

This was presented to city council

City of Rochester Hills

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

City of Rochester Hills City Council Meeting

July 21, 2004

Solid Waste Project Overview

07/28/99	RRSI presentation to City Council; Issue referred to CDV for further study
06/29/00	CDV forms Citizen's AD Hoc Solid Waste Committee
02/22/01	Citizen's AD Hoc Committee report to CDV
10/29/01	RRSI and AD Hoc Committee recommendation report presented to CDV
02/06/02	Solid Waste recommendation presented to City Council – City Administration asked to identify real costs & funding methods for the City or Rochester Hills

Solid Waste Project Overview

★ 06/06/02	Mayor formed Solid Waste Committee
06/12/02 - ★ 03/25/03	Solid Waste Committee worked with consultant RRSI for 9 months to develop program
★ 03/27/03	Presentation and recommendation to CDV committee
★ 05/14/03	Presentation and recommendation to City Council
★ 08/13/03	Service portion of program presented and discussed with City Council
★ 10/28/04	Funding methods presented and discussed with City Council

Senate Bill No 561

(effective date October 1, 2004)

- **New legislation affecting solid waste collection costs**
- **Beginning January 1, 2004 and until 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

Single Family Residential Units	18,438
Multi-Family Condominium Units	<u>3,820</u>
TOTAL	22,258

Billing Options

- **WMI Billing**
- **City billing (using current w&s billing system)**
- **Separate outside vendor billing**

System Costs to City

Service Category and Cost per Category	WILL BILLING Year 1 Total Costs	CITY BILLING Year 1 Total Costs	OUTSIDE VENDOR Year 1 Total Costs
Residential Services	\$3,032,100	\$3,032,100	\$3,032,100
First year cost for non-payment (4% of accounts)	\$141,000	\$141,000	\$141,000
Contract Management	\$105,000	\$105,000	\$105,000
Household Haz Waste	\$55,000	\$55,000	\$55,000
Annual Billing	\$65,000	* \$67,000	\$142,000
First year set-up	\$77,800	\$98,400	\$53,400
TOTAL	\$3,475,900	\$3,498,500	\$3,528,500

* \$3,000 incremental cost/overall cost to City

Cost to Each Housing Unit

Total Cost to City		# of Housing Units		Cost per Year for Each House
WMI Billing				
\$3,475,900	/	22,500	=	\$154.49
City Billing				
\$3,498,500	/	22,500	=	\$155.49
Outside Vendor				
\$3,528,500	/	22,500	=	\$156.83

Estimated System Costs to City 2nd Year

Service Category and Cost per Category	WMI BILLING	CITY BILLING	SEPARATE OUTSIDE VENDOR
Residential Services	\$3,107,903	\$3,107,903	\$3,107,903
Contract Management	\$108,000	\$108,000	\$108,000
Household Haz Waste	\$55,000	\$55,000	\$55,000
Annual Billing	\$67,000	* \$69,000	\$146,000
Operating Expenses	\$38,400	\$38,400	\$38,400
TOTAL	\$3,376,303	\$3,378,303	\$3,455,303

* \$3,000 incremental cost/overall cost to City

Estimated Cost to Each Housing Unit 2018 Year

Total Cost to City	# of Housing Units	Cost per Year for Each House
WMI Billing		
\$3,376,303 / 22,500 =		\$150.06
City Billing		
\$3,378,303 / 22,500 =		\$150.15
Outside Vendor		
\$3,455,303 / 22,500 =		\$153.57

Comparison of Billing Options

WMI

- 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 3 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?

