



AGENDA

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
August 31, 2015
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

- A. Status Report - Expiration of Single-Family Solid Waste Contract on March 31, 2016

V. OTHER BUSINESS

VI. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.



Item: Status Report - Expiration of Single-Family Solid Waste Contract on March 31, 2016

Department: Village Manager's Office

Status Report - Expiration of Single-Family Solid Waste Contract on March 31, 2016

ATTACHMENTS:

Description	Type
Groot Renewal Memo	Memorandum
Garbage Truck Impact Attachment	Memorandum
Groot Proposals-SWANCC Capital Recommendation	Memorandum
Groot Renewal Attachment B-1	Exhibits
Solid Waste Infrastructure Fee Attachment B-2	Exhibits



DATE: August 27, 2015

TO: Randy Recklaus, Village Manager

FROM: James McCalister, Director of Building & Health Services

SUBJECT: Possible Renewal of Contract with Groot for Residential Solid Waste Services

Background

The Village's contract with Groot Industries for Residential Solid Waste Removal Services expires on March 31 of 2016. Therefore, it is time to determine whether, and under what conditions, the Village would consider renewing our contract with Groot vs. going out for a Request for Proposals with multiple vendors. Staff believes this is a logical time to review our current service model and determine what, if any, changes would be desirable.

Current Model Description & Background Information

The Village's single-family solid waste contract with Groot consists of the following:

1. Twice per week collection of refuse
2. Once per week collection of recycling
3. Once per week collection of landscape waste - bag/bundle with sticker or bag/bundle subscription
4. Discounted rates for seniors and disabled/low income
5. Collection of refuse and recycling at 14 Village owned facilities
6. Collection of refuse and recycling from Downtown curbside cans
7. The Village receives a recycling rebate from Groot allowing them to share in the profit that Groot receives from recycled materials. There is a floor of \$5.00 per ton on this rebate. However, due to changes in the market, Groot is currently losing money on recyclables, with the rebate "floor" contributing to the loss.

Of the 23 Solid Waste Agency of Northern Cook County (SWANCC) communities: 18 have all their solid waste collected by private haulers, four have their refuse collected by municipal crews and their recycling collected by private haulers, and one has a private hauler collect their refuse and their municipal crew collect their recycling.

Uniqueness of Current Model

Twice a week pick-up of refuse has become increasingly rare in our area. Currently there are only three SWANCC communities with twice per week refuse collection: Arlington Heights,

Kenilworth and Skokie. Skokie has municipal crews collect their refuse, the cost of which is included in resident property tax bills.

Another unique feature of the current plan is the Village's senior discount. It is currently 25%. This is one of the most generous senior discounts in our area. As of 2010 only four SWANCC communities offered a senior discount. However, approximately one quarter of current Arlington Heights solid waste customers are seniors and this percentage continues to rise. This has the effect of artificially increasing the "normal" rate in Arlington Heights.

Impact of Current Model

It should be noted that our model does put a strain on our physical infrastructure. Garbage trucks do have a heavy impact on our road system. Picking up the same amount of garbage with two trips a week vs. one trip a week with such a heavy vehicle exacerbates this impact. The Engineering Department researched the effect that heavy trucks, specifically garbage trucks, have on the pavement. A memo that reviews that impact in terms of load equivalency in detail has been written and attached to this memo (Attachment A) for your information. It is an update of a 2009 memo.

In summary, given the relative weight of an empty garbage truck to a standard passenger vehicle, and more importantly, the far greater load equivalency per axle, an empty garbage truck has the same impact on roadways as approximately 1,000 passenger vehicles. While a variety of factors should be considered when making service model decisions, Staff believes the impact on Village infrastructure should be a consideration in this discussion.

Use of a Jointly Owned Transfer Station (GTS) and its Cost

Another unique feature of the Village's Solid Waste Service Model is the use of a jointly owned Glenview Waste Transfer Station (GTS) through the Solid Waste Agency of Northern Cook County (SWANCC). The purpose of the creation of SWANCC was to provide its municipal members long-term, competitive solid waste disposal. One major component of the plan was the GTS. Per the SWANCC agreement, all residential refuse from the member communities must be delivered to the GTS, before being transferred to larger trucks that take the waste to a landfill. Historically, members have been charged a fee per ton of refuse delivered to the GTS. This fee included: operation and maintenance (O&M) costs of the GTS, "tipping fees" (disposal) and debt service on the loan to construct the GTS. As of May 1, 2015, the debt service fee has been eliminated. Private haulers that serve communities that do not belong to SWANCC build the O&M and "tipping fees" into the contract pricing.

