

MATRIX: Major Policy Issues for Curbside Recycling Program

1. Participation: subscription based or mandatory pay.

Currently there are six private companies registered in the City of Lawrence that collect recyclable materials at the curb for households. Curbside services are by subscription, for a fee. Residential customers contract with their preferred provider. Based on current data, staff estimates approximately 5,000 residential customer contracts for curbside recycling services.

Since the current curbside recycling system is subscription based, staff presumes the intent of the RFP is to proceed with a service that would be added to the residential monthly billing. For all customers, as defined in Section 3 of this matrix, the new curbside recycling service would be provided whether they wish to participate or not. It is mandatory pay and not mandatory participation.

A mandatory participation curbside recycling program is more costly to operate due to the increased oversight in what customers are placing in their trash container and increased illegal dump sites to clean up.

There has been long-term interest in a community-wide curbside recycling program, if fiscally feasible. The 2008 Recycling Survey, completed by ETC Institute, found 79 percent of those surveyed in Lawrence thought it was important to have city-wide curbside recycling, with 64 percent willing to pay for that service if the cost were \$6 per month.

Solid Waste Task Force	<p>The SWTF recommended implementation of a curbside recycling program that would be included in the city's standard solid waste monthly rate for residential service (mandatory pay, voluntary participation).</p> <p>One of the key goals of the SWTF is to increase recycling (i.e. 50% recycling rate by volume by 2020). The pathway of city-wide curbside recycling is an effective method to achieve that goal.</p> <p>Overall savings and efficiencies will be achieved by providing the program as part of the base rate. An "opt-out" option is not sufficiently different than the current "opt-in" system to achieve the goals stated. The SWTF heard from some people who currently recycle everything they can at no charge. Even at no charge, recycling drop-offs are not free. Some of the considerations noted were the value of people's time and the dependence on privately operated programs over which the City / community has no control.</p>
Sustainability Advisory Board	The SAB fully supports the final SWTF report including mandatory pay residential curbside recycling collection service.
Draft RFP	The proposed curbside recycling program is mandatory pay, voluntary participation for residential customers.

2. Collection details: identification of recyclable materials to be collected; collection method (single-stream, dual-stream, source separated); type of collection containers (roll-out carts, totes, bags); frequency of service (weekly or every-other-week).

Identification of recyclable materials to be collected. The City should take into account recyclable materials accepted at processing facilities in the area.

Collection method. Typically, there are three different methods for collecting recyclable materials.

- Source separated collection means recyclable materials are separated by commodity type at the place where the recyclables are generated.
- Dual-stream collection means recyclable materials are separated into two material groups, fibers and containers, at the place where the recyclables are generated and further sorted at the processing facility.
- Single-stream collection means recyclable materials are commingled at the place where the recyclables are generated and sorted at the processing facility.

In making a decision as to the method of collection the City should take into account the current process in which recyclables are being collected and the requirements of processing facilities in the area.

Type of collection containers. Few communities use bags as set-out containers for recycling. Most communities with dual-stream or source separated curbside recycling programs use totes and most communities with single-stream curbside recycling programs use roll-out carts for collection.

Frequency of service. Communities either implement weekly or every-other-week collection service. Weekly collection is generally perceived to be more convenient and simple for the residential customers. Meanwhile, every-other-week collection may provide numerous benefits such as maximizing volume of recyclables per set-out, increasing average set-out rates, reducing fuel consumption and emissions from collection vehicles, and reducing vehicle and labor needs.

