



City of Rochester Hills

Waste, Recycling and Composting Management Services Contract

Next Steps

Action Item Overview

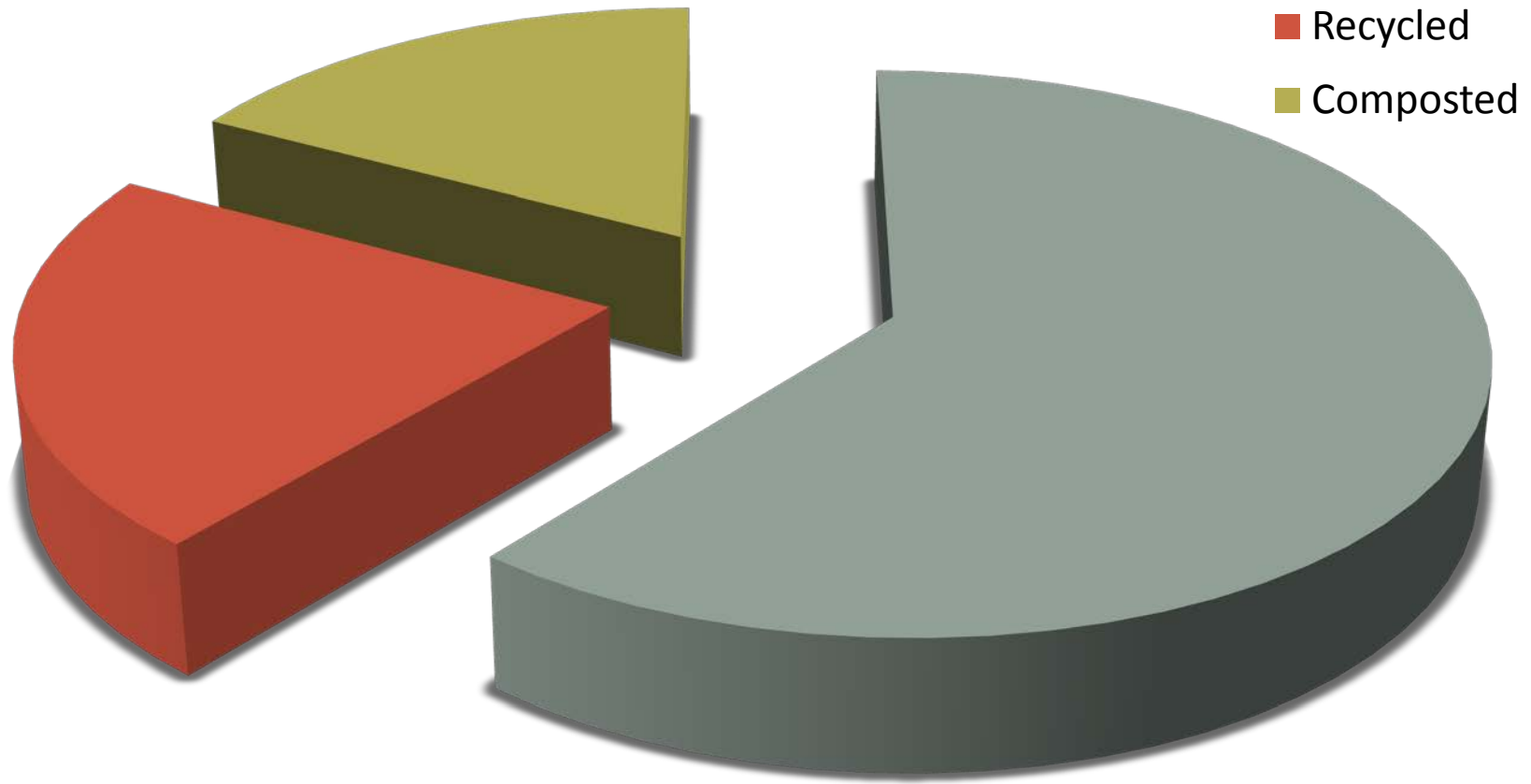
Renew or Rebid After a Successful Launch

- City's First Single Hauler Waste Services Contractor – 2009
- Performance? Republic has Excelled for our 19,585 Homes
 - Citizens Complaints at about 50/year - 0.26% of Homes
 - Handle 3,055,260 Transactions/year - .00016% of Transactions
 - Numerous Citizen Recognitions and Compliments
- Customer Satisfaction? High
 - 96% of Residents Very Satisfied with Program
 - Data from Public Opinion Survey 2013
 - 45% Report Directly Benefiting from Recycling Rewards Service
 - 70%+ Have Signed up for Recycling Rewards Service
 - Consistently High Participation in Recycling Recovery Service
 - Growing Participation in Organics Recovery Service