SWANCC has had further recent success in reducing the cost of the GTS. They also examined the value of selling the station and found it did not benefit municipal partners to do so.

The GTS is paid for by a separate fee charged to customers in each community. The current SWANCC Fee collected in Arlington Heights is \$7.69 per month per customer, for standard curbside service. The revenue from this fee has been used for the Village's share of GTS costs, as well as internal Village costs related to the Solid Waste Program. Due to the elimination of debt service and other cost cutting measures, this fee can be reduced going forward. Staff is also recommending a renaming of the SWANCC Fee to the Solid Waste Infrastructure Fee (SWI Fee) and a redefinition of what the revenue from the fee will support. These recommendations are detailed in a separate attached memo from Tom Kuehne, Director of Finance (Attachment B).

Based on that overall review, this discussion includes the assumption of a reduced SWI Fee of \$6.00 per month.

Current Discussion Process

On April 28, 2015, in anticipation of the March 31, 2016 expiration of the single-family solid waste contract, Groot Industries supplied the Village with a proposal to continue providing single-family solid waste services in Arlington Heights. Staff had SWANCC evaluate the proposal and offer feedback. By utilizing SWANCC's expertise and data on the state of the Solid Waste Services market, Arlington Heights can essentially simulate a RFP process by comparing a proposal to the marketplace. After receiving the feedback, Staff entered into negotiations with Groot. These negotiations examined the level of service and costs of our model and several other alternative models. The negotiations took place over the past few months and involved several face-to-face, email, and phone exchanges on the issues, directly or indirectly involving Staff from Finance, Building and Health Services, Engineering, Public Works, and the Village Manager. The final proposal that was developed includes three different levels of service. Staff has attempted to highlight these models as each represents a different set of values with different pros and cons. They are as follows:

ALTERNATIVES

1. Once Per Week Refuse Collection

Under this model, waste would be collected only once a week, refuse carts would be provided to all households - free of charge. The senior discount would be reduced from 25% to 15% (note all seniors would still see a significant reduction in total service costs from current model as noted in Attachment B-1). The low income/disability discount would remain unchanged at 50%. The \$5.00 per ton floor in recycling rebate would be eliminated, but the recycling rebate program would remain in place. The proposal also includes switching from a bi-monthly billing cycle to a quarterly billing cycle.

Monthly Cost:

- \$13.60, plus \$6.00 SWI Fee with applicable discounts

Annual Increase:

- Chicago MSA CPI, with limits of 1.5% - 3.5%
- Annual landscape waste sticker increases of \$0.10

New/Expanded Residential Services Provided:

- Addition of a subscription landscape waste/food scrap collection option
- Free Refuse Cart provided to all households (currently \$2.50 per month rental)
- Extension of the landscape waste collection season to December 15th (currently December 1st)
- Collection of 20 curbside recycling cans in the Downtown (currently 7)
- Addition of refuse and recycling collection at the Mane Event/Taste of Arlington (Savings of \$3,000-5,000 annually)
- Addition of collection for the Downtown train station (Savings of \$2,987 annually)
- Addition of street sweeping container collection at Public Works (Savings of \$3,696 annually)
- Addition of fall leaf pile collection at Public Works (Savings of \$18,270 annually)

Continuation of Current Municipal Services to be provided

- Maintenance of a Recycling Rebate, with no floor (current floor is \$5.00 a ton)
- Maintenance of “free” solid waste collection at all Village owned facilities

Pros: This concept is the lowest cost option, reducing a typical resident’s waste bill by 22%. It also notably reduces wear and tear on the roads by cutting the number of trips by a garbage truck down a given street in half. By providing refuse carts to every resident, one of the key arguments against once a week pick-up is eliminated, as the carts provide a secure place for residents to store their waste for the extra time, reducing worries about odors, animals, etc. The new optional food waste program provides a “green” alternative for many households who are interested in reducing their waste stream, without mandating it. Many additional services would be provided to the community, reducing the Village’s costs by almost \$30,000 annually. The number of recycling cans downtown will almost triple under this concept.

