5-DAY OPTION

Article 2

Pricing of Trash Disposal Services

Trash Disposal Pricing

Providing the Citizens with a Choice in Terms of Payment for Trash Disposal Services

- ***Flat Fee with senior discount***
  - ***Vote "NO" on Article 2***

- ***Pay as You Throw (PAYT) with senior discount***
  - ***Vote "YES" on Article 2***

- Article structured as non-binding resolution, since Selectmen set fees, but if Article 2 passes Selectmen will institute PAYT for one-year test period

Trash Disposal Pricing

- ***Two Pricing Options:***
  - Flat Fee with senior discount
    - Single fee regardless of volume of trash or recycling generated
  - Pay as You Throw (PAYT) with senior discount
    - Variable rate pricing concept to encourage reduction in trash generation and more equitable pricing
    - Reduced sticker fee to cover fixed costs plus a per bag fee to cover variable costs (trash disposal costs)
    - Employed in over 100 communities in Massachusetts
    - Increases recycling rates and decreases the amount of trash disposed
    - Would not be implemented until October
    - Education program, brochure on do's and don'ts

Trash Disposal Pricing

- ***<u>Key Operating Factors Common to Both Options</u>***
  - Recycling continues
  - No charge for grass clippings, leaves, clothing, Community Supper drop-off
  - Surcharges for appliances and other large bulky items
  - Continued hazardous waste days

Trash Disposal Pricing

- ***Flat Fee Pricing Option (5 days a week)***
  - Sticker price
    - $17 6/year
    - De pendent on disposal fees – firm contract for one year at $64/ton
  - Senior sticker
    - $50/ year
  - Lag problem in pricing sticker – need to set fee before we know disposal volume

Trash Disposal Pricing

- ***PAYT Pricing Option – 5 Days a Week Operation***
  - "Base" sticker fee = $76/year
  - Senior sticker fee = $22/year
  - Bags
    - 33 gal = $1.40 per bag
    - 16 gal = $0.70 per bag
  - Seniors will be given twelve free 16 gallon bags when they purchase a sticker

Bags available at local retail stores

Trash Disposal Pricing

- ***PAYT Pricing Option – 5 Days a Week Operation (cont.)***
  - Annual Costs:

•Fam ily @ 1 bag/week	$148.00
•Fam ily @ 1.5 bags/week (average)	$184.00
•Fam ily @ 2 bags/week	$222.00
•Sen ior @ 1/2 bag per week (average)	$ 50.00
•Sen ior @ 1 bag per week	$ 86.00

  - Lag problem in bag pricing – won't know pounds per bag until the fee has already been set

Trash Disposal Pricing

- ***PAYT pricing option sensitivity analysis***
  - Comparison to flat fee pricing
    - Assumes 20% reduction in trash disposal tonnage
    - Assumes increased labor requirements to administer and enforce the program
    - Under these assumptions, "average" family pays about the same;
    - Sensitivity to reduction in patronage
    - With 30% reduction in households using the transfer station, sticker fee would increase by 13% ($208/year)

Comparative Pricing Analysis

Comparison of transfer station operations pricing with 5 days a week operation between flat fee and PAYT:

Annual "Average" Estimated Cost*

	Family	Senior
Flat Fee	$176	$50
PAYT	$184	$50

*"Average" for PAYT will vary depending on individual behavior

Continued Fact Finding

- 1 year trial program
- Obtain mid-year customer feedback
- Bid out privatization of transfer station operations prior to Annual Town Meeting
- Bid out trash disposal prior to Annual Town Meeting (town operation of transfer station)
- Bid out curbside pickup
- Reevaluate pricing options depending on feedback, decisions made tonight

Selectmen Recommend a "YES" Vote on Article 2