

6.1 Definition and Purpose of Collection Districts

A local government may choose to divide their jurisdiction into districts for the collection of garbage and/or recyclable materials, and have different service providers compete to provide service in these districts. Several local governments in various parts of the country have divided their jurisdictions into districts for this purpose, including Phoenix, AZ; Seattle, WA; Charlotte, NC; Indianapolis, IN; Palm Beach County, FL (unincorporated areas); Oklahoma City, OK; Minneapolis, MN; Pittsburgh, PA; and Hernando County, FL. The reasons some communities have multiple service districts include:

- 1) The community has many households and, at least when the decision was made to divide the jurisdiction into districts, they were unsure that one hauler could provide all of the services;
- 2) The local government wanted to ensure long-term competition and opportunity for several haulers to provide service;
- 3) Some haulers may have equipment that is better-suited to service specific areas with particular constraints;
- 4) One community may be annexed into another community that already has service established with a private hauler; and
- 5) The local government wanted to ensure that they had some collection equipment and crews on hand to retain the ability to respond quickly to a natural or man-made disaster, and simultaneously wanted to ensure that the city department was competitive – thus wanted to “bid out” a portion of the city which provides a “reality check” regarding the cost-effectiveness of city crews.

6.2 Considerations when Establishing Collection Districts

When establishing collection districts there are certain decisions to make, including:

- How many districts to establish;
- How to determine district boundaries;
- Who to include in the districts (i.e., residential units only or commercial establishments as well);

- Whether to limit the number of districts one hauler can bid on or service;
- Whether concessions will be made to “level the playing field” for small haulers;
- How service providers for each district will be decided; and
- Whether the local government will bid to provide service for one or more district(s).

These considerations are described in more detail below.

6.2.1 Establishing the Number of Districts

A local government’s goal for implementing districts may vary. Those goals will impact the number and size of the districts desired. For example, if the local government desires to implement collection districts in order to give small haulers an opportunity to compete in the marketplace, then one or more districts might be sized relatively small – suitable for a small hauler to service. If the goal is to establish economies of scale and efficiency, then districts would typically be relatively large – at least several thousand households. Similarly, current market participants and their ability to serve (or gain the resources needed to serve) the districts should also be considered. Many issues should be considered when establishing districts including: the number of haulers operating in the area and/or expressing an interest in bidding on the service; whether the local government will also bid on providing service; and whether haulers will be allowed to bid on multiple districts. The optimal size of a collection district depends on multiple factors, including:

- Type of technology employed (e.g., manual, automated or semi-automated collection);
- Density of area (i.e., the number of stops);
- Distance to disposal site and/or materials recovery facility (MRF);
- Existence of natural and other boundaries (described below);
- Whether the City/County provides service to a certain district or number of households (also known as managed competition); and
- Services to be provided within the districts.

6.2.2 Determining District Boundaries

Oftentimes district boundaries evolve due to annexation of areas into a jurisdiction, or due to high growth within a district. In other cases, boundaries essentially already exist in the form of rivers, highways, etc. In some communities, there are often neighborhoods that have been established and are known by local citizens, which can make sense for establishing hauling districts. Similarly, potential population growth should be considered. In some cases, demographics may come into play. In others, the existence of a particular collection challenge may guide the district boundaries – such as a cluster of high-density multi-family dwellings and/or alleys that require

smaller vehicles for collection. Possible factors to consider when establishing district boundaries include:

- **Geographic factors** (e.g., highways, water bodies, mountains, etc.). Geographic factors form the main division boundaries as they represent reductions in the flow of traffic or major collection disjoints. Split or four lane highways or rivers are often division boundaries.
- **Terrain or maneuverability** (wide/narrow streets, off-street parking, etc.). This aspect is very important in route development. Some collection vehicles may not be able to access certain areas and it is best to delineate routes such that one type of collection vehicle can be used for a complete, contiguous route.
- **Demographic factors** (e.g., set-out quantities, alley/curbside collection, income, housing density). Demographic factors are critical for weight loading. Some local governments field-check collection times as well as average weight per household. They might subsequently make adjustments to routes for streets that typically have more refuse. In addition, for denser housing areas, the total number of units per route may be increased because travel distance/time is lower.

