

DATE: January 3, 2018

TO: Honorable Mayor Jerry Smith
City Council

FROM: Anne Marie Gaura, City Manager
Tim Holdeman, Public Works Director
Patrick DiDiana, Management Analyst

SUBJECT: Refuse, Recyclables, and Yard Waste Contract Update.

I. Summary

The City's contract with Waste Management (WM) for the collection of refuse, recyclables, and yard waste expires on August 31, 2018. The five-year agreement began in 2013 and includes an option to extend the contract for two years. In preparing for the possibility of developing a Request for Proposals (RFP) for a new contract, staff has been exploring and researching recently executed refuse collection agreements. Based on the research, staff is looking to tailor services to the individual needs of our community and include compensation for the impact waste hauling trucks impose on our streets.

At the core, the collection of refuse, recyclables, and yard waste is a service for fee. The City's current contracted services are bundled and mandated to all residents regardless of utilization. Staff plans to evaluate each service component for price and impact on level of service. To assist staff in evaluating each itemized service, staff plans to conduct a survey. The survey will focus on identifying a baseline level of service and alternative levels of service. Based on the survey results staff will create a tiered level of service matrix in accordance with residential preferences. Staff intends to use the data to solicit the best fees via an RFP. An online survey platform such as Survey Monkey or Qualtrics will host and compile the data via an online link on the City's website. For residents with limited or no online access, residents can contact the City to request a paper copy or submit their responses in person at City Hall. Staff plans to advertise the survey via press releases, social media, and local news outlets such as WLBK Radio and the Daily Chronicle.

II. Background

In January 2013, staff released an RFP for refuse, recyclables, and yard waste collection. The RFP generated two bids from WM and Advanced Disposal. WM won the bid and executed a five-year contract with a two-year option. Since, WM has provided

residential and municipal services as defined in their 2013 RFP. The table below details the current residential services WM provides.

Residential Services
95-gallon tote for weekly refuse collection
64-gallon tote for weekly collection of recyclables
Additional totes at \$2.50 per month
Unlimited yard waste collections
Three city-wide yard waste drop-off dumpsters
Two city-wide recycling drop-off dumpsters
Reduced fees for fixed income residents
Curbside pick-up of one bulk item per week
Curbside pick-up of one "White Good" per week such as stoves, washers, dryers, and refrigerators

The schedule of fees below details WM's monthly fee for the above residential services. Asterisked years show the monthly fee for the two option years. The average rate increase for the five-year contract and two option years is 2.5%.

WM Fee Schedule	Monthly Fee
2013 - 2014	\$17.15
2014 - 2015	\$17.57
2015 - 2016	\$18.00
2016 - 2017	\$18.45
2017 - 2018	\$18.91
2018 – 2019*	\$19.38
2019 - 2020 *	\$19.86

In addition, the current contract provides the City with a variety of municipal services. The table below includes the services and monthly fee.

Municipal Services	Monthly Fee
Refuse and recycling collection for (6) city facilities	Included
Street sweeping disposal	\$45 per cubic yard
Leaf collection disposal	\$50 per cubic yard
WM local website for residential service questions	Included
Recyclebank, awards residents for recycling	Included
RecycleOften.RecycleRight educational recycling program	Included
Central Business District collections (billed directly)	\$1,732 per month
Collection of public refuse totes in the CBD	Included



In previous RFPs, prospective vendors submitted proposals for their recommended refuse services with attached rates. However, with the current contract expiring, staff will require prospective vendors to submit rates based on a resident approved level of service. Staff plans to survey residents to evaluate current services and gauge what the preferred level of service for refuse and recyclables collection is. The survey will help staff identify which services are critical and which services residents do not utilize. Furthermore, staff will use the data to draft a unified, preferred level of service. Once staff identifies the preferred level of service, staff plans to utilize the data to solicit bids via the RFP process. Sample survey questions are listed below.

1. Currently, the City offers reduced rates for qualifying senior citizens.

Should the City continue to offer reduced rates to senior citizens?

1. Yes
2. No

2. Current technology allows vendors to invoice residents for only the amount of waste disposed for their home.

Should the City pursue a “pay as you throw option”?

1. Yes
2. No

3. The City’s current contract offers several additional services in addition to the core services. Eliminating a combination of these additional services may lower the monthly rate.

