

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
01/28/04	Funding methods presented and discussed with City Council

Senate Bill No. 561

(effective date October 1, 2003)

- **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 and City staff.

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**

Billing Costs

- **WMI Billing Proposal**
 - One Time Set-up Fees of \$5,000 - \$29,400
 - Annual Fees of \$65,000
- **City Billing (using current w&s billing system)**
 - One Time Set-up Fees of \$50,000
 - Annual Personnel Cost of \$40,000 (no additional staff required)
 - Annual Billing Cost of \$27,000
- **Separate Outside Vendor Billing**
 - One Time Set-up Fees of \$5,000
 - Annual Fees of \$142,000

Breakdown of City Billing Annual Costs

\$ 3,000	New billing cost for houses without water and sewer
\$24,000	Existing billing costs redirected/allocated from w&s billing to solid waste. Solid waste will share 1/3 of billing cost for the existing w&s billing expense.
<u>\$40,000</u>	Personnel costs: Allocation of existing w&s billing staff
\$67,000	TOTAL ANNUAL CITY BILLING COST

System Costs to City

Service Category and Cost per Category	WMI BILLING Year 1 Total Costs	CITY BILLING Year 1 Total Costs	SEPARATE 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

Set-up Costs

	WMI Billing	City Billing	Outsourced Billing
Operating Supplies	\$17,400	\$17,400	\$17,400
Operating Equipment	\$1,000	\$1,000	\$1,000
Printing & Publishing	\$20,000	\$20,000	\$20,000
RRSI Contract	\$10,000	\$10,000	\$10,000
1st year billing set-up	\$5,000- \$29,400	\$50,000	\$5,000
TOTALS	\$77,800	\$98,400	\$53,400

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

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 with process

SEPARATE VENDOR

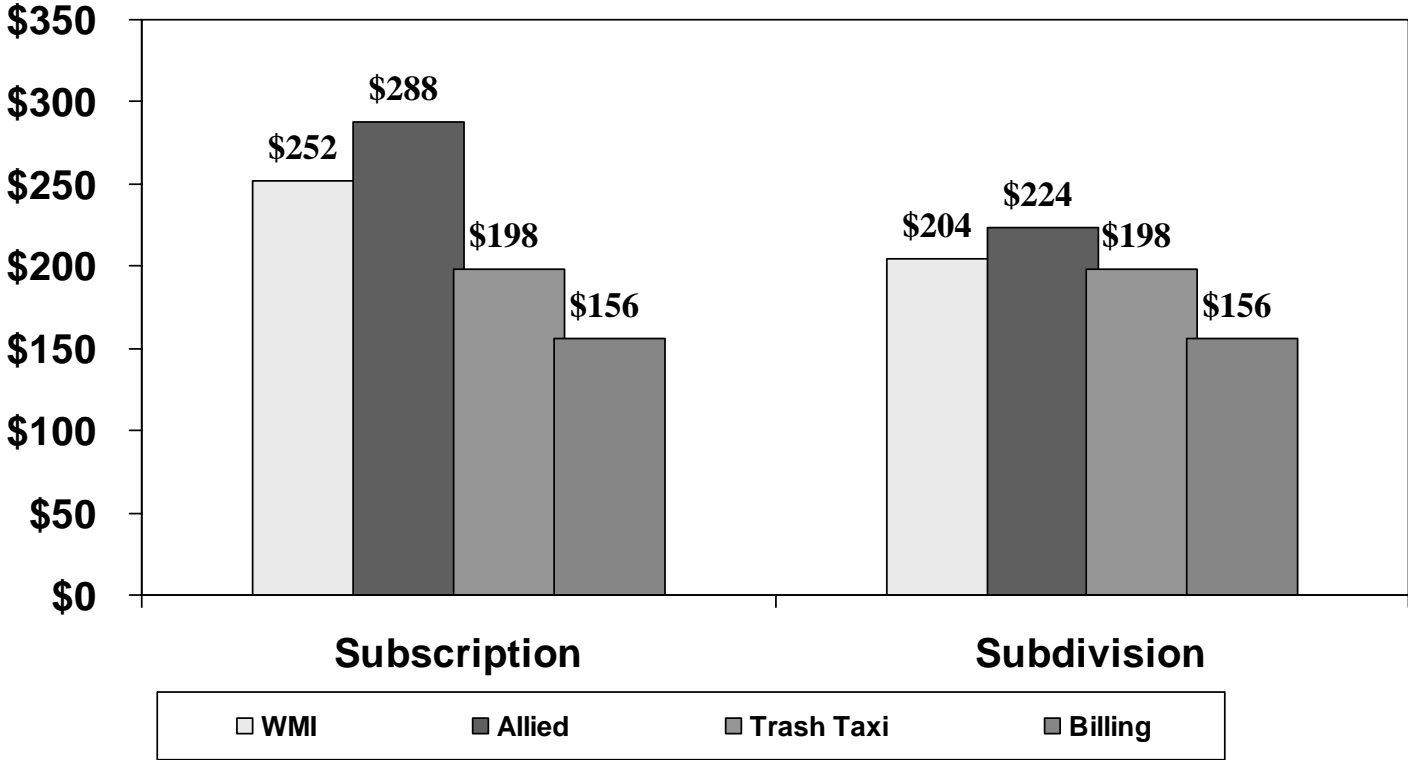
- Highest cost
- Additional bill
- City would get billing questions
- Updates on housing required from City

Funding System Goals

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

Compare to Fall 2002 Rates in City

Rate/Year for Comparable Services



Based on RRSI Survey, Fall of 2002

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 collection**
- **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 three 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**