

Issue Paper #5

Franchising Collection Services

5.1 Definition and Purpose of Franchising

A franchise is generally considered to be authorization to sell or provide a service in a particular area. Having a franchise implies ownership of a right. Terms of the arrangement are spelled out in a franchise agreement. If the agreement is cut short for some reason, because the franchise involves ownership of a right, often the party terminating the relationship must “buy out” the remainder of the franchise. For some services, such as cable or sanitation/recycling services, often a government entity grants a franchise to a specific service provider. The franchise may be exclusive (granted to only one service provider) or non-exclusive (granted to several businesses who compete within the jurisdiction for customers). Typically the franchised service provider (such as a hauler) pays a franchise fee to the entity granting the franchise. The franchise fee is often a portion of gross receipts, but may also be a flat annual fee or a per-vehicle fee, or some combination thereof. The franchise fee can range in value to nominal (e.g., some communities require haulers pay a \$50-per-vehicle fee each year) to significant (for example, the City of Boise, Idaho earns over \$1 million per year in franchise fees from their solid waste collection franchise fees). Often local governments indicate that the franchise fees are to cover costs associated with the franchised service, such as administrative costs, wear and tear on municipal roads, etc.

A local government might choose to grant several haulers exclusive franchises. They would do this by dividing the municipality or county into specific geographic regions, and having the haulers bid on a region(s).

Franchising is one means of organizing garbage/recycling collection services. Organized collection of garbage/recyclable materials is when the local government ensures that solid waste and recycling services are provided in the manner requested. Besides franchising, this could be done by:

- 1) Providing the service directly; or
- 2) Contracting with one or more service providers.

The benefits of organized collection include:

- All residents receive the same level of service, which:
 - Ensures that garbage is managed properly, particularly if residents do not have the option to “opt out” of the program;
 - Increases the likelihood that recycling services will be utilized, if included in the program;

- The local government has more control over the level of service provided, as service requirements, penalties and remedies for poor or non-performance are specifically laid out in the contract or franchise agreement; and
- Makes outreach and education easier to implement, as services are standardized, therefore the same education and outreach materials can generally be used for the entire area served.
- Efficiencies can be gained by either having one hauler serve all residents, or having one hauler serve contiguous geographic areas, which hopefully leads to lower service costs; and
- There are fewer vehicles collecting materials, resulting in less wear on public roads, enhanced safety and reduced noise and air pollution.

As stated above, organized collection through a private service provider (or service providers) can be accomplished through a contract or through a franchise agreement. These two terms, and their differences, are described below.

Contract: A contract is a formal agreement between two entities (in this context, a county and a private hauler) for specified services to be provided at a certain price for a certain length of time. Typically the contract is awarded through a competitive bid or proposal process, which also may include a negotiation process. When a local government contracts with a hauler, the government tends to have more oversight and involvement in the services. For example, the local government often pays the hauler(s) directly and bills residents either on their property tax bill or on a utility bill. Similarly, the local government may have more involvement in monitoring customer service. The degree to which the local government is involved varies, however. By definition, a contract is exclusive. It stipulates that a hauler will be the service provider for a specific, defined area or group of customers.

Franchise: A franchise is a formal agreement between a public entity and one or more private entities (depending on whether the agreement is exclusive or not) to provide services in a particular area (e.g., municipality, county or district). Franchises often are awarded through a competitive procurement process, which also may include a negotiation process. When a local government has a franchise agreement with a hauler, it tends to have less involvement in the service than it would if the hauler were contracted. For example, the billing and customer service is more commonly handled by the hauler(s) under a franchise agreement. In some regions of the country, the local government sets the rates and franchisees must charge the rates prescribed. In some cases franchised haulers are allowed to earn a certain profit level, and must submit annual reports indicating expenses and revenues. Franchise agreements can be “exclusive” or “nonexclusive”, as described in more detail below.

Changing a business or service from public ownership or control to private ownership or control, either through a contract or a franchise agreement, is referred to as **privatization**.

If a local government does not organize collection, but instead allows the private sector to compete for business, this is referred to as “open” or subscription service.

A more in-depth discussion of franchising and contracting the collection of garbage/recyclable materials is provided below.

5.2 Franchise Collection

Under a franchise collection system, the County would establish one or more franchise areas and would award a collection franchise through negotiations or through a competitive procurement with a single hauler or multiple haulers for the entire area. If it were determined that the County wished to have exclusive franchise agreements with several haulers, then the County would first divide the geographic area of the County into the desired number of districts. Haulers would then bid on the geographic area(s) they were interested in serving. In some cases local governments limit the number of geographic areas for which haulers can bid to be a service provider.

The franchise can be considered a property right for the designated hauler(s) for the term of the franchise agreement. Thus, if the County determines at any time during the franchise agreement to discontinue the franchise (except for reasons of non-performance), the franchisee might need to be compensated for lost earnings.

Under a franchise system, the responsibility for billing and collections typically, though not always, falls on the franchisee. The franchisee retains ownership of the collected waste, and can deliver this waste to any acceptance facility. Other than the submission of reports and/or franchise fees to the authorizing jurisdiction (and maintaining minimum equipment and health/safety standards), the franchisee would continue to do business the way they would in an open collection system.

Many options exist under a franchise system, including:

- **The franchise can be exclusive or non-exclusive.** In an exclusive franchise, the franchisee would be the only acceptable service provider for the designated services. In a non-exclusive franchise, multiple franchisees would be authorized to compete within the designated service territory. As a rule of thumb, the fewer number of franchisees, the lower the rates that would be expected to be available to customers within the service area.
- **Participation can be mandatory or non-mandatory.** In a mandatory franchise, all customers would be required to use and/or pay for the franchisee(s)’ services. In a non-mandatory system, those customers that elected to receive the services would elect to use (and pay for) the services provided by the franchisee(s).
- **Franchises can include some or all services and generators.** Franchises can address all collection services to all sectors (residential and commercial) or be limited to a specific generating sector (e.g., residential only) or waste stream (e.g., recycling, bulky waste, yard waste, etc.). Note that the ability to include certain sectors or types of materials may be impacted by state or local law.

- **A franchise can be bid or negotiated.** A franchise system can be established through a negotiated agreement with an existing hauler (or haulers), or via a competitive procurement process.
- **Franchises can be long-term.** Franchises are most commonly established over a long period of time, in some cases as long as 20 years. Some long-term franchises may involve an annual renewal fee or a renewal fee every five years.

5.3 Contracted Collection

Many local governments contract with private haulers to provide a specific, contractually-defined set of services with associated performance criteria. By definition a contract is exclusive – the agreement is between the local government and a single service provider. Under a contract collection system, it is possible to establish more than one service area, which could include residential and/or commercial collection services. In that instance, the local government might have a contract with more than one service provider – each of whom would provide specified services in a designated portion of the jurisdiction. Communities typically award collection contracts through a competitive procurement process. Contract collection is very similar to franchise collection, with the following notable characteristics:

- **Contracts are exclusive.** In a contract, the contractor would be the only acceptable service provider for the designated services in the designated service area(s).
- **Mandatory or non-mandatory.** In a mandatory contract arrangement, all customers would be required to use and/or pay for the contracted services. In a non-mandatory system, those customers that elected to receive the services would be required to use (and pay for) the service provided by the designated contractor(s).
- **Include some or all services and/or sectors.** The collection contract could address all collection services to all sectors or be limited to a specific generating sector (e.g., residential) or waste stream (e.g., recycling, bulky waste, etc.). In some communities, for example, only refuse collection or only recycling collection might be provided under contract, and in some cases refuse and recycling collection services are both provided under the same contract.
- **The local government may retain ownership of materials.** With most contracts, the contracting government typically has the responsibility for billing and collections for at least the residential component of the service area. By retaining billing responsibility, some state/district courts have determined that the local government remains “a market participant” and therefore owns the waste that is collected. As owner of the waste, the jurisdiction can require the contract holder to dispose of collected materials to a specified facility.
- **The local government typically pays the contracted hauler.** Usually the local government pays the hauler directly, based on the number of customers or

households and/or the type of services provided. It is common for the governing jurisdiction (i.e., the County) in a contract system to bill customers directly and bear the administrative burden and costs of billing, collections, customer turnover, and complaint management, at least for the residential sector. However, the local government may require that the hauler be responsible for billing and customer service.

