# 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:**

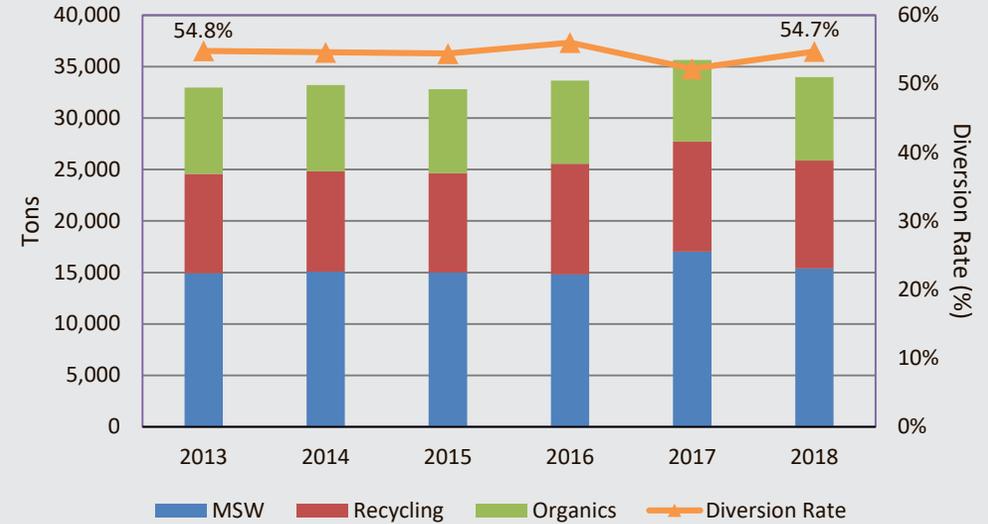- Benchmarking against peer communities
- Program and service options

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# TONNAGE AND DIVERSION RATE TREND (2013-2018)

**Diversion =** Tons recycled and composted
Total tons generated

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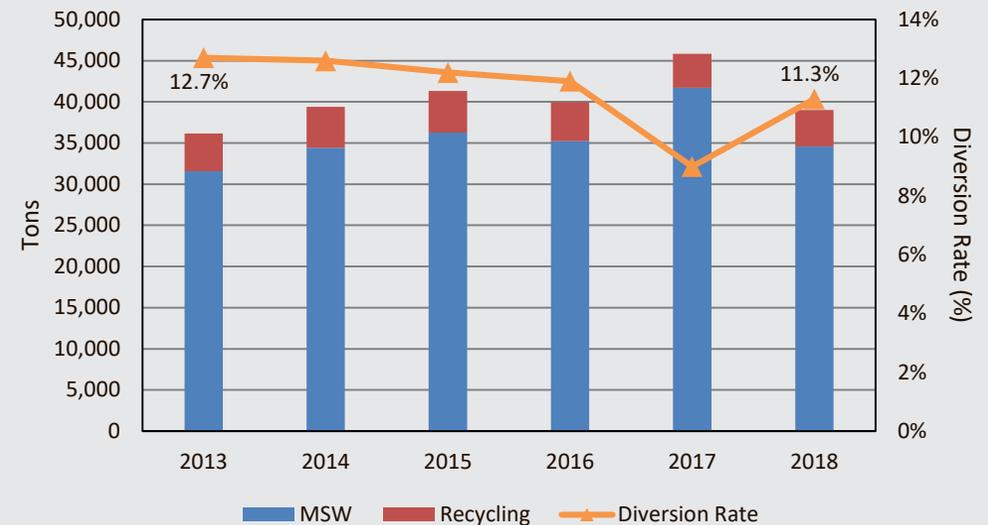


