



Life After NESWC Trash Disposal Options

Monday, May 09, 2005



Overview

- Process
- Options
 - Transfer Station
 - Curbside pickup
- Financial/Operational Impacts
- Life After NESWC Recommendations



Process

- Trash Survey – November 2003
- “Trash Talk” – February 11, 2004
- Formation of Life After NESWC Committee (LAN)
- Committee Members
- NESWC Contract expires 9/25/05
- Goals
 - in light of the expiration of the existing trash contract, find a solution to providing trash disposal service to the town, and where possible to leverage a valuable asset to generate income to the town
 - Trash and recycling options
 - Use of transfer station/landfill



Process

- Committee meetings during 2004-2005
- Identified options
 - Status quo – transfer station
 - Residents only – transfer station
 - Close transfer station
 - Privatize transfer station
 - Curbside pickup
- Analysis of costs, benefits, risks, and additional information required



Process

- Decision to issue RFPs to evaluate alternatives and make recommendations
- CDM drafts RFPs which were issued in October
- State of the Town meeting update - December
- RFPs reviewed and analyzed by staff - January
- Curbside bid by WMI judged to fulfill the requirements of the RFP
- Further development of transfer station option
- Consideration of PAYT pricing
- Refinement of options

Trash Disposal and Recycling Options



- **Operate Transfer Station – Residents Only**
 - Operation limited to two days a week (Wed/Sat.)
 - No subsidy from taxation
 - Brokerage program no longer viable
 - Reduce staffing – 2 FTE (2 part-time and 1 full-time)
 - Upgrade recycling
 - Could move from 2 stream to 5 stream program
 - Possible revenue enhancement impact
 - Three pricing options:
 - Standard fixed sticker fee with senior citizen discount
 - Pay As You Throw variable pricing
 - Hybrid

Trash Disposal and Recycling Options



- **Curbside Pick-up – WMI Bid**

- Full Service – once a week including recyclables and household trash
- Leaf and yard waste – 13 weeks/year
- On-call bulky items pick-up for added fee (~\$30/item)
- Provides containers
 - Under standard pricing, one 96 gallon container and one recycling container
 - PAYT would involve smaller containers, and/or bags
- 5 year contract
- Requires closure of the transfer station
 - However, site assignment has no expiration date



Trash Disposal Pricing

- **Pay as You Throw (PAYT)**
 - Variable rate pricing concept to encourage reduction in trash generation
 - Employed in over 95 communities in Massachusetts
 - Increases recycling rates
 - Acton already recycles about 30% of its waste stream
 - PAYT being considered as a pricing option for both disposal options

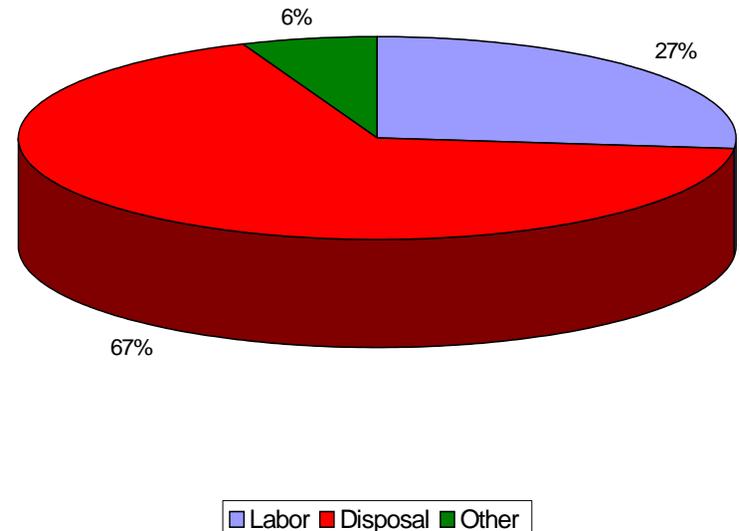
Financial/Operational Impacts



Operate Transfer Station – Residents Only

- Estimated Costs
 - Household sticker - \$155
(24% increase over 2005)
 - Senior sticker - \$ 30
- Assumes no PAYT, no reduction in usage with decline in hours of operation
- Financial analysis is essentially breakeven with no subsidy from taxation
- Economics driven by disposal costs and labor costs

