



City Manager Report

The City of OKLAHOMA CITY

NO: 851

DATE: MAY 31, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

**SUBJECT: PRESENTATION OF SERVICE ALTERNATIVES FOR FUTURE
RESIDENTIAL SOLID WASTE COLLECTION AND ASSOCIATED
RATE IMPACTS**

On March 22, 2016, the Oklahoma City Environmental Assistance Trust (OCEAT) approved a service agreement with Waste Management of Oklahoma, Inc. for weekly trash and recycling and monthly bulk waste collections.

The agreement begins September 1, 2016. Current services will continue as they are for one year, giving the contractor and contract administrator time to track current services and needs before implementing or revising services.

Current Services

Collection crews collect weekly trash and recycling four days a week: Monday, Tuesday, Thursday and Friday. Monthly bulk waste collection allows residential customers to set out up to four cubic yards of items not acceptable in big blue carts at no additional charge.

In the city's urban residential areas, customers recycle with 18-gallon little blue bins. These customers may set out bagged waste if two full big blue carts are full.

All residential customers benefit from storm debris collection following damaging weather-related events. This special collection is provided by OCEAT and often subsidized by FEMA declared funding.

Businesses that generate small volumes of waste are eligible for weekly collection service using up to three big blue carts. However, businesses do not receive recycling or bulk waste services.

Customer Input

Customer surveys and focus groups gathered customer input on weekly and recycling service options. Findings were presented to OCEAT on May 5, 2015. Input included:

- Reluctance to eliminate bagged waste collection for yard waste and storm clean-up
- Bigger recycling containers and cardboard recycling
- 73% rarely set out bags in addition to their big blue carts

- 7% did so every week
- Bulk waste service is very good. No changes were considered.

Additional service options were developed to determine whether operating cost savings could be achieved by adjusting the service area boundary between OCEAT and contractor services to maximize city crew collection efficiency.

Service Alternatives

An analysis of the alternatives, using pricing information obtained from Waste Management's contract proposal, considered advantages and disadvantages. Service options developed include:

- No change in services
- One large recycling container including cardboard recycling
- Recycling collection every other week, with one large container allowing cardboard
- No bagged waste set out with two full big blues
- Fee for bagged waste set out with two full big blues
- Weekly collection from four days a week to five days a week
- Modify service area boundaries between Waste Management and Oklahoma City personnel to maximize use of existing City resources

Automated recycling collection requires OCEAT purchase of carts and automated collection vehicles. Delivery time of roughly 190,000 carts and vehicles would take at least nine months.

Eliminating bagged waste collection will be difficult. A possible next step is to create a system to charge for bagged set outs. This will encourage some customers to pay for an additional big blue cart and may encourage additional recycling. The transition to bagged set outs requires installation of equipment that could accurately record bag collection. Some communities market pre-purchased uniquely identifiable bags for this purpose.

Recycling and big blue collection from four to five days a week changes the work day from 10 hours to eight hours for Oklahoma City employees. Waste Management fees would decrease \$280,000 a year while OKC staff would see cost increases, roughly \$200,000 in the first year.

Changing solid waste collection routes, most critically the weekly and recycling collection, require updating to accommodate growth in the service areas.

Schedule for Service Changes. The new service agreement maintains existing services and levels until September 2017. This allows the contractor and staff to become fully comfortable with the service monitoring and compensation changes associated with the new contract.

Changes to recycling services would begin with OCEAT procurement of the recycling carts and contractor procurement collection vehicles. These efforts should be complete by February 2018.

Cost for Service

OCEAT's current income and charges total \$51,900,000 annually. Customers are billed:

- \$20.42 a month for urban and rural residential service including two big blue carts.

- Each additional big blue cart \$3.49 per month.
- Bulk waste set-out more than four cubic yards \$10.46/cubic yard
- Big blue cart \$22.91 each for commercial customers cart, \$25.10 for two carts and \$44.49 for three carts each month

Since 2012 solid waste rates have increased 3.5% annually. A 3.5% increase would raise the monthly rate from \$20.42 to \$21.13 or \$0.71 a month. Without service changes, OCEAT's financial plan indicates a 3% increase in collection services: \$0.61 per customer under the new service agreement, with inflation at 4% a year.

Issuing large carts for recycling will cost about \$12 million dollars. Those carts collected every other week using automated vehicles will require a 3.5% rate increase -- \$0.71 per customer.

Staff Preferences

Most customers want recycling collection broadened to include collecting cardboard and a larger recycling cart. Staff prefers this service alternative and modifying the service frequency to collect recycling carts every other week. A more frequent schedule can be implemented as recycling participation increases.

Staff prefers rate adjustments of 3.5 percent for the next three years. Finally staff prefers reaching agreement concerning changes to the City and Waste Management collection areas as analysis of the proposed re-routing is prepared.



James D. Couch
City Manager