

Improving Outcomes for Waste Collection Services in Charleston, South Carolina



Employees delivering waste collection services for the City of Charleston. (Photo by Matt Alltop)

As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro bono technical assistance to help Charleston reform its solicitations and increase price flexibility for the City's waste collection services.

The Problem: Due to its size and geographic dispersion, the City of Charleston provides in-house waste collection services in some areas, and contracts out for these services in others. The City desires that all neighborhoods – regardless of service provider – receive safe, high-quality, and timely garbage, debris, and bulk item waste pick-up. With the contract for waste collection services in two of the fastest-growing areas of the City set to expire, Charleston engaged the GPL for assistance in issuing a request for proposals (RFP) that is oriented around the unique challenges of delivering services to these areas, clearly-defined performance metrics, and the flow of information between residents, the vendor, and the City.

Applying Results-Driven Contracting Strategies: In order to provide residents with high-quality waste collection services while making efficient use of taxpayer dollars, Charleston and the GPL:

- 1) **Tailored the RFP objectives to the unique circumstances of waste collection on Daniel Island and Cainhoy.** Daniel Island and Cainhoy are two of the fastest-growing areas within the City of Charleston. The two areas also pose distinct challenges for waste collection vendors. While Daniel Island is home to some of the City's narrowest streets and alleys, Cainhoy is a rural community with secluded homes and roadways. Accordingly, the City explicitly defined its desire to work with a vendor that has the ability incorporate new

collection routes over the course of the contract; serve new homes along existing routes; and provide high-quality services along tight city streets, as well as remote gravel roads.

- 2) **Defined key performance metrics to reflect the City's goal of safe and on-time waste collection services.** Prior to engaging the GPL, the City had not clearly mapped its waste collection objectives with well-defined performance standards. The new RFP explicitly defines what is meant by high-quality performance along several key domains – route completion, response time to missed collections, response time to roll cart requests, and response time to property damage claims. Because the City depends on the vendor to report performance in several of these domains – for example, it is incumbent upon the vendor to report when a route is incomplete, meaning fewer than 95 percent of homes on the route were serviced – the RFP emphasizes a desire to work with vendors using real-time data-sharing capabilities.
- 3) **Implemented a performance-based payment structure to encourage excellent performance.** The new RFP gives the City the option to levy penalties for vendors' failure to meet the standards of service delivery (discussed above). In this way, the threat of potential penalty gives vendors the incentive to deliver high-quality performance along the domains that are most important to the City. To minimize the perverse incentive of having the vendor report on its own performance, the City also has the option to levy penalties for underreporting of serious offenses (as the City can validate this information through citizen contact).
- 4) **Provided vendors with key information and flexibility to facilitate vendor planning and maximize the value of taxpayer dollars.** The new RFP reduces uncertainty by letting vendors know precisely which streets – and how many – require the use of special collection equipment. It also gives vendors the ability to set their own collection times and immediately resolve certain types of complaints in the field. Finally, the RFP asks for price estimates by collection type and day of the week. The reduced uncertainty and increased flexibility offered by the RFP are meant to ensure that the City receives the best possible services at the best possible price.

The Results: The City's Procurement, Budget, Environmental Services, and Process Improvement offices collaborated on an RFP for waste collection services on Daniel Island and Cainhoy that has clear objectives, is outcomes-oriented, improves the collection of key data and provides vendors with the incentives to meet the City's goals. The RFP also reduces uncertainty for vendors, which is a crucial step in controlling costs. The RFP launched in the Fall of 2017, a vendor was selected, and the contract was approved by City Council. The contract was implemented in January 2018 and the City is standardizing processes for collecting data from vendors and tracking the metrics developed with the GPL.