

Agenda
Village of Glen Ellyn
Special Village Board Workshop
Monday, June 25, 2012
6:00 P.M. – Galligan Board Room
Glen Ellyn Civic Center

1. Call to Order

2. Village Links Facility Improvements Project Update – Recreation Director
Pekarek

3. Refuse and Recycling Contract Discussion Continued – Assistant to the
Village Manager, Adm – Schrader

4. Adjournment

#2

Memorandum

June 17, 2012

TO: MARK FRANZ, VILLAGE MANAGER *Z*
FROM: MATT PEKAREK, RECREATION DIRECTOR
RE: VILLAGE LINKS IMPROVEMENT PROJECT

I - EXECUTIVE SUMMARY

The Village Links Improvement Project is progressing nicely. Thanks to the creative efforts and hard work of our staff and consultants, elected and appointed officials and citizen volunteers, this is an exciting project that will add to the Village Links legacy of success and community service. Management is recommending a project totaling approximately \$4.5 million. This does not include Phase II projects that are not essential and unaffordable at this time. The Phase I project is well conceived and affordable. It recognizes that we have financial limits, but has been phased in a way that will allow us to complete all of the desired improvements in the master plan over time. We can afford to spend \$4.5 million for the first phase of this project and we have solid backup plans to virtually insure that the Village Links will cover all debt service payments, using cash reserves, as illustrated in chart on page 9 of this memo.

Much work remains. We need to focus on finalizing the rest of the plan, obtaining a Special Use Permit, completing bid documents, and going to bid so we can begin construction October 1. The purpose of this memorandum is to outline information that I will present to the Village Board of Trustees at their Workshop on June 25, 2012.

The 2011 Master Plan

The 2011 Master Plan was developed to address deficiencies in the Village Links clubhouse, driving range, customer parking, utility services, cart facilities and other site features. For budget reasons, the project was planned in two phases, with Phase 1 to be built immediately and Phase 2 to be built at an undetermined point in the future as funds allow. The Master Plan included an estimate based on generic unit prices, allocations for key unit quantities and lump sum allowances, and a 20% contingency for unidentified expenses.

As the project progressed and the design professionals prepared more detailed plans and identified opportunities to improve the overall project, we modified the scope to take advantage of opportunity costs and revenue enhancements. The original estimated cost of Phase 1 was \$3,874,000, with a goal of reducing that by up to 20%. As this project grew in scope and complexity, this 20% goal proved to be an unrealistic expectation.

The design changes resulting from this input added to the project and increased the likelihood of success, encompassing the following goals:

1. Improve customer service.
2. Use space more efficiently.
3. Increase capacity.
4. Generate more revenue.
5. Reduce future operating or capital expenses.
6. Improve aesthetics.
7. Improve functionality.
8. Comply with regulations and ordinances.
9. Provide flexibility while planning the project (by considering Phase 2 items in Phase 1).

2012 Recommended Project

In January 2012, Architects and Engineers were hired to design the improvements, using the 2011 Master Plan and input from various groups involved in the planning process. As is often the case, the project grew as each group provided input. The clubhouse addition was enlarged and the patio became more elaborate. We added a circle drive entrance canopy, a metal roof, an architectural trellis, an upgraded kitchen and parking lot lighting. We upgraded the building exterior with barrel vaults, and added volume ceilings to the interior. These additions make the facility more attractive to customers and increase its profit potential. In addition, in managing the development of the design, we shifted various items to a different Phase than originally contemplated. Some of this was to make sure that we did not unnecessarily rule out an item for budget reasons, before we had our first firm cost estimate. The total project costs for Phase I and II is estimated at \$7,447,000, a \$700,000 increase over the 2011 Master Plan.

In order to get the plan within a manageable budget, budget adjustments were necessary. At the May 21, 2012 Board Meeting, we updated the Board of Trustees on the cost estimate. We also identified \$1,400,000 reductions in Phase 1 costs including over \$1,100,000 in items to shift back to Phase 2 and \$300,000 in cost eliminations. After these adjustments, the total estimated cost is \$7,144,000, which is \$400,000 higher than the 2011 Master Plan. The Phase 1 cost estimate is \$4,900,000 which is \$1,000,000 higher than the 2011 Master Plan, due to the changes summarized in the Major Changes section on page 4.

In addition, we anticipate other ways to bring this budget into balance:

- **Bidding Savings** - Not included in the May 21, 2012 cost estimate is an anticipated Bidding Savings of \$400,000 mentioned at the May 21 Board Meeting. If we do not realize a \$400,000 Bidding Savings, we could defer or eliminate some items completely to stay at a cost of \$4.5 million.
- **Alternate Bids** - We will structure the bid with Alternate Bids to provide flexibility in managing total cost once bids are opened. (We have been cautioned by our design professionals that excessive use of Alternate Bids could backfire, and result in higher total bids than a well crafted single project bid.)
- **Village Funding of Utility and Right-of-Way Items** - We are exploring the possibility of the Village funding some costs directly related to Village utility service or improvements in the Winchell Way right-of-way. The Capital Improvements Commission is expected to offer their opinion on the appropriateness of \$564,000 of such expenditures. If the Village does fund those expenditures, most of the savings are geared towards Phase II improvements, but \$125,000 in savings could be realized in Phase I. (It should be noted that some savings could be realized by doing these improvements in Phase I.)

*****Therefore, the recommended Phase I project estimated cost is \$4,480,000 or \$4.5 million when including the projected savings for construction bidding and village funding of some capital costs.**

Updated Revenue Projection

On May 21, 2012, we also presented a revised projection of revenue increases that the improved facilities could be expected to generate. The 2011 Master Plan projected \$246,000 in new revenues would be generated each year. **The updated projection was \$305,000 in new revenues, an increase of \$59,000 per year.** It is reasonable to expect this additional revenue, given the quality and nature of improvements added to the Phase 1 plan in the last five months, including the larger clubhouse and patio, enhanced kitchen, and expanded driving range.

Recent profit performance has shown that some of these projections are quite reasonable. For example, the 2011 projects that the new hospitality capability will help us generate an additional \$100,000 per year in Outing Revenues (Green Fees and Carts) over 2010 levels. In 2010, outing revenue was \$52,000. In 2011 that increased to \$83,000. We are on track for continued growth in 2012. It appears likely that we will be meeting 50% of Master Plan Outing Revenue projection before the improvement project is completed.

II. - PROJECT AND COST ADJUSTMENTS

How has the overall project changed in features and cost since the 2011 Master Plan?

In 2012, architects and engineers began converting the concept Master Plan into a design. The first cost estimate was prepared May 16, 2012. Various groups added positively to the overall design and those ideas were included in the revised scope of the project. In addition to the Public, more than 40 individuals have had significant input into the design of this project:

1. Architects & Engineers - 5 firms
2. Village Links staff
3. Village Board
4. Recreation Commission - 7 members
5. Steering Committee - 7 volunteers plus 3 Recreation Commission members
6. Guidance Group on Aesthetics - 2 volunteers plus 2 Recreation Commission members
7. Village staff and consultants
8. National Golf Foundation

May 16, 2012 Cost Estimate

- **Total Project** - The estimated cost of \$7,400,000 was \$700,000 higher than the Master Plan.
- **Phase 1 Improvements** - The estimated cost of \$6,300,000 was \$2,400,000 over the Master Plan.
- **Phase 2 Improvements** - The estimated cost of \$1,100,000 was \$1,700,000 below the Master Plan.

May 21, 2012 Budget Adjustments

Staff identified \$1,400,000 in Budget Adjustments, including \$1,100,000 in items that could be deferred to Phase 2 and \$300,000 in permanent reductions. These adjustments do not include anything for Bidding Savings or Village Utility or Right-Of-Way Items.

- **Total Project** - The adjusted project cost estimate is \$7,144,000, which is \$400,000 more than the Master Plan.
- **Phase 1 Improvements** - The adjusted cost is almost \$4,900,000, which is \$1,000,000 more than the Master Plan.
- **Phase 2 Improvements** - The adjusted cost is \$2,200,000, which is \$600,000 less than the Master Plan.

Recommended Plan

By making budget adjustments and deferred some projects back to Phase II, we brought the project back into a budget that we could afford. The spreadsheet below provides a comparison of the original master plan cost estimate with the recommended plan cost estimate. We are recommending Phase I only at a costs of \$4.9 million which is \$1 million more than the master plan estimate. In order to keep the project within the \$4.5 million budget, we have identified three ways to reduce those costs. This includes alternate bidding, projected bidding cost savings and offsetting some of the capital costs by utilizing Village capital dollars to fund public improvements.

Summary of changes, by phase and construction categories

Phase 1

	2011 Master Plan Estimated Cost	Recommended Plan	Difference
Site Work - Estimate by V3	\$ 1,125,461	\$ 1,262,421	\$ 136,960
Golf Facilities - Estimate by Gill Design - projected by staff	220,333	367,531	147,198
Buildings - Estimate by PPK Architects	2,055,679	2,696,815	641,136
Bar & Kitchen Equipment Enhancement - Estimate by JS Designs	-	303,710	303,710
Miscellaneous Items - Estimate by Staff	472,800	249,500	(223,300)
Phase 1 Construction Estimate (a)	\$ 3,874,273	\$ 4,879,977	\$ 1,005,704

<i>Bidding Savings Estimate (5% Savings)</i>	\$ (275,000)
<i>Village Utility & Right-of-Way Items</i>	\$ (125,000)
Phase 1 Total Cost Estimate	\$ 4,479,977

Phase 2 (Not Recommended at this time)

	2011 Master Plan Estimated Cost	Recommended Plan	Difference
Site Work - Estimate by V3	\$ 237,500	\$ 541,221	\$ 303,721
Golf Facilities - Estimate by Gill Design	454,594	-	(454,594)
Buildings - Estimate by PPK Architects	1,365,000	1,050,800	(314,200)
Miscellaneous Items - Estimate by Staff	150,000	150,000	-
Contingency - 20%	441,419	348,404	(93,015)
Design - 10%	220,709	174,202	(46,507)
Phase 2 Construction Estimate (b)	\$ 2,869,222	\$ 2,246,627	\$ (604,595)

<i>Bidding Savings Estimate (%)</i>	<i>Unknown</i>
<i>Village Utility & Right-of-Way Items</i>	\$ (439,000)
Phase 2 Total Cost Estimate	\$ 1,723,403

Phase 1 & 2 Construction Estimate

Total Costs (a + b)*	\$ 6,743,495	\$ 7,144,604	\$ 401,109
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**Excludes bidding savings estimate and Village Utility, Right-of-Way Items, and Alternate bidding items.*

Village Capital Improvements

At the last meeting, the Village Board instructed management to discuss what projects could be identified as public improvements and therefore eligible for capital funding from the Village. The Capital Improvements Commission (CIC) discussed the potential of funding some of the public ROW improvements included in the Village Links Master Plan. The attached memo summarizes what was presented to the CIC. Some of these improvements are included in Phase I (\$125,000), but most are a part of Phase II (\$439,000). Those improvements include repaving of Winchell Way and the main parking lot, constructing a sidewalk/path from Park Ave to the clubhouse, and replacing existing lighting in the parking lot and on Winchell Way. The Commission did express support in funding some of these expenditures, but wanted more time to consider this concept at their July meeting. If the Capital Budget does fund those expenditures, most of the savings are geared towards Phase II improvements, but \$125,000 in savings could be realized in Phase I. Lastly, storm water costs are another element of this plan that could be funding through the Village CIP Fund. The CIC and the Finance Commission discussed this issue at the June meetings and expressed some concern about doing so for this project. Given that the Village Links does provide storm water relief to a large area of the community, finding a revenue stream for ongoing maintenance costs in the future may be something to further debate. At this time, focusing on funding right of way improvements that would enhance the project, take some of the burden off the links, and invest in public infrastructure should be the priority.

