



City of Ann Arbor Commercial Recycling Implementation Package



November 20, 2008

**Recommendations
from Commercial Recycling Committee**



Waste as a Resource A Partnership with Businesses



Resource
Recycling
Systems

- Strong Emphasis on Diversion/Recycling
 - Proven Economic Benefits
 - Proven Environmental Benefits
- Partnership for Quality and Cost Reduction
 - Save Businesses Money While Increasing Service
 - Recycling Services and Containers for all
 - Leverage City's MRF/Transfer Station
 - Leverage City's Buying Power/Contract Services
 - Strong Customer Oriented Approach
 - "Easy to Be Green" Vision for Your Business



Developing the Program Plan for Commercial Recycling



Resource
Recycling
Systems

- Engaged Business Community Since 2006
 - Strategy Development
 - Implementation Planning
- Due Diligence and Research
- Best Practice Program Profiles
- Work Groups Developed Recommendations
- Focus Group/Surveys
- Market/Business Arrangements
- Validate and Implement



Looking to Peer Programs Across the Country



Resource
Recycling
Systems

- Chapel Hill/Orange County, North Carolina
- Portland, Oregon
- Cambridge, Massachusetts
- Boulder, Colorado
- Skokie, Illinois
- Frankenmuth, Michigan
- Charlotte, North Carolina
- Alexandria, Virginia
- Seattle, Washington
- Madison, Wisconsin



Convenient/Easy Recycling - Hybrid "Best of" Approach



Resource
Recycling
Systems

- Build on Existing Strengths
 - Facility Infrastructure
 - MRF and Transfer Station
 - Compost Processing Facility
 - Use Existing Collection Programs
 - Curbside/Curb-Cart to Serve Small/Medium
 - DDA Service for Downtown
 - Cardboard Dumpster Routes
 - Use Existing/New Service Provider Partnerships
 - FCR, RAA, Recycling Friendly Waste Franchise
 - Partnerships for Management/Outreach Capacity



"Recycling Friendly" Commercial Waste Franchise



Resource
Recycling
Systems

- Needed to eliminate barriers to recycling
 - Realize savings by optimizing waste services
- Many benefits
 - Lower cost
 - Customer service
 - Quality of service and added service features
 - Quality of life – reduced trucks, noise, wear/tear
 - Improved contractor accountability
 - Leverages best equipment/technology
 - Leverage best service provider in the area



Commercial Recycling Major Program Components



Resource
Recycling
Systems

- Commercial Waste Collection Contract
 - Selected Vendor Under Contract to City
- City Commercial Waste Collection
 - Front Load Shifts to Waste Collection Contract (w/fees)
 - Multi-Family Front Load Stays In-House (no charge)
 - DDA Waste Carts Stay In-House (no charge)
- Commercial Recycling Dumpsters
 - City Crews Using Front Load Trucks
- Commercial Recycling Curb-Carts
 - Recycle Ann Arbor Under Contract to City
- Infrastructure Capital Recovery
 - MRF Upgrades and New Transfer Station



Commercial Recycling "Bottom Line" Financials



Resource
Recycling
Systems

- Financial Goals
 - Neutral/Positive Impact on City Enterprise Fund
 - Reduce Costs for Business While Increasing Service
 - Reach 50% Commercial Recycling

	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
RETURN TO FUND BALANCE					
Waste Collection Contract	\$ 435,785	\$ 806,330	\$ 1,140,201	\$ 1,421,863	\$ 1,508,128
Drop City Front Load Commercial	\$ 18,601	\$ 28,683	\$ 39,401	\$ 50,786	\$ 62,869
Dumpster Commercial Recycling	\$ 44,929	\$ 82,233	\$ 95,595	\$ 101,018	\$ 109,026
Curb-Cart Commercial Recycling	\$ (187,329)	\$ (432,752)	\$ (441,238)	\$ (452,421)	\$ (461,687)
Infrastructure Capital Recovery	\$ (159,958)	\$ (162,819)	\$ (248,194)	\$ (250,883)	\$ (253,328)
TOTAL RETURN	\$ 152,028	\$ 321,675	\$ 585,765	\$ 870,363	\$ 965,009
DEDUCT CAPITAL UTILIZATION	\$ 509,000	\$ 627,310	\$ 45,917	\$ 3,863	\$ -
NET RETURN TO FUND BALANCE	\$ (356,972)	\$ (662,607)	\$ (122,759)	\$ 743,741	\$ 1,708,750

