

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

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

TO: PRESIDENT AND BOARD OF TRUSTEES
FROM: Scott R. Niehaus, Village Manager
DATE: Septmeber 12, 2019 (COW) (B of T) **Date:** September 19, 2019
TITLE: Residential Refuse Collection Rate Increase Due to State Gas Tax
SUBMITTED BY: David P. Gorman, Assistant Director of Public Works *DG*

BACKGROUND/POLICY IMPLICATIONS:

A recommendation from Staff to amend the Village Code to reflect residential refuse collection fee rate increases due to the State of Illinois gas tax, as authorized in the Solid Waste Contract.

FISCAL IMPACT/FUNDING SOURCE:

None required.

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: Scott R. Niehaus, Village Manager

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

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

SUBJECT: Residential Refuse Collection Rate Increase Due to State Gas Tax

DATE: September 12, 2019

Attached is a proposed ordinance to increase the monthly residential account fees. Waste Management has requested this as their right per the Solid Waste Contract following the State gas tax increase. Please present the ordinance to the Board of Trustees at their September 19, 2019 meeting. The increase would take effect on October 1, 2019.

BACKGROUND:

State of Illinois Public Act 101-0032 increased the gas tax by \$0.19 for CNG and \$0.23/gallon for diesel in DuPage County as of July 1, 2019. Waste Management has provided calculations substantiating increased costs for each residential account by \$0.11/month. The new monthly collection fees will be \$14.98 for the standard 64-gallon toter, and \$12.05 and \$18.07 for the 35-gallon and 96-gallon sizes, respectively.

The pertinent clause in the Solid Waste Contract is:

Section 29D. Changes in Law.

Notwithstanding anything in this **Contract** to the contrary, **Contractor** may request an adjustment to the rates set forth herein to account for increased costs due to changes in local, State or Federal laws or regulations, imposing increases in taxes, fees or surcharges directly assessed on the **Refuse, Recyclables and Yard Waste** collection services by the Federal, State, County, or local government. The method of distributing such costs among the customer base shall be mutually agreed by **Contractor and Village**.

The attached draft ordinance amending the Lombard Municipal Code § 92.17 has been reviewed by the Village Attorney. Similar to the annual CPI fee adjustments, this matter may be presented directly to the Board.

RECOMMENDATION:

Staff recommends that the Board of Trustees approve the Ordinance.

CG/DG:dg

H:\PWA\Environmental\Refuse & Recycling\2016-2024 Contract\Gas Tax Increase to Residential Rates Oct 2019\Gas Tax Increase Oct 2019 - BOT Memo.doc

attachment: proposed Ordinance

ORDINANCE NO. _____

AN ORDINANCE AMENDING TITLE IX, CHAPTER 92, SECTION 92.17 OF THE LOMBARD VILLAGE CODE IN REGARD TO WASTE COLLECTION AND DISPOSAL FEES

BE IT ORDAINED by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

SECTION 1: That, effective October 1, 2019, Title IX, Chapter 92, Section 92.17 of the Lombard Village Code is amended as follows:

A. The reference to “April 1, 2019”, in the opening language of subsection (A), is revised to read “October 1, 2019.”

B. Subsections (A)(1), (2), and (3) are revised to read in their entirety as follows:

“(1) Pick up of one (1) thirty-five (35) gallon Cart Waste Container and an unlimited amount of Recyclables (as defined by the Village’s Contract with the authorized Waste Disposal Firm) at the curb; \$12.05 per month.

(2) Pick up of one (1) sixty-four (64) gallon Cart Waste Container and an unlimited amount of Recyclables (as defined by the Village’s Contract with the authorized Waste Disposal Firm) at the curb; \$14.98 per month.

(3) Pick up of one (1) ninety-six (96) gallon Cart Waste Container and an unlimited amount of Recyclables (as defined by the Village’s Contract with the authorized Waste Disposal Firm) at the curb; \$18.07 per month.”

C. Subsection (G) is amended to read in its entirety as follows:

“(G) The rates listed in this Section 92.17 shall be in full force and effect as of October 1, 2019, and shall be subject to annual adjustment thereafter, on April 1st of each year, in accordance with Sections 29A, 29B and 29C of the Solid Waste Collection and Disposal Services Contract approved by the President and Board of Trustees on January 7, 2016, as amended by the First Amendment to Solid Waste Collection and Disposal Services Contract dated April 5, 2018, the Second Amendment to Solid Waste Collection and Disposal Services Contract dated October 18, 2018, and the Third Amendment to the Solid Waste Collection and Disposal Services Contract dated September 5, 2019 (collectively referred to above, in this Section, as the “Contract”).”

SECTION 2: That this Ordinance shall be in full force and effect on from and after its adoption, approval and publication in pamphlet form as provided by law.

Passed on first reading this ____ day of _____, 2019.

