



TOWN OF WELLFLEET

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To: Board of Selectmen, Board of Health
From: Harry Sarkis Terkanian, Town Administrator *HST*
Subject: Fiscal Year 2015 Review of Save Money and Reduce Trash ("SMART")
Date: August 10, 2015

Executive Summary – Fiscal year 2015 (July 1, 2014 through June 30, 2015) was the first full fiscal year of the operation of the program. The fiscal year 2015 program operation continue to show significant reductions in the amount of solid waste processed and in the increase in the amount of recyclable materials processed compared with Fiscal 2013, the last complete fiscal year before the program was implemented.

During the fiscal 2015 14,760 five bag packages of SMART bags were delivered to retailers. The Town also purchased one case which was used during the period for distribution to persons qualifying for assistance and to ease retailer shortages. Town receipts for bag sales for the period, net of bag manufacturing and processing costs, totaled \$90,234.50 The program included reducing the price of residential transfer station permits to off set the cost of purchasing bags. Fee reductions were made from the fiscal year 2013 fee of \$55 to \$40 in fiscal 2014 and then to \$25 for fiscal 2015. The reason there was a two step fee reduction was because the program was in place for only seven of twelve months during fiscal 2014. The result of the permit fee decrease was to reduce total residential permit fees in FY 2015 from the FY 2013 total by \$68,455. As the number of residential permits has remained essentially constant, this reduction in permit charges to residents is due entirely to the fee reductions.

Large commercial vehicle permits decreased from 9 in FY 2014 to 3 in FY 2015 indicating that some commercial haulers may be delivering trash elsewhere.

The amount of municipal solid waste ("MSW") handled through the transfer station during fiscal 2015 totaled 1,365.04 tons. For the 12 month period ending in November, 2013, MSW totaled 1,966.99 tons. The decrease between the periods was 601.95 tons, representing a 30% decrease after implementation of the program. The amount of recyclable materials handled through the transfer station increased by 102.08 tons, representing a 24% increase.

The cost of disposing of MSW, estimated at \$45.50 per ton (\$18.50 tipping fee plus an estimated \$27 hauling cost), decreased by an estimated \$27,388.73. This decrease is due to the reduced amount of MSW processed through the transfer station. This cost savings was partially offset by the cost of the bag program which was \$15,265.50 for the period (approximately 20.3 cents per bag.) In September, 2016 the Town's tipping fee will increase from \$18.50 to \$55 making continued reduction in MSW even more important

Program Description - The SMART program (or Pay as You Throw – PAYT) requires that residential trash delivered to the transfer station be delivered in authorized bags. The bags are sold by several local retailers at their cost. Three bag sizes are available: large bags costing \$1.50 each with a 33 gallon capacity which hold about 25 pounds; small “tall kitchen” bags costing \$1.00 each with a 15 gallon capacity which hold about 15 pounds; and small “mini” bags costing \$0.50 each with an 8 gallon capacity which hold about 5 pounds¹. The bags are sold in packages of five.

Statutory Authority - Authority to regulate the disposal of trash is vested in local boards of health by Massachusetts statutes. The enabling legislation for local boards of health can be found in General Laws, chapter 111, sections 26 – 33.² Specific authority to regulate trash removal is in sections 31A and 31B³. Authority to assign sites for use as a transfer station is in sections 150A and 150A½.⁴

The Town of Wellfleet further regulates the setting of fees for the transfer station in General Bylaws, Article III, Section 12 which provides as follows:

Solid Waste Disposal Fees

- A. All fees charged by the Town of Wellfleet for disposal of solid waste at the municipal transfer station/landfill shall be set annually by the Board of Health after same have been approved by the Board of Selectmen. Said fees shall be set by a vote of the Board of Health only after (1) a public hearing, notice of which shall be posted at Town Hall and published in a newspaper distributed in Wellfleet at least seven (7) days prior to any such public hearing and (2) after the Board of Health has received written notice from the Board of Selectmen that they have voted to approve the proposed fee schedule.