- **May ensure flow control over franchise agreements.** In Florida, particularly with commercial waste, many communities have issued contracts with haulers who agree in their contract to “knowingly and willingly” deliver commercial refuse they collect to a specified disposal facility. Courts have ruled, however, in the state of Florida that for a local government to contract for the collection of commercial recyclables would violate the commerce clause, as recyclables are seen as commodities, not a municipal responsibility.

Contracts typically last for a base period (usually between three and 10 years), and have one or two optional renewal periods. Based on research reported by the Solid Waste Association of North America (SWANA), contract terms that more closely approximate the useful life of vehicles (e.g., seven years, on average) tend to result in lower contract rates. Through the request-for-proposal (RFP) process and bidder selection, the County sets the criteria for services and therefore is able to better leverage and negotiate collection and/or disposal rates with the interested bidders. These steps are described more below.

Table 5-1 summarizes the advantages and disadvantages of subscription (open), franchise, and contract approaches to organizing solid waste management systems.

**Table 5-1
Advantages and Disadvantages of Subscription, Franchise, and Contract Systems**

Service Delivery Option	Advantages	Disadvantages
Subscription-Based	<ul style="list-style-type: none"> ▪ Maximum customer choice ▪ Very limited government involvement – low administrative cost impacts ▪ Provides opportunities for small haulers ▪ Competition is assumed to ensure lower costs to customers (though costs may actually be higher than in “organized” systems) 	<ul style="list-style-type: none"> ▪ Increased air pollution and road impacts from multiple haulers serving a community ▪ Neighborhood aesthetic/safety impacts ▪ Lack of uniformity in service levels ▪ Low ability to enforce policies/goals and improvements ▪ Higher costs to ratepayers because of routing inefficiencies ▪ No financial assurance generally provided, unless if required by licensure ▪ May not be able to fund recycling in part or in whole with refuse collection fees.
Competitively Procured Franchise Agreement	<ul style="list-style-type: none"> ▪ Competitive bid process can result in low rates ▪ Service providers selected on the basis of technical and financial ability to provide the requested services ▪ Contract items often include penalties/remedies for poor or non-performance ▪ Financial assurance provided ▪ Depending on how structured, may be able to have solid waste collection fees help offset recycling collection costs. 	<ul style="list-style-type: none"> ▪ Small haulers may not be able to compete with larger regional or national service providers ▪ Costs of procurement ▪ Potential disruption to customers resulting from change to successful bidder ▪ Transition costs (start-up time for learning new routes, etc.) ▪ Potential quality of service issues due to “low-ball” pricing

**Table 5-1
Advantages and Disadvantages of Subscription, Franchise, and Contract Systems**

Service Delivery Option	Advantages	Disadvantages
Competitively Bid Contract	<ul style="list-style-type: none"> ▪ Jurisdiction has more control over flow of waste and recyclables than under franchise or open systems ▪ Efficiencies are gained by having one hauler service each region, which generally result in lower costs to residents ▪ Contract items often include penalties/remedies for poor or non-performance ▪ Competitive bid process can result in low rates ▪ Financial assurance provided ▪ Depending on how structured, may be able to have solid waste collection fees offset recycling collection costs. 	<ul style="list-style-type: none"> ▪ Small haulers may not be able to compete with larger regional or national service providers ▪ Costs of procurement ▪ Potential disruption to customers resulting from change in winning hauler ▪ Transition costs (start-up time for learning new routes, etc.) ▪ Potential quality of service issues due to “low-ball” pricing

5.4 Implementation Requirements

In the state of New York, it appears that Towns and Counties may form solid waste disposal districts, pursuant to County Law § 250 et. Seq. Prior to the formation of a solid waste district, County Law § 256 requires the submission of evidence supporting the formation of such a district. Such evidence must be filed with the county’s board of supervisors. After due consideration and making a finding that the applicable statutory guidelines have been followed, the county board may adopt a resolution approving the establishment of a solid waste district, subject to a permissive referendum pursuant to County Law § 256.

Upon approval of the resolution via referendum, the jurisdiction must submit an application to the State Department of Audit and Control for permission to establish the district, pursuant to County Law § 258. If the State Comptroller grants permission, the board may adopt an order establishing the district. The order must be recorded in the office of the county clerk and filed with the State Department of Audit and Control. Any interested party aggrieved by the final determination or order establishing the district may apply, within 30 days of recording the order, for review

of all the final determinations made by the board in connection with the establishment of the district.¹

It appears that case law supports the fact that a municipality may create a solid waste district and grant a private company an exclusive license to collect the garbage, both commercial and residential, within the district. One case that supports this includes *USA Recycling v. Town of Babylon*, 66 F.3d 1272 (2d Cir. 1995), in which the Town of Babylon, NY created Commercial Garbage Collection District No. 2 to cover most commercial real estate in town. The Town solicited bids and after reviewing the bids received, entered into a five-year service agreement with a private company to provide garbage hauling services to all improved commercial property within the district. Under the Service Agreement the Town agreed to grant the private company an exclusive license to collect commercial garbage within the district.²

In Babylon, it appears that the residential “license agreement” is analogous to an exclusive franchise agreement. The agreement with their hauler, BSSI, includes weekly collection of garbage and recycling for residential customers. Residents are billed on a line item on their property tax bill, however, not by the hauler. The hauler handles customer service calls directly. It is not legal for another hauler to provide residents with garbage or recycling services. BSSI must pay annual licensing fees.

Babylon’s commercial program is a bit more like a contract, in the sense that the agreement is only for five years. Also, the agreement is exclusive for the collection of garbage, but not for recycling. Commercial entities can hire any licensed recycler to collect their recyclable materials. Commercial entities are billed for a base level of service (1.5 yards per taxable property per week) on their property tax bills, and are issued separate bills through the Town for additional service. Again, haulers serving commercial entities pay annual licensing fees, as described below. The fees consist of a flat annual fee, and a flat per-vehicle annual fee, as well as a flat per-compactor/roll-off/dumpster fee. Fee levels vary for different classes of haulers (residential/commercial and refuse/recycling).

Another case that supported the right of a municipality to have an exclusive agreement with a hauler was *Southern Waste Systems, LLC v. City of Delray Beach*, 420 F3d 1288 (11th Cir. 2005), which pertained to the City of Delray Beach, Florida hiring a successful bidder to be the exclusive provider of residential waste collection services, residential waste recycling services, and commercial waste collection services throughout the City. The arrangement was challenged, but the court held that the City’s exclusive waste-hauling agreement did not offend the constitution.³

Implementation of a contract or a franchise agreement typically begins with the development of a request for proposals (RFPs) or a request for bids (RFBs). Ideally,

¹ Per Memorandum to Josh J. Meyer, Esq. from William A. Lawrence, Esq., of Pannone Lopes Devereaux & West LLC, New York, NY of March 12, 2009.

² Ibid.

