – Sherri Gard

Board of Directors

Ward 1 – Keith Lau

Ward 2 – Andre’ Good

Ward 3 – Mike Lorenz

Ward 4 – George Catsavis

At Large Position 5 – Tracy Pennartz

At Large Position 6 – Kevin Settle

At Large Position 7 – Don Hutchings

AGENDA
Fort Smith Board of Directors
STUDY SESSION
June 14, 2016 ~ 12:00 Noon
Fort Smith Public Library
3201 Rogers Avenue

CALL TO ORDER

1. Review sanitation landfill disposal rates ~ *Continued from the November 10, 2015 study session / Removed from the January 12, 2016 study session and deferred to a later date at the January 5, 2016 regular meeting ~*
2. Discussion regarding lease of equipment for the Sanitation Department
3. Review preliminary agenda for the June 21, 2016 regular meeting

ADJOURN



MEMORANDUM
June 14, 2016

TO: Mayor & Board of Directors

FROM: Mark R. Schlievert
Sanitation Director

I have reviewed the Sanitation Departments Budget and, based on information provided, I am not recommending a change in current sanitation rates. The Sanitation Department receives a Projected Budget each year of \$13,920,365 of which is broken down as indicated in the table below:

Revenue vs Expenditures

Item	Amount \$	Comments
Total Revenues	\$13,952,865	
Expense Non-Departmental	\$2,698,052	Admin/Management/Other
Expense 6301	\$531,258	
Expense 6302	\$2,519,889	
Expense 6303	\$1,351,916	
Expense 6304	\$868,071	
Expense 6305	\$3,691,537	
Expense 6307	\$996,240	
Total	\$12,656,963	This includes the lease purchase of heavy equipment
Revenue – Expenditures		
\$13,952,865 - \$12,656,963	\$1,295,902	Reserve Funds

With this information I can recommend that rates remain the same for now. Additional supporting information is based on:

- Landfill Managers are currently managing their budgets efficiently
- Fort Smith is in the growth period which will produce more customers thus increasing our revenues without much impact on our expenditures.
- The average gate rate charge is the U.S. is between \$25-\$35/ton and we are at \$27/ton a little on the low side but with-in the rate range.



MEMORANDUM

June 14, 2016

TO: Mayor and Directors
Fort Smith, AR

FROM: Mark R. Schlievert, Sanitation Director
Fort Smith, AR

RE: Sanitation Department Heavy Landfill Equipment/Rates

This memorandum is to request replacement of heavy landfill equipment that has a large amount of hours and is in need of replacement. A list of proposed replacement equipment can be found in the table below:

Equipment to be Replaced

Type of Equipment	Hours	Comments	Estimated Value
2008 Volvo 6X6 Off Road Dump Truck	10,326	Asset # 4023	\$150,000
2009 Al-Jon Trash Compactor 600	12,674	Asset # 4026	\$45,000
J.D. 550 Dozer	14,404		\$40,000
2004 CAT D7R Trash Dozer	7,305	Asset # 4035	\$75,000
Komatsu 400 6X6 Off Road Dump Truck	-----	Sold \$40K	\$40,000

Estimated Sale of Equipment Value \$350,000.00

This equipment should be sold on GovDeals or similar web site to assist in offsetting the cost of a lease purchase for the following proposed equipment. Proposed equipment is listed in needed priority.

Proposed Lease Purchase Equipment

Type of Equipment	Estimated Monthly Cost	Annual Cost
CAT is listed and can be substituted for similar equipment		
836K Landfill Compactor	\$19,995.00	\$239,940
D8T Landfill Dozer	\$15,350.00	\$184,200
*740 6X6 Off Road Dump Truck	\$11,400.00 X 2=\$22,800	\$273,600
**D5K2LGP Grading Dozer	1 time purchase \$120,000	
**CS56 Smooth Drum Soil Compactor	Used Est. \$40,000	

Total Cost w/taxes		\$697,740

*Indicates price for one the proposed need is two. Past regulator inspections have indicated flagging of trash as a result of not enough cover material. Current operations only have one 6X6 Off Road Dump Truck and are unable to keep up with requirements. Two 6X6 Off Road Dump Trucks would eliminate this issue.

**Indicates additional equipment. The D5 dozer is needed to dress the side slope of the landfill in order to prevent erosion issues. The CS56 Smooth Drum Soil Compactor is needed to seal the areas once they have been covered with soil. This is to prevent erosion as well as recharging of liquid into the landfill. Recharging of liquid increases the amount of leachate and also destabilizes the side slopes of a landfill.

Taking into account the estimated value from the sale of the current used equipment, \$350,000.00, which can be used to offset the cost of the lease purchase as well as the purchase of the grading dozer and used smooth drum soil compactor. $\$350,000.00 - \text{grading dozer } (\$120,000) + \text{used compactor } (\$40,000) = \$190,000.00$, divide that over a three year period ($\$63,000$) and subtract from the $\$697,740 - \$63,000 = \$634,740.00/\text{yr.}$ for this program for the first three year period. As this progresses into the second three year period some of the items will not be required, grading dozer and soil compactor, thus reducing the heavy equipment replacement cost from $\$634,740.00$ to $\$474,740/\text{yr.}$ This will need to assume an inflation factor. Currently in the Sanitation Department's 6305, Landfill Budget, there is $\$735,000.00$ for heavy equipment, as a total of $\$634,740.00$ is needed the first three year period would be reduced by an additional $\$33,420/\text{yr.}$ for the 1st three year period or $\$601,320.00/\text{yr.}$ I would allocate a flat annual rate of $\$600,000.00/\text{yr.}$ for heavy equipment replacement as other equipment will need to be replaced over time, with most being purchased rather than lease purchase.