

CITY OF NEWTON
IN BOARD OF ALDERMEN
PUBLIC FACILITIES COMMITTEE AGENDA

TUESDAY, DECEMBER 13, 2011

7:45 PM
Aldermanic Chamber

In response to the below budget Resolution, the Public Facilities Committee will hold an informational meeting on Tuesday, December 13 at 7:45 PM in the Aldermanic Chamber. The Pay as You Throw Committee will be presenting their findings and possible programs associated with pay as you throw.

RESOLUTION #1

Resolution to His Honor the Mayor requesting a full analysis and presentation of the options for a "Pay as You Throw" Program to be presented to the Board of Aldermen by December 2011.

Respectfully submitted,

Sydra Schnipper, Chairman

The location of this meeting is handicap accessible and reasonable accommodations will be provided to persons requiring assistance. If you have a special accommodation need, contact the Newton ADA Coordinator Trisha Guditz at 617-796-1156 or tguditz@newtonma.gov or via TDD/TTY at (617) 796-1089 at least two days in advance of the meeting.



PAYT OPTIONS STUDY GROUP

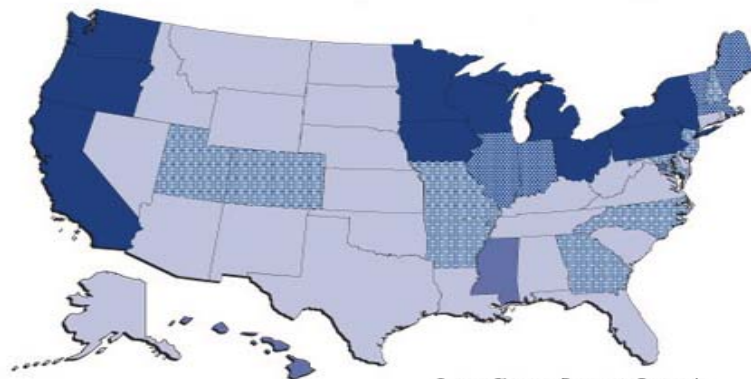
Kevin Dutt, Managing Partner, Private Company
 Ryan Ferrara, Chief of Budget and Finance, DPW
 Courtney Forrester, Recycling Manager, DPW
 Elaine Gentile, Director of Environmental Affairs, DPW
 Karen Griffey, Director of Administration, DPW
 Sydra Schnipper, Alderman, Chair of Public Facilities
 David Turocy, Commissioner of Public Works
 Dede Vittori, Financial Professional, Government Agency
 Carolyn Dann, Municipal Area Coordinator, NE 1, DEP

