CITY OF NEWTON

IN BOARD OF ALDERMEN

PUBLIC FACILITIES COMMITTEE REPORT

TUESDAY, DECEMBER 13, 2011

Present: Ald. Schnipper (Chairman), Albright, Salvucci, Gentile, Crossley, Danberg, and Lappin
Absent: Ald. Lennon
Also present: Ald. Baker, Fuller, Hess-Mahan, Johnson, Linsky, Fischman, Merrill, Rice, Sangiolo, Shapiro, and Swiston
City staff present: David Turocy (Commissioner of Public Works), Elaine Gentile (Director of Environmental Affairs; Public Works Department) Courtney Forrester (Recycling Manager; Public Works Department), Ryan Ferrara (Chief of Finance/Budget; Public Works Department), Karen Griffey (Director of Administration; Public Works Department), Robert Rooney (Chief Operating Officer), and Maureen Lemieux (Chief Financial Officer)

The Public Facilities Committee and several other Aldermen attended an informational presentation. The Pay as You Throw Committee provided the attached presentation in response to the below budget Resolution. The projection numbers included in the presentation that relate to program costs and generated savings are all estimated. The Pay as You Throw Committee's presentation provided finding and possible programs associated with pay as you throw. There was not a recommendation included in the presentation, as it would be up to the Mayor or Board of Aldermen to propose any change to the current trash and recycling program. If a change is proposed, it will require extensive discussions by the Board of Aldermen.

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,

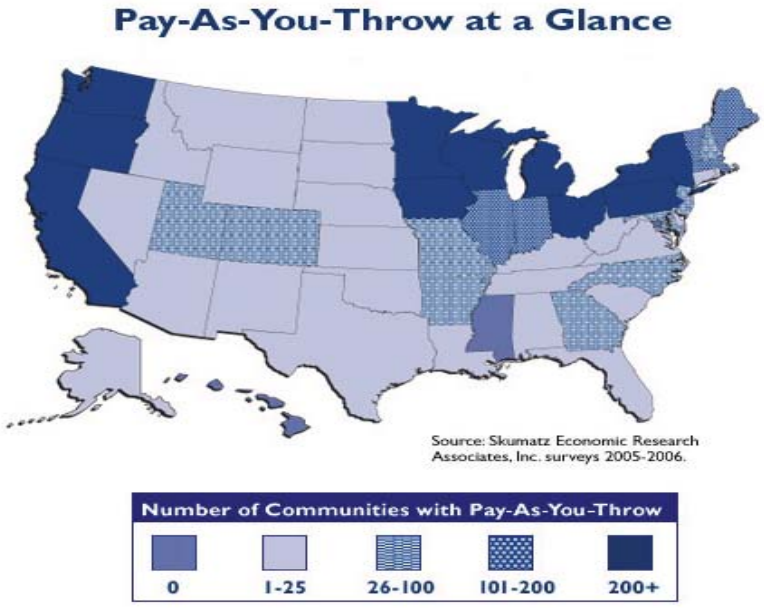
Sydra Schnipper, Chairman

PAYT OPTIONS STUDY GROUP

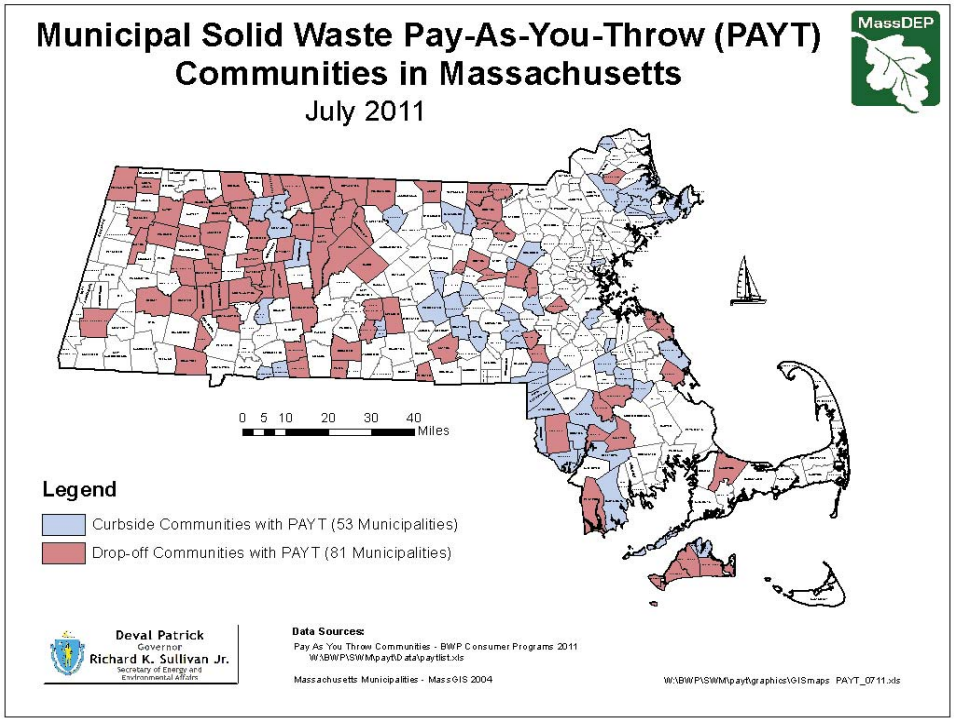
Kevin Dutt, Managing Partner, Private Company
Ryan Ferrara, Chief of Budget and Finance, DPW
Courtney Forrester, Recycling Manager, DPW
Elaine Gentile, Director of Environmental Affairs, DPW
Karen Griffey, Director of Administration, DPW
Sydra Schnipper, Alderman, Chair of Public Facilities
David Turocy,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

December 2011

2006 EPA PAYT Statistics



7,095 communities



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

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

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

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

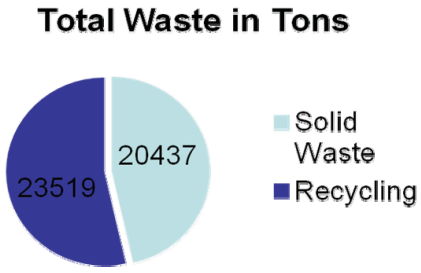
Study Group Process

- 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

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

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

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 <u>all</u> 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

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	

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

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

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

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	

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

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

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

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

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.

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

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

PAYT in Newton

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