³ Ibid.

the RFP or RFB would be detailed and explicit enough to be used as the contract or franchise agreement language. A request for bids is when specific services are outlined and price is the only deciding factor among proposals. A request for proposals invites bidders to describe how they would provide some level of service, where they determine the technology and method, and the bidder also provides the price at which the service would be provided. Therefore, there is generally more leeway in an RFP, and RFPs can be more challenging to compare, as they are not always “apples to apples” comparisons. One way local governments can obtain more information but still have it be comparable is to request pricing for different scenarios, for example weekly and bi-weekly collection of recyclables.

The steps to effective contracting/franchising include:

1) Develop a Procurement Team. It is important that the local government procuring recycling and/or solid waste services assemble a team to assist with selecting the appropriate service provider. Ideally these procurement team members’ input would be solicited early in the process such that their input can be used to develop appropriate RFP language. Potential procurement team members include:

- Public works or sanitation department representatives;
- Recycling manager or coordinator;
- County commissioner or city manager;
- Billing and customer service representatives;
- Purchasing department representatives;
- Legal counsel;
- Elected officials;
- Citizen group representative(s); and
- Consultants or other outside advisors.

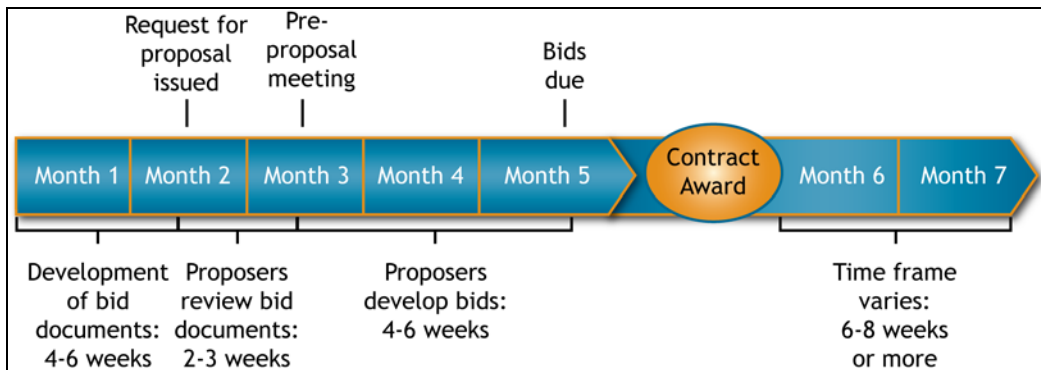
It is important that the local government form a procurement team that has the knowledge and availability to conduct the procurement. The question of whether to hire a consultant to assist with the procurement effort depends upon the experience, skills, and availability of the internal team. Hiring outside consultants adds to the cost of the project, however in some cases such costs have been paid by the selected contractor.

2) Develop a Timeline. Successful procurement requires adequate time for each step of the process. At the beginning of the process, the team should establish a timeline for the procurement. Figure 1, below, presents a sample solid waste procurement timeline. Some steps may take more time and others less, depending on the unique characteristics of the procurement.

It is critical to account for the transition period after the award of a contract. The transition period allows the successful bidders to purchase the required equipment,

hire experienced personnel, and conduct other tasks associated with providing services. The required transition period will be longer if the successful firm is required to build new facilities, such as a materials recovery facility (MRF) or transfer station.

**Figure 5-1
Sample Procurement Timeline**



3) Precisely define the services to be contracted or included in the franchise agreement. The geographic area, population, and number of municipalities that are to be serviced must be defined for potential service providers. The complete range of services desired must also be specified in a manner that is easily understood. For example, collection method of refuse (cans or carts), collection method of recycling (bins or carts), processing, transportation, marketing of materials, communication and education, program administration and operation (including billing), etc., should all be defined.

The length of the contract should be designed to reflect both the needs of the local government and the realistic capabilities of the potential bidders. If a service provider is expected to have to purchase new equipment, for example, the contract should ideally match the life cycle of the equipment being supplied. If the contract is too short, the contractor must capitalize the equipment over the period of the contract resulting in sub-optimal pricing and cost. If the contract exceeds the equipment lifespan by a year or more, the contractor may incur expensive extended maintenance costs or costly new equipment that must be built into the price. Current lifecycle expectations for new collection trucks are approximately seven years; new MRF equipment is expected to have a lifespan of 10 to 15 years.

It is important to evaluate options prior to the proposal/bid process through informal dialogue with potential service providers and other stakeholders. To define expectations clearly and specifically, the County should:

- Review agreements from other communities;
- Address both short- and long-term needs;

- Consider surveying the community to better predict the desired/required level of service;
- Build in flexibility, but don't leave too much open to interpretation; and
- Provide adequate data and technical specifications for accurate pricing of services.

It is important to consider whether there would be a separate contract with a MRF for processing of recyclable materials. Communities should consider requesting a revenue sharing arrangement either with the recycling collection franchisee or via a separate contract with a MRF.

4) Determine the service provider pool and market position. The County should determine whether the customer base is large enough that the County has significant bargaining power. Also, for best results there should be a minimum of three to five bidders. In rural areas, bargaining power may be improved by bundling services (e.g., including several services in one franchise agreement or contract) or partnering with other communities to increase the attractiveness of the potential business. If the service area is too large, this can also limit the number of suitable contractors, as some haulers may not have adequate resources to service a large area. In this event, it may be desirable to un-bundle services or break up the service area into districts to allow more bidders the opportunity to compete.

With respect to recycling collection and processing, the common practice is to structure the procurement process to allow for separate contracting for collection and processing when possible. With this approach, it is most desirable to procure the processing services in advance of collection services or to specify a MRF location so collection service providers will know where the MRF will be located so they can structure their proposals/bids accordingly. Additionally, it is desirable to obtain separate prices for the collection and the processing of recyclables, even if under one contract or franchise agreement, and to request pricing for the handling of any material (or geographic area) that might be added during the term of the contract.

5) Prepare a detailed, unambiguous Request for Proposals or Request for Bids
The County will have to decide whether the services requested warrant an RFP or RFB. An RFB works best when services are already defined, all bidders are qualified, and the price is the sole deciding factor. An RFP is normally used when the job demands more complex requirements. An RFP is appropriate when the local government is receptive to different approaches to delivering service. Advantages to an RFP include:

- Allows the local government to evaluate potential contractors based on criteria beyond price (e.g., experience, financial stability, and references);
- Provides incentive for potential vendors to propose a higher level of service as opposed to satisfying a minimum threshold (which may be the case with an RFB or Invitation for Bids, IFB);

- Allows proposers to present alternatives to providing service and show the variation in price based on differing alternatives; and
- Allows potential service providers to provide input and feedback to the local government on issues such as program design and contract terms.

There are some disadvantages to the RFP process. Unlike the RFB/IFB structure, RFPs generally require a high level of effort from the local government or consultants, especially when it comes to proposal evaluation. When contractors are able to provide alternatives to providing service, financial evaluation of proposals can be complex. However, this can be mitigated by requiring that proposers submit a price for some “baseline” level of service for an apples-to-apples comparison. All other alternatives can be offered in addition to the base level of service. In addition, it may be beneficial to have consultants conduct the financial analysis of the proposals.

In addition, RFPs present a higher potential for protest from unsuccessful proposers. However, this risk of protest can be mitigated by clearly defining the evaluation process and criteria in the procurement instruction documents.

