



Memorandum

To: Mayor & Council

From: Michael F Brennan, CPA, CGA, Town Administrator

Date: August 13, 2015

Subject: Garbage, Compost and Recycling in Quispamsis - RFP/Tender results

Summary:

Staff recommends that Council implement Town Wide Garbage and Compost Collection starting January 1, 2016, and a Curbside Recycling service starting May 1, 2016, with the costs of the recycling bins (estimated at around \$125,000) to come from a Reserve Fund. The large blue bins currently at 2 locations in the Town to be discontinued by July 1, 2016. The incremental cost for 2016 is estimated to be \$757,601 or 4.66 cents increase to the 2016 tax rate.

Discussion:

Further to Council's motion of April 21, 2015:

Staff be directed to pursue an RFP using the garbage compost model, including spring clean-up and fall organic cleanup, with an option to add curbside recycling in the future; with the proposed implementation timeline being January 1, 2016, and an RFP going out this spring, 2015; in order to provide the current haulers with a minimum of 6 months' notice; and 2) the bulky item cleanup be eliminated in 2016, and these funds be allocated towards reducing the costs of implementing garbage and compost in the tax rate.

staff prepared such RFP and released it on June 15 this year with a closing date of July 9, 2015. In total, 3 bids were received.

Three RFP's were received and opened on July 9th, and below is an aggregate summary of their respective bids, which also includes the non recoverable portion of HST:

	Fero	Green for Life	Trius
Town Waste (includes tipping fee)	\$16,641	\$24,066	\$30,938
Residential Garbage and Compost Pickup (excludes tipping fee)	\$372,243	\$484,539	\$509,723
Curbside Recycling (no tipping fee)	\$163,693	\$192,387	\$227,680
Container Distribution (one time)	\$6,054	\$2,070	\$12,107
Total Tendered Amount	\$558,631	\$706,062	\$780,449

In addition to these bids costs, there are several other expenses that need to be taken into account, such as the tipping fee for garbage and compost, and the initial cost to purchase recycling containers for distribution to the residents. The additional costs are summarized below:

Additional On going Costs	Households	Fee	Total Cost
Tipping fees for Garbage	5849	\$108/ton	\$423,234
Tipping Fees for Compost	5849	\$28/ton	\$49,132
Tipping Fees for Recycling	5849	N/C	\$0
Total		2.91 cents on tax rate	\$472,365

One item of note is the initial cost of recycling bins, if Council decides to incorporate curbside recycling. There are many sizes, shapes and styles of bins available. Some communities have elected to provide their residents (Option 1) with 1 blue bin (for plastic and metal) and 1 grey bin (for paper and cardboard) in the range of 30 to 60 litres each. The gray bin would have a cover while the blue bin would not. Collection from both bins would be every two weeks. An alternative to this would be to provide our residents (Option 2) with 1 - 240 litre (or a smaller 120 litre) wheeled blue bin, similar to the compost cart, whereby plastic and metals would be picked up one week from the bin, and paper and cardboard would be picked up the next week, i.e. there would be a recycling pickup every week, but what is picked up would alternate each week, similar to what happens with garbage and compost now. However, there is a cost difference between these methods; Option 1, 13,000 - 40 litre bins would cost in the vicinity of \$125,000 while Option 2, 6,500 - 240 litre wheeled bins would cost around \$400,000. (6,500 - 120 litre wheeled bin cost is about \$325,000). While it may be possible to purchase bins using monies from the Gas Tax Fund if Option 2 is chosen, the cost differential of \$275,000 (or \$200,000 if the smaller bin is chosen) does not appear to be a viable option, and the gas tax monies could be better expended elsewhere. Therefore staff is recommending Option 1, with the costs coming from one of the Town's Reserve Funds. (As an alternative, we could borrow the amount required and repay it over 5 years, at \$25,000 per year).

