



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes RECYCLING TASK FORCE

PRESTON COLE, CHAIR

**Ald. Joe Dudzik, Michael J. Daun, Lisa Schaal, and Erick
Shambarger**

Staff Assistant, Terry MacDonald

**Phone: (414)-286-2233; Fax: (414) 286-3456, E-mail:
tmacdo@milwaukee.gov**

Wednesday, December 16, 2009

3:00 PM

Room 301-A, City Hall

Meeting convened: 3:02 P.M.

1. Roll call

Present 5 - Cole, Daun, Dudzik, Shambarger and Schaal

**Also present: Ted Medhin, Legislative Reference Bureau, Jim Michalski,
Comptroller's Auditing Division, Wanda Booker and Rick Meyers, Dept. of
Public Works, Environmental Services Section**

2. Review and Approval of the minutes of the October 26, 2009 meeting

*Mr. Shambarger moved approval of the minutes, Ms. Schaal seconded. There were
no objections.*

3. Review and approval of the recommendations

Mr. Donald F. Pirrung, PE and Mr. Paul Matz with Earth Tech/AECOM gave an update on the Recycling Facility Alternatives Study (Exhibit 1). He said there has been some changes to the study since the final draft was given to each of the members. He said the changes that were made are to the income from recyclables, salvage value, and to the collections cost.

Ald. Dudzik said the study recommends using a a three week collection cycle and asked if it is cost effective regardless of where the transfer station is located?

Mr. Pirrung replied that the report assumes the use of the existing station.

A motion was made by Ald. Dudzik and seconded by Mr. Daun that the City recommends implementation of a single stream recycling collection and processing system. There were no objections.

Mr. Daun referred to his memo, dated December 14, 2009 (Exhibit 2) and said the memo was put together in response to the draft recommendations by the Dept. of Public Works and its consultant AECOM. He asked the Task Force to consider modifying the recommendations to include the examination of both Alternatives D and F simultaneously.

Ms. Schaal asked what would be the difference between Alternative D and Alternative F as far as how the current jobs would be affected at the recycling facilities?

Mr. Meyers replied that there would be job losses if the City's MRF becomes a transfer station instead of continuing as a processing facility.

Mr. Michalski said he reviewed the letter from Waukesha County, dated December 8, 2009 (Exhibit 3), and he got the sense that there was an urgency on their behalf to move to a regional single stream process, because their recycling contracts are going to expire at the same time as the City of Milwaukee's recycling contract.

Mr. Daun referred to Mr. Meyers' modified recommendations (Exhibit 4) and asked if recommendation #4 - implement a bi-weekly recycling collection within 1-4 years will involve a pilot program or is there enough data to go ahead with it citywide?

Mr. Cole replied that the department still needs to look at the cost of the fully automated truck that is needed and to also complete a survey of the City to find out what areas could be done with that type equipment. He thinks the bi-weekly with a fully automated truck could be done for about 1/2 of the City.

A motion was made by Mr. Daun to approve the following recommendations as suggested by the Department of Public works:

- 1. Implement single stream recycling within the next 1-4 years as the recycling collection and processing system to serve the City of Milwaukee.*
- 2. Include internal and external stakeholders in a deeper investigation of the Recycling Facility Study's top two options:*
 - i. Alternative D – One Transfer Station at Existing City Facility*
 - ii. Alternative F – Regional Single Stream MRF at Existing City Facility*

3. *Immediately implement three-week recycling collection to increase recycling volumes and revenues. Schedule recycling collection and require the cart to be located at the curb or alley line to improve collection efficiency. End summer walk up driveway service except for hardships.*

4. *Implement bi-weekly recycling collection within 1-4 years as greater collection efficiencies are achieved through improved routing methods and prescriptive use of fully-automated collection vehicles.*

5. *Implement Pay-As-You-Throw features for garbage collection in conjunction with increased recycling collection service to optimize effectiveness of both programs.*

Mr. Shambarger said he is opposed to recommendation 4 - Implement bi-weekly recycling collection within 1-4 years.