December 2011

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2006 EPA PAYT Statistics

Pay-As-You-Throw at a Glance

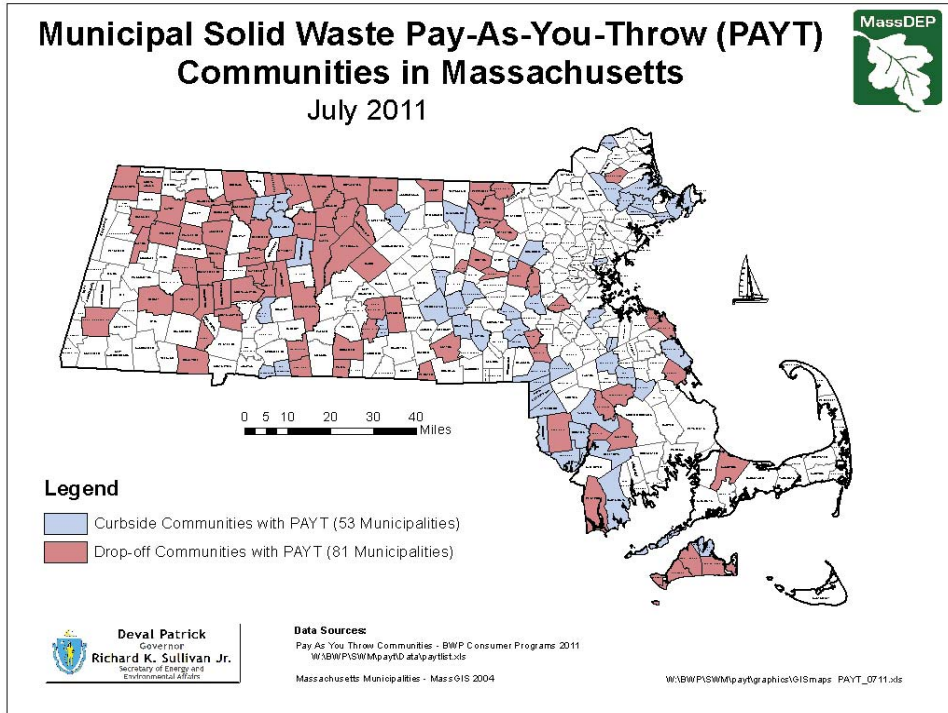


Source: Skumatz Economic Research Associates, Inc. surveys 2005-2006.



7,095 communities

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134 communities; (53 curbside, 81 drop off); 38%

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Prior Recommendations

Blue Ribbon Commission in February 1, 2007:

- noted that recycling in Newton, once a cutting edge program was now falling behind

Citizens Advisory Group - April 14, 2009:

Solutions Part B: Focus on the "Nine Games Changers", #5.

- recommended substituting user fees for tax-based revenue in the financing of selected programs....current tax based revenue will be used to cover costs of under funded, broadly used public services and user fees will be employed to cover selective use of services outside boundaries of core community services....
- CAG supported converting to a PAYT, requiring residents to pay cash only for trash services they use and encourage recycling

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Board of Aldermen Resolution

- The following resolution submitted by Aldermen Sangiolo, Fuller, Crossley, Harney, Hess-Mahan, Johnson: Resolution to His Honor the Mayor requesting a full analysis and presentation of options for a “Pay As You Throw” program to be presented to the Board of Aldermen by December 2011
- In July 2011, DPW met with Executive Staff and BOA docketeers.
- PAYT Study Group, composed of City personnel and residents formed and met eight times between August 25, 2011 and October 18, 2011.
- The Mayor’s Staff was briefed on the Group’s work on November 15, 2011

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Study Group Guidelines

- Easy Implementation
- Incentive to reduce waste by residents, schools and municipal alike
- Full Cost recovery, est. FY 13 (w/o absorbed responsibilities) \$6.8 million*
- Maintain \$2.25 charge per bag, except option #1
- Keep the automated collection system: two size carts only: 35, 64 gallon
- Hybrid System: flat fee + variable fee
- Keep to current HH only, any modifications by BOA, Mayor
- No change in WM costs expected unless major policy change

* Costs do not include other department admin, potential additional EA staff or policy changes

Study Group Concerns

- Barrel Size Option, Economy, 0.74 T/HH, Opt-Outs, exemptions, delinquent fees

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Study Group Process

- Outlined 10 options (5 Full, 5 Partial Cost)
- Narrowed to Full Cost Recovery Options
- Evaluated on a matrix of criteria:
 - equity; admin/ops; environmental; budget; residential/political
- Evaluated costs
- Provide two preferred options for consideration
- Any fees discussed at this point are estimated pending final parameters

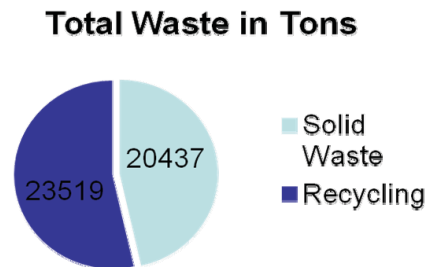
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Newton SW Statistics

