



TO: Mayor and City Council

FROM: Howard S. Lazarus, City Administrator

DATE: September 12, 2017

SUBJECT: Solid Waste/Recycling Program Area Status Updates

PURPOSE: This memo provides information and status updates on various projects and program efforts of the City in the Solid Waste Fund program areas.

Immediate Work at the Material Recovery Facility (MRF)

As has been previously reported, there was a fire event at the MRF on Tuesday, August 8, 2017. The fire investigation did not identify a clear cause of the fire, but identified multiple possible causes, including spontaneous combustion of accumulated materials inside the facility, and friction due to the baler feed conveyor and the waste material in and around the conveyor.

In addition, it was noted by the City that the steel push wall inside the MRF adjacent to the tip floor where the recyclable material from the collection trucks is unloaded has been dislodged from its structural supports and damaged in multiple locations presenting a safety concern for staff. A structural inspection of the push wall has been performed by a structural engineer indicating the repairs that need to be made to the wall. The condition of the wall and the need to not operate adjacent to it has allowed for the accumulation of additional material to occur in proximity to the wall.

Since the fire incident City staff have been providing a "fire monitor" (a staff member from Public Services or the Safety Unit) during operations until all accumulated material can be removed from the facility. In addition, staff has solicited quotes from contractors to provide services to remove the waste material and dust that has accumulated in the facility to mitigate this identified fire hazard, as well as quotes to repair the damaged steel push wall.

In order to remove the hazards that the waste material and dust accumulation as well as the push wall condition present to the facility and its operations as soon as possible, I have approved emergency contracts for the services necessary to address these conditions as allowed under City Code Section 1:317. Resolutions to ratify these service purchase orders will be presented to City Council at the next available meeting. In addition, as operations at the MRF need to be suspended during this work, a resolution

seeking authorization of a purchase order with the Western Washtenaw Recycling Authority to provide recycling processing services during this period will be presented at this same meeting.

Potential Upcoming Work at the Material Recovery Facility (MRF)

Another aspect of the response to the fire incident and review of the facility is that City staff determined that the conveyor system that feeds the baler at the facility cannot be safely operated at this time. The baler was being used by the MRF operator, Recycle Ann Arbor (RAA) to bale and transload commercial recyclable material under their “hybrid” method of operations included in the Interim Operations Contract. As a result, since the date of the fire RAA has been operating at the MRF using the original (100%) “loose loading” method of operations included in its contract. Though the loose loading method is more costly to the City than the hybrid method, it is the only method that can be performed safely at this time.

To determine if the baler is able to be operated once again, the existing baler feed conveyor will be inspected following the waste removal and clean-up work to determine if the conveyor is repairable, and if so at what cost. In addition, staff will be examining the costs to replace the conveyor with a new unit. With this information, staff will examine the economic impacts of repairing or replacing the baler feed system to enable returning the baler to operation and allow RAA to once again use their Hybrid method of operation, versus continuing to have RAA perform 100% loose load operations under the terms of the Interim Operations Contract.

Future of Solid Waste Fund

Collections

There are multiple programs and contracts within the City of Ann Arbor dealing with various aspects of solid waste, recycling and compost/yard waste. This outline shows six of these operations, with the primary focus on the collection programs for trash, recycling and compost/yard waste.

The table below lists each of the **current collection** services.

Service	Provider
1 & 2 Family Residential Trash Collection	City Staff
Multi-Family Residential Trash Collection	City Staff (primary) and Contractor
Commercial Trash Collection	Contractor (primary) and City Staff
1 & 2 Family Residential Recycle Collection	Contractor
Commercial Recycling Collection	Contractor and City Staff
Residential Compost/Yard Waste	City Staff

The table below expands on the table above illustrating the corresponding staffing and equipment currently utilized for each service:

Service	Equipment	Staffing
1 & 2 Family Residential Trash Collection	7 City-Owned Trucks	1 Supervisor, 7 City Employees, and 1 temporary employee
Multi-Family Residential Trash Collection	1.5 City Trucks, plus Commercial Contractor vehicles	1.5 City Employees, and Contractor's Staff
Commercial Trash Collection	1 City Truck, plus Commercial Contractor vehicles	1 City Employee, 1 temporary employee, and Contractor's Staff
1 & 2 Family Residential Recycle Collection	10 City-Owned Trucks*	Contractor's Staff
Commercial Recycling Collection	1.5 City Trucks plus a portion of the 10 Trucks listed above	1.5 City Employees, and Contractor's Staff
Residential Compost/Yard Waste	3 City Trucks, plus 8 Leased Trucks in the Fall**	3 City Solid Waste Employees; plus an additional 12 Street Maintenance and temporary Staff in the Fall

*The 10 trucks used by Recycle Ann Arbor to provide recycling pickup are owned and maintained by the City of Ann Arbor

**Though 8 trucks are desired in the Fall, recent experience is that limited supply has only allowed for 4-6 to be utilized

Recycle Ann Arbor provides recycling services by contract, using city owned vehicles with the direct costs for operation and maintenance paid by the City. The average annual direct cost to the City for operation and maintenance is \$30,000 per vehicle, and does not include repairs made by Recycle Ann Arbor and billed in their monthly invoice to the City.

