

Town of Southborough,
Massachusetts

Transfer Station Report 2014

Submitted by the
Public Works Planning Board

January 14, 2015

Introduction

On June 17, 2014, the Board of Selectmen asked the Public Works Planning Board (“PWPB”) to review the Transfer Station operation, and provide recommendations on the following:

- Improvements to the current operation to increase efficiency and to provide ease of oversight for employees (i.e., reducing the number of employees required to operate and maintain the service, excluding the transportation roll-offs);
- Other alternatives to our current method of trash removal, including cost and service comparisons (in the past, it seems that the PWPB has been steered toward PAYT; while it should be included, it should not be the sole alternative).

After all (re)appointments were made by the Town Moderator and the Planning Board, the PWPB began its work on this topic on September 29, 2014. The PWPB membership includes:

- Desiree Aselbekian (Chair)
- Susan G. Baust (Secretary)
- Mark S. Bertonazzi (Vice Chair)
- Robert B. Bezokas
- James P. Hellen

Documentation Review:

The Transfer Station has been discussed several times at length by the PWPB dating back to 2006. The PWBP reviewed and discussed many Transfer Station financial and operational documents including the following:

- October 5, 2006 PWPB letter to the Board of Selectmen regarding pay as you throw and transfer station rules and regulations
- Town of Southborough Resident Survey 2011
- November 17, 2011 memo from DPW Superintendent Karen Galligan to former Town Administrator Jean Kitchen regarding the PWPB transfer station funding analysis
- Town of Southborough current municipal solid waste flow analysis
- MassDEP 2012 Solid Waste and Recycling Survey
- Pay As You Throw Presentation

Vetting Options & Review of Financial Analysis:

After review of the documents and consideration of the current Transfer Station operation, the PWPB chose five (5) options to run financial analyses, operational impact, and community consideration. The options discussed and considered include:

1. Current System of Operation
2. Fund 100% through Taxation
3. Enterprise Fund with Stickers
4. Revolving Fund with Stickers and/or Pay as You Throw
5. Enterprise Fund with Pay As You Throw

Recommendations

Option Recommendations:

The PWPB decided to rank our overall recommendations. Each member voted on their first and second choices in order of priority. There were two clear options based on our rankings: options 2 and 1, respectively.

Board Member	Choice #1	Choice #2
Desiree Aselbekian	Option 2	Option 1
Susan G. Baust	Option 1	Option 5
Mark S. Bertonazzi	Option 1	Option 2
Robert B. Bezokas	Option 2	Option 1
James P. Hellen	Option 2	Option 5

- **Recommendation of Operational Structure:** Overall, the PWPB is **unanimous in our recommendation of keeping the current Transfer Station operational structure**, as options 2 and 1 received equal votes in total. The community input suggests an overwhelming amount of residents do not want to change the operational structure of the Transfer Station. Option 5, pay as you throw, was a minority second option choice for two members. However, there was consensus among the PWPB the negatives outweighed the positives considering the current staffing, site facility, logistics, implementation, and community consideration.
- **Recommendation of Funding Mechanism:** Our official votes reflect a recommendation of funding the Transfer Station 100% through taxation.
 - **Three (3) in favor of option 2: Fund 100% through Taxation** is our top choice. The PWPB considers the Transfer Station a community hub. The vast majority of residents use the Transfer Station. Many residents utilize other services, such as the swap shop and recycling center as well. Additionally, the Transfer Station has become a hub of politics, community charity events, and the like. In turn, it is reasonable for the entire community to fund its operation.
 - **Two (2) in favor of option 1: Current System of Operation** is the second choice. Members feel the Transfer Station is run very efficiently. Instituting user fees and supplementing shortfalls with tax revenue is acceptable. The community is largely in favor of the current system of operation, and doesn't want more drastic changes, such as pay as you throw.
- **Overall Theme in all Options:** **The PWPB unanimously recognizes the need for increased recycling.** The consistent and overriding theme regardless of option is the Transfer Station has very high volumes of tonnage, much of which could most likely be recycled. There is a need in this community to promote and enhance recycling. We would recommend working with the Green Technology and Recycling Committee to promote new ways of enhanced recycling at the Transfer Station that is easy for the public to commit to and use on a regular basis.

*It is important to note, Ms. Galligan was confident she and the Transfer Station Department could implement any of these options successfully. She was neutral and impartial in the process giving us the data and advice we sought. A detailed analysis of each option begins on page four of this Report.

