



Legislation Text

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TO: Mayor and Members of City Council

THRU: Douglas J. Hewett, ICMA-CM, City Manager

FROM: Daniel Edwards, Assistant Director of Public Services
Sheila Thomas-Ambat, PE, Director of Public Services

DATE: January 4, 2021

RE:
Solid Waste Report on Proposed Options to Transition to Biweekly Recycling Collection

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Fayetteville will be a highly desirable place to live, work, and recreate with thriving neighborhoods and a high quality of life for all residents.

Executive Summary:

Solid Waste (SW) informed Council on October 12, 2020, that they would return to Council with proposed options to transition to biweekly recycling collection. Staff will provide an informative presentation to Council to include: background on continuing existing weekly recycling collections; details on a proposal received from Waste Management (WM) for biweekly recycling collection; and, the cost of providing biweekly recycling by utilizing in-house staff. Staff will also provide Council with additional conditions and limitations for each of the three scenarios that could potentially impact proposed cost predictions.

Background:

- The City of Fayetteville's recycling program consists of a weekly curbside single-stream residential collection for recyclables placed in 35 gallon or 96 gallon carts. The program is serviced through a collection contract with Waste Management. This contract has been in place since July 2008, when the curbside program initially began. The program also provides for the collection of recyclables from all City-owned buildings and athletic facilities.
- Waste Management delivers the collected recyclable material to Pratt Industries for processing at Pratt's Materials Recovery Facility. The City is currently receiving a rebate per ton from Waste Management for all city recyclable tons delivered to Pratt.
- The City's recycling program through the services of the Solid Waste staff also manages the

scheduling and logistics of cart repairs and cart delivery for residents. Residents can upgrade to a 96 gallon cart by returning their 35 gallon cart and paying a one-time charge, currently \$20.

- In 2020 Council requested staff investigate biweekly recycling collection. Staff asked Waste Management for preliminary options on:
 - Pricing for every other week collection, in return for an extension of the existing contract (ends June 2022), and
 - Discuss their operations regarding a biweekly schedule.
- Other options considered by Solid Waste staff were:
 - To research the cost of City staff collecting biweekly recycling curbside, and
 - The option for an RFP in spring 2021, to secure an outside vendor to implement biweekly recycling collections beginning July 2022.

Issues/Analysis:

- The City's recycling program isn't consistent with the industry's best practices based on residents having a small 35 gallon cart for weekly collections. The typical industry standard for municipal recycling collections is for residents to be provided with a 96 gallon cart collected biweekly.
- Waste Management presently provides weekly recycling services at the current rate of \$3.39 per pickup location. The recycling contract for FY21 is \$2,510,187. The total projected annual impact over the next five years is below:

	FY22	FY23	FY24	FY25	FY26
WM Weekly Contracted C					
Total Projected Annual Im	\$2,553,521.5	\$2,605,182.3	\$2,656,843.2	\$2,708,504.0	\$2,760,164

- The initial term of the current contract is sixty (60) months from July 2017 - June 2022. After the initial term, the agreement may be extended for up to two additional two year terms upon mutual agreement.
- WM has proposed to move from weekly recycling to every other week (biweekly), curbside collection, with new 96 gallon carts at the cost of \$2.35 per pickup location. That is a reduction in the fee cost of \$1.04 per pickup location. The calculated contract cost for biweekly recycling cost is below:

	FY22	FY23	FY24	FY25	FY26
WM Biweekly Proposed C					
Collection	\$1,734,328.2	\$1,771,228.8	\$1,808,129.4	\$1,845,030.0	\$1,881,930

- In addition to the contracted collection cost, the biweekly projection in fiscal years 22 - 25 includes financing costs for the purchase of 64,000 96 gallon carts. The delivery of the 96 gallon carts to each service point and the collection of the 35 gallon carts is included in the total financing costs of \$3.3M. The fifth year (FY26) of the biweekly scenario does not include cart financing costs, and is \$878,234.28 less than the projected weekly collection cost, as indicated in the table below.

	FY22	FY23	FY24	FY25	FY26
WM Weekly Contracted C					
Total Projected Annual Im	\$2,553,521.5	\$2,605,182.3	\$2,656,843.2	\$2,708,504.0	\$2,760,164
WM Biweekly Contracted					
Total Projected Annual Im	\$2,601,536.7	\$2,638,437.3	\$2,675,337.9	\$2,712,238.5	\$1,881,930

- The initial term of WM's proposed contract will be for a minimum of two years, with a recommendation for a four year minimum extension for recycling services.
- SW also calculated the cost of biweekly recycling collections utilizing in-house Solid Waste staff. For this option, SW would have to increase staff members (10 drivers, 1 collector and 2 supervisors), purchase 12 vehicles, and incur annual operating expenses (fuel, maintenance, uniforms, equipment and data plans, etc.), as well as the additional cost for the larger carts. The total projected annual impact for Solid Waste staff collection of biweekly recycling is below:

	FY22	FY23	FY24	FY25	FY26
BiWeekly City Staff Colle					
Projected Annual Impact	\$3,193,234.15	\$3,231,466.70	\$3,270,707.17	\$3,310,983.01	\$1,665,281

- For the City Staff Collection model, the replacement costs of 12 vehicles in year 8 would need to be considered. Using a 7 year useful life for the vehicles, the annual depreciation cost would be \$448K per year, offsetting the projected \$216K savings in year 5 between the contracted and in-house collection models.
- Pratt could impose a tipping fee for processing recyclables when their contract with WM ends on June 30, 2022 (which is the same time the WM's contract ends with CoF).
- Staff does not foresee WM extending our current contract at the current cost due to the fact that tipping fees of approximately \$60 per ton could be imposed by Pratt beginning July 1, 2022.
- At this time, neither WM nor SW are paying tipping fees for recycling; instead the CoF receives an annual rebate of approximately \$27,000. This rebate will be eliminated when the contract ends on June 30, 2022. Rebates for recyclables have gone away since the market changed. Right now the CoF is the only City receiving a rebate through Pratt and is one of the few receiving a rebate nationally.
- All CoF's recyclables are taken to the Pratt processing facility. Pratt's facility in Fayetteville is the closest facility within Cumberland County. The next closest options are in Raleigh about 80 miles away (Waste Management Recycle America or Sonoco). Most municipal processing contracts for recycling in the Raleigh area are based on a vendor receiving the market share for materials minus an average processing fee of \$105 per ton. Greensboro's facility is about 95 miles away (Republic ReCommunity) with the same comparable rates as the Raleigh facility.
- Starting July 1, 2022, Solid Waste could incur a tipping fee for recycling materials delivered to Pratt. That cost, if imposed, would cancel the savings of moving to biweekly recycling.
- Pratt's potential fees would apply to any recycling collection model; weekly, biweekly, or City staff biweekly collections.
- Along with a tipping fee, Pratt could impose a recycling contamination fee. Solid Waste staff

estimates that as much as 25% of the tonnage collected would be subject to the fee, which could result in an additional expense of approximately \$162,000 per year.

- Recycling contamination costs can be reduced by an aggressive recycling education program and enforcement.

Budget Impact:

- There will be finance costs of \$3.3M for the purchase of 64,000, 96 gallon carts that will apply to contracted biweekly recycling collections, and City staff biweekly recycling collections.
- Replacing all carts in FY21 should result in reduced replacement cart costs in the subsequent two years. For future years, ongoing cart replacements would increase approximately 20% due to the larger cart size (~\$10 per cart).
- If the City elects for in-house services, there will be a finance cost of \$3.1M to purchase vehicles.
- There is a potential tipping fee financial impact on July 1, 2022 (FY23) for recycled materials of approximately \$60 a ton.
- There is a possible contamination fee SW may have to pay starting July 1, 2022 (FY23). SW estimates this fee to apply to approximately 25% of the tonnage collected, which would be approximately \$162,000 a year.

Options:

- A. Continue with the current Waste Management contract for final year. The current contract ends June 30, 2022.
 - Continue with the current rate of \$3.39
 - Exercise agreement to extend WM contract for two (2) more years
 - Additional Pratt tipping and contamination cost may apply beginning July 1, 2022
 - Start a vigorous recycling education program to combat recycling contamination
- B. Accept Waste Management proposal for biweekly recycling collection.
 - Start biweekly recycling and new rate July 1, 2021
 - Additional Pratt tipping and contamination cost may apply beginning July 1, 2022
 - Includes finance charges for carts
 - Start a vigorous recycling education program to combat recycling contamination
- C. Collect biweekly recycling in house using the staff of the Solid Waste Division of Public Services.
 - Pratt tipping and contamination cost may apply beginning July 1, 2022
 - Includes finance charges for carts
 - Includes finance charges for vehicles
 - Includes estimated operating cost
 - Includes estimated 13 member staff increase
 - Start a vigorous recycling education program to combat recycling contamination
- D. Execute an RFP to get proposals on biweekly recycling by an outside vendor to start July 1, 2022
 - Pratt tipping and contamination cost may apply starting July 1, 2022

- Includes finance charges for carts
- Unless the market changes drastically, SW does not expect to get a lower cost per pickup location than \$2.35.
- Start a vigorous recycling education program to combat recycling contamination

Recommended Action:

Staff recommends that Council:

- A. Give consensus to SW to finance the \$3.3M for the purchase of 64,000, 96 gallon carts.
- B. Accept Waste Management's proposal for biweekly recycling collection.
 - a. Start biweekly recycling and new rate July 1, 2021
 - b. Pratt tipping and contamination cost may apply starting July 1, 2022
 - c. Includes finance charges for carts
 - d. Start a vigorous recycling education program to combat recycling contamination

Attachments:

In-House Recycling Comp Summary PDF
Biweekly Recycling Presentation