

Memorandum



Date: June 17, 2026
To: Buchanan City Commission
From: Tony McGhee
Subject: Community Garbage and Recycling Services

Background and Services Requested

The City issued a Request for Proposals for Residential Refuse Collection Services and Optional Bi-Weekly Recycling Collection with an issue date of May 4, 2026 and a proposal due date of June 3, 2026. The purpose of the RFP was to obtain competitive proposals from qualified and experienced solid waste haulers for a residential collection program that is reliable, cost-effective, customer-focused, and transparent.

The RFP requested a single-hauler residential program serving approximately 1,550 eligible residential accounts. The requested core service is required weekly residential garbage collection. Optional bi-weekly curbside recycling is also to be made available to residents who choose to participate.

The RFP also requested support for the City's annual two-day community clean-up event. The contractor is expected to furnish ten 40-yard roll-off dumpsters, deliver the dumpsters before the event, monitor fullness, pull and replace dumpsters when full, and provide dispatch and driver coordination so the event can continue with minimal interruption.

The RFP requested pricing under two possible billing models. Option 1 is contractor direct billing, where the contractor bills residential customers directly and handles customer invoicing and collections. Option 2 is the City-billed / utility bill reimbursement model, where the City holds the contract, pays the contractor directly, and then bills customers for reimbursement through the water/sewer utility billing process. The RFP preserved the City's ability to select either model based on overall value to the City and its residents.

The RFP identified price as the primary evaluation factor, anticipated at 85%, with approach to service anticipated at 10% and community partnership anticipated at 5%. The RFP also reserved the City's right to request clarifications, negotiate final terms, waive irregularities, reject any or all proposals, and award in the manner determined to be in the best interest of the City.

Three proposals were received in response to the RFP from LRS, Republic Services, and Lakeshore. The two low bidders, LRS and Republic Services, were also the two proposals that came in below what residents currently pay for service. For that reason, staff focused the detailed side-by-side analysis on LRS and Republic for purposes of making a recommendation to the City Commission.

Bid Review and Assessment

Staff reviewed the proposals with a focus on resident cost, pricing transparency, billing model value, optional recycling cost, clean-up event pricing, and disclosed pass-through fee risks. Because LRS and Republic were the two low proposals and were both below current resident pricing, those two proposals were compared in detail for purposes of the recommendation.

Base Weekly Garbage Pricing

The base garbage pricing favors LRS under both billing models. Under the City-billed model, LRS is estimated to be \$67,518 lower than Republic over the five-year base term. Under the contractor direct-bill model, LRS is estimated to be \$25,482 lower than Republic over the five-year base term.

Billing model	Bidder	Year 1	Year 5	5-year total	LRS savings vs. Republic
City-billed / utility bill	LRS	\$11.00	\$12.34	\$1,084,380	LRS \$67,518 less
City-billed / utility bill	Republic	\$11.32	\$13.50	\$1,151,898	
Contractor direct billing	LRS	\$11.25	\$13.60	\$1,126,416	LRS \$25,482 less
Contractor direct billing	Republic	\$11.32	\$13.50	\$1,151,898	

Note: Five-year totals assume approximately 1,550 eligible residential accounts and 12 months per year.

Billing Model Assessment

Although the LRS City-billed option is the lowest base proposal on paper, the difference between the LRS City-billed model and the LRS contractor direct-bill model is relatively small when spread across the full customer base. The LRS direct-bill option is approximately \$42,036 higher over the five-year base term, which equals approximately \$8,407 per year, or about \$0.45 per eligible residential account per month.

For that minimal difference, the contractor would remain responsible for customer billing, invoicing, payment processing, collections, account maintenance, and related customer service issues. Staff believes this is a better overall value than having the City absorb those duties internally.

Under the City-billed model, the City would be responsible for paying the contractor directly and then billing residents through the utility billing process. That would require City staff to manage account-level service data, additions and deletions, optional recycling participation, billing reconciliation, customer questions, payment issues, and ongoing coordination with the hauler. It would also place additional administrative and collection risk on the City.

The contractor already has the billing systems, account maintenance tools, customer service staffing, and collections process in place to manage this work. The likely staff time, billing system coordination, customer service workload, reconciliation work, and administrative risk associated with bringing this function in-house would likely exceed the approximately \$0.45 per month difference to residents. For that reason, staff recommends the contractor direct-bill model as the better overall value, even though the City-billed model is slightly lower in the base bid comparison.