Cons: This concept reduces the service level currently afforded Arlington Heights residents without an alternative. This would be an abrupt change for many residents who prefer the twice a week pick-up.

2. Once per Week Refuse Collection with Twice Per Week Subscription Option

Under this model, waste would be collected only once a week, unless a resident paid an extra monthly charge to retain twice a week pick-up. Refuse carts would be provided to all households-free of charge. All other features of alternative 1 would be in effect. This proposal also includes switching from a bi-monthly billing cycle to a quarterly billing cycle.

Monthly Cost:

- \$13.60, plus \$6.00 SWI Fee with applicable discounts for once a week, or \$23.00, plus \$6.00 SWI Fee with applicable discounts for twice a week service.

Annual Increase:

- Chicago MSA CPI, with limits of 1.5% - 3.5%
- Annual landscape waste sticker increases of \$0.10

New/Expanded Residential Services Provided:

- See Alternative 1 above

Continuation of Current Municipal Services Provided

- See Alternative 1 above.

New/Expanded Municipal Services to be provided

- See Alternative 1 above

Pros: This concepts provides all of the benefits in terms of cost savings and increased municipal and residential service options of Alternative 1, while providing an option for residents to retain twice a week pick-up if they so choose- making it less controversial for residents who prefer the current model. While the benefit of reducing road wear and tear is mitigated by allowing the option of twice a week pick-up to continue, the amount of garbage traffic and the destructive starting and stopping of the vehicles will still be reduced somewhat from the status quo. It also

could serve as an interim step towards a full elimination of twice a week pick-up at a later date if the program wanes in popularity.

Cons: As noted above, most streets will still continue to see garbage trucks drive up and down them twice a week, depending on the number of residents who retain twice a week pick-up. This alternative will not see the road cost reduction benefit expected with Alternative 1. Also, it should be noted that residents who do choose to maintain twice a week pick-up will pay about 5% more than they would for the same service under the status quo model.

3. Twice Per Week Refuse Collection (Current Level of Service)

Under this model, the current level of service would be retained with each household receiving twice a week pick-up. Residents would continue to receive a free recycling cart, but would **NOT** receive a free refuse cart as in the other models. All rates, with the exception of the landscape waste sticker fee, would be frozen for the first year of the contract. The senior and low income/disability discounts would remain unchanged, at 25% and 50% respectively. The \$5.00 per ton floor in recycling rebate would be eliminated, but the recycling rebate program would remain in place. This proposal would retain the current bi-monthly billing cycle.

Monthly Cost:

- \$17.52, plus \$6.00 SWI Fee with applicable discounts. \$2.50 per month optional refuse cart.

Annual Increase:

- Chicago MSA CPI, with limits of 1.5% - 3.5%
- Annual landscape waste sticker increases of \$0.10

New/Expanded Residential Services Provided:

- See Alternative 1 above

Continuation of Current Municipal Services Provided

- See Alternative 1 above.

New/Expanded Municipal Services to be provided

- See Alternative 1 above

Pros: This concept maintains the current level of service and still shows a decrease in monthly cost (6%) for residents due to the decrease in the SWI Fee. It also sees an increase in services to the Village as with the other models.

Cons: This concept does not provide as much opportunity for savings to residents as the other models. It also does not take any steps to reduce garbage truck traffic on our roads.

Review of Service Additions Included in All Three Alternatives

Downtown Curbside Recycling Cans

The Village will add thirteen new curbside recycling cans in the Downtown in order to allow patrons easier access to recycling. Currently there are seven recycling cans. Groot's proposal includes emptying these cans at no additional charge.