Cost Components of Transfer Station Operation



Financial/Operational Impacts



• *Operate Transfer Station – Residents Only*

- Sticker prices go up over time as costs increase
 - By fifth year expect sticker to be in range of \$185 per year (increase of about 4% per year)
 - Dependent on disposal fees – largely out of our control
- Sensitivity to reduction in patronage
 - With 30% reduction in households using transfer station, sticker fee would increase by 19% (\$185)
 - Lag problem in pricing sticker

Financial/Operational Impacts



• ***Operate Transfer Station – Residents Only***

- Brokerage of 21,800 tons
 - Market controlled by two large vertically integrated firms
 - Under the old NESWC Contract spread was from \$80 - \$0 because of the “put or pay” provision
 - The new spread is ~\$2.41
 - No scale to weight incoming or out-going trash
 - » Packers
 - » Independent Haulers
 - New WNA Contract prohibits brokerage
- Impact of recycling
 - Currently recycling costs exceed revenues, but saves on disposal costs
 - Proposal, contingent on DEP approval, could generate some incremental revenue depending on willingness of customers to pre-sort
 - Requires \$200,000 in upfront investment
 - Potential revenue benefit = \$27,000 - \$49,000 per year

Financial/Operational Impacts



• **Operate Transfer Station – Residents Only**

– Pay as You Throw (PAYT) Pricing Option

- No sticker fee
- Bags
 - 30 gal = ~\$2.50 per bag
 - 15 gal = ~\$1.25 per bag

Bags available at grocery stores, perhaps other retail stores in town

– Annual Costs:

- 0.5 bags per week ~\$ 65.00
- 1.0 bag per week ~\$130.00
- 1.5 bags per week ~\$195.00 (a 56% increase over 2005)
- 2.0 bags per week ~\$260.00

– If recyclables generate revenue, this program can generate positive cash flow to the town

Financial/Operational Impacts



• Operate Transfer Station – Residents Only

– Pay as You Throw (PAYT) Hybrid Pricing Option

- “Base” sticker fee = ~\$48
- Senior sticker fee = ~\$10
- Bags
 - 30 gal = ~\$1.50 per bag
 - 15 gal = ~\$0.75 per bag

Bags available at grocery stores, perhaps other retail stores in town

-- Annual Costs:

- Average family @ 1.5 bags/week ~\$165.00 (a 32% increase over 2005)
- Family @ 2 bags/week ~\$204.00
- Average senior @ 1/2 bag per week ~\$ 49.00
- Senior @ 1 bag per week ~\$ 88.00

– If recyclables generate revenue, this program can generate positive cash flow to the town

Financial/Operational Impacts



- **Operate Transfer Station – Residents Only**
 - PAYT pricing option sensitivity analysis
 - 25% reduction in patronage and the program can remain breakeven *if* recyclables and bulky items are successful
 - Comparison to standard pricing
 - Assumes 20% reduction in trash disposal tonnage
 - Assumes no increased labor requirements to administer and enforce the program
 - Under these assumptions, PAYT costs more, but is dependent on assumptions and trash disposal rates

Financial/Operational Impacts



- **Curbside Pick-up – WMI Bid**

- Estimated Costs

- \$254 per year in the first year, escalating to approximately \$300 by the fifth year
- This is over \$200 less than existing private curbside service in town
- Senior discount still to be negotiated which may raise the cost to other households
- Cost is about \$100 more than transfer station option
- 5 year contract and will require rebid at termination

Financial/Operational Impacts



- **Curbside Pick-up – WMI Bid**

- PAYT Pricing option
- Under negotiation with WMI
- Initial proposals include:
 - 64 gallon cart at cost of \$242 in first year with higher charge (~\$300) for those that need larger cart
 - Flat fee of \$176 plus a per bag fee of \$1.33; at 1.5 bags per week, the estimated average total cost is \$280 per year
 - WMI believes total tonnage would be lower and the average total cost would be approximately \$260 per year
- WMI charges a per bag fee related to the cost of disposal so the per bag fee will vary depending on total tonnage