Solid Waste Task Force	The SWTF recommended implementation of a weekly single-stream curbside recycling program. The task force envisioned a residential service that includes two roll-out carts for single-family customers as part of the standard monthly fee (one cart for trash, the other for recyclables).
Sustainability Advisory Board	<p>The SAB supports a single-stream (preferred single-stream with glass) curbside recycling program for single-family dwellings, to be placed in a roll-out cart and collected weekly. The SAB believes a source separated or dual-stream collection method will hinder potential participation.</p> <p>The SAB supports single-stream recycling dumpsters at multi-family dwellings.</p>
Draft RFP	The targeted recyclable materials for collection are: newsprint (newspaper and advertising supplements); mixed paper (magazines, junk mail, paperboard and telephone directories); sorted office paper (white ledger, copier paper and office stationary); old corrugated containers (boxes with unbleached and unwaxed); tin, steel and bimetal containers (food, beverage, nonfood and aerosol cans made of mixed metal, such as tine and steel); aluminum cans (beverage cans made of aluminum); and

	<p>plastics (plastic bottles, containers and packages made from various resins including PETE, HDPE, PVC, LDHE, PP, PS and other plastics, codes #1 through #7. The targeted recyclable materials for collection may also include glass (glass containers, bottle and jars) depending on the Contractor selected.</p> <p><u>Single-Family Dwellings.</u> Each Single-Family Dwelling customer shall receive one recycling roll-out cart for collection service. (Note: there are a few exceptions in Lawrence where single-family neighborhoods are serviced by trash dumpsters thus may also be serviced by recycling dumpsters instead of roll-out carts.) Single-stream collection of the targeted recyclable materials is preferred.</p> <p>Proposers must submit pricing for both every-other-week and weekly collection service for Single-Family Dwellings.</p> <p><u>Multi-Family Dwellings.</u> Each Multi-Family Dwelling customer shall have access to a recycling station which is a cluster recycling carts and / or recycling dumpsters on the premises for collection service. Single-stream collection of the targeted recyclable materials is preferred.</p> <p>The Multi-Family Dwelling recycling collection services shall be provided on a regularly scheduled basis of at least once per week. The collection schedule and recycling containers' capacity shall provide for regular removal of the recyclables such that there is adequate storage capacity available in the recycling containers to avoid overflowing containers.</p>
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3. Customers: single-family households; multi-family households.

Residential curbside recycling services may include residents living in single-family households and multi-family households. It excludes business, commercial, industrial or institutional customers. Non-residential customers typically have varying needs when it comes to recycling services. Many businesses generating large amounts of recyclables contract out these services and count on revenue from the sale of their recyclables.

Solid Waste Task Force	The SWTF recommendation of the curbside recycling RFP was primarily for single-family households but the task force also stated that the RFP may address recycling opportunities for multi-family properties.
Sustainability Advisory Board	The SAB supports single-stream curbside recycling program for single-family households, as well as single-stream recycling dumpster service for multi-family households.
Draft RFP	The proposed recycling program is for Single-Family and Multi-Family Dwellings. Lawrence has approximately 28,500 customers who pay the Single-Family Dwelling rate. In addition, there are 524 Multi-Family Dwelling accounts totaling approximately 5,000 units.

4. Public spaces: City buildings; parks; downtown recycling.

Although residential curbside recycling collection services would not include collection of recyclables at City buildings, parks and downtown Lawrence, it may be of interest to receive proposals that include recycling options for these public spaces.

Solid Waste Task Force

The SWTF discussed the importance of having recycling bins in the downtown area as well as other public spaces. Convenience, being viewed as a recycling-friendly town, setting a good example, and meeting the City's sustainability goals were some of the reasons highlighted.

Sustainability Advisory Board

The SAB supports recycling bins at City buildings, City parks and recreation centers, downtown, and in all other public spaces, as practical.

Draft RFP

Proposers are encouraged to submit recycling collection service options that could be provided at City Hall and other municipal buildings, parks, public spaces (e.g., downtown Lawrence) and community events. Proposers must specify if there would be an additional cost for these services and what that cost would be.

5. Collection service provided by: the City; one private hauler; multiple haulers.

The purpose of the RFP process is to select the proposal(s) deemed most advantageous to the City whether the collection service is provided by the City, one private hauler or multiple private haulers.

