RESIDENTIAL TRASH & RECYCLING SERVICES UPDATE

City Council Meeting
June 7, 2022
PROPOSED PATHWAY

Discuss Residential Services

Agreement Renewal

Communication & Timeline
Manual trash collection is being phased out

Aug-Dec 2021
Council Committee reviews contract and waste industry trends.

Jan-March 2022
7 public meetings & resident communication campaign.

April-June 2022
Proceed with negotiating automated residential trash collection.

Aug 7, 2022
Current agreement expires.
RESIDENT COMMUNICATION

- **3** video PSAs
  - nearly **75,000** views
  - Instagram video reel reached
    nearly **14,000** users
- **71** social media posts
- Townhalls
  - In-person – nearly **150** residents
  - Telephone – about **2,000** residents
- **trashpickup@arlingtontx.gov** - nearly **60** emails
  - **www.arlingtontx.gov/trashpickup** - **4,102** views
- About **30** FAQs
## RESIDENT COMMENTS

<table>
<thead>
<tr>
<th>COMMENT</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why are we changing to carts?</td>
<td>Manual collection phasing out; labor source unreliable.</td>
</tr>
<tr>
<td>1/wk pickup is decrease in service.</td>
<td>All trash will still be collected. - Brush/bulk collected weekly. - Option for 2\textsuperscript{nd} cart at extra cost.</td>
</tr>
<tr>
<td>95-gallon carts are too big, difficult to move and store.</td>
<td>65-gallon carts will be an option. City reviewing ordinance options for outside storage.</td>
</tr>
<tr>
<td>Trash carts will cause odors.</td>
<td>Using trash bags is recommended, but not required.</td>
</tr>
<tr>
<td>Blue trash carts have high visibility.</td>
<td>Option to select different color(s).</td>
</tr>
<tr>
<td>Bid the agreement.</td>
<td>Transition to automation first, then consider bidding.</td>
</tr>
</tbody>
</table>
AGREEMENT RENEWAL

- City requested the following from Republic:
  - 1x/wk and 2/wk trash collection costs
  - ensure proposed costs reflect capital costs for agreement term only, not full value of assets
  - proposal for 2-year transition plus 5-year, 6-year, and 8-year renewal options
PROPOSED INVESTMENT

First 2 Transition Years: Manual Collection

- 37 routes and drivers
- 50 helpers

Future Years: Automated Collection

- 37 routes and drivers
- 48 routes and drivers

Republic’s costs*

$ 6.5 M carts
+ $15.5 M automated trucks

$22 M initial cost

*$2 M savings in labor costs which is offset by $2 M increased depreciation of vehicles and carts.
RESIDENTIAL OPERATING COST TRENDS

Manual Collection

Automated Collection

Labor

Equipment

Depreciation

Other

Transitioning to automation is about 18 – 24 months process. Options are:

(1) 2 years of manual collection + 5 years automated collection
(2) 2 years of manual collection + 6 years automated collection
(3) 2 years of manual collection + 8 years automated collection

* Updated on 6/8/2022 to correctly show 1 helper on future brush/bulk pick up routes.
1. Highest rate increase in 2022 due to increased operating costs and proposed restructure of recycling pricing and City rebate.
2. Oct. 2023 rate increase based on forecast; financial analysis in May 2023 determines actual change.

<table>
<thead>
<tr>
<th>Service</th>
<th>Oct. 2021</th>
<th>Oct. 2022&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Oct. 2023&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Oct. 2024&lt;sup&gt;2-Yr + 5 Yrs&lt;/sup&gt;</th>
<th>Oct. 2024&lt;sup&gt;2-Yr + 6 Yrs&lt;/sup&gt;</th>
<th>Oct. 2024&lt;sup&gt;2-Yr + 8 Yrs&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Trash + Bulk/Brush</td>
<td>$10.34</td>
<td>$11.69</td>
<td>$12.13</td>
<td>$12.61</td>
<td>$12.43</td>
<td>$12.25</td>
</tr>
<tr>
<td>Residential Recycling</td>
<td>$4.02</td>
<td>$6.52</td>
<td>$6.77</td>
<td>$7.04</td>
<td>$6.94</td>
<td>$6.84</td>
</tr>
<tr>
<td>5% Franchise Fee</td>
<td>$0.72</td>
<td>$0.91</td>
<td>$0.95</td>
<td>$0.98</td>
<td>$0.97</td>
<td>$0.95</td>
</tr>
<tr>
<td>Billing</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
</tr>
<tr>
<td>Storm Cleanup Fee</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
<tr>
<td>8.25% Sales Tax</td>
<td>$1.28</td>
<td>$1.58</td>
<td>$1.64</td>
<td>$1.70</td>
<td>$1.68</td>
<td>$1.65</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$16.74</td>
<td>$21.08</td>
<td>$21.86</td>
<td>$22.71</td>
<td>$22.40</td>
<td>$22.08</td>
</tr>
</tbody>
</table>