First reading waived by action of the Board of Trustees this ____ day of _____, 2019.

Passed on second reading this ____ day of _____, 2019, pursuant to a roll call vote as follows:

AYES: _____

NAYS _____

ABSENT: _____

APPROVED by me this ____ day of _____, 2019.

Keith Giagnorio
Village President

ATTEST:

Sharon Kuderna
Village Clerk

Published by me in pamphlet form this ____ day of _____, 2019.

Sharon Kuderna
Village Clerk



September 6, 2019

Mr. Dave Gorman
Village of Lombard
255 E. Wilson
Lombard, IL 60148

Dear Dave,

Thank you for your business. We are committed to providing you safe, reliable and environmentally sound waste and recycling services that meet your highest expectations.

Effective July 1, 2019, the State of Illinois implemented a fuel tax increase to provide long-term and sustainable funding for the local and state transportation infrastructure. Pursuant to our agreement, we are requesting an increase in the service rate to reflect the new taxes on our cost to service the community. The monthly rate per home will increase \$0.11 per month effective October 1, 2019. This coincides with our billing to the residents.

As outlined on the attached document, we have carefully reviewed the cost impact in every area this new tax impacts our cost. There is our best estimate per home and is intended to cover only the cost increase as a result of the tax.

We calculated this cost increase with the assistance of a third-party accounting firm Deloitte and Touche. The specifics of this tax language are as follows:

To fund road infrastructures in the state, the General Assembly passed SB 1939 (Sandoval, D - Cicero) to double the motor fuel taxes and earmarks this money to be placed in a dedicated fund (historically motor fuel taxes were part of the General Fund and were appropriated for road construction).

Effective July 1, 2019, the legislation will increase the motor fuel tax from 19 cents to 38 cents, and is adjusted annually per the CPI. In addition, diesel fuel and other "special fuels" (LNG and propane) are subject to an additional tax of 5.0 cents per gallon. CNG is taxed as motor fuel under state law. The total cost increase is 24.0 cents per gallon in Cook County and 23.0 cents per gallon in Lake, Will, DuPage, Kane, and McHenry Counties. The legislation will also increase all categories of trucks registration fees by \$100.

We have attached the State of Illinois informational paper explaining the new taxes and fees.

Please contact me if you have any questions, Email - mbrink@wm.com, Cell - 630-816-9753. I will be happy to discuss this increase at your earliest convenience.

Sincerely,

Michael Brink
Waste Management of Illinois, Inc.



THINK GREEN!



**SB1939
TRANSPORTATION TAXES AND FEES**

REVENUE SOURCES	EXISTING RATE	INCREASE	NEW RATE	EFFECTIVE DATE
MOTOR FUEL TAX*				
Gasoline (includes CNG)**	19 cents	19 cents	38 cents	7/1/19
Special Fuels (diesel, LNG, propane)	Additional 2.5 cents	Additional 5 cents	Additional 7.5 cents	7/1/19
Cook County municipality motor fuel tax - May be adopted by ordinance	N/A	N/A	Up to 3 cents/gallon	Upon Governor's approval
Collar County MFT - adds Lake and Will; DuPage, Kane and McHenry currently authorized***	Up to 4 cents/gallon	Up to 4 cents/gallon	Up to 8 cents/gallon	Upon Governor's approval
TRUCK REGISTRATION FEES ****				
Flat Weight Trucks - Lower Limit	\$ 138	\$100	\$ 238	January 1, 2020 (2021 Registration Year)
Flat Weight Trucks - Upper Limit	\$2,790	\$100	\$2,890	January 1, 2020 (2021 Registration Year)
Flat Weight Trailers - Lower Limit	\$ 54	\$100	\$ 154	January 1, 2020 (2021 Registration Year)
Flat Weight Trailers - Upper Limit	\$1,502	\$100	\$1,602	January 1, 2020 (2021 Registration Year)
Mileage Tax Registrations - Lower Limit	\$ 73	\$100	\$ 173	January 1, 2020 (2021 Registration Year)
Mileage Tax Registrations - Upper Limit	\$1,415	\$100	\$1,515	January 1, 2020 (2021 Registration Year)
COMMERCIAL DISTRIBUTION FEE				
Commercial Distribution Fee	14.35% of commercial license plate fees	N/A	Repealed	July 1, 2020

- * Compressed natural gas (CNG) is taxed at the same rate as gasoline. Effective July 1, 2019, the tax rate on gasoline and CNG will be 38 cents per gallon. Effective July 1, 2019, a vehicle that is fueled by diesel, liquified natural gas (LNG) or propane will pay an additional 7.5 cents per gallon. Therefore, effective July 1, 2019 the total motor fuel tax on a gallon of diesel, LNG or propane will be 45.5 cents per gallon.
- ** Adjusted for inflation annually
- *** Beginning June 1, 2020, and every June thereafter, the tax rate is adjusted for inflation. However, the rate increase cannot exceed 1 cent over the prior year tax rate.
- **** Truck registration fees are increased by \$100 in all classes and categories.