Dense and hard-to-maneuver areas, such as alleys, must be considered, and should be delineated as a separate route if possible. Some communities have downtown improvement districts, for example, where smaller vehicles are used to access alley collections.

Alley assignments are critical to determine service levels and time of collection. Having this data is critical to avoid unnecessary overlap between routes. Alleys must also be considered in cold weather areas where snow is a factor. Servicing alleys requires a higher degree of cooperation with snow removal crews to reduce downtime related to snow events. Similar cooperation is needed for alleys that routinely have vegetation overgrowth in the summer, but this is usually easier to deal with compared to snow.

- **Location of service centers, disposal facilities and MRFs.** This is critical for determining the number of trips that could be completed in a day and the subsequent impact on cost of service.
- **High growth areas.** Some communities have high-growth areas and this type of information can usually be obtained from the local building or planning department. Some communities adjust routes periodically to “level them out” so that the number of households served in each district remains similar among districts. In Oklahoma City for example, residents located in the urban areas of the City receive additional services (yard waste collection and curbside recycling) yet pay less. Therefore, as subdivisions begin to develop on the edge of the rural/urban areas, residents request to be included in the urban boundaries in order to pay the reduced rate. In some communities, the number of households/customers per route is monitored/tracked, but not adjusted. This information is key, however, when it comes time to re-issue a request for proposals (RFP) or a request for bids (RFB) for the route.

- **Location of haulers' current customer base.** In some cases, haulers have a concentrated customer base in a specific part of a community. To the extent that this is the case, the local government may wish to consider that information in establishing collection districts.
- **Goals/vision for the community.** Oklahoma City decided to limit the number of haulers involved in providing service in their city. Although they requested bids for each service individually, having residents and City staff deal with different service providers in the same area could be confusing, so City officials ultimately did not feel that the relatively small cost savings justified complicating the system.

6.2.3 Deciding on the Customer Base

Whether to include commercial entities in a district may be decided by local or state law. Some communities have a special business district in downtown areas for garbage and/or recycling collection. In some cases, however, haulers have expressed that commercial service is unique from residential in that services can be specialized and with larger containers, routing efficiency is less of an issue (e.g., servicing compacting units and roll-off containers requires separate collection trips). Therefore, it is often argued that commercial services should be left to the open market. Some cities, however, have established special collection districts in downtown areas, in order to assure that service is provided on a timely basis (e.g., before morning traffic becomes an issue, to limit the number of collection vehicles in a typically congested area, and to make certain that unsightly bags are removed before business activity begins in the district) and to ensure that the hauler has the proper equipment to service the area. In many communities, small businesses can be included in the program, as long as the amount of garbage/recyclable materials fits in the containers provided.

6.2.4 Limiting the Number of Districts/Customers a Single Hauler Can Serve

If a single hauler provides service for all districts in a community, it is essentially analogous to having no districts. The benefits of having districts (ensuring long-term competition, providing opportunities for small haulers, etc.) are negated if that occurs. Therefore, many communities limit the number of service areas that a hauler can bid on, or that a hauler can service. Palm Beach County, for example, has 11 collection districts in its unincorporated areas. The County Solid Waste Authority limits the number of accounts any one hauler can serve to 55 percent of all accounts. In the past, the County had nine collection districts and no hauler could service more than three districts.

6.2.5 Deciding on a Process for Selecting the Hauler for Each District

In most cases, haulers bid on the collection district(s) they are interested in servicing. Even if a hauler has a strong presence in a particular district, the local government may open it up to bids, but often the existing hauler's bid is less costly because they are already familiar with the routes, have appropriate equipment for servicing the routes in the district, and in many cases have provided containers to the customers in the district.

In some cases a local government may work with the haulers to allocate specific districts for each hauler based on the current number of customers each hauler serves in the community. In some cities, the City crews service a certain area of the City, and bid out the remaining district(s). Some cities stipulate that the City must service at least a certain portion of the customer base. The City of Phoenix, for example, has a policy that City crews must service at least half of the customer base.

