

Two firms selected to privatize Detroit trash collection

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On November 13, the City of Detroit announced that Rizzo Environmental Services of Sterling Heights, Michigan and Advanced Disposal, Inc. of Ponte Vedra, Florida were the successful bidders for privatizing Detroit's solid waste hauling.

Emergency Manager Kevyn Orr's office will finalize contracts with the two firms within the next thirty days. They are tentatively expected to begin handling trash pickup and curbside recycling May 1, 2014.

The awarded contracts cover only collection and hauling but not disposal. As of this writing disposal will continue to be handled by Detroit Renewable Power LLC, an independent subsidiary of Detroit Renewable Energy LLC which runs the controversial "waste-to-energy" facility commonly known as the Detroit incinerator. Both winning bidders manage landfills and transfer stations and it is not yet clear whether the two selected companies intend to haul the trash to their own facilities.

Bill Nowling, Orr's spokesman, said the anticipated savings of the privatization to Rizzo and Advanced Disposal should total \$6 million annually through a five-year contract, considerably lower than originally projected.

In an effort to garner support for the privatization proposal, and to convince Detroiters that privatization would help avoid Chapter 9 bankruptcy, the *Detroit Free Press* reported last June that "Representatives with Waste Management, based in Houston, and Republic Services, based in Phoenix, told members of Orr's turnaround team that they could provide weekly trash collection and a stepped-up schedule of bulk waste hauling—moving from quarterly bulk pickup to monthly pickup—for \$15 million a year less than the city spends now..."

In September, with bids out to 10 companies, Orr

reiterated to the press he expected savings of at least \$15 million while several heads of the companies bidding on the contracts indicated to *Crain's Detroit Business* that \$15 million was an *underestimation*.

Approximately 125 workers, currently members of Teamsters local 214, will lose their jobs and be forced to apply to the new companies for work. There is no guarantee they will be hired, and there is no agreement regarding pay or seniority.

The effect on Detroit residents is also yet to be seen. While the emergency manager's office is promising better service and a new fleet of trucks from the private vendors, the fees charged to residents have not been announced. In fact, it is possible that each of the two companies will charge different fees in the areas they cover. Currently, the city collects \$240 for each single-family home with the July city property tax assessment and \$340 for multi-family dwellings.

Garbage collection is only one of the many services in the cross hairs of the emergency manager who intends to channel millions of dollars of public funds to private, for profit companies. Plans are already underway to hand over the public lighting system to utility giant DTE Energy and other possible targets include the public transportation system—which already is managed by a private company—and the Detroit Water and Sewerage Department.

While previous Democratic Party city administrations slashed the workforce by 25 percent in recent years and began the transfer of city services into private hands, this was not done at a sufficiently rapid pace for the corporate and political establishment. Moreover, there are certain legal obstacles contained in the City Charter, which require an examination of the impact of privatization on the level of services provided, the impact on the level of employment of city residents and

the working conditions of workers at the private companies.

The emergency manager has no such restraint and has the power to override the City Charter, cancel current labor agreements, and privatize city services and sell off assets without the slightest public oversight.

The city's sanitation system—known as the Department of Public Works—has been bled dry by years of budget cuts, layoffs and service reductions. Scores of DPW trucks are in disrepair and rusting due to the lack of funding for maintenance.

Orr, with the full backing of the media, has pointed to the decimated state of public services to claim the “market” and the hiring of private companies, which pay substandard wages and benefits, will improve city services. In fact, experience shows that privatization leads to the introduction of fees and poorer service.



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