- Five Key Program Areas Shown in Chart
- Accounts for Sunk Capital and New Capital
- Key is "Bottom Line" Net Return to Fund Balance
- Implementation Objective - Beat These Projections



Commercial Waste Franchise Collection Contract



Resource
Recycling
Systems

- Phases
 - Year 1 Ramp-Up
 - Year 2 Compliance Period
 - July 1, 2010 Target
- Disposal
 - Year 2 Landfill 18,331 Tons
 - Year 5 Landfill 14,334 Tons
- Accounts Include
 - Current Private Commercial
 - Subsidized City Commercial
- Vendor Pricing
 - 6% Higher than City Direct Cost
 - Includes Value Added Services
- Includes all Dumpster Rental

Waste Collection Contract	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Return to Fund Balance	\$ 435,785	\$ 806,330	\$ 1,140,201	\$ 1,421,863	\$ 1,508,128
Deduct Capital Utilization	\$ -	\$ -	\$ -	\$ -	\$ -
Net Return to Fund Balance	\$ 435,785	\$ 1,242,115	\$ 2,382,315	\$ 3,804,178	\$ 5,312,307

- City Customer Service bills accounts quarterly (prepay)
- City pays vendor after each month service
- Average rates will be >10% below market
- Rate includes charges for fixed costs/capital recovery
- Five Yr Net Return to Fund Balance is \$5,312,307



Commercial Waste City Front Load Eliminated



Resource
Recycling
Systems

- City Service Eliminated
 - Year 1 Phase Out
 - Transfer to Waste Contract
- Phase Out Subsidy
 - Year 1 Charge is Current \$39
 - Year 2 Charge is up to \$52
 - Year 3 Charge is up to \$80
- Phase Out Private Dumpsters
 - Dumpster Grading
 - Buy-out/Credit to Account
 - Use as Recycling Dumpsters?
 - New Charges include Rental
- Recycling Opportunity
 - Can use to Keep Costs Down

Drop City Front Load Commercial	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Return to Fund Balance	\$ 18,601	\$ 28,683	\$ 39,401	\$ 50,786	\$ 62,869
Deduct Capital Utilization	\$ -	\$ -	\$ -	\$ -	\$ -
Net Return to Fund Balance	\$ 18,601	\$ 47,284	\$ 86,685	\$ 137,471	\$ 200,340

- Up to 350 Dumpsters Transferred to Waste Contractor
- Multi-Family Front Load Stays in-House (with FL Recycling)
- One Truck/Driver Shifted to Dumpster Recycling Service
- Five Yr Net Return to Fund Balance is \$200,340



Commercial Recycling Recycling Dumpsters



Resource
Recycling
Systems

- Phases
 - Year 1 and 2 Ramp-Up
 - Year 3 Compliance Period
 - July 1, 2011 Target
- Diversion
 - Year 5 Diverts 8,134 Tons
 - 5 Yr Total = 32,016 Tons
- Year 1 Capital
 - 1 Current Shifted from Waste
 - 180 Dumpsters (salvage?)
- Year 2 Capital
 - Add One New Truck
 - 165 Dumpsters (salvage?)
- \$503,152 Total Capital

Dumpster Commercial Recycling	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Return to Fund Balance	\$ 44,929	\$ 82,233	\$ 95,595	\$ 101,018	\$ 109,026
Deduct Capital Utilization	\$ 144,000	\$ 320,960	\$ 38,192	\$ -	\$ -
Net Return to Fund Balance	\$ (99,071)	\$ (337,798)	\$ (280,395)	\$ (179,378)	\$ (70,352)

