



AGENDA ITEM SUMMARY

City Council

STAFF

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SUBJECT

Items Related to Residential Solid Waste Collection.

EXECUTIVE SUMMARY

A. First Reading of Ordinance No. 027, 2023, Amending Chapter 12, Article II and Chapter 15, Article XV of the Code of the City of Fort Collins to Allow for the Establishment of a City Waste Collection Program and Generally Updating Provisions of the Code Governing Waste Collection Within the City.

B. First Reading of Ordinance No. 028, 2023, Authorizing the City Manager to Enter Into a Contract for the Provision of Residential Waste Collection Services.

C. First Reading of Ordinance No. 029, 2023, Appropriating Prior Year Reserves for Start-up Costs to Create a Contracted Residential Waste Collection Program.

The purpose of this item is to consider the adoption of a contracted residential waste and recycling program, which includes three separate Ordinances and one policy question:

1. Ordinance No. 027, 2023, would amend the City Code to enable the contracted hauling program and establish the City Administrative Fee to fund the City's role in the program.
2. Ordinance No. 028, 2023, would adopt the contract with Republic Services.
3. Ordinance No. 029, 2023, would approve an off-cycle general fund appropriation in the amount of \$107,251 to support the start-up phase of the proposed program.
4. Policy question: Do Councilmembers prefer the weekly or every-other-week recycling collection option?

This program aligns with the Council Priority to Explore a Districted System for Garbage, Recycling and Compost.

The proposed program includes the following benefits:

- Trash, recycling as well as yard trimmings and two bulky item collections per year for a cost similar to what most residents paid in 2022 for only trash and recycling
- A more affordable way to increase the collection of yard trimmings from residents
- Cost-effective, predictable pricing

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- Opportunity to ensure a high level of customer service with penalties to the hauler and service credits to customers in the event of a missed pickup etc.
 - Fewer trucks on residential roads helps to improve neighborhood safety, quality of life, reduces emissions, also reduces road wear and tear
 - Additional yard trimmings composted (78% - 130% increase) and additional materials recycled if Councilmembers select the weekly recycling policy option (9% - 27% increase). Additional yard trimmings and recycling combined would achieve 3.7% - 6.7% of the progress needed to meet the zero waste goal.

STAFF RECOMMENDATION

Staff recommends adoption of these Ordinances on First Reading. Staff does not have a policy recommendation between weekly or every-other-week recycling.

BACKGROUND / DISCUSSION

One of the adopted Council Priorities is to explore a districted system for garbage, recycling, and compost for single family homes. Districting is a sub-type of a contracted trash and recycling system. To ensure the broadest possible conversation in the community, the term “contracting” has been used throughout this project.

Alignment with Adopted Goals and Plans

The Residential Solid Waste Collection Services Program (Program) would enable actions essential to meeting Fort Collins’ adopted goal to produce zero waste by 2030. Fort Collins 2020 Community Diversion Rate goal was 75%, which was not achieved. In 2020, the Residential Diversion rate was 29% and the Community Diversion Rate (combining residential, commercial and industrial materials) was 52%. Increased composting is also a critical path to achieving our climate goals.

Contracting for trash and recycling aligns with several adopted plans and other Council priorities. Those plans include:

- Our Climate Future, Big Move 2: Zero Waste Neighborhoods
- City Plan, Principle ENV 5: Create a Zero Waste System
- Strategic Plan, Environmental Health 4.3 Zero Waste

Contracting for single family home trash, recycling and compost also supports the following adopted Council Priorities:

- *Accelerate Composting*
- *Improve Air Quality*
- *Enhanced Recycling Education*

Past Council Feedback

City staff has met with the full City Council on three separate occasions and have met with the Council Finance Committee once. The following bullets summarize their feedback:

April 12th Work Session

- Continue efforts to pursue contracting
- Continue to engage community members regarding this effort and ensure engagement includes the benefits of trash contracting
- Engage community members to understand priorities related to contracting and service options and what community concerns should be addressed via the process

- Refine peer community research to understand best practices in program and Request for Proposal (RFP) development
- Present options for elements of a contracted system at the July 12th Council Work Session

