

Town of Coventry

1670 Flat River Road,

Coventry, RI 02816

**Update on the history of our current Sanitation Department struggles**

 First, I would like to apologize to all the residents of Coventry for the continued delay in our recycling collection operation. I know there have been a lot of questions on why we are in our current situation and what are the options moving forward including privatization. This issue was vetted thoroughly last year when we had similar issues and I am providing a synopsis of how we got here:

 We are currently dealing with bad decision making and a failure to plan for the future when these sanitation/recycling trucks were first purchased and financed close to 10 years ago. We know the decision to purchase 9 new trucks all at once and take out a 20-year bond for something that lasts only 10 years was misguided. Compounding that was the failure of the Council then to not set aside in a Capital fund $175k per year for the periodic replacement of trucks. That would be approximately $1.4m in the fund to replace these aging trucks. As these trucks began to break down in larger numbers this past summer a decision was made to rent two trucks for $10k per month each to help fill the routes while our trucks were repaired. As I informed the Council of these concerns last year a decision was made to go out to bid to a private company/vendor to see if they could provide more consistent service with a projected increase of cost that could be justified. We went out to bid and received 1 bid back. That bid was $2.5m year 1, $2.6m year 2, $2.7m year 3, $2.7 with a negotiated increase in year 4, and the year 4 rate with a negotiated increase in year 5. Along with the bid they needed to purchase our trucks in order to fulfill the bid and offered the Town $95k per truck for a total of $855k. The problem with that offer was we owed approximately $1.5m on those 9 trucks leaving a $600k balance on the trucks alone. They had also offered to give our laid off drivers an opportunity to work for them which would limit our staffing during snow operations since these same sanitation operators drive our plows.

In deciding on whether to stay in house or privatize with an outside vendor I believe there were 3 key factors that needed to be evaluated:

1. Cost

2. Expectation of Service

3. Operational Control

1. **Cost**: Director Civetti provided the following analysis last year. Either way, whether we stay in house or privatize our costs will be increasing in 2025 and beyond. For fiscal 2024 we were at $1.6m. For fiscal 2025 staying in house and leasing 3 trucks will be approximately $1.9m, for 2026 it will be $2m, and for 2027 it will be $2.1m. Privatization, as per the bid along with additional costs of keeping the transfer station open and debt service that will remain, would cost $3m in 2025, $3.1 in 2026, and $3.2 in 2027, and it continues to increase in years 4 and 5. I did prefer a 5 year deal as opposed to a 3 year deal to allow for some longer cost certainty, but it will always increase and after year 5 we are not in a position for a negotiated increase.
2. **Expectation of Service**: based on the research I had done the level of service from any contractor/vendor may be as inconsistent with what we were and currently are experiencing. There is a shortage of trucks throughout the industry. The reason the bid included purchasing our trucks is that they needed them to provide the service to Coventry utilizing our current fleet since there is no availability of new trucks for 12-18 months. I did not believe privatization was the answer for all of our shortfalls and complaints, but we would at least hope for better service for an extra $900k per year which was not guaranteed by privatizing.
3. **Operational Control**: If we made the decision to privatize and sold our trucks there would be no going back to in-house sanitation. We currently have the flexibility to address issues in house when there is a delay in trash or recycling or yard waste pickup. We can send a truck out for one person, or if an entire street was missed, or if due to break downs or staffing will bring a crew in on a Saturday to pick up what was missed. In my experience we are not going to get that type of service from any private vendor. Our staff is dedicated, hardworking, and willing to put in extra time on nights and weekends when necessary to provide what is asked of them. That flexibility and operational control would not be an option if we change over to a private vendor. With the decision by Council last year to stay in house with our sanitation and recycling services we ordered 3 new sanitation trucks at a cost of $1.2m. We should be receiving one in May, one in June, and one in July if all are delivered as scheduled.

 This week the Council has asked for some alternatives for the current situation and we are again going to lease a truck at a cost of $11k per month which will be here next week and I did reach out to another municipality to borrow a truck or two who also does in-house sanitation, but they too are short on trucks. With a small investment from ARPA money we did purchase the idle compactor unit at the transfer station along with some new 40 cubic yard boxes so we can unload at the transfer station and the trucks can get back on the road instead of driving each truck to the landfill which is timely and damages the trucks and that is up and running. We are also discussing additional options like having our Roads and Bridges Division assist with sanitation and recycling by picking up recycling using a dump truck and front loader to alleviate some of the delays and get recycling back on schedule.

 I hope this provides some insight into our current situation and again we thank you for your patience, support, and understanding. Please leave your recyclables curbside as securely as possible with the current wind event and we will get to them.

 Daniel Parrillo

 Town Manager