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DEPARTMENT OF PUBLIC WORKS**

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## **MEMORANDUM**

To: Transportation, Energy and Utilities Committee

From: Chapin Spencer, Director  
Lee Perry, Assistant Director DPW Maintenance  
Rob Goulding, Public Information Manager

Date: March 22, 2021

Re: Evaluation of a Municipally Operated Consolidated Collection Alternative

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### **Background:**

There are many ways communities coordinate the collection of trash, recyclables and food scraps. In our City, individual residential property owners subscribe with a local hauler for solid waste services or bring their trash to one of the County's Drop-Off Centers. According to a survey of 461 communities nationwide, this subscription arrangement occurs only in approximately 11% of communities. Consolidated collection, on the other hand, is the much more common approach with 83% of communities having the municipality either collecting waste streams itself or contracting with private haulers.

Consolidated collection has been explored in our region for decades. Long-time staffers recall a City Council resolution seeking to explore the concept for trash collection around 2000. In 2009, the Chittenden Solid Waste District launched a countywide analysis of consolidated collection that ran until 2014. In April of 2018, the City Council passed a resolution requesting the Department of Public Works to undertake a citywide consolidated collection feasibility study with the City of South Burlington and Chittenden Solid Waste District. The report evaluated a franchised model with private haulers and the findings were presented to the Council's Transportation Energy & Utilities Committee (TEUC) in June and July 2020. Past materials can be found at:

<https://www.burlingtonvt.gov/dpw/Maintenance/Consolidated>

At the August 2020 TEUC meeting, the Committee requested DPW staff do an in-house financial analysis of a municipally run consolidated collection system. This memo summarizes the key findings from this effort.

**Study of a Municipally Run Collection Program – Scope of Work:**

Here are key components we have evaluated in starting up and operating a municipally managed consolidated collection program for Burlington residents:

- Administration and supervision
- Direct personnel salaries and benefits
- Vehicle and equipment capital
- Cart procurement, replacement and repair
- One-time implementation costs
- Vehicle operating, maintenance and fuel
- Facility capital (office space, vehicle maintenance facility, cart storage, vehicle parking)
- Public education, outreach, and enforcement
- Processing and disposal
- Billing options
- Other operating and maintenance costs

The following is what we have identified as necessary, to operate an efficient collection system, as we have learned where we have had success, and where we have encountered short falls within our recycling program.

**Organizational Structure:**

If Public Works were to run a consolidated collection program, our recommendation is to establish the operation as a program within our Maintenance Division. This team has strong fieldwork experience and maintains the City’s municipal fleet. Of our four divisions, the Maintenance Division is best suited to manage this projected \$5M/year enterprise.



While the Consolidated Collection Manager would supervise the collection field crews, as you’ll see in the next section, we are recommending four additional FTEs in other divisions if we were to launch this significant new enterprise.

**Staff Resource:**

To operate a consolidated collection program, we estimate needing 14 additional employees. These positions are broken down as follows:

- **1 Consolidated Collection Manager:** The position would oversee the day-to-day operations of the division. Similar to the Streets Maintenance Manager, and the Fleet Manager. The Manager will interface with the Customer Service team to address operational questions and service requests.
- **9 Additional CDL Licensed Drivers:** Based on a proposed service level of weekly trash, recycling and compost collection, we would propose increasing the recycling portion of the division by (3) CDL licensed drivers, and (6) total CDL licensed drivers for the trash, compost portion of the division. This would bring the total number of drivers for the division to (12). The added full time employees will give the division some redundancy, as employees request time off, are out sick, or are injured. Currently in our recycling program, when this occurs we have to substitute on a rotational basis, with an employee from our Street Maintenance team. This has not been a good practice, as it keeps Street Maintenance from operating at full staff, which disrupts work crews, and daily work schedules, as well as affecting our revenue lines. During winter months, it prohibits the department from effectively clearing the streets, and sidewalks of snow during snow events. We have had instances where we have to substitute for an injured driver for months at a time. The added help will also assist in efficiency, as this will not be a fully automated pick up operation. It will still require staff to get out of the truck to retrieve the carts, and place them back on the greenspace, or side of the road. In recent months we have seen an increase to our tons disposed increased by an average of ~40 tons per month. This is requiring our current recycling crews to work longer hours to compensate for the increase in material. We have on occasion given them seasonal help to try to make the process more efficient. In addition to increasing staff, we have proposed to increase the position from a Grade 12, to a Grade 13. We hope that this will help retain staff, as we have had a substantial amount of turnover in the recycling program over the past 6 years. Some turn over can be attributed to staff moving into other positions within the City, but equally as many can be attributed to staff leaving because this is a laborious position.
- **2 Customer Service Members:** We would supplement our Customer Service team by adding a Senior Customer Care Associate and Customer Care Associate. The team would handle billing, service changes, and operational issues for consolidated collection customers. While we pick up residential recycling currently, the haulers bill the customers.
- **1 Public Outreach and Enforcement Position:** This person would educate the public on proper disposal practices for trash, recycling, and food scraps – and monitor compliance in the field. This position would be similar to our Excavation Inspector.
- **1 Additional Fleet Technician.** Currently the recycling program requires one Fleet Technician to commit 953 labor hours annually, out of a possible 1500 available labor hours, or 63% of their annual labor hours to repair and maintain the recycling fleet's four trucks. Because of this, the remaining fleet suffers, as they do not get the proper attention needed to keep up with preventative maintenance and repairs. With a projected 9 vehicles for a municipally operated consolidated collection system, an additional technician would be needed.