Phase II

Phase II projects consists of the pro-shop relocation, expanding the driving range, building a cart barn and covered tees as well as considering driving range lighting. Phase II is not recommended at this time based on the need to narrow the scope and reduce the costs of this project. However, the project has been phased in a way that will allow us to complete all of the desired improvements over time as funds become available. The revenues were adjusted to reflect the only project not in the recommended plan that had a revenue impact, which was driving range covered tee stations. Therefore, these Phase II improvements will have no impact on the latest revenue projections as part of the overall proforma for the project.

Major Changes to Master Plan

Below is a brief summary that illustrates major enhancements to the project during the design process and what costs savings adjustments were made to offset some of these costs. These enhancements to the project add value in terms of service to our customers, revenue generation, and quality and aesthetics of the facility. One item that would add value to the project and save maintenance costs long term is a metal roof. This component of the project would be ideal to alternate bid since it is not essential to the overall project, but if the costs are reasonable, would provide some long term benefits.

Major Phase 1 Changes between the 2011 Master Plan and Recommended Plan by project

	Cost Impact Master Plan to 5/16/12 Estimate	
Not included in Master Plan, now in Phase 1		
Larger Clubhouse Addition (3,000 SF) and site costs	\$ 675,000	
Architectural Trellis	85,000	
More Elaborate Patio	45,000	
Front Entrance Canopy	125,000	
Upgraded Kitchen	<u>230,000</u>	
		\$ <u>1,160,000</u>
Moved from Phase 2 in Master Plan to Phase 1		
Golf Facilities: East Driving Range Wing, Move #1 Tee (9), Replace Putting Green	<u>\$ 325,000</u>	
		\$ <u>325,000</u>
Cost reductions from components that were in Phase 1 of the Master Plan		
Misc Building Items (Include sidewalks & cart paths moved to Site Items)	\$ (180,000)	
Work to be completed in house: build greens, landscaping, site work	(145,000)	
Misc Items-Staff Estimate (defer items such as starter house and irrigation of range)	<u>(160,000)</u>	
		\$ <u>(485,000)</u>
		\$
Total Increase to Master Plan Estimate		<u><u>1,000,000</u></u>
Not in Master Plan, but to be included as an alternate bid		
Metal Roof upgrade from asphalt shingles	\$ 100,000	

***Rationale** - The National Golf Foundation felt that projected Food and Beverage Revenues in the Master Plan were optimistic. Staff feels there is room to exceed those numbers but recognizes the basis for the National Golf Foundation statement of caution.*

2. **Patio Improvements** - Food and Beverage Revenue was increased \$20,000 per year; profits increased by \$3,000 per year.

***Rationale** - Revenue and profit are expected to be greater because of a nicer Patio than was contemplated in the Master Plan. The patio looks to be a one of the most attractive components of the new facility. Originally staff projected revenues to increase \$20,000 (\$167 per day) due to a nicer Patio. It seems reasonable to staff that the revenue increase from the latest Patio design could be double that.*

3. **Covered/Heated Driving Range Tee Spaces** - The projected increase to Driving Range Revenue was reduced \$10,000 per year; Profits reduced \$5,000 per year.

***Rationale** - The latest design defers the construction of Covered/Heated Driving Range Tee Spaces until Phase 2.*

4. **Driving Range Improvements** - The projected increase to Driving Range Revenue was increased \$10,000 per year to reflect the improvement to the Driving Range Tee in Phase 1; Profits increase \$9,000 per year.

***Rationale** - The visibility and convenience of the tee from the circle drive parking lot will encourage more use during the time of year when demand is highest. The turf quality of the tee will be improved. Added tee space will make practice more comfortable. All of these improvements will encourage use of the driving range.*

5. **Food and Beverage Subtotal** - The net impact of the changes to the Driving Range in items #3 and #4 is projected to increase Profits \$4,000 per year.

6. **Overall Impact of Improvements** - The projected increase to Overall Green Fee and Cart Revenue was increased \$18,000 per year.

***Rationale** - Staff feels that this additional increase is reasonable given the significant improvements to the clubhouse and driving range over what was contemplated in the Master Plan. This is consistent with the assessment of the National Golf Foundation who felt that the \$60,000 increase in Green Fee and Cart Revenue projected in the Master Plan was too conservative. Given the likelihood to draw more outing business, and that positive results have already been occurring, this seems reasonable.*

7. **Meeting Room Addition** - The projected increase to Green Fee and Cart Revenue resulting from the addition of a 25 person meeting room is \$30,000 per year.

***Rationale** - This projection was made by the National Golf Foundation and seems reasonable to staff given existing sales opportunities at the Village Links.*

8. **Geo Thermal Grid** - A Geo Thermal Grid is still included in the project, but does not impact profitability. It is included as a \$100,000 construction cost item (up from \$50,000 in the 2011 Master Plan) but will only be included in the final design if we expect to reduce utility costs by at least \$10,000 per year.

***Rationale** - Preliminary discussions with an engineer familiar with Geo Thermal construction and payback indicates this could be possible, but is not a given. We will also look into grants - also not a sure thing. Geo Thermal is a renewable energy source. It is environmentally responsible to keep it in the project if we expect utility savings to cover the cost.*

IV. FUNDING

We propose to finance this project with a General Obligation Bond Issue to obtain the lowest interest rates. The annual debt service on a \$4,500,000 bond issue would be about \$335,000 to be paid from the Recreation Fund. The Recreation Fund has cash reserves of \$2,000,000 that would be used to pay debt service in Year 1 (2013) and serve as a back-up in subsequent years in the event that the Village Links did not meet its annual profit goals. The cushion provided by these cash reserves would give management adequate time to make the necessary business adjustments to improve profitability until 2023 when the 2002 Golf Course Renovation debt will be paid off, making \$335,000 per year available for debt service, capital funding and cash reserve replenishment.

Project Cost	\$ 4,500,000
Funded by General Obligation Bonds	
20 Years	
4.25%	
Annual Debt Service	(\$338,489)
Expected Annual Profit Increase	\$ 305,000
Annual Cash Shortfall	\$ (33,489)

Expected Scenario <i>Profit Projection is Met</i>		Shortfall Scenario #1 <i>Profit Projection Falls Short \$65,000 Yr</i>		Shortfall Scenario #2 <i>Profit Projection Falls Short \$100,000 Yr</i>	
Cash Reserves		Cash Reserves		Cash Reserves	
<i>Year</i>	<i>Year-end Cash</i>	<i>Year</i>	<i>Year-end Cash</i>	<i>Year</i>	<i>Year-end Cash</i>
2012	\$ 2,000,000	2012	\$ 2,000,000	2012	\$ 2,000,000
2013	\$ 1,661,511	2013	\$ 1,661,511	2013	\$ 1,661,511
2014	\$ 1,628,021	2014	\$ 1,563,021	2014	\$ 1,528,021
2015	\$ 1,594,532	2015	\$ 1,464,532	2015	\$ 1,394,532
2016	\$ 1,561,043	2016	\$ 1,366,043	2016	\$ 1,261,043
2017	\$ 1,527,554	2017	\$ 1,267,554	2017	\$ 1,127,554
2018	\$ 1,494,064	2018	\$ 1,169,064	2018	\$ 994,064
2019	\$ 1,460,575	2019	\$ 1,070,575	2019	\$ 860,575
2020	\$ 1,427,086	2020	\$ 972,086	2020	\$ 727,086
2021	\$ 1,393,597	2021	\$ 873,597	2021	\$ 593,597
2022	\$ 1,360,107	2022	\$ 775,107	2022	\$ 460,107
2023	\$ 1,326,618	2023	\$ 676,618	2023	\$ 326,618

Expected Scenario - Profits would be earned as projected. This scenario plans on using excess cash reserves to cover anticipated debt service short falls. Cash reserves remain at healthy levels. (attachment)

Shortfall Scenario #1 - If profits are \$65,000 per year below projections, cash reserves would make up the balance. Cash Reserves would drop to \$676,618 by the end of 2023. While we would prefer to maintain a minimum cash reserve of \$1,000,000, \$676,618 is a manageable reserve level.

Shortfall Scenario #2 - If profits are \$100,000 per year below what is projected, cash reserves would make up the balance. Cash Reserves would drop to \$326,618 by the end of 2023, which is lower than desired.

While actual financial performance could be better or worse than these scenarios, the existing healthy cash reserves will give us several years to make the necessary business adjustments so that the Village does not have to provide financial support. Over time, management would take steps to improve profitability, as we have done successfully during the downturn in the golf industry and the recent economic recession.

Emergency Cash Flow Back Up Plan	
Project Cost	\$ 4,500,000
Funded by General Obligation Bonds	
20 Years (2013-2032)	
4.25%	
Annual Debt Service	(\$338,489)
Current Excess Annual Profit	\$ 145,000
Expected Annual Profit Increase	\$ -
Annual Cash Shortfall	\$ (193,489)

Year	Year-end Cash	Excess Profit	Austerity Capital Purchase Plan	Available Cash Due to Bond Retirement
2012	\$ 2,000,000			
2013	\$ 1,756,511	\$ 145,000	\$ 50,000	
2014	\$ 1,563,021	\$ 145,000		
2015	\$ 1,319,532	\$ 145,000	\$ 50,000	
2016	\$ 1,126,043	\$ 145,000		
2017	\$ 882,554	\$ 145,000	\$ 50,000	
2018	\$ 689,064	\$ 145,000		
2019	\$ 445,575	\$ 145,000	\$ 50,000	
2020	\$ 252,086	\$ 145,000		
2021	\$ 8,597	\$ 145,000	\$ 50,000	
2022	\$ 25,107	\$ 145,000		\$ 210,000
2023	\$ 116,618	\$ 145,000	\$ 50,000	\$ 335,000
2024	\$ 158,129	\$ 145,000	\$ 100,000	\$ 335,000
2025	\$ 199,640	\$ 145,000	\$ 100,000	\$ 335,000
2026	\$ 241,150	\$ 145,000	\$ 100,000	\$ 335,000
2027	\$ 232,661	\$ 145,000	\$ 150,000	\$ 335,000
2028	\$ 224,172	\$ 145,000	\$ 150,000	\$ 335,000
2029	\$ 215,683	\$ 145,000	\$ 150,000	\$ 335,000
2030	\$ 207,193	\$ 145,000	\$ 150,000	\$ 335,000
2031	\$ 198,704	\$ 145,000	\$ 150,000	\$ 335,000
2032	\$ 190,215	\$ 145,000	\$ 150,000	\$ 335,000
2033	\$ 519,726	\$ 145,000	\$ 150,000	\$ 673,000
2034	\$ 849,236	\$ 145,000	\$ 150,000	\$ 673,000

Emergency Cash Flow Back Up Plan - If we found that the Phase 1 improvements did not have any positive impact on profitability and we were unable to improve profitability, we would implement an emergency plan that would manage all existing financial resources to cover all debt obligations without external financial help, see above. These financial resources include existing profitability that has averaged \$145,000 a year over the last seven years

beyond what is needed for current debt service, cash reserves of \$2,000,000, and the approaching retirement of the 2002 Golf Course Renovation Bond Issue that will free up \$335,000 in annual cash flow beginning in 2023.

It would be fool hardy to make this our primary plan because the uncertainties of a weather dependent business and the need to periodically replace capital equipment are too significant to ignore. However, the combination of these three financial resources gives us a significant last resort capability toward meeting the financial obligation that we would assume with this project.

Such an emergency plan would be a challenge to execute. We would have limited funds available for capital equipment replacement, possibly resorting to leasing rather than purchasing. We would deplete almost all of our cash reserves, possibly requiring short term borrowing at the low point of our cash flow cycle. This is a survival strategy more than a business plan, but it is an option that is preferable to a default.

V. - OTHER QUESTIONS

Food Service Management - Does the Village Links have the Food Service Management expertise to meet projected revenue and profit?

