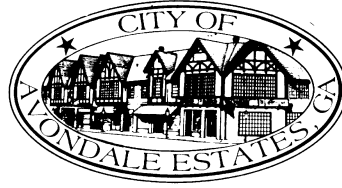


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**MEMORANDUM**

February 5, 2021

**TO:** Board of Mayor and Commissioners  
**FROM:** Paul Hanebuth, Assistant City Manager for Finance and Administration  
**CC:** Patrick Bryant, City Manager  
**RE:** Considerations in responding to sanitation proposals

As mentioned in a recent public meeting, the City released a Request for Proposals (RFP) for Sanitation services in December, after being informed by our current recycling vendor that they would no longer be willing and able to provide recycling services under the existing contract after March 1, 2021. The City received four proposals; this memo is intended to summarize information from those proposals to inform the BOMC's decisions about procuring these services and setting related fees. To facilitate comparison, the cost of proposals is expressed here in terms of the annual fee resulting from each proposal per resident or business. The estimated portion of 2021 fees devoted to each service is provided as a baseline. Top staff recommendations are highlighted in yellow, with secondary recommendations in green. If the yellow options were all selected, a \$535 residential fee with the [\$845 base + \$260 per extra receptacle] commercial fees recommended previously (possibly adding \$36 for recycling) would balance the Sanitation Fund budget. The green options would mean fees of about \$200 less for both residents and businesses, but at a somewhat lower level of service for residents.

*Service 1: Residential Garbage and Rubbish Collection*

Service/ Proposer	Current est. (City)	GFL	Latham	Waste Management	Waste Pro
Twice-weekly Backdoor	\$390	\$410	No bid	No bid	\$653
Weekly Backdoor	N/A	\$374	No bid	No bid	\$345
Twice-Weekly curbside	N/A	\$374	No bid	No bid	\$245
Weekly curbside	N/A	\$338	\$196	\$184	\$158

If the BOMC desires to continue backdoor service, staff recommends continuing in-house provision of this service, since the City would realize little or no cost savings through outsourcing. However, if the BOMC believes it more important to reduce sanitation fees for residents, the Waste Pro proposal for once- or twice-weekly curbside collection would allow for reducing the fee by up to \$220 annually. The totals include an estimated landfill tonnage fee of \$60,000 annually.

*Service 2: Commercial Curbside Garbage and Rubbish Collection*

Service/ Proposer	Current est. (City)	GFL	Latham	Waste Management	Waste Pro
Every business day	\$1,000	\$1,410	No bid	No bid	\$776
3 days per week	N/A	\$1,310	\$1,108	No bid	\$591
1 day per week	N/A	No bid	No bid	\$283	No bid

During 2020, businesses that received sanitation services from the City paid an average of about \$1,000 in fees. Assuming identical usage, the table above shows the average fee businesses would pay according to the various proposals, including an estimated \$7,200 annually in landfill tonnage fees. Staff does not believe the 1 day per week proposal from Waste Management will be acceptable to several businesses that are now receiving service every business day; therefore, the Waste Pro proposal is the most cost-effective acceptable proposal. However, this portion of Waste Pro’s proposal is only available if the City also contracts with that firm for residential garbage collection as well. One compromise between the highest-service and low-cost options highlighted would be to contract with Waste Pro for weekly backdoor residential collection (\$345) and every-day business collection (\$776); this would result in slightly lower fees for both businesses and residents with a modest reduction in the residential service level.

*Service 3: Residential Recycling*

Service/ Proposer	Current (Latham)	GFL	Latham	Waste Management	Waste Pro
Weekly, City pays tonnage	\$39	No bid	\$67	No bid	\$89
Every Other Week, City pays tonnage	N/A	No bid	No bid	\$44	\$69
Weekly, Contractor pays tonnage	N/A	\$36	\$68	No bid	\$90
EOW, Contractor pays tonnage	N/A	\$30	No bid	No bid	\$70

The amounts in the first two rows of this table estimate a tonnage cost based on 2020 usage, which was about 22.5 tons per month, at the current charge of \$60/ton. Weekly collection from GFL seems clearly the best option here.

*Service 4: Commercial Recycling*

Service/ Proposer	Current (none)	GFL	Latham	Waste Management	Waste Pro
Weekly, City pays tonnage	N/A	No bid	\$314	No bid	\$109
Every Other Week, City pays tonnage	N/A	No bid	No bid	\$55	\$85
Weekly, Contractor pays tonnage	N/A	\$36	\$360	No bid	\$108
EOW, Contractor pays tonnage	N/A	\$30	No bid	No bid	\$84

City tonnage cost in this table estimates 2 tons per month, also at \$60/ton. Again, GFL appears to be the best option. The RFP also allowed for a bid for “commercial recycling: mixed paper and cardboard only” in case that option would allow for lower prices, but no proposal was lower for that alternate.

*Service 5: Residential Yard Debris*

Service/ Proposer	Current est. (City)	GFL	Latham	Waste Management	Waste Pro
Weekly, City pays tonnage	\$109	\$109	\$88	No bid	\$87
Every Other Week, City pays tonnage	N/A	\$109	No bid	No bid	\$69

Although residents could save \$20 or more annually if the BOMC chose to outsource this service, it should be noted that every proposal requires leaves to be bagged (other requirements are very similar to current City policies). If the BOMC wishes to retain the current service level, including leaf vacuuming, one possibility would be to keep leaf collection in-house and outsource other collections. However, it is not clear that would result in cost savings, and the Public Works Director recommends keeping all yard debris collection capabilities in-house. Tonnage fees are estimated here at \$20,000 annually.

*Service 6: Residential Bulk Waste Collection*

Service/ Proposer	Current est. (City)	GFL	Latham	Waste Management	Waste Pro
On-call collection	\$50/call/ton	\$15/item	No bid	\$50/item	\$62/call/2 yd <sup>3</sup>
Every Other Week	N/A	No bid	\$38/2 item limit	No bid	\$20/2 yd <sup>3</sup> limit

This service differs from the others in that, by ordinance, the on-call fee is set administratively rather than set by the BOMC via resolution. Currently, residents pay a \$50 fee per call for up to a ton of bulk waste. Over the past six months, the City has performed 80 calls, generally picking up several items on each call. So, the GFL proposal would be less costly to residents with 3 or fewer items, but more expensive for those with more. Alternatively, if the BOMC prefers to charge all residents the same fee regardless of the number of times they use this service, the Waste Pro proposal could accomplish this through a \$20 annual fee, and residents could put out up to two cubic yards of bulk waste for collection every other week on a specified schedule. This alternative would likely be much more expensive for residents overall, estimated at \$34,000 total annually as opposed to \$10,000-\$15,000 for the current or proposed GFL solutions.

To summarize, staff recommends providing weekly residential and commercial recycling service from GFL for a \$36 annual fee per 65-gallon receptacle. Additionally, staff believes a \$499 residential sanitation fee and average \$1,000 commercial sanitation fee (as already proposed) would cover operational and capital expenses to maintain the current high service levels enjoyed by Avondale Estates residents, as approved in the 2021 budget. However, there are costs and opportunity costs not reflected in that budget; for example, the renovations proposed to the Public Works building benefit more Sanitation employees than Parks employees, but General Fund revenues are expected to bear the entire cost. And, the (significant) time the Public Works Director spends on maintenance of heavy Sanitation trucks is time he cannot spend managing landscaping or stormwater efforts (and 100% of his salary comes from General Fund revenues). Therefore, it is worth considering outsourcing some of the services described above, at a somewhat reduced service level, to both reduce the fee burden on residents and free City resources currently devoted to sanitation services to be used on other City needs.