

Dedham Trash Contract Proposal Fiscal Years 2009-2013

Presented by
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Introduction

- Dedham's Existing Trash Contract with Waste Management is due to expire on June 30, 2008
- Negotiations for a new Contract began in March, 2008
Those negotiations resulted in more questions than answers and therefore I decided in May to take additional steps
- Trash Contracts are exempt from the MGL Chapter 30B and therefore are not required to be publicly bid
- Our approach included securing a new long term trash disposal agreement and seeking competitive proposals from trash vendors for a new long-term agreement

Goals of a new Trash Program

In addressing the overall trash program I involved the Director of Public Works, his Administrative Assistant, the Environmental Coordinator and the Assistant Town Administrator. The first thing we did was to establish several goals:

- Achieve a new multi-year Contract that limits cost escalation over the term of the Agreement but continues to provide quality trash collection services to Dedham residents
- Look to establish new environmentally friendly approaches to the disposal of trash by implementing a Single Stream Recycling Program and automated collection systems that could reduce the overall volume of trash collected in the Community and therefore reduce our disposal cost
- If possible, work with a “consortium” of communities to see if the “Economies of Scale” could be achieved by working on a regional scale to address trash program costs

Current Contract Conditions

- Dedham currently contracts with Waste Management to perform curbside collection of trash, recyclables, yard waste, and the disposal of white goods and bulky items
- Dedham currently provides this service as part of the tax supported services to residents of the Town. In Fiscal 2008 this program is expected to cost **\$2,089,644**
- The cost of Dedham's Trash Program is projected to escalate in Fiscal 2009 for two primary reasons-The cost of handling trash using current methods is not cost efficient and the cost of disposing and transporting trash has become very expensive

Current Program Summary

- The Town of Dedham provides curbside collection to nearly 8,000 homes throughout the Community
- The Fiscal 08 Program is expected to generate approximately **10,000** tons of Waste, **1,700** tons of Yard Waste and **1,300** White Good Collections
- Dedham's Trash program is a full service program that provides collection services for trash, yard waste, bulky and white good items and recyclables. The current recycling rate for Dedham is approximately 16% of the items collected

How Do We Reduce the Cost?

- We Look at the Competitive Market- We seek proposals from similar service providers and determine if our current price is competitive
- We Consider Changing our Method of Collection- Currently Dedham collects trash under the least efficient conditions. We also have a very low rate for recycling (16% overall). If we are able to recycle more we can reduce our disposal costs
- We Consider Instituting a Charge for White Goods and Bulky Waste Collections- Since Dedham is one of the few communities left that has not instituted such a fee, the Town is collecting a larger number of these items by default from those communities who have already instituted this fee

Cost Comparisons

- In Fiscal 2008 the cost of Dedham's Trash Program is projected to be **\$2,089,644**
- In Fiscal 2009, if the Town were to continue with the same program that we are running today and we made no changes, the initial renewal cost of the Fiscal 2009 Program was estimated to be **\$2,352,540***

*Excludes cost escalator/decelerator for fuel

Steps Taken (1)

- After formulating the internal staff group we learned by talking to surrounding communities that the first order of business was to secure a long-term disposal agreement with one of the State's seven disposal facilities
- We learned that a new agreement had recently been negotiated involving 34 communities from this region to dispose of their trash at the Wheelabrator Facility in Millbury
- We met with Wheelabrator Industries to see if Dedham could become part of that Agreement. We were told that we could not at this time but we could alternatively get the same terms of that Agreement with a slight premium on the rate since we were not part of the original consortium. Dedham's Town Counsel actually drafted the 34 Town Agreement and has confirmed that Dedham will be receiving the same terms as the consortium communities

Steps Taken (2)

- The rates for disposal will be \$73.00 per ton as of July 1, 2008. This is significantly cheaper than the current rate of \$86.00 per ton under the Fiscal 2008 contract
- This new Disposal Agreement will require further approval by Town Meeting in the Fall for the remaining 6.5 years of the term but will be in place for the initial three years beginning on July 1, 2008
- By having the new Disposal Agreement in place, we could then focus our attention on a new Collection and Recycling Contract

Steps Taken (3)

- An RFP was prepared after seeking information from several communities who have recently taken similar steps
- We sent proposals to five different companies (including the current provider, Waste Management) and requested that they provide us with a response by June 9, 2008
- On June 9, 2008 we received responses from three of the five companies- Waste Management, Russell Disposal and Capitol Waste
- Over the past three days we have evaluated the responses very carefully and have determined that one company has provided the most beneficial proposal to the Town

