



## MEMORANDUM

To: Summit County Council  
From: Derrick Radke/Tim Loveday  
Date of Meeting: February 13, 2020  
Type of Item: Work Session  
Re: Summit County Curbside Feasibility Study

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The purpose of this presentation is to update the Council on the findings of the Curbside Feasibility Study. This presentation is a high level overview of findings, cost modeling and potential advantages and impacts of the county implementing an in-house curbside collections program versus continuing under a future contract. Included in this discussion is an overview of the time line staff believes is necessary to hold to in order to allow sufficient time to either implement an in-house program or to prepare an RFP for collections services. Our intent is to provide this workshop item to present information and to directly open discussions with the Council about our efforts to evaluate the curbside program and to allow discussion or criticism to be heard as to the approach and direction of our efforts.

With all that has been completed and remains to be implemented in the near future, we want to walk away from this work session understanding where the Council agrees we should direct our our efforts and allow for feedback on ways you think we can better achieve the Council's goals in determining the appropriate path forward for our curbside waste and recycle collections program.

### **Curbside Feasibility Study**

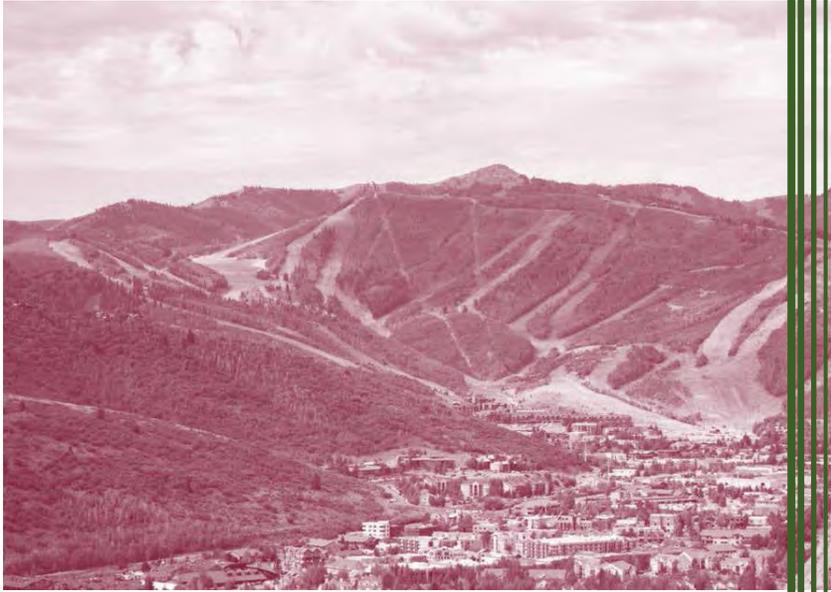
The Summit County Curbside Feasibility Study (Study) was completed utilizing professional consulting services from GBB Solid Waste Management Consultants and detailed analysis by County staff. The Study is attached to this report and provides a detailed summary of findings.

The focus of the Study and evaluation by county staff has been to assess the financial and administrative implications of developing our own in-house program. Our presentation includes time constraints associated with both implementation of a program and development of an RFP for curbside collections while providing a high level of environmental and fiscal responsibility to our residents and serving to meet the intent of Council's overall strategic goals.

These discussions will be to inform the Council of our findings and engage in discussions on what the Council would like to see prior to making a final decision on our Curbside Waste and Recycle Collections Program.



# Summit County, Utah Curbside Feasibility Study



November 5,  
2019



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## 1 Introduction

The Solid Waste Management Division of the Summit County Public Works Department sought to conduct a study to examine the feasibility of providing curbside solid waste collection with County resources, as an alternative to continuing to contract the service to a private company. Beyond simple costs, there are many reasons to consider providing solid waste services with county employees. These include the ability to control future costs, ensure access to services for all, and the intrinsic value of having the equipment and human resources. The consultant combined industry experience with relevant local data to provide information to inform the decision-making process for Summit County.

The consultant conducted a review of existing services and determined the feasibility of the County providing residential refuse collection and disposal, residential curbside recycling collection, and delivery of recyclables to the existing regional processor using publicly-owned vehicles purchased and maintained by the County, and a fleet of cart and front-end loading containers owned and maintained by the County.