Landscape Waste/Food Scrap Cart Program

In the proposed landscape waste/food scrap cart program, residents can subscribe for \$150.00/year for a 65-gallon cart, or \$165.00/year for a 95-gallon cart. Residents would be able to commingle landscape waste and food scraps in the cart from April 1st to December 15th. This program alleviates the need for landscape waste bags and stickers. In addition, the carts facilitate moving the landscape waste to the curb. If residents have landscape waste that would exceed the capacity of the cart, they would have to use the sticker and bag/bundle method. However, from mid-October through December 15th, cart subscribers would be able to dispose of seven bags/bundles without using the stickers.

Landscape Waste Season Extension

Groot has proposed extending the landscape waste season to December 15, beginning this fall.

Landscape Waste Sticker Increases

Groot has proposed raising the landscape waste sticker price \$0.10 each year. Currently there are nine SWANCC communities, including Arlington Heights, that utilize a sticker program. The average sticker price is \$2.58. The current sticker price for Arlington Heights residents is \$2.30.

Recycling Rebate

In SWANCC's new contract for the Glenview Transfer Station, there is no longer a Recycling Initiative Program (Rebate) for members. Groot's proposal includes a recycling rebate based on the old SWANCC formula, with no floor. The previous SWANCC agreement had a floor of \$5.00/ton. Staff believes this change is fair given the change in the recycling marketplace. This change will reduce annual revenue to the Village by \$40,000. Moreover, the other changes in SWANCC costs and the SWI Fee discussed in the attached memo (Attachment B) from Tom Kuehne will more than offset this loss by generating additional revenue for the Village.

Solid Waste Collection at Village Owned Facilities

Groot's proposal continues to include the collection of solid waste (refuse and recycling) at 15 Village owned facilities.

Downtown Train Station Collection

In the current contract, Groot is billing the Village \$2,987 per year for refuse and recycling collected from the businesses operating out of the Downtown train station. The proposal includes collecting the refuse & recycling with no additional charge.

Street Sweepings Collection

Currently, Public Works contracts with Groot separately to have a 6 yd³ dumpster of street sweeping debris collected on a weekly basis. This costs approximately \$3,696 per year. The proposal includes weekly collection of the street sweeping debris at no additional charge.

Fall Leaf Pile Collection

Currently, Public Works contracts with a hauling firm to remove leaves collected by the street sweepers in the fall from the Annex. Public Works paid the contractor \$18,270 for this service in 2014. The proposal includes the fall leaf pile collection at no additional charge.

New Residential Services in Alternatives 1 and 2 Only

Refuse Carts

Groot's proposal for the Once per Week and Once per Week/ Twice a Week Optional alternatives include providing 95-gallon refuse carts to all the homes included in the contract, approximately 18,200. Groot would offer smaller carts to residents that generate less refuse or may have difficulty maneuvering a 95-gallon cart. Currently, Groot charges Arlington Heights residents \$2.50/month to rent a refuse cart.

Refuse carts are not included in Alternative 3- Status Quo. Currently, refuse collection occurs on Monday, Tuesday, Thursday and Friday. Residents are permitted to place carts at the curb the night prior to collection and are required to remove them by 8:00am the day after collection.

Senior Citizen Discount Reduction

Groot's proposal includes decreasing the senior citizen discount from 25% to 15% for Alternatives 1 and 2. Currently, 25% of the homes in the contract receive the senior citizen discount. In addition to the demographic argument discussed earlier, Groot suggested that many seniors would likely opt to take the once a week option, which would save them more than the current Senior Discount rate.

A full breakdown of cost comparisons for each alternative can be found in Attachment B-1.

Groot Proposal Pricing Compared with Other SWANCC Communities

Once Per Week Refuse Collection

Groot proposes charging \$13.60 per month (SWI Fee not included) for curbside refuse collection. However, the average charge per resident (after factoring in the senior and low income with disabilities discounts) would be \$12.96 per month.

- The average collection cost per month of the SWANCC communities that have once/week collection by a private hauler, 16 of the 23 communities, is \$15.19 (SWI Fee not included).
- Collection rates range from a low of \$10.56 (Glenview) to a high of \$19.67 (Wilmette). There are five SWANCC communities with lower collection rates than Glenview, but these were excluded since collection is done by Municipal crews.
- The average collection rate of SWANCC communities without landscape waste included (excluding the five communities with Municipal collection) is \$14.37.
- The rates provided by SWANCC do not include a breakdown of what exactly is provided in the service. For example, Glenview's rate only includes curbside collection of refuse and recycling at single-family homes. It does not include collection of municipal facilities, downtown curbside refuse and recycling cans, landscape waste sticker fee, etc.

