



TOWN OF WELLFLEET

300 MAIN STREET WELLFLEET MASSACHUSETTS 02667

Tel (508) 349-0300 Fax (508) 349-0305

www.wellfleetma.org

March 25, 2014 BOS MEETING PACKET SUPPLEMENT BUSINESS C

To: Board of Selectmen
From: Harry Sarkis Terkanian, Town Administrator
Subject: Three Month Review of Save Money and Reduce Trash ("SMART")
Date: March 13, 2014, Updated March 21, 2014

Background – Statutory Basis

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 – 33.¹ Specific authority to regulate trash removal is in sections 31A and 31B². Authority to assign sites for use as a transfer station is in sections 150A and 150A½.³

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.

Background – History

The Town began evaluating the feasibility of adopting a SMART in April, 2011 with a Finance Committee letter to the Selectmen.

- SMART appears on the Board of Selectman's calendar, according to the minutes, on the following dates: 5/10/2011; 5/24/2011; 6/28/2011; 8/9/2011 (PAYT Task Force created); 10/25/2011; 12/13/2011 (PAYT presentations to BOS); 3/12/2013 vote to approve proposed Board of Health fees.

¹ *Manual of Laws and Regulations Relating to Boards of Health*, pg 5 Massachusetts Department of Public Health, January, 2010

² *Manual*, pg 15

³ *Manual*, pg 15

- SMART appears on the Board of Health's calendar, according to the minutes, on the following dates: 10/12/2011; 12/14/2011; 3/14/2012 workshop; 3/28/2012; 1/9/2013; 2/13/2013 (public hearing and vote to send fee recommendation to Selectmen); 3/13/2013 (public hearing and vote to implement);8/14/2013; 9/14/2013; 10/9/2013; 11/13/2013.
- The PAYT Task Force met 12 times from 8/23/2011 to 12/13/2011.
- The Recycling Committee met several times regarding PAYT but I have not yet checked their minutes.

Resident transfer station stickers for a primary vehicle were reduced from \$55 annually to \$40 annually effective on July 1, 2013. The program itself became effective for residential users on December 1, 2013 and for commercial haulers on January 1, 2014.

Three Month Data

Exhibit A summarizes the data we have for the period December 1, 2013 through February 28, 2014 and, for comparison purposes, from the corresponding period one year earlier. While this data is instructive, it does not reflect busier Spring, Summer and Fall seasonal operations when there are more people in Town and the Transfer Station is busier. A full analysis will have to await results for periods encompassing those busier times of the year.

Despite the limited amount of data there are a number of tentative conclusions which can be drawn.

First, overall tonnage processed through the Transfer Station has been reduced. During the first three months there was a net decrease of 25.1%, 126.42 tons⁴. Possible causes include: 1) residents opting to switch to commercial haulers who dispose of trash at other locations such as the SEMASS transfer station at Yarmouth; 2) increases in disposal at home through composting, etc.; 3) possibly other as yet unidentified reasons. This decrease is significant. By comparison, the total tonnage delivered to SEMASS in 2012 from all sources (residential, commercial and municipal pickups) was about 1900 tons.

Second, a clear effect of the program has been to increase the amount of material recycled. A portion of the 162.80 ton decrease in material to SEMASS is accounted for by a 36.38 ton (65.7%) increase in recycling of glass, cans, plastic and paper.

Third, due to the small amount of commercial refuse brought to the Transfer Station during both periods, drawing conclusions from that data about commercial activity is tentative at best. Note that the commercial refuse figures in Exhibit A are only deliveries by MA Frazier. Nauset Disposal historically does not deliver to the Transfer Station during the December – February period. Additionally, there are a

⁴ 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, available on the Town web site under "Wellfleet Bulletins and Public Notices."

number of other haulers with smaller operations which are not included in the Exhibit A totals.

Fourth, it should be noted that the 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. For example, the January, 2014 receipts of \$2,377 principally relate to deliveries to retailers in November, 2013, and the February, 2014 receipts are principally attributable to deliveries in December, 2013. WasteZero also notes that consumers tend to over estimate their bag requirements and over buy, so the January and February figures should not be used to project annual receipts from bag sales.

