



City of Annapolis

Managed Competition for Solid Waste Operations

March 6, 2012



Proposed Service Changes

As Included in the RFP

| | Current Service | Proposed Service |
|------------------------------|---|--|
| Residential Refuse | Twice per Week | Once per Week |
| Residential Recycling | Once per Week | Once per Week |
| Commercial Recycling | Once per Week | Once per Week |
| Yard Waste Collection | Biweekly | Biweekly |
| Leaf Collection | Curbside Vacuum (general fund) | Residents must bag (refuse fund) |
| Bulk Collection | Quarterly (refuse fund) | Weekly with Refuse or Call-In for Oversized Items |
| Street Can Collection | By DPW Street Division Crew (general fund) | By City or Contractor (general fund) |
| Park Can Collection | By Rec & Park Crew (general fund) | By City or Contractor (general fund) |

Note: Unless otherwise noted, costs are refuse fund.



Current Cost to Provide Collection Services

| | Refuse Fund | General Fund |
|----------------------|---------------------|--------------|
| Solid Waste Division | \$ 2,805,157 | |
| Solid Waste Vehicles | \$ 202,758 | |
| Curbside Recycling | \$ 264,360 | |
| Streets Crew* | | \$ 306,683 |
| Rec & Parks Crew | | \$ 71,446 |
| Total | \$ 3,272,275 | \$ 378,129 |
| Total Cost | \$ 3,655,404 | |

*Includes both street cans collection and leaf vacuuming.

Source of data is Municipal and Financial Services Group (M&FSG)



Cost Proposals For RFP Services

- 4 proposals were received
- 2 lowest cost proposals are presented here
- Annual Costs proposed by two lowest cost proposers
 - Contractor \$ 809,241.80
 - City \$ 1,600,883.69
- Independent Evaluation Committee recommended the contractor option



Summary of Costs

Year 1

| Item | Current System | City Option | Contractor Option |
|-------------------|--------------------|--------------------|--------------------|
| Base Bid | \$2,354,934 | \$1,600,884 | \$809,242 |
| Disposal Cost | \$634,470 | \$634,470 | \$634,470 |
| Fund Transfer | \$450,000 | \$450,000 | \$50,000 |
| Lost Labor Cost | \$196,000 | \$196,000 | \$196,000 |
| Snow Removal Cost | \$20,000 | \$20,000 | \$100,000 |
| Layoff Cost | \$0 | \$0 | \$550,000 |
| Contract Monitor | \$0 | \$0 | \$100,000 |
| TOTAL | \$3,655,404 | \$2,901,354 | \$2,439,712 |

Year 2

| Item | Current System | City Option | Contractor Option |
|-------------------|--------------------|--------------------|--------------------|
| Base Bid | \$2,354,934 | \$1,600,884 | \$809,242 |
| Disposal Cost | \$653,460 | \$653,460 | \$653,460 |
| Fund Transfer | \$450,000 | \$450,000 | \$50,000 |
| Lost Labor Cost | \$196,000 | \$196,000 | \$196,000 |
| Snow Removal Cost | \$20,000 | \$20,000 | \$100,000 |
| Layoff Cost | \$0 | \$0 | \$0 |
| Contract Monitor | \$0 | \$0 | \$100,000 |
| TOTAL | \$3,674,394 | \$2,920,344 | \$1,908,702 |



Comparison of Alternatives

Current System

- No Service Changes
- No Layoffs or Demotions
- No Cost Reduction

City Option

- No Layoffs
- Demotions for several positions
- Cost savings of approximately \$750,000 per year

Contractor Option

- Layoffs of up to 20 staff
- Cost savings of approximately \$1,200,000 first year, and \$1,700,000 per year for following years



Solid Waste Cost Comparison

| Contract Year | Fiscal Year | Current System | City Option | Contractor Option |
|----------------------|--------------------|-----------------------|--------------------|--------------------------|
| 1 | 2013 | \$3.66M | \$2.90M | \$2.44M |
| 2 | 2014 | \$3.67M | \$2.92M | \$1.91M |
| 3 | 2015 | \$3.67M | \$2.92M | \$1.91M |
| 4 | 2016 | \$3.67M | \$2.92M | \$1.91M |
| 5 | 2017 | \$3.67M | \$2.92M | \$1.91M |
| 6 | 2018 | \$3.67M | \$2.92M | \$1.91M |
| 7 | 2019 | \$3.67M | \$2.92M | \$1.91M |
| TOTAL | - | \$25.68M | \$20.42M | \$13.90M |



Solid Waste Cost Comparison Contractor Options

| Contract Year | Fiscal Year | Current System | Contractor Option | Contractor Hybrid Option |
|----------------------|--------------------|-----------------------|--------------------------|---------------------------------|
| 1 | 2013 | \$3.66M | \$2.44M | \$2.94M |
| 2 | 2014 | \$3.67M | \$1.91M | \$2.41M |
| 3 | 2015 | \$3.67M | \$1.91M | \$2.41M |
| 4 | 2016 | \$3.67M | \$1.91M | \$2.41M |
| 5 | 2017 | \$3.67M | \$1.91M | \$2.41M |
| 6 | 2018 | \$3.67M | \$1.91M | \$2.41M |
| 7 | 2019 | \$3.67M | \$1.91M | \$2.41M |
| TOTAL | - | \$25.68M | \$13.90M | \$17.40M |

- **Contractor Hybrid Option includes retaining 12 City staff to perform other Public Works tasks – \$500,000.**
- **This option requires up to 8 layoffs.**



Solid Waste Cost Comparison

City Options

| Contract Year | Fiscal Year | Current System | City Option | City Hybrid Option |
|----------------------|--------------------|-----------------------|--------------------|---------------------------|
| 1 | 2013 | \$3.66M | \$2.90M | \$2.62M |
| 2 | 2014 | \$3.67M | \$2.92M | \$2.64M |
| 3 | 2015 | \$3.67M | \$2.92M | \$2.64M |
| 4 | 2016 | \$3.67M | \$2.92M | \$2.64M |
| 5 | 2017 | \$3.67M | \$2.92M | \$2.64M |
| 6 | 2018 | \$3.67M | \$2.92M | \$2.64M |
| 7 | 2019 | \$3.67M | \$2.92M | \$2.64M |
| TOTAL | - | \$25.68M | \$20.42M | \$18.46M |

- **City Hybrid Option includes retaining contractor for the recycling contract and reducing purchases of new refuse trucks.**
- **This option requires up to 6 layoffs.**



Managed Competition Timeline

- City Council approved proceeding with solid waste managed competition process: November 14, 2011
- RFP advertised: December 1, 2011
- Proposals received: January 9, 2012
- Evaluation Committee review of proposals: Jan 12 – Feb 8, 2012
- Finance Committee meeting: March 6, 2012

Upcoming Events

- Mayor's budget presentation to City Council: Mar 12, 2012
- Council Decision: May 21, 2012
- Transition Period (varies by option)



Transition Timeline

| | <u>Contractor Option</u> | <u>City Option</u> |
|---------------------------------|------------------------------|--------------------|
| Employee Notification | 60 Days | 60 Days |
| Public Outreach & Education* | 60 Days | 60 Days |
| Effective Date of Option | July 1 | 6 Months |

* Customer education on the service level changes should start immediately.

Notes: (1) Although no transition is required for current system, vehicle replacements would be required due to the age of the equipment.

(2) 6 months minimum is required for City to purchase vehicles.