

Village of East Dundee
PRESIDENT AND BOARD OF TRUSTEES
Committee of the Whole
Monday, February 11, 2019
06:00 PM
Police Station 2nd Floor Meeting Room
115 E. 3rd Street, East Dundee, Illinois 60118

Call to Order

Roll Call

Public Comment: Agenda items only - Please keep comments to 5 minutes or less

Old Business

New Business

[A. Discussion and Consensus to Amend Refuse Contract with Flood Brothers and Which of the Four Options the Village Board Would Like Staff to Proceed With](#)

Public Comment - Please keep comments to 5 minutes or less

Executive Session

Closed to the public and media under the provisions of the Illinois Open Meetings Act, 5ILCS, 120/2, (c)(21) Discussion of Minutes, (c)(11) Pending Litigation, (c)(1) Personnel, (c)(5) Acquisition of Property and (c)(6) Sale of Property.

Adjournment

**Village of East Dundee
Memorandum**

To: Village President and Board of Trustees
CC: Jennifer Johnsen, Village Administrator
From: Brad Mitchell, Assistant Village Administrator
Tyler Grace, Management Analyst
Subject: Flood Brothers Contract Rate Structure
Date: February 11, 2019

As a result of resident and Village Board concerns over the current rate structure for the Village’s refuse and recycling contract, staff contacted the Village’s refuse hauler to open up discussion regarding potential changes. As a result of that initial discussion, Flood Brothers submitted a proposal on November 28, 2018 outlining a pricing model based upon cart size. In addition to creating a new pricing model, Flood Brothers also offered to institute a new discounted rate structure for seniors, with the requirement that a 35 gallon cart is used. The proposed rate structure, which represents a significant reduction of approximately 13% for the average household, can be seen in the chart below. Upon acceptance of the amendment, the rate would hold constant through 2021. After 2021, the rate would be subject to an annual increase equal to CPI for the remainder of the contract. In exchange for the change in rate structure and a reduction of the cost, Flood Brothers is requesting an additional three year extension of the contract, making the refuse contract effective until September 30, 2025.

	Current Contract	Proposed Change
95 Gallon Trash Cart	N/A	\$19.75
65 Gallon Trash Cart	\$21.20	\$18.75
35 Gallon Trash Cart	N/A	\$16.75
35 Gallon Trash Cart - Senior	N/A	\$13.75
Bulk Items	Included	Included
Yard Waste Stickers	Included	Included
White Goods	Included	Included
Cart Swap Out Fee*	N/A	\$10.00
Additional Cart Rental	\$2.00	\$2.00
Food Compost	N/A	\$4.00

**Would apply only after initial 6 month grace period.*

As noted in the chart, Flood Brothers would institute a 6 month grace period during which residents could switch carts to meet the needs of their household. In addition, the new proposal would institute the creation of an opt-in food composting service that would operate from the first Wednesday in April until the last Wednesday in November. From December to March, food composting services would be unavailable due to the closure of the compost processing facilities.

Senior Discount

Should the Village move forward with the change to the rate structure, the Village would have the opportunity to reexamine its senior discount program. The current program provides East Dundee senior citizens with a 25% discount on all refuse costs at an annual cost of approximately \$19,000, not including the rebate provided to Village Green and Gardiner Place at an annual cost of \$6,500. There are approximately 300 registered senior households in the Village. Should the Village accept Flood Brothers proposal, an additional special senior rate will be created at no cost to the Village. There are four primary options for the senior discount program that should be considered prior to the adoption of the contract amendment. A summary of the associated costs for each option can be seen to the right, while a full description of the options can be found below.

	Annual Cost to Village	Monthly Senior Cost
Current Senior Rate	\$19,080.00	\$14.93
Option 1	\$0.00	\$13.75
Option 2	\$4,284.00	35 Gal Cart: \$12.56
Option 3	\$12,384.00	35 Gal Cart: \$10.31
Option 4	~\$16,875	95 Gal Cart: \$14.81 65 Gal Cart: \$14.06 35 Gal Cart: \$10.31

Option 1: Village Utilizes Senior Rate Outlined By Flood

Under the Flood Brothers proposal, a senior rate would exist at the cost of \$13.75, reflecting an 18% discount from the normal 35 gallon rate, and a slight decrease in price from the current senior rate of \$14.93 per month. Under this proposal, seniors would be required to utilize a 35 gallon cart in order to receive the discounted rate.

Option 2: Village Creates 9% Discount for Flood Senior Rate

While Option 1 would create an instant drop in monthly refuse costs for the Village's seniors, it would also lead to an overall drop in the discount rate from 25% to 18%. In order to maintain the senior discount at 25%, the Village could create an additional 9% discount to be applied to Flood's proposed senior rate. This second discount would be at the Village's expense with an estimated cost of \$4,284 per fiscal year and would bring the monthly refuse cost for a senior household to \$12.56.

Option 3: Village Creates Additional 25% Discount to be applied to Flood Senior Rate

The Village also has the option to maintain a full commitment to a Village sponsored 25% discount program, but restrict the discount to senior households that utilize the 35 gallon cart. In this scenario, an additional 25% discount would be applied to the senior rate provided by Flood Brothers. Senior household refuse costs would be reduced to \$10.31 per month, at a cost of approximately \$12,384 to the Village.

Option 4: Village Creates 25% Discount Regardless of Cart Size

Rather than restricting the 25% discount to seniors who utilize the 35 gallon cart, the Village could also create a 25% discount program that applies regardless of cart size. This program would be the most expensive option, costing the Village approximately \$16,875 per year, but would provide senior households with additional flexibility.

Staff Recommendation:

To increase refuse options for residents and to reduce costs for senior households and the Village, Staff recommends proceeding with an amendment to the existing refuse contract with Flood Brothers incorporating multiple rate structures and extending refuse contract for three years to 2025. For the senior discount program, Staff recommends Option 4, which would create a uniform 25% discount regardless of cart size. Staff believes that the Village has sufficient revenue to cover these costs and that the option represents a significant decrease from existing expenses.

Action Requested:

Discussion and consensus regarding the proposed options for amending the refuse contract.