



**CONSIDERATION OF CONSOLIDATED COLLECTION
 OF RESIDENTIAL TRASH AND RECYCLABLES IN CHITTENDEN COUNTY**

INFORMATION SHEET – June 2014

The CSWD Board of Commissioners is evaluating consolidation of trash and recycling collection in Chittenden County. Consolidated collection means that a municipality (CSWD or an individual city, village, or town) contracts with one or more haulers to provide curbside collection service for specific routes or districts within that municipality, rather than have multiple haulers running routes in each neighborhood. The main reasons the Board of Commissioners is investigating consolidated collection are that it could lead to:

- 1) A reduction in costs to residents and businesses.
- 2) A reduction in the environmental and infrastructure impacts of excessive truck traffic.
- 3) An increase in the level of recycling by using consolidated collection as an effective mechanism to implement District-wide unit-based rates (customers are charged more accurately by how much they throw away as trash).
- 4) An increase in diversion by using consolidated collection as an effective mechanism to add collection of organics (food scraps, food-soiled paper, yard debris, etc.).

BACKGROUND

Chittenden County is home to an estimated 63,000 households and 6,200 employers. The current trash and recycling collection system operates as a non-exclusive franchise for both residential and commercial waste. This means that haulers are licensed by CSWD and compete for both residential and commercial customers in most municipalities. The City of Burlington provides collection of recyclables for its residents, but not trash. The Town of Westford contracts with one hauler for collection of residential trash and recyclables.

Ten private haulers provide subscription residential refuse and recycling collection in Chittenden County:

Company	Est. in County
Barnier Waste	1958-1997, 2002
Casella Waste Services	1990
Clean Green Sanitation	1999
Duffy's Waste & Recycling	mid-late 1990s
Gauthier Trucking	1950
Jerome Trucking	~1988
Myers Container Service	1999
Nolin's Trucking	1958
Tourville Trucking	1976
Trashaway & Recycling Service	2001

Three hauling companies and CSWD Drop-Off Centers collect 91% of municipal solid waste disposed by Chittenden County generators..

Largely due to its economic and environmental efficiencies, consolidated collection is the most common form of residential service in the country. A 2005 presentation by the Beverage Packaging Environmental Council at a National Recycling Coalition conference provided estimates on household recycling and trash systems in states without bottle bills. The breakdown is as follows:

Type of Recycling Program	%
Drop-off only	18%
Subscription (hire own hauler)	11%
Franchise/municipal*	63%
No recycling program	5%
Don't know	3%

*Collection provided by the municipality or by one or more haulers under contract with the municipality.

The 2008 American Beverage Association Community Survey, prepared by R.W. Beck found that 74% of households have access to curbside recycling service. Of these, 85% are served by the municipality or private haulers under contract with the municipality, and 15% are served by private subscription programs.

The following Vermont communities have organized curbside collection: Burlington (recycling only), Westford, Fairfax, St. Albans City, Bristol (recycling only), Bloomfield, Brattleboro, Brunswick, Burke (trash only), Goshen (trash only), Guildhall, Hartford (recycling only), Lyndon, Maidstone, Middlebury (recycling only), Proctor, Vernon (trash only), Westminster (trash only), and Westmore.

STUDIES ON COSTS

CSWD contracted DSM Environmental Services, Inc. (DSM) to evaluate the potential economic and environmental impacts associated with the consolidation of municipal solid waste and recycling collection systems in Chittenden County. The costs of the current system were compared to three potential consolidated collection systems. DSM estimated that contracts for weekly collection of all residential trash and recycling would result in \$4.4 million in savings in overall collection costs over the current system cost of \$18.5 million. Estimated savings from contracts for bi-weekly collection of residential waste and recyclables are \$5.9 million. Consolidating commercial collection would add \$1.6 million to the savings. Estimated savings do not include those related to reduced emissions, noise, and road maintenance.

On average, businesses would see an estimated 20 percent decrease in their waste management costs, and households, a drop of 24 percent if weekly pickup is provided and 32 percent if bi-weekly service is provided. The calculation of estimated environmental impacts shows that route consolidation and the accompanying increase in the quantities of recyclables collected will result in reduced air and greenhouse gas emissions.

The results of the study were provided to the governing boards of the District's 18 municipal members. Presentations were requested by and made to 11 of those boards.

