

CITY OF KENT
DEPARTMENT OF PUBLIC SERVICE

MEMO

January 22, 2007

To: Dave Ruller, City Manager

From: Gene Roberts, P.E., Public Service Director
John Ferlito, Health Commissioner

RE: City Wide Trash Hauler Franchise Information

On October 25, 2006, Kent City Council requested staff to investigate City Wide Trash Hauler Franchising and return with information for their consideration. Please accept this memo as a starting point for Council's further consideration and discussion. During our preliminary informational investigation, several positive issues surfaced and some issues which create concern but as an initial summary, the potential for citywide trash pickup service seems very plausible.

On Wednesday January 17, 2007 a meeting was held with the company currently holding the City's trash pickup service Contract to develop some base line information. What was learned is there appears to be a wide range of methods currently in place and being used by other Cities. The most simple of methods is bidding trash service for a community's residents allowing for rate stability and equality and the trash hauler companies work for and invoice directly the individual residents. The other end of the spectrum includes City's where municipal employees and equipment are used to pickup residents' trash.

Currently one trash hauler operating in the City of Kent charges \$18.50 per month for curbside pickup of two trash cans (each can approximately 32 gallons each) each week and is reported as the typical market rate. Franchising citywide curb service would cost between \$12.50 to \$14.00 per month for pickup of one 96-gallon cart (trash can on wheels equal too 3- typical trash cans) equating to a cost decrease between 24 to 32 percent. Additionally a typical trash hauler charges \$1.00 per month for billing and if the City were to bill for trash service would equate to additional reduction in cost.

Currently in the City there are five companies licensed by the Health Department to operate in the City. The Health Department licensure process is designed to verify that the equipment operating in the City is safe from a health standpoint (i.e. that trash trucks are not leaking fluids onto the City streets). Using a factor of 80-percent of the five licensed companies operating on each city streets equates to four trash trucks on each City street collecting trash weekly. A benefit to franchised trash hauling is only one trash truck would be operating on a City street each week.

Operationally there are a few trash haulers that could collect all trash from all residential property in one day. However, it is reported that if the City could be divided into quarters

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additional companies could bid based on their current available equipment and manpower. Dividing the City into quarters has the additional benefit of trash removal operations four days a week thus placing equipment in the City to respond to requests for additional services as requested by the City.

Discussions continued regarding bidding the franchise to include the total City or individual quadrants of the City. Two issues surfaced, first the potential for service cost differential between different areas of the City and second the possibility that one quadrant may not receive bids. Additionally it may be possible to include the City's spring cleanup program to be included as part of the franchise or it could be expanded to year round pickup of additional items.

It is reported that typical franchise agreements in other communities are for 5-years. The agreements are structured as 3-years at a guaranteed price with two one year options to be exercised by the City. Typically negotiations with the vendor that demonstrates an increased operational cost such as cost of fuel, labor or dumping charges are the bases for a cost increases to the trash hauler. Additionally the agreements typically include a fuel surcharge and land fill fees increase clause that defines when and if additional costs associated with increased operating costs could be passed to the City.

The last topic discussed but without recommendation without further investigation is how to handle commercial and industrial accounts. The representative from the City's trash hauler recommended that the City not venture into the commercial and industrial trash service because of the major differential that occurs between commercial and industrial versus residential accounts. As an example, some commercial accounts receive daily or every other day pickup where others require every other week pickup. Industrial accounts depending on what is deposited in a dumpster may require special handling.

As a final thought to be considered is the current under funding in the solid waste fund cost center for which the City collects from residential owners for recycling and returns recycling, yard waste transfer, brush chipping, leaf pickup, downtown clean up and beautification efforts. The combining of the current service with Franchise of trash service could generate needed funds to cover the current short falls while at the same time keep cost to City residents at or below current levels.

We respectfully request Council Agenda time to discuss staff preliminary findings and determine Councils interest in continuing further staff efforts to determine detail contract, costs and operational specifics for implementation of Citywide Residential Franchise Trash Collection Service.

Cc: Jim Silver, Law Director
Barbara Rissland, Budget & Finance Director
Bill Lillich, Safety Director
Chris Tolnar, P.E., Deputy Service Director Superintendent of Engineering
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