The City must follow the procedure for establishment for an organized recycling collection service described in the State Statute 12-2036. All haulers operating recycling collection services in Lawrence as of June 12, 2012 were invited to participate in the planning meetings for the proposed organized collection service.

Solid Waste Task Force

The SWTF recommended that both private haulers and the City submit proposals in response to the RFP.

Sustainability Advisory Board

The SAB supports the SWTF recommendation that both private haulers and the City submit proposals in response to the RFP.

Draft RFP

A proposal in response to the RFP may be submitted by the City, a private hauler, or a private hauler with subcontractors. The City reserves the right to execute a contract or contracts with one or more Proposers, on the sole basis of the original proposal or any additions to proposal submissions; and reject any or all proposals, accept or reject all or any part of any proposal, and waive any requirements of the RFP as may be deemed to be in the best interest of the City.

6. Processing of materials: material recovery facility, direct haul or transfer station.

Turn-key recycling operations service type. Private haulers submitting turn-key operations proposals for residential curbside recycling collection services in Lawrence shall specify a material recovery facility in their proposal. The Proposer(s) shall also indicate whether they will direct haul recyclables to a material recovery facility or build a transfer station.

Recyclable material processing service type: Proposals for recyclable material processing and marketing services should also be accepted in order to allow municipal collection of recyclables. These proposals shall indicate how recyclable material collected by the City will be transported to the material recovery facility.

Solid Waste Task Force	<p>The SWTF heard presentations from representatives of private recycling companies that currently operate a material recovery facility (Kansas City) or are in the process of opening a material recovery facility (Shawnee / Jefferson Counties). The task force discussed the possibility of a City-owned material recovery facility but determined it would not be the best alternative at this time due to cost of capitalization and start up, and due to the regional activity of material recovery facility businesses.</p> <p>The SWTF recommended the RFP not only solicit proposals for turn-key recycling operations but also for recyclable material processing only (specifically excluding collection services). This type of proposal would allow municipal collection of recyclables.</p>
Sustainability Advisory Board	<p>The SAB supports the SWTF recommendation for both turn-key and recyclable material processing proposals.</p>
Draft RFP	<p>If a private hauler is selected as the Contractor, the collected recyclables shall be delivered by the Contractor to a material recovery facility, an end-market for sale or reuse, or to an intermediate collection center for later delivery to a material recovery facility or end-market. Recyclables collected shall not be transported to a landfill or incinerator for disposal. The Contractor shall assure the City that adequate material processing capacity will be provided for recyclables collected in Lawrence. The Contractor must clearly specify the location(s) of its recyclables processing facility or Sub-Contractor's facility where material collected from Lawrence will be delivered and / or processed. The Contractor shall provide written notice to the City at least 60 days in advance of any change in these or subsequent plans for receiving and processing recyclable materials collected in Lawrence.</p> <p>The City's proposal is exempt from specifying the recyclables processing facility that would accept and process the recyclables collected by the City because the City's proposal will be matched up with a material processing proposal deemed most advantageous to the City, as determined by the selection committee, and then compared to all other turn-key operations proposals.</p>

7. Pricing schedule and revenue sharing: cost proposal (cost per household per month); revenue sharing from the sale of recyclable materials.

For turn-key recycling operations service type: A common fee structure for collection contracts is a monthly base service fee that is administered on a per-household basis. There may or may not be revenue sharing in the agreement.

For recyclable material processing service type: In municipal contracts with processors, the municipality typically pays a per-ton processing fee and has revenue sharing arrangements.

