

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) _____ Waiver of First Requested

Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager

DATE: January 26, 2011 (COW) (B of T) **Date:** February 3, 2011

TITLE: Village Service Fee Increase for Refuse & Recycling

SUBMITTED BY: David P. Gorman, Assistant Director of Public Works *D.P.G.*

BACKGROUND/POLICY IMPLICATIONS:

A recommendation from Staff to approve an adjustment to the Village Service Fee as part of the Solid Waste Contract.

FISCAL IMPACT/FUNDING SOURCE:

Refuse & Recycling Revenue Account: 1010.604840
Community Recycling Expenditure Account 2790

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X _____ Date _____
Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



MEMORANDUM

TO: David A. Hulseberg, Village Manager

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

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

SUBJECT: Budget for Refuse & Recycling Service Fees

DATE: January 26, 2011

Attached is a proposed resolution to increase the Village's service fees per the Solid Waste Contract. Section 14(C) of the contract provides for the service fees that cover the Village's costs to manage the contract and provide services, including grants. The Finance Department has advised that fiscal year expenditures funded by the Village's Service Fee are outspending revenues by \$42,000. In fact, the 25% reserve, which normally amounts to \$34,500, is projected to be depleted in the next fiscal year. Therefore, there is an immediate need to adjust the expenditures and/or revenues. It is possible to raise the service fees effective April 1st and still realize an overall savings to residents due to the expiration on the same date of the \$1/month totter rental fee.

BACKGROUND:

The current monthly fees of \$0.35/residence, \$3.00/commercial account and \$0.10/sticker for yard waste generate \$96,000, which is down from \$105,000 a few years ago. These monthly fees have not increased since 1994. Adjusted for inflation, the \$0.35 fee would be \$0.51 today. There is 10% of the salaries and benefits for the Assistant Director of Public Works, Administrative Secretary and Administrative Coordinator since these three individuals are principally involved with refuse & recycling matters, including liaison duties to the ECC.

Staff presents two proposals for consideration, both of which would increase the residential fee from the current \$0.35/month since it is currently inadequate to fully fund the curbside brush pickup or contribute any amount toward the other line item costs. Proposal 1 would maintain the status quo expenditures and Proposal 2 would reduce expenditures by reducing the total available for grants from \$23,000 to \$5,000. The grant amounts for educational recycling, rain barrels and compost bins would be reduced from their current levels by the same percentage based on consensus of the Environmental Concerns Committee on January 25, 2011. An additional 15% contingency is suggested for future inflation, cost increases and reserves replenishing. It should be noted that a reserve is not required for this fund although one has been kept as past practice. Thus, the proposed increases would total \$0.71 and \$0.59, respectively. Under either scenario, residents would still realize a reduction in their overall monthly fee on April 1st.

Budget:

<u>Item</u>	<u>Existing FY2011</u>	<u>Status Quo FY2012</u>	<u>Reduced FY2012</u>
10% Salaries of ADPW, AS & AC	\$21,850	\$22,040	\$22,040
10% Benefits for ADPW, AS & AC	\$6,900	\$7,990	\$7,990
OT Wages for AS & AC at ECC Mtgs	\$4,200	\$3,000	\$3,000
Replacing Carts Damaged by Plows	\$400	\$400	\$400
Recycling Extravaganza	\$4,000	\$4,000	\$4,000
Curbside Brush Pickup	\$78,000	\$77,000	\$77,000
Electronics Recycling	\$2,000	\$0	\$0
Educational Recycling Grants	\$13,000	\$13,000	\$2,800
Rain Barrels	\$5,000	\$5,000	\$1,100
Compost Bins	\$5,000	\$5,000	\$1,100
TOTAL	\$140,350	\$137,430	\$119,430

(<= barricades,
maintenance
workers, etc.)

Existing and Proposed Village Service Fees:

<u>Account Type</u>	<u>Quantity</u>	<u>Ex. Fee</u>	<u>Revenue</u>	<u>Pr. 1*</u>	<u>Revenue</u>	<u>Pr. 2**</u>	<u>Revenue</u>
Residential	12,857	\$0.35	\$54,000	\$0.71	\$110,000	\$0.59	\$91,000
Commercial	806	\$3.00	\$29,000	\$3.00	\$29,000	\$3.00	\$29,000
Yard Stickers	10,833	\$0.10	\$13,000	\$0.10	\$13,000	\$0.10	\$13,000
TOTAL			\$96,000		\$152,000		\$133,000

Reductions in Monthly Residential Service Rates:

<u>Toter Size</u>	<u>Current Fee:</u>	<u>4/1/11 @ \$0.35</u>	<u>4/1/11 @ \$0.71</u>	<u>4/1/11 @ \$0.59</u>
35-gal	\$11.14	\$10.44 (-\$0.70)	\$10.80 (-\$0.34)	\$10.68 (-\$0.46)
64-gal	\$13.68	\$13.06 (-\$0.62)	\$13.42 (-\$0.26)	\$13.30 (-\$0.38)
96-gal	\$16.31	\$15.80 (-\$0.51)	\$16.16 (-\$0.15)	\$16.04 (-\$0.27)

Although the Contract states that Waste Management should receive an advanced notice of three months, they have informed us that they can still implement an increase effective April 1st if so notified by February 15th. An effective date of April 1st is desired in order to simplify the fee changes, which occur each April 1st.

RECOMMENDATION:

Staff recommends that the Board authorize an increase in the Village Service Fees by approving the attached resolution with the appropriate fee amount inserted as deemed appropriate per discussion. The fee would take effect on April 1, 2011 as part of the new Contract rates.