The study assumed that all households would be included in the new system (i.e., all multi-unit residential buildings no matter the size). Large multi-unit residential buildings are usually serviced on haulers' commercial routes. Staff are currently recommending that only households in structures with less than five units be included in a consolidated collection system if one is implemented. Updated cost savings are in the works.

The results of an analysis of curbside collection of residential organics in Chittenden County completed by Skumatz Economic Research Associates (SERA) are in line with DSM's findings. SERA's study shows that the savings from implementing a consolidated collection system could cover all or most of the costs of adding residential organics collection, depending on the system chosen.

PUBLIC OPINION ON CONSOLIDATION

About half of the respondents to the 2013 Household Solid Waste Survey expressed support for a consolidated collection system in Chittenden County and about one-third did not. In addition, a number of neighborhood groups in the County have contracted on their own with one hauler in order to get a better price and reduce truck traffic in their neighborhoods.

PUBLIC CONCERNS

Haulers, CSWD Board members, staff, and others have expressed these concerns about implementing a consolidated collection system:

- a) Customers will no longer have a choice of who provides their service.
- b) Smaller haulers may not be able to compete with larger haulers for collection districts and could lose their businesses.
- c) Some haulers believe they will lose customers to Drop-Off Centers.
- d) Haulers who do not service commercial customers will lose their ability to grow for the term of the contract beyond the population growth, which will vary by collection district.
- e) The government should not interfere with the operations of private enterprise.

QUESTIONS

To get a better picture of what implementation of a consolidated collection system would look like in Chittenden County, staff developed recommendations on a number of questions. The questions came from haulers, CSWD Board members, municipal governing boards, and CSWD staff members. The recommendations were reviewed by the Study Committee and the CSWD Board of Commissioners. The list of questions and staff recommendations may be found at the end of this document.

PUBLIC INPUT

A Consolidated Collection Study Committee, consisting of CSWD Board members, licensed haulers, and CSWD staff, was formed to provide guidance and feedback during the investigation. Input from residents and the governing boards of the towns and cities in Chittenden County has also been sought.

CSWD is currently seeking additional input from municipalities and residents. A Citizen Advisory Committee is being formed, a public meeting will be held, municipalities will be surveyed, and comments from the public will be solicited.

At the January 2013 CSWD Board of Commissioners meeting, the Board established that member municipalities will be provided the opportunity to vote at the governing board level on whether or not to participate in a consolidated collection system.

GOING FORWARD

On May 28, 2014, the CSWD Board of Commissioners decided that consolidated collection merits further consideration. The next steps are as follows:

- 1) Additional municipal and public input sought.
- 2) Board decides whether to continue.
- 3) Draft RFP developed.
- 4) Municipal governing boards decide whether to participate.
- 5) Board decides whether to issue RFP.
- 6) RFP issued.
- 7) Board decides whether to implement system and provide official notice to haulers (minimum of three years).

QUESTIONS & RECOMMENDATIONS (see Questions section above for explanation)

1. *Should commercial routes be consolidated or just residential ones?*
Only residential routes should be consolidated at this time. Commercial routes (with greater volume per pickup) are more efficient than residential routes, and, therefore, savings would be less. Unlike residential service, the types of collection containers used and, consequently, the type of trucks used to service them, varies (carts, dumpsters, and roll-off boxes of various capacities). This makes designing a consolidated system more complicated. Experience with a residential system would be helpful before considering a commercial one.
2. *What is the definition of residential customer?*
Residential customer should be defined as a household in a dwelling with less than 5 units. In the case of condominiums, townhouses, and mobile home parks with 1-4 unit structures, a household would be considered residential only if it set out individual solid waste containers. Therefore, in this scenario, larger multi-unit structures would not be covered under the consolidation program as currently visualized.
3. *Should the level of service be the same throughout the County?*
A base level of service should be required in all collection districts, although the rates could be different based on differences in cost. Backdoor service must be offered, but may be offered for an additional fee. Haulers could offer additional services (e.g., bulky waste pickup) for additional fees.