46A33 2010 6/6/2019



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Fuel Tax Increase: Calculation - Monthly Cost per Home

Chicagoland TS	Per Home per Month				
Total Fuel Tax Increase per service	# svc/month	Cost	CNG/Diesel	Disposal	Service Level
\$ 0.004 MSW	11.55	\$ 0.11	CNG	Chicagoland TS	MSW 1x/wk, Recy 1x/wk, YW 8 mos
\$ 0.004 Recycling					
\$ 0.004 Yard Waste					
\$ 0.005 Disposal: Chicagoland TS					
\$ 0.000 Vehicle Registration					

Example Calculation

4.330	\$ 0.018	MSW 1x/week = .015 x 4.33
4.330	\$ 0.018	Recycling 1x every other week = .011 x 4.33
<u>2.887</u>	\$ 0.012	Yard Waste 1x/week, 8 months of the year = .007x 4.33*8/12
11.547	\$ 0.049	subtotal
11.547	\$ 0.061	Disposal Increase per service x # of monthly services: .00533 x 9.382
11.547	\$ 0.004	Vehicle Registration: \$100 per truck; includes all trucks (container delivery, maintenance, route mgrs, etc.) allocated over collection trucks
\$ 0.11		TOTAL

Calculation

50 avg fuel per truck per day
 0.19 avg CNG fuel tax increase per gallon
Avg lifts/route/day
 2240 MSW
 2240 Recycling
 2240 Yard Waste

MSW
 \$ 50 avg fuel per truck per day
\$ 0.19 avg increase per gallon
 \$ 9.50 incr per truck per day
 2240 avg customers serviced per truck per day
 \$ 0.004 avg incr per service

Recycling
 \$ 50 avg fuel per truck per day
\$ 0.19 avg increase per gallon
 \$ 9.50 incr per truck per day
 2240 avg customers serviced per truck per day
 \$ 0.004 avg incr per service

Yard Waste
 \$ 50 avg fuel per truck per day
\$ 0.19 avg increase per gallon
 \$ 9.50 incr per truck per day
 2240 avg customers serviced per truck per day
 \$ 0.004 avg incr per service

Vehicle Registration \$ 16.67 Vehicle Registration Cost Increase per collection truck per month
 2240 avg services per truck per day
 21.1667 avg workdays per month
 47,413 avg service per truck per month
\$ 0.000 Increase per service

Disposal

Cost per Service
 Chicagoland TS \$ 0.00532 \$0.46/ton TS to LF avg roundtrip miles 169, 5 miles/gallon; Yellow iron fuel: TS \$0.037/ton, LF \$0.026/ton
 Central IL TS \$ 0.00163 \$0.14/ton TS to LF avg roundtrip miles 33, 5 miles/gallon; Yellow iron fuel: TS \$0.037/ton, LF \$0.026/ton
 Landfill Direct \$ 0.00030 \$0.026/ton LF yellow iron fuel

Disposal Fuel Tax Increase Per Ton
 TS to LF avg roundtrip miles 169, 5 miles/gallon = 169/5*\$0.28 = \$9.464 tax increase per load
 \$ 0.394 Avg tons per load = 24; \$9.46 tax increase per load / 24 tons = \$0.394 tax increase per ton
 \$ 0.037 Fuel tax increase on Transfer Station yellow iron equipment: \$0.037/ton
\$ 0.026 Fuel tax increase on Landfill yellow iron equipment: \$0.026/ton
 \$ 0.457 Total Increase per Ton

46.6 Blended average weight of material: pounds per yard = 46.6lbs
0.5 Average yards per service = 0.5
 23.3 Pounds per Service = 23.3

Disposal Fuel Tax Increase Per Service
 0.01066 Increase per yard: increase per ton \$0.457/2000 lbs * 46.6 avg lbs per yard
0.00533 Increase per service: Yards per service = .5

Disposal:			MSW	RCY	YW
CNG	Chicagoland TS	MSW 1x/wk, Recy 1x/wk, YW 8 mos	11.54667	4.33	4.33
CNG Collar Cnty	Central IL TS	MSW 1x/wk, Recy EOW, YW 8 mos	9.381667	4.33	2.886667
Diesel	Landfill Direct	MSW 1x/wk, No Recy, YW 8 mos	7.216667	4.33	2.886667
Diesel Collar Cnty		MSW 1x/wk, No Recy, No YW	4.33	4.33	
		MSW 1x/wk, Recy 1x/wk, No YW	8.66	4.33	4.33
		MSW 1x/wk, Recy EOW, No YW	6.495	4.33	2.165