CG/DG:dg H:\PWA\Asst Director\Correspondence\Memos\ECC Recycling Budget FY2012.doc

cc: Tim Sexton, Finance Director

Current and New Solid Waste Contract:

Section 14 C(1) Village Service Fee

In addition to the foregoing charges for **Commercial** properties, each **Residential** customer/account shall be charged a **Village Service Fee** of \$0.35 per unit per month, and each **Commercial** customer/account shall be charged a **Village Service Fee** of \$3.00 per month. In addition, each **Yard Waste** sticker shall include a **Village Service fee** of \$0.10 each. The **Village** reserves the right to increase the **Residential, Commercial and Yard Waste Village Service Fees**. When an increase in the **Residential, Commercial and Yard Waste Village Service Fees** is needed, the **Village** will take the proposed increase to the Environmental Concerns Committee for recommendation and to the **Village** President and Board for approval. The **Village** will provide the **Contractor** with no less than 3 months' notice prior to any increase.

The **Contractor** shall collect the **Village Service Fee** in the ordinary course of its billing of its customers. The bills sent out to **Residential** accounts by the **Contractor** shall not indicate a separate line item for **Village Service Fees**.

The **Contractor** shall tender the **Village Service Fees** to the **Village** on a quarterly basis, [once every three (3) months], based on service fees actually collected. Said **Village Service Fee** payment shall be made by the **Contractor** to the **Village**, on or before the fifteenth (15th) day following the day on which the quarterly **Refuse, Recyclables and Yard Waste Service Fee** payments are to be paid to the **Contractor** by those **Residential** and **Commercial** establishments served by the **Contractor**. The first **Village Service Fees** payment from the **Contractor** to the **Village** shall be due on or before July 15, 2011, with subsequent quarterly payments being due each October 15th, January 15th, April 15th and July 15th thereafter. Said **Village Service Fees** payment shall be accompanied by a written statement indicating how the total amount tendered to the **Village** was arrived at by the **Contractor**.

Late **Village Service Fee** payments shall bear interest at the rate of two percent (2%) per month, with the minimum interest payment being for a period of one (1) month.

**RECYCLING ACCOUNT
REVENUE AND EXPENDITURE ANALYSIS**

FYE 2006 Actual	FYE 2007 Actual	FYE 2008 Actual	FYE 2009 Actual	FYE 2010 Actual	FYE 2011 YE Est	FYE 2012 Budget
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BEGINNING FUND BALANCE 166,237 127,241 90,104 94,721 96,083 70,556 28,096

EXPENDITURES

PERSONAL SERVICES	32,020	40,060	4,733	2,173	31,096	32,310	33,050
COMMODITIES	3,017	3,231	2,715	6,084	2,971	4,400	4,400
CONTRACT SERVICES	87,883	91,842	80,401	72,450	75,168	80,000	77,000
OTHER EXPENSES	20,207	6,700	11,597	17,844	13,537	23,000	23,000
CAPITAL OUTLAY	0	0	0	0	0	0	0
OTHER FINANCING USES	0	0	0	0	0	0	0
TOTAL	144,027	141,823	99,446	98,251	122,772	139,710	137,450

REVENUES

TAXES	0	0	0	0	0	0	0
LICENSES & PERMITS	0	0	0	0	0	0	0
INTERGOVERNMENTAL REVENUES	0	0	0	0	0	0	0
CHARGES FOR SERVICES	0	102,480	101,510	97,813	96,245	96,260	96,250
FINES & FORFEITURES	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	105,031	2,386	2,553	2,000	1,000	1,000	1,000
OTHER FINANCING SOURCES	0	0	0	0	0	0	0
TOTAL	105,031	104,796	104,063	99,813	97,245	97,260	97,250

PROJECTED SURPLUS(DEP)IT -38,996 -37,137 4,617 1,362 -26,527 -42,460 -60,160

ENDING FUND BALANCE 127,241 90,104 94,721 96,083 70,556 28,096 -12,064

**FUND BALANCE AS A PERCENTAGE
OF TOTAL EXPENDITURES
(EXCLUDING INTERFUND TRANSFERS)**

88.38% 63.48% 95.25% 97.28% 57.47% 20.11% -8.79%

RESOLUTION

R _____ 11

A RESOLUTION AUTHORIZING AN ADJUSTMENT OF THE VILLAGE SERVICE FEE AS PART OF THE SOLID WASTE CONTRACT

WHEREAS, the Village of Lombard has entered into a Solid Waste Contract with Waste Management of Illinois, Inc. to provide solid waste collection and disposal services for all property owners within the corporate limits, and

WHEREAS, Section 14 C(1) of the Contract provides for a Village Service Fee to be applied to each residential account, commercial account and yard waste sticker, and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to fund the Village's expenses related to administering the Contract and to provide certain public services related to solid waste from said Service Fee, and from time to time shall review and adjust said Service Fee as necessary for this purpose.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS, as follows:

SECTION 1: That the Village Manager be and hereby is authorized to request an increase in the Village Service Fee for residential accounts from \$0.35 to \$____, effective April 1, 2011.

SECTION 2: That the Village President and Village Clerk be and hereby are authorized to attest this Resolution.

Adopted this ____ day of _____, 2011.

Ayes: _____

Nays: _____

Absent: _____

Approved this ____ day of _____, 2011.

William J. Mueller, Village President

ATTEST:

Brigitte O'Brien, Village Clerk