July 12th Work Session

- Draft a Resolution that directs staff to develop and issue an RFP that reflects the staff recommendations and Council discussion at the July 12 Work Session
- Bring the Resolution for Council's consideration at its July 19 meeting

July 19th Regular Session

- Council adopted Resolution 2022-079 directing staff to develop and issue a Request for Proposals for contracted residential waste and recycling collection with specific program elements and designed to meet specific goals (see the Resolution for these specific elements and the Contract elements section below for the outcome of the RFP process)

February 2nd Council Finance Committee

- Unanimous support of the proposed \$1.35 administrative fee and \$107,251 appropriation for 2023 program start-up costs

Contract

Competitive Purchasing Process

Based on this Council direction and community member feedback, City staff issued a Request for Proposals (RFP) in the fall of 2022. Three firms (Republic Services, Waste Management, and Sweetman Sanitation) submitted proposals. A cross-disciplinary team of City staff and external consultants with specific subject matter expertise in single hauler systems (LBA Consulting and a member of the Recycling Partnership) interviewed the three firms in late November 2022. Republic Services' proposal most closely aligned with the priorities and evaluation criteria in the RFP. Staff negotiated a contract with Republic (attached) that will extend to September 30, 2029.

Contract elements

The contract includes the following elements:

- Service start date: 9/30/24
- Duration: 5 years from the service start date
 - The time between the contract being signed and the service start date allows the Contractor to purchase trucks, hire staff, and conduct community outreach to ensure a smooth roll out
- Services included:
 - Weekly trash collection, weekly seasonal yard trimmings collection, two bulky items per year
 - The contract includes options for weekly or every other week recycling, pending Council decision on this service
 - Residents will automatically be signed up for yard trimmings collection, but may decline the service and receive a \$5 discount on their monthly bill
 - Food scrap collection is not included in this contract, but the contract can be amended when this service is available
- Sustainable vehicle strategy:
 - One electric collection vehicle will be utilized as a pilot
 - Any new vehicles purchased to service this contract will run on natural gas generated from landfill capture etc. (rather than new extraction)
 - Republic will not purchase any more diesel trucks to provide service under the contract
- Carts:
 - Contractor would purchase carts with a City logo, which will be paid for as part of the monthly service fee
 - The carts would remain at households at the end of the contract regardless of the vendor selected for the next contract

- This supports consistency for residents and a level playing field for all potential vendors in the next competitive purchasing process
- Billing:
 - Contractor would bill residents directly
- Customer Service:
 - Contractor would provide a high level of customer service, including dedicated customer service representatives
- Performance:
 - The contractor is subject to extensive liquidated damages and performance standards to ensure a high level of service

Pricing

The following monthly prices would be effective from 2024-2025 and includes trash, recycling, yard trimmings, 2 bulky item collections per year, and also includes the up to \$1.35 City administrative fee:

- XS trash cart (~16 gallons): \$11.10
- S cart (35 gallons): \$17.85
- M cart (65 gallons): \$34.60
- L cart (95 gallons): \$51.35
- XL cart (2 L carts): \$101.60

The contract allows a 3% price increase per year. The hauler may apply for an additional price increase only in the case of increased tip fees or regulatory changes. This creates a consistent, predictable price for community members, which was one of the goals prioritized by low-income community members.

Opt-out Fee

Households may opt out of the Program and use a different hauler or take material to the landfill themselves but must pay an opt-out fee equal to the smallest level of trash service (\$11.10 / month).

Contract exclusions

- Homeowner's Associations (HOAs)
 - HOAs with contracts that comply with the City's Pay-As-You-Throw and yard trimmings service requirements and that are in effect prior to the date the contract is signed may continue with their existing contracts or join the City's contract
 - City staff will check HOA contracts to ensure compliance with City requirements in Q2-Q4 2023. Contracts out of compliance will have a fixed amount of time to either update their contracts or join the City's contract
- Variances
 - Households may apply for variances. Any variance application will be verified by City compliance staff. Households granted a variance will be exempt from Program participation and will not have to pay the administrative fee. Variances include:
 - Large waste volume producing households (a household that generates more than two large carts' worth of waste per week)
 - Shared service (two households that share the XS cart service)
- Dumpsters
 - Single unit residential dwellings and multi-unit residential dwellings with seven or fewer units that utilize a dumpster for waste collection are exempt from the Program. (The Community Recycling Ordinance would apply to these locations)

Every other week or weekly recycling option

A policy option within the contracted program is to select to remain with the current every other week recycling or to shift to weekly recycling collection for a small increase in the service fee.

