SINGLE WASTE HAULER

v.

OLIGOPOLY

DISCUSSION
WHAT CONSTITUTES A MONOPOLY?
In economics, a monopoly is a single seller. In law, a monopoly is a business entity that has significant market power, that is, the power to charge overly high prices, which is associated with a decrease in surplus.
Dr. Paul Isely is currently the Associate Dean for Undergraduate Programs in the Seidman College of Business at Grand Valley State University. He joined the GVSU faculty in 1995, after earning his Ph.D. in Economics from Purdue University. He also holds an M.S. in Economics from Purdue University and a dual B.S. in Physics and Economics from the University of Wisconsin-Madison. His research and teaching interests include firm/country level innovation, environmental economics, and regional forecasting.
## ECONOMICS 101

<table>
<thead>
<tr>
<th></th>
<th>Monopoly</th>
<th>Oligopoly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Sellers</td>
<td>One</td>
<td>Limited</td>
</tr>
<tr>
<td>Number of Buyers</td>
<td>Many</td>
<td>Many</td>
</tr>
<tr>
<td>Type of Product</td>
<td>Identical</td>
<td>Homogenous or Differentiated</td>
</tr>
<tr>
<td>Barriers to Entry</td>
<td>High Entry &amp; Exit Costs</td>
<td>Ownership of a Key Input</td>
</tr>
<tr>
<td>Ease of Entry</td>
<td>Impossible</td>
<td>Difficult, but Not Impossible</td>
</tr>
<tr>
<td>Who Controls Pricing</td>
<td>Seller</td>
<td>Sellers</td>
</tr>
<tr>
<td>Pricing</td>
<td>Higher</td>
<td>Determined by Economies of Scale</td>
</tr>
<tr>
<td>Examples</td>
<td>Consumers Energy</td>
<td>Ford/Chrysler/GM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pepsi/Coke</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pharmaceutical Sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Media</td>
</tr>
</tbody>
</table>
ECONOMICS 101

Competitive bidding generally lowers the overall price for a service (economies of scale). This is not a monopoly as the market is far larger than the Village of Spring Lake.
WHY IS COUNCIL CONSIDERING THIS?

One of the most frequent requests made to the Village is to reduce truck traffic on M-104.
WHY IS COUNCIL CONSIDERING THIS?

$5M (Phase I) infrastructure project commencing in 2023. The goal is to keep the new infrastructure intact and extend the life of the streets.
WHY IS COUNCIL CONSIDERING THIS?

COMPETITIVE PRICING

Can rates be reduced due to competitive bidding, for waste hauling, recycling and yard waste services?
WHY IS COUNCIL CONSIDERING THIS?

SAFETY

One waste hauler for entire Village means:

• Fewer trucks on local roads
• Reduced risks of accident when children commute to school
• Less noise, pollution and fossil fuel consumption
WHY IS COUNCIL CONSIDERING THIS?

RATE GUARANTEE

• Locks in a rate charged by the waste hauler
• Establishes performance standards which allows the Village to cancel the contract if standards are not met.
IMPORTANT FACTS TO CONSIDER

- Communities with a single provider have lower rates compared to communities without a preferred hauler.

- 1,120 residential* households in the Village:
  - 550 – Republic Services
  - 300 – Kuerth Disposal, Inc.
  - 100 – Arrowaste, Inc.
  - 170 – No Waste Hauler Contract

*HOAs typically negotiate their own contracts and are considered “commercial” in nature.
Ordinance 300-9H(2) states:

Curbside recycling will be provided by the licensee through the use of a bag, bin, box or other collection method provided by the licensee as part of its monthly service fee to a residential customer and as approved by the Village Manager.
WHAT HAPPENS NEXT?

• Council will consider the information gathered from public comment over the course of the next few months.

• Survey for Village Residents to seek information on preferences.

• Council will consider all facets of the proposals and determine if they wish to pursue a single hauler contract with one of the vendors or continue with the licensing model (oligopoly).
WHERE CAN I FIND MORE INFORMATION?

- https://springlakevillage.org/departments/department-of-public-works/
DUMP YOUR FEEDBACK IN THE WASTE HAULER SURVEY!

SCAN THE QR CODE: