

Phase 2 MRF Report

Recommendations and Framework for Collaboration

Chippewa Falls, Wis.

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Chippewa Falls, Wis.

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Chippewa County

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1.0 Introduction

The results of the RFI indicate that the private sector would respond to an RFP for solid waste & recycling services. Chippewa County municipalities, especially those identified in the targeted service area, therefore need to determine if it is feasible to capitalize on the opportunity for managed competition and the willingness of the private sector to formally bid on a suite of services. The key issue is the decision by a key group of municipalities that moving forward with a formal process to cooperatively procure service is the desired management program.

If the decision is to move forward with an RFP process, then the participating municipalities need to determine the management structure, organizational relationship and contractual framework under which the RU communities would participate in cooperative procurement of collection and processing services.

Each participating municipality will have to state their willingness to commit their MSW and recyclable volumes as a condition of issuing an RFP. The final decision to participate will be based on the results of the RFP with specific pricing on collection costs, processing costs and revenue sharing that provide each municipality with a higher level of service at a competitive price.

Implementing a coordinated approach for Solid Waste and Recycling Collection would involve three phases:

1. Develop and Issue a Request for Proposal (RFP) for a combined Solid Waste and Recycling Collection system, including end market revenue sharing, that will identify specific bid pricing for services;
2. Review and develop an agreement similar to the current County agreements to act as the Responsible Unit for participating municipalities
3. Implementation of an agreement based on the results of the (RFP) for a combined Solid Waste and Recycling Collection system given bid results that provide higher quality of services at market prices that are competitive or with current costs.

2.0 Advantages of a Collaborative Market Based Approach

A contractually based waste management approach will allow for an improved ability to plan for future growth and meet the evolving waste management and recycling needs of the regional community. A collaborative approach to contracting will likely increase the level of waste and recycling services available to residents, and simultaneously lower the current per-

household rates. A collaborative approach can accomplish the following for Chippewa County:

- Improved overall collection efficiency and program performance: Planned routes and consistent collection schedules, fewer missed stops, improved participation rates in waste and recycling, facilitated enforcement through contractual agreement that hold waste and recycling service providers accountable for meeting service standards.
- Additional service: Additional collection services (e.g. bulky items, leaf waste collection, etc.) can be included at no extra or separate fee.
- “Managed Competition:” Periodic bidding allows local and regional hauling companies to compete for service. This process ensures the municipalities receive fair, competitive pricing on behalf of the affected residents, while allowing the flexibility to adjust services in the future. It can help residents and each municipality manage inflating waste and recycling costs.
- Increased Waste Diversion from Landfill: Increase reported recycling rates (for curbside and other recyclables) to meet the State goal.
- Improve program compliance and enforceability.
- Facilitate education through consistent education materials and shared resources while reducing education-related costs

3.0 Assumptions for the County and RU municipalities to Work Together

A set of several operating assumptions for the County and RU municipalities to work together on a coordinated management approach is provided in the list below:

1. A group of municipalities and the County will form a consortium
2. Participating municipalities and the County will have decision making authority over the consortium
3. The County is willing to work with additional communities that may want to join over time
4. Curbside recycling collection is single stream using carts
5. All curbside waste and recycling is pooled and directed to a designated MRF
6. The County and participating municipalities share the cost of the carts
7. A unified branding/education campaign is developed and implemented by the County in order to reach residential customers. Focus is on waste reduction and increased recycling in order to bring total system cost down and improve quality of service

4.0 Options for Program Management in Chippewa County

The discussion of management options assumes there is an interest in expanding coordinated collection through joint contracting on behalf of participating municipalities. There are two primary options to consider, both of which assume that all of the collected recyclables will be directed to a designated MRF in order to maximize revenue sharing potential.

4.1 Option 1: Single Stream Recycling & Revenue Sharing

Municipalities and the County amend existing RU inter-governmental agreements in order to procure recycling collection and processing services. The County RU or a new entity such as

a solid waste board acts on the municipalities and County's behalf in order to solicit recycling collection and processing services.

4.2 Option 2: Single Stream Recycling, Revenue Sharing, and Volume Based Solid Waste Collection

Same as Option #1 except includes solid waste collection in addition to recycling collection and processing services.

4.3 General Roles and Responsibilities

The Table below summarizes existing and future roles and responsibilities under a coordinated collection framework. Under the new scenario the County would continue to provide the same level of services as it has been to all RU members. Municipalities would agree to participate in a "consortium" made up of municipalities and the County in order to jointly procure solid waste and/or recycling services. The consortium would issue RFPs for collection and processing services, negotiate a preferred vendor(s), and manage the contract over time.