Optional Bi-Weekly Recycling

Optional recycling is a significant factor in the recommendation. LRS proposed optional bi-weekly recycling at \$2.00 per participating household per month in Year 1, increasing to \$2.22 in Year 5. Republic proposed optional recycling at \$4.50 per participating household per month in Year 1, increasing to \$5.37 in Year 5.

Bidder	Year 1	Year 5	5-year per participant	Savings per participant	Savings examples
LRS	\$2.00	\$2.22	\$126.36	\$169.08 vs. Republic	50% participation: LRS is approx. \$131,037 less; 100% participation:
Republic	\$4.50	\$5.37	\$295.44		

					LRS is approx. \$262,074 less
--	--	--	--	--	-------------------------------

Over the five-year base term, LRS would cost \$126.36 per participating household while Republic would cost \$295.44. That is a savings of \$169.08 per participating household over five years. If 50% of eligible households participate, the estimated five-year savings is approximately \$131,037. If all eligible households participate, the estimated five-year savings is approximately \$262,074.

Annual Two-Day Community Clean-Up Event

The annual clean-up event pricing also favors LRS. LRS proposed supplying the initial ten 40-yard roll-off dumpsters at no charge. Republic proposed \$75 per roll-off delivered, or \$750 for the initial ten roll-offs. LRS also proposed a lower pull-and-replace rate, ranging from \$225.25 to \$252.43 per haul over the five-year term, compared to Republic's range of \$425.00 to \$506.82 per dump up to six tons.

Republic Fuel Recovery Fee and Pricing Risk

Republic disclosed a fuel recovery fee that creates an additional pricing risk not included in the base bid comparison. Republic's disclosure states: "Fuel Recovery Fee - The base price for diesel shall be set at \$4.00/gallon. Should contractor's cost of fuel rise above that base price, a surcharge of \$0.04 per residence per month shall be applied for every \$0.10 per gallon increment of increase in contractor fuel above the base price. The cost of diesel shall be based upon weekly Retail Gasoline and Diesel Prices for Midwest (PADD2) by the U.S. Energy Information Administration (EIA). A reduction shall apply if the fuel goes back to the base price."

This provision matters because it creates a variable pass-through cost over the five-year contract term. For every \$0.10 per gallon that diesel is above the \$4.00 base price, Republic's proposal would add \$0.04 per residence per month.

As a current pricing example, the EIA Gasoline and Diesel Fuel Update released June 16, 2026 showed Midwest (PADD 2) on-highway diesel at \$5.011 per gallon for June 15, 2026. If that level were used under Republic's formula, it would be roughly \$1.00 per gallon above the \$4.00 base and would result in an estimated surcharge of about \$0.40 per residence per month. Across approximately 1,550 accounts, that is about \$620 per month, \$7,440 per

year, or \$37,200 over five years if sustained. This is an example only, because the contract surcharge would depend on the actual weekly EIA price during the contract term and Republic's final contract language.

Diesel price example	Above \$4.00 base	Surcharge per residence / month	Approx. monthly system cost	Approx. annual system cost	Approx. 5-year cost if sustained
\$4.10	\$0.10	\$0.04	\$62	\$744	\$3,720
\$4.50	\$0.50	\$0.20	\$310	\$3,720	\$18,600
\$5.00	\$1.00	\$0.40	\$620	\$7,440	\$37,200
\$5.50	\$1.50	\$0.60	\$930	\$11,160	\$55,800
\$6.00	\$2.00	\$0.80	\$1,240	\$14,880	\$74,400

Note: Examples assume 1,550 accounts and that the stated diesel price level persists for the period shown. Actual charges would vary based on the weekly Midwest (PADD 2) diesel price and final contract language.

This fuel recovery provision is important for the Commission to consider because diesel prices are influenced by global supply and demand, refinery and distribution conditions, inventories, seasonal conditions, and events outside the City's control. Current issues in the Middle East are a practical example of that risk. Conflict, shipping disruption, access restrictions, or instability in the Persian Gulf and surrounding region can increase market uncertainty and affect the cost of crude oil and diesel. If fuel costs rise during the contract term, Republic's formula could increase resident costs even though the base bid appears comparable on paper.

LRS did not disclose a fuel surcharge and stated that its quoted prices are all-inclusive, with annual increases already reflected in each year's pricing. That difference gives the City and residents greater pricing certainty under the LRS proposal.

