


**M E M O R A N D U M**

February 3, 2020

TO: Transportation and Environment Committee

FROM: Aron Trombka, Senior Legislative Analyst <sup>AT</sup>   
Victoria (Tori) H. Hall, Legislative Analyst  
Office of Legislative Oversight

SUBJECT: OLO Report 2019-17, *Trash and Recycling Collection: An Evaluation of Current Policies*

PURPOSE: Briefing and Discussion

On November 12, 2019, the County Council approved the release of Office of Legislative Oversight (OLO) Report 2019-17, *Trash and Recycling Collection: An Evaluation of Current Policies*. OLO will present a summary of the report at the February 6 T&E meeting. The report's executive summary is attached to this memorandum (see © 1-4).

The County is divided into two subdistricts for the collection of solid waste from single-family residences. In Subdistrict A, the County provides refuse and recycling collection services through contracts with private collectors. In Subdistrict B, the County contracts with private firms for recycling collection; however, individual homeowners or homeowner associations in Subdistrict B contract directly with private firms for trash collection services. This report responds to the County Council's request OLO review current County trash and recycling collection policies and practices. Specifically, this report addresses two questions:

1. Subdistrict Structure: Is there any reason to eliminate the current subdistrict structure for trash collection and adopt a uniform trash collection method throughout the County?
2. Labor & Equipment: Is there any reason to modify the current County practice of contracting with private haulers for trash and recycling collection services by instead using County-employed personnel and County-owned equipment for these collections?

**Question #1: Subdistrict Structure**

Under current policy, the County contracts for trash collection from single-family homes in certain areas of the County (Subdistrict A), whereas homeowners (or homeowner associations) contract for trash collection in other areas (Subdistrict B). The Council asked OLO to assess whether the County should adopt a uniform trash collection method throughout the County. The following are the major OLO findings regarding possible modifications to the current subdistrict structure for trash collection.

- *Trash Collection Cost to County Residents:* Expanding either Subdistrict A or Subdistrict B to all single-family homes would raise trash collection costs for some residents and lower trash collection costs for others.
- *Trash Collection Frequency:* Consolidating all single-family residences into Subdistrict A would result in a base level of once-a-week trash collection throughout the County. Consolidating all single-family residences into Subdistrict B would require customers Countywide to contract privately for trash collection and select either once- or twice-a-week collection as part of that contractual arrangement.
- *Effect on Private Sector:* Extending the Subdistrict A model to the entire County would significantly impact most, if not all, of the private collectors currently serving Subdistrict B. OLO estimates that few of the current Subdistrict B haulers have capacity to bid on a contract serving the number of single-family homes in one of the current County Collection Areas. The remaining private collectors – at their current size and without consolidation – likely would be unable to compete for County contracts assuming no change in the size of Collection Areas.

The effect on the private collectors of eliminating County contracts for trash collection and extending the Subdistrict B model of private contracts to the entire County is less clear. Specifically, it is difficult to foresee to what extent the large companies that currently hold County contracts would compete in a market in which each homeowner (or homeowner association) independently contracts for trash collection. The market behavior of the large companies will necessarily affect the market share available to the smaller trash collectors that currently serve Subdistrict B residents.

- *Effect on Labor:* Federal, State, and many County worker protection laws apply equally to employees of trash haulers under County contracts serving Subdistrict A and to employees of trash haulers under private contracts serving Subdistrict B. However, certain County protections – including wage, labor peace, and displaced workers requirements – apply only to employees of trash haulers under County contracts. Expanding Subdistrict A to all single-family residences in unincorporated areas would extend these local protections to trash collection workers throughout the County because all trash collection would be done under County contracts. Expanding Subdistrict B to all single-family residences in unincorporated areas would remove these protections from workers currently serving Subdistrict A residences.
- *Environmental Impact:* Modifications to the current subdistrict structure could have an effect on the environment in two ways. (1) The Subdistrict B model in which multiple haulers with overlapping collection routes serve different homes in the same neighborhood is an inefficient model. This practice generates more truck miles driven as compared to a model where one hauler collects from all residences within a collection area. These additional truck miles driven result in higher levels of fuel consumption and vehicle emissions on a per home basis in Subdistrict B as compared to Subdistrict A. Expanding Subdistrict A throughout the County likely would reduce fuel consumption and emissions; expanding Subdistrict B throughout the County would likely increase fuel consumption and emissions. (2) Reducing the frequency of single-family residential trash collection from twice- to once-per-week would reduce the overall number of truck miles driven. It may also encourage residents to reduce their trash generation

and/or divert more materials for recycling. Expanding Subdistrict A throughout the County may reduce the number of households receiving twice-per-week collection and thereby may reduce the amount of trash sent for disposal.