**Table 1
Organizational Roles & Responsibilities**

Entity	Roles & Responsibilities	Future Roles & Responsibilities
County (RU)	<ul style="list-style-type: none"> • Coordination State Program Requirements • Administer State Grant Program • Provide Education • Manage State Reporting 	<ul style="list-style-type: none"> • Continue to serve all RU member communities as in the past • Provide coordination services to Consortium (role to be determined) • Assist with Purchase of Recycling Curbcarts for all residents of participating Municipalities
Municipalities	<ul style="list-style-type: none"> • Contracting for Services • Manage Funding • Reporting • Manage Drop Offs 	<ul style="list-style-type: none"> • Sign letter of intent to participate in consortium for future joint contract RFP • Designate recyclables collected within their boundaries be sent to a specific MRF • Update intergovernmental agreements • Approve Contractor Selection • Participate in consortium meetings • Manage Drop Offs (optional)
Consortium	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Issue and Evaluate RFP for Services • Negotiate Collection and Processing Contracts • Participate in collaboration meetings • Manage Collection and Processing Contracts on behalf of Collaborating Municipalities • Monitor contractor performance • Allocate Revenue Sharing to Collaborating Municipalities • Reporting • Manage Drop Offs (optional)

5.0 Recommendations

The recommendations below provide a strategic framework for transitioning to a multi-member RU cooperative contracting relationship.

1. Address information gaps for combined collection (solid waste and recycling combined) to ensure this approach is the most feasible program for cooperative procurement and contracting.
2. Educate potential municipalities regarding the outcome of the studies undertaken to validate the framework for coordinated and consolidated procurement of services.
3. Decide on appropriate organizational roles and responsibilities of the County and individual municipalities
4. Ask municipalities for letters of interest expressing intent to cooperate in future joint contracting opportunities. This would be a non-binding statement in order to get a better idea of what future recycling volumes may be.
5. Move forward with decision regarding consolidation with all potential municipal partners including:
 - a. Institutional framework – The County currently has a framework under the county ordinance for procurement of cooperative services.
 - b. Contracting Approach – County or municipal basis
 - c. Funding Structure (e.g. Fee for Service)
 - d. Targeted Service Area Municipalities
 - e. Clarify which conditions should be met in order for the County and RU municipalities to work together on a coordinated management approach. For example, the County may choose to incentivize participation by providing branded carts to participating municipalities.

Municipalities that wish to join a cooperative effort must make a multi-year commitment to align contract schedules to allow for a transition from single municipal/hauler contracts to multi-jurisdictional collection and processing contracts. Municipalities must also designate that recyclables collected within their boundaries be sent to a specific MRF for revenue sharing. See Appendix for pros and cons of management options.

6. Define the objectives for system
 - a. Timing for contracts - Phased approach based on current contract expiration dates
 - b. Bundle waste and recycling services into a single procurement
 - c. The types Services (Co-collection in same truck versus separate collection of recyclables and waste)
 - d. Frequency of Service
7. Utilize the current intergovernmental agreement (the Responsible Unit Ordinance) as the basis for a future agreement structured to facilitate coordinated procurement of services
 - a. Amend the existing intergovernmental agreement to allow for the County to act on behalf of participating communities as the responsible Unit (RU) for procurement services. The County should procure and manage all collection contracts as part of implementing single sort curbside collection in all participating municipalities.

8. Procure the curbcarts for all participating municipalities through the use of state grant funds. These carts could be branded under the County program so that the carts are the property of the participating municipalities regardless of which contractor is chosen to provide collection services.

5.1 Timeline

Chippewa County RU member communities face a different set of challenges in terms of working collaboratively with the County on joint contracting. For purposes of beginning to align municipal contracts, two sets of municipalities were identified – tier 1 and tier 2 (See Figure 1). Tier 1 municipalities have contracts expiring at the end of 2015 and therefore could participate in a multi-jurisdictional contract for services beginning first quarter of 2106. Tier 2 municipalities have contracts that expire in 2016 or 2017 and therefore could not participate in a multi-jurisdictional contract for services until approximately the third quarter of 2017