6.2.6 Including Concessions for Small Haulers

Allowing Consortium of Haulers to Bid on One or More Districts

In some cases, consortiums of small haulers have been allowed to effectively band together and act as one hauler in order to bid on providing service in a district. This allows smaller haulers to continue to operate, yet still provides many of the same benefits of having a single hauler (e.g., only one hauler serves a particular street, level of service is the same, etc.) The City of Minneapolis has approximately 107,000 households, and spans 54.9 square miles. The City is divided into two service districts – one of which is serviced by City crews, and the other by a private consortium of haulers. The private consortium, Minneapolis Refuse, Inc. (MRI), includes 15 companies. Waste Management and BFI (Allied Waste) comprise 30 percent of MRI, with 13 smaller haulers servicing the remainder of MRI's service area. Even though MRI provides collection services under contract to the City, residential solid waste collection services have not been bid competitively in more than 35 years. MRI has effectively renewed its contract so the City has not had to go through a competitive bid process. Minnesota law provides cities with an option whether or not to require competitive bids for services such as solid waste collection. When allowing a consortium of haulers to provide service, it must be explicitly established in the contract how service issues will be resolved (i.e., whether the resident calls the contractor or the City with questions related to service issues).

Creating Smaller or "Set Aside" Districts

An alternative to allowing consortiums of small haulers is to have "set-aside" districts comprised of fewer households in which smaller haulers could bid. In 2008, the Palm Beach County Solid Waste Authority increased the number of districts from nine to eleven, hoping to increase the pool of bidders and perhaps attracting smaller haulers that might not have the resources to service 40,000 to 50,000 customers. Two of the larger districts were therefore divided, resulting in eleven districts. The result was the

addition of one hauler that was new to the area. When the City of Pittsburgh engaged in managed competition in 2005, they allowed haulers to bid on the entire southern district, or a portion of the district. The reason they allowed haulers to bid on a portion was an attempt to attract smaller haulers. No small haulers submitted bids, however.

Limiting the Number of Districts in which a Hauler Can Bid

Limiting the number of districts that a single hauler can bid on, which is described above, is one strategy that often protects small haulers.

Limiting/Waiving Bonding Requirements

Some communities limit or waive bonding requirements for haulers or small haulers in order that the bonding requirements are not cost-prohibitive for them.

6.2.7 Managed Competition

Managed competition is when the local government competes to provide service in one or more collection districts. The benefit of managed competition is that it can allow a municipality with an existing staff and equipment to continue to operate, or to become involved in the marketplace if they feel there is not a significant level of competition in their area. Having the local government compete with private service providers also forces the local government to look closely at expenditures and revenues, and operate in a cost-efficient manner, like a business. In 2005 the City of Pittsburgh successfully bid on providing collection of garbage and recyclable materials in a district in the city (details provided below). In some cases, a city's collection staff might bid on services in a different community. For example, the City of Pittsburgh's collection department won the bid to collect recyclable materials in nearby Wilkesburg Borough. The initial one-year term, which commenced on January 1, 2007, was extended through the end of 2010.

6.3 Implementation Requirements

When collection service districts are implemented, there are several steps the local government must undertake. They will most likely dovetail with the implementation requirements for implementing contracted or franchised collection, which are provided in Issue Paper #5 on Franchising Collection Services. Steps to implement multi-district collection include:

- 1) Research all state and local laws pertaining to privatizing collection and establishing districts.
- 2) Solicit stakeholder involvement.
- 3) Consider goals/current level of competition in the area.
- 4) Establish district boundaries.
- 5) Consider the local government's goals relative to local marketplace.

- 6) Develop and issue an RFP/RFB (assuming competition) or allocate districts.
- 7) Monitor services.

Each of these steps is described in more detail below.

Understand and Ensure Compliance with State and Local Laws

As described in Issue Paper #5, state and local laws can have an impact on a local government's ability to privatize collection, as well as for dividing the community into districts. In Florida, for example, the Unfair Competition Act stipulates that communities must give haulers at least three years' notification if they make such a change in collection districts/service providers, or the local government may be required to compensate the haulers. In Missouri, there is a state law that stipulates that if a local government is to divide the community into collection districts, it must pass a public vote in all districts. Some municipalities have ordinances that state that the city must provide service to at least a portion of the community. In Minneapolis, for example, an ordinance stipulates that City crews must provide collection services for at least fifty percent of the City's households.