Attached is "Schedule 1" detailing the Total Cost, and some points to consider are:

- A reduction of nearly \$25,000 for town generated waste, under our current budget;
- An incremental cost for garbage/compost collection and disposal (tipping fees) of 3.99 cents on the tax rate, which equates to an average of \$111 per household per year, a vast reduction from what residents are currently paying (average \$310); and this also includes the bulky item pick up as it presently exists, i.e. 3 items every 2 weeks;
- A new cost for curbside recycling pick up of 1.01 cents on the tax rate, or about \$28 per household on average. There is no tipping fee for recyclables at the present time, but the FRSWC would remove the large blue bins from the community. This service would start on May 1, 2016;
- A one time cost of approximately \$125,000 for recycling containers for each household in Quispamsis. These monies could come from the Reserve Fund. Or, we could borrow the amount needed, and amortize it over 5 years, with the annual cost being \$25,000 for the first

5 years, and nothing after that. In the latter case, the annual cost would be .15 cents on the tax rate (for 5 years), or \$4.25 per household;

- Pick up costs would increase 2% a year for the 4 year contract, with the option to renew for another 4 years;
- To continue with the Bulky Item Pickup (3 items every 2 weeks) as it is less expensive than switching to a spring and fall cleanup, and an organic pickup;
- If staff's recommendations are adopted, the total incremental cost to the Town for 2016 would be \$757,601 or 4.66 cents on the tax rate.

Our latest numbers show that we have 5,849 households, and the private haulers collectively have 5,280 customers. This means 569 households (9.7%) have no contracted hauler. At this time we can only guess where this garbage ends up, but a few options identified are: sharing the cost with neighbours; the use of corporate dumpsters either at their place of work or elsewhere; using the Town's garbage bins; or possibly illegal dumping. In either case, our current by-law is quite clear, as it states, *"Every person within the Town who owns or occupies a dwelling unit must make bona fide arrangements for the collection and disposal of solid waste."* and further on, *"No person shall place for collection any solid waste not belonging to them."* One may be able to assume some of these 569 households are currently in violation of our existing by-law. And, it should be noted that these households will now have 2 new services, compost pick up and curbside recycling, even if they don't want to take advantage of the garbage pickup.

The current average cost per resident for garbage is \$310 per household, including bulky item pickup. If Council were to introduce town wide garbage and compost pickup only (including bulky item pickup, but no curbside recycling), the estimated average cost is reduced to \$111 per household, a 65% reduction. The breakeven point for a resident based on this, is a house with an assessed value of \$780,000, as referenced in "Schedule 2". Currently there are only 3 homes at that assessment level in Quispamsis. Essentially, there will be savings for virtually every household in Quispamsis.

If instead, Council adopted town sponsored garbage, compost and bulky item pickup AND curbside recycling program, the estimated current cost of \$310 is reduced to \$130 per household for 2016, increasing to \$141 in 2017, still a significant reduction of over 55%, and it includes curbside recycling. The breakeven point for a resident based on this scenario is a house with an assessed value of \$600,000. Currently there are only 19 homes at that assessment level in Quispamsis. However, there will be more services provided and there will be savings for virtually every household in Quispamsis, and curbside recycling will be in effect.

On the issue of curbside recycling, Council should be aware that earlier this year Fundy Solid Waste had to remove the Blue Bins from the Shoppers Drug Mart site. After many months of searching, no other location could be found, so we allowed them to temporarily relocate the bins to the Walter Jewett Field parking lot. The problem now, however, is that this parking lot was never designed for the heavy truck and vehicle traffic that it now sees. In wet weather it turns into a quagmire and makes the bins difficult to use and empty. Unless, Fundy Solid Waste can find another location for these bins, we may find that we will have to do an upgrade to that parking lot. We have asked our Engineering Dept. to examine the area and they have supplied us with an estimate of \$ 85,000 to upgrade for permanent use of blue bins. We believe that the savings of this cost should be taken into consideration when Council discusses whether to institute curbside recycling or not, as the reality is, we cannot find another place to relocate them. These large blue

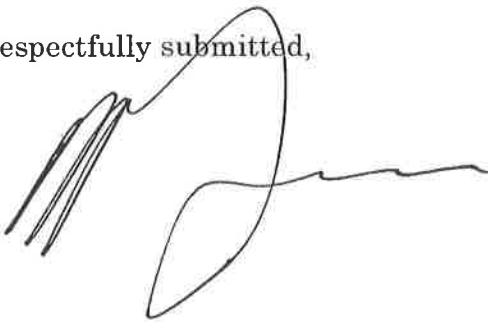
bins are not popular with businesses as they are messy and require constant attention to cleaning with no compensation to them.

In a recent survey conducted by Corporate Research Associates, 68% of the respondents were interested in having garbage and compost services coordinated by the Town, rather than paying contractors themselves, knowing that the cost would be included in their property tax rate, by as much as 10 cents. The margin of error for this poll was 5.6%. It would appear that the vast majority of our residents are in favour of the Town taking over responsibility for garbage and compost collection, and curbside recycling, and bonus is that it's going to be less than half of what we projected when the CRA poll was done.

