



Rochester Hills

Master Report

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File Number: 2004-0041

File Number: 2004-0041 **File Type:** Administration **Status:** Failed
Version: 1 **Reference:** **Controlling Body:** City Council Work Session
Requester: Building Department **Cost:** **Introduced:** 01/28/2004
File Name: Single Hauler Solid Waste Program Recommendation **Final Action:** 07/21/2004

Title: Single Hauler Solid Waste Program Recommendation

Notes: Final Action Date:
7/21/2004

Code Sections:

Indexes: Solid Waste

Sponsors:

Attachments: Agenda Summary.pdf, 0041 Powerpoint.pdf, 200401284 Minutes CC Work Session.pdf, 20030813 Minutes CC Work Session.pdf, 20030514 Minutes CC Work Session.pdf, 200300327 Minutes CDV.pdf, Responses to Flyer-Reject A Single Garbage Hauler 5-14-03.pdf, Frequently Asked Questions 5-14-03.pdf, Flyer-Reject a Single Garbage Hauler.pdf, 0041 Powerpoint.pdf, Letters read into record at 72104 meeting .pdf

Agenda Date:

Agenda Number:

Enactment Date:

Enactment Number:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council Regular Meeting	02/04/2004	Discussed				
	Notes: Issue was discussed in detail; consensus of Council is that direct billing is preferable to a millage.						
1	City Council Regular Meeting	07/21/2004	Adopted by Resolution				Fail
	Notes: President Dalton noted that many residents received fliers opposing the proposed single waste hauler plan containing misleading information. He asked that Mr. Scott Cope, Director of Building/Ordinance Enforcement, respond to the inaccuracies in the flier.						
	Mr. Cope noted the following:						
	1) Resource Recycling Systems, Inc. (RRSI) has provided a proposal to the City for "Vendor Contracting and Preliminary Setup: for a not to exceed amount of \$10,000.						
	2) As the City reaches the final year of its first contract for a single hauler program the City will undertake a bidding process with no fewer than three (3) and possibly as many as ten (10) waste haulers. This level of competition has been shown to produce quality services at very affordable prices.						

- 3) The millage system of paying for a single waste hauler is no longer being considered.
- 4) A great deal of time and effort is currently expended by City employees responding to resident complaints against their individual haulers. In addition, Sheriff's Department personnel and City ordinance inspectors spend a great deal of time each year licensing and inspecting garbage trucks for safety requirements.
- 5) Other southeast Michigan communities with similar single waste hauler programs have seen a reduction in the bureaucracy associated with their programs.
- 6) This issue keeps returning to Council because of concerns expressed by residents that the matter be addressed.
- 7) The communities of Livonia, Royal, Farmington Hills and Sterling Heights all have contracts with Waste Management and express satisfaction with the service they receive.
- 8) The primary objective in evaluating this program is to provide the best-cost savings to the greatest number of people along with enhancing the quality of life in the community by:
 - * Increasing services
 - * Improving quality control for City/residents
 - * Reducing wear and tear on roads
 - * Reducing ordinance enforcement
 - * Being environmentally responsible

(RECESS 8:15 P.M. - 8:22 P.M.)

Mr. Cope presented the following information regarding the proposed single waste hauler plan:

Senate Bill No. 561 (effective October 1, 2003)

- * New legislation affecting solid waste collection costs
- * Beginning January 1, 2004 - October 1, 2007 landfill owners are required to pay a surcharge each quarter to the State Treasurer
- * The landfill owner may pass through and collect this surcharge from any person who generated the solid waste
- * This surcharge has resulted in a twenty-four cent increase per year for each household

Housing Count

Based on physical house-by-house count performed by Waste Management (WMI) and City Staff:

- * Single Family Residential Units - 18,438
- * Multi-Family Condominium Units - 3,820
- * Total - 22,258

Billing Options

- * WMI billing
- * City billing (using current water & sewer billing system)
- * Separate outside vendor billing

Year 1 Total System Costs to City

Residential Services:
\$3,032,100 - WMI Billing
\$3,032,100 - City Billing
\$3,032,100 - Outside Vendor

First Year Cost for Non-Payment (4% of Accounts):
\$141,000 - WMI Billing

\$141,000 - City Billing
\$141,000 - Outside Vendor

Contract Management:
\$105,000 - WMI Billing
\$105,000 - City Billing
\$105,000 - Outside Vendor