ANN ARBOR TONNAGE AND DIVERSION RATE
(ALL SECTORS, 2013-2018)
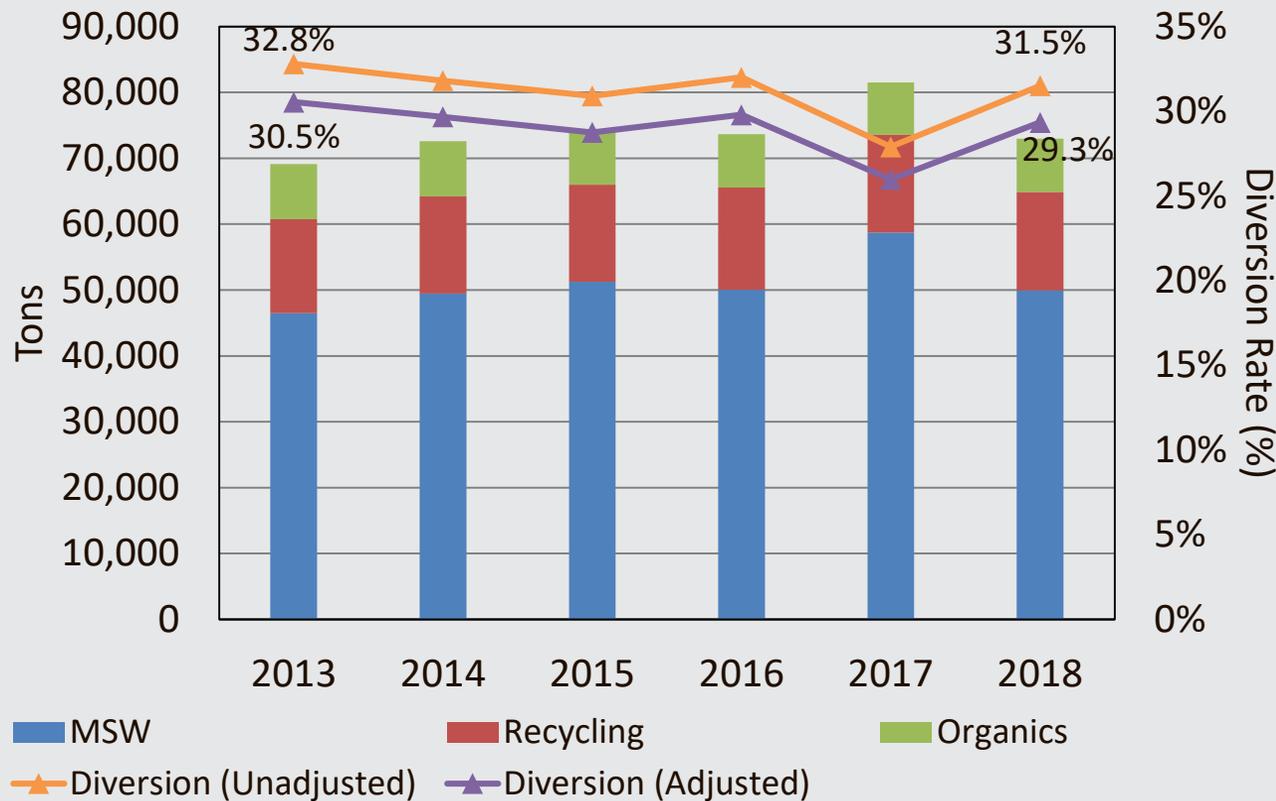
RESIDENTIAL SECTOR TONNAGE AND DIVERSION RATE

COMMERCIAL SECTOR TONNAGE AND DIVERSION RATE
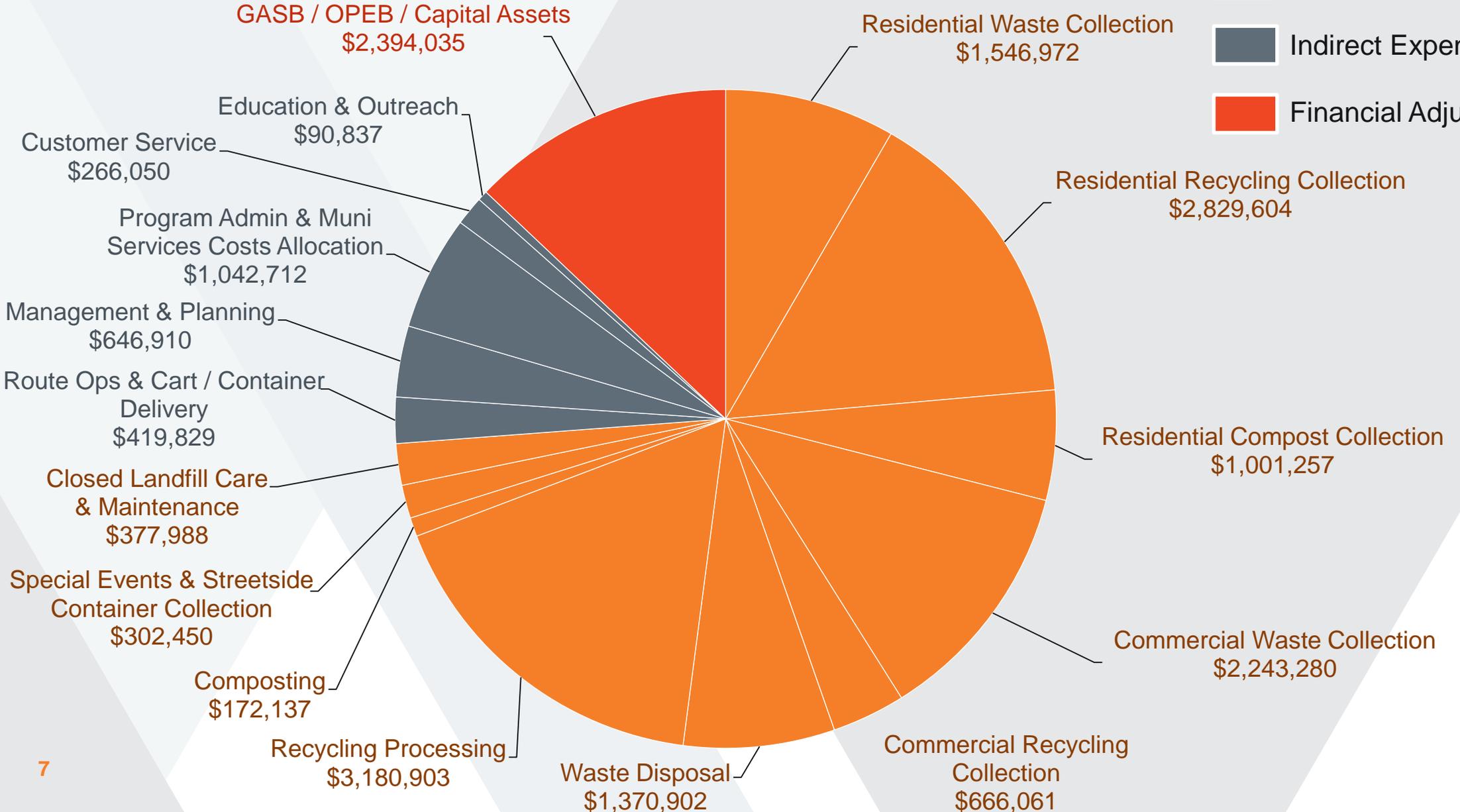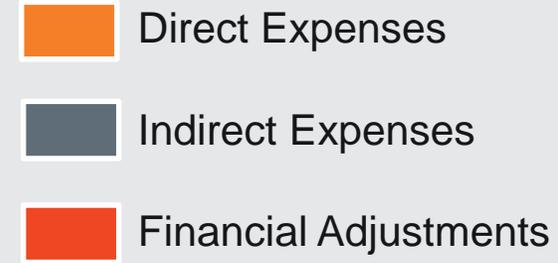
# COST OF SERVICE ANALYSIS: FINDINGS

