

**Winnetka Village Council**  
**STUDY SESSION**  
**Village Hall**  
510 Green Bay Road  
Tuesday, July 12, 2016  
7:00 PM

Emails regarding any agenda item are welcomed. Please email [contactcouncil@winnetka.org](mailto:contactcouncil@winnetka.org), and your email will be relayed to the Council. Emails for a Tuesday Council meeting must be received by Monday at 4 p.m. Any email may be subject to disclosure under the Freedom of Information Act.

**AGENDA**

- 1) Call to Order
- 2) Environmental and Forestry Commission Refuse and Recycling Analysis .....2
- 3) Public Comment
- 4) Closed Session
- 5) Adjournment

**NOTICE**

All agenda materials are available at [villageofwinnetka.org](http://villageofwinnetka.org) (Government > Council Information > Agenda Packets & Minutes); the Reference Desk at the Winnetka Library; or in the Manager’s Office at Village Hall (2<sup>nd</sup> floor).

Broadcasts of the Village Council meetings are televised on Channel 10 and AT&T Uverse Channel 99 every night at 7 PM. Webcasts of the meeting may also be viewed on the Internet via a link on the Village’s web site: <http://www.villageofwinnetka.org/government/village-videos/>.

The Village of Winnetka, in compliance with the Americans with Disabilities Act, requests that all persons with disabilities who require certain accommodations to allow them to observe and/or participate in this meeting or have questions about the accessibility of the meeting or facilities, contact the Village ADA Coordinator – Megan Pierce, at 510 Green Bay Road, Winnetka, Illinois 60093, 847-716-3543; T.D.D. 847-501-6041.



## Agenda Item Executive Summary

**Title:** Environmental and Forestry Commission Refuse and Recycling Analysis

**Presenter:** Chuck Dowding, EFC Chair; Scott Myers, Village Trustee

**Agenda Date:** 07/12/2016

**Consent:**  YES  NO

- |                                     |                         |
|-------------------------------------|-------------------------|
| <input type="checkbox"/>            | Ordinance               |
| <input type="checkbox"/>            | Resolution              |
| <input type="checkbox"/>            | Bid Authorization/Award |
| <input checked="" type="checkbox"/> | Policy Direction        |
| <input checked="" type="checkbox"/> | Informational Only      |

### Item History:

In November 2015, the Village Council tasked the Environmental and Forestry Commission (EFC) to gather data and explore the Village's current refuse collection practices. Based on these findings, the EFC was asked to offer cost saving recommendations as well as refuse collection alternatives.

### Executive Summary:

The EFC evaluated two primary elements of refuse collection:

- 1) Options for closing the funding shortfall without increasing costs to residents.
- 2) Pros and cons of various options for billing for waste collection.

Currently, taxes that are allocated for refuse collection cover approximately 75% of the total cost of collection. Of the remaining balance of \$550,000, half, or \$275,000, is subsidized by a transfer from the Village's General Fund and the other half is subsidized by other fees collected by the Village.

Refuse collection payments per household are based primarily on the value of the home rather than the actual cost of pick-up, or quantity of refuse generated. 87% of the revenue for residential pick-up is obtained from property taxes.

The EFC met objectives by discussing collection options during monthly meetings, gathering data from the Village's records regarding 5-tonnage and volume and 5-year budgetary trends, soliciting information from the Solid Waste Agency of Northern Cook County as well as neighboring communities and municipalities in other states. The EFC also explored various payment and billing options.

### Recommendation:

First, the EFC recommends initiating community engagement on the various options, including a survey of Village residents on their interests in various pick-up options. Second, to explore costs of moving to a utility-based billing system. Third, develop a pricing model for service options based on results of Village engagement. Fourth, moving forward with implementing changes after carefully gathering and considering community input. The EFC is seeking direction from the Village Council to move forward.

