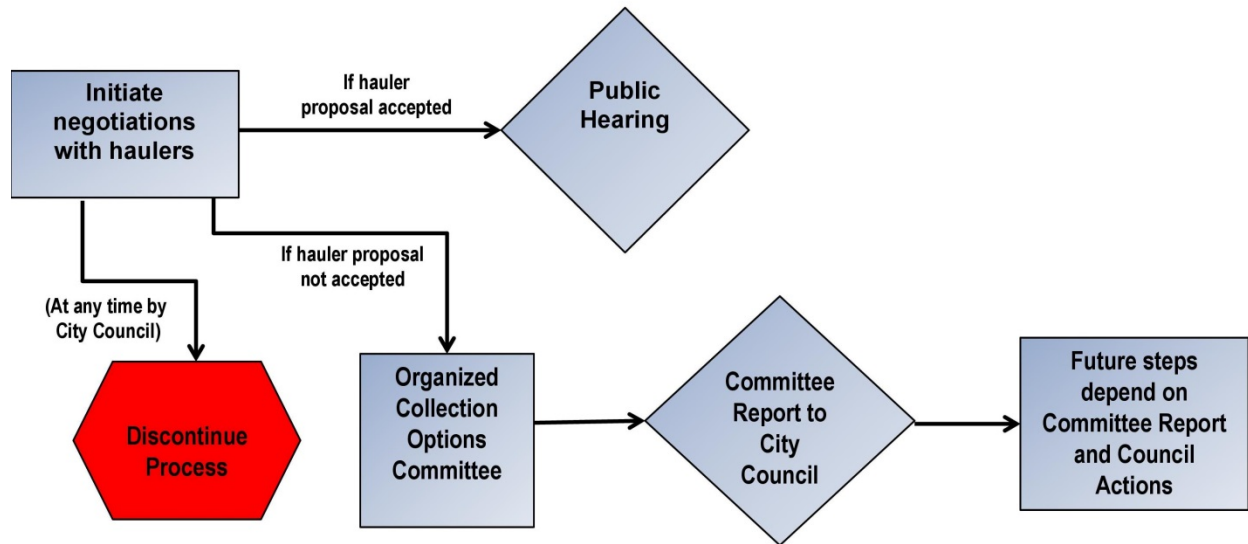


Organized Collection Process Flow Chart



Minnesota's Organized Collection Process

The process of changing from open hauling to organized collection of solid waste is controversial. The operational efficiencies and other system advantages of having one hauler per route are factors that lead cities to pursue an organized collection system.

The Minnesota Organized Collection Statute (M.S. 115A.94, Subd. 4d) explicitly states that cities may use other authorities in addition to the process specified in the Organized Collection Statute. Cities that have recently been successful in organizing or renewing their solid waste systems have used a combination of the process in the Organized Collection Statute and traditional procurement approaches such as requests for proposals (RFPs). See the Organized Collection Statute at <https://www.revisor.mn.gov/statutes/?id=115A.94>

Negotiated Consortium Approach

Municipalities may negotiate with current licensed haulers under the procedures specified within the Organized Collection Statute. The first step in this process is to invite all current licensed haulers to participate in negotiations with the municipality for a period of at least 60 days. A primary objective of this step is to give each licensed hauler a chance to participate in the negotiated process. Selected examples of cities that have successfully used the negotiated consortium approach as of 2015 include:

- ◆ Champlain
- ◆ Elk River
- ◆ Little Canada
- ◆ Maplewood
- ◆ Minneapolis
- ◆ Saint Anthony Village
- ◆ Sauk Rapids
- ◆ Vadnais Heights

Each City will have unique characteristics and priorities that should be anticipated in planning for the organized collection process. To be successful, this process requires careful planning, coordination and execution by municipalities and their current licensed haulers.

Table 1 itemizes the pros and cons of the negotiated consortium approach.

Table 1
Negotiated Consortia Approach: Pros and Cons

Pros	Cons
<ul style="list-style-type: none"> ◆ If a consortium is formed, it gives each licensed hauler the voluntary option to join and maintain current market share. Haulers have ability to remain whole. ◆ Respects (some of) the value of each hauler’s business. ◆ Can result in competitive pricing if City is effective in price negotiations. ◆ Helps avoid the perception of predatory pricing by larger hauling companies within RFP procurement approaches. 	<ul style="list-style-type: none"> ◆ Difficult to determine market share at any specific date in time. ◆ Negotiating a fair and competitive price may be difficult. ◆ Some tendency for cities to extend with incumbent Contractor rather than go out for RFP reduces leverage to help assure prices remain competitive. ◆ More administratively complex compared to a standard RFP process; requires additional City staff time. ◆ Some municipalities may not be well equipped to actively supervise development of new consortia and negotiate new contracts. ◆ Limited to current licensed haulers only; does not allow new companies to enter in the market or for current haulers to grow.

Request for Proposal (RFP) Approach

A number of more familiar procurement approaches are also available to municipalities to establish a new single contract or multiple set of contracts, including the request for proposals (RFP) method. Minnesota law, rules and other guidance documents provide clear direction and standard procedures to employ RFPs to procure professional services. An RFP can be planned to run in conjunction with the negotiated consortium approach. For example, after rejecting a hauler proposal a City Council may authorize an RFP for solid waste services.

Procurement guidance is also available from national governmental trade organizations such as the NIGP: the Institute for Public Procurement, including specialized training such as its three-day course:

“Developing and Managing Requests for Proposals in the Public Sector”
<http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=pd-38-ep-ot-cd>

In the case of changing to organized solid waste collection, there are at least two potential RFP approaches. One is based on geographic “contract zones” with the intent of procuring multiple contracts. The second is a citywide approach with the intent of securing a single contract. A combination or hybrid of both approaches can be planned within a single RFP process. For example, a City could structure its RFP with one proposal option for a single contract and another proposal option for contract zones.

Under a “contract zones” approach, a City could divide the service area into zones, for example five zones – one for each day of the week. The RFP could then include stipulations that any one respondent

could not receive more than a selected number of zones. This assures contracts are awarded to multiple haulers, preserving hauler diversity.

The RFP can be formulated so teams of smaller haulers could compete more effectively with larger companies. Other procurement strategies can be incorporated in the RFP to encourage competitive proposals and “level the playing field.” Table 2 itemizes the pros and cons of the RFP approach.

Table 2
RFP Approach: Pros and Cons

Pros	Cons
<ul style="list-style-type: none"> ◆ Uses the private marketplace to help municipalities establish competitive pricing. ◆ All eligible companies are allowed to respond; the process is not exclusive to currently licensed haulers. Allows new companies to compete in the market. ◆ Authority, laws, rules and process well established. Guidelines for best practices in RFP development and subsequent contract management are known as standards within government procurement. ◆ Requires clear, well written standards of performance, including customer service. 	<ul style="list-style-type: none"> ◆ Profit margins may shrink which could threaten the survivability of less stable hauling companies. ◆ Municipalities are reluctant to use RFPs on a regular basis; some cities have a tendency to extend contracts instead. ◆ Incumbent hauler has advantage; difficult to totally level the playing field to reduce this advantage.

Developed by foth.com of Lake Elmo, MN for MPCA and MN GreenStep Cities. Comments welcomed via <http://greenstep.pca.state.mn.us/contact.cfm>