### **The intention of the study was to:**

- Develop a needs assessment based on the current assets and county infrastructure;
- Evaluate the facility, equipment and personnel requirements for the scenario;
- Develop operational cost model(s) and estimates; and,
- Anticipate costs for startup, maintenance and future needs.

## 2 Observations and Analysis

### 2.1 Gathering Data and Building the Cost Model

The first part of the project was to identify the key issues and document the current system. This was accomplished with a review of available data and documents provided by the County and a team kickoff meeting with the team, held in Summit County. The team reviewed the 2018 update to Summit County's Integrated Solid Waste Master Plan, keeping in mind the County's major goals and objectives relating to the management of solid waste and overarching environmental stewardship priorities. During the subsequent kickoff meeting, the team discussed the project work plan, key issues to be addressed, key findings from previous engagements, and established timing associated with the various project tasks. During the meeting, the project team identified primary contacts within the project team and the County and established protocol for the exchange of information and resolution of issues that arise in the normal course of this engagement.

Also during the kickoff visit, the team reviewed its understanding of the current waste and recyclables collections contract and the County's general residential waste management program. The aim of this was to confirm the understanding of the County's current operation, which would assist in completing the operational and financial feasibility study. The team went through the current operations budget line by line, examining each cost center and identifying which ones would be affected by internalizing the collection program. This process also produced many of the assumptions and inputs that would be used in the cost model, including finding real-world assumptions for costs such as heavy truck maintenance, salary and benefits for staff positions, and capital costs for a base of operations. As appropriate, the team substituted inputs and assumptions from other counties and cities with similar labor costs, market rates, etc., to provide a more complete cost model.



Quite helpfully, the current contractor met directly with the team to share details about customer areas, participation and set-out rates, typical customer information, and the solid waste marketplace in the region. The contractor also provided numerical data regarding its current operations on the Summit County contract, along with its larger business in the region, which provided valuable context. This helped the team to better understand factors influencing the cost structure and unique challenges within the contract management.

In addition to meetings, the team conducted an in-depth field observation study of the routes, homes, drop-off areas, and neighborhoods, including downtown Park City. This field work helped to better understand the unique efforts required for implementation of the current collection contract and the level of effort required for the County to develop and implement an in-house program.

The information from the field observations was used to estimate the number of routes that would be needed to provide all customers with the current service profile. The number of routes determines the number and type(s) of trucks (primary plus back-ups) which will be needed in the fleet. The number and type(s) of trucks determines the necessary number of drivers, laborers (or helpers), supervisors, and other cost centers. The field observations also were used to estimate the size of the dumpster fleet serviced by the contractor, a cost the County does not currently bear directly.

After the kickoff visit, the team used primary research to fill in the remaining assumptions and inputs for cost centers, and built the cost model to estimate the program costs for the collection program. The detailed explanation for how all the assumptions and inputs were determined and derived can be found in the complete cost model, in Appendix A of this document.

**2.2 Estimating Costs for a New Collection Program**

As described in 2.1, GBB evaluated operational and financial requirements for the County to directly provide the following residential services scenarios:

| Refuse Collection & Disposal | Recycling Collection & Processing | Cart/Dumpster |
|------------------------------|-----------------------------------|---------------|
| Individual Residences        | Individual Residents              | Purchase      |
| Multi-Family                 | Multi-Family                      | Maintenance   |

The analysis was based upon the assumption that the County will provide all services outlined below:

- Trucks/Equipment (CNG vs. Diesel)
- Cart/Dumpsters
- Facility Requirements
- Insurance/ Liabilities/ Works/ Compensation
- Annual Maintenance
- Equipment, Trucks, Bins/Containers
- Population Changes
- Personnel
- Route Management System
- Administration and Supervision
- Direct Personnel Salaries and benefits
- Vehicle and Equipment capital
- Cart replacement and repair
- One-time implementation costs
- Vehicle operating, maintenance and fuel
- Facility capital
- Public education
- Processing and disposal
- Other operating and maintenance costs



### 2.3 Evaluating Potential Costs for Contracted Services

Part of the research in this project was to compare the costs of the current collections contract to the costs that other communities have historically paid to private contractors for similar services. The team used industry experience managing collection procurement processes and connections in the region to gather data from municipalities in Utah and from other nearby states. GBB also contacted three to six private haulers and facility operators that work in the region or state to gauge their interest in providing collection services for the County, should the county decide to re-procure a private contractor for collection services.