Yes, Village Links management has demonstrated this expertise by generating food and beverage Revenues and Profits at another golf course that is larger than what is projected here. While it is not advisable to undertake a capital construction project based on the management expertise of any single individual, the combination of Food Service managerial expertise that is in place and a new attractive facility and an enhanced kitchen provide a solid base for success. A new attractive dining area, the addition of a bar, private banquet and meeting room, and enhanced kitchen capabilities, would allow management to more aggressively pursue opportunities which are limited with the existing facility. As the business grows, management will evaluate the need to add additional staff to solicit, and manage banquets and other non-golf events.

Kitchen Design Firm - Is the kitchen design firm qualified to specify equipment and design an effective layout?

JS Designs has demonstrated the ability to design the Village Links kitchen. Kitchen design is their primary business. Since 1983, JS Designs has designed an estimated 1,000 to 2,000 kitchens in the Chicago area, , including Crystal Tree GC in Orland Park, Midlothian CC in Midlothian, Beverly CC in Chicago, and several other golf courses that serve both individual diners, special events, and banquets. They have a number of repeat customers. They have made a number of quality suggestions that have been incorporated into the bar and kitchen plans and their expertise will be utilized as we begin the detail design of the interior.

VI. - RECOMMENDATION

I recommend that we continue to develop the Village Links Improvement Project design by moving forward with Phase I of the project at an approximate cost of \$4.5 million and work our way through the Village's Special Use Permit process, with the goal of going to bid in coming weeks so construction can start October 1, 2012. There is much work to do to reach that goal.

We have greatly benefited from the enthusiastic support and input of the Recreation Commission, Steering Committee, Guidance Group on Aesthetics, and the design professionals who have helped us reach this point. The proposed improvements are important to the business future of the Village Links. Every day golf course customers voice their support of the project.

I do not recommend that we revert to the 2011 concept Master Plan. To do that would be to forego the fruits of the hard work, extensive input and thoughtful planning that has taken place over the past months. We would spend less in Phase 1 if we reverted to the concept Master Plan, but we would not be better off. The proposed design includes features and enhancements that will make it more popular with our customers and more profitable to operate than envisioned in the Master Plan. It is financially within our means and a logical next step in the development of the Village Links.

cc: Mike Atkins, Food Service Manager
Chris Pekarek, Golf Course Superintendent
Jeff Vesevick, Director of Golf

Memorandum

June 8, 2012

TO: MARK FRANZ, VILLAGE MANAGER
JULIUS HANSEN, PUBLIC WORKS DIRECTOR
BOB MINIX, PROFESSIONAL ENGINEER

FROM: MATT PEKAREK, RECREATION DIRECTOR *Matt Pekarek*

RE: VILLAGE LINKS IMPROVEMENT PROJECT - VILLAGE COSTS

This memorandum is in follow up to the conversation we had earlier this week regarding possible Village funding of some items related to the Village Links Improvement Project currently being considered by the Village Board.

Background

The Village Links Improvement Project contemplates an addition to the golf course clubhouse, an expansion of the driving range, and additional parking. These changes will require a major reconfiguration of the general clubhouse site and considerable stormwater work. The project area is approximately 25 acres. We anticipate splitting the project into two or more phases, as the golf course cannot afford to do the entire project at once. We hope to complete the first and major phase in the next twelve months, with work to begin by October 1, 2012.

Traditionally, the Village Links operates as an enterprise fund wholly funding all maintenance, operations and capital improvements at the golf course, storm water detention system and associated parks. This has included improvements to "Village" facilities that serve the golf course, including public streets.

The Recreation Department is prepared to proceed with Phase One improvements and will likely defer completion of some components related to but not essential to this project. Staff and the Village Board have discussed the possibility of funding some of these improvements through other Village sources.

Projects for Potential Village Funding

The six items that we discussed earlier this week that might make sense for funding by the Village are listed below. The estimated cost of these six items is \$564,000, which includes a 10% contingency. In most cases the estimated cost is based on an engineered plan. I have noted where the cost estimate needs to be firmed up.

Mark Franz indicates that the Village has a \$50,000 grant that could possibly be used to pay for lights on Winchell Way.

1. Water Main Lining - Estimated Cost is suggested to be \$50,000 (I do not know the source of this estimate. This should be confirmed). The water main from Lowden Avenue to the clubhouse is roughly 1,000 LF. It is over 45 years old and is a problem with increasingly frequent leaks. It has been suggested that lining is a financially more efficient option than replacement. Note that this does not address the dangerous repair configuration that exists where the patched water main crosses under lake connector pipes and electrical lines.

2. Sanitary Sewer Replacement - Estimated Cost \$75,000. The existing sanitary sewer serving the clubhouse needs to be repaired. Additionally, the expanded driving range tee will make it difficult to service the sewer when needed. As a result we are planning on replacing roughly 750 LF of sewer and adding an additional 250

LF of sewer to serve a future cart storage building. We discussed that this additional 250 LF of sewer would appropriately be a golf course expense.

3. Winchell Way and Parking Lot Paving - Estimated Cost \$176,000. Winchell Way, the street entering the golf course, is a dedicated Village right of way extending for approximately 1600 LF west of Park Boulevard. The right of way varies in length and is as wide as 300 LF, to include the entire golf course parking lot.

4. Winchell Way Street Lights - I do not have a firm estimated cost to replace these, as this was never contemplated in this project. Extending the costs that we obtained for parking lot lighting, I estimate the cost to replace nine street lights to be \$108,000 (\$12,000 per light @ 9 lights). The lights that would be replaced are the seven decorative street lights in the Winchell Way median and two wood pole street lights north of Winchell Way at the parking lot.

5. Parking Lot Lights - Estimated Cost \$100,000. We propose to defer adding lights to the existing parking lot that is in the Winchell Way right of way until a future date when the golf course would have more funds available. If the Village funded this item, there would be an economy to have this and planned lighting at the clubhouse circle drive and parking lot done at the same time.

6. Winchell Way Sidewalk/Bike Path - Estimated Cost \$55,000. It has been suggested that a sidewalk /bike path be added along Winchell Way. We had not contemplated this feature and it has not been engineered in our plans. Our engineering firm developed a rough concept to add a concrete sidewalk along the south side of Winchell Way for a short distance, cross to the north side of Winchell Way for safety and structural reasons, and continue west to the parking lot with an asphalt path.

Summary

Two items (Water Main Lining and Sanitary Sewer Replacement - estimated cost \$125,000) would reduce the Village Links project cost for Phase 1 by that amount.

One item (Winchell Way Street Lights - estimated cost \$108,000) never included in the Village Links Improvement Project would be completed now.

Three items (Winchell Way and Parking Lot Paving, Parking Lot Lights, and Winchell Way Sidewalk/Bike Path - estimated cost \$331,000) would be completed now rather than be deferred until some future date when golf course funds are available.

I am available to discuss this at your convenience.

cc: Mike Atkins, Food Service Manager
Chris Pekarek, Golf Course Superintendent
Jeff Vesevick, Director of Golf

#3

MEMORANDUM

TO: Mark Franz, Village Manager *MF*

FROM: Kristen Schrader, Assistant to the Village Manager – ADM *KS*
Michael Strong, Administrative Intern *MS*

DATE: June 20, 2012

RE: Residential Solid Waste Collection Services Contract & Rate Structure - UPDATE



BACKGROUND

At the June 11, 2012 Village Board Meeting, the Village Board considered a proposed residential solid waste contract with Republic Services. Also considered was a proposed ordinance for the solid waste collection and disposal services. At the meeting, the Village Board requested staff acquire additional information on a variety of related topics, prior to approval of the contract and ordinance:

- Ways to decrease costs of the proposed program and rate structure, including the administrative service fee and toter replacement fee;
- Consideration of electronic service billing;
- Review of the Village's toter delivery charge;
- Additional information on surrounding community's refuse and recycling programs; and
- Consideration of a future joint refuse program with surrounding communities.

Before you tonight is consideration of the appropriate program structure and contract with Republic Services. Additionally, Village Board direction is requested related to the overall rate structure for refuse and recycling services. Once direction is received on the rate structure, the solid waste collection and disposal rate ordinance will be brought back for Board consideration at a meeting in July.

ISSUES

Program Structure and Proposed Contract

Staff met with Tim Lintner of Republic Services to discuss ways the Village could reduce program costs to better meet residents' needs, including a reduction in the maximum annual percentage increase, cart delivery rate and contract term. The Village also requested Republic Services determine if other changes could be made to the program structure to assist in cost reduction. Resulting from this meeting, Republic Services has agreed to lower the cart delivery rate from \$18 to \$16.50. In addition, they have provided the Village with a few different program structure options:

- Option 1: Continue with 5 year contract, CPI maximum at 3.5%, Village continues to receive 100% of recycling revenues
- Option 2: 5 year contract with option to terminate after year three – CPI maximum at 4.5%, Village continues to receive 100% of recycling revenues
- Option 3: 5 year contract with option to terminate after year three – CPI maximum at 3.5%, Village to share recycling revenues with Republic on a 60/40 split

Republic Services has also indicated that there are no further program structure adjustments that could be made to reduce overall or across the board program prices. The attached spreadsheets provide a calculation of the maximum base rate increases and recycling revenue split options. Based on these calculations, management recommends option 1 or option 3. The Village Board is requested to provide direction on which option best meets the Village's needs. Republic Services' Manager Tim Lintner will also be in attendance at the June 25 meeting should the Board have additional questions on the updated proposal.

Rate Structure

Administrative Service Fee: This was originally proposed at \$1.45 per account per month, based on the actual costs of the Residential Solid Waste Fund, which is an enterprise fund. After further review of the expenses within the Solid Waste Fund, staff continues to recommend \$1.45 per account per month. Finance Director Wachtel's attached memo provides more detailed information on this review and recommendation.

Should the Village Board be interested in considering gradual implementation of the administrative services fee, Finance Director Wachtel has provided a short summary of the current state of the Solid Waste Fund balance, including the fund balance related to the 25% and target 26% fund reserves. As a note, every \$0.25 of rate reduction (per customer per month) would result in about \$22,000 on the cash reserve level of the fund.

Toter Replacement Fee: Staff originally proposed that a \$1 per account per month fee be added to the solid waste rate structure. This fee would allow the Village to set aside funds to replace refuse and recycling toters given their average lifespan of twelve years. Based on feedback from the Village Board at the June 11 Meeting, staff has prepared a few different options for toter replacement. The attached memo and spreadsheets from Director Wachtel detail the costs to replace toters on three different schedules: 12 years, 15 years and 20 years.

*Once direction is given to staff on the appropriate rate structure, staff would intend to adjust final rate numbers to \$.05 for communication purposes.

Toter Exchange/Delivery Charge

The toter exchange/delivery charge serves a variety of purposes for both the Village and Republic Services: 1. Encourages residents to carefully consider best cart size for their needs versus continual cart exchanges based on one-time events; 2. Reduces administrative burden of Village staff managing the cart exchange process, including monthly fee adjustments; and 3. Provides funding for the storage and administrative handling of carts, as well as actual delivery by Republic Services.

As noted above, based on discussions with Republic Services, staff was able to reduce the charge from \$18/cart exchange to \$16.50/cart exchange. The Village does not charge residents for the delivery of carts when they are a new resident or when the cart breaks. A cart delivery fee is passed on to residents when a resident requests a cart size exchange or requests a new cart due to the dirty condition of cart. When the cart exchange delivery fee is not passed on to residents, the Village is responsible for these costs to Republic. Please note that the attached surrounding community survey demonstrates that the cart exchange/delivery fee is not uncommon in other communities.