## 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

**Legend:**
- Direct Expenses
- Indirect Expenses
- Financial Adjustments

GASB / OPEB / Capital Assets
$2,394,035

Education & Outreach
$90,837

Customer Service
$266,050

Program Admin & Muni
Services Costs Allocation
$1,042,712

Management & Planning
$646,910

Route Ops & Cart / Container
Delivery
$419,829

Closed Landfill Care
& Maintenance
$377,988

Special Events & Streetside
Container Collection
$302,450

Composting
$172,137

Recycling Processing
$3,180,903

Waste Disposal
$1,370,902

Commercial Recycling
Collection
$666,061

Commercial Waste Collection
$2,243,280

Residential Compost Collection
$1,001,257

Residential Recycling Collection
$2,829,604

Residential Waste Collection
$1,546,972

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# COST OF SERVICE ANALYSIS: RESIDENTIAL SERVICE



**Residential Cost of Service ($/household/month)**

- City Events & Streetside Cans $1.06
- Waste $7.67
- Compost $4.83
- Recycling $15.54
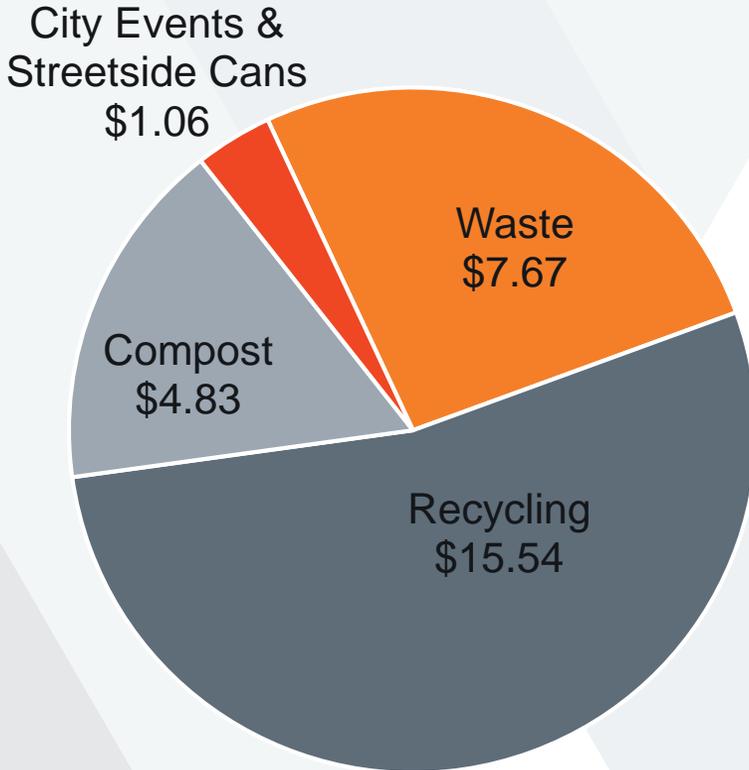
**Total = $29.09/household/month**

Note: Subtotals above sum to $29.10 due to rounding.