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.

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.

Solicit Stakeholder Involvement

It is important to gain stakeholder involvement from the very start of the process. If both the public and the collection haulers are not involved early on, implementation of organized collection and districts can be made more challenging. Additionally, haulers and customers may have some valuable insights into the logic behind boundaries. Also, there may be certain areas where some haulers have concentrated strongholds, which could make dividing the community into districts less disruptive.

Consider Needs/Goals of the Local Government Relative to Local Marketplace

As described above, establishing the number of districts, district boundaries, and services to be provided by the haulers is based on local government goals, community resources, and market factors such as the level of competition in the area, ability of haulers to provide desired services, etc. Identifying these goals, enumerating the municipality's priorities, and gaining an understanding of market factors will help the local government establish district boundaries and develop contract/franchise requirements.

Establish Districts

Establishing districts will help provide the geographic framework and customer base upon which haulers will bid on services. To the extent possible, it is important that the local government provide household/customer counts in each district, as well as indicate the types of households (multi-family, single-family, etc.). As mentioned above, the local government should also consider natural and man-made boundaries when establishing districts and gather feedback from stakeholders. Another consideration is special equipment requirements for particular districts.

Issue RFP/Begin Procurement Process (or Assign Districts)

Assuming the local government is undertaking a competitive process to initiate service in the district areas, an RFP/RFB will need to be developed and issued. These steps, which are described in depth in Issue Paper #5, include:

- 1) Establishing a procurement team;
- 2) Developing a timeline;
- 3) Precisely defining the services to be provided (in each district);
- 4) Determining the service provider pool and market position (which has also been considered previously, in defining the number of districts);
- 5) Preparing a detailed, unambiguous RFP/RFB;
- 6) Utilizing a fair and transparent selection process to select a hauler for each district;
- 7) Negotiating a partnership-oriented collection contract/franchise agreement with each hauler; and
- 8) Ongoing contract administration/monitoring with a partnership approach.

If the local government is not allocating districts through a competitive process, but instead is allocating based on current market share, then this will involve reviewing customer records to determine number and type of customers in the community serviced by each hauler. In this case, the local government generally negotiates with each hauler for pricing. When considering pricing, it is important to take into account not only the number of customers, but also the impediments to collection, the distance to the disposal site(s) and MRF, and costs associated with transitioning service to a new hauler, as appropriate.

Monitor Services

Managing collection operations with the haulers is considered to be part of the collection contract however, it is also important to manage the district boundaries themselves. As areas grow in population or become more dense, it might make sense to reallocate the customer base into additional districts. Similarly, it is important to keep abreast of the changing marketplace. Districts might change in the future based on increasing or decreasing numbers of haulers, changing technology, etc.

6.4 Capital and Operating Expenses

Establishing districts in a community is not expected to require increased capital costs, unless the local government is competing (under a managed competition scenario) to service one or more districts. In that case, the local government may have to spend resources on collection equipment and/or containers.

However, establishing collection districts is expected to require staff time in terms of conducting the implementation steps described above. Also, there would be some additional education and outreach (such as creating and distributing district maps), and more haulers to maintain relationships with, communicate concerns to, and monitor, as opposed to a single-hauler system. If the same level of service is provided in all districts, these impacts can be minimized.

If establishing districts is done in concert with establishing new exclusive franchise agreements, then the local government would likely receive franchise fees from the franchised haulers. These fees are described in Issue Paper #5.

6.5 Education Tactics

When recycling and/or garbage services are organized, to the extent that the services are identical throughout the community, education and outreach can be somewhat simplified. Information that should be conveyed to customers on a regular basis include:

- What materials are accepted in the recycling program;
- How recyclable materials are to be prepared;
- The frequency of garbage and recycling collection;

- The types of containers provided; and
- Who to contact for more information and/or service issues.

When multiple districts are established, keeping service levels the same throughout the municipality will help ensure that education and outreach materials will be relevant throughout the entire community. If that is not possible, perhaps due to special collection constraints in some areas, additional outreach materials will need to be developed for those districts.