Carefully defining the desired results or outcomes and allowing the bidders to present their own means to reach the end often may yield additional value opportunity. For example, the bidder may offer ideas or additional complementary services that the local government had not previously considered. Some local governments use a “two envelope” system in evaluating proposals generated by an RFP – the technical proposals are placed in one package, and are evaluated and ranked. Next, a specified number of cost proposals associated with the top-ranked technical proposals are removed from the second package and evaluated. The remaining cost proposals are returned, unopened, to the submitters. Components of a well-written RFP and contract include the following:

- Clearly defined terms;
- Detailed description of service(s) to be provided;
- Adequate background information and data;
- Clear expectations regarding qualifications and experience;
- Detailed performance specifications, including details addressing:
 - Regulatory compliance
 - Recyclable materials accepted (initial and provisions for the future)
 - Markets for processed recyclable material
 - MRF residue management and limits
 - Start-up-schedule
 - Handling of complaints
 - Record-keeping and reporting

- Cart/container provision, maintenance, and distribution requirements
- Training and public education(if included)
- Equipment requirements;
- Incentives for increasing recycling participation;
- Opportunities for amending the scope to address changing circumstances;
- Avenues for resolving disagreements – including a mandatory third-party mediation clause;
- Clear financial/cost proposal instructions;
- Provisions for contract fee adjustments (e.g., based on a CPI or other index);
- Proposal submission instructions; and
- Description of selection process and evaluation criteria.

6) Employ a fair and transparent contractor/franchisee selection process. To be sure that all potentially qualified companies have the opportunity to respond and to avoid challenges to the RFP, the County should use a fair, transparent and defensible contractor selection process. It is important that the County follow local government procurement guidelines, and try to reach as many companies as possible. The County and applicable municipal web pages, mailing lists, trade press and business publications are typical means of advertising RFPs.

In order to learn about the capabilities and interests of potential contractors in advance, the County might consider pre-qualifying bidders through either a request for qualifications (RFQ) in advance of the RFP or through a pre-proposal/bid meeting with potential contractors. The number of companies that respond to the pre-qualification process will reveal the effectiveness of the advertising and promotion of the RFP. During proposal and bid development, there should be a clear process for potential bidders to ask questions. The questions and answers should be provided in a transparent process so that all potential bidders have an opportunity to view them.

It is important that the evaluation criteria be described clearly to ensure that contractors who are not qualified do not spend time developing a proposal, and ensures that the bidders respond to the RFP by providing all requested information. References should always be required and should be verified. Potential selection criteria include:

- Cost;
- Responsiveness to RFQ, RFP or RFB;
- Technical soundness of response;
- Innovativeness;
- Related experience;
- Facility/operational capacity;

- Qualifications (e.g. organization/management);
- Financial stability; and
- References.

7) Negotiate a partnership-oriented contract/franchise agreement. In developing the contract/franchise agreement, build upon the terms and conditions specified in the RFP. Incorporate incentives for improving performance on the part of the contractor. Allow flexibility for amending the scope of work to address changing circumstances, including a means of addressing unexpected events, such as adding new commodities (or regions) to the program. Consider index-based annual payment escalation to accommodate future price fluctuations in an equitable manner. When such escalations are built into the agreement language, then bidders do not need to inflate the cost of the proposal to cover potential risks. It is also important to provide procedures for resolving disagreements and build in ongoing communication and feedback mechanisms such as regular meetings and reports. It is best to use straightforward language to ensure compliance and make sure the terms and conditions are understood clearly by both the contractor and the contract administrator.

8) Maintain a partnership approach in contract administration and monitoring through the entire contract/franchise agreement term. Once the contract/franchise agreement is in place, realize that both parties are partners in the arrangement. The County would likely have an ongoing role in requesting and/or receiving certain reports from the service provider, and in working out any issues that arise. The methods for working out such issues should be spelled out in the agreement. A contract should result in the local government selecting a qualified hauler that can provide service under an agreement that is mutually beneficial to both the hauler and the local government. Naturally the local government aims to pay a low price for service. Ideally, contract specifications will:

- Be mutually beneficial to the hauler and the local government;
- Encourage higher recyclable materials recovery rates;
- Yield higher quality recyclable materials;
- Increase revenues from the sale of recyclable materials; and
- Enhance working relationships with service providers.

5.5 Additional Considerations

5.5.1 Mandatory Participation/Payment

The County should consider whether they want participation in the collection program to be mandatory for all single-family households (or households of up to a certain number of units – typically multi-family dwellings with more than four to six units are

considered to be “commercial” from the waste and recyclables hauling perspective). Having all households participate is beneficial in that it is easier to predict the revenue stream, and economies of scale are more fully realized. Having all households participate also makes data-gathering easier. Often, a benefit of mandatory participation for refuse collection is fewer incidences of illegal disposal of waste. Mandatory recycling programs typically result in higher recycling rates and increases in tonnages diverted.

In some communities however, residents prefer to have the option to self-haul trash and/or recyclables to a landfill/transfer station/drop-off site – whether it is to save money or out of habit. Further, many residents simply do not like being “forced” to participate in a program.

Some communities mandate participation in the garbage program, but participation in the recycling program is voluntary. Payment, however, is mandatory. This is generally due to the fact that it is easier to monitor and enforce non-payment than it is to enforce non-participation. In general, residents are more likely to use a program if they are paying for it. Some communities essentially mandate payment by including the cost of the recycling program in the base fee for trash collection. Often pay-as-you throw (PAYT) programs, for example, will include a certain base level of trash and unlimited recycling for a basic fee, and those households generating additional waste must pay extra (on a per-bag, per-sticker or tag, or per-cart basis, for example).

Often times, communities implement mandatory collection at the same time they implement “no burn” ordinances. In many communities, particularly rural areas, residents have relied upon burning trash as a means of managing their waste. Due to concerns about fire and air quality, many communities have implemented no burn ordinances. In Pennsylvania the eligibility of communities to apply for certain types of grants is dependent upon passing no-burn ordinances. An example no-burn ordinance is provided in Appendix A.

In many communities, particularly those with landfills and recycling drop-off centers, there is a provision for those that wish to “opt out” of the curbside collection service, however they typically must pay an annual fee to have the right to deliver materials to the landfill/transfer station/drop-off site. Also, some communities charge a base fee for certain services such as the management of household hazardous waste and litter cleanup, regardless of whether the residential dwelling receives refuse collection services.

5.5.2 Identifying Municipalities that Could Join the County’s Contract/Franchise Agreement

Before the County undertakes the steps outlined above, it might consider surveying municipalities within the County to determine the level of service each provides, the length of the service contract, etc., to see what possibilities exist for joining with the County in a more comprehensive contract. The County could also query the municipalities directly to see whether they have an interest in potentially taking part in

a Countywide contract or service agreement. The Town of Dickinson and the Village of Whitney Point, for example, already have collection contracts in place for the collection of garbage and recyclable materials, however they might be open to the possibility of joining in on a County contract when their contracts expire. In some areas, homeowner associations also have contracts with haulers. If this is the case in Broome County, such entities should also be queried. Potential survey questions could include:

- What services are included in the contract (e.g., collection and disposal of waste, collection of recyclables, processing of recyclables, yard waste collection/processing)?
- What is the frequency of collection for each service?
- Who is the service provider?
- What is the monthly cost per household for each/all service(s)?
- What collection technologies/container types are employed for each service?
- Which items are included in each service, what are the associated additional fees, and how must items be prepared (e.g., bulky waste, recyclables, etc.)?
- Are variable rates charged for different levels of waste generated?
- Does the contract stipulate where waste is to be disposed (if so, where is waste delivered)?
- Does the contract stipulate where recyclable materials are to be delivered (if so, where)?
- What are the funding mechanism(s) for service?
- Is it mandatory that residents participate (and/or pay) for the program?
- If participation is not mandatory, how does the self-haul option work?
- Does the municipality have a no-burn ordinance in place?

5.5.3 Non-Exclusive Franchises/ Licensing/Permitting Requirements for Haulers

In some communities the idea of organized collection has been a difficult sell. Some communities have, instead of organizing collection, passed legislation that stipulates that only franchised or licensed haulers can operate in the jurisdiction (city or county). The resulting franchise agreements would be non-exclusive. Collection services remain similar to an “open” or “subscription” system whereby residents hire their own hauler, however haulers would need to be licensed or franchised in order to operate in the jurisdiction. The local government could then impose certain limitations or guidelines on the haulers. These might include:

- Specifying where waste/recyclables are to be delivered;

- Stipulating that haulers offering trash service must also offer recycling services;
- Stipulating that haulers must provide recycling services at no additional cost to residents;
- Stipulating that haulers must also provide separate yard waste collection services and subsequent recovery of yard waste;
- Stipulating the types of recyclables that need to be included in the recycling program, at a minimum;
- Stipulating certain operating details, such as hours of operation, condition of vehicles, condition of containers, etc.; and
- Requesting liability insurance information.

In many communities, the local government requires haulers to be licensed or permitted, and the conditions of the permit or license include certain stipulations. In Broome County, haulers need a permit to use the County solid waste facilities (Part IV, Section 179 of the County Charter). Other typical provisions of permits or licenses include:

- Limitations on operating hours;
- Condition of equipment;
- Liability insurance requirements;
- Bond;
- Assurance that business will be conducted in accordance with all federal, state and local laws;
- Copy of agreement with receiving landfill, transfer station, and/or processing facility; and
- Stipulation that haulers collecting garbage will also collect separated recyclables for recovery (as is the case in Broome County, per Section 179-26 of the County Charter).

Often, such ordinances specifically express that the requirements do not apply to roll-off service providers, construction and demolition (C&D) debris haulers or other specialty haulers.

The main benefit of such an approach is that it can increase the provision of and participation in recycling programs without completely revamping the collection system. This can be easier to implement, politically and logistically, as residents still have the freedom to select their own hauler. The drawback, however, is that many of the benefits of organized collection are not realized, such as decreased hauler traffic, more efficient routing, and increased economies of scale.

In Fairfax County Virginia, for example, it is illegal for residents and businesses to contract with a hauler that is not permitted with the county. It is also illegal for a hauler to operate in the county without obtaining a permit. Permitted haulers hold a

“Certificate to Operate.” Before such a certificate is issued, certain information pertaining to the hauler’s operations must be submitted to the county, including (but not limited to):

- Customer fees and service level information;
- Facility address where vehicles are stored, maintained and washed;
- Proof of liability insurance, and assurance that they will notify the county upon change of insurance provider;
- A bond or alternate surety;
- Street addresses for each collection route;
- Notification to customers to be dispensed at least annually, that includes information about recycling, which must include, at a minimum, the county’s base recycling requirements; and
- Information about holiday collection schedule changes.

Typically haulers must pay a fee to license/become permitted, however the fee generally only covers the cost (or a portion thereof) of administering the licensing permit.

5.6 Capital and Operating Expenses

Typically communities earn some revenues in the form of franchise fees when they enter into a franchise agreement with a hauler. The amount of this franchise fee varies significantly. As mentioned previously, franchise fees can be relatively insignificant (for example, some communities charge an annual \$50-per-vehicle fee), and some can be more significant (for example, a percentage of gross receipts can add up to up to \$1 million per year or more, depending on the size of the community and cost of services provided).

The Town of Babylon New York, for example, refers to their program as a licensing program, however it essentially operates as a franchise. In Babylon, a Class 1 license is required of all persons engaged in the collection and transportation of garbage, refuse, recyclable material, ashes or solid waste **outside the improvement areas** or for collection and transportation of **recyclable material only within the commercial improvement area if properly authorized by the property owner**. The annual fee for such license is \$2,000, plus \$450 for each truck and \$1 for each sticker for roll-offs and compactors. A Class 2 license is required of all persons engaged in the collection and transportation of garbage, refuse, solid waste and recyclable material **within an improvement area authorized pursuant to a contract with the Town to collect and transport solid waste, garbage, refuse or recyclable material**. The annual fee for such a license is \$1,000, plus \$50 for each truck, roll-off and compactor used by the licensee in such collection and transportation. There is also a Class 3 license which applies to haulers collecting C&D debris (\$2,000 per year plus \$450 per truck

per year and \$1 per roll-off container and compactor per year) and a Class 4 license which applies to collectors of donated textiles (\$1,000 per year plus \$350 per vehicle and \$1 per container per year). These licensing fees for the non-contracted haulers sums to about \$300,000 per year, according to a town official.

Organizing collection through privatization is not expected to require capital expenditure outlays, however it may require a fairly significant amount of staff time in order to develop an RFQ, RFP or RFB, and assess all proposals or bids. It is also expected that some County staff time would be required to solicit feedback from the public and educate the public about the program. Additional staff resources would be required on an ongoing basis to monitor (audit) the performance of the hauler(s), serve as liaison with the hauler, and respond to customer complaints. In addition, education and outreach regarding the privatized services would need to take place both before and during service implementation. The extent to which staff hours would be required depends, in large part, on the extent to which the contract or franchise agreement with the hauler stipulates that the hauler(s) is to provide customer service and public outreach and education.

Under organized collection provided by a private hauler, fees for recycling and/or solid waste collection services can be paid through different means. The costs of service provision, however, are expected to be similar, on a dollar-per-household-basis, to the costs individual families currently pay their haulers directly. In fact, costs may even be reduced due to economies of scale gained by one hauler serving a contiguous area. Under a franchise arrangement, it is common for haulers to bill customers directly. Generally the hauler(s) must pay a franchise fee to the local government. The franchise fees are usually collected, in theory, to cover any costs associated with wear and tear of roads that haulers cause in the course of doing business. Franchise fees are often levied on each vehicle (e.g., a certain dollar value per vehicle per year) but in some regions, franchise fees are a percentage of revenues or profits earned by the hauling company. Typically, haulers operating under a contract with the local government would be paid on a monthly basis by the local government. The local government would secure funding for the services through one or more of the following funding mechanisms:

- User fees on utility bill (e.g., based on level of service or amount of waste generated);
- *Ad-valorem* fee on property tax bill (e.g., amount of fee is linked to value of property);
- *Non ad-valorem* fee on property tax bill (e.g., amount of fee is not linked to value of property);
- Fees per unit of trash generated, paid by households through the purchase of bags, tags, or stickers; and
- Tip fees on waste disposal at the local landfill.

In addition, some communities earn the following revenues, which usually help supplement the cost of solid waste management services:

- Host fees (if the county hosts a landfill, transfer station, waste-to-energy facility, or MRF); and
- Revenues from the sale of recyclable materials.

5.7 Education Tactics

When recycling and/or trash services are organized, one benefit is that services are identical among the customer base served. This means that the local government can develop education and outreach programs that are associated with a “brand” or logo which may, upon repetition of the same message and logo, resonate more meaningfully with residents. Figure 5-2 provides an example of an outreach message that the City of El Paso, Texas disseminated via billboard and vehicles when they rolled out their citywide curbside recycling program. Municipal crews collect recyclable materials and a private MRF is contracted to process them.

Figure 5-2
City of El Paso Recycling Messaging





In addition, when a relatively large geographic area is serviced under one program, the education and outreach materials can provide more specific instructions and details about the program. For example, instead of simply informing residents to “check with your hauler to see which items you can recycle,” the County could develop education and outreach materials that specify:

- What materials are recyclable;
- How recyclables are to be prepared;
- The frequency of collection;
- The types of containers provided; and
- Who to contact for more information and/or issues.

This is most beneficial in areas where the alternative to organized collection is a variety of recycling programs that vary significantly. In some areas, multiple programs may exist, but they may be fairly homogenous in nature – perhaps because the recyclable materials are collected by the same hauler under different contracts, or because they are serviced by the same MRF which accepts the same material types from all communities.

Having one cohesive program would also allow the County to be able to make changes to the program, within the parameters of the contract/franchise agreement, with relatively little effort. The program, in other words, could be more responsive to changes that might be initiated in response to processing or collection technologies, material generation, markets for collected materials, and other factors.