As of July 2019, Republic Services charges Summit County the following prices for collection service.

*Table 1 – FY2020 Summit County Waste and Recycling Collection Service Prices<sup>1</sup>*

|   |                          |   |                          |
|---|--------------------------|---|--------------------------|
| <b>1<sup>st</sup> Garbage Container</b> | \$ 7.82                  | <b>2<sup>nd</sup> Garbage Container</b> | \$ 14.53                 |
| <b>1<sup>st</sup> Recycle Container</b> | \$ 4.50 (\$4.24 + \$.26) | <b>2<sup>nd</sup> Recycle Container</b> | \$ 3.01 (\$2.75 + \$.26) |

Information provided by the nearby Wasatch Integrated Waste Management District (WIWMD) showed the monthly costs for garbage “cans” (or carts) and recycling “cans” (or carts) for many communities in the region. It showed the pricing for both a first can and a second can for garbage. WIWMD tracks information for its members and for regional neighbors outside its District. The figures show the price information for the cans on a monthly basis. The values include fees imposed by the communities’ waste districts (either WIWMD or whatever District applies) which generally fund disposal fees along with District operational costs.

Figure 1 shows the monthly fees paid by communities in WIWMD. Vertical lines indicate the averages for the 1<sup>st</sup> garbage can (\$12.50 per month) and for the 2<sup>nd</sup> garbage can (\$9.63 per month). Figure 2 shows the same information for neighboring communities outside WIWMD (\$12.44 and \$9.73). At \$7.82 for the 1<sup>st</sup> garbage can, Summit County is below the average; at \$14.53, the price for the 2<sup>nd</sup> garbage is higher than almost of the communities, although it is not the highest of all.<sup>2</sup>

Figure 3 shows the monthly prices for the typical service profile of 1 garbage can and 1 recycling can in WIWMD communities that offer this service profile, ranging from \$14.50 to \$22.00 per month. Figure 4 shows the same information for neighboring communities outside WIWMD, where the price ranges from \$8.00 to \$21.00 per month. Based on the Republic Services price schedule, this service profile is \$12.32 in Summit County. This is less than or competitive with all the other communities.

<sup>1</sup> Source: Letter from Reece DeMille of Republic Services to Tim Loveday, Summit County Waste Services Manager, dated July 7, 2019. The letter notes that there is a surcharge of \$0.26 per customer due to increases in recycling tipping fees.

<sup>2</sup> A relatively high cost for a second garbage cart is not inherently undesirable; it can be a useful policy tool to encourage waste reduction and participation in recycling.