Once Per Week Refuse Collection with Twice Per Week Subscription Option

Groot proposes charging \$13.60 per month (SWI Fee not included) for curbside refuse collection. Groot proposes charging \$23.00 per month (SWI Fee not included) for residents that subscribe for the second weekly refuse collection. Currently there are four SWANCC communities that offer a subscription for a second weekly refuse collection

Town	1x/week (No SWANCC fee)	2x/week (No SWANCC fee)
Buffalo Grove	*\$13.81	\$18.05
Glencoe	*\$10.00	\$20.70
Wheeling	*\$15.45	\$20.14
Wilmette	*\$19.67	\$35.47

* Figures provided by SWANCC

Buffalo Grove - All single-family and multi-family waste collected by Waste Management.

Glencoe - Refuse collected by Municipal crew. Fee shown reflects inclusion of optional \$5.42 recycling fee.

Wheeling - All waste (residential and commercial) collected by Waste Management.

Wilmette - 1x/week included in water bill. Residents pay separately for second collection.

SWANCC stated approximately 10-20% of the residents in these communities subscribe for the second refuse collection. In Groot's proposal, they estimate that approximately 30% of Arlington Heights residents would subscribe for the second refuse collection.

Twice Per Week Refuse Collection

Groot proposes charging \$17.52 per month (SWI Fee not included) for curbside refuse collection (Average cost including senior discount of \$16.29). Currently there are three SWANCC communities with twice per week refuse collection: Arlington Heights, Kenilworth, and Skokie. Skokie has municipal crews collect their refuse, the cost of which is included in resident property tax bills. The cost for collection in Kenilworth is \$32.80/month (SWI Fee not included).

Staff Recommendation

Staff believes that our discussions with Groot, as well as the cost reductions at SWANCC have resulted in competitive pricing alternatives for Arlington Heights. Based on our discussions with SWANCC, and a review of the comparable data, any of the alternatives presented would allow Arlington Heights residents to enjoy some of the lowest refuse costs in our region, while increasing the number of services provided to the Village Government. This proposal would also allow Arlington Heights to be among the first communities in our area to offer a food waste option. Based on this analysis and the disruptions that changing vendors would cause; staff believes pursuit of a 5-year contract extension with Groot is advisable under these conditions.

Staff also believes that given Groot's willingness to provide refuse carts free of charge to residents, and the current pressure on road funding, the time may be right to consider either a once a week or once a week/twice a week optional service model. Both models would provide at least some relief to the wear and tear on the Village's road system and would allow residents to receive a reduction of their monthly waste bills.

Board Action Requested

Staff is seeking direction from the Village Board on the following issues at the August 31st Committee of the Whole Meeting:

1. Whether to pursue a 5-year contract extension with Groot, or begin the process of issuing a Request for Proposals
2. Determination of which service Alternative described above to pursue further with Groot

Attachments:

- A. Engineering Road Analysis
- B. Finance Solid Waste Infrastructure Fee Memo
- B-1. Groot Renewal Analysis
- B-2. Solid Waste Infrastructure Fee

ATTACHMENT A

MEMO

To: Randy Recklaus, Village Manager
From: Michael L. Pagones, P.E., Deputy Director of Engineering
Subject: *Impact of Garbage Truck Loads on Asphalt Streets*
Date: July 29, 2015

At your request, I am updating Jim Massarelli's October 30, 2009 memo (attached) about the impact of garbage truck loads on asphalt streets in the Village. The original memo provided the impact of a fully loaded garbage truck at 52,000 pounds. The nature of this update is to quantify the effect of an empty garbage truck with a weight of 36,000 pounds.

The garbage truck has a single front axle and rear tandem axles. The average empty truck has an average front axle load of 12,000 pounds with the average rear tandem axle load of 24,000 pounds. The average passenger vehicle has two single axle loads of 2,000 pounds each.