Waste Management provides the commercial/multifamily trash collection services using their own staff and vehicles.

The City has 33 vehicles used in the delivery of these services; 25 are owned and eight are leased seasonally. The average vehicle cost is \$335,000 per vehicle, resulting in the replacement costs of City owned vehicles being \$8.4 million. Vehicle maintenance is performed by the City.

As the table indicates, more than one entity provides varying types of services throughout the city making it difficult for the customer to understand who is providing the service. The collection method and provider for many of the commercial and multifamily accounts were determined over time on a case-by-case basis, creating today's inconsistent, complex and inefficient collection program. The multiple contractual agreements impede the City's ability to make changes to improve service delivery. Many locations pose a safety hazard for drivers due to restrictions with the current fleet and service arrangement. Multiple trucks traverse the same routes and enter alleys, creating stress on road infrastructure. City staff turnover in this work area is high, and the City often struggles to secure enough qualified workers and equipment to provide exemplary service delivery.

Material Recovery Facility (MRF)

The City's Material Recovery Facility (MRF) is currently operated by Recycle Ann Arbor (RAA) under an Interim Operations Contract awarded by City Council (R-17-210) on June 6, 2017. This contract has a one-

year term until June 30, 2018, with a provision that the City can extend it for up to two additional six-month periods. RAA began operations at the MRF on July 1, 2017.

At this time, the MRF is not operational as a sorting facility. The MRF is only functioning as a transfer station to transport loaded recycled materials to other sorting facilities.

The current configuration of the conveyor system and sorting equipment creates a safety concern when performing the required daily maintenance and cleaning of the equipment. The lack of safe access to perform equipment maintenance, coupled with the equipment's condition and age, result in the need to replace the existing equipment. Additionally, the current building size would not accommodate current industry standard equipment with a configuration that allows adequate maintenance access.

The City has had two firms review the condition of the MRF and its equipment. Both firms, CP Manufacturing and Waste Management, have stated that due to the current equipment condition and its existing configuration, it is unreasonable to restart the MRF as a sorting facility using the existing equipment.

The future of the MRF will be determined as the process of establishing regional recycling is developed. If regional recycling moves forward, this location could be a future site for a new MRF and/or a drop-off center.

Drop-Off Station (DOS)

Another area of the regional recycling efforts is the Drop-Off Station (DOS) on Ellsworth Road. Recycle Ann Arbor (RAA) operates the facility with the City of Ann Arbor providing the facility. Decades ago, the facility was constructed partially on landfill and is now suffering differential settlement, and at some point will not be useable.

As more than half of the users of the DOS are not city residents, the future of a DOS near this location has been considered as part of the recently completed *Waste Diversion Site Feasibility Study; An Assessment of Recovery Facilities to Manage Recycling*, a combined effort by the Washtenaw County Board of Public Works and the City. Depending on the timing between the implementation of the recommendations in the County's plan and the settlement of the building, the DOS may need to be relocated or closed. In the short-term, in addition to recurring repairs to the structure due to its on-going differential settlement, some of the building's electrical components and plumbing services must be disconnected and a temporary trailer rented to safely provide office space for employees at the site.

Compost Facility

In 2010, the City outsourced the operation of the City's compost facility to gain efficiency improvements and cost savings in this program area. The site is currently operated by WeCare Denali (formerly known as WeCare) under a contract that will expire on January 28, 2018. The City has issued RFP #17-25 seeking a contractor to operate the Compost Center when the current contract expires. The proposed contract in the RFP is for a five-year term period, with the City reserving the option to extend the contract term for up to two additional five-year periods. The proposals in response to the RFP were received on Friday, September 1, 2017. It is anticipated that a resolution to award the contract to the selected contractor will be brought to City Council in November, 2017.

Strategy

The strategy going forward is to rationalize the differing methods of service delivery. The goal being to gain efficiency improvements and cost savings as was gained from the outsourcing of the compost facility operations, as well as an improved level of service realized by the customers. The approach will be to have as few collection service providers as possible, consolidating contracts and increasing the quality and pricing of services. Having multiple rate structures and contractual agreements complicates the City's ability to make changes. These challenges must be considered and built into a strategy to improve service delivery.

Initial considerations by staff have centered around combining all on street/alley pickups into a single contract. That would mean solid waste, recycling and compost collection would be combined into a single contract to provide these services, including the necessary vehicles. This would allow the bidder to have enough vehicles and staff engaged in the contract with flexibility for seasonal variations. A single contract would save on the duplication of contract management costs and allow for a single point of contact for contract issues. This could be accomplished on June 30, 2019 when the Commercial Collection contract expires and by extending the Recycle Ann Arbor collection services contract by one year to match the June 2019 date.

The City would prepare for the conversion by not filling vacant permanent positions as they occur; but instead through the use of temporary employees. This would occur not only in solid waste, but in other infrastructure positions; thus creating openings for displaced employees.

The next step is to determine the anticipated costs resulting from one contract for all collection services, and the net impacts to the Solid Waste Fund going forward from that point.

Attached is the current anticipated timeline schedules for these various efforts in the solid waste program areas.