Surrounding Community Residential Refuse Programs and Joint Future RFP

Staff has prepared an updated Surrounding Community Survey for review by the Village Board (attached). The updated survey provides additional information on the cost of services paid directly to vendors, versus the overall charge for residents, as well as ownership of carts. The survey demonstrates that many community's programs have a variety of unique structures, but that the Village's current/proposed program provides comparable services to those in other communities.

The survey also provides information on the expiration dates of these surrounding community's refuse contracts. The Village again contacted the surrounding communities to request consideration of a future joint RFP at the expiration of the current contract. Lombard, Hanover Park and Carol Stream adjusted their response by noting that there is *potential* for a joint RFP, but they indicated that it would require significant alignment of program structures, as well as direction from elected officials.

RECOMMENDATION

The Village Board is requested to consider award of a contract to Republic Services for residential solid waste removal services, including which program option best meets the Village's needs. The Board is also requested to provide direction regarding the rate structure, including the administrative service fee and toter replacement fee. Following direction from the Board, Staff will update the ordinance setting rates for residential solid waste collection, for approval at an upcoming board meeting in July. The ordinance will also address the elimination of the vacation hold program, discussed at the June 11 Village Board Meeting.

ATTACHMENTS

1. Program Structure Comparisons Spreadsheet – Comparison of maximum base rate with 3.5% and 4.5% inflation
2. Program Structure Comparison Spreadsheet – Comparison of recycling revenue split
3. Memo from Finance Director Wachtel with attachments
4. Residential Solid Waste Fund Balance Summary
5. Consumer Price Index Information for Chicago, 2002-2012
6. Surrounding Community Refuse Survey
7. June 7, 2012 Refuse Memo with attachments

cc: Kevin Wachtel, Finance Director

Attachment 1

Village of Glen Eilyn
 Solid Waste Hauling cost analysis - BASE RATES ONLY
 Comparison of maximum base rate, assuming 3.5% and 4.5% inflation

	Current Contract		Republic Proposal		Maximum base rate, Assumes 3.5% annual Increases (either 5 year minimum term, or 3 year with 60/40 Village/Republic) recycling revenue share				Maximum base Rate, Assumes 4.5% annual Increase (3 year minimum termination, 100% recycling revenue to Village)				Difference			
	Number of Accounts	2011/12 base monthly rates	2012/13 Base Monthly rates	% Increase from Current Base Rate	2013/14 monthly charge to customers	2014/15 monthly charge to customers	Annual cost to customers	Annual cost to customers	2013/14 monthly charge to customers	2014/15 monthly charge to customers	Annual cost to customers	Annual cost to customers	2013/14 monthly charge to customers	2014/15 monthly charge to customers	Annual cost to customers	Annual cost to customers
Curbside																
35 Gallon	3,163	\$ 10.20	\$ 11.45	12.3%	\$ 11.85	\$ 142.21	\$ 12.27	\$ 147.19	\$ 11.97	\$ 143.58	\$ 150.04	\$ 0.11	\$ 1.37	\$ 0.24	\$ 2.86	
65 Gallon	2,089	\$ 13.80	\$ 14.95	8.3%	\$ 15.47	\$ 185.68	\$ 16.01	\$ 192.18	\$ 15.62	\$ 187.47	\$ 195.91	\$ 0.15	\$ 1.79	\$ 0.31	\$ 3.73	
95 Gallon	918	\$ 16.00	\$ 16.95	5.9%	\$ 17.54	\$ 210.52	\$ 18.16	\$ 217.89	\$ 17.71	\$ 212.55	\$ 222.12	\$ 0.17	\$ 2.03	\$ 0.35	\$ 4.23	
Rear Door																
35 Gallon	7	\$ 20.15	\$ 19.00	-5.7%	\$ 19.67	\$ 235.98	\$ 20.35	\$ 244.24	\$ 19.86	\$ 238.26	\$ 248.98	\$ 0.19	\$ 2.28	\$ 0.40	\$ 4.74	
65 Gallon	5	\$ 23.70	\$ 25.00	5.5%	\$ 25.88	\$ 310.50	\$ 26.78	\$ 321.37	\$ 26.13	\$ 313.50	\$ 327.61	\$ 0.25	\$ 3.00	\$ 0.52	\$ 6.24	
95 Gallon	2	\$ 25.90	\$ 25.00	-3.5%	\$ 25.88	\$ 310.50	\$ 26.78	\$ 321.37	\$ 26.13	\$ 313.50	\$ 327.61	\$ 0.25	\$ 3.00	\$ 0.52	\$ 6.24	
Senior																
35 Gallon (cs)	1,086	\$ 9.20	\$ 10.42	13.3%	\$ 10.78	\$ 129.42	\$ 11.16	\$ 133.95	\$ 10.89	\$ 130.67	\$ 136.55	\$ 0.10	\$ 1.25	\$ 0.22	\$ 2.60	
35 Gallon (rd)	21	\$ 18.15	\$ 17.29	-4.7%	\$ 17.90	\$ 214.74	\$ 18.52	\$ 222.26	\$ 18.07	\$ 216.82	\$ 226.57	\$ 0.17	\$ 2.07	\$ 0.36	\$ 4.32	
Weighted Average Total accounts																
	7241	\$ 11.82	\$ 13.05	3.9%	\$ 13.50	\$ 162.04	\$ 13.98	\$ 167.72	\$ 13.63	\$ 163.61	\$ 170.97	\$ 0.13	\$ 1.57	\$ 0.27	\$ 3.26	
Total Annual Contract Cost		\$ 1,027,456	\$ 1,133,679	10.3%	\$ 1,173,357	\$ 1,214,425	\$ 1,184,694	\$ 1,238,005	\$ 1,137	\$ 11,337	\$ 23,581	\$ 11,337	\$ 23,581			

The weighted average rate for utility customers would be the same for 2013/14 if the CPI was 4.5%, or if the CPI was 3.5%, with \$28,000 more in recycling revenue. For 2014/15, the amount of recycling revenue would need to be \$59,000.

Dollar change - BASE RATES ONLY

	Increase over 11/12	Annual Increase	Increase over 12/13	Annual Increase	Increase over 13/14	Annual Increase	Increase over 12/13	Annual Increase	Increase over 13/14	Annual Increase
Curbside										
35 Gallon	\$ 1.25	\$ 15.00	\$ 0.40	\$ 4.81	\$ 0.41	\$ 4.98	\$ 0.52	\$ 6.18	\$ 0.54	\$ 6.46
65 Gallon	\$ 1.15	\$ 13.80	\$ 0.52	\$ 6.28	\$ 0.54	\$ 6.50	\$ 0.67	\$ 8.07	\$ 0.70	\$ 8.44
95 Gallon	\$ 0.95	\$ 11.40	\$ 0.59	\$ 7.12	\$ 0.61	\$ 7.37	\$ 0.76	\$ 9.15	\$ 0.80	\$ 9.56
Rear Door										
35 Gallon	\$ (1.15)	\$ (13.80)	\$ 0.66	\$ 7.98	\$ 0.69	\$ 8.26	\$ 0.85	\$ 10.26	\$ 0.89	\$ 10.72
65 Gallon	\$ 1.30	\$ 15.60	\$ 0.87	\$ 10.50	\$ 0.91	\$ 10.87	\$ 1.13	\$ 13.50	\$ 1.18	\$ 14.11
95 Gallon	\$ (0.90)	\$ (10.80)	\$ 0.87	\$ 10.50	\$ 0.91	\$ 10.87	\$ 1.13	\$ 13.50	\$ 1.18	\$ 14.11
Senior										
35 Gallon (cs)	\$ 1.22	\$ 14.64	\$ 0.36	\$ 4.38	\$ 0.38	\$ 4.53	\$ 0.47	\$ 5.63	\$ 0.49	\$ 5.88
35 Gallon (rd)	\$ (0.86)	\$ (10.32)	\$ 0.61	\$ 7.26	\$ 0.63	\$ 7.52	\$ 0.78	\$ 9.34	\$ 0.81	\$ 9.76
Weighted Average Total Annual Cost	\$ 1.22	\$ 14.67	\$ 0.46	\$ 5.48	\$ 0.47	\$ 5.67	\$ 0.59	\$ 7.05	\$ 0.61	\$ 7.36
	\$ 106,222	\$ 39,679	\$ 39,679	\$ 51,016	\$ 51,016	\$ 53,311	\$ 51,016	\$ 53,311	\$ 51,016	\$ 53,311

Attachment 2

	FY11/12	FY10/11	FY09/10	FY08/09	FY07/08	FY06/07	FY05/06	
Annual recycling rebate revenue to the Solid Waste Fund	\$ 185,000	\$ 97,000	\$ 20,000	\$ 147,000	\$ 204,000	\$ 136,000	\$ 141,000	
Monthly resident rebate	\$2.13	\$1.12	\$0.23	\$1.69	\$2.35	\$1.57	\$1.62	\$9,000
Annual resident rebate	\$25.56	\$13.40	\$2.76	\$20.30	\$28.17	\$18.78	\$19.47	\$8.15
60% of recycling rebate	\$ 111,000	\$ 58,200	\$ 12,000	\$ 88,200	\$ 122,400	\$ 81,600	\$ 84,600	\$ 35,400
Monthly resident rebate	\$1.28	\$0.67	\$0.14	\$1.02	\$1.41	\$0.94	\$0.97	\$0.41
Annual resident rebate	\$15.36	\$8.04	\$1.66	\$12.18	\$16.90	\$11.27	\$11.68	\$4.89
Monthly difference	\$0.85	\$0.45	\$0.09	\$0.68	\$0.94	\$0.63	\$0.65	\$0.27
Annual difference	\$10.20	\$5.36	\$1.10	\$8.12	\$11.27	\$7.51	\$7.79	\$3.26
<i>Amount that would have been provided to waste hauler</i>	\$ 74,000	\$ 38,800	\$ 8,000	\$ 58,800	\$ 81,600	\$ 54,400	\$ 56,400	\$ 23,600

Increases needed to offset greater increases, if the CPI grows by more than 3.5%

\$ 28,000	\$ 59,000
\$0.32	\$0.68
\$3.87	\$8.15
\$ 16,800	\$ 35,400
\$0.19	\$0.41
\$2.32	\$4.89
\$0.13	\$0.27
\$1.55	\$3.26
\$ 11,200	\$ 23,600

MEMORANDUM

TO: Mark Franz, Village Manager
Kristen Schrader, Assistant to the Village Manager

FROM: Kevin Wachtel, Finance Director

DATE: June 18, 2012

RE: Solid Waste Contract Questions



Background

At the June 11, 2012 Board workshop, the Village Board had questions about certain aspects of the solid waste contract, including the proposed rate structure. This memo addresses the following inquiries:

- Appropriate funding for toter replacement,
- Administrative Service fees: what makes up the internal fund transfer amount of \$77,100, and
- Electronic billing for customers.

Issues

APPROPRIATE FUNDING FOR TOTER REPLACEMENT

Management has proposed developing a fund for future toter replacement. The Village first purchased garbage toters in 2005 and recycling toters in 2009. We do not have experience with replacing toters Village-wide, so we estimated the length of time we thought would be a reasonable replacement schedule. The toters have 10 year warranties. We selected a 12 year replacement program due to anticipated aesthetic and operational issues in the years to come. We do not have firsthand experience as to how long the Village is willing to retain the existing toters, so we have included what funding levels would be required to replace the toters after 12, 15 and 20 years.

The attached spreadsheet details the annual contributions required to accumulate sufficient dollars to replace all toters on a regular schedule. That information is summarized here:

	12 year replacement	15 year replacement	20 year replacement
Monthly charge per customer	\$1.00	\$0.80	\$0.60
Total annual contributions to the replacement program	\$86,900	\$69,500	\$52,100
Estimated cost to purchase replacement toters	\$711,400	\$743,900	\$801,400
Ending balance (year)	\$70,700 (2021)	\$90,100 (2024)	\$84,300 (2029)
Ending balance/ Est. cost	9.9%	12.1%	10.5%

We used an annual cost escalator of 1.5%, which is consistent with the cost increases from the 2005 to 2009 purchases. The rates were set for each replacement schedule to ensure that we would appropriately fund so that dollars would be available when needed, but not too much more than that. In addition, we wanted to be sure that we would not fully deplete our balance after purchasing recycle totes because we would have been setting dollars aside for garbage toter replacement for the past four years. This funding strategy also provides a 10% cost contingency.