Total Trash + Recycling = 43,956 Tons

Households = 27,511

- 96% standard 2-cart collection
- 4% have 35-gallon and/or extra blue carts



Estimated EA Budget FY 13

| | |
|----------------------------------|--------------------|
| SW Collection, Disposal | \$3,758,660 |
| Recycling Collection, Processing | 2,650,923 |
| Salaries | 372,566 |
| Other | 33,000 |
| Postage, Mailing, Maintenance | 19,400 |
| TOTAL | \$6,834,549 |
| TOTAL \$/HH | \$248 |

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Full vs Partial Cost Options

Full Cost Options

- Significant benefit to the City budget - \$6.8 million
- More predictable and sustainable
- BUT, cost shifted to residents, likely perceived as a “backdoor” tax, unless tied to specific uses

Partial Cost Options

- Reduced financial impact to residents
- BUT, is it worth the effort for \$1.77 million?
- Fees less likely to track costs in future years
- Annual reconsideration of subsidy level would be problematic

All options can be Full or Partial so Group only evaluated Full Cost Options

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Options Evaluated

1. Bags in Carts Only, No Base Fee
2. Graduated Cart Fee + Base Fee + Overflow Bags
3. Single Cart Fee + Overflow Bags
4. Bags in Carts + Base Fee
5. Weight-Based + Base Fee + Overflow Bags

Note: Options 2,3,5 assume overflow bags.

1. Bags in Carts, No Base Fee

Bag Fee (~\$5.25+/bag) covers: (52 bags)

- a. Solid Waste Disposal for all trash
- b. Solid Waste Collection
- c. Recycling Collection
- d. Overhead and Administrative Costs

Base Fee – none

Projected Average Cost/Household ~ \$292+/year

1. Bags in Carts, No Base Fee

All revenue from Bags to support all other services

| PRO | CON |
|---|---|
| Will maximize waste reduction incentive | Bags very expensive if sole source of revenue |
| May increase recycling levels | Risk that City would not be able to cover its fixed costs with variable revenue |
| All budgeted costs will be covered via revenue | Tracking, enforcement extremely burdensome |
| Residents in control of their costs when using bags | Recycling costs are not covered via bag revenue |

2. Graduated Cart Fee, Base Fee + Overflow Bags

Graduated Cart Fee (\$75 or \$150) covers:

- a. Solid Waste Disposal for 1st cart **varies by size**

Base Fee (~\$110) covers:

- b. Solid Waste Collection
- c. Recycling Collection
- d. Overhead and Administrative Costs

Overflow Bags (~\$2.25) covers:

- e. Solid Waste Disposal for trash outside cart

Projected Average Cost/Household ~ \$260+, \$185+/year

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2. Graduated Cart Fee (trash disposal) + Base Fee (trash/recycling services, other)

| PRO | CON |
|--|--|
| Administrative simplicity | Doesn't optimize waste reduction as much as bag fee |
| Enforcement effort would be minimal | Administrative/Operational - Need to swap barrels if requested |
| Closely related to status quo – easy for users | |
| Base fee ensures more predictable revenue stream | |
| Equity (moderate) cost depends on cart size used | |
| With base fee, can piggyback on existing utility bills | |
| Moderate incentive for waste reduction | |
| Minimal education effort needed | |

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3. Single Cart Fee + Overflow Bags

Inclusive Base Fee (~\$260) covers :

- a. Solid Waste Disposal for first barrel
- b. Solid Waste Collection
- c. Recycling Collection
- d. Overhead and Administrative Costs

Overflow Bags (~\$2.25) covers:

- e. Solid Waste Disposal for trash outside cart

Projected Average Cost/Household ~ \$260+/year

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3. Single Cart Fee (trash/recycling collection, disposal, other)

| PRO | CON |
|--|--|
| Closest to current program | Low incentive to reduce waste from current levels |
| Minimal education effort needed | Equity issue for users of smaller barrels |
| With base fee, can piggyback on existing utility bills | Estimating trash levels in carts has some risk when projecting revenue |

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4. Bags in Carts + Base Fee

Bag Fee (~\$2.25/bag) covers :

- a. Solid Waste Disposal for all trash

Base Fee (~\$150) covers:

- b. Solid Waste Collection
- c. Recycling Collection
- d. Overhead and Administrative Costs

NOTE: There is no separate bag for overflow as all trash must be in “Orange Bags”. Overflow trash in “orange bags” placed next to cart.

