

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

_____ Resolution or Ordinance (Blue) _____ Waiver of First Requested
 X Recommendations of Boards, Commissions & Committees (Green)
_____ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager

DATE: April 2, 2010 (COW) (B of T) **Date:** April 15, 2010

TITLE: Solid Waste Contract

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

BACKGROUND/POLICY IMPLICATIONS:

A recommendation from the Environmental Concerns Committee to issue a Request for Proposals for the 2011-2016 Solid Waste Contract. Staff recommends an extension to the current contract.

FISCAL IMPACT/FUNDING SOURCE:

\$0.00

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 *CJ*

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

SUBJECT: Solid Waste Contract

DATE: April 2, 2010

The Village's contract with Waste Management (WM) will expire on March 31, 2011. Therefore, Staff is requesting direction from the Board of Trustees on how to proceed with the Solid Waste Contract. Options are to either (1) extend the contract for 2 to 5 years or (2) issue a Request for Proposals (RFP).

The Environmental Concerns Committee (ECC) has discussed the available options. Staff had recommended that the contract be extended and the ECC has voted to recommend that an RFP be issued. Due to the importance of the Solid Waste Contract on the community, Staff requests direction from the Board of Trustees on how to proceed.

Staff and the ECC both recommend a couple changes for the next contract term. First, every resident should be given the option for 32-gallon refuse and recycling totes instead of the current practice of only senior citizens in order that all residents may benefit from reduced costs and the ability to store smaller totes. (The default toter size would remain 64-gallons unless otherwise requested.) Second, the "Meet & Compete" clause in the contract that protects against monopoly pricing for the commercial customers should be revised to set a 20% margin since the current language of matching the lowest rate found in other communities does not recognize the overhead costs for public facilities and community events that are included in Lombard's fee schedule.

Option 1: Contract Extension:

The existing contract includes a provision for the Village to extend the expiration date to March 31, 2013 provided that the Village notifies WM of this intent by December 31, 2010. Fee rates would continue to increase annually by the Consumer Price Index. Staff has confirmed with Waste Management that they would recognize the Village's right to extend the current contract for two years under the same terms (i.e. per CPI) even if an RFP is issued. Furthermore, Waste Management has provided a written offer to extend the current contract for five years and to include the ECC's recommendations regarding 32-gallon totes and the Meet & Compete Clause provided that an RFP is not issued.

WM has provided very good service for residents, businesses, public properties, community events and disaster response. The residential rates are very favorable when compared to other communities. A straight comparison by price is difficult because of variables including public services provided at no extra cost, subsidization by commercial accounts, initial fees to purchase totes, discounts for seniors & townhomes, extra costs for yard waste and brush collection, and rates for large items. That said, a summary of the survey (including cost corrections based on further investigation into each contract) is below, as ranked by cost. "Pay-As-You-Throw" communities utilize stickers on the residents' cans instead of a flat fee for standard totes:

Solid Waste Contract Options

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<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	\$9.65	Allied Waste	Pay-As-You-Throw
Warrenville	\$9.78	ARC Disposal	Pay-As-You-Throw
Lombard	\$11.14**	WM	Flat Fee (\$13.68** for 64-gallon)
Winfield	\$11.30	WM	Pay-As-You-Throw
Westmont	\$12.02	WM	Flat Fee
Downers Grove	\$12.16	ARC Disposal	Pay-As-You-Throw
Aurora	\$12.22	Allied Waste	Pay-As-You-Throw, \$1.50 recycling fee
Glen Ellyn	\$15.35	Allied Waste	Flat Fee
Glendale Heights	\$17.39	Allied Waste	Flat Fee
Carol Stream	\$17.54	Flood Brothers	Flat Fee
Clarendon Hills	\$17.89	Allied Waste	Flat Fee
Bloomington	\$17.96	Allied Waste	Flat Fee
Oak Brook	\$18.02	Allied Waste	Flat Fee
Willowbrook	\$18.09	ARC Disposal	Flat Fee
Villa Park	\$18.18	WM	Flat Fee
Bartlett	\$20.51	Allied Waste	Flat Fee
Addison	\$20.89	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 a 2.7% CPI for 2010 values. Includes any required rental fee, flat fee and sticker costs to discard four 32-gal cans.

** *The \$11.14 rate is currently only available to senior citizens. This rate and the \$13.68 rate will reduce by one dollar as of 4/1/11 due to expiration of current 5-year totter rental fee.*

Option 2: Issue a Request for Proposals:

The Village could issue a RFP to solicit proposals from other companies. The argument for this is based on the possibility of lower pricing from a competitor. Arguments against this include the good working relationship with WM, the complexity of managing the commercial routes and Village events, disturbing the current balance of commercial and residential fee rates, collecting the existing toters, renewed payments for replacement toters and service problems until the new company gets up to speed. Also, as noted previously, Lombard does now compare very favorably to other communities for residential service rates. The RFP has been drafted and is ready to be issued if so directed by the Board of Trustees.

Recommendation:

Staff recommends a contract extension and the ECC recommends that an RFP be issued. If an RFP is issued, the two-year extension will still be available from Waste Management. However, the offer of a five-year extension is contingent on an RFP not being issued.

CG/DG:dg

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