Solid Waste Task Force	The SWTF recommended implementing city-wide single-stream curbside recycling <u>if fiscally prudent</u> and sustainable. They made no specific recommendation on pricing schedule or revenue sharing.
Sustainability Advisory Board	The SAB entrusts City to pursue the most financially prudent proposal.
Draft RFP	<p><u>Cost proposals for turn-key recycling operations service type.</u> The City agrees to pay the Contractor for recycling collection services as described in the Contractor's proposal, and made part of an executed contract, based on the number of households certified by the City.</p> <p>If a Proposer elects to participate in revenue sharing with the City, their proposal shall state so explicitly. The Proposer shall describe the proposed revenue sharing for commodities and corresponding pricing formulae in their proposal. If the final contract negotiated includes revenue sharing, the Contractor shall, on a monthly or quarterly basis, rebate an amount to the City based on a mutually agreed upon formula.</p> <p><u>Cost proposals for recyclable material processing service type.</u> The City requires the Proposer to submit a pricing schedule in response to this RFP. The Proposer and the City shall share the revenues from the sale of all recyclable materials processed at the facility. The Proposer shall describe the proposed revenue sharing for commodities and corresponding pricing formulae in their proposal. The Contractor shall, on a monthly or quarterly basis, rebate an amount to the City based on a mutually agreed upon formula.</p>

8. Responsibility for administrative services: customer complaints; billing.

Customer complaints. It is important to assure that customers are able to report complaints, such as a missed collection.

To the extent that the City has internal customer service capabilities (e.g., telephone answering system, customer service representatives), it is ideal that the City handle its own customer service. Fielding customer service calls and requests provides the City a greater level of control over the recycling program and allows the City to monitor the performance of the contractor more closely.

If the contractor will be handling customer service, it is important to include the following details in the contract:

- Operating hours of telephone answering service;
- Amount of time allowed for resolution of complaints; and
- Procedure for reporting complaints and resolution of complaints to the city.

Billing. When developing the billing contract provisions, the City will need to decide who will be responsible for billing. It is most common for local governments to assume responsibility for billing customers. The City may choose to include the recycling charge on the utility bill or embed the cost of recycling in the overall solid waste service fee.

Solid Waste Task Force	The SWTF did not make a specific recommendation for handling administrative services of a new curbside recycling program, but they did discuss the importance of maintaining the high level of customer service Lawrence residents currently receive.
Sustainability Advisory Board	The SAB commends the City on the current level of customer service it provides to municipal waste customers. The SAB believes the City is the logical choice for the billing and servicing of the customer accounts.
Draft RFP	The City will be responsible for the following activities or roles under this service type: <ul style="list-style-type: none"> • Administrative services including billing customers, receiving customer complaints, and updating customer counts annually.

9. Performance assurances: during contract term (recordkeeping, auditing, inspection rights); after contract termination (performance bond, letter of credit, parent guarantee).

During Contract Term: Performance assurance provisions that come into play during the term of the agreement not only assist to assure compliance with the recycling contract but also to evaluate the recycling program. Reporting and data collection is an example of a contract provision that assures that a Contractor lives up to their responsibilities as set forth in the contract. The City should also include general performance assurance provisions such as recordkeeping, auditing, and inspection rights.

Recordkeeping. Recordkeeping provisions set requirements on the Contractor for storage of records pertaining to services provided under the contract. For example, a recordkeeping provision may require the Contractor to keep records such as:

- Tonnages of recyclable materials by material category;
- Customer complaint and resolution log;
- Improper set-out logs;
- Tonnages of rejects and residue;
- Copies of sales invoices for recyclable materials; and
- Other records related to services provided under the contract.

A recordkeeping provision should include requirements as to the time frame for which the Contractor must maintain the records and the method of storage (i.e., electronic or printed copies).

Auditing. The City should reserve the right to audit the Contractor on a periodic basis in the contract. The

right to audit the Contractor will allow the City to verify:

- Fees paid by the City to the Contractor; and
- Payments paid by the Contractor to the City.

Some of the fees and payments that the City should be able to verify include:

- Processing fees;
- Revenue share payments for the sale of recyclable materials; and
- Other fees.

The City must include a provision in the contract in order to assure the right to audit.