4. *Should residential trash and recycling collection be every week or every other week?*
Collection should be weekly for now (although haulers could offer less frequent collection at a reduced price). Every-other-week collection should be revisited for the second contract period.
5. *Which unit-based rate system should be used?*
ANR has issued draft ACT 148 guidelines. Staff has provided comments. Due to the way the statute is written, ANR cannot be very proscriptive in its guidelines, which provides CSWD flexibility in drafting an amendment to its Solid Waste Management Ordinance. The draft amendment on unit-based rates will be included for review by the Board (first by subcommittee) with other draft amendments staff is recommending. Input from haulers will be obtained. Staff also discussed, but did not come to a conclusion on, how fees for organics collection would fit into a unit-based rate system.
6. *How do we maintain participation by all haulers?*
Participation by all current haulers cannot be guaranteed. An open bidding process must occur or CSWD would violate the Commerce Clause of the U.S. Constitution. However, if a public benefit is established, CSWD or a municipality could employ certain restrictions or mechanisms in a bidding process:
 - a) The number of collection districts or percentage of customers that one hauler can win in a bidding process can be restricted through the establishment of goals and guidelines.
 - b) Bidding on certain collection districts can be restricted to small haulers (e.g., those serving less than a certain number of customers) through the establishment of goals and guidelines.
 - c) Bidders can be encouraged to utilize other haulers, and small haulers can be encouraged to bid cooperatively.
 - d) The type of disposal permitted for the trash portion collected can be limited (e.g., to landfill only, no incineration).
 - e) Knowledge of local area or familiarity with collection routes in Chittenden County can be included as one of the selection criteria.

CSWD's consultant provided information on strategies employed by other communities to maintain competition. These will be considered if an RFP is developed.

7. *How much notice should be provided to haulers prior to an implementation date?*
A minimum notice of three years should be provided.
8. *What should be the length of the contracts?*
The length of contracts should be seven years to allow for amortization of equipment purchased.
9. *Should CSWD designate disposal facilities or obtain a disposal contract prior to bidding to provide a level playing field?*
Unless and until CSWD constructs a landfill or the Public Service Board regulates prices, staff recommends that a disposal contract for interested haulers be obtained prior to bidding.

10. *Will the haulers or CSWD manage the billing for customers?*

Haulers' recommendation: Haulers on the Committee prefer that CSWD do the billing and collection because it would reduce their costs, and CSWD could attach property for non-payment.

Consultants' recommendation: Haulers in the CSWD area have billing systems and are currently billing their customers. It would be ideal for them to continue to provide this service eliminating the need for CSWD to get into the billing business, for CSWD to coordinate day-to-day revision with the haulers regarding changes in customers' service levels, stopping service to accounts, starting new accounts, and financial management associated with paying revenues out to the haulers.

Counsel comments: Whoever does the billing may seek a judgment in court for non-payment, record the judgment, and attach property.

Staff recommendation: Haulers control the billing unless a municipality (such as Westford) chooses to pay the base service cost from its general fund.

11. *Would the hauler be able to sell or assign their contract?*

Yes, with prior approval from CSWD, if the buyer or assignee meets all contract terms and any participation limits are not exceeded. Criteria for CSWD approval would be spelled out in the contract (e.g., entity has obtained and is in compliance with all required local, state, and federal permits; entity has a satisfactory service record; entity has the equipment and capital required to fulfill the terms of the contract).

12. *How would Burlington's and Westford's collection programs fit into a new system?*

According to ANR, under a unit-based rate system, Westford (or any other municipality that opts for a similar system) could cover the base trash and recycling (and organics down the road) costs from its general fund. Service for additional trash units would need to be paid for by the customer, which could be done through a variety of mechanisms.

Act 148 requires that recycling fees be imbedded in trash fees. There is a question whether Burlington's Solid Waste Generation Tax, which provides funding for the residential recycling costs for the City, meets this requirement. Haulers include this tax as a line item on the bills of their residential trash customers in Burlington. Thus the billing mechanism may need to change. Burlington has been notified of this potential issue. Burlington's recycling program is already consolidated so it can't be more efficient. Under full consolidation, Burlington could decide to maintain their recycling program as is and bid out trash collection only, bid out both services, or add residential trash collection to the services the city provides.

13. *What is the cost of providing residential organics collection and can the savings from route consolidation cover it?*

The analysis of curbside collection of residential organics in Chittenden County completed by Skumatz Economic Research Associates (SERA) shows that the savings from implementing a consolidated collection system could cover all or most of the costs of providing residential organics collection, depending on the system selected. The SERA study also shows that without route consolidation, it will likely be expensive to residents for haulers to provide curbside collection service for organics as required by Act 148.