The table below compares the monthly charge that is needed to fund an initial replacement of garbage and recycle totes (the "Suggested charge") for each of the three replacement schedules. We have also provided calculations with a \$0.05 per month lower the replacement charge per customer per month for each of the three replacement schedules. This shows the monthly and annual cost difference to customers as well as the projected ending balance following the purchase of replacement garbage and recycling totes.

	12 year replacement		15 year replacement		20 year replacement	
	Suggested charge	Less five cents	Suggested charge	Less five cents	Suggested charge	Less five cents
Monthly charge to customers	\$1.00	\$0.95	\$0.80	\$0.75	\$0.60	\$0.55
Annual customer contribution	\$12.00	\$11.40	\$9.60	\$9.00	\$7.20	\$6.60
Ending balance	\$70,100	\$31,100	\$90,100	\$38,500	\$84,300	\$11,200

Because we have not been specifically setting dollars aside, the rates for the 12 and 15 year replacement cycles are higher now than they will need to be in the future. After the totes are replaced, a new rate would likely be established to fund subsequent replacements. Subsequent rates would need to be determined at a future date once we better understand the life of our totes.

ADMINISTRATIVE SERVICE FEES: WHAT MAKES UP THE INTERNAL FUND TRANSFER AMOUNT OF \$77,100?

The Solid Waste Fund budget includes \$77,100 as an internal fund transfer to the General Fund to cover costs of personnel and other expenditures that are related to solid waste collection and billing, but not specifically charged to that fund. Due to the limited time from the initial discussion to today, we have not conducted a complete time allocation study within the Finance Department and Manager's Office. A more thorough time allocation study would take place over a matter of weeks and months to cover different cycles of our operation. However, this is our best current estimate of time spent on solid waste activities, some of which is based :

Cashiers: 20%
 Billing clerks: 30%
 Other Finance staff: 3%
 Other technical support: 1%
 Village Manager's office (Assistant to the VM and Intern): 5%
 Receptionists: 12.5%

We allocate the employment costs (salaries and benefits), plus a portion of operating expenditures. Operating costs for office supplies and insurance are allocated on the same ratio as salaries. Audit fees are an estimate of the time Sikich spends auditing and providing an opinion on the Solid Waste Fund. Telecommunications includes some centralized billing, so we thought a 1% allocation was appropriate. The detail of the costs and allocations can be found in the spreadsheet Attachment 2, Solid Waste – General Fund costs.

	Costs for solid waste	Percent of total
Salaries, IMRF, Social Security and Medicare	\$71,647	9.3%
Health and Dental	\$4,736	6.1%
Other costs	\$2,358	3.3%
Total	\$78,741	8.6%

Total of solid waste costs: \$78,741
 FY2012/13 budgeted interfund transfer: \$77,100
 Amount over transfer: \$1,641

These costs exceed the amount of the interfund transfer, which is not unexpected because the amount of the transfer remained flat this budget year.

The other administrative costs included in the solid waste fund include banking (specifically lock box services) in the amount of \$6,000, postage in the amount of \$22,400, printing in the amount of \$14,00 and professional services (for the actual bill printing) in the amount of \$13,400. We believe those cost allocations are reasonably split between the water and sewer fund and the solid waste fund. Management recommends the \$1.45 per customer per month for the Administrative Service Fee.

ELECTRONIC BILLING FOR CUSTOMERS

Management will be reviewing options relating to electronic billing instead of mailing paper bills to customers. Emailing bills would be a good customer service improvement, but comes at a cost. There may be some postage and printing savings, but that savings is likely mitigated by new costs to provide email bills. We will review this option in the coming months. The Finance Department views email bills more as customer service improvement than significant time and money savings. Every effort will be made to identify and implement a solution that is customer friendly, cost effective, and operationally efficient.

Recommendation

Management recommends that the Village Board determine the desired replacement schedule for garbage and recycling totes, and establish the suggested charge (meaning not discounted by \$0.05).

Management recommends that the IFT from the Solid Waste Fund be retained at the budgeted amount of \$77,100, and the Administrative Service Fee be implemented at \$1.45.

If necessary, Management will bring back possible solutions for emailing bills and other service improvements for our utility customers, focusing on improved customer service, lowering administrative costs, and improving operational efficiency.

Attachments

- Attachment 1: Garbage and Recycle toter program, 12, 15 and 20 years (spreadsheet)
- Attachment 2: Net Impact of Toter Replacement Schedules on Monthly Rate (spreadsheet)
- Attachment 3: Solid Waste: General Fund costs (spreadsheet)

Village of Glen Ellyn
Garbage and Recycle toter programs, 12, 15, and 20 years
Garbage toters were purchased in 2005, Recycle toters were purchased in 2009

	12 year replacement cycle			15 year replacement cycle			20 year replacement cycle		
	Monthly charge per garbage customer	Annual charge per garbage customer	End of year balance	Monthly charge per garbage customer	Annual charge per garbage customer	End of year balance	Monthly charge per garbage customer	Annual charge per garbage customer	End of year balance
	Contribution	Toter Type	Purchases	Contribution	Toter Type	Purchases	Contribution	Toter Type	Purchases
2013	\$ 86,900		\$ 86,900	\$ 69,500		\$ 69,500	\$ 52,100		\$ 52,100
2014	\$ 86,900		\$ 173,800	\$ 69,500		\$ 139,000	\$ 52,100		\$ 104,200
2015	\$ 86,900		\$ 260,700	\$ 69,500		\$ 208,500	\$ 52,100		\$ 156,300
2016	\$ 86,900		\$ 347,600	\$ 69,500		\$ 278,000	\$ 52,100		\$ 208,400
2017	\$ 86,900	Garbage	\$ 344,300	\$ 69,500		\$ 347,500	\$ 52,100		\$ 260,500
2018	\$ 86,900		\$ 177,100	\$ 69,500		\$ 417,000	\$ 52,100		\$ 312,600
2019	\$ 86,900		\$ 264,000	\$ 69,500		\$ 486,500	\$ 52,100		\$ 364,700
2020	\$ 86,900		\$ 350,900	\$ 69,500	Garbage	\$ 360,100	\$ 52,100		\$ 416,800
2021	\$ 86,900	Recycle	\$ 367,100	\$ 69,500		\$ 265,400	\$ 52,100		\$ 468,900
2022				\$ 69,500		\$ 334,900	\$ 52,100		\$ 521,000
2023				\$ 69,500		\$ 404,400	\$ 52,100		\$ 573,100
2024				\$ 69,500	Recycle	\$ 383,800	\$ 52,100		\$ 625,200
2025							\$ 52,100	Garbage	\$ 387,900
2026							\$ 52,100		\$ 341,500
2027							\$ 52,100		\$ 393,600
2028							\$ 52,100		\$ 445,700
2029							\$ 52,100	Recycle	\$ 413,500
Total	\$ 782,100		\$ 711,400	\$ 834,000		\$ 743,900	\$ 885,700		\$ 801,400
	From 2013 to 2021, every \$0.05 will accumulate about \$39,600.		From 2013 to 2024, every \$0.05 will accumulate about \$51,600		From 2013 to 2029, every \$0.05 will accumulate about \$73,100				
	At \$0.95, the annual customer charge would be \$ 11.40		At \$0.75, the annual customer charge would be \$ 9.00		At \$0.55, the annual customer charge would be \$ 6.60				
	At \$0.95, the ending balance would be: \$ 31,100		At \$0.75, the ending balance would be: \$ 38,500		At \$0.55, the ending balance would be: \$ 11,200				

Net Cost Comparison of Total Replacement Schedules on Monthly Rates

12-Year Replacement Schedule (\$1.00)		
Cart Size/ Service Option	Net Monthly Cost to Resident	Net % Increase Over Current
<i>Curbside</i>		
35 Gallon	\$14.02	8.68%
65 Gallon	\$17.52	6.18%
95 Gallon	\$19.52	4.39%
<i>Rear Door</i>		
35 Gallon	\$21.57	-5.60%
65 Gallon	\$27.57	4.43%
95 Gallon	\$27.57	-3.60%
<i>Senior</i>		
35 Gallon (cs)	\$12.97	8.99%
35 Gallon (rd)	\$19.82	-4.94%
Average	\$20.07	2.32%

15-Year Replacement Schedule (\$.80)		
Cart Size/ Service Option	Net Monthly Cost to Resident	Net % Increase Over Current
35 Gallon	\$ 13.82	7.13%
65 Gallon	\$ 17.32	4.97%
95 Gallon	\$ 19.32	3.32%
<i>Rear Door</i>		
35 Gallon	\$ 21.37	-6.48%
65 Gallon	\$ 27.37	3.67%
95 Gallon	\$ 27.37	-4.30%
<i>Senior</i>		
35 Gallon (cs)	\$ 12.77	7.31%
35 Gallon (rd)	\$ 19.62	-5.90%
Average	\$ 19.87	1.22%

20-Year Replacement Schedule (\$.60)		
Cart Size/ Service Option	Net Monthly Cost to Resident	Net % Increase Over Current
35 Gallon	\$ 13.62	5.58%
65 Gallon	\$ 17.12	3.76%
95 Gallon	\$ 19.12	2.25%
<i>Rear Door</i>		
35 Gallon	\$ 21.17	-7.35%
65 Gallon	\$ 27.17	2.92%
95 Gallon	\$ 27.17	-5.00%
<i>Senior</i>		
35 Gallon (cs)	\$ 12.57	5.63%
35 Gallon (rd)	\$ 19.42	-6.86%
Average	\$ 19.67	0.12%

**Village of Glen Elllyn
Solid Waste - General Fund costs**

	Total	Percent allocated to solid waste activities	Salary costs for solid waste	Percent of total
Cashiers	\$ 155,275	20.0%	\$ 31,055	
Billing Clerks	\$ 91,767	30.0%	\$ 27,530	
Other Finance staff	\$ 392,844	3.0%	\$ 11,785	
Other technical support	\$ 127,637	1.0%	\$ 1,276	
Village Manager's Office	\$ 94,158	5.0%	\$ 4,708	
Receptionists	\$ 40,083	12.5%	\$ 5,010	
Total Salaries, IMRF, SS/Medicare	\$ 767,523		\$ 71,647	9.3%
Total Health/Dental Insurance	\$ 77,786		\$ 4,736	6.1%
Office Supplies	\$ 7,000	9.3%	\$ 651	
Liability/WC Insurance	\$ 2,500	9.3%	\$ 233	
Audit Fees	\$ 34,300	3.5%	\$ 1,201	
Telecommunications	\$ 27,400	1.0%	\$ 274	
Total of other costs	\$ 71,200		\$ 2,358	3.3%
Total	\$ 916,509		\$ 78,741	8.6%

FY2012/13 budgeted Interfund Transfer* \$ 77,100
Amount over (under) transfer \$ 1,641

*The amount of the 2012/13 interfund transfer was budgeted at the same amount as FY2011/12.

