

City of Ann Arbor

Commercial Recycling Implementation Package

Commercial Solid Waste Service Rates and Charges

Final Rate Recommendation

Rates and charges for commercial solid waste service are provided for below, as authorized by Chapter 26 of the Ann Arbor Code, Solid Waste Management, specifically, Section 2.2 Collection Frequency, Services and Fees, Subsection 1:

Different collection intervals and fees may be established by regulation for the collection of recyclables, compostables and refuse from residential and commercial locations.

and Section 2.5, Containers, Subsection 4, Commercial Containers.

Applicable fees for the collection of commercial refuse shall be charged quarterly in advance based on the average amount of refuse material and the frequency of collection and shall be set by the city administrator subject to the right of appeal to the city council. If the charges are not paid, they may be assessed against the property pursuant to section 1:292 of chapter 13 of the City Code after appropriate collection steps are taken with the commercial location owner, manager or occupant of record for the unpaid fees.

GUIDING PRINCIPLES IN RATE SETTING

City Council, by Resolution R-09-026 adopted on January 20, 2009, authorized an Oversight Committee to work with staff in development of a commercial solid waste collection rate schedule prior to the July 1, 2009 start-up date for the solid waste franchise. City Council then acted on _____ to establish these initial Commercial Solid Waste Service Rates and Charges, and in doing so has established the following guiding principles in setting these rates and charges:

1. Pass Through Direct Costs from Contracted Services, including Annual Adjustments as Defined in those Contracts that may include but are not limited to fuel adjustments:
 - a. Container Rental
 - b. Collection Service Handling and Transfer of Solid Waste at Transfer Station
 - c. Disposal of Solid Waste at Landfill or Processing Facility
 - d. Additional Charges for Service Elected by Generator (e.g. additional pickup)
 - e. Fuel Adjustments
 - f. Density adjustments based on actual performance
2. Pass Through The Following City Costs for Cost Recovery
 - a. Capitalized Infrastructure
 - i. Charged @ 35% of above Transfer/Disposal Costs
 - ii. Intended to generate sufficient funds to cover:
 1. Transfer Station
 - a. 50% of Capitalization of \$1,552,817
 - b. Amortized over 15 Years @ 5% beginning in 2008
 - c. Calculated annual target recovery value of \$74,801
 2. Commercial Recycling Processing Equipment at MRF
 - a. 100% of Capitalization of \$801,183
 - b. Amortized over 10 years @ 5% beginning in 2008
 - c. Calculated annual target recovery value of \$103,757
 3. Single Stream Recycling Processing Equipment at MRF
 - a. 25% of Capitalization of \$3,500,000
 - b. Amortized over 10 years @ 5% beginning in 2010

- c. Calculated annual target recovery value of \$113,317
- b. Transfer/Disposal Administration and Management @ 7.5% of Transfer/Disposal Costs
- c. Collection Administration @ 7.5% of Collection and Container Costs
- 3. The Rate Structure should be:
 - a. Commercially Competitive
 - b. As Simple as Possible
 - c. Systematically Replicable to Enable Easy Annual Updates
 - d. Provide for Equity between User Types
 - 4.e.** Provide Incentive to Recycle and Not Present Barriers to Recycling and Waste Reduction
 - f. Include Cost Allocation System to Accommodate and Encourage Shared Dumpster Use

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Overall, the Commercial Solid Waste Service Rates and Charges should, when combined with the recycling services being offered by the City for commercial recycling, enable the commercial generator to benefit from real savings and improved services compared to similar full service costs for comparable comprehensive waste/recycling services in the private marketplace.

YEAR 1 SCHEDULE OF RATES AND CHARGES

The following rates and charges for commercial solid waste service are approved for the City's 2009/2010 Fiscal Year and thereafter until amended with a new schedule of rates and charges as provided for in Chapter 26 of the City Code, Solid Waste Management:

Schedule A: Unit Pricing Rates and Charges for Dumpster Services:

A-1: Base Rates:

Monthly Rate		1 Lift/Wk	2 Lifts/Wk	3 Lifts/Wk	4 Lifts/Wk	5 Lifts/Wk	6 Lifts/Wk
2 CY Wheeled Dumpster	42.50%	\$ 63.48	\$ 121.74	\$ 179.99	\$ 238.25	\$ 296.51	\$ 354.77
2 CY Dumpster	42.50%	\$ 62.45	\$ 120.71	\$ 178.97	\$ 237.23	\$ 295.49	\$ 353.74
4 CY Wheeled Dumpster	42.50%	\$ 76.51	\$ 146.30	\$ 216.10	\$ 285.90	\$ 355.69	\$ 425.49
4 CY Dumpster	42.50%	\$ 75.44	\$ 145.23	\$ 215.03	\$ 284.83	\$ 354.62	\$ 424.42
6 CY Dumpster	42.50%	\$ 89.12	\$ 170.45	\$ 251.79	\$ 333.12	\$ 414.46	\$ 495.79
8 CY Dumpster	42.50%	\$ 101.73	\$ 194.60	\$ 287.47	\$ 380.35	\$ 473.22	\$ 566.09
6 CY Vert-i-pack	42.50%	\$ 286.61	\$ 478.88	\$ 671.15	\$ 863.43	\$ 1,055.70	\$ 1,247.97
8 CY Vert-i-pack	42.50%	\$ 334.97	\$ 567.97	\$ 800.96	\$ 1,033.96	\$ 1,266.95	\$ 1,499.95

Year 2 Rates to be updated for annual adjustment rates in the cost components per the Guiding Principals for Rate Setting

A-2: Charges:

1. Container Delivery Charge @ \$75.00 per container
 - a. One time charge for each newly delivered container
 - b. Fee is waived if converting from City service
 - c. Fee is waived if converting during initial changeover within 30 days of service startup
2. Additional Dumpster Services Charges: may be elected at additional charge as specified:
 - a. Lockable Dumpster Option @ \$150.00 one time charge per container
 - i. Key is supplied by generator site
 - ii. Collection Contractor does not need key to service container
 - b. Replacement Dumpster Lid (if damage by generator) @ \$20.00 per lid
 - c. Container Service Labor (if requested by generator) @ \$110.00 per hour
 - d. On-Demand Dumpster Lift @ \$100 per Lift
3. Vert-I-pack Unit Installation Charges: to increase density and reduce pickup frequency
 - a. Any additional costs determined based on equipment features/options
 - b. Can be supplied by site at their cost
 - c. Service labor for any Vert-I-pack is available at \$137.50 per hour
4. Container Swap Charge @ \$75/per Container
 - a. One-time fee per switch when switching to larger or smaller container
 - i. Fee waived if switching from larger to smaller
 - ii. Fee waived if switching from small to larger in order to participate in a consolidated shared dumpster use program

- iii. Fee waived if swapping during initial changeover within 30 days of service startup

A-3 Notes:

1. Rates include provision of Dumpster Container as specified
2. Rates do not include Vert-I-pack compacting equipment – see Schedule A-2 Charges
3. For shared use applications, rates will be allocated based on measured use (e.g. using key code systems), projected use (e.g. historical volumes for each type of business), or other method of fair allocation (e.g. building square footage) determined to be appropriate for that application.
- 3.4. For the Rates the following Container Equivalents will apply:
 - a. A 3 cubic yard container will be considered a 4 cubic yard container
 - b. A 5 cubic yard container will be considered a 6 cubic yard container
 - c. A 7 or 10 cubic yard container will be considered an 8 cubic yard container

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Schedule B: Unit Pricing Rates and Charges for Roll-off Services:

B-1: Base Rates:

Service Size	1 Lift/Wk	2 Lifts/Wk	3 Lifts/Wk	4 Lifts/Wk	5 Lifts/Wk	6 Lifts/Wk
10 CY Roll - Off	\$ 350.02	\$ 700.05	\$ 1,050.07	\$ 1,400.09	\$ 1,750.11	\$ 2,100.14
20 CY Roll - Off	\$ 425.02	\$ 850.04	\$ 1,275.06	\$ 1,700.08	\$ 2,125.10	\$ 2,550.12
30 CY Roll - Off	\$ 497.17	\$ 994.34	\$ 1,491.50	\$ 1,988.67	\$ 2,485.84	\$ 2,983.01
40 CY Roll - Off	\$ 573.59	\$ 1,147.18	\$ 1,720.77	\$ 2,294.36	\$ 2,867.96	\$ 3,441.55
20 CY Compactor	\$ 910.63	\$ 1,821.26	\$ 2,731.90	\$ 3,642.53	\$ 4,553.16	\$ 5,463.79
30 CY Compactor	\$ 1,182.12	\$ 2,364.25	\$ 3,546.37	\$ 4,728.49	\$ 5,910.62	\$ 7,092.74
40 CY Compactor	\$ 1,470.71	\$ 2,941.43	\$ 4,412.14	\$ 5,882.86	\$ 7,353.57	\$ 8,824.28