Do note that this is a preliminary list and is likely to evolve. In addition to these new positions, the following existing positions would be significantly involved in the operation:

- Division Director – overseeing the Consolidated Collection Manager and field operations
- Finance & Customer Care Manager – overseeing the billing operations and Customer Care team members

Depending on the final structure of the program, we could consider reducing the number of permanent CDL drivers and have a seasonal or entry-level employees provide non-driving support on the collections vehicles. While this may provide more of a career ladder in the program, it may also limit our operational resiliency if a driver is out for whatever reason.

## Capital Resources

We estimate needing to invest approximately \$5.9M to \$6.7M in capital funds to stand up this operation.

- **Facility \$3.6M - \$4.0M:** Unfortunately, our 645 Pine St. location is unable to accommodate a new operation of this size. The 645 Pine site is limited in vehicle storage, employee parking, and office/meeting space. The site is at its maximum lot coverage for zoning and covered under the Pine Street Barge Canal Institutional Controls so any effort to eke out additional space would be very expensive and have impacts on other municipal operations. Although the main functions of the program would occur off site, all repair and maintenance to the fleet would be conducted at Fleet Services located at 645 Pine St. Two possible locations to establish space to house the consolidated collection operations are:
  1. 195-201 Flynn Avenue – The City has an option to purchase this site from Chittenden Solid Waste District for ~\$500,000 to establish a drop off center. The 3-acre parcel would have approximately 1 acre beyond the estimated 2 acres needed for CSWD’s new drop off center. The remaining acre would likely be sufficient to accommodate the consolidated collection operations.
  2. 339 Pine Street – The former location of the Public Works Department. The site may involve historic renovation restrictions, Pine Street Barge Canal Institutional Controls, and soil remediation efforts – all factors that carry risk and would likely increase costs.

This large facility investment makes a municipally operated system more challenging to establish.

- **Fleet \$1.4M:** The new program will have to initially purchase (4) split body refuse trucks to pick up trash and compost, as well as at least one (1) replacement for the (4) existing, aging recycling trucks. Four trucks are required for both recycling, and trash/compost, so that we always have a spare truck in case of mechanical failure. Even with a spare truck, there is no guarantee that there will not be adequate trucks to complete the routes. Recently we had to rent a refuse truck from Myers for three months, as one of our newer trucks was out of service for a part that was not yet available for purchase, and one of the other older trucks needed repairs. A new pickup truck will be required for the Division Manager to deliver carts, and to respond to other issues that may arise.
- **Equipment \$900K - \$1.2M:** The program would have to purchase an estimated 13,000 65-gallon trash carts and 25-gallon compost carts for residents, and an estimated 6,000 65-gallon recycling carts for the 0% opt out scenario. The goal is to replace all existing blue bins with carts. The carts are safer for our operators and cut down on windblown litter.