- *Traffic Impact:* The Subdistrict B model of multiple trucks with overlapping routes collecting trash from different homes in the same neighborhood also affects traffic. This practice produces more traffic than would be experienced if one hauler collected from all residences in a collection area.

OLO Recommendation: If the County were establishing a trash collection program for the first time, OLO would recommend creating a single, uniform trash collection method for all single-family homes throughout the County. The current hybrid system is a relic of a time when the County provided more direct government services to residents of the densely populated “Downcounty” and fewer direct services to residents of the then sparsely populated “Upcounty.” Today, the basis for this distinction is far less evident. As such, the justification for the hybrid system seems less relevant today than when it was first created many decades ago.

If starting with a clean slate, OLO would recommend County-contracted collection for all single-family homes (the Subdistrict A model) because of the inherent inefficiency of the Subdistrict B model. The most efficient way to collect trash from single-family homes is to arrange for one truck to serve an entire neighborhood without bypassing any homes, as currently occurs in Subdistrict A. In Subdistrict B, multiple trash collectors serve different homes in the same neighborhood resulting in overlapping routes and additional truck miles driven, in turn generating more truck traffic and greater vehicle emissions than the Subdistrict A model.

However, the County is not implementing a trash collection program for the first time. An existing structure exists and modifications to that structure would affect both residents and trash collection businesses. Residents are accustomed to their current arrangements whether they receive County-contracted trash collection (Subdistrict A) or they contract privately for trash collection (Subdistrict B). Most notably, many Subdistrict B residents have elected to contract for twice-per-week collections; by contrast, the County contracts for once-per-week collection in Subdistrict A. (While Subdistrict A residents may contract independently for a second weekly collection, DEP staff believes few residents have exercised this option.) In addition, about 20 small- to mid-size trash collection businesses have Subdistrict B residents as their customers. OLO believes these existing conditions should be factors when considering possible modifications to the County’s trash collection policy.

***OLO recommends that the County expand Subdistrict A if supported by a majority of affected residents and if accompanied by an effort to allow small trash collection companies to compete for County contracts.*** As discussed above, in the judgement of OLO, the Subdistrict A model (County-contracted trash collection) is preferable to the inefficient Subdistrict B model (home-owner-contracted trash collection). Given the existing hybrid system, OLO recommends that the County move toward expansion of Subdistrict A under two conditions:

- Homeowner Approval: The County should proactively initiate a ballot process in which residents of each Subdistrict B Collection Area vote on whether to transfer into Subdistrict A. Prior to the balloting, DEP should hold public hearings and disseminate information to residents about the pricing, service level, and other differences between County-contracted and privately-contracted trash collection. The public hearing and outreach process could be similar to that for

homeowner-initiated transfer described in Chapter 3 of this report. Prior to the balloting, current private haulers will continue to serve Subdistrict B residents and will have the opportunity to demonstrate to customers the quality of their service and pricing. Subdistrict B residents would then make an informed decision on whether or not to vote for a transfer to Subdistrict A.

- Assistance for Small Haulers: If a majority of residents in any current Subdistrict B Collection Area vote in favor of a transfer to Subdistrict A, the County should develop strategies to encourage small haulers to compete for County contracts. For example, the County could segment current Collection Areas to create smaller areas more feasibly served by smaller haulers. In addition, the County could set aside a specified number of smaller sections for small haulers. The County also could encourage small haulers to join together into consortia to collectively bid on collection contracts.

## **Question #2: Labor and Equipment**

Under current policy, the County uses contract labor and equipment to collect trash and recyclables from Subdistrict A and recyclables from Subdistrict B. The Council asked OLO to assess whether to replace the current County practice in favor of using County personnel and County-owned equipment to collect all trash and recyclables. The following are the major OLO findings regarding possible modifications to the use of contract labor and equipment for trash and recycling collection.