In addition, it is critical that customers understand which district they are in, and what their district's collection schedule is, as well as who their hauler is, and how to contact the hauler (or municipality) if there is a service issue. Therefore, the local government should ensure that clear, easy-to-understand district maps are available online and mailed to residents at least annually. In addition, collection schedules should be available online and mailed to residents at least annually. It must be made clear which hauler is responsible for providing collection service in each district, and a contact number should be provided.

6.6 Diversion Potential

Organizing collection through a contract or franchise agreement, as described in Issue Paper #5, can increase diversion of targeted recyclable materials to the extent that organized collection may result in higher levels of participation in (and greater access to) recycling programs, especially in unincorporated areas of a community. Dividing a more urban community into districts may not have as much of an impact on the amount of material diverted from disposal.

Because collection districts tend to result in more consistent and standardized services, it allows the local government to provide targeted, specific, and branded outreach and education strategies, which can improve participation in recycling programs.

6.7 Case Studies

Provided below are three case studies regarding communities that organized the collection of their garbage and/or recyclable materials. While it is more common for larger communities to implement collection districts (because the haulers benefit from the increased economies of scale by having large districts), smaller communities may set up districts to ensure all haulers (especially small or independent haulers) have an opportunity to compete. In the case studies provided, the communities range in population size from 110,000 to 547,000. Per the U.S. Census Bureau, the estimated population of Broome County in 2008 was 195,018.

6.7.1 Town of Smithtown, New York

Smithtown, New York, is a community on Long Island (Suffolk County) with a population of 110,000 and approximately 40,000 households. The town's total area is

about 111 square miles, with land area of 54 square miles. The Town privatized the collection of garbage and recycling in the early 1990's. Prior to that, the Town used a subscription method in which residents hired their own haulers directly. Only residential properties are included in the program. Residential service is comprised of twice weekly collection of garbage and weekly collection of recyclable materials. There are 12 collection districts. In six districts, garbage collection is on Mondays and Thursdays, and in the other six districts, collection of garbage is provided on Tuesdays and Fridays. Collection of recyclables is every Wednesday throughout the Town, with paper and mixed containers being collected on alternate weeks. The garbage is delivered to the Hempstead Resource Recovery Facility (residents and businesses pay a waste generation fee to cover the cost of garbage disposal at this facility) and recyclable materials are delivered to the Town's MRF. Residents also receive bulky waste collection and yard waste collection which are provided by Town crews.

The Town's solid waste coordinator indicates that the town privatized collection in order to save costs. This benefit has been realized. The Town decided to use districts in order to not "have all their eggs in one basket" by having one hauler service the entire Town, and also to ensure that a monopoly situation did not ensue (e.g., protect long-term competition). The Town re-bids the districts every seven years. Currently they are about half-way through their seven-year term (contracts began in 2007). There are four haulers servicing the twelve districts. They include:

- Garofalo (servicing districts 1, 3, 4 and 7);
- Jody Enterprises (Servicing districts 5, 6, 8 and 9);
- Brothers (servicing districts 2 and 10); and
- Dejana (servicing districts 11 and 12).

Interestingly, in 2007 the Town required haulers bidding on collection districts to use vehicles powered by compressed natural gas.

The Town's solid waste coordinator is satisfied with the system Smithtown uses for garbage and recycling collection. He does not believe that customers' receiving different levels of service has been an issue, as all residents pay the same price for service, and all residents receive the same level of service. The Town mails residents a collection schedule and district map annually, and they are also available on the Town's web site. If a customer has an issue with a hauler, the customer contacts the hauler directly. However, if they do not receive satisfaction, the Town will step in. Residents pay the same rate, however the rate the town pays each hauler is dependent upon the bid price, and in general depends upon the complexity of the collection route.

6.7.2 City of Pittsburgh, Pennsylvania

The City of Pittsburgh (population 334,563) has 143,739 households. The City covers 55.6 square miles on very hilly terrain. The older neighborhoods tend to have fairly narrow, congested streets with limited off-street parking. The City of Pittsburgh provides weekly residential collection of garbage, bi-weekly collection of recyclable materials, and monthly collection of bulky items (weekly in the managed competition

area). Garbage is collected using a manual process. Recyclables are collected manually via a dual-stream system. Residents are required to recycle, via ordinance. Residential collection is provided to single-family homes and small apartments (five units or less).