Using the same methodology as the attached memo, reference is made to Table 1 which provides "Typical Load Equivalency Factors". The Load Equivalency Factor (LEF) converts damage from wheel loads of various magnitudes and repetitions to damage from an equivalent number of "equivalent" loads.

Using Table 1 for flexible (asphalt) pavement, the load equivalency factor, or LEF, for a passenger vehicle is 0.0006 (0.0003×2). The LEF for a garbage truck front single axle of 12,000 lbs. is about 0.250 and a rear tandem axle of 24,000 lbs. is about 0.333, for a total LEF of 0.583. Therefore, a garbage truck is equivalent to $0.583/0.0006=971.7$ passenger vehicles. Rounding to 1000, this means an average empty garbage truck does as much damage to the roads as 1,000 passenger vehicles.

Thank you.

Attachment: Memo dated October 30, 2009 (2 pages)

c: Jim Massarelli, P.E., Director of Engineering
James McCalister, Director of Building and Health Services

Memo

Date: October 30, 2009
To: Bill Dixon, Village Manager
From: Jim Massarelli, Director of Engineering
Re: *IMPACT OF GARBAGE TRUCK LOADS*

As requested, I have completed my research on the impact that garbage truck loads have on the Village's street system. After reviewing a number of technical reports as well as pavement research information, I concluded that the most direct and simplistic approach is to calculate the "Load Equivalency Factor". Load Equivalency Factor (LEF) converts damage from wheel loads of various magnitudes and repetitions, to damage from an equivalent number of "equivalent" loads.

The Village of Arlington Heights has four waste collections per week, (two refuse, one recycling, and one landscape waste). The average fully loaded garbage truck weighs approximately 26 tons (52,000 pounds). A garbage truck has a front single axle and rear tandem axles. The average truck has a front axle load of 18,000 pounds therefore, the rear axles carry 34,000 pounds (52,000 – 18,000). A passenger vehicle has two single axles that weigh approximately 2,000 lbs each.

Table 1. Some Typical Load Equivalency Factors				
Axle Type (lbs)	Axle Load		Load Equivalency Factor (from AASHTO, 1993)	
	(kN)	(lbs)	Flexible	Rigid
Single axle	8.9	2,000	0.0003	0.0002
	44.5	10,000	0.118	0.082
	62.3	14,000	0.399	0.341
	80.0	18,000	1.000	1.000
	89.0	20,000	1.4	1.57
	133.4	30,000	7.9	8.28
Tandem axle	8.9	2,000	0.0001	0.0001
	44.5	10,000	0.011	0.013
	62.3	14,000	0.042	0.048
	80.0	18,000	0.109	0.133
	89.0	20,000	0.162	0.206
	133.4	30,000	0.703	1.14
	151.2	34,000	1.11	1.92
	177.9	40,000	2.06	3.74
	222.4	50,000	5.03	9.07
Assumptions:				
$t = 2.5$ Pavement structural number (SN) = 3.0 for flexible pavements Slab depth (D) = 9.0 inches for rigid pavements				

Using Table 1 from above for flexible (bituminous) pavement, the load equivalency factor or LEF for a passenger vehicle is 0.0006 ($0.0003 * 2$). The LEF for a garbage truck front single axle of 18, 000 lbs is 1.000 and rear tandem axle for 34,000 lbs is 1.11 which calculates a total LEF of 2.11. A Garbage truck is equivalent to $2.11/0.0006=3516.7$. Therefore a fully loaded Garbage truck does as much damage to the roads as approximately 3500 passenger vehicles.

In order to extend the life of the pavement I recommend that the Village investigate the possibility of eliminating one weekly refuse collection.

cc: James McCalister, Health Services Director

I N T E R

O F F I C E

MEMO

ATTACHMENT B

To: Randy Recklaus, Village Manager
From: Tom Kuehne, Finance Director/Treasurer
Date: August 27, 2015
Subject: GROOT PROPOSALS/SWANCC CAPITAL RECOMMENDATION

In his memo to the Village Manager, James McCalister, Director of Building & Health Services outlines various solid waste program options for the Village Board's consideration. These options include sending out a request for proposal (RFP), and other proposals that are the result of negotiations between Village staff and our current waste hauler, Groot. One proposal from Groot includes once per week pick-up, another is once per week pick-up with a twice per week subscription option, and the other proposal follows the current level of service of twice per week pick-up. All of these proposals are detailed in Mr. McCalister's memo.

