January 21, 2011

Multi-Family Supplemental Waste Collection Service Background

As part of cost-containment strategies discussed during the FY2005 budget deliberations, Council considered reducing the amount of weekly collections of solid waste at multi-family housing communities. The adopted FY2006 budget reduced multi-family garbage collection from twice-a-week to once-a-week beginning September 1, 2005. This resulted in approximately $ 645,959 in savings in the FY2006 budget.

Ken Szymanski, Executive Director of the Charlotte Apartment Association ("CAA"), contacted staff with concerns about excessive collection rates that would be charged by private haulers for multi-family supplemental garbage collection and asked the City for assistance. To help resolve these concerns, Council extended the effective date for the service reduction to October 1, 2005. Staff worked with representatives from the CAA, Allied Waste Services (the private hauler contracted to provide multi-family garbage collection), and other interested parties to find an acceptable solution.

The City and Allied Waste Services negotiated an initial multi-family supplemental collection service rate of $15.00 per collection of a dumpster or open top bulk container and $145.00 per collection of a compactor or closed top container in multi-family housing communities. Currently these rates are $16.95 and $168.98 respectively.

The City agreed to be responsible for payment of the landfill disposal fees associated with the supplemental collection if a multi-family housing community elected to use and pay for multi-family supplemental collection service provided by Allied through this arrangement. Allied Waste Services would be required to use the same dedicated trucks it would use for the City multi-family contract to provide the multi-family supplemental collection service. This requirement ensured that the City only paid for disposal of multi-family supplemental collection waste and not any commingled waste collected from non-qualified locations (for example, businesses). Multi-family housing communities could contract with other waste haulers for multi-family supplemental collection service, but the City would not pay landfill disposal fees for these waste haulers. The City limits payment of landfill disposal fees to Allied Waste Services because the City could not guarantee that other waste haulers would maintain appropriate safeguards to prevent commingling of multi-family supplemental collection waste with waste from non-qualified locations.

The multi-family supplemental collection service was incorporated into the existing contract with Allied Waste Services. Thereafter, Council and staff extended the multi-family refuse and recyclables collection contract on three occasions: a three year extension (January 1, 2007 – December 31, 2009) on September 25, 2006; a six month extension (January 1, 2010 – June 30, 2010) on December 31, 2009; and, a six month extension (July 1, 2010 – December 31, 2010) on June 14, 2010.

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New Multi-Family Collection Contract

The City issued a request-for-proposals ("RFP") for multi-family refuse, recyclables, and bulky item collection on July 20, 2010. The City received six proposals from waste companies by the August 23, 2010 deadline. The O'Leary Group declined to submit a proposal for the multi-family contract citing philosophical and financial reasons. On September 27, 2010, Council selected BFI Waste Services, LLC (formerly known as Allied Waste Services), as its service provider for the multi-family refuse, recyclables, and bulky item pickup contract. The City Manager executed the contract on January 13, 2011, on behalf of the City.

Richard Vinroot contacted the City on behalf of the O'Leary Group after the August 23, 2010, RFP deadline. Mr. Vinroot expressed his client's concern about the inclusion of multi-family supplemental collection service within the multi-family RFP. Mr. Vinroot and the O'Leary Group contend that the inclusion of supplemental collection within the multi-family RFP is unfair.

Mr. Vinroot requested that the City do one of the following: carve out the multi-family supplemental collection service as a separate RFP; expand the number of waste haulers for multi-family supplemental collection service that receive disposal fees paid by the City; or, stop paying disposal fees for multi-family supplemental collections. At present, the O'Leary Group has no interest in the larger multi-family contract but is interested in contracting with the City or bidding through a RFP for the proposed smaller multi-family supplemental collection service.

A workgroup was formed consisting of staff from the City Attorney's Office, Solid Waste Services Department, and Budget & Evaluation. Staff reviewed the history of multi-family supplemental collection and alternatives to the current system from September, 2010, through the beginning of this year. After careful review, staff determined that it was appropriate to continue the current system of multi-family supplemental collection where the City pays the landfill disposal fees of the City's selected multi-family contractor.

Mr. Vinroot and staff met on January 12 to further discuss the issue of multi-family supplemental collection service in light of the initial staff review. Both parties reached a consensus whereby staff would undertake a full review of multi-family supplemental collection services with input from various stakeholders. Solid Waste Services staff and the City Attorney's Office will keep Council advised as this review progresses.