



**Presentation to the Metropolitan Mayors Caucus – Environment  
Committee: Commercial Franchising Overview**

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**Walter S. Willis, Executive Director**

**SWALCO**  
**SOLID WASTE AGENCY OF LAKE COUNTY, IL**

# Overview of Presentation

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## Presentation Topics:

- What is commercial franchising, the pros and cons
- Legislative background, how to implement
- Final thoughts



# SWALCO Overview

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- Municipal Joint Action Agency per IL law, includes 43 municipal members and the County of Lake
  - Unique marriage of municipal and county governments, formed in 1991
- Own and operate one of the 5 permanent household hazardous waste facilities in IL
- Operate the largest e-scrap and textile collection networks in the State
- Provide “consulting services” to members on residential and commercial hauling franchises

# What is Commercial Franchising, Pros and Cons

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- Commercial franchising, Status and Pros
  - Authority granted under IL law to municipalities to enter into contracts for both residential and non-residential waste collection and management
  - Nearly 30 IL municipalities have commercial franchises
  - 8 in Lake County, existing include Highwood, Highland Park, Grayslake, Gurnee, Libertyville, Bannockburn, Deerfield, and to be implemented next year in Lake Bluff
    - All include “free” recycling ranging from up to a 1.5 cy container, 1x per week to up to a 4 cy container, 1x in several franchises
    - All have over 50% recycling participation rates
    - Over 90% of businesses save money, typically 25% or more
    - No extra environmental surcharges allowed, typically add 18 to 30% to bill in unfranchised areas
    - All include food scrap pricing/options

# What is Commercial Franchising, Pros and Cons

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- Commercial franchising, Status and Pros
  - Gurnee recently negotiated a 5% decrease in rates, Deerfield a one-year freeze on rates and Lake Bluff's RFP process in 2021 resulted in lowest quoted rates in Lake County, competition is still strong
  - 7 SWALCO members have started or completed 3-year study required by PA 98-1079, Lake Bluff first new franchise in IL since 2014 passage of the Act.
  - Volo and Round Lake Beach interested in pursuing commercial franchises after 3-year study
    - 2022 Volo business survey results: average cost in Volo for 2cy, 1x per week = \$135 v. franchise average rate of \$40; 4cy, 1x = \$432 in Volo v. \$66 in franchises; 6 cy, 1x = \$300 v. \$95, 8 cy, 1x = \$487 v. \$126

# What is Commercial Franchising, Pros and Cons

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- Commercial franchising, Cons
  - Waste industry generally dislikes commercial franchising evidenced by the 3 legislative changes the industry made to municipal franchising powers, prior to 2014 actively fought franchising
  - Significant effort to complete 3-year study, issue RFP and wait 15 months to implement, basically a 5-year commitment by municipality
  - Vocal minority of businesses may oppose due to loss of control on selecting own hauler



# Legislative Background, How to Implement

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- Legislative Background (65 ILCS 5/11-19-1)
  - PA 95-0856 – requires public hearing seeking comment on advisability of awarding a franchise, notice to haulers, disclosure of franchise fee, and a 15 month wait period after the franchise is awarded
  - PA 96-1215 – requires RFP process for first time implementation, additional public hearing after receipt of proposals, timelines for approving a contract, and restraint on franchise fees
  - PA98-1079 – requires written notice by municipality of intent to issue an RFP, and municipal adoption of an ordinance to conduct a 36-month recycling participation rate study; can only franchise if less than 50% of businesses have recycling programs in the municipality at end of 36-month study

# Commercial Franchising Primary Steps and Timeline, After 3 Year Study (2022)

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Step	Timeline
1. Inform municipal staff and elected officials of the long and potentially controversial nature of commercial franchising, and gain initial support to work with local business chamber.	1. One month
2. Obtain local business chamber support for conducting a survey of businesses.	2. Two months
3. Conduct survey with SWALCO assistance, compile results and share with local chamber and municipality.	3. Three months
4. Obtain approval from municipality to develop RFP.	4. One month
5. Prior to issuing RFP, municipality must hold a public hearing in accordance with the IL Municipal Code (must provide 30 days notice of the hearing and notify local haulers in writing) to receive comment on the advisability of issuing the RFP.	5. Two months
6. Issue RFP (RFP must allow at least 30 days for haulers to prepare proposals and must be made public within 120 days of the public hearing held in step #5), review submittals, conduct negotiations, and finalize draft agreement with preferred hauler.	6. Three to four months
7. Prior to awarding the franchise contract, municipality must hold a second public hearing on whether to award a franchise to the preferred hauler (must provide 30 days notice of the hearing). The municipality must also discuss its administrative/franchise fee at the public hearing.	7. One month
8. Formally award contract to preferred hauler. Award must be made within 210 days of the date the RFP was made public in step #6.	8. One month
9. Implement franchise city/village wide.	9. 15 months after the date the contract is approved by the municipality



# Final Thoughts

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- Commercial franchises will save businesses money on disposal costs, increase recycling participation and rates, reduce GHGs associated with waste and recycling collection, and reduce road wear and tear on local roads
- Have proven to be successful after implementation, competition is strong for commercial franchises, no town has let one lapse since implementing
- Process is long, but worth it in the long run for your business community and local sustainability efforts
- Allows for more efficient food scrap collection programs, yet to be realized in Lake County in a meaningful way

# Contact Information

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Walter Willis

[wwillis@swalco.org](mailto:wwillis@swalco.org)

847/377-4951