Solid Waste Fund Balance Summary

Attachment
4

Estimated ending cash reserves (FY11/12)	\$	495,000
Last year's recycling revenue to be applied to this year's rates	\$	<u>(185,000)</u>
Available cash reserves	\$	310,000

Budget (with revisions) FY12/13	\$	1,445,000
25% cash reserve policy	\$	<u>361,250</u>
Available reserves over (under) cash reserve policy	\$	<u>(51,250)</u>

26% cash reserve target	\$	<u>375,700</u>
Available reserves over (under) cash reserve target	\$	<u>(65,700)</u>

Note:

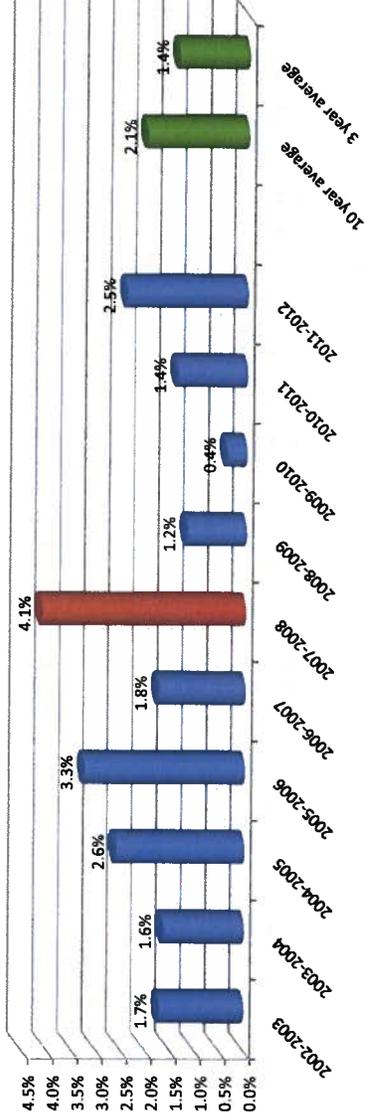
We have excluded revenue from the toter replacement program as those dollars should be set aside and remain separate and distinct from the cash reserve calculation because there will be periodic depletions of that "sinking fund".

Annual increases for the Solid Waste contract have been calculated using the change in average CPI from June to May from the prior year.

CPI for Chicago-Gary-Kenosha

	June	July	August	September	October	November	December	January	February	March	April	May	June - May Average	Percent change from prior year average
2002	182.1	181.2	181.6	182.1	182.8	183.2	182.4	182.7	178.7	179.8	180.9	181.4	179.740	
2002-2003	182.1	181.2	181.6	182.1	182.8	183.2	182.4	182.7	178.7	179.8	180.9	181.4	179.740	
2003-2004	184.1	184.1	184.5	186.1	185.8	185.6	185.5	185.4	186.4	184.8	183.4	183.4	182.817	1.7%
2004-2005	189.1	189.2	190.2	190	190.8	190.7	189.6	189.9	190.5	186.3	187.2	188.7	185.808	1.6%
2005-2006	194	194.2	195.8	198.3	197.9	197.3	196.4	197.5	197.2	197.6	197.7	198.4	196.858	2.6%
2006-2007	199	199.3	200.4	199.6	197.5	197.9	197.8	199.401	200.63	202.483	204.019	205.686	200.310	1.8%
2007-2008	206.092	205.561	205.813	206.454	206.696	207.821	207.155	208.757	209.526	211.542	212.662	214.932	208.584	4.1%
2008-2009	215.738	217.459	215.971	215.465	213.363	209.053	205.959	207.616	207.367	207.462	207.886	209.809	211.096	1.2%
2009-2010	211.01	210.906	211.441	211.345	211.708	212.206	211.185	212.104	212.456	212.952	212.929	212.984	211.936	0.4%
2010-2011	212.186	212.535	212.784	213.339	213.332	213.066	213.778	215.155	216.192	217.88	218.762	220.094	214.925	1.4%
2011-2012	220.182	219.277	219.688	220.027	219.592	219.181	218.18	219.585	219.626	222.351	222.416	222.262	220.197	2.5%
10 year average	201.351	201.374	201.820	202.273	201.949	201.603	200.796	199.638	200.245	201.315	201.916	202.815	200.266	2.1%
3 year average	214.459	214.239	214.638	214.904	214.877	214.818	214.381	215.615	216.091	217.728	218.036	218.447	215.686	1.4%

Percent change from prior year average



Notes:

Over the past 10 years, the average CPI increase, calculated as indicated in the proposed contract, was 2.1%. Over the past 3 years, the average increase was 1.4%

Only 1 contract year (2007-2008) saw an increase greater than 3.5%.

2012 Refuse RFP Survey Results

	Carol Stream	Downer's Grove	Glendale Heights	Glenn Ellyn (Current)	Glenn Ellyn (Proposed)	Hanover Park	Hoffman Estates	Lisle	Lombard	Roselle	Wheaton
Waste Hauler	Flood Brothers	Allied/Republic Services	Allied/Republic Services	Allied/Republic Services	Allied/Republic Services	Allied/Republic Services	Groot	Allied/Republic Services	Waste Management	Allied/Republic Services	Veolia
Days of Collection	Mon-Fri	Mon-Fri	Mon	Mon	Fri	Mon/Wed	Mon/Wed	Tues	Mon to Fri	Tue/Wed	Mon to Fri
Type of Collection	Unlimited	Toter	Toter	Volume/Toter	Toter	Unlimited	Unlimited	Volume or Toter	Volume/Toter	Toter	Volume or Toter
Current Monthly Curbside Service Rate	\$17.80 flat fee	\$14.95 \$19.00 flat fee for 65 or 95 gallon service	\$10.20 \$18.70 \$13.80 \$18.00	\$11.45 \$14.95 \$16.35	\$19.00 flat fee for 64 or 96 gallon service	\$16.00 flat fee	\$16.00 flat fee	35 gal - \$16.71 65 gal - \$21.95 95 gal - \$26.50	Volume: \$13.33/bag Toter: 35 gal - \$10.68 64 gal - \$13.30 96 gal - \$16.04	\$16.34 flat fee for 64 or 96 gallon toter service	Volume: \$3.48 per bag; Toter: \$28.50 (95 gallon)
Additional Monthly Fees	Toter rental option available for additional \$2.89 per month	N/A	\$1.50 (Chain sweep), \$1.95 (Branch/brush), \$1.00 (Toter fee), \$1.45 (Service fee)	\$1.75 (Chain sweep), \$1.75 (Branch/brush), \$1.45 (Service fee)	N/A	Toter rental option available for additional \$1.00 per month	Toter rental option available for additional \$1.00 per month	N/A	Village service fee = \$35/account (contract admin, safety, grant placements)	N/A	N/A
Net Monthly Rate for Residents	\$17.80 (unlimited), \$20.69 (Toter)	Same as Above	35 gal - \$12.90 65 gal - \$18.50 95 gal - \$18.70	35 gal - \$16.15 65 gal - \$19.65 95 gal - \$21.65	Same as Above	Same as Above	Same as Above	Same as Above	Same as Above	Same as Above	Same as Above
Total Monthly Cost of Service Residents pay to Hauler	\$17.80 (unlimited), \$20.69 (Toter)	Toter: 35 gal - \$14.95 65 gal - \$19.51 95 gal - \$23.00 Volume: \$3.37/bag	\$10.20 \$18.70 \$13.80 \$18.00	\$11.45 \$14.95 \$16.35	\$19.00 flat fee for 64 or 96 gallon service	\$16.00 (unlimited), \$17.00 (Toter)	\$16.00 (unlimited), \$17.00 (Toter)	Volume: \$2.70/bag Toter: 35 gal - \$16.71 65 gal - \$21.95 95 gal - \$26.50	Volume: \$1.33/bag Toter: 35 gal - \$10.68 64 gal - \$13.30 96 gal - \$16.04	\$16.34 flat fee for 64 or 96 gallon toter service	Volume: \$3.48 per bag; Toter: \$28.50 (95 gallon)
Refuse Sticker	N/A	N/A	\$2.25	\$2.25	\$2.24	N/A	N/A	\$2.70 (July 1, 2012)	\$1.33	N/A	\$3.33
Yard Waste Sticker	\$2.00	\$3.37	\$2.25	\$2.25	\$2.24	\$2.53 or \$18.97/month (April-hour)	\$2.53 or \$18.97/month (April-hour)	\$2.48 (July 1, 2012)	\$1.85	\$2.35	\$3.33
Leaf Sticker	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2.86
Escalator (YTY)	Chicago CPU (Negotiate with Hauler)	4% for refuse, \$50/year for Hauler	CPI (<5%)	CPI (<3.5%)	N/A	CPI (3.0%-5.0%)	CPI (3.0%-5.0%)	Avg. of 3.0-4.0%	CPI (<5%)	\$1.00/year	Avg. 4.5%/year
Number of Households	13,300	14,550	7,200	7,200	10,900	18,100	18,100	8,000	18,000	6,000	15,000
Contract Start Date	1/1/2008	4/1/2011	8/1/2012	8/1/2012	5/20/2010	9/1/2008	9/1/2008	7/1/2011	4/1/2010	7/1/2010	7/1/2010
Contract End Date	12/31/2013	3/31/2016	7/31/2017	7/31/2017	6/30/2015	4/30/2015	4/30/2015	6/30/2015	3/31/2016	3/31/2015	6/30/2013
Who manages billing?	Hauler	Hauler	Village	Village	Hauler	Hauler	Hauler	Hauler	Hauler	Hauler	Hauler
Contract include Commercial services?	No	No	No	No	No	Yes	Yes	No	Yes	Yes	No
If yes, separate RFP?	N/A	N/A	N/A	N/A	N/A	Yes	Yes	N/A	No	No	N/A
Type of Container	Toter (optional)	Toter (optional)	Toter	Toter	Cart (optional)	Cart (optional)	Cart (optional)	Cart (optional)	Cart	Cart	Cart (optional)
Who owns carts/containers?	Hauler	Hauler	Village	Village	Hauler	Hauler	Hauler	Hauler	Hauler	Hauler	Hauler
Cart Exchange/Delivery Fee?	No	\$15.00	\$15.00	\$16.50	\$40 exchange fee	No	No	\$15.00	35 gal - \$35, \$45(2nd) 64 gal - \$45, \$55(2nd)	No	No
Toter Rental Fee	\$2.89 per month	Included in overall cost for service	N/A	N/A	No rental fee, a second toter would cost \$3.00 per month	\$1.00 per month	\$1.00 per month	Included in overall cost for service	No rental fee, a second toter is available for additional \$3.00 per month	No rental fee, a second toter is \$3.50 per month	Included in overall cost for service
Clean Sweep/Amnesty Event?	Yes (leaf only)	Yes	Yes	Yes	Potentially - depends on several factors	No	No	No	Potentially - depends on many factors (Must align closely)	No	No
Interested in Joint RFP?	Potentially - depends on several factors	No	N/A	N/A	Potentially - depends on several factors	No	No	No	No	No	No

¹Unlimited - no limit on amount of refuse put at curb for a flat fee, Toter - amount limited to one toter capacity based on a variety of toter sizes, Volume - Residents pay per refuse bag placed at curb. Note: Some programs are a combination of these three programs.

²Communities interested in pursuing a Joint RFP identified a variety of factors that would need to be detailed including maintaining service delivery, aligning with an appropriate time frame, and others. Further discussion will be needed and/or direction by their elected officials to fully understand the implications of a Joint RFP. Many communities stressed that due to their unique program, or current program timeframe a Joint RFP discussion is not appropriate at this time.

³For change out of toter, site or exchange of toter, broken carts are exchanged/delivered at no cost

MEMORANDUM

TO: Mark Franz, Village Manager *MF*

FROM: Kristen Schrader, Assistant to the Village Manager – ADM *KS*
Michael Strong, Administrative Intern *MS*

DATE: June 7, 2012

RE: Residential Solid Waste Collection Services Contract & Rate Structure



BACKGROUND

The Village entered into a five-year contract for the collection and disposal of solid waste and recycling with Allied Waste in 2005. The contract was extended by the Village Board for an additional two-year period through July 31, 2012. Pursuant to this contract deadline, the Village issued a request for proposals (RFP) in mid-February for a new contract to begin on August 1, 2012.