Yet another benefit to organized collection is that data, such as tons of materials collected by material type, participation rates, contamination rates, etc. are more likely to be available under such an arrangement, particularly if the contract or franchise agreement stipulates reporting requirements clearly.

5.8 Diversion Potential

It is difficult to quantify the diversion potential that would result from franchising. Because most households in Broome County have access to some sort of recycling, whether it is curbside or drop-off opportunities, it is difficult to estimate how much additional recycling activity would take place if organized collection were implemented. In general, residents tend to recycle more when recycling is convenient, therefore tonnages recovered typically increase when communities switch from drop-off to curbside programs. Therefore, it is expected that participation rates (the portion of households participating in a recycling program) as well as capture rates (the portion of each recyclable commodity collected for recycling) would increase if households that now only have access to drop-off programs were provided with the opportunity for curbside recycling. Additional measures would also increase the likelihood of increased participation, including:

- The use of a PAYT program for garbage disposal;
- Other financial incentives to participate in recycling (such as a reduced rate if the household participates in recycling on a regular basis);
- The implementation of a no-burn ordinance;
- Well-designed education and outreach programs; and
- Adding more materials to the list of accepted recyclable materials.

In addition, organized collection would make it easier to track the amount of waste disposed and recovered through recycling programs.

5.9 Case Studies

Provided below are two case studies regarding communities that organized the collection of their trash and/or recyclable materials.

5.9.1 Cranberry Township, Pennsylvania

Cranberry Township, a community of approximately 28,000 residents in Butler County, used to have subscription-based service, with five different haulers serving residents. In November of 2004 the Township implemented variable-rate pricing (automated and/or semi-automated collection). Under the subscription service, residents were typically provided with weekly collection of trash and weekly or bi-weekly collection of recyclables, but no yard waste collection. Prices per household varied considerably, from \$10.00 to \$18.00 per month. Some haulers included bulky waste collection in that fee, and some did not.

Under the new program, Vogel Disposal, Inc. (Vogel) provides weekly collection of trash, recyclable materials (and yard waste, in season – April through November). A wheeled cart is provided for each of these material streams. Residents can select their

recycling and trash cart size (35, 64, or 96-gallon) or they can select a no-cart option for trash (tags are used instead). Household costs range from about \$11.92 per month to \$14.15 per month, depending on the trash option selected. Residents can also select a no-cart option for yard waste, and can set their yard waste out in biodegradable bags instead. This does not impact the cost of service. Recyclable materials are processed at a single-stream MRF (TC Recycling, LLC in Mars, PA). Because the carts hold more materials than the previous bins, residents can recycle additional materials, including chip board, junk mail, phone books, construction paper, baby wipe containers, and bundled plastic bags. Vogel is required, by contract, to process yard waste, not dispose of it. Vogel constructed their own composting facility (located next to the landfill) to do so. If residents have more trash than will fit in their 95-gallon cart then they must purchase a tag for \$0.65 per bag. Bulky items are collected for a fee -- \$4 for a bulky or large item, \$10 for major appliances, and \$15 for a large volume pickup of up to twelve 32-gallon bags. Residents are asked to call in advance to schedule their bulky waste collection. The Township bills the residents on a quarterly basis, with the water/sewer bill. The Township purchased the carts and 90 percent of the cost of the yard waste and recycling carts were paid with Pennsylvania Department of Environmental Protection (DEP) grants. The County paid a significant amount of money for the garbage carts.

Figure 5-3 summarizes the solid waste management options available to residents.

**Figure 5-3
Cranberry Township Solid Waste Management Service Options**

GARBAGE, RECYCLING, and YARD WASTE Cart Selection



GRAY-TOP Garbage Cart: Check your preferences. Keep this for your records.

- 35 Gallon \$39.30 per quarter ___# Additional 35 gallon cart(s) @ \$4.65 extra per quarter
- 64 Gallon \$40.71 per quarter ___# Additional 64 gallon cart(s) @ \$6.75 extra per quarter
- 96 Gallon \$42.45 per quarter ___# Additional 96 gallon cart(s) @ \$8.45 extra per quarter
- No cart; bag service only. \$35.76 per quarter plus 65¢ tag for each 32-gallon trash bag. Tags required for extra bags, bulky items, major appliances and volume pickup are sold separately. Go to www.cranberrytownship.org for details.

Size Matters

Your base rate depends on the size of your gray top garbage cart: 35, 64, or 96 gallons. How big are they?

Here's what each size cart can hold:

35 gallon



2-3 full tall kitchen garbage bags

64 gallon



5-6 full tall kitchen garbage bags

96 gallon



8-9 full tall kitchen garbage bags



BLUE-TOP Recycling Cart

- 35 Gallon Included in basic service
- 64 Gallon Included in basic service
- 96 Gallon Included in basic service



GREEN-TOP Yard Waste Cart

- 96 Gallon Included in basic service
- No yard waste cart. You may use biodegradable paper bags bought from a store. No collection charge

Currently out of 7,594 customers, 5,589 (74 percent) have 96-gallon waste carts, 1,384 (18 percent) have 64-gallon waste carts, and 621 (8 percent) have 35-gallon waste carts. Thirty-six customers (less than 1 percent) selected the pay-per-bag option.

Customer service is handled by both Vogel and the Township. The Township handles move-ins, move-outs, cart changes, and entering new customers into a work order system, which is transferred to Vogel. Complaints are handled by Vogel directly, however sometimes customers call the Township directly. The hauler provides the Township with monthly, quarterly, and annual reports that contain tonnage and customer service information.

Cranberry Township's Collection Connection™ residential solid waste program has been selected as a recipient of the 2005 Governor's Award for Environmental Excellence. During just the first quarter of that program, the Township's recovery of recyclable and compostable material jumped from its historic level of 9 percent to 33 percent and then as high as 40 percent during the summer landscaping season. In 2005 the Township obtained a recycling rate of 37 percent overall, including the recycling of yard waste. Another benefit of the program is that the Township's recycling performance grant, through the DEP, has tripled due to increased recycling. Also, residents are extremely pleased with the addition of curbside yard waste collection. They find this to be much more convenient than delivering yard waste to another site. The Township never had a significant issue with illegal disposal of garbage, therefore did not notice an appreciable decline in illegal dumping when the program was implemented.

Cranberry Township's solid waste ordinance (Section 20-206)⁴ specifically states that "the Township may authorize a designated agent to award and administer an exclusive contract for the collection and transportation of such material. The Township or its designated agent may, through a competitive bidding process, award an exclusive service contract to a licensed hauler for all or part of residential municipal waste, yard waste, recycling collection, processing and disposal" (Ord. 2004-353, 9/2/2004). The ordinance further states (Section 20-207) that "except as specifically provided herein, it shall be a violation of this Chapter for any person(s) other than a licensed hauler to collect, remove or transport or cause to be collected, removed or transported any municipal waste, recyclables and yard waste. Each collection in violation hereof shall constitute a separate and distinct offense punishable as provided for in this Chapter." The solid waste ordinance allows for exclusion from the curbside collection requirements if the resident can demonstrate that they have collection and disposal services through a written agreement with a commercial, industrial or institutional property that maintains a contract for services with a licensed hauler that otherwise complies with Township ordinances. Occupants of farm properties are also excluded, however such residents shall comply with all other provisions of the Chapter.