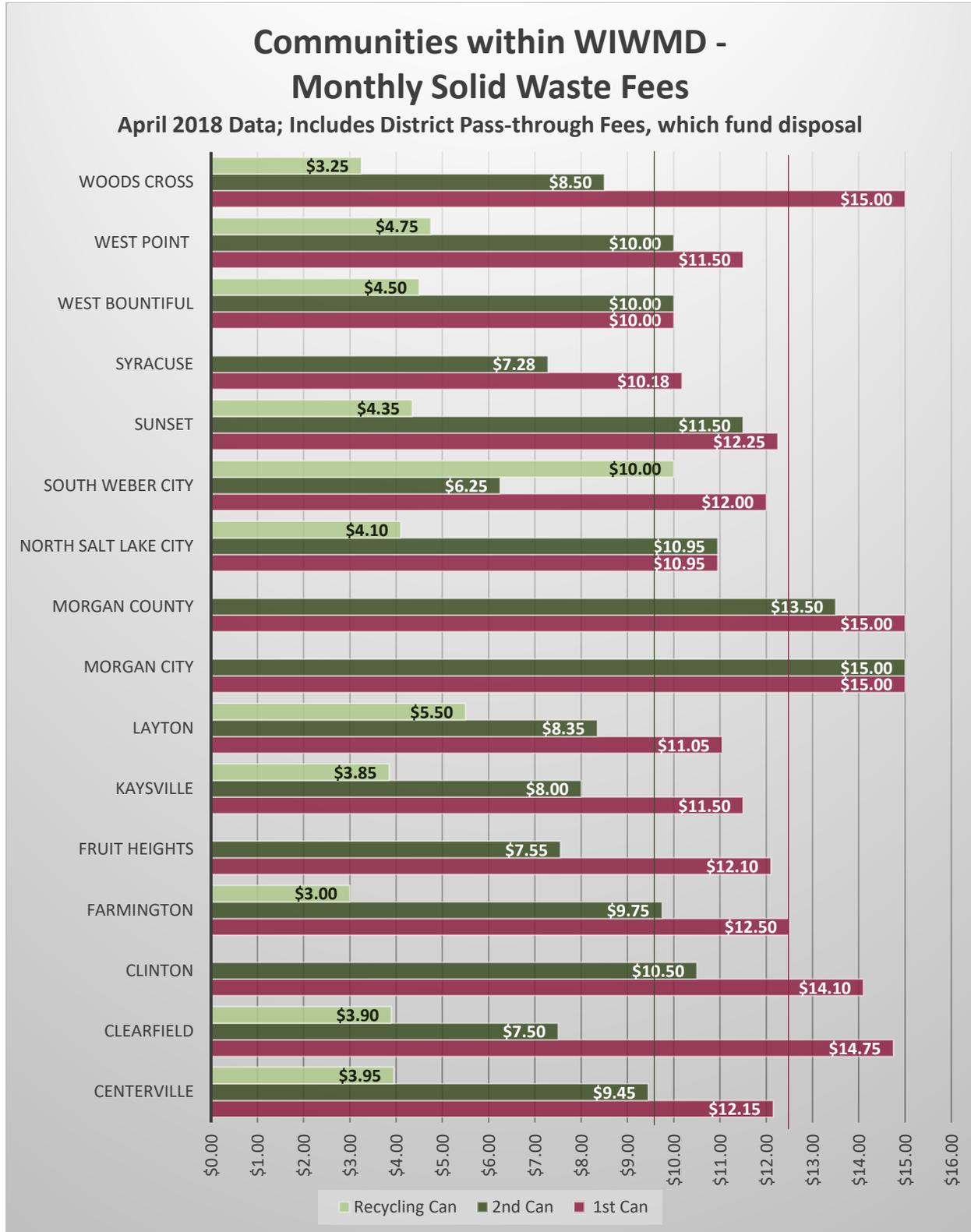


Figure 1 – WIWMD Communities Monthly Solid Waste Fees for Garbage and Recycling, with lines showing average values for 1<sup>st</sup> Can and 2<sup>nd</sup> Can