Projected Average Cost/Household ~ \$267+/year

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4. **Bags in Carts** (trash disposal) + **Base Fee** (trash/recycling collection, other)

| PRO | CON |
|---|--|
| Option will maximize waste reduction incentive (environmental impact) | Tracking and enforcement extremely burdensome |
| Base fee ensures more predictable revenue stream | Residents may feel they have to police their cart to ensure non-overflow bags are not thrown into their barrel |
| Equity (moderate) - You pay for the bags you use | Does not encourage residents to use carts excess trash |
| Bag fee tracks disposal; costs mirror revenue | |
| Can use current carts | |

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5. Weight-Based + Base Fee + Overflow Bags

Weight-Based (~\$0.05/lb) covers : (1,480 lbs)

- a. Solid Waste Disposal for all trash

Base Fee (~\$200) covers:

- b. Solid Waste Collection
- c. Recycling Collection
- d. Overhead and Administrative Costs

Overflow Bags (~\$2.25)

- e. Solid Waste Disposal for trash outside cart

Projected Average Cost/Household ~\$274+/year

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5. Weight-Based (trash disposal per lb)

+ Base Fee (trash/recycling services, other)

| PRO | CON |
|-----------------------------------|--|
| Most equitable | Compliance with weight standards |
| Maximum incentive to reduce waste | Identifying cart weight for each account |
| Uses existing carts | Contractor negotiations (potential new costs, limit bidders, current contract is in place) |
| No bags (only overflow bags) | Revenue stream is less predictable |
| | Cost to implement (i.e. scales, cameras, RFID chips, billing, etc.) would be significant |
| | Major programmatic change (cultural) |
| | Potential disincentive for neighbors to collaborate |
| | Would need time to implement |
| | Residents may feel they have to police their cart to ensure non-overflow bags are not thrown into their barrel |
| | Overall process of weighing and tracking trash use in early stages of development |

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MATRIX SCORING

Scoring: 1-unfavorable; 2-somewhat favorable; 3-favorable; 4-very favorable

| | Cost Recovery | Method | Equity Score | Admin/Operational Score | Environmental Score | City Budget Score | Residential/Political Impact Score | Total Score |
|---|--------------------|--|--------------|-------------------------|---------------------|-------------------|------------------------------------|-------------|
| 1 | Full Cost Recovery | All bag revenue No base fee – Assume trash supports all other services | 3 | 1 | 4 | 1 | 2 | 11 |
| 2 | Full Cost Recovery | Base Fee (solid waste and recycling collection); Plus Variable Fee (for trash disposal costs) Based on Barrel Size | 4 | 4 | 3 | 4 | 3 | 18 |
| 3 | Full Cost Recovery | Base fee based on cart size for collection (solid waste and recycling collection) and standard first barrel and bag revenue for excess trash | 1 | 4 | 1 | 3 | 2 | 11 |
| 4 | Full Cost Recovery | Base Fee (solid waste and recycling collection) and Bag Revenue (disposal costs) | 4 | 1 | 4 | 4 | 3 | 16 |
| 5 | Full Cost Recovery | Weight based program: base fee (solid waste and recycling collection), per lb (disposal costs) | 4 | 1 | 4 | 3 | 1 | 13 |

Summary of Option Concerns

1. Bags in Carts Fee
 - Too much financial uncertainty; enforcement
 - All revenue from official bag fees, >\$5.25+/bag
3. Single Cart Fee
 - No incentive to reduce waste
5. Weight-Based Fees
 - Not currently available due to reliability issues