**Costs by Service and Component**

Legend: Labor · Truck / Truck Rental · Truck R&M / Fuel · Disposal/Processing · Admin Allocation
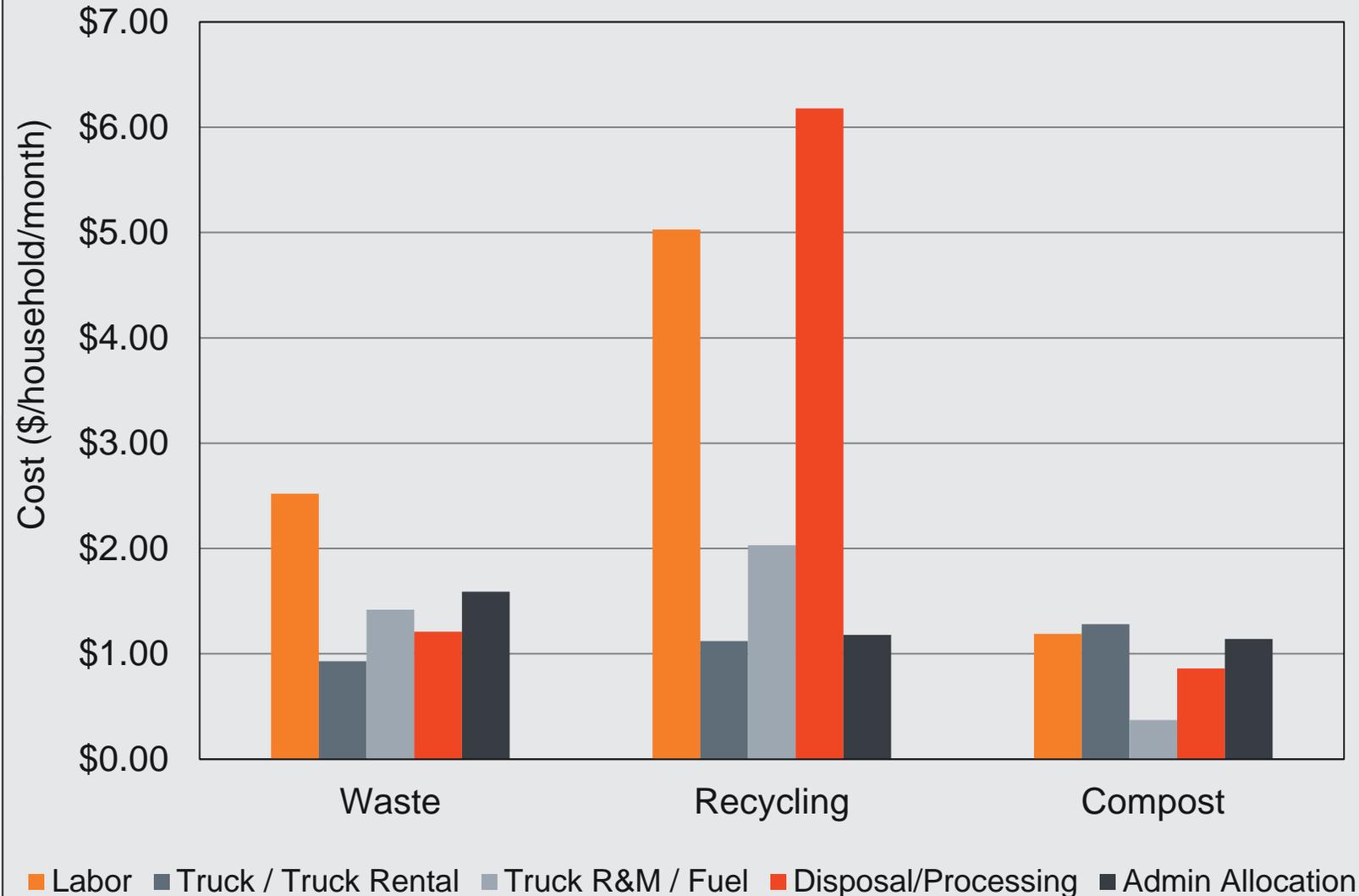
# COST OF SERVICE ANALYSIS: COMMERCIAL SERVICE



COMMERCIAL COLLECTION - MONTHLY COST (1 LIFT/WEEK)