Agree or disagree the City should the City prioritize price over service?

1. Strongly Agree
2. Agree
3. Neither
4. Disagree
5. Strongly Disagree

4. Many prospective vendors offer at your door services for the removal of bulk items, appliances, and electronics. Participants call the vendor and schedule the pickup directly with the vendor.

Are you willing to pay a higher monthly rate to utilize at your door services for bulk items such as couches, appliances, electronics, and hazardous wastes such as paint for an additional fee?

1. Yes
2. No



5. The City currently hosts an organics composting pilot program in conjunction with the current vendor and the DeKalb County Health Department to lessen the impact on landfills.

Are you willing to pay a higher monthly fee to utilize enhanced recycling programs such as composting and organics to lessen the amount of refuse deposited into the local landfill?

1. Yes
2. No

6. The current refuse contract offers unlimited yard waste pickups on your scheduled day and three citywide landscape roll-off containers throughout the year. Limiting yard waste pickup, eliminating citywide landscape containers and alternative programs such as a sticker program for bagged yard waste can lower the monthly fee.

Are you willing to remove or limit some of these services to reduce your monthly rate for refuse pickup?

1. Yes
2. No

Using comparable communities identified by Sikich's 2015 Pay and Compensation for the City, staff reviewed monthly rates for residential dwellings four units or less. The data reveals the City's monthly rate for refuse is competitive in relation to other communities. Furthermore, the City's current contract has the second lowest annual rate increase. Only two other communities have a lower rate than DeKalb. The contracts for those two communities are unique. For example, the Hoffman Estates refuse contract includes a commercial franchise agreement, which grants Groot Industries the exclusive rights to haul waste for all commercial accounts in exchange for low rates. Initially, the City of Wheaton's rate was the lowest, but the rate is for per collection versus the traditional weekly collections utilized by the majority of Illinois municipalities.

Comparable Community	Contracted Service Provider	Current Monthly Fee for Single Family Home	Percentage of Last Rate Increase
Rolling Meadows	City of Rolling Meadows	\$29.95	0.0%
St Charles	Advanced Disposal Services	\$25.04	4.5%
Batavia	Advanced Disposal Services	\$25.04	4.5%
Hanover Park	Groot Industries	\$23.94	3.2%
Carpentersville	Republic Services	\$23.39	1.4%
Crystal Lake	MDC Environmental Services	\$23.13	4.0%
Romeoville	Waste Management	\$21.64	3.2%
DeKalb	Waste Management	\$20.66	2.5%



Sycamore	Waste Management	\$20.24	3.0%
Elk Grove Village	Waste Management	\$19.76	0.0%
Streamwood	Advanced Disposal Services	\$19.74	3.0%
Hoffman Estates	Groot Industries	\$13.25	0.0%

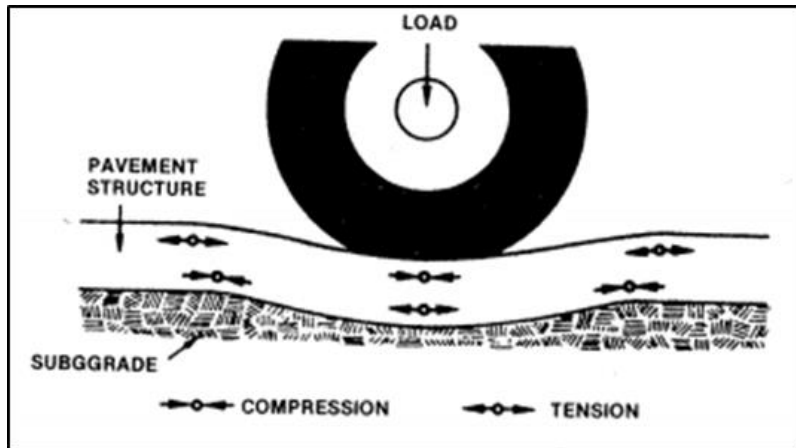
The City of Wheaton was removed from the above chart because of its recently implemented “pay as you throw” business model. In 2016, Wheaton unanimously approved a five-year refuse and recycling contract with Lakeshore Recycling Systems (LRS), which uses radio frequency identification (RFID) chips that allows LRS garbage/recycling/yard waste trucks to wirelessly "scan" refuse carts each time they are tipped, into a LRS truck. This allows residents you to pay for only the amount of refuse collected. Residents receive monthly bills electronically and can pay online or by check. Residents also have the option of automatic payments via ACH transfers.

