

Memo

To: Honorable Mayor and fellow Aldermen
From: Alderman Steve Podrygula
Date: February 22, 2018
Subject: Further information regarding private contractor landfill use

To give us a better perspective on the problem we have been experiencing in getting private sanitation haulers to pay their landfill bills in a timely manner, I have been exploring the policies and procedures of several other cities in the state, and would like to report on what I have found.

Bismarck charges its customers a service fee of 1.50 % per month on past due accounts. At 60 to 90 days, the customer is contacted; if payment is not received within 7 to 10 days, a decision is made as to whether or not to continue to allow the customer to use the landfill.

Recently, there was a situation with a customer who was two months overdue, and owed approximately \$200,000. It was decided not to allow the trucks to dump anything until the balance was paid in full. When the trucks showed up, they were turned away with a full load. Although a bit angry, the trucking manager came to the city and paid the entire balance; the customer was allowed to use the facilities again.

Dickinson experienced significant problems, particularly connected with oil field activity, and went to a "cash only" basis for small haulers. Larger, regular haulers are on an approved list, but with a "three strikes and you're out" policy: bills are sent out monthly and have to be paid within 30 days; if they are late, it counts as one strike; after three strikes access to the landfill is denied (and they don't get any city business). The city maintains regular contact with these private haulers. A policy of not allowing contractors to use the landfill until their bill is paid in full has really helped.

Interestingly, one private hauler actually told the city that they were deliberately using the city "as a bank", delaying payments as no interest was charged on accounts (in contrast to other people they owed money to).

Fargo charges 1.50 % interest on any accounts over 30 days; at 60 days, they are barred from the landfill. To avoid the buildup of large amounts, Fargo bills on a weekly basis. Unpaid bills of even \$5000 or \$6000 lead to a cutoff of dumping privileges; they are stopped right away and not allowed access to the landfill (as was recently the case with a hauler who owed only \$7000 and wasn't allowed to even enter the landfill). Continual late payments are simply not allowed. Private haulers have to be licensed.

Grand Forks charges 1.75 % on late accounts. A hauler can probably go a couple months before landfill privileges are suspended, although the city wants to be paid "sooner rather than later".

Williston charges 1.50 % on late accounts. They try to maintain personal contact with all their commercial haulers and be flexible. Their level of concern varies with both the number of invoices that have been sent out and the amount that is owed (e.g., if the amount due is over \$100, they "start targeting them"). Once dumping privileges have been suspended, they want everything over two months due, at a minimum, before use of the landfill is again allowed.

The common themes emerging from these cities are as follows: require payment of bills within 30 days; charge (realistic) interest on unpaid balances; discontinue landfill privileges when accounts are not paid in a timely manner (usually at 60 days); require payment of the entire balance before landfill privileges are reinstated; and closely monitor accounts to be sure that large balances are never built up in the first place.

I also want to offer a personal perspective, from 30 years as a small businessman. One of the first things you learn is not to let unpaid account balances buildup. The longer an account goes unpaid, the less likely it becomes that it will ever be fully paid off. It is very desirable to have a formal agreement, or contract, clarifying financial arrangements. A significant unpaid bill strains any relationship, both for the person who owes the money and the one to whom it is owed.

I appreciate the efforts that Dan Jonasson, Dave Lakefield, and Tom Barry have made to improve our landfill financial situation, and hope that we, as a Council, continue to improve the accountability and transparency of this, and all of our other, operations.

SP/d
02/23/18