Two Options Preferred by Study Group

2. Graduated Cart Fee

- Base fee of \$110
- Cart Fee of either \$75 for small barrel or \$150 for larger cart

4. Bags in Carts

- Base fee of \$150
- All trash must be in official bags
- **Can offer a small bag at \$1.50/bag**

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Projected Estimated Cost Summary

| | Base Fee | Average units | Bag Cost | Cart Cost | Total Cost per Year |
|-------------------------|----------|------------------|------------------------|--------------|-----------------------------------|
| 1. Bags Only | \$0 | 52 @ \$5.25 | \$292 | - | \$292+ |
| 2. Graduated + Base Fee | \$110 | - | - | \$150 (\$75) | \$260+ over \$185+ over |
| 3. Single | \$260 | - | - | - | \$260+ over |
| 4. Bags + Base Fee | \$150 | 52 @ \$2.25 | \$117 | - | \$267+ (possible smaller bags) |
| 5. Weight + Base Fee | \$200 | 1480 lbs @ \$.05 | \$74 (1480x \$0.05) | - | \$274+ over |

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Policy Issues Impacting PAYT

CUSTOMERS:

- Do we limit number of units per site? (up to 4-6 units)
- Do we continue to collect at dumpster locations?
- Should we consider adding all units to the program? (do not collect at 5,500 units)
- How do we budget for Opt Outs?
- Incomplete knowledge of collection sites, illegal apartments

OPTIONS:

- How do we determine number who will switch cart size?
- Should there be exemptions? Elderly, low income
- Should we add another size cart option? 40-45 gal
- What is the incentive to reduce waste, and do we tie to the size cart?

PROGRAM:

- Must account for uncollectible invoicing
- Should we allocate trash collection and disposal costs to all departments, housing authority, etc?
- Should we change the frequency of collection and go to bi-weekly?
- Can we Implement an organics collection program? Recycle Bank?

These items are currently not included in any models.

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Policy Issue Pros/Cons

| | PRO | CON |
|---------------------------------|--|---|
| Curbside organics program | Approx 30% of waste stream, adds weight not volume; Would help reduce variable costs of disposal | Separate collection Admin: Cart delivery Procurement and contract negotiation |
| Max # of apartments in building | Easier to keep track of locations No dumpster collection | Taking away existing program |
| Condos/apartments w/dumpsters | Program already in place | Determining equitable fee structure; Recycling participation a problem |
| All 32,000 residential units | Entire City under one program | Admin – cart ordering and delivery; Contract cost ↑ |
| Municipal/school buildings | Dept will be held responsible for the cost of trash collection and disposal or just disposal Incentive to recycle more and reduce trash | Admin – transfer billing?? Or place costs in individual budgets |
| Different size carts | Accuracy in fees for cart size | Auto collection problem |
| Bi-weekly collection trash | Way to incentivize people to reduce trash | Need to designate cart for bi-weekly; Residents will see as “reduced service” |
| Non-Profits - residential | Price probably cheaper than commercial | Added stops, may increase contract cost; Admin: cart delivery |

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Projected PAYT Timeline

| | |
|-----------------------------------|----------------|
| • Presentation to Exec Staff | Time Zero |
| • Presentation to Mayor | .5 month |
| • Presentation to BOA signees | 1 month |
| • Presentation to Ald. Committees | 2 months |
| • Public Hearing | 2.5 months |
| • BOA Vote | 3.5 months |
| • Notify Residents | 4 months |
| • Munis, Enterprise Fund | 4-4.5 months |
| • Develop Brochure | 4.5 months |
| • POs If necessary | 5 months |
| • Review and Sign off on Brochure | 5.5 months |
| • Print Brochure | 6 months |
| • Mail Brochure | 6.5 - 7 months |
| • Delivery (Carts) | 7.5-8.5 months |
| • Other Publicity | 8 – 8.5 months |
| • Roll Out | 9 months |

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PAYT in Newton



“If you really put your mind to it, you can cut your household garbage down to one bag per week.”

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