Mr. Daun moved to amend his motion by removing recommendation #4.

A motion was made by Mr. Daun and seconded by Ald. Dudzik to approve recommendations 1, 2, 3 and 5 as listed above. There were no objections.

4. Review and approval of the Recycling Task Force report

A motion was made by Mr. Daun and seconded by Ms. Schaal to approve the draft Recycling Task Force Report (Exhibit 5). There were no objections.

Meeting adjourned: 3:50 P.M.

Terry J. MacDonald
Staff Assistant



Recycling Facility Alternatives Study

City of Milwaukee

December 16, 2009

Prepared by:
Don Pirrung, PE
Paul Matz

AECOM

EXHIBIT 1

Changes to Study between Draft and Final

- The formula for “Income from Recyclables” was modified to better reflect how the City’s contract is currently structured.
- A figure for the “Salvage Value” of a facility was used in the Present Worth calculation for the two alternatives (C and E) that require construction of new facilities.
- The “Collection Costs” were revised to reflect 31 routes versus 34 routes for monthly pick-up.



Executive Summary

Processing Alternatives

- A. Dual stream at existing City facility
- B. Single stream at existing City facility (City only)
- C. Two transfer stations to third party
- D. One transfer station at existing facility
- E. Regional MRF at Wauwatosa
- F. Regional MRF at existing City facility



Collection Alternatives

- Monthly – current practice
- 3 weeks (1 person/truck)
- 3 weeks (2 persons/truck)
- 2 weeks (1 person/truck)
- 2 weeks (2 person/truck)



Cost Analysis

- Bracketed recycling material price and recycling volume
- 4 scenarios
- Low volume, low recycling material price
- Low volume, high recycling material price
- High volume, low recycling material price
- High volume, high recycling material price

Results: most cost-effective alternative was consistent throughout



Total Present Worth Analysis Summary

- 15 year analysis
- Capital cost: equipment, structures
- Annual Recycling Income (includes O&M/Processing Costs)
- Annual Collection cost: trucks and labor
- Annual Avoided cost (income) for recyclables formerly sent to landfill
- Facility Salvage Value (only for Alternatives needing new facility)



Alternatives and Total Present Worth

Example

Based on 3 Weeks (1 person / truck)

Low volume - Low recycling price

Negative is a cost, a plus is a revenue

A. Dual stream at existing City facility	\$-7,509,000
B. Single stream at existing City facility (City only)	\$-8,997,000
C. Two transfer stations to third party	\$-7,810,000
D. One transfer station at existing facility	\$-3,764,000
E. Regional MRF at Wauwatosa	\$-7,700,000
F. Regional MRF at existing City facility	\$-5,219,000

In all comparisons “Alternative D” is always has the best Present Worth

Alternative D – One Transfer Station at Existing Facility

- Lowest cost alternative
- Converts City MRF into transfer station
- Smallest City investment, lowest risk
- Single stream processing at third party



Findings

- Processing
 - ❖ First: Alternative D – one transfer station at existing facility
- Collection
 - ❖ First: - 3 week – 1 person/truck
 - ❖ Potential in future for 2 week – 1 person/truck as City fine tunes the program



Recommendations

1. Implement single stream processing
2. Implement Alternative D – one transfer station at existing facility
3. Consider “pay as you throw” to improve recycling and reduce solid waste
4. Implement collection 3 week 1 person/truck, fine tune thereafter



Summary

- Recycling program is a continuing improvement process
- Collection will evolve from monthly to 3 weeks to possibly 2 weeks in future
- Processing becomes more efficient over time
- Recycling markets are global and improved markets are expected
- Contract negotiations are key to success
- Single transfer station is cost effective