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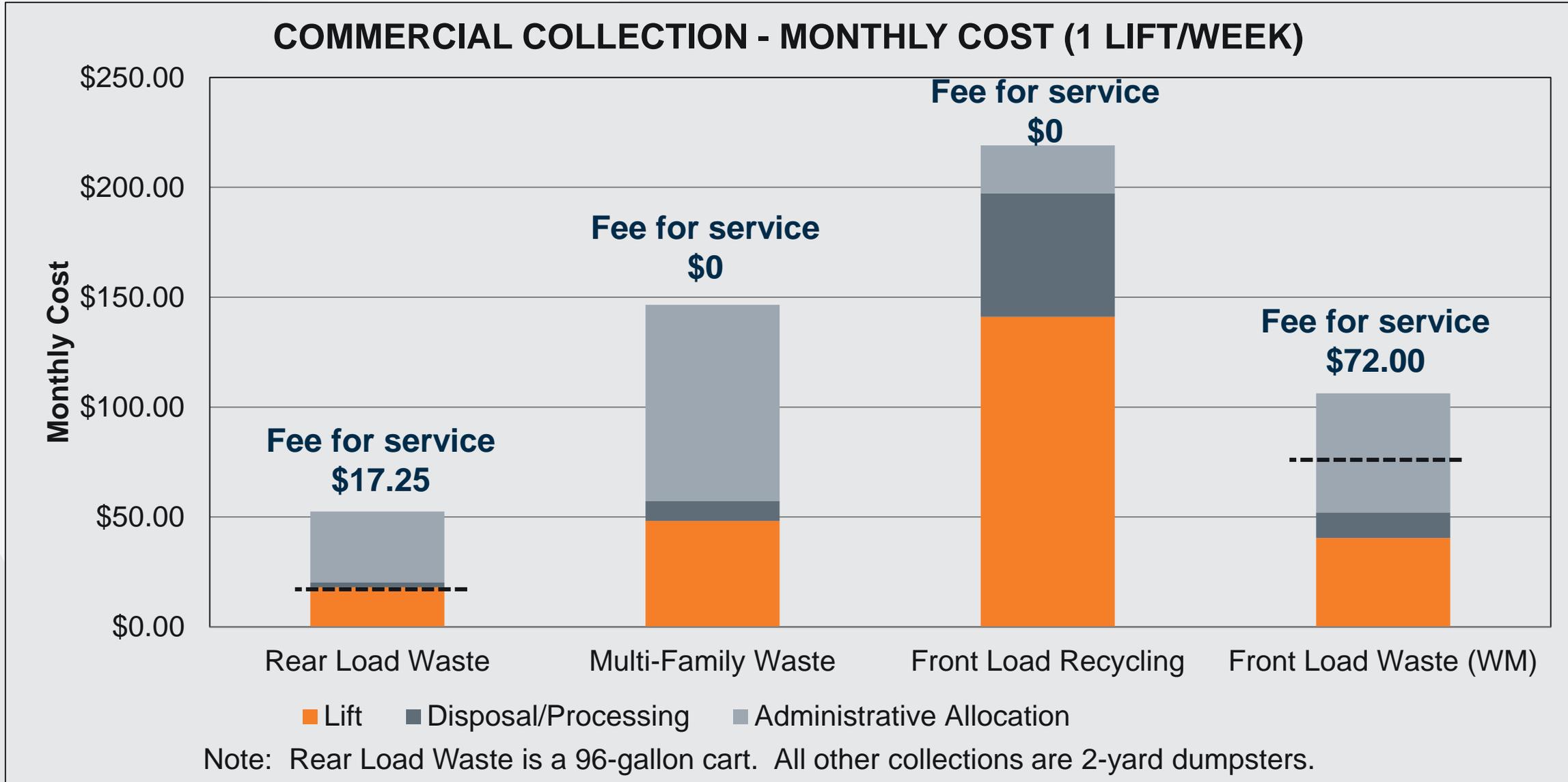
# COST OF SERVICE ANALYSIS: RECYCLING PROCESSING



**RECYCLABLES PROCESSING COSTS PER CONTRACTOR INVOICES (FY2016-FY2018)**

Chart showing Cost ($/ton) for three contractors:

- **RRS (FY16)**: Processing Cost $32.52, Revenue Share $13.03, Net Cost $45.55
- **WM (FY17)**: Processing Cost $131.01, Revenue Share ($68.74), Net Cost $62.27
- **RAA (FY18)**: Processing Cost $151.14, Revenue Share ($57.20), Net Cost $93.94
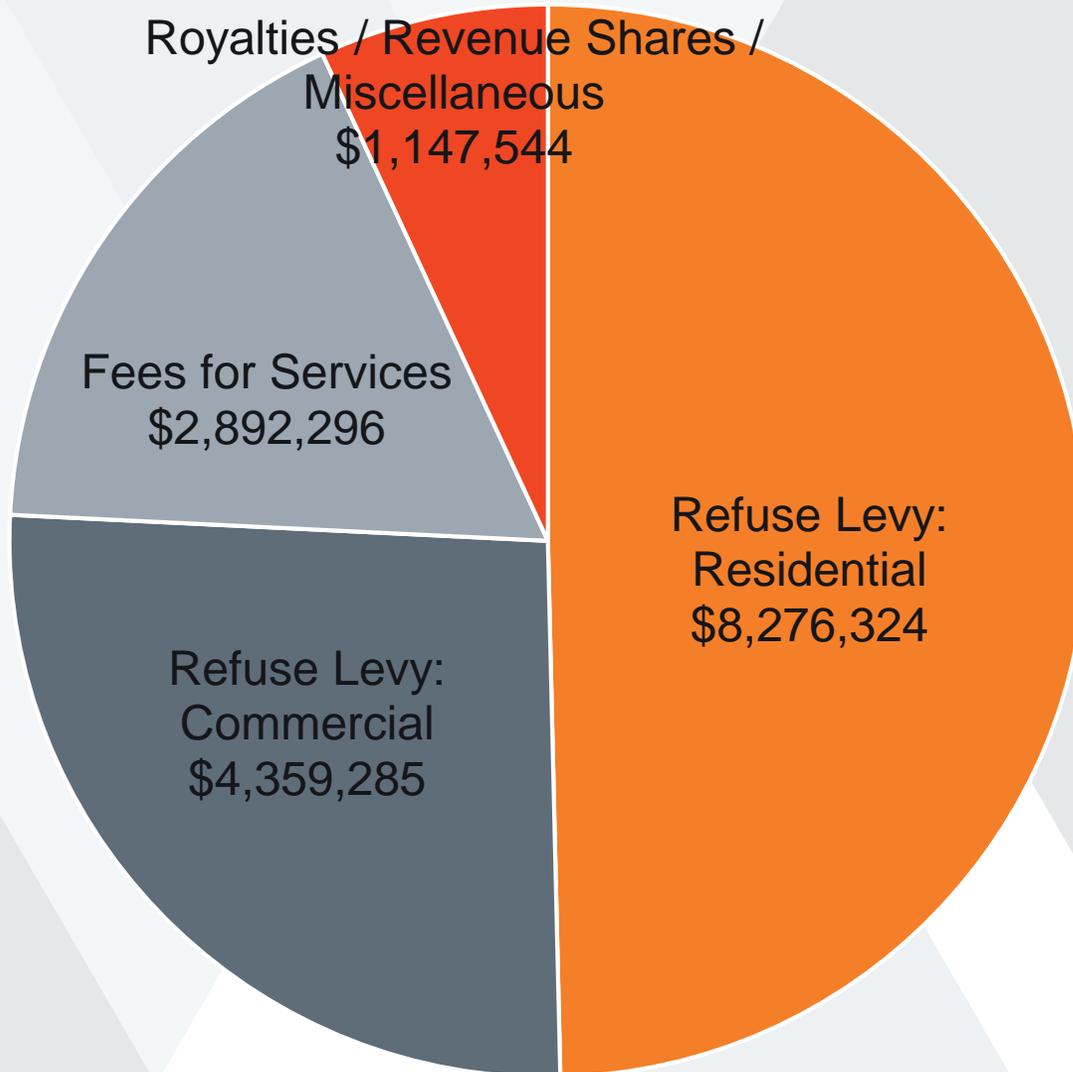
Legend: ■ Processing Cost ■ Revenue Share ■ Net Cost
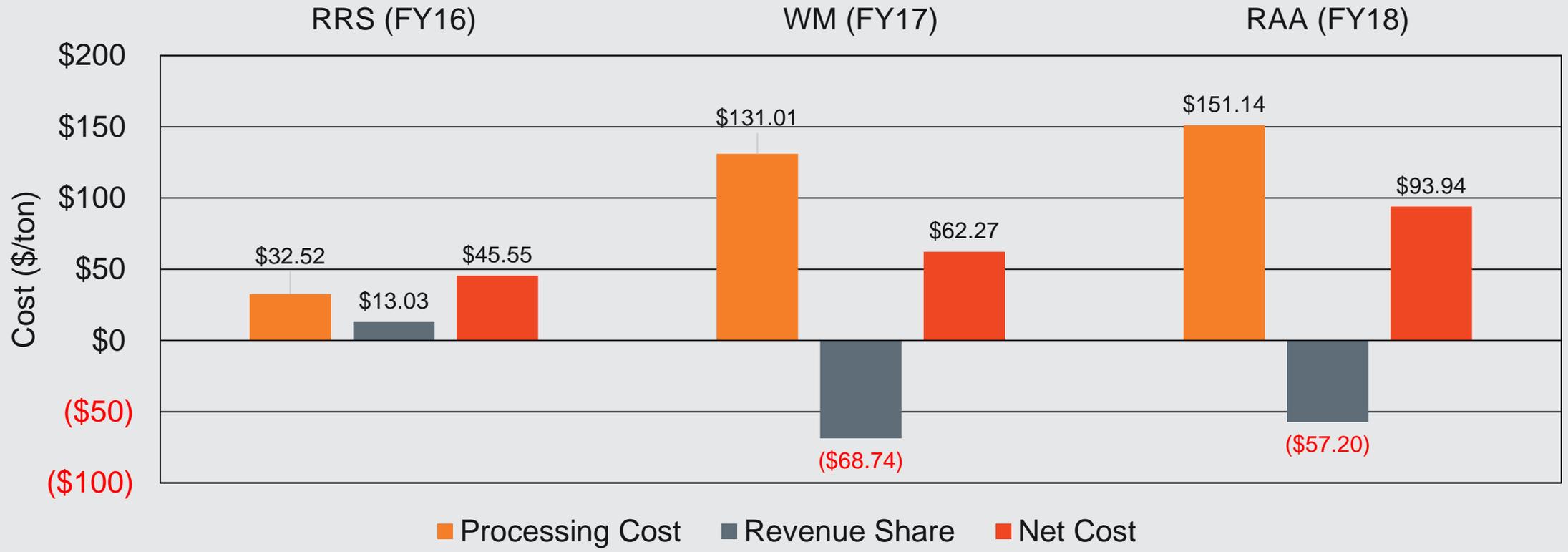