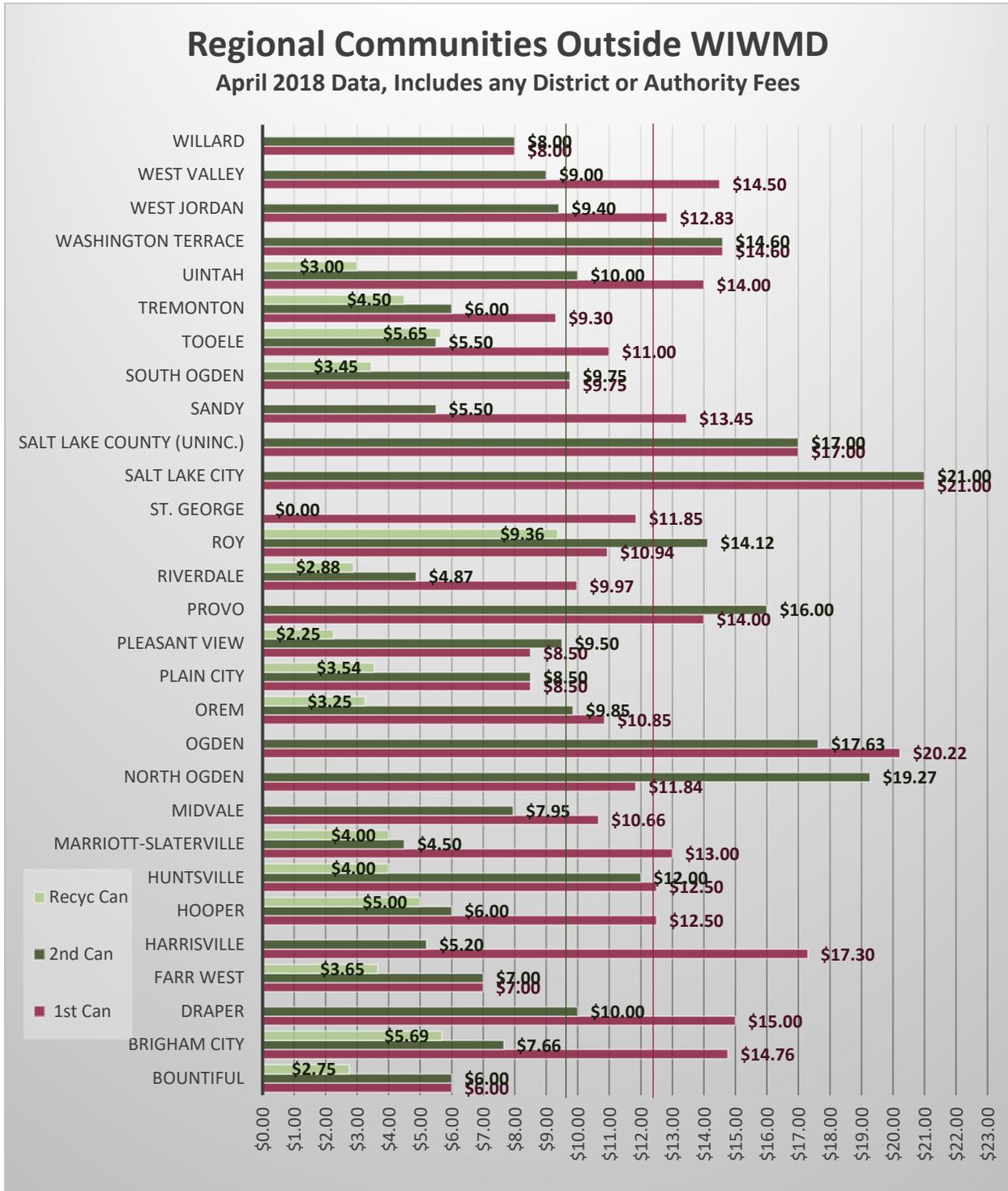


Figure 2 – WIWMD Regional Neighbors Monthly Solid Waste Fees for Garbage and Recycling, with lines showing average values for 1<sup>st</sup> Can and 2<sup>nd</sup> Can

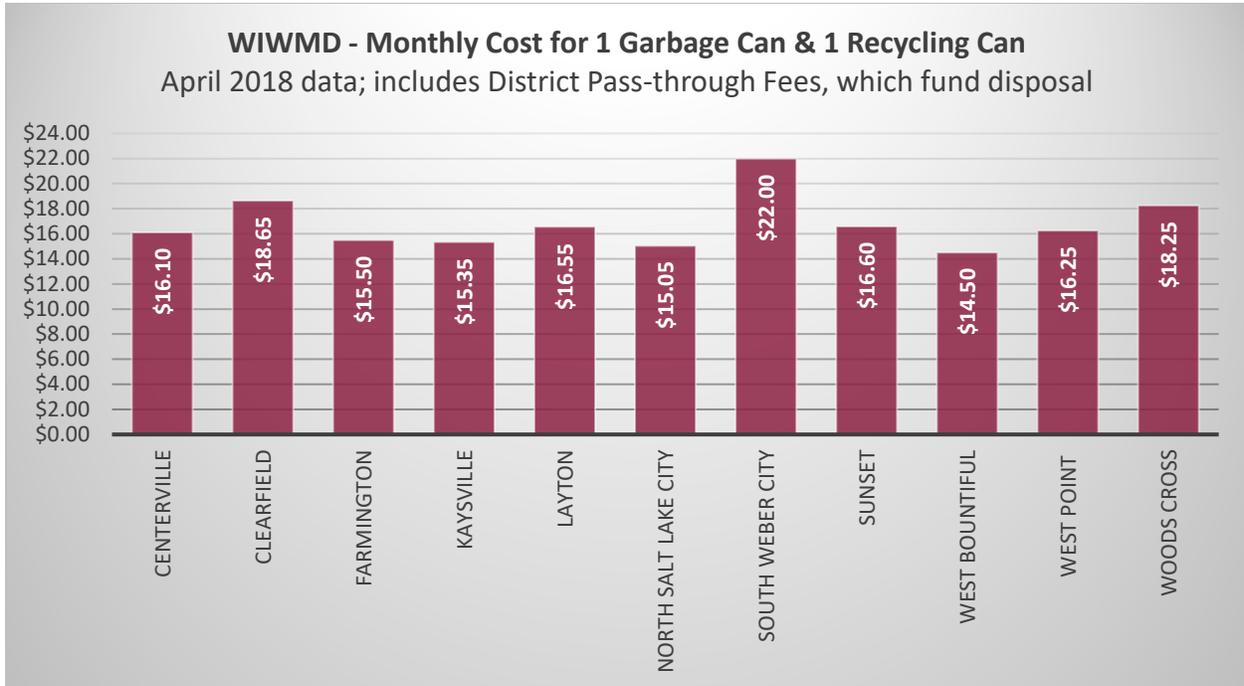


Figure 3 – WIWMD Communities Monthly Solid Waste Fees for 1 Garbage Can and 1 Recycling Can