| Additional Trash Cart Rate | N/A       | N/A                    | N/A                    | $6.31                            | $6.22                            | $6.13                            |
| Additional Recycle Cart Rate | $1.84    | $3.18                  | $3.30                  | $3.52                            | $3.47                            | $3.42                            |

| 2x/wk Trash + Bulk/Brush | $25.70    | $25.40                 | $25.10                 |                                   |                                   |                                   |
### Monthly Rate Comparison

#### Manual Collection

- **Oct. 2021**
  - Total: $14.36
  - Residential Trash + Bulk/Brush: $10.34
  - Residential Recycling: $4.02

- **Oct. 2022**
  - Total: $18.21
  - Residential Trash + Bulk/Brush: $11.69
  - Residential Recycling: $6.52

- **Oct 2023**
  - Total: $21.86
  - Residential Trash + Bulk/Brush: $12.13
  - Residential Recycling: $9.73

#### Automated Collection Term Options

- **Oct. 2024: 2 Yr + 5 Yrs**
  - Total: $22.71
  - Residential Trash + Bulk/Brush: $12.61
  - Residential Recycling: $7.04

- **Oct. 2024: 2 Yr + 6 Yrs**
  - Total: $22.40
  - Residential Trash + Bulk/Brush: $12.43
  - Residential Recycling: $6.94

- **Oct. 2024: 2 Yr + 8 Yrs**
  - Total: $22.08
  - Residential Trash + Bulk/Brush: $12.25
  - Residential Recycling: $6.84

### Additional Charges
- **8.25% Sales Tax**
- **5% Franchise Fee**
- **Storm Cleanup Fee**

### Totals

- **Oct. 2021 Total**: $16.74
- **Oct. 2022 Total**: $21.08
- **Oct 2023 Total**: $21.86
- **Oct. 2024: 2 Yr + 5 Yrs Total**: $22.71
- **Oct. 2024: 2 Yr + 6 Yrs Total**: $22.40
- **Oct. 2024: 2 Yr + 8 Yrs Total**: $22.08

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**Note:** The chart includes a breakdown of charges for Manual Collection and Automated Collection Term Options, showcasing the cost increments for each service over the specified months. The rates are adjusted for additional charges such as sales tax and franchise fee.
Republic takes on risk of market for clean recyclables
• use sales revenue from clean recyclables for processing costs
• any shortfalls requested in following year’s rate proposal.
• Any revenue beyond costs, City receives a percentage.
• April 2021 first time since start of agreement that revenue generated greater than costs.

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2021</td>
<td>$ 5,171</td>
</tr>
<tr>
<td>May 2021</td>
<td>$ 9,885</td>
</tr>
<tr>
<td>June 2021</td>
<td>$ 21,250</td>
</tr>
<tr>
<td>July 2021</td>
<td>$ 24,767</td>
</tr>
<tr>
<td>Aug 2021</td>
<td>$ 24,643</td>
</tr>
<tr>
<td>Sept 2021</td>
<td>$ 23,612</td>
</tr>
<tr>
<td>Oct 2021</td>
<td>$ 23,849</td>
</tr>
<tr>
<td>Nov 2021</td>
<td>$ 23,769</td>
</tr>
<tr>
<td>Dec 2021</td>
<td>$ 16,583</td>
</tr>
<tr>
<td>Jan 2022</td>
<td>$ 18,706</td>
</tr>
<tr>
<td>Feb 2022</td>
<td>$ 15,063</td>
</tr>
<tr>
<td>March 2022</td>
<td>$ 26,304</td>
</tr>
<tr>
<td>April 2022</td>
<td>$ 23,283</td>
</tr>
</tbody>
</table>

Total to date $ 256,885
Monthly Average $ 19,761
RECYCLING REBATE PROPOSAL

• Republic shifts risk of fluctuating market for clean recyclables.
• New monthly rate covers actual cost of recycling.
• City would receive 90% of projected rebate, about $1.2 M.

• Options include:
  • Keep rebate structure as it currently is.
  • Agree to new structure and apply rebate to residential recycling rate for a one-time/single year reduction of about $0.95.
Annual price adjustment to align with either:

- fixed 4%.

<table>
<thead>
<tr>
<th>Year</th>
<th>Change from May – April</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.88%</td>
</tr>
<tr>
<td>2010</td>
<td>4.78%</td>
</tr>
<tr>
<td>2013</td>
<td>3.83%</td>
</tr>
<tr>
<td>2016</td>
<td>2.13%</td>
</tr>
<tr>
<td>2019</td>
<td>3.14%</td>
</tr>
<tr>
<td>2022</td>
<td>2.63%</td>
</tr>
</tbody>
</table>

Graph showing yearly percentage change from May – April from 2007 to 2022.
COMMERICAL ROLL-OFF

• Currently flat rate that includes hauling + disposal up to 5 tons.
  • Additional tons are charged the disposal rate per ton.
• Change to $250 flat haul rate for open top containers and $300 haul rate for compactors.
  • Charge for actual tonnage at new disposal tonnage rate.
  • Increase delivery fee from $53.34 to $105 to cover actual costs of deliveries.
## PROPOSED RATE CHANGES

<table>
<thead>
<tr>
<th>Container (assuming 3 tons)</th>
<th>Current Rate (5-ton minimum)</th>
<th>Proposed</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-yd open top – haul</td>
<td>$280.80</td>
<td>$250 + ($34.61 \times 3) = $353.83</td>
<td>26%</td>
</tr>
<tr>
<td>30-yd open top – haul</td>
<td>$301.71</td>
<td>$250 + ($34.61 \times 3) = $353.83</td>
<td>17%</td>
</tr>
<tr>
<td>40-yd open top – haul</td>
<td>$338.81</td>
<td>$250 + ($34.61 \times 3) = $353.83</td>
<td>4%</td>
</tr>
<tr>
<td>30-yd packer – haul</td>
<td>$327.97</td>
<td>$300 + ($34.61 \times 3) = $403.83</td>
<td>23%</td>
</tr>
<tr>
<td>35-yd packer – haul</td>
<td>$346.55</td>
<td>$300 + ($34.61 \times 3) = $403.83</td>
<td>17%</td>
</tr>
</tbody>
</table>
PROPOSED RATE CHANGES  
(PRICE PER HAUL, ASSUMING 3 TONS)

<table>
<thead>
<tr>
<th>Container Type</th>
<th>Current Charge</th>
<th>Proposed Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-yd open top</td>
<td>$260</td>
<td>26%</td>
</tr>
<tr>
<td>30-yd open top</td>
<td>$310</td>
<td>17%</td>
</tr>
<tr>
<td>40-yd open top</td>
<td>$360</td>
<td>4%</td>
</tr>
<tr>
<td>30-yd packer</td>
<td>$375</td>
<td>23%</td>
</tr>
<tr>
<td>35-yd packer</td>
<td>$375</td>
<td>17%</td>
</tr>
</tbody>
</table>

Current Industrial Revenue Distribution:
- 20 yd = 4%
- 20 yd compactor or packer = 6%
- 30 yd = 40%
- 25-30 yd compactor or packer = 18%
- 40 yd = 15%
- 35-40 yd compactor or packer = 17%
ADDITIONAL CONSIDERATIONS

- City buy-out of trash carts remaining value at end of renewal term.
- Trash carts branded with the City logo; not company logo.
- Review trash cart color options that better blend into neighborhood environment.
- Liquidated damages for incomplete or delayed routes.
- Use technology to allow residents to track trash pickup.
- Options, including to terminate, if Republic offers or renews agreements with other cities for manual trash collection.
- City Internal Auditor’s Office to review basis of proposed rates.
## NEXT STEPS

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 28, 2022</td>
<td>Continue discussion</td>
</tr>
<tr>
<td>Aug 2, 2022</td>
<td>Council approval to finalize negotiation and execute agreement extension</td>
</tr>
</tbody>
</table>
DISCUSSION