Performance Review

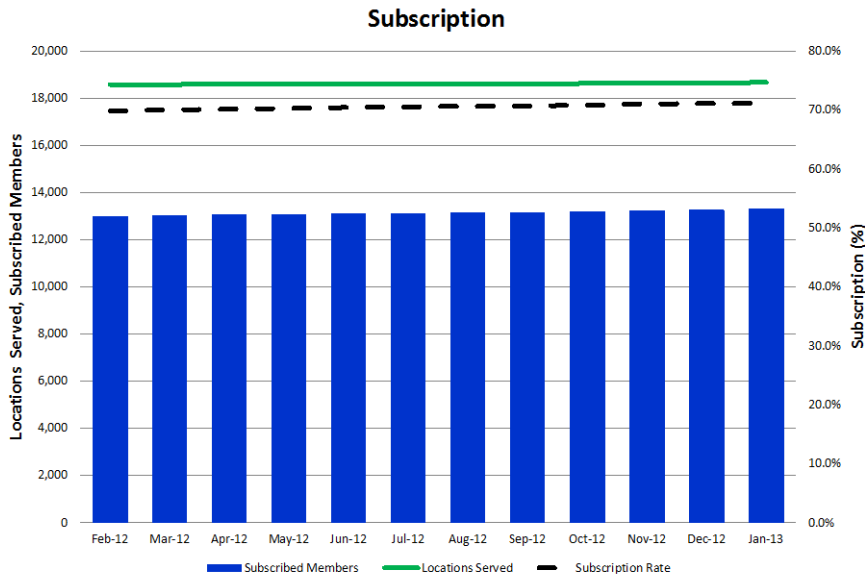
Strong Waste Diversion from Landfill

2013 Waste Diversion at 40%

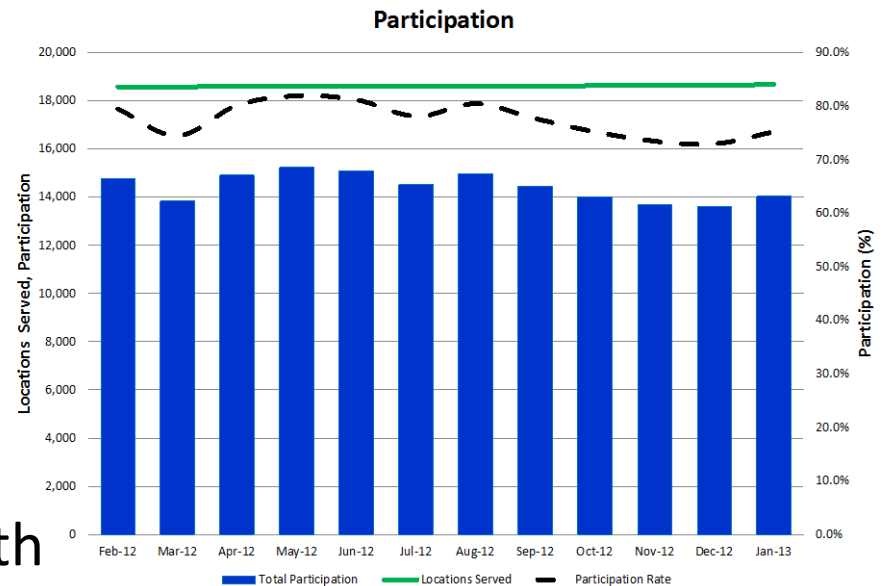


Performance Review

Strong Participation in Recycling



70%+ of Households Have Signed up for Recycling Incentive

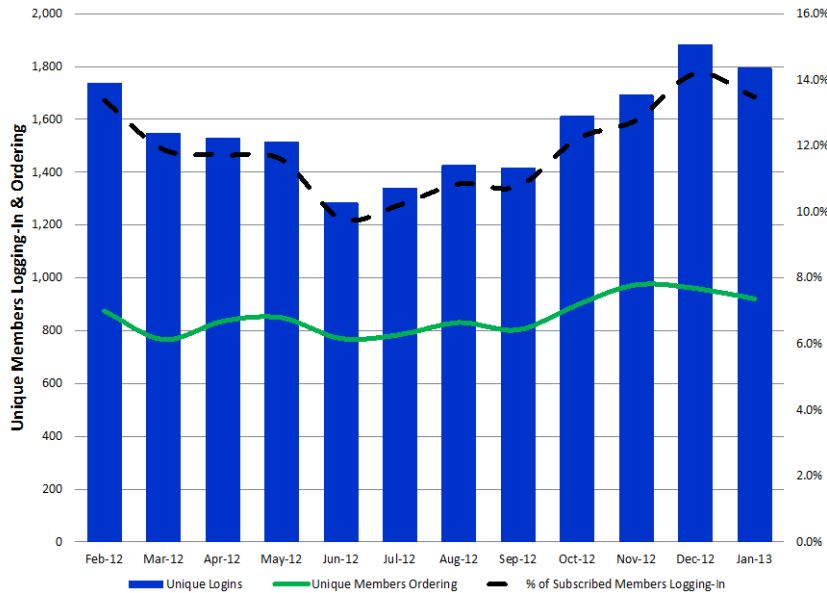


70 to 80% of Households Use Recycling Service Each Month

Performance Review

Strong Engagement in Recycling Rewards

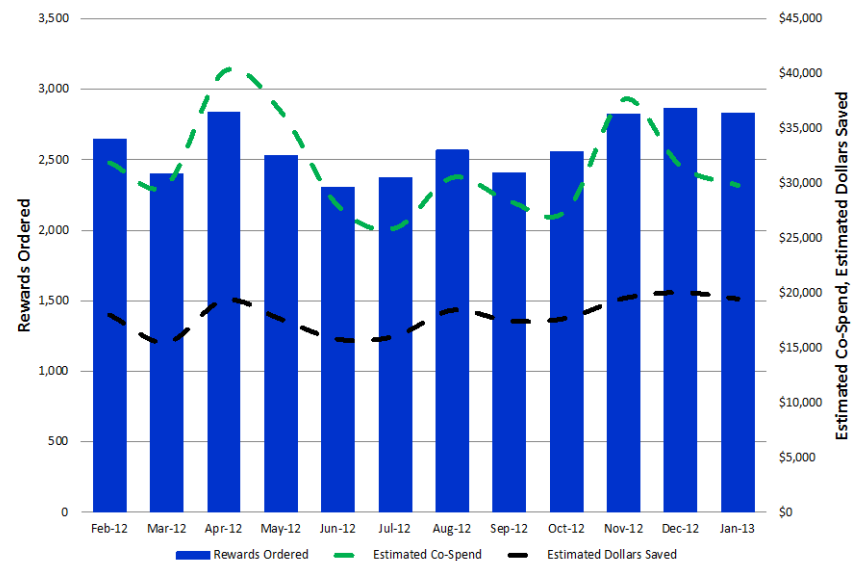
Engagement



In a Typical Month 10% to 15% of Households Log-in to Recycling Rewards

In A Typical Month RH Households Redeem \$15,000 to \$20,000 in Recycling Rewards

Rewards



How Did We Accomplish This?

Highly Structured Procurement Process

- April, 2008 – City Council Direction to Issue Single Hauler RFP
- July 15, 2008 – Due Date for Submittals
- July – October, 2008 – Proposals Evaluated by Committee
- Evaluation Criteria Used in Process
 - Experience
 - Strength of operations
 - Technical aspects of services and
 - Financial criteria,
 - Process Included Best & Final Offers, Negotiations
- November 2, 2008 - City Council approval
 - 5-year contract with 5-year renew option
 - 10-year cart amortization to achieve lower quarterly rates for residents

How To Handle End of 5 Year Term?

Evaluation of Past and Future Goals

- Current Contract – Goals Achieved
 - Better Pricing and Services for Single Family Residential
 - Reduction of Traffic on Roads
 - Safety for our Residents
 - Improved Accountability/Lower Complaints
- Future Contract – Goals
 - Reduction in Pricing/Lower Fuel Adjustment Base
 - Increase Community Recycling Levels
 - Offer Larger Recycling Carts and Enhance Recycle Bank
 - Extend Yard Waste Collection in Fall
 - Increase Snowbird Discount to 12 Weeks
 - Expand Program and Pricing to Condominiums and Apartments
 - More Comprehensive Reporting
 - Expand City Services: street sweeping debris, animal carcasses, Festival dumpsters and recycling carts at events

How To Reach Future Goals?