Other Pricing and Risk Factors

In addition to the fuel recovery fee, Republic disclosed a \$15 monthly senior/ADA back-door service add-on and a \$15 cart delivery, exchange, or replacement fee after initial startup. Republic also identified City-billed startup/implementation items and data/account administration coordination items that were not fully priced and would require additional work with the City.

LRS listed no fuel surcharge, no additional fees, no startup or implementation charge, no data file or account administration charge, no senior or ADA back-door service charge, and no cart delivery, exchange, or replacement fee. Republic did offer an added-value item under the City-billed option by offering the City up to four 4-yard containers serviced once per week at no charge; however, that benefit does not offset the base residential rate differences, optional recycling savings, clean-up event pricing, and fuel surcharge risk identified above.

Recommendation

Staff recommends that the City Commission authorize the City Manager to negotiate and execute a five-year agreement with LRS for residential refuse collection services and optional bi-weekly recycling collection under the contractor direct-bill model, subject to final contract negotiation, City Attorney review, and confirmation that LRS satisfies all RFP, insurance, security, operational, reporting, and implementation requirements.

This recommendation is based on LRS being the best overall value among the two low bids that were below current resident pricing. LRS is lower on base weekly garbage service under both billing models, materially lower for optional recycling, more favorable for the annual clean-up event, and presents fewer pass-through fee risks. The contractor direct-bill model is recommended because the minimal additional cost compared to City billing is outweighed by the value of keeping billing, invoicing, collections, account maintenance, recycling participation tracking, customer service, and related administrative work with the contractor rather than shifting those costs and risks to the City.

Attachment A: LRS and Republic Services Bid Sheets

Attachment A



APPENDIX D – PRICING SUBMISSION FORM

Complete all pricing tables below. State any assumptions clearly. The City strongly prefers all-inclusive pricing. Any fuel surcharge, environmental charge, cart fee, contamination fee, or other pass-through fee must be clearly disclosed.

D-1. OPTION 1 – CONTRACTOR DIRECT BILLING

Provide pricing assuming the Contractor bills customers directly and is responsible for invoicing and collections.

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Monthly price per eligible residential account – weekly garbage	\$11.25	\$11.57	\$11.90	\$12.24	\$13.60	
Monthly price per participating residential account – optional bi-weekly recycling	\$2.00	\$2.05	\$2.10	\$2.16	\$2.22	
Additional garbage cart (monthly, if any)	\$8.00	\$8.23	\$8.47	\$8.71	\$8.96	
Additional recycling cart (monthly, if any)	\$1.50	\$1.55	\$1.60	\$1.65	\$1.70	
Reduced-size garbage cart option (monthly, if any)	N/A	N/A	N/A	N/A	N/A	
Senior / ADA back-door service (monthly add-on, if any)			NO CHARGE			
Cart delivery / exchange / replacement fees, if any			NO CHARGE			

D-2. OPTION 2 – CITY-BILLED / UTILITY BILL REIMBURSEMENT MODEL

Provide pricing assuming the City pays the Contractor directly and bills customers for service through the City’s utility billing process.

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Monthly price per eligible residential account – weekly garbage	\$11.00	\$11.32	\$11.65	\$11.99	\$12.34	
Monthly price per participating residential account – optional bi-weekly recycling	\$2.00	\$2.05	\$2.10	\$2.16	\$2.22	
Startup / implementation cost, if any			NO CHARGE			
Data file / account administration costs, if any			NO CHARGE			
Additional garbage cart (monthly, if any)	\$8.00	\$8.23	\$8.47	\$8.71	\$8.96	
Additional recycling cart (monthly, if any)	\$1.50	\$1.55	\$1.60	\$1.65	\$1.70	
Senior / ADA back-door service (monthly add-on, if any)			NO CHARGE			

D-3. ANNUAL TWO-DAY COMMUNITY CLEAN-UP EVENT

Provide pricing for the City’s annual two-day clean-up event. State clearly whether disposal/tipping is included.

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Supply ten (10) 40-yard roll-off dumpsters for the event			NO CHARGE			
Pull and replace each 40-yard dumpster when full	\$225.25/ HAUL	\$231.75/ HAUL	\$238.45/ HAUL	\$245.34/ HAUL	\$252.43/ HAUL	

LRS

Request for Proposals

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Disposal / tipping, if billed separately	\$32.25/ TON	\$33.18/ TON	\$34.14/ TON	\$35.13/ TON	\$36.14/ TON	Disposal price is per ton for all tons.

