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West Des Moines Cleans up on Trash Collection

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As the city of West Des Moines, Iowa, was preparing to make a substantial investment in automated trash trucks in 2000, Mayor Steve Gaer asked, "Is there a better way?" At his insurance firm, they had saved money by outsourcing backroom operations. "Why shouldn't we see if there are similar opportunities for West Des Moines?"

But rather than just outsource, Gaer wanted to give the city's Public Works Department, which was the incumbent trash collector, the opportunity to bid as well. After all, what matters is delivering value for the taxpayers, not tired assumptions about the private or public sectors.

To ensure a fair process, the city hired a consultant to write the RFP. Gaer also warned the Public Works Department that this would potentially be a 10-year deal, and if they were awarded the contract, they would have to abide with the terms they offered, including the financial terms.

When the bids were opened, the Public Works Department was surprised that their bid was \$1.4 million over the winning bid by Artistic Solid Waste (now Waste Management) for the 10-year contract option. But given the level of savings -- almost 14 percent -- it was hard for the in-house bidders to argue with the results.

There was, however, some internal grumbling about whether the new provider would deliver the same level of service. Gaer was also concerned, so "we built performance standards into the new contract, and have been ready to enforce them." Mainly, monetary adjustments could be made for performance-related issues that include missing household collections, failing to provide performance reports on a timely basis or failing to provide the city with a list of complaints.

West Des Moines recently arrived at the end of their 10-year agreement with Waste Management. The service has worked well, costs were lower and Public Works was able to focus on other responsibilities. The only challenge has been managing an external operation. For example, the city found it difficult to respond to special requests such as late set-outs or special collections after extraordinary events.

In 2010, West Des Moines applied what it learned when it issued a new RFP and negotiated a new contract. A solid waste consultant who specializes in these contracts helped the city get what it wants, including responsiveness to unique customer circumstances and individual service requests.

The new contract also addresses more "what ifs," like fuel cost adjustments and specific consequences for performance failures. It also includes customer service standards like callers getting to a live person within one minute. This level of specificity also helped ensure apples-to-apples bid comparisons. Waste Connections won the new contract, which began on January 1.

In an additional twist, West Des Moines asked the Metro Waste Authority (MWA), a regional independent government agency, to administer the city's new contract. The move to MWA administration flowed naturally from the fact that MWA already manages the city's other solid waste programs. Adding residential collection made a lot of sense. The move also frees up city staff to meet other demands. For residential collection, West Des Moines will set the rates and MWA will bill the city monthly. MWA will also purchase new solid waste carts, gaining West Des Moines a better deal because of Metro Waste's economies of scale.

West Des Moines's willingness to look beyond the status quo, coupled with careful crafting of outsourcing relationships, has enabled the city to save money, deliver high service levels and maintain a focused public works operation.

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