

Top Seven Considerations For Your Next Waste And Recycling Contract

Nothing seems to ignite public passion and debate quite like local trash and recycling services. While every municipality needs trash service, handling the bid process internally can often be a confusing and frustrating task. Here are seven important considerations and helpful hints for navigating your next waste contract.



1. What Kind Of Contract Does Your City Have Or Need?

Residential Services – The vast majority of municipalities have exclusive contracts for residential service. This means either the city or a private contractor provides exclusive service for all residents. Other cities allow a full, open market where any private hauler can pick up a resident's trash and recyclables.

There are positives and negatives to each scenario.

Cities that provide service directly to residents are not bound by some of the profit metrics of private haulers. However, the cost of owning and maintaining large equipment; running transfer stations or recycling

centers; and managing employees and administration within a governmental system, often ends up being more costly to residents than when provided by private haulers.

Cities that utilize exclusive residential contracts with a private hauler often point to the benefit of having a single contractor using city infrastructure. Since the city is responsible for maintaining roads and managing traffic congestion, reducing the number of large trucks on the road during daytime hours can reduce stress on roads and limit public complaints. An exclusive contract gives the city a single entity to address issues and can increase the ability to provide expanded services. The selected waste hauler may be willing to offer specialized recycling

services or help fund public outreach if they have exclusive access to residential waste.

However, an exclusive residential contract does not come without risks. If trucks break down; companies merge or change leadership; new needs arise; or your community experiences extreme weather or natural disasters, a city is contractually bound to handle the issues and associated waste with the exclusive hauler. Forethought when negotiating contractual terms can help plan for such situations; however, ultimately an exclusive contract can leave cities with a single option.

Cities that have open markets for residential service may not have some of the single-entity advantages, but when a provider's service starts lacking, the

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city does not have to field complaints. Residents can simply contact the provider directly.

Commercial Services – In contrast to residential service, the majority of municipalities operate under an open market for commercial services. The most evident reason for this is that commercial businesses require specialized services. Most residents need a standard rolling cart for trash and a container for recycling. In contrast, businesses may produce anywhere from a few cubic yards of trash per week to a hundred times more.

Manufacturing businesses may especially produce materials that require disposal as hazardous waste or collection in bulk to reduce costs. A municipality, negotiating on behalf of all the businesses within city limits, runs a high risk of excluding services that businesses need or using operators that may not offer services at the

schedule they want. Furthermore, the price of commercial service is generally 10-100 times as expensive (or more) than residential service. Thus, it's much more politically expedient to leave those issues up to the businesses themselves.

There are many municipalities that service businesses themselves or operate under exclusive franchise agreements with private haulers successfully.

Determining what type of residential and commercial service your city has or needs is the first and most critical step to a successful waste and recycling request for proposal (RFP).

2. Research, Research, Research.

Doing market research is one of the biggest keys to success in the RFP process and securing a new contract. Competition in the waste industry is

constantly evolving. There has been a drastic increase in mergers and acquisitions within the waste industry in the last five years, increasing both risk and opportunity for municipal waste contracts. Mergers that gobble up local competitors can limit market competition; on the other hand, the combined resources of a newly merged company can provide needed capital for the services your city needs. Want that giant recycling center paid for? The newly merged company may be able to provide that.

Conversely, smaller companies can often provide a more tailored approach to your municipalities' needs, provided their equipment and operations are adequate. Do not discount a waste hauler that is not currently servicing your market; they may, if given the opportunity. Many companies would drive the extra mile or even purchase infrastructure to service a municipal



contract. This can lead to added competition and lower contract prices.

At the end of the day, market research is the name of the game. Look for government, non-profit, or private entities that provide information or counsel on regional waste opportunities. Investigate regional players looking for infrastructure investment opportunities. Find out how your waste stream is currently sorted and where the different streams go. Set up facility tours of potential bidders and program reviews. Find municipal entities of comparable size for case studies. The more market knowledge you have, the more likely your new waste contract will be the envy of the region.

3. Establish And Maintain Your Criteria For Selection.

Having a well-defined set of criteria for selecting your provider is paramount to the process. State law not only establishes the criteria defining responsible actors to service your municipality, it also defines what should be considered in selecting a winning proposal. Make sure to research and clearly print the criteria in your RFP and on any paperwork relevant to selection committees. When judging proposals, build a prioritized list of criteria. Choose the values that best reflect your community desires (price, infrastructure investment, recycling opportunities, etc.), and tie them to your state's criteria for adjudicating proposals.

This will make the bidding process clear and help guide an objective selection process.

4. Assign A Value To Fringe Benefits.

When reviewing bids for waste service, put monetary and social value on any services or equipment offered for free. Often haulers will include amounts to pay for roads, community outreach and educational programs. These gifts of infrastructure, equipment or services should be quantified, and weighed against the total cost of service to make sure you have the most accurate comparison between bids. When well documented, this also ensures that you have met your justification of decision.

5. Build Room In Your Process For Clarifications.

If needed, extend the bidding process to allow for typed clarifications between the proposal submission and committee selection. Make any clarification questions universal so you can send an identical sheet to each responsible participant. Ask for pictorial descriptions of equipment or signage, as well as the specific monetary commitment of each investment to be made (e.g. \$20,000 for a recycle drop-off facility, or \$15,000 for education programs). No matter how perfect your RFP is, there will always be some interchange with bidders for

clarification. Keeping the channels of communication open and transparent will lead to the best proposal for your municipality and limit recourse of non-selected parties.

6. Fees And Price Increases Are Negotiable.

When drafting an RFP or negotiating a final contract, ask for language that specifically addresses any current or future fees. Base rates for scheduled trash are often increased by as much as 35 percent by internal hauler fees, especially when your contract covers commercial service, as well as residential. One way to protect against this is to specify in the RFP that any pricing bids should be inclusive of all fees and represent an "all-in" price. Also, work to address how the price can or should increase over the term of the agreement. If the provider strongly desires to work with your municipality, you may have a contract that has no price increases for the entire term of the agreement. Other contracts may allow for annual Consumer Price Index (CPI) increases or passing through of landfill price increases. Either scenario may make sense depending upon local market conditions. As with any contract, make sure terms are clearly defined, understood and fair for both parties.

7. Begin The Process Early.

Ensure adequate time before the contract end date to allow for a smooth process. Most municipal waste and recycling contracts range from one-to-five years with a heavy emphasis towards longer-term contracts. When determining how far out to begin the process, consider if there are going to be any changes to the level of services needed. For example, is the city transitioning from an open market to an exclusive franchise arrangement? Have you had requests from the public? Are you hoping to change or expand the city's recycling program?

If there is any change to the normal procedures, it is ideal to get started at least one year prior to the end of your current agreement. Big changes will require a large amount of research and public outreach to ensure it goes

smoothly. If keeping the same services but rebidding, get started about six months prior to the contract expiration. This will allow enough time to manage the formal RFP process and execute a new contract with ample time for auditing the current operation, soliciting bids, and asking for public feedback.

Any RFP or contract your municipality executes requires hard work and attention to detail. Following these seven points will help ensure your municipality gets a quality waste contract and provider. Your trash affairs can come out smelling like a rose. 🌿

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