**Billing:** While additional due diligence is required to come to a more conclusive recommendation on how to structure the billing, our initial concept is to utilize Water Resources’ Harris Flexibill software to manage the consolidated collection billing. Staff’s experience with this platform would help in setting up the consolidated collection billing. It is important to note that based on our initial analysis, we are recommending a separate bill for consolidated collection and not merging it with the water bills. This is due to: 1) the existing complexity of Water Resources bills that include Water, Wastewater and Stormwater charges, 2) the difficulty when water and solid waste bills are paid by different people (landlords vs. tenants) at the same address, and 3) that there will likely be many options to manage under the consolidated collection billing (opt-out, back door service, seasonal service, various cart sizes, compost service, etc).

**Financial Structure:** If a municipally run system were established, our department is initially recommending it be set up as either a Special Revenue Fund or an Enterprise Fund and not including this operation in the City’s General Fund budget. The reason is to ensure the sustainability of this \$5M/year asset-heavy program, it should have a more independent budget separate from the broad interests and needs of the General Fund. The downside of this financial independence is that the fund would need to carry costs for audits and City indirect costs. If it were to be an Enterprise Fund, it would appear to require a charter change to [24 V.S.A. App. c. 3 § 65](#). A Special Revenue Fund may not require a Charter Change, but revisions to City Ordinance.

**Legal Considerations:** We worked with the City Attorney to evaluate the City’s authority to institute a consolidated collection system – whether operated by the City or contractors. The rights detailed in the City Charter are quite broad. [City Charter §48\(6\)](#) states that City Council has the right to “require and provide for the collection, removal, and disposal of such materials, by the City at its expense by contract with some private individual or agency, or by some City officer, officers, or department either existing, or hereafter created and established by the City Council for that purpose”. While these authorities appear broad, solid waste haulers could still seek to challenge the City’s efforts to restrict private haulers in the market as it sets up a consolidated collection system.

**Costs:** DPW has created two operating budgets. One being a “0% Opt Out” scenario that is based off a collection scenario of weekly trash, recycling, and compost, with no option for residential customers to opt out of the service. The second is the “25% Opt Out” scenario, based off a weekly collection scenario, but with a 25% of residents opting out of curbside collection. Here is a summary of the total costs for each:

Options	Municipal Model 339 Pine St 0% Opt Out	Municipal Model 195-201 Flynn Ave 25% Opt Out	Franchise Model 0% Opt Out	Franchise Model 25% Opt Out
Households Served Weekly	13,005	9,754	13,005	9,754
Resident Annual Cost	\$414.38	\$494.92	\$412.83	\$422.93
Resident Monthly Cost	\$34.53	\$41.24	\$34.40	\$35.24

While the 25% opt out option does have lower operational costs, this is overshadowed by having fewer residents to cover the projected costs than in the 0% opt out option. This results in higher per customer bills under the 25% opt out scenarios.

The cost differences between DPW options and GBB’s projections under a Franchise model vary because of certain costs incurred by DPW that are not accounted for if a private contractor were to be collecting trash, recycling, and compost in the City of Burlington.

- **Capital Facility:** DPW would have to build a facility to house staff, vehicles, and equipment for the enterprise because we do not have existing space to accommodate the operations. Private haulers may be able to accommodate this operation within their existing facilities.
- **Billing:** Unlike private haulers who already have billing systems tailored to curbside collection, DPW will be incurring billing costs due to the added staff and software.
- **Labor:** DPW took a conservative approach when projecting labor needs so that we have redundancy among the staff and are able to operate an efficient safe program. All field staff positions we modeled as full-time Unionized positions.

**Considerations:**

Advancing Municipally Run Model	Advancing Franchise Model
<ul style="list-style-type: none"> <li>• Offers opportunity for more City / Union positions</li> <li>• Presents financial risk to the City (acquiring property, building facilities, managing another fund)</li> <li>• Absorbs a significant percentage of the department’s ‘innovation capacity’ over the next 3-4 years</li> <li>• Once running, has potential to provide ongoing dependable, affordable, efficient service – balanced with risk of increased complexity and bigger operational footprint for department that can limit capacity in other areas</li> <li>• Still would have private haulers serving large residential and commercial customers in the City</li> </ul>	<ul style="list-style-type: none"> <li>• Doesn’t provide opportunity to hire additional City / Union positions</li> <li>• Requires less of a financial investment for the City.</li> <li>• Requires less ‘innovation capacity’ over next 3-4 years.</li> <li>• Would require carefully drafted bid documents and ongoing oversight to protect City’s and residents’ interests</li> <li>• Offers opportunity for City to bid in first or any subsequent bidding periods should City want to consider a municipally run operation in the future</li> <li>• We understand that the City of South Burlington is interested in advancing this model after the pandemic</li> </ul>