- *Cost Considerations*: The non-labor costs associated with trash and recycling collection should be roughly equivalent whether performed by private contractors or by the County itself. Labor costs associated with moving to in-house County-provided collection service may be higher than in the private sector, depending on the pay grade assigned to collection workers and the cost of benefits offered by the County.
- *Effect on Private Sector*: Use of County employees and equipment in place of contractors for trash and recycling collection would shift about \$31 million of public sector spending away from regional businesses. This shift could have a large impact on the financial viability of two of the current contractors, one of which is a Minority, Female, Disabled (MFD) owned business.
- *Effect on Labor*: Depending on the County pay grade assigned, trash and recycling collection staff employed directly by the County could receive higher wages than private sector workers performing similar duties under contract with the County. Trash and recycling collection workers employed by the County also likely would receive greater health and retirement benefits than they would if employed in the private sector. Under current County law, neither employees of County contractors nor in-house County trash and recycling collection employees are permitted to strike, nor may their employer lock them out.
- *Infrastructure Investment*: The County would have to make a significant infrastructure investment to bring trash and recycling collection in-house. The cost to acquire a fleet of vehicles could range between \$30 and \$40 million. A decision to bring collection services in-house would require immediate acquisition of a large collection fleet that would add to the County's debt load. In addition, the County may have to purchase land to house collection

vehicle maintenance depot(s). Most significantly, finding a site for even a single County trash and recycling vehicle maintenance depot may prove to be an insurmountable challenge.

OLO Recommendation: A move to trash and recycling collection by County employees using County-owned equipment would likely encounter significant implementation obstacles. Most significantly, the County would need to site maintenance and storage depot(s) for the trash and recycling collection vehicles. The County has a scarce supply of heavy industrial land and has faced immense difficulty siting maintenance depots for other large vehicles. OLO believes that the challenge in siting a trash and recycling vehicle depot(s) renders a switch to County labor and County-owned equipment nearly unachievable. For this reason, ***OLO recommends continuing the current practice of using contract labor and equipment to collect trash and recyclables from single-family homes.***

### **Next Steps**

OLO suggests the following next steps:

Subdistrict Structure: The OLO recommendations about the trash collection subdistrict structure, if implemented, would have a significant effect on many County residents and businesses. As such, OLO believes that the Council should proceed deliberately in its review of this issue. Of note, the Executive has not yet offered comments on the OLO report. (The Executive typically comments on OLO recommendations when a report is released.) OLO believes that the Council should hear from the Executive before taking any action regarding the trash collection subdistrict structure.

The Council President has indicated that he would like OLO to present its recommendations to the full Council. Staff suggests that the Executive Branch should present their comments on the OLO recommendations at the full Council discussion of this report.

Labor & Equipment: OLO recommends maintaining the current system of using contract labor and equipment for County-provided trash and recycling collection. If the Council concurs with OLO, then no action needs to be taken.

## EXECUTIVE SUMMARY

### OLO REPORT 2019-17

#### TRASH AND RECYCLING COLLECTION: AN EVALUATION OF CURRENT POLICIES

The County contracts with private haulers to collect recyclables from approximately 212,000 homes in all unincorporated areas of the County. In addition, the County contracts with private haulers to collect trash from approximately 92,000 single-family residences in certain unincorporated areas of the County. The County Council asked the Office of Legislative Oversight (OLO) to review the County's current policies and practices for trash and recycling collection from single-family homes. Specifically, this report addresses two questions:

1. Subdistrict Structure: Is there any reason to eliminate the current subdistrict structure for trash collection and adopt a uniform trash collection method throughout the County?
2. Labor and Equipment: Is there any reason to modify the current County practice of contracting with private vendors for trash and recycling collection services by instead using County-employed personnel and County-owned equipment for these collections?

#### Subdistrict Structure

In 1992, the Council designated the entire County (excluding municipalities) as a Solid Waste Collection District divided into two subdistricts called "Subdistrict A" and "Subdistrict B."

In Subdistrict A, the County contracts with private haulers to collect both trash and recyclables once per week. Within Subdistrict A, all single-family homes in the same neighborhood receive trash and recycling collection on the same day of the week. Residents may contract directly with a private hauler for a second trash collection per week.

In Subdistrict B, the County contracts with private haulers to collect recyclables once per week, as it does in Subdistrict A. All single-family homes in the same neighborhood receive recycling collection on the same day of the week. For trash collection, however, residents in Subdistrict B must contract directly with a licensed private hauler. Different haulers may collect trash from different homes in the same neighborhood.