General Recommendations:

In our general discussion of the Transfer Station and its overall operation, the PWPB reviewed other topics that we believe will help enhance the Transfer Station and its operation while making it more user friendly. The PWPB **unanimously supports all of the following general recommendations:**

- **Enhanced Take-Back Program:** refrigerators, mattresses, and couches (including sleeper sofas) are allowed at the Transfer Station, and televisions are only taken on Hazardous Waste Days (“HWD”). All these items are taken at no additional cost to the user. However, it still costs the department money for removal of these larger items.
 - Refrigerators are disposed of in the “white goods” section and do cost the department money for proper disposal.
 - Mattresses and couches are currently allowed at the transfer station. They are disposed of in the hopper. This fills up the hopper quickly and increases disposal fees.
 - Televisions are currently only taken once or twice a year during HWD.The PWPB believes the department should **charge a fee for removal of all the above mentioned items in accordance with the cost associated for such disposal.**

- **Promote Increased Recycling:** the Transfer Station currently has a system of recycling that requires separation of recycled goods. Perhaps some users would be more amenable to recycling if we instituted single stream recycling.
 - Single Stream recycling allows all recyclables to be put in one container/area. Ms. Galligan has spoken with Harvey, our recyclable vendor, and our recyclables are currently being treated as a “single stream” system with two exceptions: newspaper and large/corrugated cardboard. If we would move to full “single stream” the costs would be \$125 per haul. We don’t feel that is necessary at this time considering the expense.
 - Recycling Made Easier is the plan we endorse. Under this plan, users would be able to commingle all their recyclables with the exception of newspapers and larger/corrugated cardboard. Therefore, glass, aluminum, paper goods, etc. can all be put in one bin increasing the ease of recycling.

- **Maintain Staffing:** The June 17, 2014 Board of Selectmen charge specifically requested the PWPB consider “reducing the number of employees required to operate and maintain the service, excluding the transportation roll-offs.” We want to make it very clear that Ms. Galligan is running an extremely efficient and cost effective department relative to staffing levels. Her personnel consist of one full-time employee and the rotation of part-time/seasonal employees. This reduces costs associated with benefits, while keeping the Transfer Station running effectively with its current two-level site plan. There is no room in the equation to reduce staffing.

The Options

The PWPB considered five (5) options in this round of discussion about the Transfer Station. We weighed pros and cons, reviewed the financial impacts, and analyzed the community effect of each option. Below are detailed findings for each option.

Option 1: Current System of Operation

The Transfer Station's current system of operation was the most straightforward to review, as the Town has been operating "the hopper" since 1976. The current system is extremely cost efficient relative to staffing, capital, and departmental expenses. However, due to the high amount of tonnage the Town produces, the disposal costs are high.

In terms of staffing, Ms. Galligan has an extremely efficient operation. Her personnel consist of one full-time employee and the rotation of part-time/seasonal employees. This reduces costs associated with benefits, while keeping the Transfer Station running efficiently with its current two-level site plan. Capital and departmental expenses are also very reasonable under the current system of operation.

Disposal is contracted with Wheelabrator. Ms. Galligan, in collaboration with regional neighbors, has successfully negotiated down the cost of disposal. Beginning in January 2015, the Town will spend \$64 per ton for disposal costs, which is \$11.66 less than we currently pay. We used the new disposal cost for all financial projections.

There are currently 4,430 stickers (2,637 households) issued in fiscal year 2014. The fee schedule is as follows:

- \$200 online/mail prior to September 15th
- \$220 in person prior to September 15th
- \$250 after September 15th (prorated after February 1st)
- \$0 for all senior citizens

Cost Analysis:

ITEMS	EXPENSES	REVENUES	TOTAL
Labor and Benefits	197,920.40		
Misc. Annual Expenses	21,422.97		
Capital Expenses	46,500.00		
Departmental Expenses	21,700.00		
Disposal Expenses	202,808.00		
FY2014 Stickers		407,300.00	
Scrap Metal (general fund)		12,000.00	
			(71,051.37)

Cost Impact:

\$83,051.37 shortfall resulting in property tax impact of **\$0.04 per thousand**.

\$12,000 in scrap metal revenue is returned to the general fund of the Town.

Community Analysis:

PROS	CONS
Familiarity – what the community knows and likes	Total amount of tonnage is high
High approval rating in the community	Tonnage is the cost driver
Promote recycling to reduce disposal costs	No accountability for reducing tonnage
Department is very efficient	Easy to cheat the system relative to the rules and regulations.
Community (tax base) and users (stickers) pay	Leniency of rules and regulation due to coverage and cost of follow-up
	Doesn't Improve Recycling

Option 2: Fund 100% through Taxation

This option was briefly discussed in prior PWPB meetings, but was quickly dismissed. At the time, user fees were not as high. We have seen a relatively stable sticker user rate the past 5 fiscal years. There has been a substantial increase in user fees to the point that the Transfer Station is almost self-sustainable.