Household Haz Waste:
\$55,000 - WMI Billing
\$55,000 - City Billing
\$55,000 - Outside Vendor

Annual Billing:
\$65,000 - WMI Billing
\$67,000 - City Billing (\$3,000 incremental cost/overall cost to City)
\$142,000 - Outside Vendor

First Year Set-Up:
\$77,800 - WMI Billing
\$98,400 - City Billing
\$53,400 - Outside Vendor

Total:
\$3,475,900 - WMI Billing
\$3,498,500 - City Billing
\$3,528,500 - Outside Vendor

Cost to Each Housing Unit

WMI Billing:
\$3,475,900 - Total Cost to City
22,500 - Number of Housing Units
\$154.49 - Cost per Year for Each House

City Billing:
\$3,498,500 - Total Cost to City
22,500 - Number of Housing Units
\$155.49 - Cost per Year for Each House

Outside Vendor:
\$3,528,500 - Total Cost to City
22,500 - Number of Housing Units
\$156.83 - Cost per Year for Each House

Estimated System Costs to City 2nd Year

Residential Services:
\$3,107,903 - WMI Billing
\$3,107,903 - City Billing
\$3,107,903 - Outside Vendor

Contract Management:
\$108,000 - WMI Billing
\$108,000 - City Billing
\$108,000 - Outside Vendor

Household Haz Waste:
\$55,000 - WMI Billing
\$55,000 - City Billing
\$55,000 - Outside Vendor

Annual Billing:
\$67,000 - WMI Billing
\$69,000 - City Billing (\$3,000 incremental cost/overall cost to City)
\$146,000 - Outside Vendor

Operating Expenses:
\$38,400 - WMI Billing
\$38,400 - City Billing
\$38,400 - Outside Vendor

Total:
\$3,376,303 - WMI Billing
\$3,378,303 - City Billing
\$3,455,303 - Outside Vendor

Estimated Cost to Each Housing Unit 2nd Year

WMI Billing:
\$3,376,303 - Total Cost to City
22,500 - Number of Housing Units
\$150.06 - Cost per Year for Each House

City Billing:
\$3,378,303 - Total Cost to City
22,500 - Number of Housing Units
\$150.15 - Cost per Year for Each House

Outside Vendor:
\$3,455,303 - Total Cost to City
22,500 - Number of Housing Units
\$153.57 - Cost per Year for Each House

Comparison of Billing Options

WMI Billing System:

- * No control of purse strings
- * Less control of service
- * City must rely on WMI records for tax liens and collection of no pays
- * Lump sum payment for no pays
- * City must collect administrative fees from WMI
- * Additional Bill
- * Residents questions on billing complicated by three layers in billing process: WMI, billing contractor and City
- * City would get billing calls but have no control over problems
- * Updates on housing required from City
- * Less control would result in increased administrative burden
- * Level of City involvement?
- * Lowest start-up costs?

City Billing System:

- * City controls purse strings
- * More control of service
- * Easiest for residents: four (4) fewer bills per year, one (1) bill/one (1) check for water, sewer and solid waste
- * No-pay costs spread out over the year

- * One (1) source for billing questions
- * Direct City involvement
- * Easiest plan to implement and administer: system already set up
- * Least complicated to maintain
- * Least on-going administrative burden
- * Higher level of customer service; experience working with residents on billing issues; residents familiar with process

Separate Vendor Billing System:

-
- * Highest cost
 - * Additional bill
 - * City would get billing questions
 - * Updates on housing required from City

Oakland County Communities
Funding Type by Community Count

-
- * Contract Millage - 57%
 - * Subscription (current) - 35%
 - * Contract Billing (proposed) - 6%
 - * Municipal Millage - 2%

Compare to Fall 2002 Rates in City
Rate/Year for Comparable Services

Subscription:

- WMI - \$252
- Allied - \$288
- Trash Taxi - \$198
- Billing - \$156

Subdivision:

- WMI - \$204
- Allied - \$224
- Trash Taxi - \$198
- Billing - \$156

Phone Survey of Current Cost for Single Family Home

Waste Away - Refuse, Recycling, Compost - \$262.00/year
* Bulk pick-up extra

Great Lakes - Refuse, Recycling, Compost - \$288.00/year
* One bulk item per week