Data shows the City to have one of the lowest monthly rates. However, when compared to 2016 per Capita Income the rate is actually one of the highest. The finding shows DeKalb residents may pay a high portion of their income for refuse services in comparison to other communities. Some may argue the City’s per capita income may be higher because of the student population impact. However, the finding remains consistent with Carpentersville and Hanover Park, the comparable communities with the next highest per capita incomes. This proposed survey is an excellent opportunity to evaluate resident expectations for level of service and rates.

Direct Comparable	Sum of 2016 Per Capita Income	Current Monthly Rate	Percentage of per Capita Income
Carpentersville	\$21,347	\$23.39	1.3%
DeKalb	\$19,088	\$20.66	1.3%
Hanover Park	\$22,643	\$23.94	1.3%
Rolling Meadows	\$32,238	\$29.95	1.1%
Crystal Lake	\$31,133	\$23.13	0.9%
Romeoville	\$30,199	\$21.64	0.9%
Sycamore	\$30,735	\$20.24	0.8%
Streamwood	\$30,011	\$19.74	0.8%
Batavia	\$38,565	\$25.04	0.8%
Elk Grove Village	\$33,423	\$19.76	0.7%
St Charles	\$45,868	\$25.04	0.7%
Hoffman Estates	\$36,581	\$13.25	0.4%



Waste-hauling trucks have a tremendous impact on city streets and are responsible for a phenomenon known as pavement fatigue. Pavement fatigue is the progressive deterioration of a pavement from the recurring tension of excessive weight. The continual compressions fatigue the pavement forcing the pavement to crack. Moisture penetrates the cracks weakening the subgrade.



A weakened subgrade susceptible to moisture speeds-up the deterioration cycle to a point when the only recourse is reconstruction. Moisture and oversized vehicles are the key factors in pavement fatigue.

Recently, several communities have leveraged new contracts to receive compensation. The compensation types have differed amongst communities, but shows vendors are willing to negotiate. For example, in July 2017, the City of Joliet executed a ten-year agreement with WM. The agreement includes an annual \$250,000 Community Support Contribution earmarked for downtown Joliet improvements and agreed to rebate Joliet one percent of the monthly payment amount when Joliet pays via an Automated Clearing House (ACH) direct deposit. In March 2017, the Village of Sugar Grove executed a new refuse collection agreement with DC Trash. The new agreement lowered monthly rates from \$22.15 per month to \$16.65 per month with no reduction in services and includes a rebate to the City based on money earned from transfer station fees and the sale of recycled materials. Staff intends to use the survey results to develop an acceptable level of service for the best rate and use the above examples as possible compensation methods for the City's damaged streets.

III. Community Groups/Interested Parties Contacted

Staff will update the Council and the community at the Committee of the Whole Meeting on January 8, 2018.

IV. Legal Impact

Staff intends to work with Legal as it prepares an RFP or on any other initiative Council requests.

V. Financial Impact

Presently, there is no financial impact to the City.



VI. Options

1. Council can choose to direct staff to pursue the proposed survey and review/modify the RFP before released for bid.
2. Council can choose to direct staff to pursue a different direction under guidance from Council or include only Council approved services into the RFP.
3. Council can choose to exercise the two-year option with WM, which could include additional services such as Waste Watch and the At Your Door Service. The Waste Watch program trains drivers to spot and report suspicious and dangerous activities to local law enforcement while servicing routes for no additional cost to residents. The At Your Door Service allows residents to schedule pickups for hazardous materials such as paint products, household cleaners, electronics, and automotive products. Upon WM confirmation, a technician will collect the hazardous materials on your regularly scheduled service day. This service requires an additional fee of \$1.50 for all residential units.

VII. Recommendation

Staff recommends Council direct staff to proceed with the proposed survey to procure the best monthly fee for service. Staff also recommends Council direct staff to pursue compensation for damage imposed on City streets by oversized waste hauler vehicles.