Benefits of weekly recycling	Tradeoffs of weekly recycling
Additional recycling ~800 – 2500 tons (9% - 27% increase)	Additional cost \$1.25 / mo for small cart customers
Net GHG benefits 1100-3600 MTCO _{2e} reduction ~3-8% of waste emissions ~3-8% of waste emissions (accounts for increased transportation emissions)	Slight GHG increase 60 MTCO _{2e} increase from additional trucks (GHG increase offset by emissions reductions from more recycling) Additional truck in the neighborhood every other week
Net GHG benefits 1100-3600 MTCO _{2e} reduction ~3-8% of waste emissions (0.05-0.15% progress toward climate goals)	Slight GHG increase 60 MTCO _{2e} increase from additional trucks (GHG increase offset by emissions reductions from more recycling)
Additional convenience Supports the increase in residential recycling from online shopping and more people working from home	Additional truck in the neighborhood every other week

The prices for the weekly and every other week options are included below.

Trash cart size	Option 1: Every Other Week Recycling Price	Option 2: Weekly Recycling Price
XS	\$11.10	\$11.10
S	\$17.85	\$19.10
M	\$34.60	\$37.10
L	\$51.35	\$55.10
XL	\$101.60	\$109.10

Pricing Compared with Current Service Costs

Trash Bill Analysis

City staff conducted a Trash Bill Analysis to understand current prices paid by community members (attached). The following highlights emerged:

- Community members pay different prices for the same service
 - Some are paying \$6-\$22 more per month (sometimes twice the price) than others for the same service. Prices are even different from the same company in the same area of town
- Haulers may not be charging the full amount for medium and large trash cart service required by the City’s Pay-As-You-Throw requirements
- Most haulers increased their service prices in late 2022 or early 2023. Staff called to get updated pricing in February 2023. Prices had increased 2% - 41% depending on the hauler and cart size

Comparison with Contracted Service Costs

The following information is based on trash bills from 2022. It shows that an apples-to-apples comparison of services in the current system and the contracted system show a significant cost savings for residents in the contracted system.

Trash Cart Size	% of Households Now	Trash + Recycling Only			
		Current	Contract	\$ Change	% Change
XS	0.5%	\$15.93	\$11.10	\$ (4.83)	-30%
Small	43%	\$18.18	\$12.85	\$ (5.33)	-29%
Med	41%	\$33.20	\$29.60	\$ (3.60)	-11%
Large	15%	\$45.11	\$46.35	\$ 1.24	3%
XL	n/a	n/a	\$96.60		

Trash Cart Size	Trash + Recycling + Yard Trimmings				Trash + Recyc + Yard Trims + Bulky Items			
	Current	Contract	\$ Change	% Change	Current	Contract	\$ Change	% Change
XS	\$33.10	\$11.10	\$ (22.00)	-66%	\$39.35	\$11.10	\$ (28.25)	-72%
Small	\$35.35	\$17.85	\$ (17.50)	-50%	\$41.18	\$17.85	\$ (23.33)	-57%
Med	\$50.37	\$34.60	\$ (15.77)	-31%	\$56.20	\$34.60	\$ (21.60)	-38%
Large	\$62.28	\$51.35	\$ (10.93)	-18%	\$68.12	\$51.35	\$ (16.77)	-25%
XL	n/a	\$101.60			n/a	\$101.60		

Administrative Fee and Appropriation Request

A Fee Study (Attached) was conducted and recommended an administrative fee of up to \$1.35 per household per month to recover the City’s costs of administering the Program (including program roll-out, program management, compliance and customer service). All pricing in the Council materials includes the \$1.35 administrative fee.