Prior to the announcement of the RFP, the Village conducted a survey of surrounding communities to determine the terms of other municipal residential solid waste and recycling contracts. The survey demonstrated that the Village's current program is comparable to what residents from other communities receive. Terms such as the bi-annual clean sweep event and internal billing are unique to Glen Ellyn. The Village Board expressed interest in maintaining the current level of refuse service, and suggested that the current program serve as the basis for the RFP.

The RFP was sent to six waste hauling companies, five of which attended a required pre-proposal meeting. During the meeting, three vendors expressed concerns that they would not be able to provide a competitive bid based on a few of the RFP guidelines, such as single-day collection. However, these vendors were encouraged to submit a proposal that they felt could make them the most competitive, even if their proposal deviated from the RFP guidelines. Village staff wanted to ensure that the current program structure did not detract from receiving the most competitive prices, and wanted to ensure a competitive bidding process.

On April 12, 2012, the Administration Department held a proposal opening to accept and review proposals for the Village's Residential Refuse and Recycling Program. Two vendors submitted proposals: Republic Services (Formerly Allied Waste) and Waste Management. Village staff contacted the other vendors that did not submit proposals and the consensus was that these vendors felt that the Village's program did not fit into their organizational plans at the time and that they had concerns realizing competitiveness with the Village's current program structure.

ISSUES

Residential Solid Waste Collection Services Program Terms and Proposals

The main terms outlined in the RFP guidelines are summarized below:

- **Collection Schedule:** Single-day collection schedule preferred.
- **Contract Term:** Five year contract (Two year extension option available) beginning August 1, 2012.
- **Annual Increase Terms:** Annual increase for years 2-5 will be equal to the most recent CPI for Chicago (Not greater than 5% over previous year).
- **Annual Clean Sweep Events:** A tonnage-based rate for bi-annual clean sweep events rather than a flat fee.
- **Recycling Rebates:** Vendor will remit 100% of all recycling revenues directly to the Village.
- **Refuse/Yard Waste/Leaf Stickers:** Vendor will offer a refuse and yard waste sticker along with a reduced sticker cost for leaf waste during the fall season. Sticker revenue will be provided directly to the vendor.
- **Service Billing:** Staff requested rates from vendor comparing Village managed billing and vendor managed billing to determine if cost savings would occur if refuse/recycling billing were outsourced.

Republic Services submitted a proposal that met the basic terms of the RFP. Waste Management's proposal also generally met the basic terms of the RFP, but deviated from the single-day collection to a four-day collection schedule. After reviewing the basic terms of each proposal, service rates were compared between Republic Services and Waste Management, as well as for Village managed billing versus vendor managed billing. Overall, the proposal from Republic Services was most competitive, and continuing with Village managed billing provided the best service rates.

Republic Services' rates average an approximate 10% increase for collection services from the last contract for a total annual cost of \$1.13 million, while Waste Management's rates average an approximate 20% increase for a total annual cost of \$1.23 million (based on village managed billing). In addition to the more competitive prices received from Republic Services, residents will realize a cost savings of about \$1.00/month per account, if the Village continues with Village managed billing. Village managed billing also ensures that the billing process is not complicated for residents by requiring them to pay multiple bills (Village would continue to separately bill for branch and brush and other utility services). The attached spreadsheet provides a detailed analysis and breakdown of the costs for collection services between these two vendors, as well as Village managed vs. vendor managed billing.

With this information in hand, Village staff is recommending award of a contract to Republic Services based on several criteria:

- The contract with Republic Services maintains the current refuse/recycling services that are provided to Villagers.
- The contract will continue to offer refuse stickers with a reduced rate for leaf stickers to residents.
- Republic Services also agrees to a tonnage-based price for the clean sweep events, which is expected to reduce the cost of this service to the Village.
- Republic Services Inc., formerly Allied Waste, has been providing services to the Village for the past twenty years and is familiar with the particulars of service delivery in Glen Ellyn.

- The Village receives very few complaints about the current service and Allied has been an easy company to work with in addressing issues or problems that arise.

Village staff has also been in communication with the Environmental Commission regarding the RFP and submitted proposals. The Environmental Commission was provided a copy of the RFP and proposals from Republic Services and Waste Management and discussed the proposals at the April 2012 Commission meeting. Overall, the Commission was in favor of recommending that a contract with Republic Services be approved as their proposal did not provide much deviation from the current service.

Rate Structure

One significant policy issue that arises from the increased rates of the proposed contract is the proposed rate structure. The residential solid waste bill is made up of four main components, waste hauling, clean sweep, brush and branch, and other costs termed "Administration" or "Service" (i.e. printing, postage, overhead, etc.). Village staff is proposing to alter this structure to include a "Toter Replacement" fee. Staff is recommending a flat fee of \$1.00 per account per month be implemented with the new contract to account for toter replacement expenses. This fee allows the Village to set aside funds to purchase and replace toters for residents given their average lifespan of twelve years.

Additionally, staff is proposing to adjust the administration or service fee to cover the true cost of administering these services to residents. Staff is proposing that the service fee be \$1.45 per account per month with a slight discount for seniors. This fee is based on refuse and recycling expenditures within the Solid Waste Fund, including banking services, postage, printing, professional services and service charges.

In order to help mitigate the proposed rate increases for this year and future years under this contract, staff is recommending a change in the way recycling rebates are allocated to residents on an annual basis. Over the life of the past contract, recycling rebates were used to offset the annual contract cost increases for refuse and recycling. Staff is now recommending that in lieu of subsidizing contract cost increases with recycling rebates, the Village directly rebate to residents the previous year's recycling rebates. For FY11/12 the rebate is estimated at \$185,000, which would provide a rebate of \$25.56 to each account, or about a \$2.13 per month reduction. As recycling rebates fluctuate each year, so will the credit that is provided to residents. The added benefit is that these rebates create a potentially very effective incentive to recycle even more.

The overall net impact to refuse and recycling service rates of this contract and proposed fee restructuring with the recycling rebates is an 8% increase for 35-gallon cart account holders, a 6% for 65-gallon cart accounts and a 4% for 95-gallon cart accounts. The attached spreadsheet, "Net Impact of Republic Contract with Recycling Rebate," provides more detailed analysis on the net cost of these services to residents. Overall, staff finds that the restructuring of the fees will more accurately account for the expenses of this service and provide more transparency to residents. This fee structure will also ensure the long-term sustainability of the Solid Waste Fund by more accurately covering expenditures, while the recycling rebate credit will incentivize recycling for residents and keep rate increases current with contract rates.

Vacation Holds

In addition to the proposed fee restructure under the new contract, a second issue affecting the administration of the residential solid waste collection service is the vacation hold program. The Village currently offers a vacation hold to residents that will be gone for three weeks or more. This hold brings a resident's refuse rate to the minimum charge of \$2.70 per month (current charge for clean sweep, brush and branch pickup, and administration) for weeks that they are gone. The Finance Department has requested that the Village Board consider eliminating this program, as it is very difficult to manage and provides an opportunity for misuse by residents. It also requires significant staff time to monitor, track, and administer. Additionally, the elimination of this program would not affect the projected fees under the new contract. A memorandum dated May 30, 2012 has been attached which further outlines the difficulties in overseeing this program.

RECOMMENDATION

Village staff recommends that the Village Board approve a five-year contract with Republic Services for residential solid waste collection services and enter into an agreement beginning August 1, 2012. The proposed contract will continue to offer many advantages including single day service on Mondays, bi-annual clean sweep events, refuse, yard waste and leaf stickers for residents, senior discounts and offers a lower rate increase than Waste Management. Additionally, staff recommends that billing be maintained by the Village for refuse/recycling services, and that the Board consider the proposed rate restructuring outlined above, including directly crediting recycling rebates to residents. Staff believes that this recommendation will ensure that residential solid waste service delivery remains consistent for the length of this contract, while reducing its economic impact on residents.

An Ordinance has also been drafted for Village Board consideration that outlines the updated solid waste collection and disposal rates for residents beginning August 1, 2012. These rates are based on the contract rates proposed by Republic Services, including the proposed rate restructuring (toter replacement, service fees). The rates outlined in the ordinance do not include the recycling rebate credits proposed as the rebate will change on an annual basis.

ACTION REQUESTED

It is requested that the Village Board make a motion to award a five-year contract to Republic Services for residential solid waste removal services from August 1, 2012 through July 31, 2017 and approve the attached Ordinance amending Chapter Six of Title Seven of the Village Code to approve new rates for residential solid waste collections. It is also requested that the Village Board opine on the vacation hold program that is currently offered by the Village.

ATTACHMENTS

- Republic Services and Waste Management Base Quote Comparison Sheet with Submittals
- Billing Cost Comparison Chart
- Net Impact of Republic Contract with Recycling Rebate
- Vacation Refuse Hold Program Memorandum dated 5/30/12
- Draft Ordinance

cc: Kevin Wachtel, Finance Director

Republic Services and Waste Management Base Quote Comparison

	Current Contract			Republic ¹				Waste Management ²			
	Number of Accounts	Village Manages Billing (Base Rate)	Total Current Rate ³	Village Manages Billing	% Increase from Current Base Rate	Hauler Manages Billing	% Increase from Current Base Rate	Village Manages Billing	% Increase from Current Base Rate	Hauler Manages Billing	% Increase from Current Base Rate
<i>Curbside</i>											
35 Gallon	3,163	\$ 10.20	\$ 12.90	\$ 11.45	12%	\$ 12.35	21%	\$ 12.17	19%	\$ 12.67	24%
65 Gallon	2,089	\$ 13.80	\$ 16.50	\$ 14.95	8%	\$ 15.85	15%	\$ 16.46	19%	\$ 16.96	23%
95 Gallon	918	\$ 16.00	\$ 18.70	\$ 16.95	6%	\$ 17.85	12%	\$ 19.09	19%	\$ 19.59	22%
<i>Rear Door</i>											
35 Gallon	7	\$ 20.15	\$ 22.85	\$ 19.00	-6%	\$ 20.00	-1%	\$ 24.03	19%	\$ 24.53	22%
65 Gallon	5	\$ 23.70	\$ 26.40	\$ 25.00	5%	\$ 26.00	10%	\$ 28.31	19%	\$ 28.81	22%
95 Gallon	2	\$ 25.90	\$ 28.60	\$ 25.00	-3%	\$ 26.00	0%	\$ 30.93	19%	\$ 31.43	21%
<i>Sanitar</i>											
35 Gallon (cs)	1,036	\$ 9.20	\$ 11.90	\$ 10.42	13%	\$ 11.49	25%	\$ 10.95	19%	\$ 11.40	24%
35 Gallon (rd)	21	\$ 18.15	\$ 20.85	\$ 17.29	-5%	\$ 18.60	2%	\$ 21.63	19%	\$ 22.08	22%
Total Annual Cost	7,241	\$ 1,027,456.20		\$ 1,133,678.52	10%	\$ 1,214,058.94	18%	\$ 1,230,916.38	20%	\$ 1,273,728.18	24%

¹ Monday Collection

² Four Day Collection

³ Includes Admin Fee, Clean Sweep, and Branch and Brush Fee

Cost Comparison of Village vs. Republic Billing

Breakdown of Monthly Fees (Current)						
Cart Size/ Service Option	Refuse/ Recycle	Clean Sweep	Branch/ Brush	Admin Fee	Total	Total
35 Gallon	\$ 10.20	\$ 0.50	Curbside 1.93	\$	0.27	\$ 12.90
65 Gallon	\$ 13.80	\$ 0.50	1.93	\$	0.27	\$ 16.50
95 Gallon	\$ 16.00	\$ 0.50	1.93	\$	0.27	\$ 18.70
35 Gallon	\$ 20.15	\$ 0.50	Rear Door 1.93	\$	0.27	\$ 22.85
65 Gallon	\$ 23.70	\$ 0.50	1.93	\$	0.27	\$ 26.40
95 Gallon	\$ 25.90	\$ 0.50	1.93	\$	0.27	\$ 28.60
35 Gallon (cs)	\$ 9.20	\$ 0.50	Senior 1.93	\$	0.27	\$ 11.90
35 Gallon (rd)	\$ 18.15	\$ 0.50	1.93	\$	0.27	\$ 20.85