Transfer Station Fees - Resident transfer station stickers for the primary vehicle were reduced from \$55 annually to \$40 annually effective on July 1, 2013. The program went into effect for residential users on December 1, 2013 and for commercial haulers on January 1, 2014. On July 1, 2014 the fee for resident transfer station stickers for the primary vehicle was further reduced to \$25 annually. These two reductions in the cost of transfer station stickers completed the planned \$30 reduction in sticker costs. The sticker cost for additional residential vehicles has not been changed.

Fiscal Year 2015 Data - Since the program began in December, 2013 for residential customers and in January, 2014 for commercial haulers, any effects from startup or transition to full operation are assumed to have ended prior to the beginning of the 2015 fiscal year. Exhibit A is the raw recycling data for fiscal years 2013, 2014 and 2015. Exhibit B is a chart showing the monthly average MSW tonnage for eighteen months of the program (January 2014 through June 2015) compared with the average for the corresponding months of the previous three years. The average annual tonnage of MSW for calendar 2011 through 2013 was 1,914.55; for the first 18 months of PAYT the annual average was 1,321.51 tons; a

¹ See the board of health regulations for rules governing commercial hauler and single bag fees. http://www.wellfleet-ma.gov/sites/wellfleetma/files/file/file/boh_regs_2014_2014-05-06_1.pdf

² *Manual of Laws and Regulations Relating to Boards of Health*, pg 5 Massachusetts Department of Public Health, January, 2010

³ *Manual*, pg 15

⁴ *Manual*, pg 15

reduction of 30.98% over the previous three years. Against the three year average a reduction in MSW is clearly apparent. All twelve months show MSW tonnage less than the three year average for the corresponding month.

SMART Bag Sales - Bag deliveries to retailers for the twelve months beginning July 1, 2014 total 369 cases (73,800 bags). Town gross receipts from bag sales for the twelve month period totaled \$105,500. Net receipts after bag program costs for the period were \$90,234.50. See Exhibit C.

Transfer Station Permits Sold - There has been almost no change in the number of transfer station permits sold. In analyzing this data I have looked at the figures for the period from June through October for 2013 and 2014. After October sales drop off sharply. Between the beginning of November, 2013 and the end of May, 2014 17 residential first vehicle permits were sold, no additional second or third residential permits were sold and only one small vehicle commercial permit was sold. So I consider June through October to be representative of an entire 12 month fiscal year. In 2013 (effectively FY 2014) 2,470 residential first vehicles permits were sold compared with 2,485 for the same period in 2014 (effectively FY 2015). This represents an increase in the number sold of less than 1%. Second residential vehicle sticker sales for FY 2014 were 799 and for FY 2015 were 844; showing an increase over the previous year. Third vehicle residential sticker sales in FY 2014 were zero. 29 were sold in FY 2015.

Revenue from residential stickers reflected the price decrease from \$40 in FY 2014 to \$25 in FY 2015. During FY 2014 first vehicle revenue was \$98,960 compared with FY 2015 revenue of \$62,125, a decrease of \$36,835. The net change in revenue considering all types of residential stickers was a decrease of \$35,370 in FY 2015 over FY 2014. When measured against the original \$55 sticker cost, the \$30 decrease in fees charged for transfer station permits represents approximately \$68,455 in fee avoidance for residential sticker purchasers during fiscal 2015 compared with fiscal 2013.

Small vehicle commercial permits sold in 2013 totaled 66 and in 2014 total 67 to date. The price of this type of sticker did not change so the net revenue increase for this type of sticker was \$65.

Large vehicle commercial permits decreased from 9 sold in 2013 to 3 sold in 2014 with a corresponding decrease in revenue of \$505.

Recyclable Materials - Recyclable tonnage during July 1, 2014 through June 30, 2015 totaled 526.33 tons compared with the same pre program period recycled tonnage of 424.25 tons. This is a 12 month increase of 24%. A clear effect of the program has been to increase the amount of material recycled.

