SOLID WASTE RESOURCES MANAGEMENT PLAN

ADVISORY COMMITTEE MEETING #2

January 15, 2019
OPPORTUNITIES FOR ADVISORY COMMITTEE INPUT

Four Advisory Committee meetings
- Meeting #1 - Wednesday, November 14, 2018
- Meeting #2 - Tuesday, January 15, 2019
- Meeting #3 - Tuesday, March 12, 2019 (1 p.m. to 3 p.m.)
- Meeting #4 - Tuesday, May 14, 2019 (1 p.m. to 3 p.m.)

Comment on draft deliverables
- Accepted between/during meetings

Individual debriefings
- As appropriate
NORMS FOR COMMITTEE CONDUCT

• Start on time … end on time.

• Meeting summaries provided to participants no more than 2 weeks after meeting.

• Project team to submit deliverables in timely manner, as promised.

• Treat all participants with mutual respect – no finger pointing!

• Try to differentiate between I know (facts) and I think (opinions).

• Committee is not decision-making body.
KEY ACCOMPLISHMENTS SINCE MEETING #1

✔ Public engagement
  • Responded to Advisory Committee questions from first meeting

✔ Received request to delay contract procurement
  • City staff issued memo notifying City Council that procurement to replace expiring contracts will be delayed until the SWRMP is completed

✔ Reviewed and compiled current City resource management practices and quantities

✔ Completed Solid Waste Cost of Service Analysis for current programs and services

✔ Ongoing research:
  • Benchmarking against peer communities
  • Program and service options
Diversion = Tons recycled and composted / Total tons generated

ANN ARBOR TONNAGE AND DIVERSION RATE (ALL SECTORS, 2013-2018)

COMMERCIAL SECTOR TONNAGE AND DIVERSION RATE

RESIDENTIAL SECTOR TONNAGE AND DIVERSION RATE

City of Ann Arbor Solid Waste Resources Management Plan
COST OF SERVICE ANALYSIS: FINDINGS

Costs of current programs

- Residential services = $9.5 million/year; $29.09/household/month
- Commercial services = $6.3 million/year
- Other services (former landfill) = $378,000/year

Funding sustainability

- In FY2018, revenues and operations expenses balanced, with a slight revenue surplus
  - BUT operations expenses will increase in future years - more full-time staff for City collections than in FY2018, persistent depressed commodity markets
  - Annual equity adjustments also impact the Fund balance
- Current revenues are not expected to be sufficient to sustain current services over the longer planning period
  - Fund balance will continue to decline unless expenses decrease and/or revenue increases
COST OF SERVICE ANALYSIS: EXPENSES

- Residential Waste Collection: $1,546,972
- Residential Recycling Collection: $2,829,604
- Residential Compost Collection: $1,001,257
- Commercial Waste Collection: $2,243,280
- Commercial Recycling Collection: $666,061
- Waste Disposal: $1,370,902
- Recycling Processing: $3,180,903
- Composting: $172,137
- Closed Landfill Care & Maintenance: $377,988
- Special Events & Streetside Container Collection: $302,450
- Route Ops & Cart / Container Delivery: $419,829
- Management & Planning: $646,910
- Program Admin & Muni Services Costs Allocation: $1,042,712
- Education & Outreach: $90,837
- Customer Service: $266,050
- GASB / OPEB / Capital Assets: $2,394,035
- Financial Adjustments: $2,394,035
- Direct Expenses
- Indirect Expenses
- Program Admin & Muni Services Costs Allocation

Customer Service: $266,050
Education & Outreach: $90,837
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COST OF SERVICE ANALYSIS: FUNCTION EXPENSES

![Annual Expense Chart](chart.png)

- **Residential Waste**: Direct Expense
- **Cart Recycling**: Direct Expense
- **Compost**: Direct Expense
- **Commercial Waste**: Direct Expense and Allocated Expense
- **Commercial Recycling**: Direct Expense
- **Recycling Processing**: Direct Expense
- **City Events**: Direct Expense
- **Closed Landfill**: Direct Expense

**Graph Details**
- **Direct Expense**
- **Allocated Expense**

*Note: The chart visualizes the annual expenses for various waste management functions.*
COST OF SERVICE ANALYSIS: RESIDENTIAL SERVICE

Residential Cost of Service ($/household/month)

- Waste $7.67
- Recycling $15.54
- Compost $4.83
- City Events & Streetside Cans $1.06

Total = $29.09/household/month

Note: Subtotals above sum to $29.10 due to rounding.
### COST OF SERVICE ANALYSIS: COMMERCIAL SERVICE

#### COMMERCIAL COLLECTION - MONTHLY COST (1 LIFT/WEEK)

<table>
<thead>
<tr>
<th>Service</th>
<th>Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rear Load Waste</td>
<td>$0</td>
</tr>
<tr>
<td>Multi-Family Waste</td>
<td>$17.25</td>
</tr>
<tr>
<td>Front Load Recycling</td>
<td>$72.00</td>
</tr>
<tr>
<td>Front Load Waste (WM)</td>
<td>$0</td>
</tr>
</tbody>
</table>

