



Lake Havasu City

Lake Havasu City
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Legislation Details (With Text)

File #: ID 17-1135 **Version:** 1 **Name:**

Type: Informational Item **Status:** Agenda Ready

File created: 3/17/2017 **In control:** City Council Work Session

On agenda: 3/28/2017 **Final action:**

Title: Residential Solid Waste Collection and Recycling Service Options

Sponsors: Administrative Services Department, Tabatha Miller

Indexes:

Code sections:

Attachments:

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COUNCIL COMMUNICATION

TO: Honorable Mayor and Council

FROM: Tabatha Miller, Administrative Services Director

SUBJECT:
Residential Solid Waste Collection and Recycling Service Options

FUNDING SOURCE:
Refuse Fund

PURPOSE:
Provide the City Council an update on the status of Responses to the City’s Request for Solicitation for Solid & Bulk Waste Collection and Disposal Services including Recycling and Green Waste Services and receive direction on a preferred service option.

BACKGROUND:
Currently, all City solid waste, both commercial and residential, is collected by Republic Services under a long-standing exclusive agreement with Lake Havasu City. The solid waste is disposed of at the City’s landfill, which is also operated by Republic Services. Under the current collection agreement, no landfill fees are charged for residential or commercial solid waste generated by the collection contract. Both agreements expire on June 30, 2017. A six-month extension of the residential trash service agreement and a one-year extension of the landfill operation agreement were recently executed to provide additional time to develop a long-term solution for both of these services.

In December, 2016, the City issued a Request for Proposals (RFP) soliciting responses for providing residential solid waste services, including bulk waste, recycling and green waste collections and disposal. In compliance with state law, on July 1, 2017, commercial and multifamily waste collection services will become private and outside the City's process. Republic Services was the only respondent to the City's RFP for residential trash services.

The City's RFP assumed several business changes to how residential trash service is provided and charged:

1. Billing and administration will be handled by the service provider (Republic) and the City will no longer receive administrative fees for this service. This allows the City to exclude the contracted services expenditure from the Expenditure Limitation.
2. The City will establish a requirement that all businesses and residences have regular trash service. Because, residential trash service is currently tied to residential water service.
3. Waste generated within the City limits from residential and commercial service will be charged tipping fees at the City's landfill. Under the current contract with Republic to operate the landfill, the City receives fifty (50) percent of the fees generated. The City anticipates issuing a RFP for landfill operations this year and the future fee split will be part of those contract terms.

The City's extended franchise agreement will expire on December 31, 2017. Unlike commercial services, state law allows the City to continue to grant a provider an exclusive right to collection and disposal of residential solid waste and recycling. Republic Services provided the City with pricing for residential service options. In general terms, there are three options for residential services:

1. Extension of the Existing Services by Republic. Residential households would continue to provide their own trash containers and upon request would receive the 5-gallon recycle containers for optional recycling. Billing and collection services would be assumed by Republic and not the City.
2. Republic's Recommended Automated Service. Residential households would be provided a 96-gallon solid waste cart and a 96-gallon recycling cart. The carts will have wheels for maneuvering, an attached lid to limit stray waste and be emptied by automated trucks. The larger recycling carts should encourage more recycling and less waste to be delivered to the City's landfill. Single stream recycling would be processed by the Republic Services facility in Las Vegas, Nevada. Billing and collection services would be assumed by Republic. *An example of the automated truck and 96-gallon carts will be on display outside the City Council Chambers.*
3. No City Franchised Trash Service. The City could let the existing agreement expire and not grant an exclusive right to residential solid waste collection service. The result will be similar to the commercial service, in that providers can decide what services to offer and what fees to charge based on market conditions. The market could be served by multiple providers and residents would choose their service and provider. Any restrictions or requirements on providers would need to be administered through City licensing requirements.

COMMUNITY IMPACT:

Reliable and affordable solid waste and recycling services supports and encourages a safe, clean and inviting environment. Available service options discourage illegal dumping and disposal of waste.

FISCAL IMPACT:

The current solid waste collection agreement with Republic Services provides for the following fees payable to the City:

- 2% of Republic's gross income on residential and commercial services
- 25 cents per residential account per month for a trash contingency fee
- 30 cents per month per account for a city beautification and landscaping fee
- 10.6% service fee to compensate the City for administering, billing and collecting all residential service fees and for the use of the City's rights-of-way

For the fiscal year 2015-2016, these fees totaled \$878,960. These fees would no longer be collected. However, going forward the fees to be collected on residential and commercial waste at the landfill should offset this lost revenue.

The cost of billing and processing payments for the Water and Wastewater Utilities will increase by approximately \$85,000 or \$.27 per account each month because these fees are currently shared between the City's three utilities.

ATTACHMENTS:

N/A

SUGGESTED MOTION:

N/A