Overall Transfer Station Tonnage - Even with the increase in recycling tonnage processed, the overall tonnage processed through the Transfer Station has been reduced. During FY 2015 there was a net decrease of 21%; 499.87 tons compared with FY 2013⁵. Possible

⁵ Other Massachusetts communities have seen similar reductions in trash tonnage and operating costs. Cohasset: 25% reduction, first year savings of \$100,000. Duxbury: 48% reduction and \$240,000 annual savings. Sandwich: 42% reduction and \$120,000 first year savings. Wrentham: 33% reduction. Attleboro 43% reduction. Dartmouth: 51% reduction. The latter three communities have curbside pickup. Plymouth: 42% reduction. Data from March 1, 2014 SMART Workshop slides.

causes for the reduction in total tonnage could include: 1) commercial haulers deciding to dispose of trash at other locations such as the SEMASS transfer station at Yarmouth as evidenced by the drop in large commercial permits from 9 to 3; 2) increases in disposal at home through composting, etc.; 3) possibly other as yet unidentified reasons. This decrease is significant.

Bag Sales Receipts - Revenue from bag sales is a “trailing” figure. This is because the bag vendor, WasteZero, invoices retailers on a net 45 days basis and then, after receipt of retailer payments, accounts to and remits to the Town. Even with prompt payment by retailers, there can be a delay of 60 days or more between a bag shipment to a retailer and the corresponding receipt by the Town. The cost of manufacturing and shipping bags and handling invoicing collection and remittance of proceeds is done by WasteZero under contract to the Town. For the 369 cases delivered during fiscal 2015 the cost of WasteZero’s services totaled \$15,265.50, about 20.3 cents per bag⁶.

Changes in the Cost of Handling Recyclable Materials - Another factor clouding the analysis is the fact that in December, 2013 the Town’s recycling contractor imposed a \$40 per ton charge for providing containers and transporting recyclables and is no longer furnishing recycling containers. Theretofore they had provided these services without charge, relying on the revenue generated by processing and selling the recyclables picked up from Wellfleet. These pricing changes by recyclers appear to be the result of an increased supply of recyclable materials. When the DPW is unable to locate a market for these materials they now have to haul them to facilities which will accept them with either a nominal payment or, in many cases, with no payment to the Town. The Town also has had to replace the recycling containers withdrawn by recycling contractors and increased the number of containers to meet the increased volume and to provide containers while other containers were being transported by the DPW. The same change in pricing by recycling contractors has been experienced by other Cape towns. The DPW continues to explore other outlets for these materials. In many cases the DPW is using its own staff and equipment, and therefore bearing the cost, to haul plastic, glass and tin to recycling centers. It is important to note, that even if the Town bears the cost of storing and then transporting recyclables, there is no tipping fee for recyclables and there has been an overall reduction in tonnage processed through the transfer station, so any shift from MSW to recyclables continues to represent a savings.

Conclusions - With these caveats in mind, some conclusions can still be drawn:

- The change in the ratio of recyclables to MSW and the reduction in MSW tonnage are consistent with those observed in other towns who have recently adopted SMART programs. SMART programs do increase recycling and do decrease MSW volumes.
- The reduction in the cost of a residential first vehicle transfer station sticker from \$55 for fiscal 2013 to \$30 in fiscal 2015 resulted in a reduction in transfer station sticker fees paid by Wellfleet residents of \$68,455.
- The 601.95 ton reduction in MSW delivered to SEMASS for FY 2015 resulted in a reduction in tipping fees of 11,360.08 (at \$18.50 per ton.) The town also saved an

⁶ Cost per case for the WasteZero services are \$46.87 for large bags, \$37.05 for medium bags and \$31.38 for small bags. There are 200 bags in a case.

estimated \$16,252.65 in transportation costs (estimated at \$27 per ton.) These two items total \$27,388.73.⁷

- The 102.08 ton increase in recycling resulted in an increase in transportation costs. Because recyclable materials were delivered to different vendors as a result of varying availability exact transportation costs have not been determined, but using \$27 per ton an estimated increase in those costs is \$2,756.16.

⁷ When the current MSW contract with Covanta expires tipping fees under the new contract with ABC Disposal will be \$55.00 per ton. The cost avoidance on the 601.95 ton reduction would then be a \$33,107.25 reduction in tipping fees and the same \$16,252.65 estimated savings in transportation costs (disregarding any future increase in personnel costs, fuel, etc.) for a total of \$49,359.90.

Tons of MSW by Month

