



100029
4/27/10

MEMORANDUM

TO: Environmental Concerns Committee

THROUGH: Carl Goldsmith, Director of Public Works *CX*

FROM: David Gorman, Assistant Director of Public Works *DG*

SUBJECT: Solid Waste Contract – Proposed 5-Yr Extension

DATE: April 16, 2010

The Board of Trustees has requested that the ECC review an offer from Waste Management as fully explained in the attached letter dated April 15, 2010. Waste Management is offering to extend the current contract for five years based on the CPI and to include the following two changes that had been previously recommended by the ECC:

- ❖ All residents would be able to request 32-gal totes for refuse and/or recycling.
- ❖ A price buffer of 20% would be added to the “Meet and Compete” Clause to recognize that the commercial rates do subsidize public facilities, community events and residential rates.

The table below projects costs to 2011 and, thus, is slightly changed from the table previously provided to the ECC. In particular, the Lombard rate would be lowered by \$1, due to the expiration of the tote implementation fee per Contract Sections 8C(1), 14A(1) and 14A(3). Waste Management acknowledges in their letter that the proposed 5-year extension would drop this fee. The contract is at <http://www.villageoflombard.org/DocumentView.aspx?DID=654>.

32-Gallon Collection Costs Projected to 2011:

<u>Community</u>	<u>Mo. Cost*</u>	<u>Provider</u>	<u>Comment</u>
Naperville	\$0	Allied Waste	Covered by Commercial Fees
Oakbrook Terrace	\$0	Flood Brothers	Covered by Commercial Fees
Lisle	\$9.91	Allied Waste	Pay-As-You-Throw
Warrenville	\$10.04	ARC Disposal	Pay-As-You-Throw
Lombard	\$10.41**	WM	Flat Fee (<u>\$13.02** for 64-gallon</u>)
Winfield	\$11.61	WM	Pay-As-You-Throw
Westmont	\$12.34	WM	Flat Fee
Downers Grove	\$12.49	ARC Disposal	Pay-As-You-Throw
Aurora	\$12.55	Allied Waste	Pay-As-You-Throw, \$1.50 recycling fee
Glen Ellyn	\$15.76	Allied Waste	Flat Fee
Glendale Heights	\$17.86	Allied Waste	Flat Fee
Carol Stream	\$18.01	Flood Brothers	Flat Fee
Clarendon Hills	\$18.37	Allied Waste	Flat Fee
Bloomington	\$18.44	Allied Waste	Flat Fee
Oak Brook	\$18.51	Allied Waste	Flat Fee
Willowbrook	\$18.59	ARC Disposal	Flat Fee
Villa Park	\$18.67	WM	Flat Fee
Bartlett	\$21.06	Allied Waste	Flat Fee
Addison	\$21.45	Allied Waste	Billed bi-monthly on water bill
Burr Ridge	\$varies	(5 licensees)	Residents arrange service

- * Most data from a 2009 DuPage Mayors & Managers survey, adjusted by 2.7% CPI for 2010 and 2011. Includes any rental fee, flat fee and sticker costs to discard four 32-gal cans.
- ** *This rate would reduce by \$1 as of 4/1/11 due to expiration of current 5-year toter rental fee.*

Recommendation:

Staff requests that the ECC provide a recommendation regarding the proposed contract extension to the Village Board of Trustees. Staff's recommendation is to accept the 5-yr proposal from Waste Management since it would:

- include the changes requested by the ECC,
- continue the good working relationship with WM,
- recognize the complexity of managing the commercial routes and Village events,
- avoid disturbing the balance of commercial and residential fee rates,
- allow the continued use of the existing toters, and
- provide good value to our community.

CG/DG:dg

attachment: WM letter dated 4/15/10

H:\PW\Environmental\Refuse & Recycling\2011-2015 Contract\ECC Review WM 5-Yr Extension Offer.doc



WASTE MANAGEMENT

11601 S. Austin
Alsip, IL 60803
(708) 388-8855

April 15, 2010

Mr. William J. Mueller
Village President
Village of Lombard
255 East Wilson Avenue
Lombard, IL 60148

Re: Waste Management five-year extension of waste services contract

Dear President Mueller,

Waste Management of Illinois, Inc. has been the Village of Lombard's recycling and solid waste collections provider since 1991. We are proud of the long partnership we have had with your community and the many contributions we have made to improving its quality of life. We desire to continue this relationship in a way that will realize significant savings for your residents.

As you know, Waste Management's contract with the Village will expire on March 31, 2011. The agreement provides for a two-year extension at your option, with collection rates adjusted by changes in the Consumer Price Index (CPI).

We think the best way to keep the Village's waste service costs down and ensure stable rates for your residents for a longer term is for us to go beyond our current agreement and propose an extension of our contract for five years to the year 2016.

In a time of economic uncertainty, a longer extension will provide you with substantial rate stability. We are experiencing a rapidly escalating marketplace and our proposed extension would mean our current prices would adjust only with the CPI over five years with a maximum increase of no more than 5 percent annually.

At the same time, we are prepared to enhance our existing contract by agreeing to two suggestions from the Environmental Concerns Committee (ECC) and Village Staff. Under the first, Lombard residents would be given the option of having 32-gallon, wheeled totes for refuse and recyclables. The current 64-gallon container would remain the standard tote unless otherwise requested by residents. Second, we would also agree to revise the competition clause in our current agreement to meet the desire of the ECC and Village Staff to ensure a fair and competitive marketplace for commercial collection.



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We offer this proposal on the condition that the Village not issue a request for proposals from other service providers. We are confident that an RFP, if issued, will result in rates substantially higher than those that your community enjoys today.

Lombard today has one of the lowest flat-fee rates for recycling and solid waste disposal in DuPage County. That will continue under a five-year extension. Seniors now pay \$11.14 per month, the lowest rate available in the area, and the rate for regular residential collection is \$13.68. That is \$1.67 less than the next lowest flat-fee rate of \$15.35 a month in Glen Ellyn. Importantly, each of these rates will go down another \$1, to \$10.14 for seniors and \$12.68 for regular residential collection, when the \$1 surcharge for toters expires with the current contract. Applying the current annual CPI rate of 2.7 percent, a five-year extension would offer your residents a rate of \$13.02 in the first year and \$14.48 in the fifth year. That means in the fifth year, 2016, your regular residential rate would be still be substantially less per month than the next lowest rate paid today in DuPage County.

According to 2009 DuPage Mayors & Managers survey data, our competitors' rates are substantially higher. Consider your rate versus the current rates of our competitors in other DuPage County communities:

Community	Monthly flat-fee rate	Provider
Lombard	\$11.14 (seniors) \$13.68 residential	Waste Management
Glen Ellyn	\$15.35	Allied
Glendale Heights	\$17.39	Allied
Carol Stream	\$17.54	Flood Brothers
Clarendon Hills	\$17.89	Allied
Bloomingtondale	\$17.96	Allied
Oak Brook	\$18.02	Allied
Willowbrook	\$18.09	Arc
Villa Park	\$18.18	Waste Management
Bartlett	\$20.51	Allied





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Waste Management is very proud of our partnership with Lombard. We are committed to providing its residents with the best service in the industry. We believe our proposal for a five-year extension will provide important savings for the community and makes the best sense for its residents. We look forward to hearing from you and discussing this proposal in more detail with you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James Karls', written over a light blue circular scribble.

James Karls
Waste Management of Illinois, Inc.

cc: Trustee Dana Moreau, Chairperson, Environmental Concerns Committee
David Hulseberg, Village Manager
Carl Goldsmith, Director of Public Works
David Gorman, Assistant Director of Public Works