Year 2 Rates to be updated for annual adjustment rates in the cost components per the Guiding Principals for Rate Setting

B-2: Charges:

1. If no Roll-off lift has taken place for that month a \$82.50 Container Rental charge will be applied
- a.2. Compactor Unit Installation Charges: to increase density and reduce pickup frequency
 - e.a. Any additional costs determined based on equipment features/options
 - b. Can be supplied by site at their cost
 - d.c. Service labor for any Compactor is available at \$137.50 per hour
5. Container Swap Charge @ \$75/per Container
 - a. One-time fee per switch when switching to larger or smaller container

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B-3 Notes:

1. Rates include provision of Roll-off Container as specified
2. Rates do not include Compactor equipment – see Schedule B-2 Charges
3. For shared use applications, rates will be allocated based on measured use (e.g. using key code systems), projected use (e.g. historical volumes for each type of business), or other method of fair allocation (e.g. building square footage) determined to be appropriate for that application.

Schedule C: Unit Pricing Rates and Charges for Special Event Dumpster Delivery and Removal:

C-1: Base Rates and Charges:

UNIT PRICING ITEM	NOTE	UNIT PRICE	UNITS
Special Events-Dumpster Delivery/Removal	#1		
-- One to Five 6 Cubic Yard Dumpsters		\$77.00	Per Dumpster
- Six or More 6 Cubic Yard Dumpsters		\$55.00	Per Dumpster
- Monday-Saturday Collection Service		\$15.03	Per Dumpster Lift
- Sunday Collection Service	#2	\$70.00	Per Dumpster Lift
- Event Boxes – First 500 per Year	#3	\$0.00	500 Boxes/Year
- Event Boxes – Any Amount over 500/Yr		\$6.00	Per Box
- Event Box Liners	#4	\$27.00	Per Case
- Recycle Event Box Lids		\$4.00	Per Lid

C-2: Notes:

1. Applicable to all Events including Art Fair.
2. Sunday Collection Service requires a Minimum Order of 15 Containers, Maximum 50.
3. No charge for up to 500 Event Boxes per year.
4. A case is 100 liners

ELIGIBLE COMMERCIAL LOCATIONS AND TRANSITION PERIOD SERVICES

As provided for in Chapter 26, Solid Waste Management, of the City Code, the services described herein will be provided to all commercial locations with the following exceptions:

Exempt Commercial Locations During the Transition Period from July 1, 2009 to June 30, 2011:

Commercial locations with valid service contracts with Licensed Haulers (contracts that were in place prior to January 31, 2009) will be exempt from the City provided service until the end of the current term of those service contracts (exclusive of any extensions automatic or otherwise) or June 30, 2011, whichever comes first, at which time the commercial location will be transitioned to the City service. Applicants for the Hauler License are required to identify such service contracts at the time of their application. City contact with commercial locations will confirm the existence of the service contract and, if determined to be valid, will result in that commercial location being granted an exempt status for the duration.

Commercial Locations Receiving City Subsidized \$39/month Service Prior to June 30, 2009:

In order to transition towards equity in rates for all user groups (see Guiding Principals in Rate Setting), commercial locations that have been receiving the City's in-house refuse collection services prior to June 30, 2009 at the subsidized \$39/month rate will be transitioned to the City provided service under a schedule of reduced subsidies as follows:

COST/MONTH FOR WEEKLY DUMPSTER LIFT BY DUMPSTER SIZE	7-1-09 to 6-31-10	7-1-10 to 6-31-11	7-1-11 to 6-31-12	7-1-12 and Beyond
4 Cubic Yard Dumpster	\$32.00	\$44.00	\$52.00	Schedule A-1
6 Cubic Yard Dumpster	\$48.00	\$66.00	\$78.00	Schedule A-1
8 Cubic Yard Dumpster	\$64.00	\$88.00	\$104.00	Schedule A-1

This approach will address the historical issues associated with providing subsidized service to these accounts and the transition to a recycling emphasis for these services under the new program.

Non-Profits Receiving City Subsidized Service for Free Prior to June 30, 2009:

[Non-profit community social service organizations classified as 501\(c\)\(3\) charitable tax-exempt organizations and that are further defined as public charities under 509\(a\)\(2\) may apply to the City to waive the fees for service enclosed herein. These are the organizations typically known as non-profit social service organizations that must meet the IRS tests under the 509\(a\)\(s\) rules.](#)

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Commercial Solid Waste Service Rates and Charges Refuse Service Description

The City has contracted for the following services to meet the requirements covered by the Commercial Solid Waste Service Rates and Charges:

1. Commercial Refuse Collection Services
 - 1.1. Fixed Pricing
 - 1.1.1. Fixed schedule of fees
 - 1.1.2. Fixed for entire contract term (through 6-30-14 with additional 5 years of options)
 - 1.1.3. Specific controls on fuel adjustments – triggered only if fuel is over \$4.50 gallon
 - 1.1.4. No other fees or charges
 - 1.2. Customer Service, Service Standards and Service Features
 - 1.2.1. Specific hours of service and noise controls
 - 1.2.2. Full access to Contractor and City Customer Service Systems
 - 1.2.2.1. Direct liaison with contractor on daily service issues (if desired)
 - 1.2.2.2. Support from City contract manager and Customer Service liaison (if desired)
 - 1.2.2.3. Log documentation for all customer service activity – quality controls and assurance
 - 1.2.2.4. Quick response procedures for blocked dumpster to strive for same day service
 - 1.2.2.5. Missed pickup/call back response time requirements
 - 1.2.2.5.1. same day if before 3 pm
 - 1.2.2.5.2. next day if after 3 pm
 - 1.2.2.6. Quick response on extra service pickup requests with fixed cost schedule
 - 1.2.2.7. Specific procedures for any service disputes
 - 1.2.3. Daily standards for service
 - 1.2.3.1. Opening and closing dumpster enclosure gates
 - 1.2.3.2. Moving dumpsters to position that can be accessed by truck and returning to storage
 - 1.2.3.3. Cleaning up trash that spills as a result of dumping process
 - 1.2.3.4. Digital photo documenting requirement for trash that is outside container at pickup
 - 1.2.3.5. Specific procedures and cost controls for overloaded container issues
 - 1.2.3.6. Recycling friendly support - recyclables in trash documentation, dumpster swaps
 - 1.2.3.7. Private label containers – City program logo/branding, use directions, etc.
 - 1.2.3.8. Covers container repairs and maintenance – ordinary wear and tear
 - 1.2.3.9. Insurance coverage for container vandalism/damage
 - 1.2.4. Contractor responsible for spilled material during collection/transportation
 - 1.2.5. Procedures specified to address overloaded containers, additional trash around dumpster
 - 1.2.6. Snap shot program with emailed photos for all events of concern
 - 1.2.7. Can call for special pickup with 24 hour turnaround at pre-determined price
 - 1.2.8. Alternate service requirements in event of construction/roadwork
 - 1.2.9. Standards for truck and container quality
 - 1.3. Optional Services at Specific Pricing
 - 1.3.1. Lockable dumpsters
 - 1.3.2. Surplus refuse collection
 - 1.3.3. Service labor for compacting units
 - 1.3.4. LampTracker recycling program for fluorescent bulbs
 - 1.3.5. E-Waste recycling program for scrap electronics

- 1.3.6. Special event services
- 1.4. City Support in Contractor Management
 - 1.4.1. Full Contractor reporting schedule with monthly service reconciliation by City liaison
 - 1.4.2. City ombudsman role in maintaining contractor responsiveness
 - 1.4.3. Equipment standards including right to inspect vehicles and require remedy for issues
 - 1.4.4. Worker standards including right to monitor worker behavior and require remedy for issues
 - 1.4.5. Field supervision and responsiveness standards
 - 1.4.6. Right of city to contract to others in case of failure to perform (includes use of containers)
 - 1.4.7. Access to on-board truck GPS/GIS computer data to resolve time of service issues
 - 1.4.8. Alternative fuels requirement with continuous improvement provision
- 1.5. Contractor Provisions that Protect Commercial Locations and City
 - 1.5.1. Quality of service warranties with Letter of Credit coverage
 - 1.5.2. Specific identification of contract breach events, remedy, failure to remedy consequences
 - 1.5.3. Dispute resolution process to address difficult service issues should they arise
 - 1.5.4. Liquidated damages for specific failures to perform
 - 1.5.5. Termination provisions for failure to perform
 - 1.5.6. Full insurance coverage including additional insured
 - 1.5.7. Indemnification and hold harmless protections
 - 1.5.8. Compliance with city non-discrimination and living wage provisions