Recommendations:

- 1) Council pass a motion to accept Fero's RFP price of \$16,641, being the low bid, for the collection and disposal of Town Generated Waste effective January 1, 2016 for a 4 year period with the option to renew for 4 years, with an annual increase of 2% per year for the second, third and fourth year of the contract.
- 2) Council pass a motion to initiate Town Wide Garbage, Compost and Bulky Item pickup and transportation service and to accept Fero's RFP price of \$372,243, being the low bid, effective January 1, 2016 for a 4 year period with the option to renew for 4 years, with an annual increase of 2% per year for the second, third and fourth year of the contract.
- 3) Council to pass a motion that the Town start a Curbside Recycling Program for its residents effective May 1, 2016, (to allow time for the tendering and distribution of recycling bins to the households), and to accept Fero's RFP price of \$163,693 , being the low bid, effective May 1, 2016 and run to December 31, 2019, with the option to renew for 4 years, with an annual increase of 2% per year for the second, third and fourth year of the contract.
- 4) Council pass a motion to direct staff to present an amendment, for their consideration, to the Solid Waste Collection By law No. 26 to reflect these changes.
- 5) (Conditional on Motion 3 being passed) Council pass a motion to direct staff explore the best size bin/cart to supply to our residents for curbside recycling and prepare a tender for same.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

**SCHEDULE 1
Cost Summary**

	2016 Estimated Cost (May 1 Start)	2017 Estimated Cost	2018 Estimated Cost	2019 Estimated Cost
Town Generated Waste Total:	16,641	16,974	17,314	17,660
Residential Garbage and Compost	372,243	379,688	387,282	395,027
Garbage Tipping Fee	423,234	423,234	423,234	423,234
Compost Tipping Fee	49,132	49,132	49,132	49,132
Sub Total:	861,250	869,027	876,961	885,052
less Bulky Item Pickup amount already in budget	(187,976)	(187,976)	(187,976)	(187,976)
less savings on Town Generated Garbage	(24,801)	(24,801)	(24,801)	(24,801)
Incremental Cost of Town Collected Garbage & Compost	648,473	656,250	664,184	672,275
Cost on the Tax Rate	3.99	4.04	4.09	4.14
Average Cost per Household for Garbage and Compost:	\$111	\$112	\$114	\$115
Recycling: Curbside Pickup	109,129	166,967	170,306	173,712
one time container cost assuming Reserve Funds	0	0	0	0
Cost of Curbside Recycling (for first 5 years)	109,129	166,967	170,306	173,712
Cost on the Tax Rate	0.67	1.03	1.05	1.07
Average Cost per Household for Curbside Recycling:	\$19	\$29	\$29	\$30
Total Cost of Garbage, Composting and Recycling	757,601	823,217	834,490	845,988
Cost on the Tax Rate	4.66	5.06	5.13	5.20
Average Cost per Household	\$130	\$141	\$143	\$145

SCHEDULE 2

Assessed Value Analysis

Housing Stock by Assessed Value

Assessed Value Range		Number of Households
0	150,000	322
150,001	300,000	4396
300,001	450,000	1000
450,001	600,000	112
600,001	650,000	7
650,001	750,000	9
750,001	and over	3
Total		5849

* Breakeven Point with Recycling, Garbage and Compost

Assessed Value	\$ Cost per Household at 5.12 cents	Number of Households over this value
150,000	\$76.80	5,527
300,000	\$153.60	1,131
450,000	\$230.40	131
600,000 *	\$307.20	19
650,000	\$332.80	12
750,000	\$384.00	3

Current Average Cost

* This is the point where a homeowner of this assessed value will end up paying more for garbage that they currently pay (average \$310/annum), but with the extra service of curbside recycling.

** Breakeven Point Garbage and Compost only

Assessed Value	\$ Cost per Household at 3.99 cents	Number of Households over this value
150,000	\$59.85	5,527
300,000	\$119.70	1,131
450,000	\$179.55	131
550,000	\$219.45	38
650,000	\$259.35	12
750,000 **	\$299.25	3

Current Average Cost

** This is the point where a homeowner of this assessed value will end up paying more for garbage that they currently pay (average \$310/annum)