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. Theretofore they had provided this service without charge, relying on the revenue generated by processing and selling the recyclables picked up from Wellfleet. The same change in charging has been experienced by other Cape towns. We are exploring other outlets for these materials at present.

With all of these caveats in mind, some conclusions can still be drawn:

- The change in the ratio of recyclables to trash and the reduction in trash volumes are consistent with those observed in other towns who have recently adopted SMART programs. SMART programs do increase recycling and do decrease trash volumes.
- The reduction in the cost of a residential first vehicle transfer station sticker from \$55 to \$40 resulted in a reduction in transfer station sticker fees paid by Wellfleet residents of \$33,085. This savings is offset by the added cost to residents to purchase program bags. Remittances to the Town for bag sales from November, 2013 through January, 2014 were \$16,177⁵. We will not know how close the pricing comes to being revenue neutral until we have seven months of bag sales to match up against the \$15 sticker reduction for the seven months of fiscal 2014 that the program is in effect. On limited data it does appear that the result will be close to revenue neutral.
- The reduction in municipal solid waste going to SEMASS for the first three months of the program resulted in a reduction in tipping fees of \$3,012 (162.8 tons at \$18.50 per ton.) The town also saved approximately \$4,396 in transportation costs.
- The increase in glass, plastic, paper and tin recyclables of 36.38 tons resulted in an increase in transportation costs for these recyclables was \$1,455.
- Overall the net reduction in transportation and tipping costs associated with solid waste reduced by the increased cost of recycling transportation is a net savings over three months of \$5,952.

March 10, 2014 Hearing Comments and Suggestions.

On March 10, 2014 the Board of Selectmen conducted an information hearing. 31 persons spoke at the hearing offering a number of suggested changes, criticisms or

⁵ Wellfleet received an additional \$5,700 on March 14, 2014 representing net receipts to the Town for sales during February, 2014.

supporting statements were presented. A listing of the significant comments offered at the hearing, based on my notes as well as any received later, together with my observations follows:

1. The program disproportionately affects families with children in diapers. Consider a mechanism such as special bags for diapers only.
 - a. Policing the content of diaper bags would be near impossible. Perhaps we can by regulation issue bags periodically to families with children under three based on the street listing? Similar consideration should be given to persons with geriatric diapers. We are in the process of analyzing demographic data to estimate how many households might have diaper age children in residence⁶.
2. Implementation of this program circumvented town meeting.
3. There should be a municipal composting facility.
 - a. Desirable, but planning and funding are required.
4. Unit pricing for trash disposal is inappropriate for Wellfleet. There should be the same fixed fee for all residents.
 - a. This is a policy issue. Flat pricing does not encourage recycling to the same degree that unit pricing does.
5. Wellfleet is different from Brewster and Sandwich, the comparison is inapposite. Rather, Wellfleet is similar to Provincetown and Chatham, both of whom have declined to implement the program.
 - a. Wellfleet is not the same as Brewster and Sandwich. But other communities with high levels of seasonal residents have implemented the program including communities on Martha's Vineyard⁷ and, 20 years ago, the City of Worcester (with lots of college students.) 42.9% of the residences on Martha's Vineyard are seasonal⁸. While Brewster does not have the same skew of seasonal vs. year round occupied dwellings as Wellfleet, there is a significant seasonal component - 47% of the residences are seasonal as compared with approximately 75% in Wellfleet. Sandwich has a much smaller percentage of seasonal dwellings.⁹
6. The program imposes hardship on young families.
7. Residents are illegally taking trash to the Truro and Eastham transfer stations.
 - a. We have no information with which to verify or contradict this assertion.
8. Commercial trash haulers are losing customers to out of town haulers.

⁶ There are 47 children residing in Wellfleet born after January 1, 2011 (e. g. age 3 years 3 months old or less.) There are 249 residents born before January 1, 1933 (e. g. age 80 years 3 months or older.) I have no way of knowing what portion of the individuals in these age groups use infant or geriatric diapers respectively.