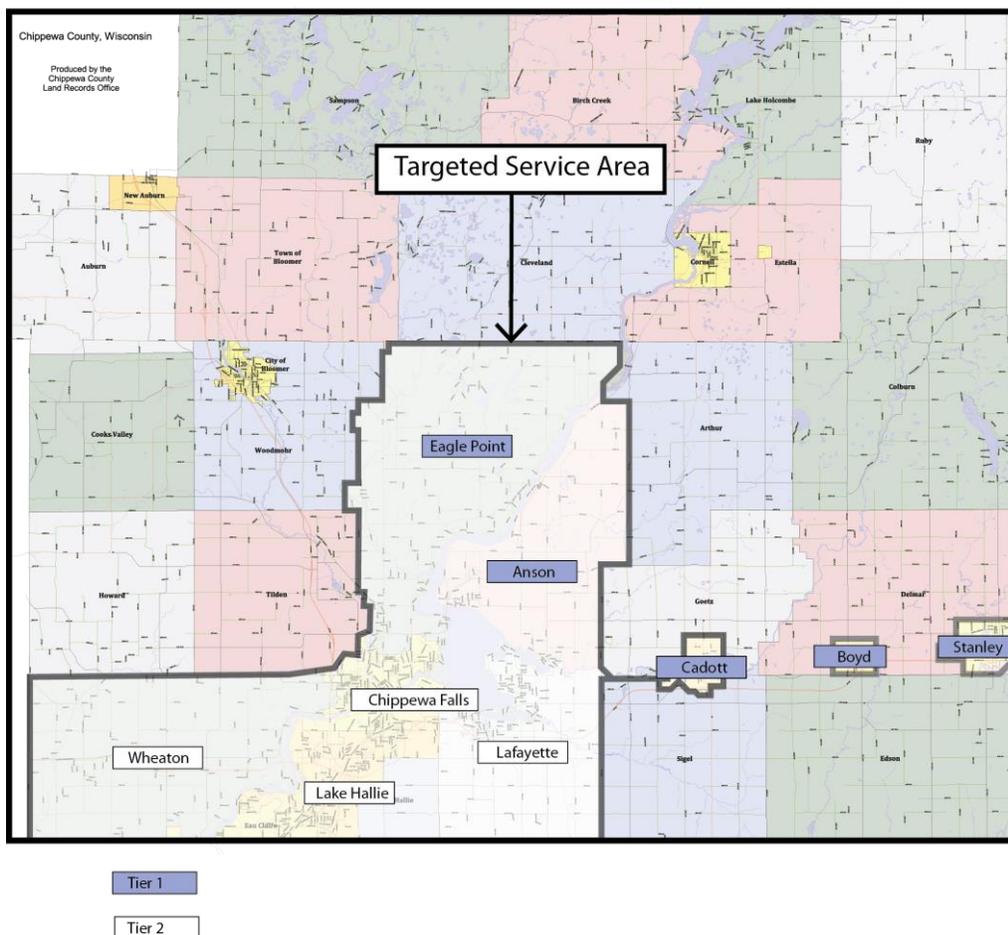


Figure 1 – Map of Tier 1 and Tier 2 Municipalities

The table below summarizes the changes required for each of the Targeted Service Area communities. See Appendix A for a more detailed timeline showing when municipal collection contracts expire.

**Table 2
Changes Required by Municipality**

	Change Required	
Municipality	Allow next service contract to expire (Date)	Switch from Open Collection to Combined Collection
Tier 1 Municipalities		
Eagle Point	(December 31 st , 2015)	NA
Anson	(August 31 st , 2015)	NA
Cadott	(December 31 st , 2015)	NA
Boyd	(December 31 st , 2014) Extend Contract for One Year Only	NA
Stanley	(May 31 st , 2016)	NA
Tier 2 Municipalities		
Lake Hallie	(Not applicable)	Yes
Lafayette	(May 31 st , 2017)	Switch to Municipal Contract for Curbside Solid Waste Collection
Wheaton	Not applicable-no contract in place	NA
Chippewa Falls	(December 31 st , 2015)	Switch from Open Collection (Solid Waste) and Municipal Contract (Recycling) to Combined Collection

The key to successful implementation of a cooperative contracting approach is to phase in current municipal contracts over time. Any new contracts or renewal of contracts need to be coordinated with the same end date so that all participating communities can enter into a new cooperative contract at the same time. This will be the key to obtaining the best pricing for both collection and processing under a new longer term cooperative contract.

Based on a review of contract expiration dates (See Appendix) it is recommended that the Village of Cadott, Town of Anson, Town of Eagle Point, and Village of Boyd align their next round of respective contracts to expire December 31st, 2015. This would allow a new joint contract to go into effect January 1st, 2016. For purposes of the timeline presented below this grouping of municipalities is referred to as “Tier 1. These communities all currently have combined curbside waste and recycling collection contracts and therefore would not experience significant change as a result of participating in a larger multi-jurisdictional RFP.

It is recommended that a second set of municipalities (Tier 2) issue an RFP for joint services in Q1 or Q2 of 2016. This tier of communities could include, but not be limited to, Lake Hallie and Stanley.

If joint contracting is successful, eventually all of the Chippewa County municipalities (and potentially neighboring municipalities) will have the opportunity to align their next contract for services in order to join the consortium.

Recommended Timeline

1Q 2015 = Issue Tier 1 RFP for joint contract

1Q/2Q 2016 = Implement new Tier 1 multi-jurisdictional contract

2016-2018 = Add additional communities to existing contract or develop and issue new RFP to include additional communities

Appendix A

Contract Expiration Timeline

Appendix B

Pros and Cons of Management Options

Pros and Cons of Management Options

	Pros	Cons
Option 1: Single Stream Recycling & Revenue Sharing	<ul style="list-style-type: none"> • Less administrative burden on local municipalities • Opportunity to save taxpayers money • Greater consistency of standards across region (level of service, type of service) • Greater opportunity to leverage service-area wide public education efforts 	<ul style="list-style-type: none"> • Start up costs & time • Less Municipal control over service provider
Option 2: Single Stream Recycling, Revenue Sharing, and Volume Based Solid Waste Collection	<ul style="list-style-type: none"> • Less administrative burden on local municipalities • Greater Opportunity to save taxpayers money by bundling waste and recycling services (greater economies of scale) • Greater consistency of standards across region (level of service, type of service) • Greater opportunity to leverage service-area wide public education efforts 	<ul style="list-style-type: none"> • Start up costs & time • Less Municipal control over service provider