

CITY OF NEWARK

Delaware

October 5, 2015

TO: Mayor and Council

FROM: Carol S. Houck, City Manager
Andrew Haines, Deputy City Manager
Lou Vitola, Finance Director
Tom Coleman, Public Works and Water Resources Director

SUBJECT: Supplement to Staff Recommendation Dated August 21, 2015 – Recommendation on Request for Proposal (RFP) No. 15-07 – Refuse, Recycling and Yard Waste Collection and Disposal – Following Special Meeting/Presentation to the Community of September 21, 2015

BACKGROUND

On August 21, 2015 the City Manager and staff presented a recommendation to Mayor and Council for the outsourcing of Refuse, Recycling and Yard Waste Collection and Disposal Services. The recommendation supported moving current operations to a private firm that represents operational savings of \$4.9 million over a seven year term while maintaining existing service levels. The savings could be realized in association with economies of scale and efficiencies of a larger firm, already servicing Delaware customers and absorbing our existing routes. The primary aspects of the recommendation included:

- Entering a fixed pricing contractual relationship with Republic Services in accordance with RFP 15-07 for a seven year term,
- Offering our current employees that are eligible, or nearly eligible, for retirement an incentive to retire based on negotiation with their Union Representatives, and transfer the remaining three employees to open positions currently available as a result of attrition or increased need within the sewer division of the Public Works and Water Resources Department,
- Retaining all Customer Service interactions with residents of our community,
- Selling existing equipment through an auction process,
- Maintaining existing service levels with no new requirement to fund the service,
- Providing opportunity to repurpose savings to implement infrastructure improvements.

On September 21, 2015 a Special Meeting of Council was held with the purpose of providing our community the opportunity to learn details of the proposal, as well as to provide feedback to the City Council and staff regarding its recommendation. A copy of the staff presentation as well as all other documentation on this topic is available by request or by visiting Newark's website at www.cityofnewarkde.us/refuse.

Approximately 120 residents were in attendance at the Special Meeting and their commentary to Mayor and Council and City staff overwhelmingly supported an alternative to maintain in-house refuse operations and staff through increased taxes. The value of the foregone savings opportunity would require a 12% tax increase, equal to an average annual increase of approximately \$58 per residential parcel, and \$297 per non-residential parcel, to generate equivalent funds. Additionally, a positive response was generated by those in attendance regarding a citizen suggestion to hold a formal Referendum vote on this topic.

Staff also responded to numerous questions of residents and Council Members at the meeting.

PATH FORWARD

At this time, and in consideration of Council's earlier decision to vote on the Recommendation for RFP 15-07 at its regularly scheduled Council Meeting of October 12, 2015, we offer the following options including a necessary vote on the disposition of RFP 15-07 as well as five alternate options as follows:

Option 1: Affirm the full staff recommendation of August 21, 2015 including both Recommendation 1 and 2 (Options A and B of the RFP document).

- As noted in the above background section and as detailed on page 5 of 20 in the formal recommendation.
- Action Required:
 - An affirmative vote of Council at its meeting of October 12, 2015 to effectuate this option.
 - Council vote that savings to be directed to General Fund infrastructure needs subject to future Council budgetary approval.

Option 2: Across the board tax increase of 12% representing the forgone savings opportunity related to outsourcing refuse, recycling and yard waste collection and disposal services.

- Equal to an average annual increase of approximately \$58 per residential parcel and \$297 per non-residential parcel to maintain existing refuse, recycling and yard waste collection and disposal services with in-house staff.
- Adopted with FY2016 budget, to take effect July 1, 2016.
- Stand-alone increase that accounts only for the foregone savings opportunity associated with RFP 15-07, not associated with other incremental tax increases to be recommended by staff (estimated at 3% for 2016) necessary to maintain current service levels.
- Action Required:
 - Council vote to reject RFP 15-07 as recommended.
 - Council vote to direct staff to prepare FY2016 budget to incorporate additional tax increase of approximately 12.0%, directed to General Fund infrastructure needs to be officially adopted through the 2016 budget process, and implemented July 1, 2016.

Option 3: Direct staff to investigate the possibility of adding Bulk Collection to Recommendation 2 (Option B of the RFP) of the staff recommendation of August 21, 2015 to outsource dumpster

collections, in addition to an across the board tax increase of an amount yet to be determined, but less than 12%, for the continuation of the balance of our refuse, recycling and yard waste disposal services with in-house staffing.

- Action Required:
 - Council vote to reject RFP 15-07 as recommended.
 - Council vote to direct staff to investigate adding bulk collection to portion B of RFP 15-07.
 - Direct staff to recalculate savings and required lower tax increase directed to General Fund infrastructure needs for future Council action and bring back to Council for potential action at a future date.

Option 4: Direct the City Manager to investigate an online civic engagement platform that could ascertain the position of a wide base of our community regarding the future provision and funding of refuse, recycling and yard waste collection and disposal services within Newark. This option is offered in association with the City Solicitor's advisement that a binding referendum on this topic (which received cheers of support at the September 21, 2015 public meeting) is not permitted under our Charter, while a non-binding yet informative survey could be implemented in very short order.

- Action Required:
 - Postpone vote on RFP 15-07 to the regularly scheduled Council Meeting of November 9, 2016.
 - Council vote to direct staff to immediately develop and implement a solution to ascertain the position of a wide base of our community on this topic.

RECOMMENDATION

It is therefore recommended that consideration be given to all above options presented and a vote by Mayor and Council take place at its regular Council meeting of October 12, 2015 providing direction to City Administration regarding the disposition of RFP No. 15-07 (Option 1) and or the selection of any of the remaining options presented above.