The current subdistrict structure is a legacy of policies from the mid-20<sup>th</sup> Century. At that time, the areas that did and did not receive County-contracted trash collection service were more distinct from each other in terms of population density and land use. In more densely populated areas, the County contracted for trash collection, whereas in less populated areas, homeowners arranged for trash collection on their own. Today, the suburban and urban land use characteristics of many parts of Subdistricts A and B are more similar to each other.

Under current law, a group of homeowners in either Subdistrict A or B who meet certain conditions may petition to transfer from their current subdistrict to the other subdistrict. If at least 25 percent of the homeowners within the proposed transfer area sign a transfer petition, then all property owners in that area may vote on whether to accept the proposed transfer.

## **Summary of Current Trash and Recycling Collection Policies**

*Collection Frequency:* The County contracts for once-a-week trash collection in Subdistrict A and for once-a-week recycling collection in Subdistricts A and B. (Homeowners in Subdistrict A may privately contract directly with a hauler for additional trash collections.) Homeowners within Subdistrict B may privately contract for collection one or more times per week.

*County Contracts for Trash and Recycling Collection:* In Subdistrict A, the County contracts with private haulers for trash and recycling collection; in Subdistrict B, the County contracts with private haulers for recycling (but not trash) collection. The County's contracted haulers provide all the personnel and equipment for these collections. The County workforce does not include trash or recycling collection personnel, nor does the County own or maintain collection vehicles.

*Paying for Trash and Recycling Collection:* The County charges residents of single-family homes separately for trash collection and disposal. In Subdistrict A, the County charges for trash and recycling collection; in Subdistrict B, the County charges for recycling collection only (because Subdistrict B residents contract directly for trash collection). For trash collection in Subdistrict A, all residents pay the same annual trash collection charge, no matter the location of the home or the amount of trash collected. For recycling collection in Subdistricts A and B, residents pay the same annual charge, no matter the location of the home or the amount of recyclables collected.

*Paying for Trash Disposal:* All residents of single-family homes in Subdistricts A and B pay a fixed annual charge to dispose of the trash collected from their homes (no matter whether that trash was collected by a hauler under a County contract or a private contract). The per home annual trash disposal charge equals the average amount of trash disposed per household multiplied by the per ton tipping fee. All residents pay the same trash disposal charge regardless of the size of the dwelling, how much trash the home generates, or whether their trash is collected under a County contract or a private contract.

*Future Policy Considerations:* In 2018, the County convened an "Aiming for Zero Waste" Task Force. A consultant assisting the Task Force prepared a list of collection-related best practices including: reducing trash collection frequency to encourage more waste diversion; adding new materials to the curbside recycling program; and implementing "pay-as-you-throw" pricing in which the cost of trash collection and disposal is based on the amount of trash disposed.

### **Findings and Recommendations: Subdistrict Structure**

The major OLO findings regarding possible modifications to the subdistrict structure include:

- *Trash Collection Cost to County Residents:* Applying the trash collection model used in either Subdistrict A or Subdistrict B to all single-family homes would raise trash collection costs for some residents and lower trash collection costs for other residents.
- *Trash Collection Frequency:* Applying the trash collection model used in Subdistrict A to all residences in Subdistrict B would result in a base level of once-a-week trash collection throughout the County. Applying the trash collection model used in Subdistrict B to all residences in Subdistrict A would require customers Countywide to contract privately for trash collection and select either once- or twice-a-week collection.