### Attachments:

- 1) EFC Power Point Presentation



# Village of Winnetka



## ENVIRONMENTAL AND FORESTRY COMMISSION

### EVALUATION OF REFUSE COLLECTION

# Refuse Collection Situation

2

- Currently taxes allocated for refuse collection cover only about 75% of the total cost of collection. The balance of \$550,000 is covered by a transfer from the general fund. Approximately \$275,000 of the shortfall is covered by fees collected by the Village. The remainder of the deficit is covered by property tax funds.
- Given that 87% of the revenue for residential pick-up is obtained from property taxes the payment per household is based primarily on the value of the home rather than the actual costs of pick-up, or quantity of refuse generated.
- In the recent survey of Village residents more than **94%** of residents felt that the current refuse collection service is either good or excellent

*Given these various points what, if any, changes should be made in payment for and method of refuse collection?*

# Scope of Refuse Collection Evaluation

3

Simply increasing fees for residential customers to cover the shortfall in fee ignores the responsibility the Village Council has to carefully manage property tax levels.

Therefore

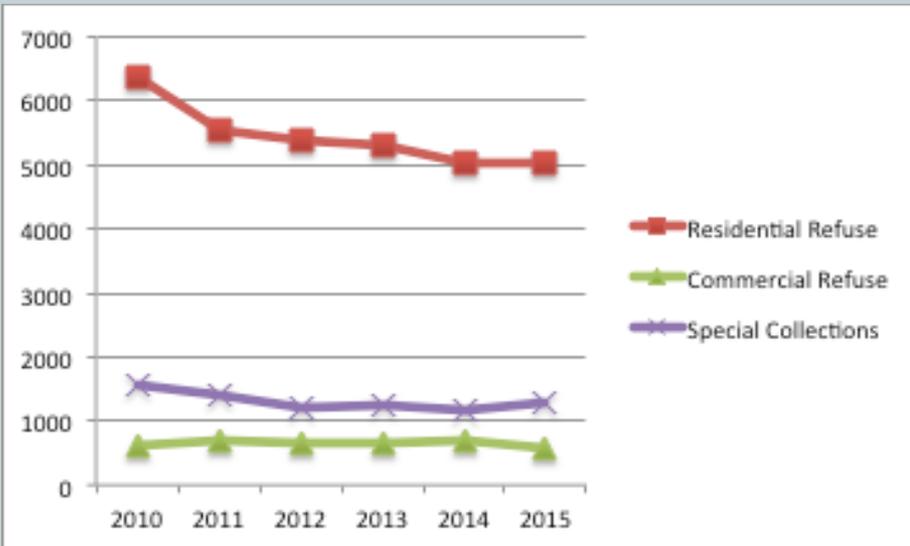
The EFC evaluated two elements of refuse collection

1. What are the pros and cons of various options for billing for waste collection?
2. What are the options for closing the funding shortfall without increasing the cost to residents?