Steps Taken Over the Last Six Months

- Reconvened Solid Waste Committee
- Sought Expertise on Marketplace
- Committee Review of Market Trends/Industry
- Established and Prioritized Contract Revisions
- Completed Peer Community Local Hauler Contract Comparison (Program/Pricing)

Contract Extension or New Proposals?

Steps Taken To Evaluate Options

Negotiate Contract Extension?

- Could Get Better Pricing
- Could Build on/Enhance High-Performing Program
- Addressed Pro-Rated Cost of Carts – 5 More Years
- Avoided Cost of RFP Process and Cost of Implementation of Possible New Program/New Vendor
- Avoid Re-Education of Residents/Staff

Or Release New RFP?

- Possible Better Pricing
- Possible Better Program
- No Guarantee of Program Improvements
- No Guarantee of Good Customer Service
- Cost/Time to Bid, Re-educate Residents and Implement New Program

DECISION: Based on timeline until contract expiration – negotiate early, preserving bid opportunity

Contract Extension Negotiations

Results – Service Improvements

- Option for residents to purchase larger recycling cart
- Added new material for recycling-food and beverage cartons
- Two additional weeks of yard waste collection
- Recycle Bank Program Improvements, local business recruitment, community good options, education and promotions for recycling
- Withdrawal of tax tribunal case
- More comprehensive reporting
- Good Faith Extension of program and pricing to condominiums and apartments

Contract Extension Negotiations

Results – Price Improvements

- 12.7% Reduction from \$51.54 to \$45.00/hh/qtr
- Eliminated Fuel Adjustment
- Reduction of 3% annual increase to 2%
- MRF Revenue sharing at \$25/ton from \$30/ton
- Snowbird maximum credit \$30.00 from \$20.00
- Carts fully amortized and transferred to City at end of 5 year extension

Contract Extension Negotiations

Service Benchmarking to Shelby Township

RH Proposed New Service

- Trucks on Streets 4 Days
- Cost for Carts Included
- Larger Recycling Cart **Option**
- Longer Yard Waste Season
- **Once/Month** Bulky Collection
- Collect Christmas Trees 3 Wks
- Handicap Backdoor Service
- Proven Recycling Incentive

Shelby Township Service

- Trucks on Streets **5** Days
- Resident **Pays Extra** After 3 Yrs
- Option for Large Recycling Cart for All
- Yard Waste **2 Weeks Shorter**
- Weekly Bulky Collection
- Collect Christmas Trees **1 Wk**
- **No** Handicap Backdoor Service
- **New** Recycling Incentive

Contract Extension Negotiations

Price Benchmarking to Shelby Township

RH Proposed New Service

Comparable Pricing

- Starting Point \$45/Quarter
- W/Max Senior Credit \$31.65
- W/Max non-Senior Cr \$33.03

Normalized Cost Comparison

- Adjusted Comparable-\$41
- Factors in cart cost, property tax credit to city, recycling market rebate

Shelby Township Service

Comparable Pricing

- Starting Point \$40/Quarter
- W/Max Senior Credit \$33.90
- W/Max non-Senior Cr \$37.03

Normalized Cost Comparison

- Adjusted Comparable-\$40
- Factors in future cart cost to resident, added fuel surcharge, no property tax credit to city

Decision Before Council Today

Contract Extension or New RFP?

Approval of Amended Contract?

PROS:

- No additional cost/time for bidding/consulting/legal
- Seamless transition to new contract
- Program enhancements
- Pricing less than original contract
- Proven customer satisfaction
- Successful recycling incentive program
- National company, locally managed
- Financially sound hauler
- Ability to extend is in contract already approved by Council

CONS:

- Requires waiver of Purchasing Ordinance
- No formal solicitation

New Request for Proposals?

PROS:

- Cost Improvements? Possible
- Program Improvements? Possible

CONS:

- Time and cost of new RFP (staff/consultant/legal - \$50,000 estimate)
- Possible implementation of totally new program – time, cost and uncertainty
- New vendor would have to contribute pro-rated dollars for carts (\$984,410)
- City and residents may have to develop new business relationships (accountability, billing, service needs, complaints)
- Unknown customer service level if new vendor
- No guarantee of successful recycling and rewards program if new vendor
- Re-education of 19,585 residents required if new vendor

Action Item Before Council Today

Summary of Recommendation

- Approval of Amended and Re-Stated Solid Waste, Yard Waste and Recycling Collection, Transportation and Disposal Services Contract with Republic Services and waiver of 3-year requirement for long term contracts and requirement for formal competition in Purchasing Ordinance