Waste Management - Refuse, Recycling, Compost - \$288.00/year
* One bulk item per week

SE Michigan Communities with a Single Hauler Solid Waste Program
(not an all-inclusive list)

-
- * Berkley
 - * Dearborn Heights
 - * Farmington Hills
 - * Livonia

- * Oxford
- * Plymouth
- * Redford Township
- * Royal Oak
- * St. Clair Shores
- * Shelby
- * South Lyon
- * Southfield
- * Sterling Heights
- * Troy
- * Westland
- * Wixom
- * Wyandotte

Description of Services

-
- * Weekly curbside solid waste
 - * Weekly curbside recycling
 - * Weekly curbside yard waste (April - November)
 - * Fall leaf (bagged)
 - * Bulky waste/white goods
 - * Christmas tree pick-up
 - * Handicap/senior "back door" service
 - * Household hazardous waste (via NO-HAZ)
 - * Education and complaints (joint between hauler and City)

Expected Benefits/Results

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- * Save residents money
 - * Increased services include HHW program "NO-HAZ"
 - * Improved quality control for City/residents
 - * Reduced wear and tear on roads
 - * Improved public safety for children
 - * Reduced ordinance enforcement
 - * Prepare/plan for immanent decrease in local landfills
 - * Prepare/plan for increase in disposal costs
 - * Shows City's understanding of environmental responsibility
 - * Good business decision
 - * Guaranteed rates for five years

Recommendations

-
- * Move ahead with single hauler system
 - * City billing system
 - * Bundled services with fall leaf included
 - * City does contractor management
 - * Service starts January 2, 2005
 - * Prices guaranteed through 2009
 - * Price proposals good until January 1, 2005

Next Steps

-
- * City Council direction to move forward with single hauler program
 - * MIS and accounting to complete software and billing revisions by end of July 2004 for the November billing start-up
 - * Contract with RRSI for vendor contract negotiation and start-up
 - * City staff, City Attorney, RRSI and vendor negotiate and finalize contract
 - * City Council review and action on finalized vendor contract
 - * Vendor and City staff develop notification and education program

- * City staff and City Attorney revise solid waste ordinance
- * MIS and accounting test billing system
- * Vendor and City staff define route days
- * Implement notification and education program
- * Implementation of single waste hauler program January 1, 2005

PUBLIC COMMENT:

Ms. Dee Dise, 901 Brookwood, questioned what would happen to existing contracts individual homeowners already have with waste haulers.

Mr. Art Dorsey, 1625 Huntington Park, explained that his trash service is included in his condominium association fee and wondered if it would be credited should the single waste hauler program go into effect.

Mr. Robert Dolmage, 591 Kentucky, indicated he was satisfied with his service and felt the City's plan would deny him his freedom of choice. He asked that the Council turn their attention to "more important matters" such as roads, police and fire service.

Ms. Shelby McFarlane 1375 Oak Rock, indicated her support for a single hauler in the City, explaining that she had never had problems with her trash pickup when she lived in Sterling Heights and Troy, but has experienced many problems with various haulers in Rochester Hills.

Ms. Sharle Jones, 3479 Bendelow and 3637 Bendelow, expressed her opposition to a single waste hauler, stating that she has never had a problem with her trash pickup and prefers to have freedom of choice.

Mr. Paul Franklin, 2136 Elkhorn, stated he was in favor of the single waste hauler plan if it decreased the damage to local streets, but asked that any contract negotiated with Waste Management address the issues of maximum trash container size and residents who leave the area for extended periods of time, such as those who spend the winter months in states with warmer climates.

Mr. Wallace Wells, 625 Spartan Drive, expressed his support for the single waste hauler program, noting the improved aesthetics as trash cans will not be out on the streets four or five days a week and damage to the roads will be reduced.

Rev. Dr. Pamela Whateley, 1600 North Livernois Road, noted her opposition to the plan and asked that residents be permitted to vote on the matter.

Ms. Mary Jo Dinha, 851 Dressler Lane, indicated she opposes the plan as it would result in a monopoly for Waste Management.

Mr. Tom Stevenson, 708 River Bend Drive, noting he was on the Ad Hoc Committee that examined this issue, indicated his support for the program, but asked that condominium complexes be exempted from the plan.