⁷ March 1, 2014 SMART Workshop slides.

⁸ 2010 US Census data for Dukes County.

⁹ 2010 US Census data for Brewster and Sandwich.

9. The program is hard on retailers who must “front” the cost of bags.
 - a. Retailers are given 45 days to pay for bags so that they have an opportunity to sell the bags before they have to pay for them. They can adjust their ordering frequency and inventory to match the demand in their store and minimize or eliminate this as an issue. Participating retailers are providing a community service and may benefit from additional traffic.
10. The program drives families with children out of town.
 - a. We have no information with which to verify or contradict this assertion.
11. There is no market for recycled materials so there is no point to encouraging recycling.
 - a. There is a market, but current pricing is weak. The current hauling pricing for recycled materials (which includes the use of the vendor’s containers at the Transfer Station) has only been in place since December. We are investigating other markets.
12. Can we have detailed list of what can be recycled?
 - a. Yes. See the “Recycling” link on the left side of the Town’s web site home page.
13. Recycling has increased with PAYT.
 - a. It has. See the Three Month Data above.
14. How are Styrofoam and film bags handled?
 - a. Since we have no facilities to store and process Styrofoam we are allowing it to be disposed of in the trash stream in non PAYT bags. Residents should see the attendant in this case.
 - b. We are now accepting film bags. There are covered containers to prevent the bags from blowing around the transfer station.
15. Issues with bag strength.
 - a. Bags are designed to hold the weight specified on the bag. Since the Town is charged for disposal of trash by weight. We use bags as a pricing mechanism based on weight. Overfilling the bags is essentially “gaming the system.”
16. Use a punch card instead of bags as another way of metering usage.
 - a. The Massachusetts DEP recommends bags as the preferred mechanism of SMART programs¹⁰.
 - b. The bag program has some overhead with it. Production and shipping of bags to retailers, invoicing retailers and monitoring collections and accounting and remitting to the Town all have a cost. Were the Town to handle bag distribution these activities would have to be handled by employees at some internal cost. The decision to outsource these to

¹⁰ March 1, 2014 SMART Workshop slides.

the bag manufacturer was based on the fact that the Town's cost to handle these activities internally would have been higher.

- c. Use of a card instead of special bags would require a transfer station attendant to count bags and punch tickets. It might be difficult to offer different pricing for different size bags or to accurately determine the size of bags when they appear at the transfer station.
 - d. A third way is by selling rolls of stickers that can be applied to any bag. Note that complying bags are easier to identify visually from a distance than bags with a sticker on them.
17. Use split pricing: a lower transfer station sticker for those who wish to use SMART bags and a higher fee sticker for those who do not wish to.
- a. This strikes me as presenting a number of logistical issues which will complicate both sales of stickers and transfer station operations. It is also the case that the break even price for transfer station stickers that do not require SMART bags will be in excess of \$100 by 2016 as our tipping costs will triple then. Note that the press is reporting that Eastham is considering increasing its transfer station sticker fee from \$95 to \$120¹¹.

¹¹ <http://eastham.wickedlocal.com/article/20140308/News/140306670>

Exhibit A

Pay As You Throw Three Month Year on Year Comparison

Recycling

	tons		tons
December '12	30.47	December '13	42.70
January '13	17.67	January '14	37.35
February '13	7.24	February '14	11.71
	<hr/> 55.38		<hr/> 91.76

Note: Increase of 36.38 Tons (65.7% increase)

Note: Recycling tonnage only includes glass, cans, plastic and paper. Other items such as scrap metal, batteries, electronics, commercial demo, etc excluded.

Municipal Solid Waste

	tons		tons
December '12	114.03	December '13	58.36
January '13	135.26	January '14	81.19
February '13	199.43	February '14	146.37
	<hr/> tons to SEMASS 448.72		<hr/> tons to SEMASS 285.92

Note: Reduction of 162.80 tons to SEMASS (36.3% reduction)

Commercial Refuse

	tons		tons
Dec '12 - Feb '13	20.84	Dec '13 - Feb '14	5.96

Note: Commercial figures are included in SEMASS totals and only include MA Fraizer. Nauset Disposal did not drop off any commercial refuse during both time periods.