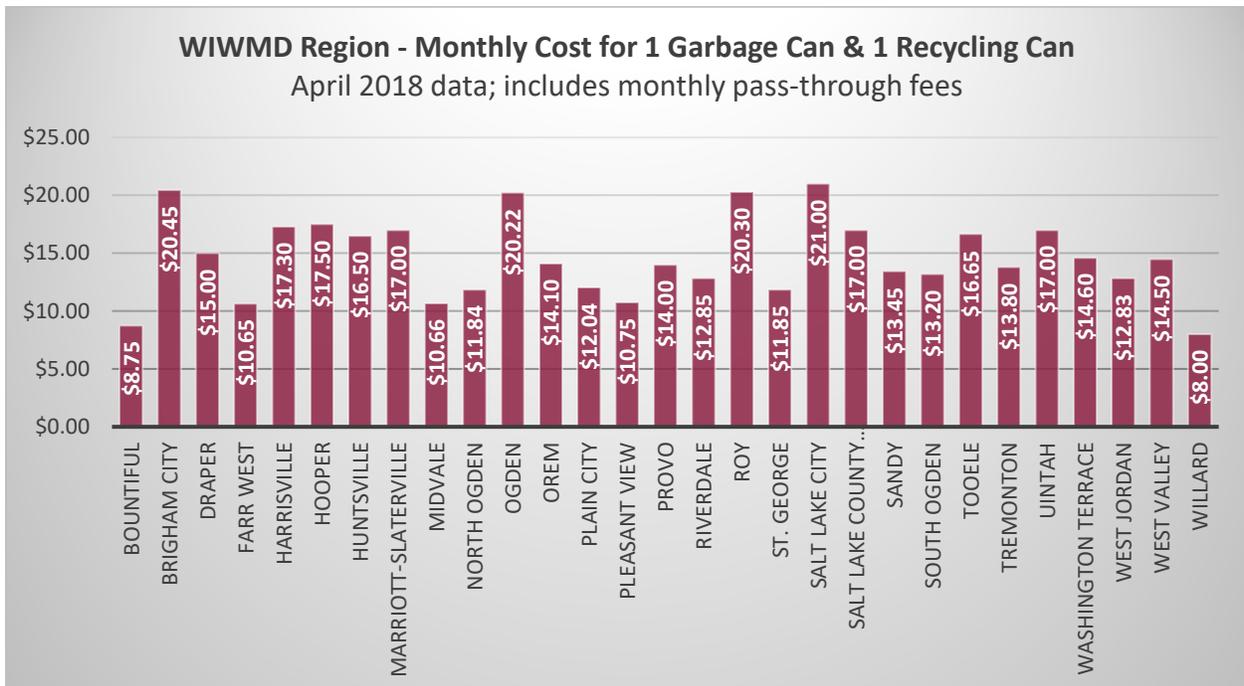


Figure 4 – WIWMD Regional Neighbors Monthly Solid Waste Fees for 1 Garbage Can and 1 Recycling Can

The team gathered sample curbside collection costs from a few other communities in the West and Midwest, as shown in Table 2. For context, the service profile in Fort Worth, TX, includes separate



collection of yard waste for recycling and collection of bulky items. The service profile in Broken Arrow, OK, collects all materials as garbage (no separate recycling or yard waste) and bulky items are charged on a per-item basis, in addition to “extra bags” beyond 5 per collection day being charged per-bag. This shows that Summit County’s current pricing from Republic Services is very competitive.