MEMORANDUM FOR MEMBERS OF THE RECYCLING TASK FORCE

FROM: Michael Daun *MJD*

SUBJECT: Task Force Draft Recommendations

DATE: December 14, 2009

The Office of the Comptroller has carefully reviewed the Recycling Facility Alternatives Study and the proposed Recycling Task Force Draft Recommendations by the Department of Public Works and its consultant AECOM. We commend both on the thoroughness of the study and view the draft recommendations to implement single stream recycling as a major step to increase City of Milwaukee recycling while controlling the associated costs. Our Office supports these draft recommendations with one suggested modification. Regarding Recommendation #2, we would ask Task Force consideration of a modification to allow simultaneous consideration of Alternative F – Regional (publicly owned) Single Stream Recycling Facility at the Existing City Facility - along with Alternative D. With Task Force approval of the recommendations, we suggest that DPW and its consultant actively pursue both alternatives to determine the most cost effective direction for the City.

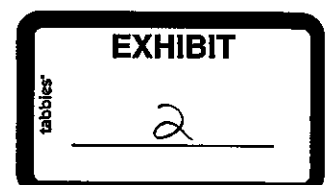
Given the uncertainty associated with a future recycling processing vendor contract, we believe Alternative F is worthy of further consideration. Alternative F would likely provide additional long term control over recycling costs than would the vendor dependent alternatives. Also, the recycling study did not consider that the City of Milwaukee can borrow funds at a significant “discount” (eg, tax exempt borrowing) compared to the private sector, which effectively lowers the capital cost portion of all alternatives, thus favoring Alternative F. While Alternative D remains the lowest projected cost alternative after this adjustment, the City’s discounted cost of capital narrows the Present Value cost difference between Alternatives D and F. Under the low volume-low commodity price scenario, this cost difference is reduced from \$1.5 million (39% higher) to \$0.7 million (19.8% higher). Under all other scenarios, the cost difference between Alternatives D and F narrows even further.

Moreover, it is generally thought that future recycling contracts with a private vendor would have to be negotiated for a significantly shorter term. If the City was dependent on only one or two private vendors for its recycling processing at the time of contract renewal, the cost of these future contract renewals could come at a premium.

On December 8th Task Force members received a letter from the Waukesha County Department of Parks and Land Use which encourages further review of the regional MRF concept. DPW’s study indicates that Alternative F would be the lowest cost regional publicly owned MRF alternative. We are not advocating Alternative F (publicly owned MRF at the City’s existing site) over Alternative D. We are simply requesting that both alternatives be simultaneously explored as the City moves toward implementation.

NOTE: With regard to Recommendation #3 - Alternative C for two transfer stations to a third party recycling processor - the final AECOM report (page 24) did not include it in the study recommendations. Therefore, we assume that this recommendation is withdrawn.

Mjd/Jtm/12-14-09



Daniel P. Vrakas
County Executive

Dale R. Shaver
Director

Waukesha C O U N T Y

DEPARTMENT OF
PARKS AND LAND USE

December 8, 2009

Milwaukee Recycling Task Force Members:

Preston Cole, Chair

Michael Daun

Alderman Dudzik

Lisa Schaal

Erik Shambarger

RE: Recycling Facility Alternatives Study and Recommendations (November 2009)

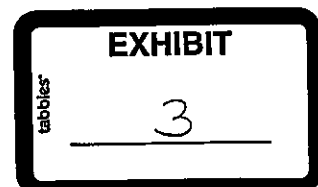
Dear Recycling Task Force members,

Thank you for the opportunity to review your Recycling Facility Alternatives Study. This correspondence is submitted to offer a few comments on behalf of Waukesha County. Many of these comments were previously made by Perry Lindquist, of my Land Resources Division at your July Task Force meeting.

The primary driving factor for changing the Waukesha County Material Recycling Facility (MRF) is pressure from 25 Waukesha County communities that participate in our coordinated recycling effort, to reduce their private hauling costs by switching to every-other-week single stream recycling collection. Our existing weekly recycling collection using blue bins, can no longer be sustained given current local budget pressures. However, a study we completed in 2007 shows that switching our MRF to single stream, with the current amount of tonnage being processed is not economical. The study did go on to show that the return on investment would be vastly improved by doubling our tonnage. The increased tonnage could be achieved through a cooperative venture with the City of Milwaukee.