Overall tonnage for both Recycling and Municipal Solid Waste

	tons		tons
Dec '12 - Feb '13	504.10	Dec '13 - Feb '14	377.68

Note: Net decrease 126.42 tons (25.1%)

Receipts from Bag Sales:

January	\$2,377	February	\$13,800
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Note: Receipts reflect sales approximately 2 months earlier due to billing cycles.



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March 25, 2014 BOS MEETING PACKET SUPPLEMENT BUSINESS F

To: Board of Selectmen, Finance Committee
From: Harry Terkanian, Town Administrator
Subject: FY 2015 Budget & Capital Plan
Date: March 24, 2014

Changes to the budget and warrant since March 11, 2014 Selectmen's meeting:

The following changes to the operating and capital budgets have occurred since last reviewed by the selectmen and finance committee:

1. I propose removing the borrowing article (article BV) and debt exclusion question from the ballot for enlargement of the concrete pad at the transfer station. Instead the expenditure will be moved back to the capital budget funded from free cash or raise and appropriate.
2. I propose funding the beach access and parking study by transfer from the Beach Fund. In that case the debt exclusion question would be removed from the ballot. The article would remain in the warrant (article BY.)
3. The only change to the operating budget is to the Nauset Region assessment which is \$3 lower than carried in the draft budget. This item needs to be approved to complete BOS & Fin Com review of the operating budget.

Water and Marina Enterprise budgets have been previously approved.

Warrant articles and debt exclusion questions have been added for those capital items for which borrowing is required (DPW equipment, DPW Projects and Tennis Court reconstruction.)

Overview of FY 2015 financial plan as it relates to Financial Policy

Specific goals in the Selectmen's Budget Message:

The budget as presented is an increase of 1.82% over the FY 2014 budget. When the estimated cost of negotiated and pending labor contracts is included, the increase becomes 2.28%. This meets the goal of limiting operating budget increases so as to avoid a proposition 2 ½ override.

The budget as presented includes \$200,000 in additional funding toward the Town's OPEB obligation which is consistent with the BOS goal of gradually increasing the contribution to reach \$400,000 annually by FY 2018.

Specific goals in the Town's financial policy:

- Free Cash should be at least 4.5% of the operating budget. Free cash remaining after the FY 2015 budget will be \$732,644, the policy calls for at least \$685,246. This goal is met.
- The Stabilization Fund should be at least 5% of the operating budget. After the proposed \$50,000 2014 ATM transfer the balance will be about \$606,078, the policy calls for at least \$761,385. This goal is only 80% met and will require transfers in future years. (The proposed Marina Enterprise Stabilization Fund balance of \$10,000 is not included in the Stabilization Fund total.)
- The finance Committee reserve fund should be 0.5% of the operating budget. The budgeted amount is \$75,000. The policy calls for \$76,138. Not met, but close enough in my opinion.
- The total of free cash, stabilization fund balance and reserve fund should be at least \$1,522,770 per policy (10% of the operating budget.) These three items based on the proposed operating budget would total \$1,413,722 with the deficit being almost entirely attributed to the Stabilization Fund balance. The reserves are 93% of what the policy requires. Wellfleet's reserves are well above average for Massachusetts municipalities.
- The FY 2015 capital budget is \$2,283,712. Policy calls for it to be between 3% (\$456,831) and 7% (\$1,065,939) of the operating budget. The capital budget substantially exceeds the policy. The three largest capita items are: Baker Field tennis courts (\$400,000); Fire Department equipment replacement (\$337,000); and Elementary School roof repairs (net \$305,000) which together total \$1,042,000.

Requirements of the refinance of the Town's long term debt:

The borrowing plan is consistent with the underwriting requirements which are part of the refinancing of the Town's long term debt. See separate memorandum dated March 20, 2014 in the March 25, 2014 selectmen's meeting materials.