- Dumpsters are High Volume, Efficient, But Less Convenient
- Requires Redeployment of 2 FTE in First 2 Years
- Average Annual Return in Years 3 through 5 is \$101,880
- Total Net Cost over Five Years is \$70,352



Commercial Recycling Recycling Curb-Carts



Resource
Recycling
Systems

- Phases
 - Year 1 and 2 Ramp-Up
 - Year 3 Compliance Period
 - July 1, 2011 Target
- Diversion
 - Year 5 Diverts 7,013 Tons
 - 5 Yr Total = 28,792 Tons
- Year 1 Capital
 - One New Truck
 - 1,200 New Carts
- Year 2 Capital
 - One More New Truck
 - 900 New Carts
- \$577,938 Total Capital

Curb-Cart Commercial Recycling	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Return to Fund Balance	\$ (187,329)	\$ (432,752)	\$ (441,238)	\$ (452,421)	\$ (461,687)
Deduct Capital Utilization	\$ 290,000	\$ 276,350	\$ 7,725	\$ 3,863	\$ -
Net Return to Fund Balance	\$ (477,329)	\$ (1,186,430)	\$ (1,635,393)	\$ (2,091,676)	\$ (2,553,363)

- Curb-Carts are High Convenience and Effective
- Average Annual Cost in Years 3 through 5 is \$451,782
- Total Net Cost over Five Years is \$2,553,363



Commercial Recycling Infrastructure Capital Recovery



Resource Recycling Systems

- Commercial Recycling Upgrade
 - \$800,000 over Ten Years @ 5%
 - 100% Dedicated to Commercial
- Transfer Station Upgrade
 - \$1.5 Million over 15 Years @ 5%
 - 50% Dedicated to Commercial
- Single Stream Upgrade
 - \$3.5 Million over 10 Years @ 5%
 - 25% Dedicated to Commercial
- Year 1 Capital
 - \$75,000
 - IT/Web/Re-TRAC
- Year 2 Capital
 - \$30,000
 - IT/Web/Re-TRAC
- \$105,000 New Capital

Infrastructure Capital Recovery	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Return to Fund Balance	\$ (159,958)	\$ (162,819)	\$ (248,194)	\$ (250,883)	\$ (253,328)
Deduct Capital Utilization	\$ 75,000	\$ 30,000	\$ -	\$ -	\$ -
Net Return to Fund Balance	\$ (234,958)	\$ (427,777)	\$ (675,971)	\$ (926,854)	\$ (1,180,182)

- Total Net Charges over Five Years of \$1,180,182



Commercial Recycling Net Financial Summary



Resource
Recycling
Systems

- Five Yr Net Return to Fund Balance of \$1,708,750
- Includes Capital Outlay of \$1,286,090

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- Hits Program Goals especially in Key Areas:
 - Achieves 50% Commercial Diversion
 - Private Accounts on Average will Reduce Costs
 - All Accounts will Increase Service Features/Service Quality
- Net Return Provides Contingency on Program Variables
- Implementation Objective - Beat These Projections