Note:
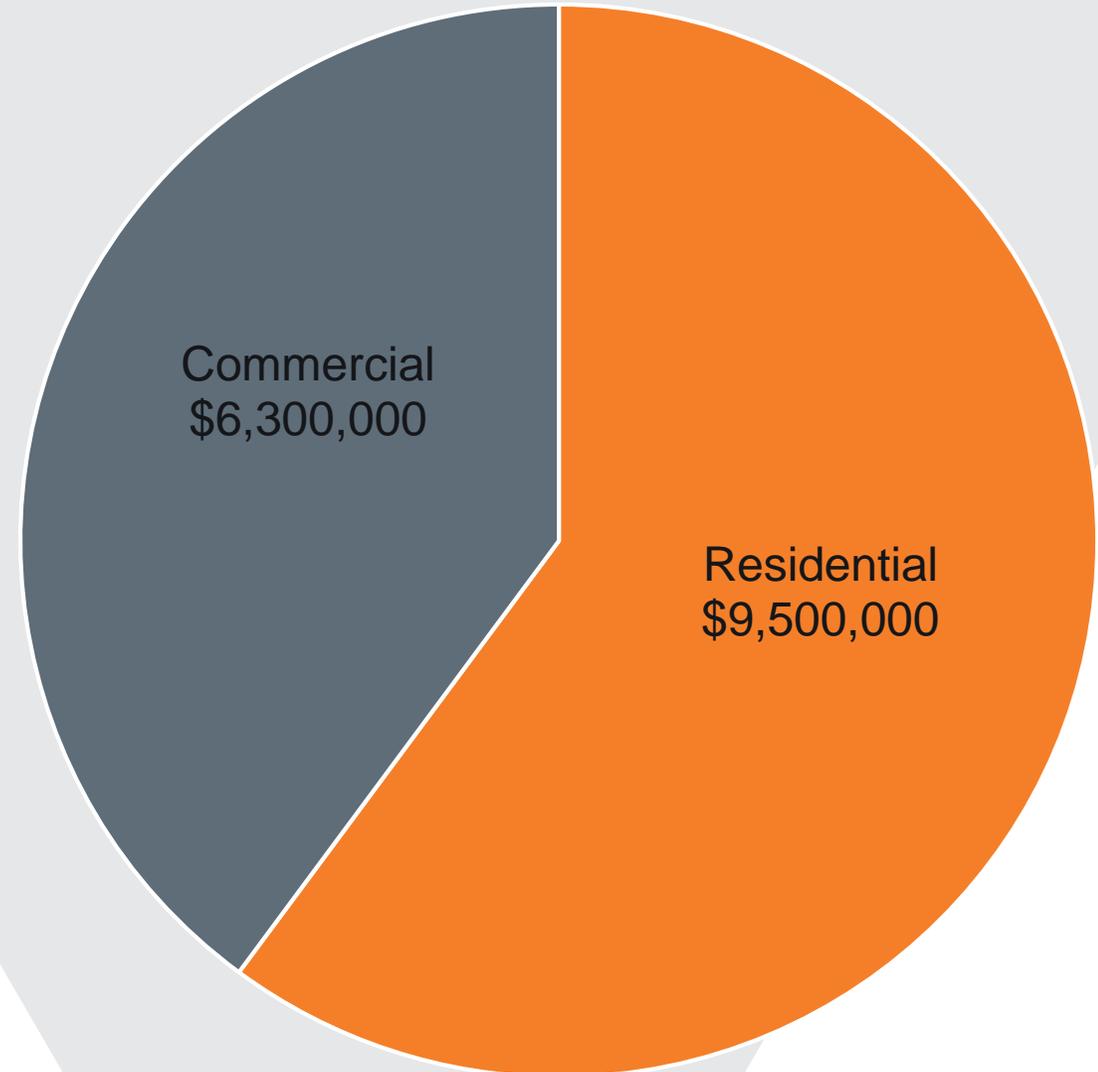City MRF Cost ($1.36 million in FY2018) increases the net cost per ton in FY2018 to $191.91; cost includes:
Depreciation (building & equipment) = $625,000      MRF oversight = $130,000      Utilities = $23,000
Repair & maintenance (building & equipment) = $304,000      Administrative allocation = $278,000