RFP Results

- The Staff and I have determined that Russell Disposal of Somerville has provided the Town with the most competitive proposal for trash collection and recycling services over the next five-year period. **Their bid came in at \$1,287,900 and is over \$178,000 less than the next closest proposal.** This proposal includes the cost of disposing of our trash at the Millbury Wheelabrator Facility and the cost of collecting our recyclables under the current dual stream method.
- As part of the request for proposals we also requested that each proposal include the cost of collecting trash with a new automated collection system and single stream recycling system that has recently been implemented in Mansfield and was recently adopted in Norwood and is scheduled to begin in October of 2008. **That result indicated that the Town could yield additional annual savings of \$140,000 by switching to this new method**

Analysis

- By accepting the most advantageous collection and recycling proposal and by securing a new long-term trash disposal agreement, the Town will avoid the following cost impact:

Original Trash Proposal for Fiscal 2009- **\$2,352,540**

New Trash Proposal based on RFP Result-**\$2,010,600**

Projected Savings to the Town- **\$ 341,940**

- It is important to note however, that the net budgeted savings in the next fiscal year is less than this amount since the budgeted amount for Trash Services in Fiscal 2009 is \$2,140,000. The net savings in that instance is \$129,400.
- These savings are achieved with little or no change in the existing Trash Disposal service to the Town.

Optional Considerations

- As part of the Request for Proposals, we included the option of implementing a new automated trash collection system and a new single-stream recycling program
- The Russell Proposal was also the most competitive proposal for this service. We estimate that if we were to implement this program in October of 2008, we could save the Town an additional \$100,000 in trash related expenses over the remainder of the Fiscal Year.
- This would require some education to the public on how this would work but this approach is not only the most efficient method for collecting trash and recyclables, it is also the most environmentally friendly

Why Is the Automated Trash Program so Efficient and Environmentally Friendly?

- With an Automated Trash Program, the vendor would provide residents with a new, easy to use, 64 gallon Trash Receptacle (on wheels) for their home that will be emptied on a weekly basis
- This Receptacle does limit the amount of trash that can be put into the waste stream and therefore encourages residents to Recycle more. By reducing trash in our collection stream, we reduce disposal costs
- The Single Stream Recycling Approach would also be instituted as part of this program. This is a more user friendly approach toward recycling. This includes providing residents with a separate 96 gallon Recycling Receptacle that will accept paper, plastic, glass, and other recyclable materials that will continue to be emptied on a bi-weekly basis
- The cost of collection is reduced using automated trucks that collect the trash and recyclables using a robotic arm system. This reduces labor related costs to the contract and the exposure of employees to injuries that include costly worker's compensation occurrences

Residual Effects of the Automated Trash Program in a Neighboring Community

- The Town of Mansfield has been using the automated program since April of 2007. They have seen a doubling in the recycling rate for their Community as a direct result of this program
- The Director of Public Works in Mansfield noted that when the program started he actually witnessed a reduction in the amount of trash related concerns generated from the public
- He has also observed that the streets of Mansfield are actually cleaner since all of the trash and recyclables are now stored in heavy duty, plastic, covered containers

What is the Timing of this Program

- Based on the provisions of the successful proposal, the new contractor would begin service in Dedham on July 1, 2008. Most residents will not notice any difference in their trash collection service as of that date.
- If the Town were to implement the new automated trash program, I would propose that we not start this program until the first full week in October, 2008. An education Program is needed prior to the start of this approach and we could begin this process shortly after the beginning of the Fiscal Year. This program would run over the Summer and into the Fall.

How Will Residents Be Notified?

- Two to Three mailings will be provided to residents regarding the program
- We would like to develop an informational television program working with the Cable Studio that will air throughout the Summer and provide residents with easy to follow instructions on how the program works and what residents need to do to make the transition as easy as possible
- We could also hold neighborhood training sessions for residents at designated locations throughout Dedham
- We will use the traditional forms of media- Newspapers and our Website to notify residents of this change if it is adopted

Conclusions

- Based on the internal process conducted by the Town Administrator and several key staff members we have determined that Russell Disposal should be hired as the new trash contractor for the Town of Dedham, beginning July 1, 2008
- This new contract, along with the Town's ability to secure a new, long-term trash disposal agreement will result in substantial savings to the Town during the next the fiscal year
- The Town also has the ability to save further costs in this area over the course of the next fiscal year if we are able to implement a new Automated Trash Collection and Single-Stream Recycling Program