

# City of Rochester Hills

## *Solid Waste, Recycling and Yard Waste Services Recommendations*

*Community Development  
And  
Viability Committee*

March 27, 2003

### CDV Goals for Project

- Identify Real Costs for Services
- Identify Real Counts (housing, etc.)
- Evaluate Funding Options

## Project Goals

- Save Residents Money
- Increase Services
- Reduce Wear and Tear on Road System
- Improve Public Safety
- Minimize Impact on Government Size

## Long Term Goals for City

- Environmental Responsibility
- Prepare/ Plan for Imminent Decrease in Landfills and Increase in Disposal Costs
- Assist Oakland County / MDEQ with Solid Waste Planning Issues

## Procurement Strategy

- Specify collection services similar to what waste haulers currently provide
- Increase competition in collection by taking separate bids for disposal and processing
- Allow bundled proposals as alternate (single contract with disposal and collection)
- Three year contract with 2 one year options (consistent with City Procurement Policy)
- Examine out-sourcing of tasks normally handled by city staff

## The Process

- **Phase I - Disposal and Processing: Late 2002**
  - *Landfill Disposal RFP*
  - *Recycling Processing RFP*
  - *Yard Waste Composting RFP*
- **Phase II – Collection: January 13, 2003**
  - *Base Proposal to Selected Facilities*
  - *Alternate for Bundled to Vendor's own Facilities*
- **Phase III - Outsourced Services: Early 2003**
  - *Billing RFP - released twice*
  - *Leaf Collection RFP - released twice*
  - *Project Management RFP - released twice*

## Services Description - Facilities

- **Landfill Disposal**
  - *Regular Solid Waste*
  - *Bulky Waste - Non Recyclable*
- **Recycling Processing**
  - *Two Stream (Commingled Paper/Commingled Bottles/Cans)*
  - *Single Stream Alternate*
- **Yard Waste**
  - *Green Waste (April 1 to November 30)*
  - *Fall Leaf*
  - *Christmas Trees*

## Services Description - Collection

- Curbside Solid Waste
- Curbside Recycling
- Curbside Yard Waste (Bagged)
- Bulky Waste/White Goods
- Christmas Trees
- Handicap/Senior "Back Door" Service
- Municipal Dumpsters
- Municipal On Call Services

## Service Description - Outsourced

- **Billing**
  - Quarterly billing to residents
  - Handle receivables
- **Bulk Leaf Collection in Fall**
  - Curbside collection (4 collections)
  - Bagged collection (4 collections)
- **Project Management**
  - Handle phone system/ complaints
  - Develop education outreach materials
  - Work with waste hauler/ residents/ city on an on-going basis

## Companies Responding to RFPs

- **Disposal**
  - Waste Management (WMI)
  - Allied/Great Lakes
- **Recycling Processing**
  - Waste Management (WMI)
- **Compost Processing**
  - Waste Management (WMI) with Indian Summer
- **Collection**
  - Waste Management (WMI)
  - Allied/Great Lakes
  - Five Star

## Companies Responding to RFPs

- **Billing**
  - LaserTech, Inc.
  - LPD and Associates, P.L.C.
  - 360 Services, Inc.
  - Wolverine Mail, Inc.
  - MP Billing-Plus
- **Bulk Leaf Collection**
  - E.R. Exteriors, Inc.
- **Project Management**
  - Shaw-EMCON/ OWT, Inc.

## Proposal Evaluation Process

- **Evaluation Criteria**
  - Organizational      25%
  - Technical            25%
  - Financial             50%
- **Review Process**
  - Reviewers read technical proposals
  - References were contacted
  - Each reviewer scored independently
  - Technical scores were averaged
  - Financial analysis scores added

## Top Proposals

- Disposal - WMI
- Recycling Processing - WMI
- Compost Processing - WMI
- Collection - WMI
- Billing - Wolverine Services
- Bulk Leaf - E.R. Exteriors, Inc.
- Project Management - Shaw-EMCON/OWT

## Bundled Collection Option

- Combines Services in Single Contract
- Two Proposals Received
  - Waste Management
  - Great Lakes Waste (Allied)
- Best Bundled Beats Best Unbundled
  - WMI Unbundled at \$11.18 HH/Mo
  - WMI Bundled at \$10.94 HH/Mo

## Bundled Collection Analysis

Service Category and Cost to the City Per Household	Great Lakes/Allied Bundled	Waste Management Bundled
Total with -Solid Waste -Recycling -Yard Waste	<b>\$12.60</b>	<b>\$10.94</b>

