

Sanitation Contract vs. Internal Staff Provision of Service



City of Clarkston
November 25, 2014

Current Operating Model

- ▶ Contract with Waste Management
 - Refuse and Recyclables collection
- ▶ Current contract term expires Dec. 2015
 - Current contract allows for “CPI” increase
 - No “CPI” increase for previous 4 years
- ▶ City Council extends Contract – March 2014
 - January 1, 2016 through December 31, 2020
 - No “CPI” increase through 2015

Current Cost – Contracting Method

- ▶ Refuse – \$12.60 per cart monthly
- ▶ Recycle – \$1.50 per month
- ▶ Total City Cost per household – \$169.20 annually
- ▶ 868 households

Total Current Contract Cost – **\$146,865.00 annually**

Estimated Cost–Internal Staff

Sanitation Start– Up Capital Expense	
Carts Trash	\$52,360.00
Carts Recycle	\$47,360.00
New Truck	\$152,885.00
Total Capital Start–UP Expense:	\$252,605.00
Sanitation Operating Expense	
Loan Interest & Origination Cost	\$50,573.00
Tipping fees	\$23,400.00
Diesel Fuel	\$5,000.00
CDL Driver	\$45,010.41
CDL Driver	\$45,010.41
Laborer	\$36,598.30
General Supplies	\$5,000.00
Recycling Contract	\$30,000.00
Insurance	\$4,000.00
Truck Maintenance	\$2,500.00
Deprecation expense	\$15,288.50
Total Cost	\$262,380.62
Capital Cost plus First Year Operating Expense	\$514,985.62

Internal Staff Cost

Annual Sanitation Operating Expense:	\$262,380.00 × 5 =
5 Year Sanitation Operating Expense:	\$1,311,900.00 +
Total Capital Start-up Expense:	<u>\$252,605.00 =</u>
Total 5 Year San. Operating Expense:	\$1,564,505.00

Total 5 Year San. Operating Expense divided by 5 years =

Avg. Annual San. Operation Expense: \$312,901.00

Divided by # of households Served/868 =

\$360.48

Contract vs. Internal Staff Cost Comparison

Contract

Internal Staff

Total 5 year Cost
\$734,325.00

Total 5 year Cost
\$1,564,505.00

Avg. Annual 5 year Cost
\$146,865.00

Avg. Annual 5 year Cost
\$312,901.00

*Assumes No CPI Increase

*Assumes No Salary/Benefit
Increase

Estimated Customer Billing Amount

Contract

Internal Staff

\$185.40 per year

\$360.48 per year

*Assumes No CIP Increase

*Assumes No Salary/Benefits Increase

Questions?