*Table 2 – Sample Monthly Pricing or Costs for Curbside Collection of Garbage and Recyclables*

| City/County   | Service Profile   | Monthly Price OR Cost                         |
|---|---|---|
| <b>Summit County, UT</b><br><b>Private Contractor via County procurement</b>        | 1 trash cart weekly + 1 recycling cart every-other-week   | \$3.33 monthly customer price <sup>3</sup>    |
|   | 1 trash cart weekly + 1 recycling cart every-other-week   | \$12.32 monthly contractor price <sup>4</sup> |
|   | 1 trash cart weekly + 1 recycling cart every-other-week   | \$15.00 projected monthly cost <sup>5</sup>   |
| <b>Fort Worth, TX<sup>6</sup></b><br><b>Private Contractor via City procurement</b> | 1 64-gallon trash cart + 1 recycling cart, both collected once-weekly   | \$17.50 monthly price <sup>7</sup>            |
|   | 1 96-gallon trash cart + 1 recycling cart, both collected once-weekly   | \$22.75 monthly price <sup>5</sup>            |
| <b>Broken Arrow, OK</b><br><b>City Staff and Equipment</b>                          | No carts, no recycling; curbside collection twice-weekly in City-provided bags, up to 5 bags (extra bags for fee) | \$15.50 monthly price <sup>8</sup>            |
|   | 1 96-gallon trash cart + 1 96-gallon recycling cart, both collected once-weekly                                   | \$13.15 projected cost <sup>9</sup>           |

### **3 Feasibility Discussion**

In considering the feasibility of Summit County government “taking over” curbside collection from residential customers, there are several reasons in addition to price why this may or may not be the recommended choice. Each will be described and discussed herein, along with a discussion of price/cost.

#### **3.1 Price or Cost**

In FY20, Republic Services charges the County the following prices per month, per customer. For a typical service profile of one garbage cart and one recycling cart, Republic Services charges \$12.32 per month. At present, Summit County residents pay \$40.00 per year for curbside collection of garbage and recyclables, equivalent to \$3.33 per month. This fee is well below the actual price of the services

<sup>3</sup> This is the price customers pay for curbside collection, \$40.00 per year.

<sup>4</sup> This is the price Republic charges the County for collection.

<sup>5</sup> See discussion of how this cost was estimated in Section 2.1 and Section 2.2.

<sup>6</sup> Standard issue recycling carts in City of Fort Worth are 64 gallons; however, residents can request a larger 96-gallon recycling cart at no additional charge.

<sup>7</sup> FY20 published price

<sup>8</sup> FY20 utility bill price

<sup>9</sup> This cost reflects estimated costs to provide this service based on a pilot project conducted in 2019; this value of \$13.15 is costs, not price.



provided, and the rest is subsidized from County funds. For the typical service profile of one garbage cart and one recycling cart, \$8.99 is subsidized; however, customers who have 2<sup>nd</sup> carts for garbage along with recycling are subsidized at \$23.52 per month, and if a customer had two of each cart, the County's subsidy would be \$26.53 per month.

Monthly invoices are (on average) about \$250,000 per month after the customer fees are applied, or \$3,000,000 per year. The costs are subsidized from the General Fund, as mentioned. Cost modeling described above in Section 2.1 and Section 2.2 estimates that using County employees, equipment, rolling stock, and owning its own cart and container fleet, the County could collect, process, and dispose of curbside material for a cost of approximately \$17.69 per household per month, or \$3,405,882.56 per year. That cost modeling assumes each customer has only one cart for garbage and one cart for recycling. Additional carts increase costs marginally, as most of the operating costs are in the transportation. The cost modeling includes depreciation on carts, dumpsters, and trucks, along with capital expenditures to develop a new truck yard.

*Important caveat: The maintenance and operations cost used in this model are based on comparable and appropriate costs in current Summit County operations and from a few select cities for which reliable data could be obtained. Confidence in these values is high; however, they are below average on a national scale. If or when Summit County re-procures the work or sets up its own collection business, the consultant anticipates that maintenance costs could be considerably greater than those used in these assumptions. This would increase the overall and per-unit costs accordingly.*

**If no changes were made to the current solid waste fee charged to customers, this would leave a revenue shortfall of about \$2,683,947.56 to be subsidized from the General Fund. The revenue shortfall per unit would be \$167.30 per year, or \$13.94 per month.** This is more than the present, insofar as prices and costs. As noted in Section 2, the County currently is self-insured. If a solid waste collection program were undertaken, outside insurance might be required. This would result in additional costs for the program.