Inspection Rights. Inspection rights give the City the authority to inspect any or all of the following:

- Records of the Contractor;
- Contractor's collection and processing equipment; and
- Contractor's facilities.

A contract provision granting inspection rights to the City will likely require the City to give reasonable notice to the Contractor prior to inspection. In addition, it is common that inspection of records must be done at the Contractor's facilities. The right to inspect not only allows the City to make sure the Contractor is in compliance with the contract, but also to confirm the Contractor is complying with applicable laws, regulations, and ordinances.

After Contract Termination: If the City finds itself in the situation in which the contract is terminated, the City may incur costs due to the termination, such as the cost involved with procuring replacement recycling services. Performance assurances for post-termination are in place to hedge against these costs. Generally speaking, there are three types of post-termination performance assurances, as discussed below:

- Performance Bond;
- Letter of Credit; and
- Parent Guarantee.

Performance bonds and letters of credit are similar credit instruments meant to provide cash to the City in the event that the Contractor does not perform and the City is forced to take over the recycling service (e.g., bankruptcy, default). Performance bonds and letters of credit should be large enough to provide the City with adequate funding to:

- Take over service for the amount of time it takes to re-procure services (e.g., monthly service cost multiplied by the number of months of the transition); and
- Procure a new service provider.

A Parent Guarantee is a provision in the contract that states that a Contractor's parent company will act as the guarantor in a contractual arrangement. In other words, the parent company will guarantee service to the City. Parent guarantees are not mutually exclusive with performance bonds or letters of credit.

Source: Information above from R.W. Beck's Recycling Contract Negotiation Guidebook.

Solid Waste Task Force	The SWTF discussed the importance of including performance standards in the RFP and the contract. At several task force meetings members commented that there is a high customer satisfaction level with the City's residential trash collection services and if a private hauler is selected to provide recycling collection services could they acquire the same high level of customer satisfaction? Well defined performance standards would be essential.
Sustainability Advisory Board	The SAB supports performance standards for any future curbside recycling program. The SAB entrusts the City to establish the appropriate

	parameters of these standards, whether they be volume and/or participation-based.
Draft RFP	<p>During the contract term, general performance assurance provisions will be recordkeeping, auditing, and inspection rights.</p> <p>The post-termination performance assurance will be a performance bond meant to provide cash to the City in the event that the Contractor does not perform the contracted services and the City is forced to take over the recycling collection service for the amount of time it takes to re-procure services and procure a new service provider.</p>
<p>10. Length of contract: number of years for initial term of contract; number of contract renewal terms allowed, if any.</p>	
<p>Recycling collection contract terms typically have two components:</p> <ul style="list-style-type: none"> • Initial term begins on the date the contractor is obligated to provide service. The length of the initial term varies depending on the type of services provided. An initial term is typically between three (3) and twenty (20) years. • Renewal terms begin on the date of the initial term or on the date that the previous renewal term expires. Renewal terms are generally shorter than initial terms. <p>The initial term for a recyclable materials collection contract is typically medium to long term. This is partially because it is time consuming and costly for cities to conduct the procurement process. However, the primary reason for longer contract terms is to allow contractors to recover the capital cost of equipment (e.g., vehicles, carts) purchased to provide the collection service. Since renewal terms are not guaranteed, contractors will likely depreciate these capital costs exclusively over the initial contract term.</p> <p>The recycling collection contract should also include the possibility to extend or renew the contract when it expires.</p> <p style="text-align: right;"><i>Source: Information above from R.W. Beck's Recycling Contract Negotiation Guidebook.</i></p>	
Solid Waste Task Force	The SWTF did not make a specific recommendation on length of contract for recycling collection services.
Sustainability Advisory Board	The SAB believes an initial seven-year contract is reasonable.
Draft RFP	The initial term of this contract shall be seven (7) years. The City may consider up to two (2) three-year renewals. Contractual changes may be made prior to renewal of contract if agreed to by both parties.