Financial/Operational Impacts



- **Operate Transfer Station – Residents Only**

- Current sticker \$125
- Next year sticker \$155
- PAYT (1.5 bags/wk) \$165

- **Curbside Pick-up – WMI Bid**

- Current private curbside ~\$450 or more
- Town-wide bid curbside \$250 (a 100% Increase)
- PAYT ~\$260

- If residents choose curbside, those currently using the transfer station will pay \$125 more; those currently using curbside will pay \$200 less



Two-day vs. Five-day Transfer Station Operation

- Cost increase ~\$15/yr.
 - Represents an extra 12% increase over 2005
- Five Day more Convenient
 - Two day operation accommodates ~67% of current customer usage preference.
- Insufficient day-to day workload
 - Provides additional personnel for emergency operations.
 - Potential problems with maintaining a part-time staff



Life After NESWC Committee Recommendations

- **Authorize the \$18,000 Post-closure design specification development**
 - Obtains written confirmation of status of landfill
 - Determines the requirements for recreational reuse of the landfill
 - Permits reconstruction of recycling area
 - Access for Disabled Persons
 - Improved traffic Flow
- **Reject the Curbside Bid**
 - Vendor shows signs of bidder's remorse
 - Requires additional negotiation for PAYT
 - Removal of low cost option from the market place
 - Adds financial pressure to those that can least afford it



Life After NESWC Committee Recommendations

- Maintain 2-stream recycling effort
 - User Ease
 - Increases recycling
- Adopt the “hybrid” PAYT pricing model
 - Actual fees subject to refinement.
- Approve the two-day a week operation schedule for the transfer station



Life After NESWC Committee Continued Fact Finding

- Obtain mid-year customer feed back
- Bid out privatization of transfer station operations prior to next year's Annual Town Meeting
- Bid out trash disposal prior to next year's Annual Town Meeting -- Town operation of Transfer Station
- Reevaluate "hybrid" vs. "pure" PAYT prior to next year's Annual Town Meeting

Payroll Costs

Loader Operator Truck Driver with benefits	\$62,125
Coverage for vacation/sick/personal and other paid time off. In '06 33 days times \$30/hr. times 9 hours	8,910
Supplemental Coverage for Saturdays	3,120
Supervisory Time (5 hrs per week at \$35/hr.	9,100
Clerical Support	2,000
Part-time help (2 employees at 19.5 hours per week and \$20/hour)	40,560
Coverage for part-time employees '06 (20 days times \$30/hr. times 9 hours	5,400
Total Payroll costs including benefits	\$131,215

Non-Payroll Costs

Utilities	\$1,900
Fuel and Oil	12,230
Ground Water Testing	3,500
Equipment and Building Maintenance	6,000
Capital Fund	40,000
Materials and Small Equipment Replacement	6,000
Total Non-Payroll Costs	\$69,630

Total Fixed Costs and Revenues

Total Fixed Costs	\$200,845
Less - Offset revenues Bulky items	\$30,700
Less Senior Citizen Sticker Revenue	20,370
Less Recycling Sticker Revenue	4,000
Less Second Sticker and replacement sticker revenue	5,750
Net Fixed Cost to be covered by Non-Senior Citizen stickers	\$140,025
# of First Stickers sold	2,900
Full cost per First Sticker for a 2-day operation	\$48
Total bag fees for an average household, using 1.5 30-gallon bags per week at \$1.50/bag	117
Total Cost per average household	\$165

Extra Cost For Extra Days

Extra Labor Cost for a 5 Day Operation	\$35,570
Extra Cost per first sticker	12
Cost of the 5-Day Sticker	\$61
Bag Fee for the Average Household – 1.5 30-gallon bags	117
Total Estimated Average Household Cost – 5 Day Operation	\$178