**DPW Staff Insights:** As we have undertaken this evaluation of a municipally run consolidated collection operation for the TEUC, the question DPW leadership keeps coming back to is “Is it a top priority for the Administration and the Council for DPW to run a consolidated collection enterprise?” We can do it if given the resources, time and space. If it is a priority, this department has proven again and again that we have the skills and fortitude to do great things. That said, we all know that this small City has big ambitions and often expects government to play a lead role. DPW’s mission is broad and we are at the center of moving the needle on many pressing issues - water quality, sustainable transportation, green infrastructure, restructuring parking services, asset management, resource recovery, streetscape enhancements, etc. The challenge is that the priorities are many and resources are finite. If standing up and operating an ongoing \$5M/year municipal consolidated collection enterprise is a priority, other initiatives will take a back seat.

**Next Steps:** DPW Staff is requesting TEUC members provide any questions or requests for additional information within ten days of the March meeting. Staff will work to respond to those questions and requests for the April TEUC meeting.

At the April TEUC meeting, we would request the committee put together a recommendation for City Council’s consideration on:

1. Whether to advance consolidated collection or not
2. If so, whether to advance a franchise model with private haulers or a municipally run operation

Thank you for your interest in consolidated collection. We hope this briefing has been helpful. Do not hesitate to contact me at [lperry@burlingtonvt.gov](mailto:lperry@burlingtonvt.gov), or 802-316-7568.

<b>Conceptual Operating Budget for Municipally Run Consolidated Collection</b>	<b>Current FY21 Recycling Budget</b>	<b>Municipal Consolidated Collection Alternative: 25% Opt Out</b>	<b>Municipal Consolidated Collection Alternative: 0% Opt Out</b>
<i>Personnel Services</i>			
Salaries and Wages Regular, Full Time	\$148,274	\$781,668	\$868,520
Salaries and Wages Seasonal/Temporary	\$4,600	\$0	\$0
Overtime	\$12,000	\$122,015	\$135,572
Other Personnel Services Other Compensation	\$8,500	\$52,881	\$58,757
Other Personnel Services Allowance Taxable	1,500.00	\$7,875	\$8,750
Employee Benefits FICA	\$13,378	\$82,889	\$92,099
Employee Benefits Workers Compensation	\$96,502	\$347,407	\$386,008
Direct Benefits (Health, Dental, Life, Retirement)	\$65,380	\$438,519	\$487,243
<b>Personnel Service Subtotal</b>	<b>\$348,634</b>	<b>\$1,833,255</b>	<b>\$2,036,950</b>
<i>General Operating</i>			
Medical Fees And Supplies	\$500	\$1,800	\$2,000
Small Tools and Equipment	\$500	\$1,350	\$1,500
Clothing And Uniforms	\$750	\$1,800	\$2,000
Legal Notice & Advertising	\$1,500	\$4,050	\$4,500
Utilities Cellular Communications	\$400	\$720	\$800
Prof and Consultant Svs Contractual Services	\$230,400	\$2,160,032	\$2,400,035
Billing Costs	\$0	\$68,850	\$76,500
Indirect Costs	\$0	\$24,300	\$27,000
<b>General Operating Subtotal</b>	<b>\$234,050</b>	<b>\$2,262,902</b>	<b>\$2,514,335</b>
<i>Capital Outlay</i>			
Property		\$285,044	\$319,075
Vehicles	\$40,000	\$228,837	\$228,837
Equipment	\$40,000	\$217,368	\$289,818
<b>Capital Cost Subtotal</b>	<b>\$80,000</b>	<b>\$731,249</b>	<b>\$837,731</b>
<b>Division 153 - Consolidated Collection Totals</b>	<b>\$662,684</b>	<b>\$4,827,405</b>	<b>\$5,389,015</b>

	MUNICIPAL OPERATION ESTIMATE	
	25% Opt Out	0% Opt Out
	339 Pine St site	195 Flynn Ave site
Households	9,754	13,005
Annually	\$494.92	\$414.38
Monthly	\$41.24	\$34.53
	FRANCHISED OPERATION ESTIMATE	
	25% Opt Out	0% Opt Out
	339 Pine St site	195 Flynn Ave site
Households	9,754	13,005
Annually	\$422.93	\$412.83
Monthly	\$35.24	\$34.40