

Proposed First Amendment to the Contract for Refuse, Recyclables and Yard Waste Collection Services Groot, Inc. and City of Aurora



Key Service Elements

- Current 2015 contract will continue to be the base contract for the extension as amended by the First Amendment.
- Two-part extension:
 1. From July 1, 2022 to June 30, 2027.
 2. July 1, 2027 to June 30, 2032, and is contingent on Groot siting, permitting, building and operating a municipal waste transfer station in Aurora prior to July 1, 2026.



Key Service Elements

- Price freeze from July 1, 2022 to June 30, 2023, and again from July 1, 2029 to June 30, 2030.
- Annual rate adjustment in remaining years is fixed at 2.5%.
- Rates for refuse and yard waste stickers, 14-gallon bag program, and cart movement fee remain fixed for the term of both extensions.
- Base rate fee will be increased by 2.5% in 2023, 2025, 2027, 2029 and 2030.



Key Service Elements

- Beginning in 2022 residents will be notified by Groot that they have a 60-day period (August 1 - September 30) to switch their level of service once at no cost.
- Opportunity for residents to consider lowering costs by downsizing their refuse cart, take advantage of the senior 14-gallon bag program or the 24-week collection program.
- The City will no longer be charged for the two, one-week spring clean-up events, a savings of approximately \$50,000 per year.



Key Service Elements

- New contract provisions modeled after Naperville's contract with Groot:
 - Extended yard waste season from November 30 to December 15, and seasonal yard waste service that includes a cart
 - Enhanced services during emergency situations
 - Refuse and recycling services at numerous festivals and events
 - Limited ability to review contract terms
 - Use of a performance bond in lieu of previous contract language that allowed the City to take over equipment and facilities owned by Groot



Key Financial Elements

- The City shall receive a franchise fee payment of \$150,000 within 30 days of the City Council's approval of the First Amendment.
- Beginning on July 1, 2022 and annually thereafter, until the municipal waste transfer station is built, a franchise fee rate of 3.5% of revenue associated with the hauling contract (not including sticker sales) shall be paid to the City (estimated at \$333,500 in 2022). After the transfer station is operational the franchise fee rate shall decrease to 1.75%.



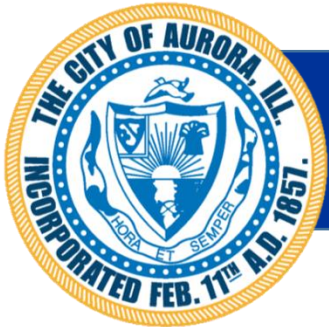
Key Financial Elements

- If Groot begins operating a transfer station by July 1, 2026 the City will begin receiving host fee payments of \$2.45 per ton of waste received at the facility. The first year of payments is estimated at approximately \$555,000.
- Estimated property tax payments for the transfer station increase from approximately \$9,000 per year to \$120,000 per year when the facility becomes operational.



Key Financial Elements

- Annual franchise and host fee payments to the City start at approximately \$335,500 in 2022 and increase to \$871,000 in the last year of the 10-year contract.
- Estimated payments over the 10 year contract period:
 - Franchise Fee \$2,631,000
 - Host Fee \$3,606,000
 - Property Taxes \$ 947,000
 - Total of approximately \$7,184,000



Benefits to Residents and City

- No change in waste hauler, continue to receive excellent service from Groot
- Additional 15 days of yard waste service until December 15th
- Opportunity to switch service levels for a 60-day period with no charge
- Two price freezes during the 10-year period (assuming the second extension is awarded), no increase in stickers, 14-gallon program, or cart movement fee during 10-year period. Base fee increased 5 times during 10-year contract.



Benefits to Residents and City

- Contract that is on par with the City of Naperville's
- Total franchise fee, host fee and property tax fee payments to the City of approximately \$7,184,000 over the 10-year term of the contract.
- No longer have to spend \$50K for spring clean ups



Questions and Comments