The total standard, non-discounted single-family cost for weekly curbside refuse service is currently \$25.21/month. This includes the current Groot pick-up charge of \$17.52/ month and the Village's SWANCC charge of \$7.69/month. The SWANCC charge covers costs associated with the Village's proportional ownership of the Glenview Transfer Station (GTS). Member communities of this intergovernmental waste transfer station must deliver their waste stream to the GTS. Costs for the GTS have included operation and maintenance, tipping fees (disposal), and debt service on the loan to construct the GTS. As of May 1, 2015, the debt service fee has been paid off and the monthly fee paid by the Village to SWANCC has decreased. As a result, these savings can be passed on to our residents.

Regardless of which waste contract option the Village Board chooses to pursue, the balance of this memo outlines staff's recommendations to reduce the current monthly SWANCC fee charged to single-family homeowners from \$7.69/month to \$6.00/month, and provides a recommendation to use available annual SWANCC Fund monies for street purposes.

Standard, non-discounted single-family homeowners are currently charged a monthly SWANCC fee of \$7.69/month. This fee is the Village SWANCC Fund's primary revenue stream. On the expenditure side, the Village pays SWANCC a monthly fee which is currently based on a cost of about \$3.48/month per single-family residence. This cost changes each year based on the actual tonnage of waste that is delivered to the GTS. The difference between the SWANCC fee charged to residents and the lower cost paid by the Village to SWANCC has been used for a number of purposes. One is an annual \$200,000 transfer to the General Fund for general administrative purposes, and the balance has been added to SWANCC reserves to cover annual waste tonnage differences, the three-month lag time between the receipt of SWANCC revenues

and the payment of SWANCC costs, emergency storm brush pick-up costs, potential future cart purchases, and possible rate stabilization.

As mentioned above, SWANCC has paid off its debt service and now estimates that the monthly cost to the Village will decrease from an estimated \$3.48/month to about \$2.95/month per single-family homeowner. In addition, the Village now has adequate reserves in the SWANCC Fund of about \$3.3 million which is more than enough to cover the fund's contingencies, and which no longer require additions to the reserve balance. This presents an opportunity for the Village to reduce the SWANCC charge for residents and to use the remaining monthly difference for other related Village needs.

Over the last few years the Village Board and staff have continued to look for ways to increase the Village's annual expenditures to maintain and improve our road system. As part of the Capital Improvement Program approved by the Board in July 2015 the Engineering Department, with the help of a consultant, completed an in-depth study of the condition of the Village's roadways. The Village currently spends about \$5.8 million per year to resurface, reconstruct and crack seal its streets. However, the pavement study indicated that the Village should be spending at least \$8.5 million per year just to maintain the current condition of our roadways, which are rated in the "good" category by the consultant. If the Village were to maintain its current level of spending, the overall condition of the Village's streets will deteriorate over time and will cost even more to improve in the future. For 2016 the Village allocated surplus monies for street projects, but a sustainable street program beyond 2016 will require additional funding sources for the recommended \$2.7 million expansion of the Village's annual street program from \$5.8 million to \$8.5 million.

Staff believes there is a nexus between the weight of the waste hauling trucks and how the starting and stopping of these trucks during the waste pick-up process adversely affects our local roadways. For this reason staff recommends that a large portion of the difference between the new proposed SWANCC charge and the reduced fee from SWANCC be allocated to the Village's street program. **Attachment B-1** is a Groot Renewal Analysis that shows the current Groot and SWANCC charges compared to two Groot proposals, including Village staff's proposed reduction in the SWANCC charges. **Attachment B-2** provides an analysis of the SWANCC charge versus the Village's SWANCC cost along with the proposed funding for street purposes. Specifically, staff recommends that annual transfers be made from the SWANCC Fund for the following purposes:

1. Specify that the existing \$200,000 transfer to the General Fund be used to cover the annual cost of the recently proposed street patching program; and
2. \$300,000 transfer to the Capital Projects Fund for additional annual street resurfacing work.