Your report states that the most cost-effective solution for the City of Milwaukee's recycling program is to switch to single stream and negotiate with WMRA to process your materials at their MRF in Germantown. It further states that if the City is not happy with the costs of this option in the future, they could reconsider processing at a publicly-owned MRF. We are concerned that processing recyclables at a privately-owned MRF may only provide short term cost relief and that once the public MRF is shut down, it would be politically and fiscally impossible to start it back up again in the future. This is because re-starting a publicly-owned MRF would require taking the materials away from the private sector, representing a direct threat to private enterprise. We would like to remind you that processing recyclables at the Milwaukee

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and Waukesha County facilities is already privatized. The current public/private partnerships have worked very well, and competition to operate the MRFs has led to very favorable pricing for the communities we serve. An RFP process would be required if we were to send materials to a private MRF, and based on our recent experience with coordinated hauling contracts, may not give us the results we are looking for.

Having two existing publicly-owned MRF operations work together on a new facility provides not only an opportunity to greatly improve the return on our investments, but is also a great way to demonstrate how regional cooperation can work. The cooperative MRF approach continues to take advantage of a competitively bid private operator.

Now that the City of Milwaukee has completed its draft Recycling Facility Alternative Study, I would like to encourage Milwaukee to take the next step in the analysis process. That next step involves taking the data from your analysis along with the data from the Waukesha County 2007 analysis and enter into a joint study with the City of Wauwatosa to further analyze the cooperative regional MRF approach. The scope of the study should include:

- 1) Refining and updating economic analysis from previous studies
- 2) A technical investigation of possible sites for a regional single stream MRF
- 3) A review of transportation issues related to each site option
- 4) Developing a building concept plan and budget for the best option
- 5) Identifying financial options for sharing costs and revenues
- 6) A review of institutional options for facility ownership, contracting, oversight, etc.
- 7) Recycling collection or any other issues that may arise.

This next step in the process will provide the opportunity to fully examine the details associated with a regional approach to recyclable material processing. Not only has the cooperative municipal approach been financially beneficial to Waukesha County for many years, but the same model has now been demonstrated to be very effective in Wisconsin's Fox Valley. I encourage you to make the joint study a part of your recommendation to the Common Council.

We would appreciate the opportunity to discuss these issues at the next Recycling Task Force meeting. Should you have any questions, or need further information, please do not hesitate to contact me.

Sincerely,



Dale R. Shaver
Director

Recycling Recommendations:

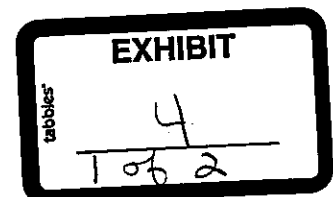
❖ **Recommendations by AECOM in their Recycling Facility Alternatives Study final report to DPW are listed below.**

The following recommendations are made:

1. Implement Alternative D – One Transfer Station at Existing City Facility, based on the economics. It presents the least investment and least risk to the City of Milwaukee. Single stream collection offers the benefit of more efficient collection. It maximizes the cart volume and improves convenience for residents.
2. Negotiate with WMRA to implement Alternative D.
3. Implement three-week recycling collection to increase recycling volumes and revenues. Schedule recycling collection for the cart to be located at the curb or alley line (no walk up driveway) to improve collection efficiency. Make improvements to the routes based on new software for routing trucks.
4. Implement Pay As You Throw features for garbage collection in conjunction with increased recycling collection service to optimize effectiveness of both programs.