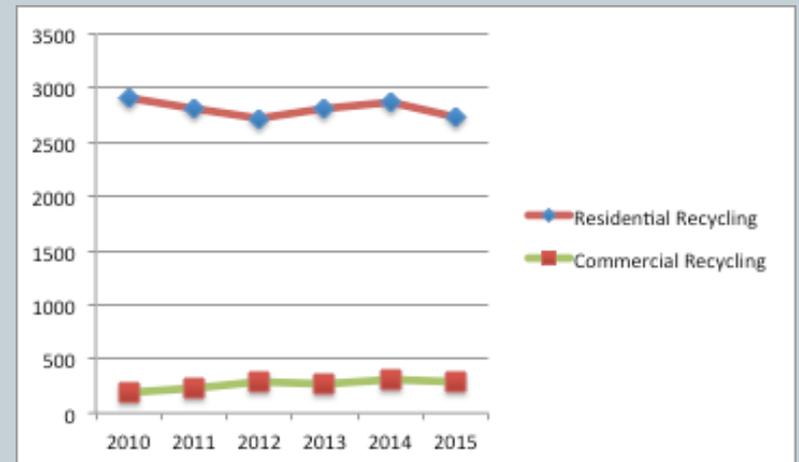
# Current Facts on Refuse Collection

4

## Residential and Commercial Refuse Volumes (in Tons)



## Residential and Commercial Recycling Volumes (in Tons)



Refuse and recycling volumes have stabilized over the past two years

# Current Facts on Refuse Collection from SWANCC

5

- **Volumes per household (lbs/year)**

- **Winnetka** (3966 detached residences)
- **SWANCC**
  - Average
  - Range

Refuse	Recycling
2,917*	1303
2,121	897
1,159 – 3,497	218 – 1,281

- **Refuse location pick-up**

- **SWANCC\*\***
  - 20 communities have curbside pick-up
  - 3 communities have back door pick-up. This includes Glencoe which has pick-up at the top of the driveway
- **SWALCO**
  - 2 communities in Lake County offer back door pick-up, Highland Park and Lake Forest

\* 2015 Total Winnetka volumes are Refuse – 5016 tons; Recycling - 2731 tons

\*\* list of SWANCC communities in Appendix 1

# Current Facts

6

## Cost for Residential Waste pick-up

<b>Activity (includes costs of 400 second pick-ups per week)</b>	<b>Total 2016 Cost Attributable to Residential Units</b>	<b>Total Annual Cost per Residential Unit</b>	<b>Monthly Cost per Residential Unit</b>
Management and Overhead Costs	\$243,700	\$61.45	\$5.12
Collection Expenses	\$956,200	\$241.09	\$20.09
Refuse Disposal Fee	\$246,800	\$62.23	\$5.19
Recycling Expenses	\$199,200	\$50.22	\$4.18
Landscape Waste Collection and Disposal	\$186,000	\$46.90	\$3.91
<b><i>TOTAL</i></b>	<b><i>\$1,831,900</i></b>	<b><i>\$461.89</i></b>	<b><i>\$38.49</i></b>

\* Detailed analysis in Appendix 2

# Current Facts

7

## Benchmark Comparison to Highland Park:

### Residential Rates - Starting January 1, 2016

The following table illustrates the residential rates that begin January 1, 2016. The table presents the service and the total monthly fee.

Service	Total Monthly Fee
Volume-Based, Curbside	\$5.29 + \$2.45/sticker
1 x Week Subscription, Curbside	\$22.29
2 x Week Subscription, Curbside	\$40.29
Volume-Based, Backdoor	\$21.29 + \$2.45/sticker
1 x Week Subscription, Backdoor	\$38.29
2 x Week Subscription, Backdoor	\$56.29
Volume-Based Organic Collection	\$2.45/sticker
Subscription Organic Collection	\$225.25 total for April 1st - December 15th

# Current Facts

8

**87% of Refuse Collection Charges are Paid Through Property Tax bill**  
**Refuse represents 1.3% of total Property Tax bill\***

<b>Total Property Tax Bill</b>	<b>Refuse Charge Average Per year</b>	<b>Refuse Charge Monthly</b>
\$10,000	\$132.44	\$11.04
\$15,000	\$198.65	\$16.55
\$20,000	\$264.87	\$22.07
\$25,000	\$331.09	\$27.59
\$30,000	\$397.31	\$33.11
\$40,000	\$529.74	\$44.15
\$50,000	\$662.18	\$55.18
\$60,000	\$794.61	\$66.22
\$70,000	\$927.05	\$77.25

\* Detailed analysis in Appendix 3

# Options for Billing

9

- **Current method of obtaining 87% of the refuse revenue through property taxes means that the more expensive properties in Winnetka pay a significantly higher portion of total refuse costs than the relatively less expensive properties and provides no incentive or reward to those who recycle more.**
  - 1. Retain status quo**
    - **Pro - allows people to deduct refuse fee on their income taxes**
    - **Con – Current taxation based collection results in disproportionate payments. Additionally, tax only based payment cannot be maintained if we want to offer service options to residents that reward those who recycle more**
  - 2. Change to bill as a utility**
    - **Pro – enables more accurate billing per household and supports offering of service options to residents that reward those who recycle more**
    - **Con – Refuse charges would not be deductible on income taxes**