### 3.2 Benefits to Contracting for Curbside Collection

The benefits to the County for contracting curbside collection to a private company lie in **administration, operational resources, and risk avoidance.**

Contracting for the service requires limited administration or long-range solid waste management planning on the part of the County. Although it is currently administered by a solid waste manager, the relationship could also be primarily overseen by a contract administrator or similar administrative professional. Pricing for disposal is set by the County at its landfill, and properly-constructed contracts control any price changes to collection over time. Pricing for recyclables processing is stabilized by the contractor being a national hauling firm, due to the volume of the other customers' recyclables that the contractor delivers.

There are many aspects of operating a waste collection business which the County would need to build from the ground, up. To start, the County currently does not own or operate any waste collection vehicles, and has no truck yard from which to operate them. County staff informed the team that there is no county-owned site readily available for development into a truck yard, meaning that a new property would need to be acquired either for the truck yard or to relocate some current operation. Development of the property into a truck yard would include building garages for maintenance



operations, which are constantly ongoing with refuse collection vehicles, along with administrative offices. A fuel pump would also be needed, and paved surfaces would need to be heavy-duty to accommodate the large vehicles and their heavy payloads. Based on industry experience and recent construction projects conducted by the County, the team estimates that development of the new truck yard would represent a capital expenditure of at least \$2.5 million.

Risk, with regards to operations, is borne by the contractor. The County does not have to maintain or refresh a truck, cart, or container fleet. The County is also not at risk of staffing problems, such as filling truck driver or labor positions. Presently, governments across the country are experiencing difficulty in filling both the well-paying driver jobs and the entry-level labor jobs. This is typical when the overall economy is strong and unemployment is generally low. Whether the reputation is deserved or not, many individuals are not interested in working as a “garbage man,” which can carry some negative connotation while also requiring very early start times and working in all types of foul weather. Although government employment typically offers attractive benefit plans, industry experience shows that truck drivers are more likely to seek the most lucrative position they can find, and entry-level employees are not as concerned with benefits packages as mid-career professionals might be. When positions cannot be filled promptly or stably, customer service suffers, and greater oversight and administration are needed simply to complete the task of collecting all customers on schedule. Other risk the County avoids by using a contractor includes lawsuits related to the collection operations, such as property damage or personal injury.

### 3.3 Benefits to Operating a Curbside Collection Business

The benefits to the County of operating its own curbside collection business are **asset ownership**, **customer service assurance**, and **cost control**.

Having a staff of skilled equipment operators and ready laborers has a value to the County beyond waste collection. It is common in other communities for solid waste employees to support emergency operations as part of their other duties. Examples include operating snow plows or dump trucks, or working to manually clear snow or storm debris. In the event of a disaster, government employees can be activated immediately to work overtime as much as they can (safely) to address the urgent needs. In the event of an emergency, the private hauler may not be able or willing to assist; and, if the hauler did assist, it would be at a premium fee.

Although there is not a strong or pervasive problem with customer service reported in Summit County by the current contractor, it is a condition that can develop with any contractor due to a variety of business factors. Missed collections, frequent property damage, and incorrect billing are situations that can become deeply-rooted problems. When those problems are on the part of a contractor, seeking correction or redress can be difficult for a government, even with a strong contract in place. When the County is the operator, although there may be the same kind of operational problems, the solution is squarely in the hands of the County.

When the County is the operator, costs are also directly in control of the government. This study made no observation that the costs and prices for the current contractor are out of the ordinary or inappropriate. While it is an indisputable fact that a business is a for-profit entity and a government can operate at break-even, the concept of “cost control” does not solely mean “lowest cost.” Businesses pay taxes on the things they buy and use, an expense government does not have; however, large businesses can spread out cost impacts across a wider base and benefit from sizable economies of scale, something



a government cannot always do. The idea of “cost control” means that the County would be directly in control of nearly all operating costs, and unpredictable or uncontrollable costs would be minimized.

#### 4 Findings

- Providing waste collection services using County forces will not provide a cost savings in Summit County in the near- or mid-future; in fact, it would result in a greater revenue shortfall than FY20, largely due to the costs associated with start-up, such as large capital expenditures.
- Administering a new collection business cannot be managed at currently staffing levels, requiring the creation of several new management and administrative positions, in addition to truck drivers and laborers.
- The heavy subsidization of the waste collection program by the General Fund is in a stronger position with a contract as opposed to with County operations.



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