14. *With solid waste management fees diminishing as more materials are diverted from disposal, how will CSWD's administrative, regulatory, hazardous and special waste management, research, and education costs be covered?*

Staff discussed the pros and cons of a number of potential funding mechanisms. These are summarized below. Mechanisms were evaluated based on ease of implementation and how well they recovered costs from both businesses and residents based on waste generation. Staff believes assessing a percentage of haulers' gross receipts from providing collection services is the least problematic and the most effective at charging both residents and businesses for CSWD costs based on their waste generation under unit-based pricing. Further consideration by the Board is required, and the final decision on financing will be made through CSWD's strategic planning process, which will include input from stakeholders.

A. Franchise or contract fee

- 1) *Percentage of a hauler's gross receipts from providing collection service in Chittenden County combined with a tax on self-haulers' trash*

Pros: Would cover both residential and commercial entities based generally on waste generation under a unit-based pricing system.

Cons: Will experience some variation year to year. Calculating an amount to cover self-haulers (residential and commercial users of Drop-Off Centers and transfer stations) and assessing disposal facilities for self-haulers would be more difficult than by using a fixed amount per household. Used elsewhere but uncommon in Vermont.

- 2) *Fixed amount per household per year paid by haulers and Drop-Off Centers (could be included in Drop-Off Centers' trash fee based on the estimated number of households served annually).*

Pros: Through curbside or drop-off, all households would be charged.

Cons: Households would bear the full costs. Not based on waste generated. Charging haulers a set amount for each business served would be more disparate in relation to waste generated.

- 3) *Fixed annual amount paid by haulers*

Pros: Easy to implement with one or two haulers, which is not the system planned.

Cons: With several haulers, to calculate the amounts fairly, the number of customers, the amount gross receipts, and/or share of tonnage, etc. would be needed to devise a formula. Self-haulers would also need to be assessed in some fashion.

B. Assessment based on population (and commercial activity?) on municipal property tax

Pros: System already established. Commercial properties are included.

Cons: Would not recover costs based on waste generation. May not be supported by municipal members.

C. Franchise or contract fee combined with solid waste management fee

Pros: Costs for households and businesses would be recovered. Potentially a system to use during transition to a franchise fee if that system is chosen.

Cons: Households would be taxed through both mechanisms. Haulers often have mixed residential and commercial loads, so it would be difficult to only assess commercial trash at transfer stations.

D. County-wide property tax

Pros: All residential and commercial property owners are included.

Cons: No system currently exists. Does CSWD have the legal authority to establish? CSWD would bear costs to establish (unless other county/regional organizations were included). Much more costly to administer than other systems because of the number of customers. May not have widespread support. Would not recover costs based on waste generation.

E. County-wide sales tax

Pros: System already established. What is purchased ends up in the waste stream at some point (e.g., as trash, a recyclable, a compostable), so a consumption tax might relate well to waste generation.

Cons: Economic impact unknown. Packaging from food and clothing would not be taxed.

15. *Should CSWD stop offering collection of trash, recyclables, food scraps, and yard trimmings at Drop-Off Centers if consolidated collection is implemented?*

Approximately 25% of CSWD residents and some small businesses use CSWD Drop-Off Centers to manage their regular trash and recycling. There are a number of issues associated with continuing or discontinuing this option. For example, when bidding on collection districts, some believe haulers will have difficulty estimating what portion of households would choose self-hauling over curbside service in a particular district and how that portion may change over time. Requiring all households to participate in curbside service could provide additional savings per curbside household but would likely increase the cost for most self-haulers. Self-hauling has been an option that has been available since the beginning of town dumps and is appreciated by many for its social value as well. A quarter of the population may resent the loss of this option.

A number of municipalities and counties that contract for residential trash and recycling service allow households to opt out of curbside service and self-haul their materials to transfer stations. The consensus of the haulers and communities interviewed by staff is that the percentage of curbside customers vs. self-haulers remains steady over time. Curbside customers do not want to self-haul and vice versa. Good estimates of the number of curbside customers can be developed for each collection district in a consolidated system and included in an RFP. Staff recommend that self-hauling regular trash and recycling remain an option in a consolidated collection system.

16. *What avenues should be used to engage the general public in providing input on consolidated collection and residential organics collection?*

Staff recommends that a citizen advisory and municipal official advisory committees be employed as well as conventional methods (e.g., press release, public meetings, social media). In addition, input will be obtained through the strategic planning process.

17. *What would the rules be for member municipalities to opt in or out of the system?*

Municipalities would decide to opt in or out before RFP is issued for each contract period. If the municipality opts in, the term is for the length of the contract. Municipalities can implement consolidated collection on their own at any time.