Mr. Lee Zendel, 1575 Dutton Road, argued that the estimated savings to residents resulting from a single waste hauler does not merit the need for government intervention in this matter.

Ms. Lois Golden, 645 Apple Hill Lane, expressed her opposition to the plan, noting that there will always be complaints about such issues. She indicated that a neighboring community, after implementing a similar plan, has had difficulty collecting fees from several residents.

Ms. Bev Jasinski, City Clerk, read the following letters from residents into the record:

- * Mr. Michael Bonner, 2320 Pleasant View Drive, expressed his opposition to the plan, noting that there are more pressing needs in the community upon which City Council should focus their attention.
- * Ms. Pat Turner, 2407 Culbertson, expressed her support for the plan, noting the reduced wear and tear on local roads as a result of decreased truck traffic.
- * Mr. James and Ms. Theresa Donnelly, 3260 Tamarron Drive, expressed their opposition to the plan, noting they did not want City Council to create a monopoly.

* Ms. Millie and Mr. Roy Knudsen, 256 East Maryknoll, stated that they "enthusiastically support the single hauler solid waste program."

* Ms. Dorothy Foisy, 2528 South Christian Hills Drive, expressed her support for the plan.

* Ms. Diane Pederson, 1908 Vianne Drive, expressed her support for the plan.

(RECESS 9:32 P.M. - 9:46 P.M.)

COUNCIL DISCUSSION:

Council members and City staff made the following comments while discussing the solid waste hauler program:

* Existing contracts homeowners have with solid waste haulers will be "null and void" should the proposed program be adopted.

* The plan currently under consideration is a City-billed program and will not be funded by tax dollars.

* Waste Management's pricing for condominium complexes in the City was "on hold" during the negotiations of this plan and are likely to increase if the plan is not implemented.

* If a resident does not pay his waste hauler bill the amount due will be added to his City tax bill.

* The contract sets a maximum trash container size of 32 gallons.

* There will be no limit on the number of yard waste bags to be picked up under the proposed plan.

* At this time the plan offers no accommodations for residents who leave the area for extended periods of time.

* It is estimated that in most cases, the overall reduction in the cost of service as a result of the proposed plan will be less than what seasonal residents currently pay.

* Other services in the City are handled in this same manner, and are not considered monopolies.

* The plan will save the majority of residents money.

* The City has more "clout" in negotiating with vendors and in handling complaints.

* Several other communities have similar waste hauling plans in place.

* There were fewer comments than one would anticipate following the distribution of the "misleading" flier.

* Many residents originally opposed to the program changed their minds once the benefits were explained to them.

* The resultant reduction in the number of garbage trucks on City streets will increase the life of those roads.

* Many residents are willing to pay more money to "do things their way."

* Under the proposed plan, complaints to the City would be addressed within 24 hours.

* It is necessary that the proposed plan be mandatory for City residents, as voluntary participation would make it extremely difficult to negotiate a reduced price with a single waste hauler.

* Implementation of the plan would eliminate trash at curbsides multiple days of the week.

* A citizen committee brought this issue forward; it was not initiated by the City Council or City staff.

* The condition of the City roads is a major concern.

* The issue does not present a hazardous threat to the community and, thus, does not require intervention from City Council.

* Money saved on trash haulers can be applied to the upcoming road millage.

- * This plan will relieve residents of the burden of dealing directly with trash haulers.
- * Trash hauler problems are the "Number 1" complaint in the City.
- * It is City Council's responsibility to address the greater good of the community.

Mr. Staran explained that, with regard to putting the issue to a vote of the residents, there is no provision in the City Charter that permits City Council to initiate an initiative or referendum.

Aye: Dalton, Barnett and Hill

Nay: Duistermars, Holder, Raschke and Robbins

2 Community Development 04/28/2005 Discussed
& Viability Committee

Notes: *Committee member Barbara Holder briefly mentioned that a resident requested that the CDV Committee discuss placing the Single Trash Hauler issue on the ballot.*

Text of Legislative File 2004-0041

..Title

Single Hauler Solid Waste Program Recommendation

..Body

Whereas, the Rochester Hills City Council finds that it is in the best interest of the residents of Rochester Hills to provide a Single Hauler Solid Waste Program,

Resolved that the Rochester Hills City Council authorizes the Mayor and the Administration to move forward with the implementation of the Single Hauler Solid Waste Program using the City (in-house) billing method.