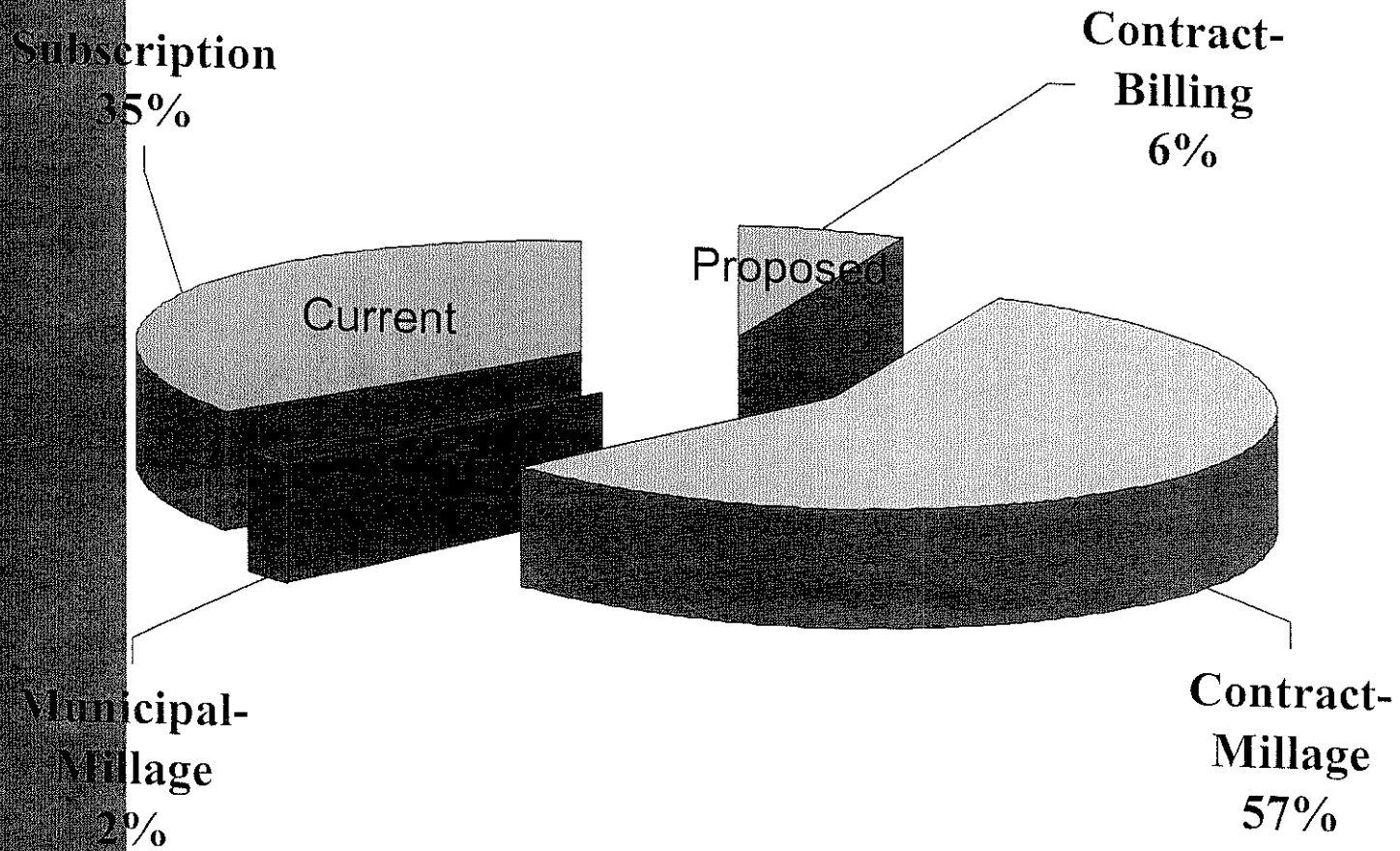
CITY

- City controls purse strings
- More control of service
- Easiest for residents: Four less bills/year, one bill/one check for water, sewer and solid waste
- No pay costs spread out over the year
- One 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 process