- *Effect on Private Sector:* Expanding Subdistrict A to the entire County would significantly impact most, if not all, of the private collectors currently serving Subdistrict B. OLO estimates that no more than four of the private haulers currently licensed to operate in Subdistrict B have the capacity at this point to bid on County collection contracts as the contracts are currently designed. The remaining private haulers – at their current size and without consolidation – likely would be unable to compete for County contracts assuming no change in the number of homes specified in County collection contracts. The effect of expanding Subdistrict B would depend on the extent to which large companies that currently hold County contracts would compete in a market in which homeowners contract directly for trash collection.
- *Effect on Labor:* Certain County labor protection laws – including requirements for wages, labor peace agreements, and displaced workers – apply only to employees of trash haulers under County contracts. Expanding Subdistrict A would extend these local protections to more trash collection workers. Expanding Subdistrict B would remove these protections from workers currently serving Subdistrict A residences under County contracts.
- *Environmental Impact:* In Subdistrict B, multiple haulers have overlapping collection routes in the same neighborhood and collect trash from many homes two times per week. This model results in more truck miles driven than the Subdistrict A model. These additional truck miles result in higher fuel consumption and vehicle emissions per home as compared to the Subdistrict A. In addition, reducing the frequency of trash collection from twice- to once-per-week could encourage residents to generate less trash and/or divert more materials for recycling.
- *Traffic Impact:* The Subdistrict B model produces more truck trips per ton of trash collected and so generates more traffic per home than in the Subdistrict A model.
- *Implementation of Pay-As-You-Throw:* Neither the Subdistrict A nor Subdistrict B model presents an impediment to implementing pay-as-you-throw pricing for trash collection.

**OLO Recommendation:** If the County were establishing a trash collection program for the first time, OLO would recommend County-contracted collection for all single-family homes (the Subdistrict A model) because of the inherent inefficiency of the Subdistrict B model. However, the County is not implementing trash collection for the first time. At present, many Subdistrict B residents contract for twice-per-week trash collections. In addition, about 20 trash haulers have Subdistrict B residents as their customers. OLO believes these existing conditions should be factors when considering possible modifications to the County's trash collection policy.

***OLO recommends that the County expand Subdistrict A if supported by a majority of affected residents and if accompanied by an effort to allow small trash collection companies to compete for County contracts.*** Given the existing hybrid system, OLO recommends that the County move toward expansion of Subdistrict A under two conditions:

- The County should proactively initiate a ballot process in which residents of each Subdistrict B Collection Area vote on whether to transfer into Subdistrict A.
- If residents in an area of Subdistrict B vote for a transfer to Subdistrict A, the County should develop strategies to encourage small haulers to compete for County collection contracts.



### **Findings and Recommendations: Labor and Equipment**

The major OLO findings regarding the use of contracted labor and equipment for County-provided trash and recycling collection include:

- *Cost Considerations:* The non-labor costs associated with trash and recycling collection should be roughly equivalent whether performed by private contractors or by the County itself. However, labor costs associated with moving to in-house County-provided collection service may be higher than in the private sector, depending on the pay grade assigned to collection workers and the cost of benefits offered by the County.
- *Effect on Private Sector:* Using County employees and equipment in place of contractors would shift about \$31 million of public sector spending away from regional businesses. This shift could have a large impact on the financial viability of two of the current contractors, one of which is a Minority, Female, Disabled (MFD) owned business.
- *Effect on Labor:* Depending on the County pay grade assigned, trash and recycling collection staff employed directly by the County could receive higher wages than private sector workers performing similar duties under contract with the County. Trash and recycling collection workers employed by the County also likely would receive greater health and retirement benefits than they would if employed in the private sector.
- *Infrastructure Investment:* OLO estimates the cost to acquire a fleet of vehicles to serve current Subdistrict A and Subdistrict B homes could range between \$30 and \$40 million. While the price of current trash and recycling collection contracts already includes the amortized cost of the contractors' vehicle purchases, a decision to bring collection services in-house would require immediate acquisition of a large fleet of vehicles that could add to the County's debt load. In addition, the County may have to purchase land to house collection vehicle maintenance depot(s). Most significantly, finding a site for even a single County trash and recycling vehicle maintenance depot may prove to be an insurmountable challenge.

**OLO Recommendation:** The primary motivation for considering a switch to in-house labor and equipment is to provide public sector wages and benefits to the workers who collect trash and recycling from County residents. However, recent amendments to County law should shrink the disparity between public-sector and private-sector employment for trash and recycling collection workers.

Using County employees and County-owned equipment for trash and recycling collection would likely encounter significant implementation obstacles. Most significantly, the County would need to site maintenance and storage depot(s) for the trash and recycling collection vehicles. The County has a scarce supply of heavy industrial land and has faced immense difficulty siting maintenance depots for other large vehicles. OLO believes that the challenge in siting a trash and recycling vehicle depot(s) renders a switch to County labor and County-owned equipment nearly unachievable. For this reason, ***OLO recommends continuing the current practice of using contract labor and equipment to collect trash and recyclables from single-family homes.***