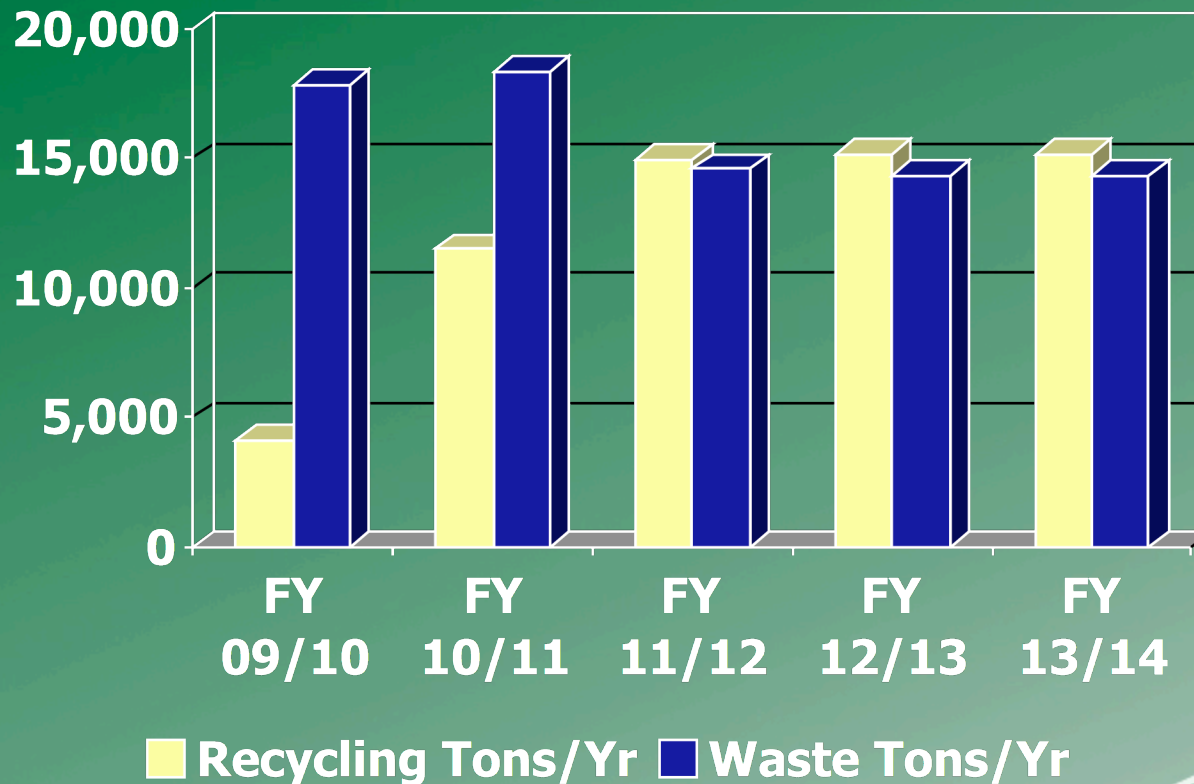


Commercial Recycling Reaching 50% Diversion



Resource
Recycling
Systems

- Chart Shows Rapid Growth in Recycling Diversion
- Waste Transitions into System in Year 1, then is Recycled





Vendor Selection for Recycling Friendly Franchise



Resource
Recycling
Systems

- **Competitive Procurement**
 - Detailed work specifications
 - Binding contract with liquidated damages
 - Business representatives involved
- **Waste Management Recommended**
 - Excellent proposal and pricing
 - Strongest service provider in the area
 - Strong track record locally
 - Long history of serving the region



Commercial Waste Preliminary Rate Estimates



Resource Recycling Systems

- Rates will be set as provided for in Ordinance
- Rate formula includes direct costs, management, capital

REFUSE DUMPSTER MONTHLY RATES 1 X PER WEEK

SIZE	50,000	Unit
2 CY Wheeled Dumpster	\$ 69.64	PER MONTH
2 CY Dumpster	\$ 68.38	PER MONTH
4 CY Wheeled Dumpster	\$ 84.85	PER MONTH
4 CY Dumpster	\$ 83.60	PER MONTH
6 CY Dumpster	\$ 99.63	PER MONTH
8 CY Dumpster	\$ 114.41	PER MONTH
6 CY Vert-i-pack	\$ 309.42	PER MONTH
8 CY Vert-i-pack	\$ 358.99	PER MONTH

- Final Rate Schedule reflects service variables
 - Type/density of waste, frequency, added services, etc.
- Adopted by City after ordinance approval