The Transfer Station is part of the community. There are only 600 households that do not currently use the transfer station; yet, to date, 4,430 stickers for 2,637 households have been issued. Whether users are weekly visitors, frequent flyers, or promoting a cause, the Transfer Station does currently act as the Town's hub. Therefore, asking the community to collectively participate in the cost is reasonable, much like schools, fire, and police. Implementation of this option could happen in the FY16 budget and/or as a roll out over the next couple budget cycles.

Cost Analysis:

ITEMS	EXPENSES	REVENUES	TOTAL
Labor and Benefits	197,920.40		
Misc. Annual Expenses	21,422.97		
Capital Expenses	46,500.00		
Departmental Expenses	21,700.00		
Disposal Expenses	202,808.00		
Scrap Metal		12,000.00	
Department Covered in Tax		490,351.37	
			478,351.37

Cost Impact:

All funding for Transfer Station included in the tax base.

\$0.22 per thousand increase to a homeowners property tax.

No excess of the levy limit.

No sticker fees.

All property owners have access to the Transfer Station.

Community Analysis:

PROS	CONS
No upfront yearly sticker fee	Increased assessment .04/1000 to .22/1000
Community is paying for transfer station	Entire community pays even if you don't use
Stickers mailed with tax bill	Total amount of tonnage is high
Increased tax is deductible on your Federal Taxes	Tonnage is the cost driver
No extra mailings	No accountability for reducing tonnage
Ease of service	Easy to cheat the system relative to the rules and regulations.
	Leniency of rules and regulation due to coverage and cost of follow-up
	Doesn't Improve Recycling
	People may become accustomed to no sticker fee making it more difficult to change back to a user fee system in the future

Option 3: Enterprise Fund with Stickers

An enterprise fund would create a self-sustaining department. All expenses and revenues would be fully dedicated to the Transfer Station and managed by the DPW Superintendent. As with any enterprise fund, implementation can not happen immediately. In fact, it would take at least one budget cycle to build up revenue in the enterprise fund to cover expenses associated with the Transfer Station.

If the goal is to have only users of the Transfer Station pay for their use of the facility, this option would achieve that. Only transfer station users would be burdened with its cost. Therefore, the current shortfall of approximately \$71,051.37 would have to be integrated into the user fees resulting in higher fees for non-seniors and/or fees for senior citizens. There are 648 senior citizen and need-based households who do not have a sticker fee constituting 24.57% of total users.

Cost Analysis:

ITEMS	EXPENSES	REVENUES	TOTAL
Labor and Benefits	197,920.40		
Misc. Annual Expenses	21,422.97		
Capital Expenses	46,500.00		
Departmental Expenses	21,700.00		
Disposal Expenses	202,808.00		
Scrap Metal		12,000.00	
User Fees		407,300.00	
			478,351.37

Cost Impacts:

\$490,351.37 is the Total Cost to Run the Transfer Station. Scrap metal and other revenue could offset the cost bringing it down to approximately **\$478,351.37**.

Permit fees to cover **all expenses**:

1989 households are non-senior: Resident Permit Fee (no senior fees): \$246.53 per sticker
 2637 households including seniors: All Residents Permit Fee (seniors pay full): \$185.95 per sticker

Impact on Senior Citizens (approximate costs)

Every 5% seniors pay reduces the non-senior rate by \$3
 Every 5% seniors pay is between \$9-\$12

Permit Fee if Seniors Pay 50%	\$ 212.00	non-senior
	\$ 106.00	senior
Permit Fee if Seniors Pay 40%	\$ 218.00	non-senior
	\$ 87.00	senior
Permit Fee if Seniors Pay 25%	\$ 228.00	non-senior
	\$ 57.00	senior
Permit Fees if Seniors Pay 10%	\$ 239.00	non-senior
	24.00	senior

Community Analysis:

PROS	CONS
The DPW would have control of the fund	Controllability of costs
DPW would keep all revenues (scrap metal, etc.)	Must self-fund – need to build up the fund
Sticker price determined by usage	Must self-fund – increase cost to the system means increase in sticker fees
	Higher sticker fees to cover the shortfall the department has already including potential senior fees
	Total amount of tonnage is high
	Tonnage is the cost driver
	No accountability for reducing tonnage
	Easy to cheat the system relative to the rules and regulations.
	Leniency of rules and regulation due to coverage and cost of follow-up
	Doesn't Improve Recycling

Option 4: Revolving Fund with Stickers or Pay As You Throw

If the Transfer Station was supported by a revolving fund the idea is all revenues are specifically dedicated to that purpose. The DPW would manage the fund, and if there were excess monies available at the end of the year, they would be returned to the revolving fund instead of back into the general fund. This would be a way to manage user's fees on an annual basis depending on excess and deficiency in the revolving fund.