VENDOR

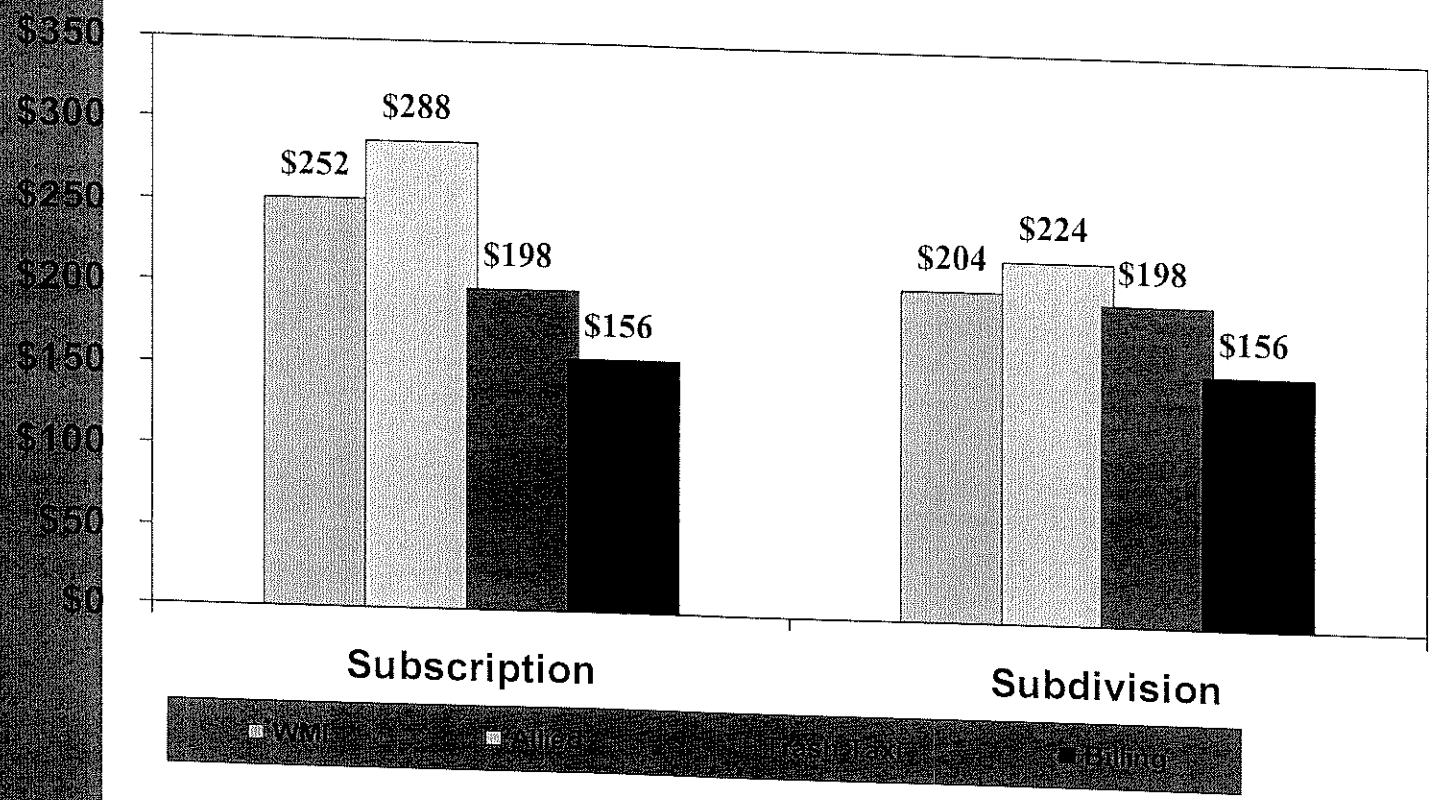
- Highest cost
- Additional bill
- City would get billing questions
- Updates on housing required from City

Oakland County Communities Water Funding Type By Community Count



Compare to Fall 2002 Rates in Other

Rate/Year for Comparable Services



Based on RRSI Survey, Fall of 2002

Phone Survey of Current Cost for Single Family Home

Waste Away Refuse, Recycling, Compost

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)

- Shelby
- Sterling Heights
- Farmington Hills
- Royal Oak
- Southfield
- Troy
- Livonia
- St. Clair Shores
- Westland
- Dearborn Heights
- Redford Township
- Oxford
- Wixom
- South Lyon
- Berkley
- Wyandotte
- Plymouth

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 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

- **Save residents money**
- **Increased services include HHW program “No Haz”**
- **Improved quality control for city/residents**
- **Reduce wear and tear on roads**
- **Improve public safety for children**
- **Reduced Ordinance Enforcement**

Expected Benefits/Results

- **Prepare/plan for imminent 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 w/Fall Leaf Included**
- **City Does Contractor Management**
- **Service Starts January 1, 2005**
- **Prices Guaranteed through 2009**
- **Price Proposals Good To 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**

Next Steps

- **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**