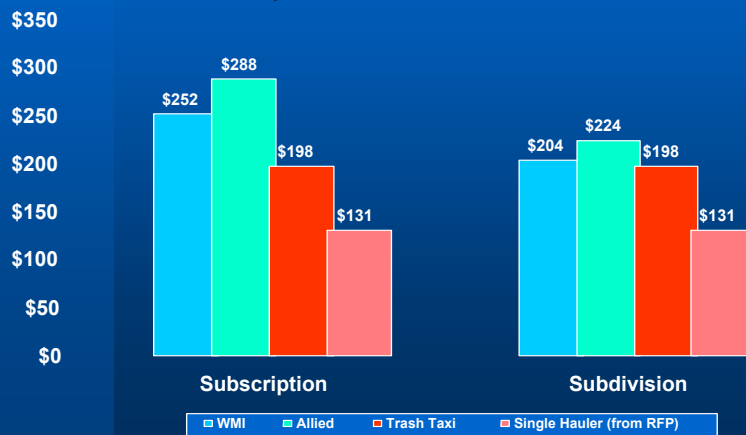
## Description of Services

- Weekly Curbside Solid Waste
- Weekly Curbside Recycling
- Weekly Curbside Yard Waste (April through November)
- Fall Leaf (Bagged)
- Bulky Waste/White Goods
- Christmas Trees
- Handicap/Senior "Back Door" Service
- Household Hazardous Waste (via NO-HAZ)
- Education and Complaints (Joint between Hauler and City)
- Curb-Cart Optional (Same as current)



## Compare to Current Rates in City

Rate/Year for Comparable Services



## Funding - System Goals

- Lowest start-up costs
- Least on-going administrative burden
- Easy to implement
- Easy to administer
- Least complicated to maintain

## Program Funding Options

- **Public Act 238 - Millage**
- **Fee for Service - Billing System**
- **Pay-As-You-Throw (PAYT)**
- **Hauler Franchise**

## Public Act 238 – Millage

- **Permits cities to levy up to 3 mills tax**
- **Tax deductible**
- **For refuse, recycling, HHW, etc.**
- **Action by City Council only**
- **Vote of residents not required**
- **Primary funding method in area**
  - Eg. Troy, Birmingham, Pontiac

## Public Act 238 – Millage

- Spreads cost across all parcels
- Higher value parcels pay more
- Business pays – often not served
- Multi-family pays – service options?
- Overall lowers cost to residents
- Very low cost to collect
- Non-pays become lien on property

## Fee For Service - Billing System

- Essentially a “user fee”
- Fees match level of service
- Parcel must benefit from the service
- Generally voluntary – can self haul
- Ordinance used to limit to one hauler
- Fee variation – see PAYT
- Some examples of this approach in area

## Fee For Service - Billing System

- All pay same fees
- No incentive to reduce/recycle
- Higher value parcels pay same
- Businesses/multi-family don't pay
- Charges full cost to residential sector
- Fee collection more costly than millage
- Need collection process for no-pays

## Pay-As-You-Throw (PAYT)

- Variation of Fee for Service
- Residents pay for level of service used
- May combine flat fee w/ unit based fee
  - Imprinted Bags
  - Stickers
  - Carts
- Flat Fee often is Act 283 Millage

## Pay-As-You-Throw (PAYT)

- Equitable system
- High generators pay more
- Encourages recycling
- Higher collection costs than millage
- Need collection process for no-pays
- Revenue more difficult to forecast

## Hauler Franchise

- Variation of fee-for-service
- Hauler is licensed to operate in City
- May license more than one hauler to operate in “franchise districts” in City
- Hauler establishes own fees
- Hauler bills residents

## Hauler Franchise

- No clear Michigan legislative authority
- Legal basis not established
- “market participant” issue for City
- Limits ability to restrict other haulers
- No clear source of savings for residents
- Not used much in Michigan Cities

## Funding System Goals

- Lowest start-up costs
- Least on-going administrative burden
- Easy to implement
- Easy to administer
- Least complicated to maintain

## Two Primary Funding Options

- **Fee for Service Billing System**

- Costly to implement
- Costly to administer
- Needs collection process for “no-pays”
- Revenue difficult to forecast

- **Public Act 238 Millage**

- Least expensive to implement
- Least expensive to administer
- Not most equitable
- Tax deductible
- Lowers cost to residents
- Charter/Act 238 Authorizes