The City is organized into four collection divisions to geographically cluster the service delivery by east, west, north and south areas. The number of collection units (households and public building stops) in each division is shown in Table 6-1.

Table 6-1
Number of Collection Units by Division,
City of Pittsburgh, PA

Collection Division	Number of Units
Central	25,500
Southern	31,972
Eastern	29,675
Northern	27,900

City crews have been collecting in all divisions since the inception of garbage collection. In the case of Pittsburgh, the divisions were established to bid out *disposal* services, more so than *collection* services. Currently the waste from two districts is delivered to a Waste Management disposal facility to the east, and the waste from the other two districts is delivered to a disposal facility to the west owned by Allied Waste.

In the fall of 2005, the City was forced to conduct a managed competition process on its solid waste and recycling collection services. The City of Pittsburgh is under the jurisdiction of “Act 47,” which is a Pennsylvania law that applies to municipalities that experience certain financial difficulties. It establishes a mechanism to create a supervised financial recovery plan. Part of Pittsburgh’s recovery plan has been to use managed competition as a process to reduce the costs of providing various types of services. Solid waste collection was one of those services identified to be subject to the managed competition process.

All four collection divisions are still served by City crews; only one district was put up for competition.

The managed competition was established to be a sealed proposal RFP process. The City engaged a consultant to assist in the development of the RFP process, and to assist in the evaluation of the proposals received. In addition, the City engaged a separate consultant (R. W. Beck) to independently work with the employees of the Pittsburgh Bureau of Environmental Services to evaluate and improve the in-house collection operations and to prepare their proposal. The entire process was overseen by the Act 47 Committee.

In the fall of 2005, the City issued an RFP for waste-related collection services, including the weekly collection of garbage, bi-weekly collection of recyclables, and the monthly collection of bulky items. The area of service included two options:

- Entire Southern Division (31,972 collection units - approximately one quarter of the City); and
- Portion of Southern Division (11,501 collection units - contiguous routes representing approximately 10 percent of the City's households).

The RFP called for proposals and pricing based alternatively on three- and five-year anticipated contract terms.

Three proposals were received from the City of Pittsburgh, Allied Waste, Inc. and Waste Management, Inc. The City's proposal was selected as the lowest and best. For example, in the entire Southern Division option, and assuming the three year contract term, the City's proposal was approximately \$1 million per year lower (or 8 to 10 percent lower) than the private haulers' proposals. Furthermore, the City proposed an alternative four-day-per-week collection schedule that could achieve approximately \$345,000 in additional savings and enable the City to increase the frequency of bulky goods collection from monthly to weekly.

The City's cost-savings proposal resulted in the City retaining the provision of services within the entire Southern Division. The City's costs are scrutinized closely to ensure that services are provided at the costs that were bid by the City. The cost savings measures have been implemented and are tracked for all collection divisions in the City. The City has actually increased the number of crew members per route from two to three, resulting in the ability to increase the number of stops per route by 35 percent, and decreased injury rates and worker's compensation costs. The City does not plan on doing another managed competition, however continues to scrutinize their costs and act more like a private business.

6.7.3 Oklahoma City, Oklahoma

Oklahoma City, Oklahoma spans a large geographic area of 621 square miles and has a population of about 547,274 (2007 estimate, U.S. Census). The City has both urban and rural areas. Residents in the urban area receive weekly collection of solid waste as well as monthly collection of bulk waste, provided by either City crews (eastern district, which is comprised of approximately 60,000 customers) or the contracted hauler, Waste Management (western district, which is comprised of approximately 91,000 customers). Waste Management provides curbside recycling, under contract, for the entire urban area of the City. The rural areas of the City are served by Waste Management, under contract, and receive only weekly garbage collection (no recycling) and monthly collection of bulky items. Collection of garbage throughout the City is automated – residents and small businesses can receive up to three “Big Blue” carts. Within the urban areas, however, crews will collect up to two bags if the carts are full. Additional bags are not collected in the rural areas. Recycling is collected commingled (or single-stream), using a “Small Blue” cart. The City provides service, either directly or indirectly, to single-family residents (up to three

units per dwelling) and small businesses. Larger businesses choose their own hauler, via subscription service.

