

**CITY OF HOUGHTON
TRASH AND RECYCLING SERVICES**

12 October 2022

THE PROPOSED CONTRACT ON THE
AGENDA TONIGHT IS NOT PRESENTED
WITH THE INTENT THAT IT BE VOTED
ON AT THIS MEETING

HISTORICALLY,

- In the far past, Houghton picked up and hauled its trash to its local landfill (the dump), usually right in town, as most other communities did.
- At some point we got out of the trash hauling business had a local contractor pick up our trash.
- In the 80's and 90's the state closed and capped most of the local landfills which forced communities to go to a county or regional landfill.
- Houghton County does not have a landfill and our trash goes to Ontonagon
- A few decades back our local trash service transferred to Waste Management (WM).
- In 2016 the City put trash collection services, plus recycling, out for bids. WM was the lowest responsive bidder.
- The City has had the current trash contract with single stream recycling since 2016.

HOW OUR SERVICE WORKS NOW

- All residents and businesses pay a base rate for trash collection – charged on your water bill.
- The basic residential rate is \$6.50 per month. Larger (dumpster) customers pay more based on size.
- Dumpster customers pay a multiplier of the base rate based on size
- This keeps things equitable for customers as we then charge for bags.
 - Large bags are \$1 each
 - Small bags are \$0.50 each
- This has worked as a “pay as you throw” system which equitably charged for service.
- Less trash = fewer bags = lower individual cost

Historically, we have been charging the same base rate and bag rates for decades and have been able to cover the annual cost of trash and recycling, but costs have increased and rates will need to change, even if we retained the exact same system.

THE FINANCIALS

- Annually the City collects around \$220,000 from trash fees and about \$75,000 from bag sales
- We pay out around the same amount to WM and then for us to purchase and handle the bags.
- WM bills us monthly based on the number of “stops” and a fixed price per weighed ton of trash and another price per ton of weighed recyclables.
- Those prices are set by contract.
- Each month we are charged:
 - \$7.61 per stop
 - \$74.93 per ton of trash
 - \$45.66 per ton of recyclables
- Recycling does cost us something.

MORE FINANCIALS

- With the average customer controlling how much trash they generate and how many bags they need, the average across the whole customer base is approximately \$19.00 per stop per month.
- This is averaged from about 1200 “stops”
- On average that equates to someone who uses between 2 and 3 orange bags per week.
- We have to purchase our bags for resale at about \$30,000 per year
- City workers handle the bags multiple times at about \$15,000 per year

WHAT ELSE IS INCLUDED IN OUR SERVICE NOW?

- Recycling was added in 2016 at no additional charge to the customer
- “City” dumpsters that receive trash picked up at the parks, Dee, etc.
- Part of the downtown and parks trash can pickup
- Spring and fall cleanup for residents
- Cleanup pickup for seniors
- East Houghton and downtown dumpsters used during student move-out
- Yard waste dumping area and maintenance
- Occasional roadside pickup (loose trash, lost bags, etc.)

WHY NOT JUST BUY A GARBAGE TRUCK?

CONSIDER:

- Initial investment
 - Truck (they run about \$500,000)
 - Semi (needed to haul recyclables to Marquette)
 - Employees (need about 2.5 employees each at ~\$80,000 annually with benefits)
 - Transfer Station needed (need some place to store recycling before hauling)
- Trash goes to local transfer station (capacity? rate?)
- Equipment operating costs
- Repair, redundancy, and replacement
- Regulation compliance

WHY DON'T WE JUST GET SOMEONE ELSE?

- Eagle Waste went “out of business” and was bought out by another hauler – Republic Services
- GFL Environmental (Kingsford) currently does not serve our area at this time
- It is worthy of note that WM owns the nearest landfill and it is highly likely that another hauler would have to use it
- Other UP communities are experiencing the same issues with trash (and recycling)
 - Remoteness
 - Lack of competition more acute the further north
 - Bad experiences out there too

WHAT IS PROPOSED?

- We have to sign some kind of new contract for continued service
- All residential trash and recycling service will be in 96 gallon bins (size to be finalized)
- Bins will be picked by automated truck
- Trash will still be weekly, recycling will be every other week
- Residential service will be very similar to the way it has been other than a change in price, carts, and E/O week recycle proposed
- Additional bins will be available to those larger trash generators, but only up to a few
- Larger generators will be required to obtain dumpster service independent from residential pickup
- We will have the same service as now until next May or so and would start the conversion over the summer of 2023

WHAT ARE WE GOING TO NEED TO DO?

- Current rates:
 - \$6.50 per home per month plus bags
 - Large generators pay monthly dumpster fee plus fee to Waste Management
- Average home pays about \$19 per month now
- Waste Management proposes new flat charge to City, per residence:
 - Trash: \$13.25 per home per month
 - Recycling: \$5.00 per home per month
- Those needing more bins will be charged an additional amount – too many and they have to get large container service
- Combined homeowner rate will be a flat monthly charge
 - Base rate to be determined
 - Additional cart rate(s)
- Work to determine an equitable user charge system to the extent possible
- Change our ordinance