



## MEMORANDUM

**TO:** Environmental Concerns Committee

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

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

**SUBJECT:** Refuse & Recycling Contract Renewal

**DATE:** February 12, 2010

The Village's contract with Waste Management (WM) will expire on March 31, 2011. Therefore, Staff is requesting direction from the ECC on how to proceed with the Refuse & Recycling Contract. Options include extending the current WM contract for 2 years, renegotiating the WM contract for a period up to 5 years, or issuing a Request for Proposals (RFP).

**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 increase by the Consumer Price Index, which was 0.0% for the current contract year.

From Staff's perspective, WM has provided very good service for residents, businesses, public properties, community events and disaster response. Also, the residential service rates are very favorable when compared to other communities, as shown in the attached survey by the DuPage Mayors and Managers Conference. 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 toters, 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 instead of a flat fee:

<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	\$9.40	Allied Waste	Pay-As-You-Throw
Warrenville	\$9.52	ARC Disposal	Pay-As-You-Throw
Winfield	\$11.00	WM	Pay-As-You-Throw
Westmont	\$11.70	WM	Flat Fee

<u>Community</u>	<u>Mo. Cost*</u>	<u>Provider</u>	<u>Comment</u>
Downers Grove	\$11.84	ARC Disposal	Pay-As-You-Throw
Aurora	\$11.90	Allied Waste	Pay-As-You-Throw, \$1.50 recycling fee
<b>Lombard</b>	\$13.34	WM	Flat Fee
Glen Elllyn	\$14.95	Allied Waste	Flat Fee
Carol Stream	\$17.08	Flood Brothers	Flat Fee
Clarendon Hills	\$17.42	Allied Waste	Flat Fee
Bloomingtondale	\$17.49	Allied Waste	Flat Fee
Oak Brook	\$17.55	Allied Waste	Flat Fee
Willowbrook	\$17.61	ARC Disposal	Flat Fee
Villa Park	\$17.70	WM	Flat Fee
Bartlett	\$19.97	Allied Waste	Flat Fee
Glendale Heights	\$16.93	Allied Waste	Flat Fee
Addison	\$20.34	Allied Waste	Billed bi-monthly on water bill
Burr Ridge	\$varies	(5 licensees)	Residents arrange service

\* Includes any required rental fee, flat fee and sticker costs to discard four 32-gal cans

**Option 2: Contract Renegotiation:**

The Village may be well served to renegotiate the contract terms with Waste Management. As discussed in prior meetings, there are a few areas that could be modified in a future contract, including; adding a “Pay-As-You-Throw” option, revising the language in the “Meet & Compete” clause, and possibly ending the free service for Park District and school properties.

◆ **Add a Pay-As-You-Throw Clause:**

Staff believes that residents should be provided the option to forgo the standard flat monthly service fee for a 65-gal toter and instead be able to use their own 32-gal can with a sticker. Stickers are already in use now when residents place cans, bags or items in addition to their toter. Such an option for “Pay-As-You-Throw” is the best practice for waste reduction, recycling and equitable fees. Those residents that prefer a flat rate for the current toters would see no change.

◆ **Keep the “Meet and Compete” Clause:**

Businesses occasionally complain that their fees are higher in Lombard than in other municipalities. The “Meet and Compete” clause in the contract allows them to obtain a lower service fee from WM based on a competitor’s quote for comparable service. Since overhead costs for public facilities and community events are included in Lombard’s fee schedule, a new contract could include those costs in this clause.

◆ **Removing Service for School and Park District Properties:**

The contract currently provides service at no cost for public schools and Park District properties. These could be removed to bill these entities separately.

**Option 3: 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.

**Recommendation:**

Staff recommends Option 2, negotiating with WM with the goal of a 5-year contract. The contract would start on April 1, 2011 and include a “Pay-As-You-Throw” clause, clarify the “Meet and Compete” clause, and remove school and Park District properties. The negotiations should have a deadline of August 16, 2010 so that there would still be ample time to either extend the contract for 2 years or issue an RFP if we are unable to reach a tentative agreement for consideration by the ECC and Board of Trustees.

**Tentative Schedule for Option 2:**

February 23, 2010	ECC provides direction to Staff on new contract objectives
March 18, 2010	Staff reports the ECC’s findings to the Board of Trustees
March-June, 2010	Staff negotiates with WM to achieve the objectives
June 22, 2010	ECC discusses the negotiated terms
July-August, 2010	Staff drafts new contract (July 27 <sup>th</sup> ECC meeting to be cancelled)
August 24, 2010	ECC recommends contract to the Board of Trustees
September 16, 2010	Board of Trustees discusses the new contract (and possibly directs Staff to either extend the current contract or issue an RFP)
April 1, 2011	Start of next new contract or contract extension period

DG:dg

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