- **Lift**
- **Disposal/Processing**
- **Administrative Allocation**

*Note: Rear Load Waste is a 96-gallon cart. All other collections are 2-yard dumpsters.*
COST OF SERVICE ANALYSIS: RECYCLING PROCESSING

RECYCLABLES PROCESSING COSTS PER CONTRACTOR INVOICES (FY2016-FY2018)

<table>
<thead>
<tr>
<th></th>
<th>RRS (FY16)</th>
<th>WM (FY17)</th>
<th>RAA (FY18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing Cost</td>
<td>$32.52</td>
<td>$131.01</td>
<td>$151.14</td>
</tr>
<tr>
<td>Revenue Share</td>
<td>$13.03</td>
<td>($68.74)</td>
<td>($57.20)</td>
</tr>
<tr>
<td>Net Cost</td>
<td>$45.55</td>
<td>$62.27</td>
<td>$93.94</td>
</tr>
</tbody>
</table>

Note:
City MRF Cost ($1.36 million in FY2018) increases the net cost per ton in FY2018 to $191.91; cost includes:

- Depreciation (building & equipment) = $625,000
- MRF oversight = $130,000
- Repair & maintenance (building & equipment) = $304,000
- Utilities = $23,000
- Administrative allocation = $278,000
COST OF SERVICE ANALYSIS: REVENUES

REVENUE, BY SOURCE

- Refuse Levy: Residential $8,276,324
- Refuse Levy: Commercial $4,359,285
- Fees for Services $2,892,296
- Royalties / Revenue Shares / Miscellaneous $1,147,544

EXPENSES, BY SECTOR

- Residential $9,500,000
- Commercial $6,300,000
Cost of Service Analysis: Fund Balance

FY2018 Operational Revenue / Expense Summary
- Revenue = $16,675,449
- Expense = $16,157,889
- Revenues exceeded expenses by $517,560 → Fund operations surplus

FY2018 Equity Adjustments Negatively Impacted Fund Balance
- Adjustments = -$2,394,035 (expense / negative impact to Fund)
- Adjustments are required for:
  - Pension (GASB) and retiree benefit (OPEB) funding
  - Landfill closure and post-closure care liability
  - Capital assets
  - GAAP requirements

Fund balance declined $1,876,475 during FY2018
REGIONAL COLLABORATION OPTIONS

Authority Formation Committee

- Facilitated by Washtenaw County Public Works
- Eight jurisdictions participated

<table>
<thead>
<tr>
<th>City of Ann Arbor</th>
<th>Ann Arbor Township</th>
<th>City of Dexter</th>
<th>Pittsfield Township</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Saline</td>
<td>Scio Township</td>
<td>City of Ypsilanti</td>
<td>Ypsilanti Township</td>
</tr>
</tbody>
</table>

Developed *Articles of Incorporation* for anticipated regional authority

- Washtenaw Regional Resource Management Authority (WRRMA)
- Will be shared with other jurisdictions for their consideration as well
- To be presented to Boards and Councils for action on acceptance
  - Anticipated presentation to Ann Arbor’s Environmental Commission in January, 2019 and City Council in February/March, 2019
Committee’s discussions on potential initial efforts include:

- Education and outreach
  - Common, consistent recyclables across member communities
  - Improved quality and quantity of recyclables
- Data and metrics for member communities and Authority as a whole
  - Create common accepted system
  - Gather baseline data and ongoing tracking of materials
- Future potential of shared collections contracting
- Work on member communities becoming attractive for recycling processing contractor
  - Providers of high quality and high quantity recyclable materials
  - Contract collaboratively or through the Authority for recyclables processing
Benchmarking: Overview

Benchmark communities:
- Boulder, CO
- Grand Rapids, MI
- Lincoln, NE
- Madison, WI
- St. Paul, MN
- Seattle, WA

Why selected:
- University communities with high student / rental population
- Similar population to Ann Arbor
- Commitment to high diversion
- Availability of data and information
BENCHMARKING: LEVEL OF SERVICE

Waste
- Generally consistent between communities - weekly collection, larger (64 or 96 gallon) carts
- Most include some level of bulky item collection, with or without a fee or limit

Recycling
- Weekly or every-other-week curbside collection with carts
- Curbside is single-stream, drop-offs may be single-stream or source-separated

Compost (Yard Waste / Mixed Organics)
- Widely variable schedule / frequency of collection between communities
- Service may be included/required as part of curbside collection, or by subscription, or drop-off
- Containment may be carts, bags, bundles, loose, or a combination
- Food may or may not be included in curbside collection
Service delivery:
• City crews
• City-contracted private hauler
• Private haulers on open market (selected by customer)

Funding:
• User fees - flat rate, container-based rates, pure pay-as-you-throw rates with charges per setout or stickers
• Tax assessments - flat rate or valuation-based millage
• Combination of the above
BENCHMARKING: BANS & MANDATES

Services:
- Customers must subscribe to collection services (Boulder, Seattle)
- Haulers must provide recycling and compost collection (Boulder, St. Paul)
- Special events must include recycling and compost collection (Boulder)

Recycling:
- Mandatory to recycle (Seattle, Madison)
- Must not dispose recyclables (Seattle) / cardboard (Lincoln) in trash

Composting:
- Must not dispose food (Seattle) / yard waste (Seattle, Grand Rapids, Madison, St. Paul) in trash
BENCHMARKING: FEES/COSTS VS. RECYCLING RATE

RESIDENTIAL SERVICE: FEE/COST VS. RECYCLING RATE

<table>
<thead>
<tr>
<th>Service Fee/Cost ($/household/month)</th>
<th>Recycling Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>$10</td>
<td>5%</td>
</tr>
<tr>
<td>$20</td>
<td>10%</td>
</tr>
<tr>
<td>$30</td>
<td>15%</td>
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<tr>
<td>$40</td>
<td>20%</td>
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<td>$50</td>
<td>25%</td>
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<td>$60</td>
<td>30%</td>
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<tr>
<td>$70</td>
<td>35%</td>
</tr>
<tr>
<td>$80</td>
<td>40%</td>
</tr>
<tr>
<td>$90</td>
<td>45%</td>
</tr>
<tr>
<td>$100</td>
<td>50%</td>
</tr>
</tbody>
</table>

City of Ann Arbor  Grand Rapids  Madison  St. Paul  Seattle
41%  27%  29%  47%

Notes:
1. Recycling Rate = (Tons Recycled) / (Tons Recycled + Tons Disposed)
2. For comparability between communities, recycling rate reflects residential recycling only and excludes compost diversion due to lack of compost tonnage data from some communities.
3. Monthly service fee/cost reflects comparable service to Ann Arbor for communities that have variable rate container pricing or PAYT service (weekly 64-gallon trash / recycling / subscription or mid-level compost collection).
4. Service fee/cost reflects rates charged to customers (fee) or cost of service. Service fees may not reflect the full cost of service and may be subsidized by other funding sources.
ANN ARBOR RESOURCE MANAGEMENT STRENGTHS

- Comprehensive, uniform services widely available
- Exemplary level of diversion achieved
- Successes achieved without mandates or disposal bans
- Lower cost of service than many peer communities
BENCHMARKING: DOWNTOWN ALLEY SERVICES

Seattle - Clear Alleys Program

• Bag-based collection - significantly reduced containers in public alleys
  • Exemptions for organics containers and grease containers, or other containers if City confirms inside space is not adequate
• Multiple collections per day - 3 for trash, 2 for recycling
  • High level of service must be provided by contractor

Dearborn - service consolidation and relocation

• Modified City ordinance to state that when containers are on public property (including public alleys), City has control over collection - including container size, location, and collection frequency
• Established container corrals and reduced numbers of containers
• Selected a single hauler and worked out collection frequency required
• Funded through millage funds
BENCHMARKING: DOWNTOWN ALLEY SERVICES

Nashville - moving containers inside businesses and off City service

- Historically provided 2 trash carts and 2 recycle carts to businesses with once per week pickup
- Evolved into need for continuous collection in downtown area
  - Trash - daily collection, 10 AM - 5 AM the following day - complete 2-3 collections daily
  - Cardboard - daily collection, 6:30 AM - 2 AM the following day
- Cost for service far exceeds funding from businesses - working now to enforce City ordinance and service limits and push containers back inside businesses for storage

Lexington - two collection cycles daily, streetside

- Daily collection - 2 AM - 10 AM (Wed-Sun); 2 PM-10 PM (Mon-Fri)
- Split-body truck for trash and recycling collection
- Many complaints about containers on sidewalks, but work with businesses to provide education and keep them aware of requirements to store carts inside or behind business after collection
ANN ARBOR ALLEY EFFORTS TO DATE

2016 alley investigations and internal work group

- Completed in-depth review of every alley
- Changed ordinance to allow earlier collection hours

Current conditions

- Addressing issues on a case-by-case basis
- Monitoring developing discussions with DDA and downtown business associations regarding alternative alley service
OVERVIEW OF RESIDENT SURVEY TOPICS

Current programs
- Awareness of available services and costs
- Behavior / use of services

Needs
- Specific programs and services
- Information and awareness - how information is obtained, what would motivate participation in programs

Future program enhancements / new programs
- Likelihood of use
- Willingness to pay for services / cost tolerance
RESIDENT SURVEY VALUE

Will the resident survey provide enough valuable information to justify its cost ($30,000)?

The survey has a number of benefits:

• Identifies residential education needs
• Identifies what services residents want and how much they are willing to pay for them
• Provides cost sensitivity factor for cost model
• Provides opportunity for resident engagement in the SWRMP
• Explanatory / background information will be provided to residents during the survey
WHAT’S NEXT? 90 DAY LOOK-AHEAD...

Develop questionnaire and field scientific, random resident survey

Identify and outline program and service options

• Service delivery
• Tonnage impact
• Financial model to reflect resources required and costs

City staff activities

• Contract extensions with RAA and Waste Management
• Regional authority formation progress
• Monitor / participate in downtown alley plan development
KEEP UPDATED ON THE PROGRESS OF THE SWRMP

Website:  www.a2gov.org/SWRMP

Email:  SWRMP@a2gov.org

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