# Options to Address Funding Gap

10

## What are the options for closing the funding shortfall without increasing the cost to residents?

- Current accounting funding gap is \$550,000, \$275,000 of which comes from non-tax or fee-based revenues in the general fund
- Accounting gap equates to approximately \$139 per household per year
- The actual increase on any specific household's tax bill currently would depend on the value of the house

# Options to Address Funding Gap

11

- A. Mandate curbside pick-up with all costs in tax base. All residents required to move wheeled refuse receptacles to the curb along with wheeled recycling receptacles**
- ✦ Cost impact – enables efficiency of pick-up
    - Approximate reduction in Village refuse costs of 50% based on Highland Park experience
    - Tax cost to residents could be reduced by 35-40% to cover the funding gap
  - ✦ Service impact
    - The Village survey indicated a willingness by residents to accept a curbside pick-up with 60% strongly or somewhat supporting this option. However, the question did not test the sensitivity to cost savings and responses were highly skewed by age of respondent.
- B. Institute a flat utility fee of about \$39 per month per household that covers the full cost of refuse collection**
- ✦ Cost impact – addresses the deficit, and covers costs more fairly. However, this approach does nothing to reduce the costs
  - ✦ Service impact – maintains collection services as they currently are

# Options to Address Funding Gap

12

C. Offer a fee-based choice of curbside or backdoor pick-up priced to recognize the total refuse collection cost similar to Highland Park.

- ❖ Cost impact
  - Reduction in operating costs would be dependent on percentage of households selecting each option
- ❖ Service impact
  - Provides residents with the service option that best fits their needs
  - Opens up options for future services such as pick-up of home waste composting
  - Requires a utility billing approach to support various service options

## *Example of Monthly Billing*

	Volume Base (35 Gallons)	
	\$7.50	\$24.00
Curbside pickup		Backdoor pickup
	\$22.30	\$40.00
		Take All (60 Gallons)

# Recommendations

13

- 1. Initiate community engagement on the options including a survey of village residents on their interest in various pick-up options**
- 2. Explore costs of moving to a utility based billing system**
- 3. Based on results of village engagement develop a pricing model for service options**
- 4. Move forward with implementing changes after carefully gathering and considering community input**

# Appendix 1

## List of SWANCC communities

Municipality	Curb		Back Door	
	Waste	Recycling	Waste	Recycling
Arlington Heights	x	x		
Barrington	x	x		
Buffalo Grove	x	x		
Elk Grove Village	x	x		
Evanston	x	x		
Glencoe		x	x*	
Glenview	x	x		
Hoffman Estates	x	x		
Inverness	x	x		
Kenilworth			x	x
Lincolnwood	x	x		
Morton Grove	x	x		
Mount Prospect	x	x		
Niles	x	x		
Palatine	x	x		
Park Ridge	x	x		
Prospect Heights	x	x		
Rolling Meadows	x	x		
Skokie	x	x		
South Barrington	x	x		
Wheeling	x	x		
Wilmette	x	x		
Winnetka		x	x	
<b>Total:</b>	<b>20</b>	<b>22</b>	<b>3</b>	<b>1</b>
<b>SWALCO Municipality</b>				
Highland Park	x	x	x	x
Lake Forest		x	x	

600-800 residential pickups per day/truck is the industry standard

\*Glencoe offers top of driveway pick-up

# Appendix 2

15

## Detail cost breakdown for refuse collection

Evaluation of Residential Refuse Collection and Disposal Expenses  
Attributable to single family only

