

**Preliminary Analysis of Alternatives and Costs for Orange County's Solid Waste Management Operation
Prepared for Orange County's Board of County Commissioners**

This report compares estimated costs for Orange County's planned waste disposal services to costs for services from leading local vendors. Data is based on readily available information and is intended to demonstrate that cost effective alternatives are immediately available to the county. The information provided is based on informal discussions with leading vendors who indicated that lower prices would be available through a competitive bidding process. Vendors offered to bid on a formal (RFP) or informal basis. Costs for Orange County are based on county documents combined with vendor input and have not been verified county staff.

**Estimated Costs For Disposal Waste Management Services
Costs Per Ton**

	Vendor 1	Vendor 2	Vendor 3	Orange County	
				Low	High
Build and Operate Transfer Station*				\$11.00	\$20.00
Long Distance Hauling (130 miles roundtrip)				\$11.00	\$11.00
Landfill Disposal				\$25.00	\$31.00
Total Disposal Cost per Ton	\$40.00	\$43.00	\$50.00	\$47.00	\$62.00
Increased Collection Cost @\$\$.75/ton/mile**	\$6.00	\$6.00	\$7.50	\$0.00	\$0.00
Total Cost to Orange County and Municipalities	\$46.00	\$49.00	\$57.50	\$47.00	\$62.00

*Transfer station estimates are based on 312 day/year operation and 20 year life; all estimates assume fuel @\$2.60 gallon

Orange County estimates assume \$7-10 mm capital investment, \$500,000 - \$1,000,000/year operating cost, 240 tons per day.

If Orange County closes transfer station after 10 years, estimated cost per ton ranges from \$52-\$70

**"Increased collection cost" estimates costs incurred by municipalities (over and above 11 miles estimated from the waste centroid to the Howell Forest); costs do not include capital costs for new trucks that may be needed by the municipalities.

Orange County estimates do not include financing costs (e.g. bond issuance) or lost revenue from business disruption or property devaluation

Vendors can confirm capacity for 20 years

Vendors unclear about the 40mph speed limit on Orange County collection trucks. Might be due to "governors" designed to control speeding rather than inherent limitations of trucks (unless the trucks are very old)

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Notes:

Vendor costs provided at standard retail rates and do not reflect competitive discounts or long term contract commitments.

Vendor costs based on discussions with leading local vendors - all of whom are prepared to offer competitive bids for services

Informal or formal bids can be solicited for contracts ranging from 6 months to 5 years.

Vendor costs assume use of existing facilities which have long-term capacity; no new facilities would be need to be built.

Vendor costs subject to increase/decrease based on:

- committed volume and duration of contract (6 months to 5 years)

- fuel costs (adjusted quarterly)

- CPI increase (adjusted annually)

- Changes in state taxes and surcharges (direct pass through)

Vendor contracts can include service level guarantees including time of operation, routes used, and other features

If desired, vendors will hire Orange County solid waste employees.

If desired, vendors can additionally provide recycling, collection and other services - vendors already collect roughly half of the waste in the County.

As an alternative, vendors will build a high quality, environmentally compliant WTS for Orange county for \$2-3 million

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Strategic Considerations:

Economics shift dramatically when Orange County loses revenue from landfill operations. Analysis of going-forward options and costs should consider long and short term economic impacts to county and municipalities.

North Carolina landfill space is expected to near capacity in the next 10 years (UNC report to be issued - being confirmed)

- tipping fees may increase dramatically
- landfill siting laws may become more lenient
- waste to energy likely to become cost effective at any volume

Orange County and municipalities may benefit to phase out collection "franchises" and/or link to disposal contracts

- half of collection is already outsourced to private haulers
- vendors employ advanced collection equipment that reduce costs and improve efficiency
 - trucks can operate at highway speeds of 60mph
 - trucks include mechanical features to pickup and unload curbside containers so only one operator (a driver) is needed
 - cost \$250,000 per (vs \$125,000 for a standard truck)
- estimated savings to municipalities of 10%-25% per year

Vendors may also be able to offer competitive services for recycling and other operations -- especially in a difficult or uncertain economy

- reimbursement rates are volatile ranging from \$120/ton to today's low of minus \$20/ton
- vendors already have low-cost, state of the art 'single process recycling'
 - state of the art equipment for materials sorting
 - single, large load hauling

Any outsourcing arrangement with vendors can include guaranteed employment for Orange County staff