D-4. PRICE DISCLOSURES

Item	Response
Are quoted prices all-inclusive of labor, hauling, disposal, recycling processing, and ordinary customer service? (Yes/No)	Yes
Describe any proposed fuel surcharge schedule	None
Describe any CPI/PPI or annual escalation methodology built into the five-year pricing	Annual increase already reflected in each year pricing.
Identify any fees not included in the tables above	None

APPENDIX D – PRICING SUBMISSION FORM

Complete all pricing tables below. State any assumptions clearly. The City strongly prefers all-inclusive pricing. Any fuel surcharge, environmental charge, cart fee, contamination fee, or other pass-through fee must be clearly disclosed.

D-1. OPTION 1 – CONTRACTOR DIRECT BILLING

Provide pricing assuming the Contractor bills customers directly and is responsible for invoicing and collections.

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Monthly price per eligible residential account – weekly garbage	\$11.32	\$11.83	\$12.36	\$12.92	\$13.50	Cart content only Rates will be billed Quarterly or yearly
Monthly price per participating residential account – optional bi-weekly recycling	\$4.50	\$4.70	\$4.91	\$5.14	\$5.37	Cart content only Rates will be billed Quarterly or yearly
Additional garbage cart (monthly, if any)	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	
Additional recycling cart (monthly, if any)	Billed at same rate as first cart					
Reduced-size garbage cart option (monthly, if any)	N/A	N/A	N/A	N/A	N/A	
Senior / ADA back-door service (monthly add-on, if any)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	This rate is in addition to the monthly service rate. Resident must be legally handicapped
Cart delivery / exchange / replacement fees, if any	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	Charge will only apply after initial startup

D-2. OPTION 2 – CITY-BILLED / UTILITY BILL REIMBURSEMENT MODEL

Provide pricing assuming the City pays the Contractor directly and bills customers for service through the City’s utility billing process.

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Monthly price per eligible residential account – weekly garbage	\$11.32	\$11.83	\$12.36	\$12.92	\$13.50	Cart content only
Monthly price per participating residential account – optional bi-weekly recycling	\$4.50	\$4.70	\$4.91	\$5.14	\$5.37	Cart content only
Startup / implementation cost, if any						TBD - will need help determining who is using what service
Data file / account administration costs, if any						Will work with City on what information we can provide (Volume reports, service reports, etc)
Additional garbage cart (monthly, if any)	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	
Additional recycling cart (monthly, if any)	Billed at same rate as first cart					
Senior / ADA back-door service (monthly add-on, if any)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	This rate is in addition to the monthly service rate. Resident must be legally handicapped

*****If this option is chosen Republic would offer the city up to 4 - 4yd containers serviced 1x/wk at no charge to the c**

D-3. ANNUAL TWO-DAY COMMUNITY CLEAN-UP EVENT

Provide pricing for the City’s annual two-day clean-up event. State clearly whether disposal/tipping is included.

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Supply ten (10) 40-yard roll-off dumpsters for the event	\$75	\$75	\$75	\$75	\$75	per roll-off delivered
Pull and replace each 40-yard dumpster when full	\$425.00	\$444.13	\$464.11	\$485.00	\$506.82	per dump up to 6 tons

Republic

Request for Proposals

Service Item	Year 1	Year 2	Year 3	Year 4	Year 5	Notes / Assumptions
Disposal / tipping, if billed separately	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	Rate only applies if container exceeds 6 tons

D-4. PRICE DISCLOSURES

Item	Response
Are quoted prices all-inclusive of labor, hauling, disposal, recycling processing, and ordinary customer service? (Yes/No)	Yes
Describe any proposed fuel surcharge schedule	See below
Describe any CPI/PPI or annual escalation methodology built into the five-year pricing	First years is fixed with 4.5% increases per year for years 2-5.
Identify any fees not included in the tables above	

** Fuel Recovery Fee - The base price for diesel full shall be set at \$4.00/gallon. Should Contractor's cost of fuel rise above the "base price", a surcharge of \$0.04/residence/month shall be applied for every \$0.10/gallon increment of increase in contractor fuel above the base price. The cost of diesel shall be based upon the weekly Retail Gasoline and Diesel Prices for the Midwest (PADD2) by the US Energy Information Administration (EIA). A reduction shall apply if the fuel goes back to the Base price. At that time shall the reduction go below the Base Price.

Fuel would not start until January 1, 2027 if it applies

\$1.48