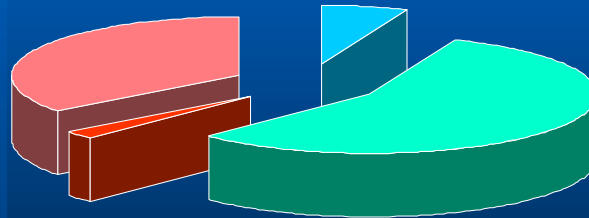


## Oakland County Communities

### - Funding Type By Community Count

Subscription  
35%

Contract-  
Billing  
6%

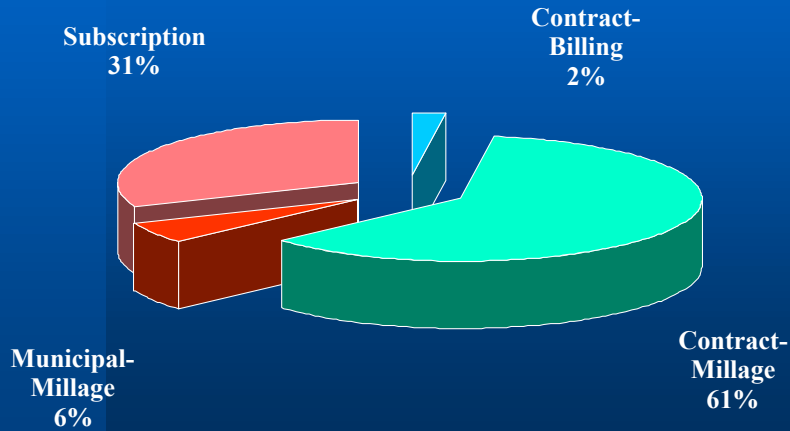


Municipal-  
Millage  
2%

Contract-  
Millage  
57%



## Oakland County Communities - Funding Type By Population



## Bulk Leaf Collection Option

- **Loose/Bulk Pickup Adds Cost**
  - Out-Sourced - over \$1 million/yr
  - In-House - \$1,400,000 (first year) and \$1,300,000 (second year)
  - Curbside Vendor Provides Alternative
  - Already Included in Cost Proposal
  - Will Require Bagging
  - Residents Already Bag/Or Contract Out
  - Same Model as Troy Uses



## Program Management Option

- **One Vendor Proposal Received**
  - One Time Set-up Fees of \$28,610
  - Annual Personnel Fees of \$70,200
  - Provides 1,124 Hours of Service/Year
- **In-House Option Priced Out**
  - One Time Setup Fees of \$20,000
  - Annual Personnel Cost of \$60,000
  - Provides Full Time Employee
  - Same Model as Troy Uses
- **Additional Costs for Printing/Supplies**

## Quarterly Billing Option

- **Five Vendor Proposal Received**
  - One Time Set-up Fees of \$5,000
  - Annual Fees of \$124,000
  - Covers all Printing/Mailing/Processing Fees
- **In-House Option Priced Out**
  - One Time Setup Fees of \$20,000
  - Annual Personnel Cost of \$60,000
  - Builds on Current Utility Billing System

## Recommendations

- Move Ahead with Single Hauler System
- Bundled Services w/Fall Leaf Included
- City Does Contractor Management
- Millage Funding System
- Service Starts January 1, 2004
- Prices Guaranteed through 2008
- Price Proposals Good To Fall, 2003

## System Costs to City

Service Category and Cost per Category	Year 1 Total Costs	Annual Cost per \$100,000 Taxable Value	Monthly Cost per \$100,000 Taxable Value	Monthly Cost With Tax Deduction @ 28%
Residential Services	\$3,019,440	\$99.40	\$8.28	\$5.96
Municipal Dumpsters	\$10,180	\$0.34	\$0.03	\$0.02
Contract Management	\$105,000	\$3.46	\$0.29	\$0.21
Household Haz Waste	\$55,000	\$1.80	\$0.15	\$0.11
<b>TOTAL</b>	<b>\$3,189,620</b>	<b>\$105</b>	<b>\$8.75</b>	<b>\$6.30</b>

**Note: Use of quarterly billing would increase cost to \$3.3 - \$3.5 million and result in billings to each housing unit of \$144 to \$152 per year.**

## System Costs to Parcel

Parcel Taxable Value	Annual Cost	Annual Cost With Tax Deduction @ 28%	Monthly Cost	Monthly Cost With Tax Deduction @ 28%
<b>\$70,000 Taxable Value</b>	\$73.70	\$53.06	\$6.13	\$4.41
<b>\$100,000 Taxable Value</b>	\$105.00	\$75.60	\$8.75	\$6.30
<b>\$130,000 Taxable Value</b>	\$136.50	\$98.28	\$11.38	\$8.19
<b>\$160,000 Taxable Value</b>	\$168.00	\$120.96	\$14.00	\$10.08
<b>\$190,000 Taxable Value</b>	\$199.50	\$143.64	\$16.63	\$11.97

## Current City Millages

- **RARA (operations)**
- **Bike Path System**
- **OPC (operations, building, transportation)**
- **Library (operations)**
- **County Parks**
- **Schools**

## Expected Results/Benefits

- **Save Residents Money**
  - Millage at 1.1 mils
  - Cost for Median HH (\$120K Taxable Value) at \$132 per Year
  - Cost Down to \$95.04/yr with itemized tax deduction @ 28%
- **Increased Services Including HHW Collection**
- **Improved Quality Control for City/Residents**
- **Reduce Wear and Tear on Roads**
- **Improve Public Safety for Children**
- **Reduced Ordinance Enforcement**
- **Minimize Impact on Government Size**

## Next Steps

- **CDV Action**
  - Recommendation to Council
  - Education/outreach for Council and citizens
- **Council Action:**
  - On policy and implementation assistance this spring
  - On ordinance amendment during summer
  - On service purchase approval during summer
  - On millage and budget in fall
- **Vendor Negotiation and Contracting**
  - Confirm household counts and define route days with vendor
  - Establish procedures and education campaign with vendor
  - Vendor implements program