Item	2016 Adopted Budget	Percentage Attributable to Residential Service	Cost Attributable to Residential	Annual Cost per Residential Unit	Monthly Cost per Residential Unit
<b>Management/Overhead Costs (Fixed)</b>					
Management and Financial Services	\$ 127,080		80% \$ 101,664.00	\$ 25.63	\$ 2.14
Depreciation	\$ 135,000		80% \$ 108,000.00	\$ 27.23	\$ 2.27
Payment In Lieu of Taxes	\$ 42,564		80% \$ 34,051.20	\$ 8.59	\$ 0.72
<b>SUBTOTAL</b>	<b>\$ 304,644</b>		<b>\$ 243,715.20</b>	<b>\$ 61.45</b>	<b>\$ 5.12</b>
<b>Collection Expenses (Fixed*)</b>					
Regular Salaries	\$ 558,713		80% \$ 446,970.40	\$ 112.70	\$ 9.39
OT Salaries	\$ 35,035	Primarily Sat./Sun. commercial	70% \$ 7,007.00	\$ 1.77	\$ 0.15
Sick Cashed In	\$ 9,571		80% \$ 7,656.80	\$ 1.93	\$ 0.16
Other Compensation	\$ -		80% \$ -	\$ -	\$ -
Commercial dumpster replacements	\$ 10,800	Commercial expense	0% \$ -	\$ -	\$ -
Materials and supplies	\$ 13,500		80% \$ 10,800.00	\$ 2.72	\$ 0.23
Safety/PPE gear	\$ 1,500		80% \$ 1,200.00	\$ 0.30	\$ 0.03
Uniform service	\$ 2,000		80% \$ 1,600.00	\$ 0.40	\$ 0.03
Vehicle operations	\$ 250,320		80% \$ 200,256.00	\$ 50.49	\$ 4.21
Commercial recycling container replacement	\$ 11,475	Commercial expense	0% \$ -	\$ -	\$ -
Benefits - Workers Comp	\$ 102,000		80% \$ 81,600.00	\$ 20.57	\$ 1.71
Benefits - Medical Ins.	\$ 118,426		80% \$ 94,740.80	\$ 23.89	\$ 1.99
Benefits - Life Ins.	\$ 446		80% \$ 356.80	\$ 0.09	\$ 0.01
Benefits - Medicare	\$ 8,241		80% \$ 6,592.80	\$ 1.66	\$ 0.14
Benefits - Social Security	\$ 35,234		80% \$ 28,187.20	\$ 7.11	\$ 0.59
Benefits - IMRF Contributions	\$ 86,515		80% \$ 69,212.00	\$ 17.45	\$ 1.45
<b>SUBTOTAL</b>	<b>\$ 1,243,776</b>		<b>\$ 956,179.80</b>	<b>\$ 241.09</b>	<b>\$ 20.09</b>
<b>Refuse Disposal Fees (Variable)</b>					
Refuse tipping fees	\$ 308,500	Estimated percentage of total tons	80% \$ 246,800.00	\$ 62.23	\$ 5.19
<b>SUBTOTAL</b>	<b>\$ 308,500</b>		<b>\$ 246,800.00</b>	<b>\$ 62.23</b>	<b>\$ 5.19</b>
<b>Recycling Expenses (Fixed)</b>					
Recycling collection contract fees	\$ 361,200		100% \$ 190,368.00	\$ 48.00	\$ 4.00
Recycling toter replacement	\$ 8,800		100% \$ 8,800.00	\$ 2.22	\$ 0.18
<b>SUBTOTAL</b>	<b>\$ 370,000</b>		<b>\$ 199,168.00</b>	<b>\$ 50.22</b>	<b>\$ 4.18</b>
<b>Landscape Waste Collection &amp; Disposal Fees (Fixed)</b>					
Leaf Collection Supplies	\$ 10,000		100% \$ 10,000.00	\$ 2.52	\$ 0.21
Temporary Help - Leaf coll.	\$ 42,000		100% \$ 42,000.00	\$ 10.59	\$ 0.88
Yard Waste Bags	\$ 26,000		100% \$ 26,000.00	\$ 6.56	\$ 0.55
Landscape waste hauling/disposal fees	\$ 108,003	Contractual hauling	100% \$ 108,003.00	\$ 27.23	\$ 2.27
<b>SUBTOTAL</b>	<b>\$ 186,003</b>		<b>\$ 186,003.00</b>	<b>\$ 46.90</b>	<b>\$ 3.91</b>
<b>Landfill Maintenance Expenses</b>					
Landfill monitoring and maintenance	\$ 113,000	Not attributable to operations	0% \$ -	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 113,000</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL SOLID WASTE EXPENSES</b>	<b>\$ 2,525,923.00</b>	<b>TOTAL RESIDENTIAL EXPENSES</b>	<b>\$ 1,831,866.00</b>	<b>\$ 461.89</b>	<b>\$ 38.49 Per month</b>

\* Note: Residential pickup and hauling costs will not vary significantly with limited quantity changes associated with P.A.Y.T.