Commercial Waste Market Comparison



- Survey Results Show Savings from 10% to 80%

SAMPLE COMPARISON OF MONTHLY RATES FOR TYPICAL USERS BEFORE RECYCLING

SIZE/FREQUENCY	TYPE OF CUSTOMER	CURRENT	NEW	% SAVING	ANNUAL SAVING
8 CY Dumpster 1 time/week	Well known local restaurant	\$ 155.00	\$ 114.41	26.19%	\$ 487.08
2 CY Dumpster 1 time/week	Local flower shop	\$ 107.49	\$ 68.38	36.38%	\$ 469.32
6 CY Dumpster 2 times/week	Local electric trade shop	\$ 196.00	\$ 179.34	8.50%	\$ 199.92
6 CY Dumpster 1 time/week	Local bank	\$ 242.00	\$ 99.63	58.83%	\$ 1,708.44
Two 6 CY Dumpsters 1 time/week	Office complex	\$ 890.72	\$ 199.26	77.63%	\$ 8,297.52
6 CY Dumpster 1 time/week	Local sports retail	\$ 155.00	\$ 114.41	26.19%	\$ 487.08
8 CY Dumpster 1 time/week	Local transportation company	\$ 200.00	\$ 114.41	42.80%	\$ 1,027.08
8 CY Dumpster 2 times/week	National Hotel (see note #1)	\$ 161.00	\$ 205.94	-27.91%	\$ (539.28)
4 CY Dumpster 3 time/week	Kerrytown Area Prop Mgr	\$ 267.00	\$ 135.43	49.28%	\$ 1,578.82
Two 6 CY Dumpsters 1 time/week	Briarwood Area Office	\$ 273.57	\$ 199.26	27.16%	\$ 891.72

Notes:

#1: A national chain that could apply for exemption from franchise hauler service but would still need to recycle



Commercial Waste Recycling Lowers Costs



- All Accounts Can Lower Costs by Recycling
- Enables Savings from Reduced Waste Services
- Accounts with Competitive Rates Save by Recycling

SAMPLE COMPARISON OF MONTHLY RATES FOR TYPICAL USERS BEFORE/AFTER RECYCLING

SIZE/FREQUENCY	TYPE OF CUSTOMER	CURRENT	NEW	% SAVING	ANNUAL SAVING
Two 4 CY Dumpsters 5 time/week	Local campus party store	\$ 600.00	\$ 305.47	49.09%	\$ 3,534.36
- Reduce to (1) 4 CY 3 time/week	Same store with recycling	\$ 600.00	\$ 119.43	80.10%	\$ 5,766.84
8 CY Dumpster 2 times/week	Local Electric Trade Shop	\$ 320.00	\$ 205.94	35.64%	\$ 1,368.72
- Reduce to 6 CY 1 time/week	Same with recycling	\$ 320.00	\$ 99.63	68.87%	\$ 2,644.44
8 CY Dumpster 2 times/week	National Hotel (see note #1)	\$ 161.00	\$ 205.94	-27.91%	\$ (539.28)
- Reduce to 6 CY 1 time/week	Same with recycling	\$ 161.00	\$ 99.63	38.12%	\$ 736.44
6 CY Dumpster 1 time/week	Local bike store	\$ 77.00	\$ 99.63	-29.39%	\$ (271.56)
- 50% of 6 CY Dumpster 1x/wk	Same with recycling	\$ 77.00	\$ 49.82	35.31%	\$ 326.22

Notes:

#1: A national chain that could apply for exemption from franchise hauler service but would still need to recycle



Commercial Recycling Key Program Variables



Resource
Recycling
Systems

- City Work Force - "Zero Net Impact" Goal
 - Dumpster recycling will absorb up to 2 FTE in next 2 Yrs
 - Transferring City commercial waste collection = 1 FTE
 - Transferring DDA Recycling to RAA = 2nd FTE
 - Meets goal of maintaining stable FTE within Service Area
- Program Administration Costs
 - \$200,000+ is allocated annually
 - In admin, customer service and systems planning line items
 - In-house vs contract out options given "zero net impact" goal
- Customer Service Day to Day
 - Strong "oversight" role for City
 - Contractors lead on day to day field deployment
 - Work closely with City field ops
 - Real Time Cityworks/billing system link with downloads



