

**COST ANALYSIS OF SOLID WASTE OPTIONS
FOR THE
TOWN OF BARNSTABLE**

Comprehensive Financial Advisory Committee
Subcommittee on Solid Waste:

Ralph Krau
Henry McLean
Jacqueline Michelove
Robert Ciolek

Issued: February 1st, 2012

POLICY QUESTIONS - 1

There are many variables associated with the Town's solid waste program and the program can be assembled or reassembled in many ways. It is easy to get "caught up in the weeds". The CFAC report suggests that there are several critical policy questions:

1. Does the Town intend to maintain a solid waste disposal program for its residents after FY14?
2. Will the Town require residents with private haulers to switch and use the Town program?
If not, does the Town intend to strengthen regulatory requirements for information reporting and the pricing of hauler services?
3. Will the Town adopt a Pay-As-You-Throw (PAYT) program for residential households or not?
4. Will the Town adopt PAYT with curbside pickup or continue the use of the transfer station?

POLICY QUESTIONS - 2

- *cont'd* -

5. If curbside pickup is chosen should the Town adopt single-stream or multi-stream recycling?
6. Should the Town directly fund, through an appropriation, all or a portion of the solid waste program or should it be user supported through fees and charges?
7. Should the program be managed in a financially self-supporting manner?
8. Will there be any fee reduction provisions for low-income households?
9. What are the consequences of the policy choices in terms of customer behavior?

After the Town Council and Administration resolves these policy questions and determines the solid waste program it wants to implement in FY15, CFAC recommends completion of a final cost estimate of the new program.

KEY CONSIDERATIONS - 1

- Demographics matter: Barnstable is the state's 26th largest community in terms of population
- The Town is the 4th largest in terms of square mileage
- The Town's solid waste program is largely paid for by the users of the Transfer Station
- There is a minor, direct Town cost associated with the solid waste program
- 37% of Barnstable households currently use the Town Transfer Station
- 63% of Barnstable households individually contract with private waste haulers
- 37% represents 9,151 households who produce about 14,150 tons of solid waste
- 63% represents 15,849 households who produce about 25,000 tons of solid waste
- Users of the Transfer Station recycle at a rate of 33%
- Non-user rates are unknown, though the state estimates that the Town's recycling rate is 16%
- Residential users of the Transfer Station currently pay \$140.00 for an annual "first" sticker
- User fees account for the bulk of revenue to pay the expenses of the Solid Waste Division
- There is some revenue from the Town's recycling program, about \$245,000 in FY11
- The cost of the recycling program in FY11 was about \$505,000

KEY CONSIDERATIONS - 2

- In FY11 disposal costs were only 9% of the total cost of the residential solid waste program
[Program Budget: \$1,511,239 and Disposal Costs: \$136,095]
- In FY15 disposal costs are estimated to grow to 34.8% of the total cost of the program
[Program Budget: \$2,401,613 and Disposal Costs: \$836,200]
- In FY11 the “tipping fee” was \$37.51/ton [all in disposal cost was \$44.70/ton]

Tipping Fee:	37.51
Transfer Station Fee:	1.00
Trucking Costs	<u>6.19</u>
Total Costs	\$44.70
- In FY15 the “tipping fee” is estimated at \$80.00/ton [all in disposal cost of \$88.00/ton]

Tipping Fee:	80.00
Transfer Station Fee:	1.00
Trucking Costs	<u>7.00</u>
Total Costs	\$88.00
- Adding new options to the current program may increase household recycling rate
- Adding new options to the current program will increase the total cost of the program

RENEWABLE ENERGY COMMISSION REQUEST

- REC requested that CFAC perform a cost analysis with respect to five options:
 1. Make no significant changes to the current program and renegotiate with Covanta, Inc. for the disposal of solid waste;
 2. Privatize the solid waste program with and without the Town managing a recycling program for Barnstable residents;
 3. Institute a PAYT program *for the current users* of the Marstons Mills transfer station;
 4. Institute a PAYT program and curbside collection *for all residential households* in Barnstable, with one waste hauler; and,
 5. Institute a PAYT program and curbside collection *for all residential households* in Barnstable, with multiple districts, thus with more than one waste hauler.

COST ANALYSIS

	EST. ANNUAL COST <i>16%</i> Recycling Rate	EST. ANNUAL COST <i>33%</i> Recycling Rate	EST. ANNUAL COST <i>50%</i> Recycling Rate
<i>Current Program – FY11</i>	N/A	\$138.94	N/A
<i>Renegotiate with Covanta</i>	N/A	\$232.22	\$203.27
<i>Privatize</i>	\$0/\$27.32+	\$0/\$27.32+	\$0/\$27.32+
<i>PAYT for current users</i>	\$288.00	\$259.05	\$230.11
<i>Curbside/PAYT for all</i>	\$283.60	\$259.85	\$236.09

NOTES:

- Cannot accurately estimate “district” curbside costs; would require 2 RFP’s to determine costs
- Two “privatization” numbers represent ending recycling program or maintaining current program
- Current households = 9,151 [37%]; All households = 25,000 [100%]