City crews provided collection of refuse within the entire urban area of the City until 1979. At that time, the City decided to contract out a portion of the city's services, in order to provide "competition" for city crews. Although the City did not implement managed competition, having a private hauler compete to provide service for a portion of the City's households forced the City to ensure that their service was provided in an efficient manner – essentially acting more like a business, as the costs of city services are compared to those provided by the private sector. The City decided they wanted to maintain some equipment and crews, in order to ensure that they have access to collection equipment in the case of a natural disaster or some other emergency. If such a situation arose, they did not want to be completely dependent upon a contracted hauler.

In 1994, the City expanded the collection area to include the rural areas of the City (for garbage collection) and added curbside recycling to the urban area's services.

The City does not make concessions for smaller haulers and notes that when services began in the rural areas in 1994, small haulers were irate. Eventually a court order demanded that the City provide collection services in the rural section of the City. However, small haulers were successful in seeing that a state law was passed requiring municipalities to buy out existing contracts if they organized collection (or expanded the area into which they organized collection) in the future.

The City had an opportunity to save a relatively small sum of money by having one hauler collect garbage and a different hauler collect recyclables, however they decided to keep the system somewhat simple by having one hauler provide all services in each district.

6.8 Addressing Stakeholder Concerns

Stakeholders, including customers and haulers, may have concerns about switching to a multiple-district collection program. These potential issues and guidance on how to address them are provided below.

6.8.1 Impacts on Changes in Collection Days

If a local government transitions to a district collection system, it may involve switching customers' collection days, and possibly their hauler. It is important to inform residents well in advance of any changes in collection days and/or haulers. However, residents are usually not welcoming of change, and the local government should ensure that information, such as district boundaries, collection schedules, who to contact for a cart/bin, and who to contact for customer service issues is made known to the customers well in advance, and is also available (and easy to find) on the community's web site.

6.8.2 Lack of Ability to Select Own Hauler

For communities that are considering a switch from an open system to a districted system and contracting or franchising with a single hauler for each district, the customers will no longer have the ability to select their own hauler. The best approach for mitigating negative stakeholder feedback is keeping stakeholders involved in the process from the beginning, and explaining to them the benefits of having one hauler service each district. The benefits, which mirror the benefits of contracting/franchising with a single hauler for the entire municipality include:

- Reduced traffic on streets, which minimizes wear and tear and pollution, and increases safety;
- Improved neighborhood aesthetics due to the entire street being serviced by the same hauler with the same collection schedule – thus limiting the number of days that carts/bags/bins are on the side of the road; and
- Increased collection efficiencies, which often result in increased levels of service and/or decreased fees for service.

In addition, the local government can do their best to ensure that all levels of service and pricing are identical throughout the community by being specific in their requests for bids or proposals, and keeping all prices the same throughout the community. If the contract is written well and enforced properly, the likelihood of services being identical throughout the community are enhanced.

6.8.3 Equity Concerns on the Part of Haulers

Haulers may be concerned that they would lose a share of their customer base or face an inequitable situation if the local government transitions to a multiple-district system. Some ways of mitigating these fears include:

- Ensure that there are ample numbers of districts such that each hauler has at least a chance to win one or two districts (e.g., if there are three haulers servicing the area, divide the community into at least three districts, not two); and
- If going from an open “subscription” system to a multiple-district system in which each hauler has a contract or an exclusive franchise, consider bypassing a bid system, and instead providing each hauler with a district that provides an equal customer base as their current level. Having the same number of customers, but located in a contiguous area, provides the hauler with enhanced efficiencies that reduce the hauler’s costs. In addition, the hauler no longer needs to advertise in that community for customers. This is how Portland, Oregon transitioned from an open system to a franchised system in 1992. They have 28 exclusive franchised districts for garbage collection. However, not all of the haulers offer recycling service, so the City created two recycling districts. If a franchised garbage hauler does not offer recycling, that district is assigned to one of the two recycling collection districts.