Commercial Recycling Key Implementation Variables



Resource
Recycling
Systems

- Two Year Phasing of Recycling Ramp-up
 - Field roll-out by geographic zone
 - DDA, Briarwood/South and Washtenaw/Packard/Southeast
 - Plymouth/Northeast and West Stadium/Northwest
 - Plus demand/response for early compliance
 - Plus immediate transfers from waste haulers
 - Year 3 (starts July 1, 2011) will respond to late adopters
- Phasing is Key Ordinance Provision
 - July 1, 2011 in draft ordinance as “Compliance Day”
 - Education and “No Penalty” notice of violation Prior to
 - Actual enforcement with penalties after that date
 - Owners and managers must arrange for service
 - Separation of recyclables from waste is required
 - Applies to occupant as well as owner/manager



Commercial Recycling Key Ordinance Features



Resource
Recycling
Systems

- **Exclusive Commercial Waste Contracting**
 - Enables City to provide service via contract or in-house
 - Allows for specific exemptions (e.g. national account)
 - Exemption must be documented yearly
 - Requires exempt facility to use licensed hauler
 - City Administrator can revoke license for default
- **Designated Facilities to Direct Waste to Transfer Station**
 - Critical to integrity of financial model
- **Recycling Requirements**
 - City will provide recycling system
 - Correct use guarantees compliance with ordinance
 - Requires Recycling Plan and Recycling Reporting if exempt
 - Exemption must be documented yearly
 - Provides administrative approval of dumpster locations
 - New site plans must meet recycling requirements



Convenient “Easy to be Green” Program Features



Resource
Recycling
Systems

- Recycling Containers Delivered to Business Door
- “Recycling Friendly” Waste Service to Fit Needs
- Basic “How to” Instructions/Posters/Flyers, etc
 - Available On-Line (PDF) and Hard Copy, Multi-Lingual Options
 - Tailored to Different Environments (Restaurant, Office, etc.)
 - Includes E-Mail Communication and Alerts
- Customer Service a Phone Call/Email Away
 - Same Day Response in Most Cases, 24 hr Turnaround Max
 - Contract Management Service Comes with Program
- Incentives, Rewards and Technical Assistance
 - RecycleBank, WasteKnot, Certifications, Chamber Green?
 - RAA “Zero Waste” Waste Reduction Campaign
 - On-Line Record-Keeping and Reporting Tools (Re-TRAC)



Commercial Recycling Key Growth Opportunities



Resource
Recycling
Systems

- Partners for Innovation for Program Growth
 - Recycle Ann Arbor(RAA)/FCR/City for single stream pilots
 - RecycleBank for recycling rewards system
 - City/RAA/corporate sponsors for commercial organics
 - City/RAA/Calverts for construction/demolition expansion
- Partners for Value Added Special Services
 - Service adds
 - Container orders
 - E-Scrap and lamp recycling
 - Organics and C&D recycling
 - Confidential document shredding/recycling
 - Special materials recycling
 - Others as available



Commercial Recycling Review Process Underway



- **Business Community Outreach Campaign**
 - Merchant Associations and Chamber of Commerce
 - Downtown Development Authority
 - Targeted one on one review sessions
 - Business “friends recruiting friends”
 - Broader PR campaign for to get the word out
- **Drop-in Information Fairs**
 - Tuesday, Nov. 18th, 7:30 to 10 am, City Council Chambers
 - Wednesday Nov. 19th, 5 to 6:30 pm at Community TV Network
 - Wednesday, Dec. 3rd, 7:30 to 10 am, City Council Chambers



Commercial Recycling Moving Forward



Resource
Recycling
Systems

- Commercial Recycling Advisory Committee
 - Discussion/Outreach Kick-off held on October 20th
 - Final Action Meeting November 20
- Environmental Commission
 - Briefing held on Thursday, October 23rd Meeting
 - Action Item at December 4th Meeting
- City Council
 - Small Group Briefing Sessions in November
 - City Council Consideration January 5th, 2009
 - Action items
 - Approve Plan w/ Direction to City Administrator
 - Approve Waste Collection Contractor
 - Begin Ordinance Approval Process