⁴ Source: <http://www.cranberrytownship.org/DocumentView.asp?DID=184>

5.9.2 City of Fernley, Nevada

The City of Fernley, Nevada is a rapidly developing community of approximately 20,000 people. It is in Lyon County, and is approximately 28 miles east of Reno, Nevada. The City is relatively young, having incorporated in 2001. In previous years, Fernley's refuse collection was included in Lyon County's franchise agreement with Waste Management. Waste Management had a franchise for the collection of residential, commercial, and C&D waste, although the commercial and C&D sectors were perceived by competitors to be 'loosely written' and these other haulers competed in those sectors. For residential service, Waste Management charged \$17 per month for collection of a 96-gallon cart of refuse. Residents could self-haul to the Waste Management transfer station for \$8 per load.

The County's franchise agreement with Waste Management was due to expire in early January 2009, and the City of Fernley decided they would consider initiating their own franchise agreement with a hauler.

The City issued an RFP in the fall of 2008. They received three bids. The winning bid was TrashPros, a newly formed hauling company.

The RFP (provided in Appendix B) requested bidders to provide cost estimates assuming:

- Mandatory participation for all households under two acres;
- Container provided by the hauler;
- Senior citizen discount;
- An annual audit;
- Franchise fee of 6, 7, or 8 percent of gross revenue collected;
- Monthly reports of gross revenues collected to be submitted to the City;
- The franchised hauler would also operate a waste transfer station in Fernley;
- CPI annual increases;
- Emergency contingencies;
- The agreement would be for ten years; and
- Recycling may be requested, in which case residents would receive a standard recycling container from the hauler, and there would be three drop-off sites for recycling in the community.

To ensure that bids were comparable, the City requested that bidders complete the "Waste Franchise Waste Scenarios Report Form" (provided in Appendix C). The deadline for proposal submittals was October 1, 2008, and the City entered into an agreement with TrashPros on December 3, 2008.

Under the agreement with TrashPros (provided in Appendix D), residents receive weekly collection of trash (using a 96-gallon cart and allowing for up to seven

additional bags to be set out), for \$21 per month. Residents can self-haul large loads or bulky items to the Wadsworth transfer station for \$10 minimum per load. Senior citizens and public buildings are provided a 25 percent discount. TrashPros provides the City with a franchise fee of 8 percent on gross receipts quarterly. TrashPros allows residents to deliver cardboard, newspapers, paper, aluminum and used motor oil to the Wadsworth transfer station for recycling free of charge. At this point in time, TrashPros does not provide curbside recycling, due to economic factors (low market commodity prices and extremely low tip fees in the region), however curbside collection is a consideration for the City in the future.

TrashPros bills residents on a quarterly basis (in advance of service), and handles customer service calls. Other stipulations of the exclusive residential franchise agreement include:

- Service will be provided for 10 years, with two automatic five-year extensions, unless either party provides notification to the other in advance of at least one year;
- The franchisee will use due diligence to ensure that solid waste is properly contained in vehicles, equipment is modern and in good repair, etc.;
- The franchisee shall maintain an in-City office and telephone number for customer service calls;
- The franchisee shall annually survey customers through an independent third-party consultant; and
- The franchisee will provide backdoor service to handicapped customers, provided they do not have a non-handicapped person living with them.

A representative of the City indicates that mandating service among all residents caused tension among residents, as many were used to self-hauling to the transfer station. The City representative indicated that the term “mandatory collection” tended to inflame residents, and suggests the term “universal community service” as a more palatable phrase. The City representative also suggests that communities request prices for more scenarios, such as rates for small-quantity generators (perhaps using a smaller cart) and prices for bi-weekly collection.

The City implemented a non-exclusive franchise agreement for haulers serving commercial and industrial customers. There are three non-exclusive franchisees servicing commercial customers in the City. This non-exclusive agreement, provided in Appendix E, stipulates that:

- Hauling companies will provide proof of insurance;
- Hauling companies will provide a copy of their disposal agreements;
- Hauling companies will pay the City \$2,500 in annual fees (\$1,500 for a franchise processing fee, and \$1,000 for a cleanup fee);

- Hauling companies will pay the City, quarterly, a franchise fee of 8 percent of gross revenues; and
- Rates will be agreed upon by the franchisee and the customer.

5.10 Addressing Stakeholder Concerns

Stakeholder concerns regarding organized/franchised collection may include:

- Residents’ resistance to mandatory collection (if required);
- Lack of residents’ ability to select their own hauler;
- Residents’ concern of losing special services, such as backdoor collection;
- Concern that some haulers may not be able to compete for the business; and
- Concern that some haulers may be put out of business if they do not win the business, which may result in lack of long-term competition.

Ways to address or assuage these concerns are described below.

5.10.1 Resistance to Mandatory Participation

In some communities residents can “opt out” of curbside collection if they prefer to deliver their garbage and recyclables to the landfill/transfer station/drop-off site themselves. In most instances, however, participation (or payment) in the system is mandatory. Resistance is generally more likely to be met where households are happy with their hauler, feel that the service they receive is adequate, and where a large portion of the residents have lived in the community for a long time (and have therefore developed a sense of loyalty to their hauler). Residents are more likely to be amenable to organized collection in more transient locations, where residents may perceive the service as being inadequate (for example, residents may be frustrated at the lack of availability of curbside collection of recyclables), where residents perceive that there is a lack of competition (resulting in high pricing and low service levels), and where residents are involved early in the process of considering organized collection.

R. W. Beck is currently working with Queen Creek, Arizona to help that community develop and issue an RFP for trash, recycling, and yard waste collection services. Part of what is prompting the change is the imminent closure of the local landfill. Collection of solid waste has historically been under an “open system” in Queen Creek, with some residents opting to self-haul their trash to the landfill. Bins for recyclables have been available at the town hall.

Residents of Queen Creek were surveyed regarding their level of satisfaction with services provided and their receptivity to organized collection. Despite the fact that 49 percent of respondents said they were “very satisfied” with their hauler and 39 percent indicated they were “somewhat satisfied” with their hauler, 62 percent said that they would rather the town negotiate with the hauler (as opposed to negotiating themselves

or having a homeowner's association negotiate for them), and only 1 respondent indicated that they would prefer not to have garbage collection (0 percent of responses). Seventy-eight percent indicated that they would be receptive to the Town of Queen Creek negotiating an exclusive contract with a garbage company to collect garbage and recyclable materials. The project team attributes the respondents' receptiveness to organized collection to the fact that haulers have been slow to offer curbside recycling, a service that residents desire.

In the case of Fernley, Nevada, several residents voiced their concern over collection being mandatory, whereas under the previous franchise agreement participation was not mandatory and residents could self-haul to a transfer station. City officials estimate that of the 7,000 households, approximately 1,000 did not participate in the refuse collection program. City officials also note that many households self-hauled waste to a transfer station, some brought their trash to work to dispose, and others illegally disposed of waste. There is also a considerable amount of illegal dumping in the desert.

In some communities participation in trash collection is mandatory, but participation in recycling is voluntary. In some cases residents are encouraged to participate in recycling by being offered a low trash collection/disposal rate if they participate in curbside collection of recyclables. The City of Boise, Idaho is an example of such a community. Residents there are charged \$13.80 per month for trash and recycling collection services if they participate in recycling. If they do not participate in recycling they are charged \$17.80 per month. The City of Boise now also charges the owners of unoccupied residential units a fee of \$2.14 per month to cover a portion of certain fixed costs, such as the management of household hazardous waste and city staff resources used to manage solid waste.

5.10.2 Lack of Ability to Select own Hauler

In some communities residents resist losing the ability to select their own hauler, which can make organizing collection politically difficult, particularly in areas where a large portion of residents have lived in the community for a long period of time. Residents often become accustomed to and develop a loyalty toward their hauler, and do not want the local government telling them they can't hire that hauler, even if the cost could go down under an organized program.