# Appendix 3

16

## Refuse Payment Per Tax Bill Amount

### Evaluation of "Per House" Refuse Collection Charges Through Property Tax Bill

	YEAR						Average
	2010	2011	2012	2013	2014	2015	
Total Village Tax Levy	\$ 13,105,359	\$ 13,482,400	\$ 13,875,587	\$ 14,222,477	\$ 14,302,483	\$ 14,416,903	\$ 13,900,868
Tax Levy for Refuse	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Net Transfer to Refuse Fund	\$ 375,000	\$ 275,000	\$ 275,000	\$ 206,250	\$ 275,000	\$ 275,000	\$ 280,208
Total Tax dollars to Refuse Fund	\$ 1,475,000	\$ 1,375,000	\$ 1,375,000	\$ 1,306,250	\$ 1,375,000	\$ 1,375,000	\$ 1,380,208
Percentage of Winnetka Tax Levy to Refuse Fund	11.25%	10.20%	9.91%	9.18%	9.61%	9.54%	9.95%
Percentage of TOTAL Tax Bill Paid to Winnetka	13.29%	13.36%	13.36%	13.32%	13.47%	13.06%	13.31%
Percentage of TOTAL PROPERTY Tax Bill for Refuse Collection	1.50%	1.36%	1.32%	1.22%	1.29%	1.25%	1.32%

If Your Total Tax Bill Was:	The Annual Amount You Paid for Refuse Collection Was:*						Average	Monthly
\$10,000	\$ 149.58	\$ 136.25	\$ 132.39	\$ 122.34	\$ 129.50	\$ 124.56	\$ 132.44	\$ 11.04
\$15,000	\$ 224.37	\$ 204.38	\$ 198.59	\$ 183.50	\$ 194.25	\$ 186.84	\$ 198.65	\$ 16.55
\$20,000	\$ 299.16	\$ 272.50	\$ 264.78	\$ 244.67	\$ 258.99	\$ 249.12	\$ 264.87	\$ 22.07
\$25,000	\$ 373.95	\$ 340.63	\$ 330.98	\$ 305.84	\$ 323.74	\$ 311.40	\$ 331.09	\$ 27.59
\$30,000	\$ 448.73	\$ 408.76	\$ 397.17	\$ 367.01	\$ 388.49	\$ 373.68	\$ 397.31	\$ 33.11
\$40,000	\$ 598.31	\$ 545.01	\$ 529.56	\$ 489.35	\$ 517.99	\$ 498.23	\$ 529.74	\$ 44.15
\$50,000	\$ 747.89	\$ 681.26	\$ 661.95	\$ 611.68	\$ 647.48	\$ 622.79	\$ 662.18	\$ 55.18
\$60,000	\$ 897.47	\$ 817.51	\$ 794.34	\$ 734.02	\$ 776.98	\$ 747.35	\$ 794.61	\$ 66.22
\$70,000	\$ 1,047.05	\$ 953.76	\$ 926.74	\$ 856.35	\$ 906.48	\$ 871.91	\$ 927.05	\$ 77.25

\* Excluding stickers for extra pickups and yard waste, special refuse collections, or twice-per-week subscription service.

# Current Facts on Waste Collection

17

## Daily Pick-Up Services

	Residential Refuse	Commercial Refuse	Yard Waste	2X/Week Pickups	Total:
<b>Monday</b>	666	129	1814	85	<b>2694</b>
<b>Tuesday</b>	863	93	2019	134	<b>3109</b>
<b>Wednesday</b>	0	0	0	0	<b>0</b>
<b>Thursday</b>	1148	103	1814	93	<b>3158</b>
<b>Friday</b>	1156	137	2019	105	<b>3417</b>
<b>Total/Week:</b>	<b>3833</b>	<b>462</b>	<b>7666</b>	<b>417</b>	