Republic - Village Bills						
Cart Size/ Service Option	Refuse/ Recycle	Clean Sweep	Branch/ Brush	Toter Replacement	Service Fee	Total
35 Gallon	\$ 11.45	\$ 0.50	Curbside 1.75	1.00	1.45	\$ 16.15
65 Gallon	\$ 14.95	\$ 0.50	1.75	1.00	1.45	\$ 19.65
95 Gallon	\$ 16.95	\$ 0.50	1.75	1.00	1.45	\$ 21.65
35 Gallon	\$ 19.00	\$ 0.50	Rear Door 1.75	1.00	1.45	\$ 23.70
65 Gallon	\$ 25.00	\$ 0.50	1.75	1.00	1.45	\$ 29.70
95 Gallon	\$ 25.00	\$ 0.50	1.75	1.00	1.45	\$ 29.70
35 Gallon (cs)	\$ 10.42	\$ 0.50	Senior 1.75	1.00	1.43	\$ 15.10
35 Gallon (rd)	\$ 17.29	\$ 0.50	1.75	1.00	1.41	\$ 21.95

Republic - Republic Bills						
Cart Size/ Service Option	Refuse/ Recycle	Clean Sweep	Branch/ Brush	Toter Replacement	Service Fee	Total
35 Gallon	\$ 12.35	\$ 0.50	Curbside 1.75	1.00	1.45	\$ 17.05
65 Gallon	\$ 15.85	\$ 0.50	1.75	1.00	1.45	\$ 20.55
95 Gallon	\$ 17.85	\$ 0.50	1.75	1.00	1.45	\$ 22.55
35 Gallon	\$ 20.00	\$ 0.50	Rear Door 1.75	1.00	1.45	\$ 24.70
65 Gallon	\$ 26.00	\$ 0.50	1.75	1.00	1.45	\$ 30.70
95 Gallon	\$ 26.00	\$ 0.50	1.75	1.00	1.45	\$ 30.70
35 Gallon (cs)	\$ 11.49	\$ 0.50	Senior 1.80	1.00	1.43	\$ 16.22
35 Gallon (rd)	\$ 18.60	\$ 0.50	1.80	1.00	1.41	\$ 23.31

Net Impact of Republic Contract with Recycling Rebate

Breakdown of Monthly Fees (Current)						
Cart Size/ Service Option	Refuse/ Recycle	Clean Sweep	Branch/ Brush	Admin Fee	Total	
35 Gallon	\$ 10.20	\$ 0.50	\$ 1.93	\$ 0.27	\$ 12.90	
65 Gallon	\$ 13.80	\$ 0.50	\$ 1.93	\$ 0.27	\$ 16.50	
95 Gallon	\$ 16.00	\$ 0.50	\$ 1.93	\$ 0.27	\$ 18.70	
			<i>Curbside</i>			
35 Gallon	\$ 20.15	\$ 0.50	\$ 1.93	\$ 0.27	\$ 22.85	
65 Gallon	\$ 23.70	\$ 0.50	\$ 1.93	\$ 0.27	\$ 26.40	
95 Gallon	\$ 25.90	\$ 0.50	\$ 1.93	\$ 0.27	\$ 28.60	
			<i>Rear Door</i>			
35 Gallon (cs)	\$ 9.20	\$ 0.50	\$ 1.93	\$ 0.27	\$ 11.90	
35 Gallon (rd)	\$ 18.15	\$ 0.50	\$ 1.93	\$ 0.27	\$ 20.85	

Republic - Village Bills								
Cart Size/ Service Option	Refuse/ Recycle	Clean Sweep	Branch/ Brush	Totter Replacement	Service Fee	Total	Bill Increase over current	
							Bill Increase over current	% Increase over current
35 Gallon	\$ 11.45	\$ 0.50	\$ 1.75	1.00	\$ 1.45	\$ 16.15	\$ 3.25	25.2%
65 Gallon	\$ 14.95	\$ 0.50	\$ 1.75	1.00	\$ 1.45	\$ 19.65	\$ 3.15	19.1%
95 Gallon	\$ 16.95	\$ 0.50	\$ 1.75	1.00	\$ 1.45	\$ 21.65	\$ 2.95	15.8%
			<i>Curbside</i>					
35 Gallon	\$ 19.00	\$ 0.50	\$ 1.75	1.00	\$ 1.40	\$ 23.65	\$ 0.80	3.5%
65 Gallon	\$ 25.00	\$ 0.50	\$ 1.75	1.00	\$ 1.40	\$ 29.65	\$ 3.25	12.3%
95 Gallon	\$ 25.00	\$ 0.50	\$ 1.75	1.00	\$ 1.40	\$ 29.65	\$ 1.05	3.7%
			<i>Rear Door</i>					
35 Gallon (cs)	\$ 10.42	\$ 0.50	\$ 1.75	1.00	\$ 1.43	\$ 15.10	\$ 3.20	26.9%
35 Gallon (rd)	\$ 17.29	\$ 0.50	\$ 1.75	1.00	\$ 1.41	\$ 21.95	\$ 1.10	5.3%

Recycling Rebate of \$185,000			
Monthly Recycling Rebate	Net Monthly cost to resident	Net % Bill Increase	
\$2.13	\$14.02	8.68%	
\$2.13	\$17.52	6.18%	
\$2.13	\$19.52	4.39%	
\$2.13	\$21.52	-5.82%	
\$2.13	\$27.52	4.24%	
\$2.13	\$27.52	-3.78%	
\$2.13	\$12.97	8.99%	
\$2.13	\$19.84	-4.94%	

MEMORANDUM

TO: Mark Franz, Village Manager
Kevin Wachtel, Finance Director

FROM: Michelle Urbina, Accounts Manager *MU*

DATE: May 30, 2012

RE: Vacation Refuse Hold



Background

The Village currently offers a vacation hold to residents that will be gone for 3 weeks or more. This vacation hold brings their refuse rate to the minimum charge, \$2.70 a month, for the weeks they are gone. This policy has been in place longer than anyone in the department has been here.

Issues

Offering vacation holds creates an administrative burden because of the issues it creates.

1. Residents call for a vacation hold and frequently do not give an end date. When asked for one they say they will call before they come back. This must be manually tracked on a check list and water usage monitored. We often see water usage at properties and then need to call and see if they have returned.
2. Residents call and change the dates. They sometimes call and say they did not leave when they said they would or they came back early. This creates billing issues since we are not able to go back in time and redo their bill and charge them for that usage.
3. During a vacation hold it frequently crosses more than one bill, so we have to maintain multiple billing cycles to make sure their credit is correct. This also creates additional resident calls because we have to explain their vacation dates and how it crosses multiple bills and how that was calculated.
4. We must monitor these accounts outside of the normal billing cycle because of the account maintenance required. These are manual adjustments that need to be made because we bill refuse at a monthly rate. The accounts are also monitored for water usage as a means to indicate if the resident has returned.
5. This policy puts the billing department in a position of having to question residents if there is water usage at the property. There are different reasons that are given in each situation, but often it is questionable if garbage was put out. There is not a viable way to protect against misuse.

6. Allied has no way to monitor or maintain a list to make sure they are not picking up refuse for these vacation holds.
7. The Village is reviewing the option of giving an annual recycling rebate toward the refuse portion of the water bill. Due to the amount of the rebate this year it would be spread over more than one bill. This would create a billing issue because they are being charged a minimum amount. The account would have to be tracked and manually adjusted until the entire rebate amount was credited to the account.

VILLAGE OF GLEN ELLYN

ORDINANCE NO. _____-VC

**AN ORDINANCE AMENDING CHAPTER SIX OF TITLE SEVEN
(SOLID WASTE COLLECTION AND DISPOSAL)
OF THE VILLAGE OF GLEN ELLYN, ILLINOIS**

**ADOPTED BY THE
PRESIDENT AND BOARD OF TRUSTEES
OF THE
VILLAGE OF GLEN ELLYN
DUPAGE COUNTY, ILLINOIS
THIS _____ DAY OF _____, 20_____**

Published in pamphlet form by the authority
Of the President and Board of Trustees of the
Village of Glen Ellyn, DuPage County,
Illinois, this _____ day of _____,
20_____.

ORDINANCE NO. _____ -VC

AN ORDINANCE AMENDING CHAPTER SIX OF TITLE SEVEN

(SOLID WASTE COLLECTION AND DISPOSAL)
OF THE VILLAGE CODE OF GLEN ELLYN, ILLINOIS

WHEREAS, the President and Board of Trustees of the Village of Glen Ellyn have deemed it to be in the best interest of the Village to request proposals for solid waste collection and disposal services from time-to-time; and

WHEREAS, the President and Board of Trustees on May 9, 2005, approved an agreement for solid waste collection and disposal services and this agreement was extended for an additional two years through July 31, 2012; and

WHEREAS, with the agreement extension ending in 2012, a new Request for Proposals was sent out and proposals received in the spring of 2012; and

WHEREAS, a new solid waste collection and disposal services contract was approved following the request for proposals process by the Village Board on June 11, 2012; and

WHEREAS, subject to the new solid waste collection and disposal services contract, service rates should be updated; and

WHEREAS, as rebate revenue permits, new solid waste collection and disposal services rates will be credited with recycling revenue rebates on a monthly basis.

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF GLEN ELLYN, DUPAGE COUNTY, ILLINOIS, in the exercise of its home rule powers, as follows:

SECTION ONE: Section 7-6-3(F) of the Glen Ellyn Village Code is hereby deleted in its entirety and replaced with the following:

(F) Special Haul Service for the Village: The contractor, as provided for in subsection (C) of this section, will furnish refuse trucks and drivers for special (“natural disaster”) cleanup activities on the following basis:

8/1/2012: \$145.00/hr/2 men/1 truck

SECTION TWO: Section 7-6-4(A) of the Glen Ellyn Village Code is hereby updated as follows:

(A) Residential Collections: Effective August 1, 2012 the fees to be charged for residential solid waste collection and disposal services shall be as follows:

<u>Monthly Refuse Collection Program</u>	<u>Monthly Total</u>
Curbside collection of one Village provided 35-gallon wheeled cart	\$16.15
Curbside collection of one Village provided 65-gallon wheeled cart	\$19.65
Curbside collection of one Village provided 95-gallon wheeled cart	\$21.65
Senior rate for curbside collection of one Village provided 35-gallon wheeled cart	\$15.10
Rear door collection of one Village provided 35-gallon wheeled cart	\$23.70
Rear door collection of one Village provided 65-gallon wheeled cart	\$29.70
Rear door collection of one Village provided 95-gallon wheeled cart	\$29.70
Senior rate for rear door collection of one Village provided 35-gallon wheeled cart	\$21.95
 <u>Individual Sticker Prices</u>	
Refuse Sticker	\$2.35
Yard Waste Sticker	\$2.35

Leaf Sticker

\$1.50

Large Household Items

One (1) Refuse Sticker

SECTION THREE: This Ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet form as provided by law.

PASSED by the Village President and Board of Trustees of the Village of Glen Ellyn, Illinois, this _____ day of _____, 20_____.

AYES:

NAYS:

ABSENT:

APPROVED by the Village President of the Village of Glen Ellyn, Illinois, this _____ day of _____, 20_____.

Village President of the
Village of Glen Ellyn, Illinois

ATTEST:

Village Clerk of the
Village of Glen Ellyn, Illinois

(Published in pamphlet form and posted on the _____ day of _____, 20_____.)