The City would begin collecting the revenue from the administrative fee revenue when service starts on September 30, 2024. A budget appropriation is requested to fund start-up costs from the contract adoption until the administrative fee collection begins. The appropriation would be repaid from administrative fee revenue over the duration of the contract.

The fee and appropriation were reviewed and unanimously supported by Council Finance Committee on February 2, 2023.

Benefits and Tradeoffs

The following benefits and tradeoffs of shifting to a contracted residential hauling program have been identified. More details are included in the Benefits and Tradeoffs attachment.

Benefits:

- Increased equity and lower pricing
 - Cost-effective price for service
 - Predictable pricing
 - Access to bulky item collection
- Increased composting from yard trimmings collection
- Increased recycling (if Councilmembers select weekly recycling option)
- Greenhouse gas emissions reductions
- Street maintenance savings

- Sustainable collection vehicles
- Fewer trucks in neighborhoods
- High level of customer service with enforcement capability

Tradeoffs:

- Households would have to pay an opt out fee of \$11.10 / month to use a hauler other than the City's contracted hauler
- Perception of a reduction in competition in the hauling industry in Fort Collins
 - The proposed contract only accounts for 20% of the market share of trash and recycling hauling in Fort Collins by revenue

Code Changes

The proposed Code changes include the following elements:

- Create a Residential Solid Waste Collection Program
- Create an administrative fee
- Confirm that HOAs may continue their contracts as long as they meet the Code requirements
- Update HOA yard trimmings requirement to match the City contract's level of service by September 30, 2024 (update from households having to request yard trimmings collection service to household being automatically signed up for yard trimmings but can decline service)
- Clarify Pay-As-You-Throw requirements
- Clarify limitations on which types of fees collectors may charge customers
- Provide that collectors take ownership of certain kinds of waste when it is loaded into a vehicle and providing that collectors do not take ownership of hazardous waste or other waste that is not accepted as disposal facilities

Next Steps

If Councilmembers adopt the Ordinances on First Reading, the following would be next steps:

- Second Reading on March 7, 2023
- Staff would then work with contractor to prepare for service roll out on September 30, 2024
- Appropriation for 2024 startup costs would be included in the mid-cycle budget process

CITY FINANCIAL IMPACTS

The Program is designed to be cost neutral to the City. However, because the revenue associated with the contract does not begin until service commences, Ordinance No. 029, 2023, would appropriate \$107,251 from the General Fund Reserves in 2023 to fund start-up costs of the City's role in the Residential Solid Waste Collection Program. The General Fund would be repaid from the administrative fee revenue over the five years from the service start date of the contact (September 30, 2024). More details can be found in the attached Residential Solid Waste Collection Program Administrative Fee Study.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The project team presented to the Natural Resource Advisory Board (NRAB) and Economic Advisory Board (EAB) in April and June 2022 and will again on February 15, 2023. Both NRAB and EAB wrote letters of support for the project in 2022 (minutes and letters are attached).

PUBLIC OUTREACH

In addition to Boards and Commissions, staff has engaged with community members, stakeholders, and haulers throughout this project. Details are included in the attached Engagement Summary.

ATTACHMENTS

1. Ordinance A for Consideration
2. Ordinance B for Consideration
3. Ordinance B Exhibit A
4. Ordinance B Exhibit B
5. Ordinance B Exhibit C
6. Ordinance B Exhibit D
7. Ordinance C for Consideration
8. Benefits and Tradeoffs of the Proposed Contracted Residential Solid Waste Collection Program
9. Trash Bill Analysis
10. Residential Solid Waste Collection Program Administrative Fee Study
11. What Would Change and What Would be the Same in the Proposed Program
12. Engagement Summary
13. Recycling Partnership Letter of Support
14. Draft Council Finance Committee Minutes
15. Economic Advisory Board Minutes and Memo
16. Natural Resources Advisory Board Minutes and Memo
17. Analysis of Trash Collection Vehicle Impacts to Street Maintenance, Noise, Safety and Vehicle Emissions from Open Market and Contracted Service
18. Review Contract with Republic Services
19. Presentation