We quickly discovered a problem with this option. While the Transfer Station is an acceptable use of a revolving fund under 53E1/2, any one department is only allowed to spend 1% of the levy. Therefore, the DPW would only be allowed to spend \$347,897 in revolving funds. Currently, the DPW manages a \$100,000 revolving fund for 911 memorial field, which leaves the DPW only \$247,897 in revolving funds availability. The permit fees can be split between the revolving fund and general fund, but there is no definitive way to do that.

Revolving funds have to be voted every year at Town Meeting. Further, if more money is collected than the fund can spend, the surplus can not be used. The only way to use extra money in a revolving fund is for Town Meeting to vote not to except the revolving fund. Then the money goes into the general fund on July 1st making it available to all departments.

Cost Analysis:

ITEMS	EXPENSES	REVENUES	TOTAL
Labor and Benefits	197,920.40		
Misc. Annual Expenses	21,422.97		
Capital Expenses	46,500.00		
Departmental Expenses	21,700.00		
Disposal Expenses	202,808.00		
Scrap Metal		12,000.00	
Revolving Fund Revenues		259,662.00	
			(218,689.37)

Cost Impacts:

\$218,689.37 shortfall

Tax Rate Impact

The current tax rate of \$16.02 with increase of the levy by 0.60% = **\$0.10 per thousand** on the tax rate

Bag Fee Calculation with Revolving Fund

\$218,689 / 2637 number of households in the system (including seniors) / 52 weeks = **\$1.60 per bag**

Community Analysis:

PROS	CONS
Flexibility for DPW to retain revenues	Restricted to \$259,662 due to levy restriction and other revolving funds the DPW oversees
Sticker price dictated by usage	Tax rate higher .10/1000 to cover costs
Funded through stickers and/or bag fees	Total amount of tonnage is high
Sticker fee would be lowered	Tonnage is the cost driver
	No accountability for reducing tonnage
	Easy to cheat the system relative to the rules and regulations.
	Leniency of rules and regulation due to coverage and cost of follow-up
	Doesn't Improve Recycling

Option 5: Enterprise Fund with Pay As You Throw

Creating an enterprise fund with pay as you throw (“PAYT”) creates a self-sustaining department. Similar to Option 3, an enterprise fund supported by PAYT would be fully managed by the DPW Superintendent. Implantation would take at least one budget cycle to build up revenue in the enterprise fund to cover expenses associated with the Transfer Station. Moreover, in order to cover operational expenses of the department, there would have to be an up-front sticker fee. Baggage fees would be based on disposal costs.

If the goal is to have only users of the Transfer Station pay for their use of the facility, this option would achieve that. Only Transfer Station users would be burdened with its cost. Additionally, there is some supporting evidence that if PAYT is incorporated correctly and users are more conscious of how many bags they use, the result is a decrease in tonnage and therefore reduction of disposal costs.

Cost Analysis:

ITEMS	EXPENSES	REVENUES	TOTAL
Labor and Benefits	197,920.40		
Misc. Annual Expenses	21,422.97		
Capital Expenses	46,500.00		
Departmental Expenses	21,700.00		
Disposal Expenses	202,808.00		
Scrap Metal		12,000.00	
User Fees – Sticker and PAYT		490,351.37	
			478,351.37

Cost Impacts:

Costs to Support Enterprise with PAYT

Permit Fees to Cover \$287,543.37 Operational Expenses:

1989 households are non-senior: Resident Permit Fee (no senior fees): **\$144.57 per sticker**
 2637 households including seniors: All Residents Permit Fee (seniors pay full): **\$109.04 per sticker**

Bag Fees to Cover \$202,808.00 Disposal Expenses:

1989 households are non-senior: Resident Permit Fee (no senior fees): **\$1.96 per bag**
 2637 households including seniors: All Residents Permit Fee (seniors pay full): **\$1.48 per bag**

Community Analysis:

PROS	CONS
Reduction in tonnage if done well and supported by recycling	Where do you buy bags? Does DPW produce them? Do we buy a sticker to place on bags?
Reduction in disposal fees if done well and supported by recycling	Cultural change / change in community value
Potential increase in recycling	Residents opposed to PAYT
Potential decrease in user fees if you use fewer bags	Potential increase in user fees if you use multiple bags

Conclusion

The PWPB would be happy to answer any questions regarding our process. We look forward to discussing the Transfer Station at the Tuesday, January 20, 2015 meeting of the Board of Selectmen.