❖ **Modified recommendations below by DPW Recycling Specialist, Rick Meyers, are suggested alternatives for Recycling Task Force consideration**

1. Implement single stream recycling within the next 1-4 years as the recycling collection and processing system to serve the City of Milwaukee.
2. Include internal and external stakeholders in a deeper investigation of the Recycling Facility Study's top two options:
 - i. Alternative D – One Transfer Station at Existing City Facility
 - ii. Alternative F – Regional Single Stream MRF at Existing City Facility
3. Immediately implement three-week recycling collection to increase recycling volumes and revenues. Schedule recycling collection and require the cart to be located at the curb or alley line to improve collection efficiency. End summer walk up driveway service except for hardships.
4. Implement bi-weekly recycling collection within 1-4 years as greater collection efficiencies are achieved through improved routing methods and prescriptive use of fully-automated collection vehicles.
5. Implement Pay As You Throw features for garbage collection in conjunction with increased recycling collection service to optimize effectiveness of both programs.



City of Milwaukee Recycling Facilities Study: Top Two Options

Alternative D: One Transfer Station to Third Party at Existing City Facility

Pros:

- Most cost-effective based on Present Worth analysis (over a 15-yr period)
- Lowest capital cost
- Least complicated to implement
- Most flexible option; retaining use of building allows option of installing new processing equipment in the future
- Contracts can be short term if fair prices will come from existing area processors or long term if desired to potentially attract new processors to the market area
- Ample private processing capacity exists within reasonable transfer distance
- Least risk

Cons:

- Loss of public infrastructure with discontinuation of processing in public facility
- Gives recycling processors with existing area facilities a leg up on competition
- May expect fewer companies to bid on recycling processing services since they would have to capitalize their own building and equipment
- Less competition could lead to higher processing costs, particularly in the long term
- Potentially lose unique opportunity to partner with nearby communities on public processing site
- Eliminates ability to maintain Milwaukee residency requirements in processing contracts

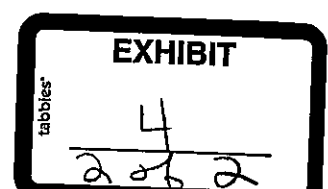
Alternative F: Regional Single Stream MRF at Existing City Facility

Pros:

- Existing building is adequate size and condition to house new processing equipment serving the region
- Maintain public ownership of public works infrastructure
- Competitive bidding on recyclables processing due to level playing field created by public ownership of capital assets
- Long term cost-containment for recyclables processing services by preventing private monopoly
- Maintains ability to have Milwaukee residency requirements in processing contracts

Cons:

- Greater risk due to uncertainty of Return On Investment caused by unpredictable commodity market prices
- Considerable staff time and consulting work required to develop and implement
- Implementation contingent upon successful cooperation of multiple government entities



DRAFT

**City of Milwaukee
Recycling Task Force
Final Report and Recommendations to the
Common Council
January 2010**



INTRODUCTION

The City of Milwaukee Common Council established the Recycling Task Force (RTF) on January 16, 2009, with the adoption of Common Council File # 081212 and amended it with Common Council File 090233.

MISSION STATEMENT

This Task Force was charged with conducting a comprehensive study of the fiscal and operational impacts of a conversion to single-stream recycling in the City of Milwaukee. The task force was directed to submit those findings and recommendations to the Common Council by January 11, 2010.

MEMBERSHIP

The Recycling Task Force members consisted of five members:

Preston Cole, appointed by the Commissioner of Public Works as his designee and appointed as chair by the Common Council President

Ald. Joe Dudzik, appointed by the Common Council President

Lisa Schaal, citizen member appointed by the Common Council President with experience and knowledge of municipal public works operations

Michael Daun, appointed by the Milwaukee Comptroller as his designee

Erick Shambarger, appointed by the Budget and Management Director as his designee

MEETING DATES

The Task Force held the following public meetings in 2009:

April 6, 2009

April 27, 2009

May 18, 2009

June 8, 2009

June 29, 2009

July 27, 2009

September 14, 2009

October 26, 2009

December 16, 2009

SUMMARY

During the regular meetings of the task force, members discussed a series of issues, questions and recommendations by task force members, the Consultant Earth Tech/AECOM and others relating to:

- Recycling citation process
- What is a single stream recycling program
- What kind of recycling program other cities are using
- The current recycling contract
- What type of equipment is required and what is the cost for such equipment
- “Pay As You Throw” program
- What the cost would be to the City to convert to a single-stream collection process
- Determine whether the City would bring the collected recyclables to the Germantown facility or would the City purchase its own equipment and use its own facility
- Will the City contract out the recyclables processing like it is doing now
- How the weather can impact the recycling program

The following individuals appeared at one or more of the task force meetings to answer questions, offer suggestions and to provide legal advice:

- Mr. Rick Meyers, Department of Public Works, Sanitation Division
- Ms. Wanda Booker, Department of Public Works, Sanitation Division
- Mr. Donald Stone with Department of Public Works, Sanitation Division
- Ald. Nik Kovac
- James Carroll, Legislative Reference Bureau
- Jim Michalski, Comptroller's Auditing Division
- Deputy City Attorney Linda Burke
- Assistant City Attorney Jay Unora with the ordinance Enforcement Division
- Mr. Donald F. Pirrung, PE and Mr. Paul Matz with Earth Tech/AECOM Consultant Firm
- Mr. Perry Lindquist, Land Resources Manager with Waukesha County

During the task force meetings the following presentations were made:

Mr. Rick Meyers, City of Milwaukee, Environmental Recycling Specialist, gave a PowerPoint presentation on the City of Milwaukee Department of Public Works' current recycling program (**APPENDIX A**).

Member Erick Shambarger gave a brief summary of the La Follette School of Public Affairs (Madison, WI) policy study on the Pay-As-You-Throw program, which was done at the request of the City of Milwaukee's Department of Administration, Budget & Management Division. The report is titled "Impacts of Pay-As-You-Throw Municipal Solid Waste Collection" (**APPENDIX B**). A copy of the report can also be found at: <http://www.lafollette.wisc.edu/publications/workshops/2009/waste.pdf>

Mr. Perry Lindquist, Land Resources Manager with Waukesha County, gave a PowerPoint presentation relating to a Waukesha County Recycling System Study (**APPENDIX C**).

Mr. Donald F. Pirrung, PE and Mr. Paul Matz with Earth Tech/AECOM, gave a series of PowerPoint presentations relating to a "Recycling Facility Alternatives Study" (**APPENDIX D**).

The Recycling Task Force also attended tours of the City of Milwaukee Materials Recovery Facility (1313 W. Mount Vernon Ave) and the Waste Management Materials Recovery Facility (W132 N10487 Grant Dr., Germantown, WI) on June 29, 2009.

The minutes of all meetings of the Task Force are accessible on the Internet at <http://milwaukee.legistar.com/calendar.aspx> and in Common Council File #090072.

RECOMMENDATIONS

The recommendations may require further refinement and review and may require ordinance amendments or contract negotiation to be implemented. Time has not allowed for a complete review of their legality and enforceability.

We, the members of the City of Milwaukee Recycling Task Force hereby recommend the following:

1. Implement single stream recycling within the next 1-4 years as the recycling collection and processing system to serve the City of Milwaukee.
2. Include internal and external stakeholders in a deeper investigation of the Recycling Facility Study's top two options:
 - i. Alternative D – One Transfer Station at Existing City Facility
 - ii. Alternative F – Regional Single Stream MRF at Existing City Facility
3. Immediately implement three-week recycling collection to increase recycling volumes and revenues. Schedule recycling collection and require the cart to be located at the curb or alley line to improve collection efficiency. End summer walk-up driveway service except for hardships.
4. Implement Pay-As-You-Throw features for garbage collection in conjunction with increased recycling collection service to optimize effectiveness of both programs.

APPENDICES

APPENDIX A

APPENDIX B

APPENDIX C

APPENDIX D