Some communities have developed a licensing program such that haulers servicing the area must provide certain services (e.g., if the hauler provides collection of refuse, the license may stipulate that the hauler must also provide collection of recyclables), rather than have a single hauler service the entire area. Of course, the down side is that most of the benefits associated with a single hauler, such as reduced vehicle traffic, increased efficiencies and economies of scale, are not realized under this scenario.

Other communities, as described above, have allowed for a consortium of haulers to bid on service for the community (or sections of the community), which can mitigate

some hauler changes. Because there are still several different haulers operating, however, efficiencies gained due to economies of scale are limited.

5.10.3 Concern of Losing Special Services

Many hauling contracts are structured such that residents can, for an additional fee, receive backdoor service. In some communities elderly and/or handicapped residents can apply for backdoor service which is provided at no extra charge. Often a certain number (percent of total households served) of backdoor service customers are “built into” the collection contract at no additional fee. Some communities also build in an option for a second collection day (such as Saturdays) at an additional cost. This may be especially relevant in warm-weather climates or in tourist communities. Backdoor service may also be imperative to offer in tourist communities, as it is important to ensure not only that trash is collected, but that empty carts/cans are returned to their proper place if homeowners are absent.

In the City of Fernley, TrashPros included a 25 percent discount for public buildings and senior citizens, and also provides approximately \$7,500 per year in community cleanup services.

5.10.4 Concern that Small Haulers Can't Compete/Lack of Long-Term Competition

Some communities have allowed the formation of consortiums of small haulers to bid on a service area or for service in the entire community. When this is the case, haulers divide the area into contiguous routes, such that each area is serviced by one hauler, therefore the benefits associated with reduced hauler traffic are maintained.

Another way in which some communities encourage small haulers to compete is by ensuring that bonding requirements are not overly onerous.

Other communities allow small haulers to compete for servicing a particular service area or district. In some cases, haulers have naturally “carved out” portions of a geographic area. Frederick County Maryland, for example, is considering a franchise system in order to ensure that smaller haulers can stay in business. The County envisions the franchise system as being a way to maximize efficiencies while helping to protect the viability of small haulers and ensure long-term competition.

Interestingly, TrashPros, the franchised hauler of Fernley, Nevada, began operating specifically to respond to an RFP for exclusive residential service in the City of Fernley. Although the family that started the business had extensive experience in the trash hauling business in the Pacific Northwest, they were not operating in the area when the RFP was issued. The fact that Waste Management had held the exclusive franchise in the county for the past 20 years did not thwart competition.

5.11 Benefits and Drawbacks of Organized Collection

The implementation of organized collection through privatization, either through contracted collection or through an exclusive or non-exclusive franchise, has benefits as well as drawbacks, as described below.

5.11.1 Benefits

- Organized collection throughout the unincorporated areas of the County could increase access to curbside recycling, thus increasing tons of materials recycled and decrease tons delivered to the Broome County Landfill (Landfill) for disposal, extending the life of the Landfill.
- By having only one hauler (assuming a contract or exclusive franchise agreement would be issued) serving the geographic area, the County would find it easier to enforce and audit the program. When multiple haulers serve an area, it can be difficult to pinpoint which hauler is in violation of specific ordinance provisions, for example, not collecting separated recyclables or allowing litter to blow out of the back of the collection vehicles.
- In general, economies of scale are gained through the use of one hauler serving an entire region or portion of a geographic region. This can result in lower cost services.
- Having one hauler service the entire geographic area, or a portion thereof, would result in less hauler traffic, less wear and tear on the roads, reduced noise and air pollution caused by hauler vehicles, and enhanced safety.
- Organized collection results in more consistent and standard services. This can allow for more targeted, specific, and branded outreach and education strategies, which can also improve participation in recycling programs.
- The County would have more control over the program, and therefore would be able to make changes to the program relatively easily, within the confines of the contract or franchise agreement. Changes might be in response to materials generated, collection or processing technology, materials markets, etc.
- Organized collection would likely not only result in increased tonnage diverted from the Landfill, but also improved reporting regarding tonnage diverted, participation in recycling programs, etc.
- Organized collection makes it more likely that some of the costs associated with collecting recyclables can be offset, at least partially, with solid waste collection fees.

5.11.2 Drawbacks

- With organized collection, residents are not able to select their own hauler, which would be unacceptable to some residents.
- With organized collection, the local government generally becomes more involved in the process of solid waste and recycling collection – including development of RFP/RFB, review of bids, selection of contracted/franchised hauler, development of contract/franchise agreement, monitoring of service, billing for service, customer service, and auditing performance. The degree of involvement can vary considerably, particularly with respect to billing and customer service.
- If participation in the program were mandatory, some residents would argue that the program is too costly, and might prefer to “self-haul” waste and recyclable materials to the Landfill/drop-off site. There are communities that have successfully allowed for this to occur through an “opt out” provision.
- There is the possibility that small haulers might not be able to compete with larger haulers to serve a large geographic area. It should be noted, however, that some communities have allowed small haulers to form consortiums that bid, as a single entity, on service for a specific hauling district or on an entire geographic region.

5.12 Resources

Boise, Idaho Solid Waste Management Ordinance

http://www.cityofboise.org/Departments/City_Clerk/PDF/CityCode/Title8/0810.pdf

Boise, Idaho Solid Waste Services, Solid Waste Collection Fees

http://www.cityofboise.org/Departments/Public_Works/PDF/solidwastecustomerfees.pdf

Babylon, New York, Code of Ordinances, Hauler Licensing Fees, Article IV, Section 133-14

<http://www.ecode360.com/?custId=BA0924>

Boise, Idaho Franchise Hauler Measures for Success, 2008

http://www.cityofboise.org/Departments/Public_Works/PDF/BoardsAndCommissions/PWCommission2008/2008-09-18/Agenda%20Items/ITEM5AWATTACHD.pdf

CIWMB, Sample Contracts and Agreements

<http://www.ciwmb.ca.gov/lglibrary/LocalDocs/Contract.htm>

CIWMB, Sample Solid Waste/Recycling Ordinances

<http://www.ciwmb.ca.gov/lglibrary/LocalDocs/Policy.htm>

Cranberry Township, Pennsylvania's, Solid Waste Ordinance, Chapter 20

<http://www.cranberrytownship.org/DocumentView.asp?DID=184>

Dallas, Texas Non-Exclusive Franchise Fee Ordinance

<http://www.dallascityhall.com/sanitation/pdf/SolidWasteFeeOrdinance.pdf>

Exeter Township, Berks County Pennsylvania, No-Burn Ordinance

<http://co.berks.pa.us/exeter/lib/exeter/ordinances/burningordinance.pdf>

Fairfax County, Virginia's information pertaining to permitted hauling companies

<http://www.fairfaxcounty.gov/dpwes/trash/disphaulers.htm>

Fernley, Nevada Ordinance authorizing City to Collect Solid Waste

<http://www.cityoffernley.org/DocumentView.asp?DID=2526>

Fernley, Nevada, Request for Bids for Solid Waste and Recycling Collection Services

<http://www.cityoffernley.org/Bids.asp?bidID=34>

Florida Center for Solid and Hazardous Waste Management, "The Use of Franchise Fees in Commercial Solid Waste Management in Florida," September 2000

http://www.hinkleycenter.com/publications/franchise_fees_00-06.pdf

Frederick County, MD "Questions and Answers about the Proposed Solid Waste Management Franchise Enabling Legislation"

<http://www.co.frederick.md.us/documents/Utilities%20&%20Solid%20Waste%20Management/Proposed%20Solid%20Waste%20Franchise%20Legislation/Solid%20Waste%20-%20FAQ%20Solid%20Waste%20Franchising.pdf>

New York State Laws pertaining to Counties (CNT), Article 5-A, County Water, Sewer, Drainage and Refuse Districts

<http://public.leginfo.state.ny.us/menuf.cgi>