6.9 Benefits and Drawbacks of Collection Districts

The potential benefits and drawbacks of collection districts are summarized below.

6.9.1 Benefits

- Allows for more haulers to service a community, rather than an exclusive franchise or contract with one hauler serving the entire community, thus enhancing the likelihood of long-term competition. From the haulers' perspective, this approach can minimize the potential negative impacts resulting from organized collection (e.g., loss of business altogether).
- Can allow small haulers or haulers with specialized equipment to bid on certain districts that they are particularly well-suited to serve, as opposed to a single-hauler system.
- To the extent that collection districts are replacing an "open" system, many of the benefits associated with having an exclusive franchise or contracted hauler also apply (as provided in Issue Paper #5). They include:
 - Fewer collection vehicles on the street, resulting in less wear-and-tear on roads, reduced pollution, and enhanced safety;
 - Improved neighborhood aesthetics;
 - Improved collection efficiency, which often results in reduced costs to customers and/or increased levels of service;
 - Potential for more consistent and standard services. Collection districts can allow for more targeted, specific, and branded outreach and education strategies, which can also improve participation in recycling programs.
 - Collection districts for 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.
 - The County would have more control over the collection program, and therefore would be able to make changes to the program relatively easily. Changes might be in response to materials generated, collection or processing technology, recyclable materials markets, etc.
 - By having only one hauler serving a 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.
 - Collection districts could result in improved reporting regarding tonnage diverted, participation in recycling programs, etc.

- Collection districts make it more likely that some of the costs associated with collecting recyclables can be offset, at least partially, with solid waste collection fees.
- Provides the opportunity for municipal or county crews to compete to provide service. The City of Oklahoma City indicates that bidding out just half of the City’s urban area (and continuing to provide service with City crews in the other half) resulted in the City collection department having a sense of competition and thus enhanced efficiency, as cost comparisons are made regarding the services provided by the two different service providers (City crews vs. contracted hauler).

6.9.2 Drawbacks

- Local government must manage multiple contracts and multiple service providers and generally become more involved in the process of solid waste and recycling collection. This could include estimating the number of districts, determining district boundaries, the development of an RFP/RFB, review of bids, selection of haulers, development of contracts, monitoring of service (to ensure that levels of service are uniform between districts), billing for service, customer service, and auditing performance. The degree of involvement can vary considerably, particularly with respect to billing and customer service.
- Customer service issues can be challenging from both the customer perspective, and in terms of the local government identifying and addressing issues of non-compliance.
- The local government may see a need to monitor/adjust the size of each district from time-to-time, which can complicate the system.
- Education and outreach can be more challenging, particularly if levels of service or collection technologies differ from district to district.
- With collection districts, residents are not able to select their own hauler, which would be unacceptable to some residents.
- If participation in the program were mandatory, some residents might 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.
- The threat of litigation is possible from haulers who currently collect garbage and recycling from residents on a subscription basis, and through the bid process, may not win any districts, or end up with fewer accounts.

6.10 Resources

- The Allegheny Institute for Public Policy, “Can the City of Pittsburgh Really Compete with the Private Sector,” July 2008.
http://www.alleghenyinstitute.org/reports/08_02.pdf
- Oklahoma City, Oklahoma. Conversation with Charles Lombardy, City Field Operations Supervisor Coordinator, (405) 682-7038.
<http://www.okc.gov/trash/index.html>
- Palm Beach County, Florida. Conversation with Joe Howard, Assistant Field Service Manager, (540) 640-4000.
http://www.swa.org/site/about_swa_b.htm.
- Pittsburgh, Pennsylvania. Conversation with Leonard Huggins, Program Supervisor, (412) 255-2790.
http://www.city.pittsburgh.pa.us/pw/html/environmental_services.html.
- Ramsey County, Minnesota’s summary of Portland, Oregon’s system.
http://www.co.ramsey.mn.us/NR/rdonlyres/E18683EE-5B1F-4CB7-B64C-613DA4D888DF/5541/PC_Portland.pdf
- Town of Smithtown, New York. Conversation with Michael Engelmann, Town Solid Waste Coordinator, (631) 360-7514.
<http://www.smithtowninfo.com/templateproc.cfm?PageID=246>.