# COST OF SERVICE ANALYSIS: REVENUES

## REVENUE, BY SOURCE



Royalties / Revenue Shares / Miscellaneous
$1,147,544

Fees for Services
$2,892,296

Refuse Levy: Residential
$8,276,324

Refuse Levy: Commercial
$4,359,285

## EXPENSES, BY SECTOR



Commercial
$6,300,000

Residential
$9,500,000

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# 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

| City of Ann Arbor | Ann Arbor Township | City of Dexter | Pittsfield Township |
|---|---|---|---|
| City of Saline | Scio Township | City of Ypsilanti | Ypsilanti Township |

## 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

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# REGIONAL COLLABORATION OPTIONS

**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

# BENCHMARKING: FUNDING & SERVICE DELIVERY

**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

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# 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**
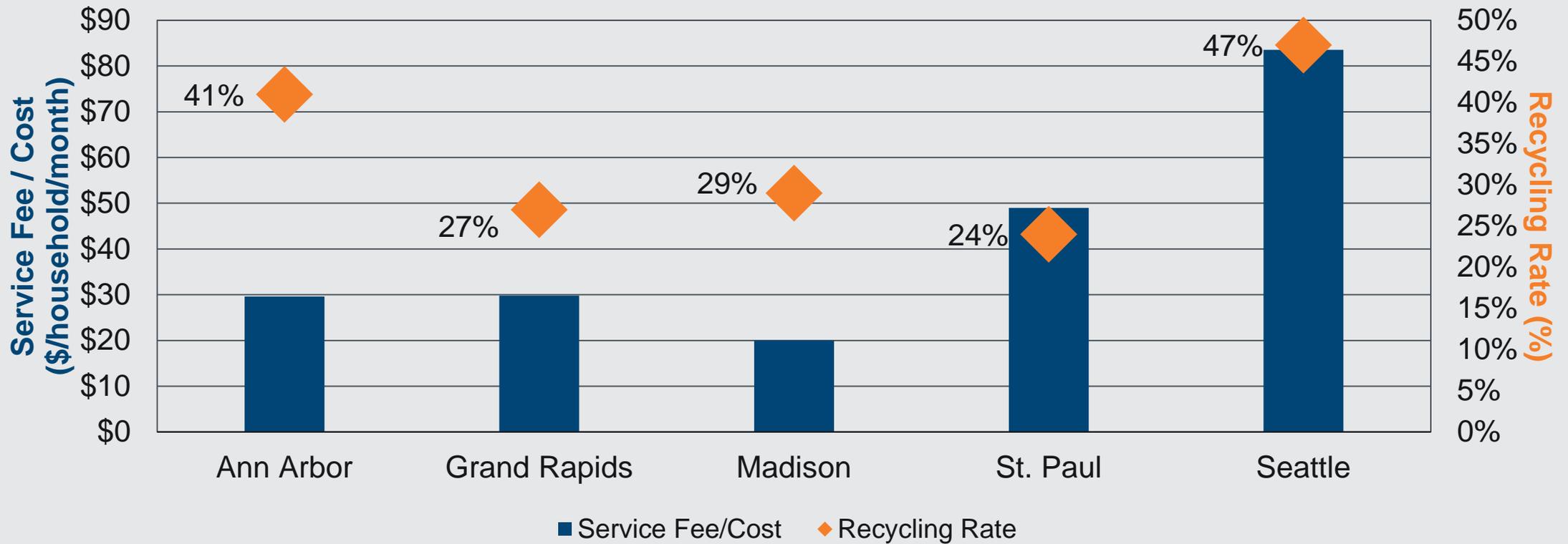
Notes:
1. Recycling Rate = (Tons Recycled) / (Tons Recycled + Tons Disposed)
2. For comparability between communities, recycling rate reflects <u>residential recycling only</u> and <u>excludes</u> compost diversion due to lack of compost tonnage data from some communities.
3. Monthly service fee/cost 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

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# 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

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## 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

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# 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

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# KEEP UPDATED ON THE PROGRESS OF THE SWRMP

**City of Ann Arbor Solid Waste Resources Management Plan**

**Website:**

**www.a2gov.org/SWRMP**

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