These additional funds totaling \$500,000 in new street work represents a little less than 20% of the recommended \$2.7 million expansion of the Village's annual street program. Additional revenue sources will still be needed, but this would represent a good first step.

Recommendations:

1. Reduce the current monthly SWANCC fee charged to single-family homeowners from \$7.69/month to \$6.00/month.
2. Use available SWANCC funds for street purposes through the following annual transfers:
 - A. \$200,000 transfer to the General Fund to cover the annual cost of the street patching program; and
 - B. \$300,000 transfer to the Capital Projects Fund for additional street resurfacing work.

Cc: James McCalister, Director of Building & Health Services
Jim Massarelli, Director of Engineering
Diana Mikula, Assistant Village Manager
Mary Juarez, Assistant Finance Director
Sean Freres, Environmental Health Officer

Attachment B-1- Groot Renewal Analysis

	Status Quo			Proposed 1X Week/ 2 X Week Optional			Proposed "new status quo" w/ 2 X Week Pickup Standard		
	Status Quo	Status Quo w/ Refuse Cart	Status Quo with Senior Discount	1 X Week	1 X Week w/ Senior Discount	2 X Week (optional)	New Status Quo	New Status Quo w/ Refuse Cart	New Status Quo with Senior Discount
Groot Rate	\$17.52	\$20.02	\$13.27	\$13.60	\$11.56	\$23.00	\$17.52	\$20.02	\$13.14
SWANCC/Capital Fee*	\$7.69	\$7.69	\$5.77	\$6.00	\$4.50	\$6.00	\$6.00	\$6.00	\$4.50
Total Resident Charge	\$25.21	\$27.71	\$19.04	\$19.60	\$16.06	\$29.00	\$23.52	\$26.02	\$17.64
Difference from Current Rate	N/A	\$2.50	(\$6.17)	(\$5.61)	(\$2.98)	\$1.29	(\$1.69)	(\$1.69)	(\$1.40)
% Difference from Current Rate	N/A	N/A	N/A	-22%	-16%	5%	-7%	-6%	-7%
Notes	*includes refuse cart at no additional charge.								

*Proposed SWANCC Charge/Capital Fee

Village SWANCC Charge	\$6.00	(22% decrease from current \$7.69 charge)
New Estimated SWANCC Cost	\$2.95	(15% decrease from current \$3.48 estimated cost)
Net: Street Infrastructure Fee	\$3.05	(28% decrease from current \$4.21 net amount)
Net Revenue from Fee	\$583,685.44	(28% decrease from current \$813,966 net revenue)

**Attachment B-2 Solid Waste Infrastructure Fee
Current v. Proposed Charge**

<u>Service</u>	<u>Current Village Charge</u>	<u>% of Base Charge</u>	<u>Proposed Village Charge</u>	<u>Estimated SWANCC Cost</u>	<u>Net: Street Infrastructure Fee</u>	<u>Units</u>	<u>Monthly Net Revenue</u>	<u>Annual Net Revenue</u>
Curbside	\$7.69	100%	\$6.00	\$2.95	\$3.05	13,700	\$41,785.0	\$501,420
Backdoor	\$7.22	94%	\$5.63	\$2.95	\$2.68	33	\$88.5	\$1,063
Circuit Breaker- Curbside	\$3.84	50%	\$3.00	\$2.95	\$0.05	122	\$5.6	\$67
Circuit Breaker- Backdoor	\$3.60	47%	\$2.81	\$2.95	-\$0.14	11	-\$1.6	(\$19)
Senior Curbside	\$5.77	75%	\$4.50	\$2.95	\$1.55	4,270	\$6,626.8	\$79,522
Senior Backdoor	\$5.41	70%	\$4.22	\$2.95	\$1.27	107	\$136.0	\$1,632
Total						18,243	\$48,640	\$583,685

Transfer to General Fund:	To cover the cost of the new \$200,000 pavement patching program.	\$200,000
Transfer to Capital Projects Fund:	To provide additional funding for the street resurfacing program.	\$300,000
Net:	To provide for variances between estimated and actual waste tonnage costs.	\$83,685