

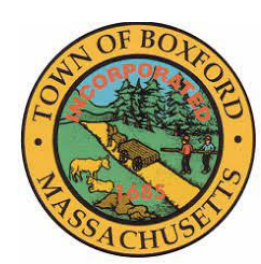


Town of
Boxford
Massachusetts

Trash Contract Update

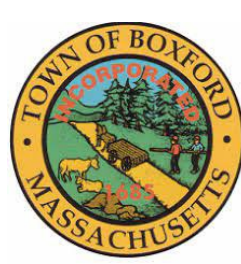
Annual Town Meeting

May 9, 2023



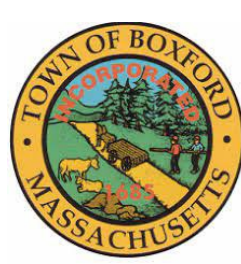
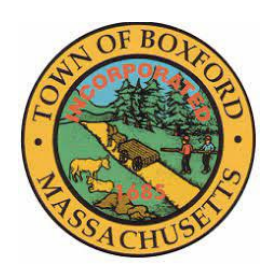
Work of WSTF and BOH

- In the Summer of 2022, the Waste Stream Task Force (WSTF) was convened on behalf of the Board of Health (BOH) to review the Town's expiring five-year contract with Waste Management (WM) and make recommendations to the BOH regarding how best to proceed
 - Representatives from the BOH, Fin Committee, Recycling Committee, and Town Administrator's office
- The WSTF met numerous times between June - December 2022
 - Reviewed whether or not to put contract out to bid, among other details
 - WM presented an contract extension with an automated collection option that would save money vs. what Town would otherwise pay for an extension of manual collection
- **WSTF recommended to the BOH in December not to put the contract out to bid and to enter into a new 5-year contract with an automated collection system**
 - BOH voted to approve WSTF recommendations in January and appointed two members to work with Town Administrator's office on contract negotiations



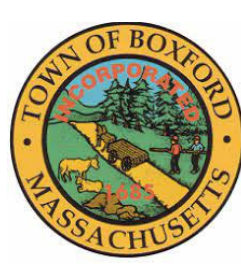
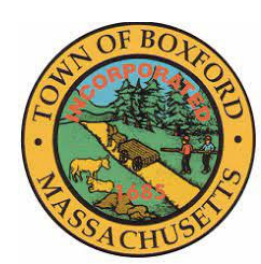
Summary of Negotiations

- WM offered a 5-year contract extension with automated collection; first year of deal originally projected to cost **\$770K**
 - This is what is currently budgeted in FY24 for trash (~5-6% increase over FY23)
 - This figure does not include the increased cost of recycling (estimated at \$65 K over FY23 budget)
- Included in WM's draft contract were two new variable costs not in current contract
 - Town would have to pay \$20/household/month for number of total participating households above 2,450
 - Town would have to pay \$850/year for every \$0.10 difference between actual prevailing wage number and the \$32/hour WM estimate (actual value arrived last Wednesday and was almost \$38/hour)
- These two variable costs are projected to add **almost \$110 K in additional annual costs to the contract that were not budgeted for**
 - Up to \$60K annually for household threshold
 - Approximately \$50K annually for prevailing wage



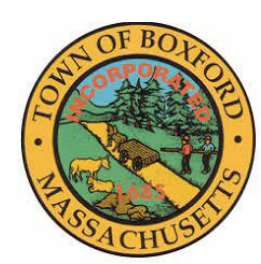
Town's Ultimatum

- After meeting on Thursday, Town policymakers proposed the following:
 - WM remove household limit entirely and split cost of prevailing wage increase with Town; or
 - Town takes one-year extension under current manual collection method and puts contract out to bid next year
- The cost of a one-year manual collection extension is estimated to be *at least* **\$1.02 M, \$250 K more than what is currently budgeted for trash in FY24**
 - This figure does not include estimated recycling cost increases
- **WM took the second option**; they will provide us a one-year extension as they will not negotiate on the two variable costs



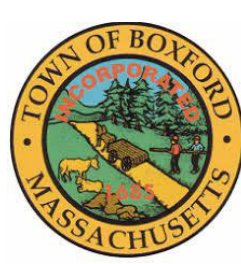
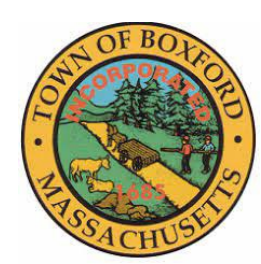
Impact on FY24 Budget

- The Town currently budgeted **\$770K** for trash/recycling services in FY24
 - This number would need to increase by **\$110K** to cover the recent variable costs in FY24 of WM's 5-year automated collection offer (not including recycling increases)
 - To fund one-year manual collection extension, the number needs to increase by **\$250K** (not including recycling cost increases)
 - Revenue from trash sticker sales will offset this increase



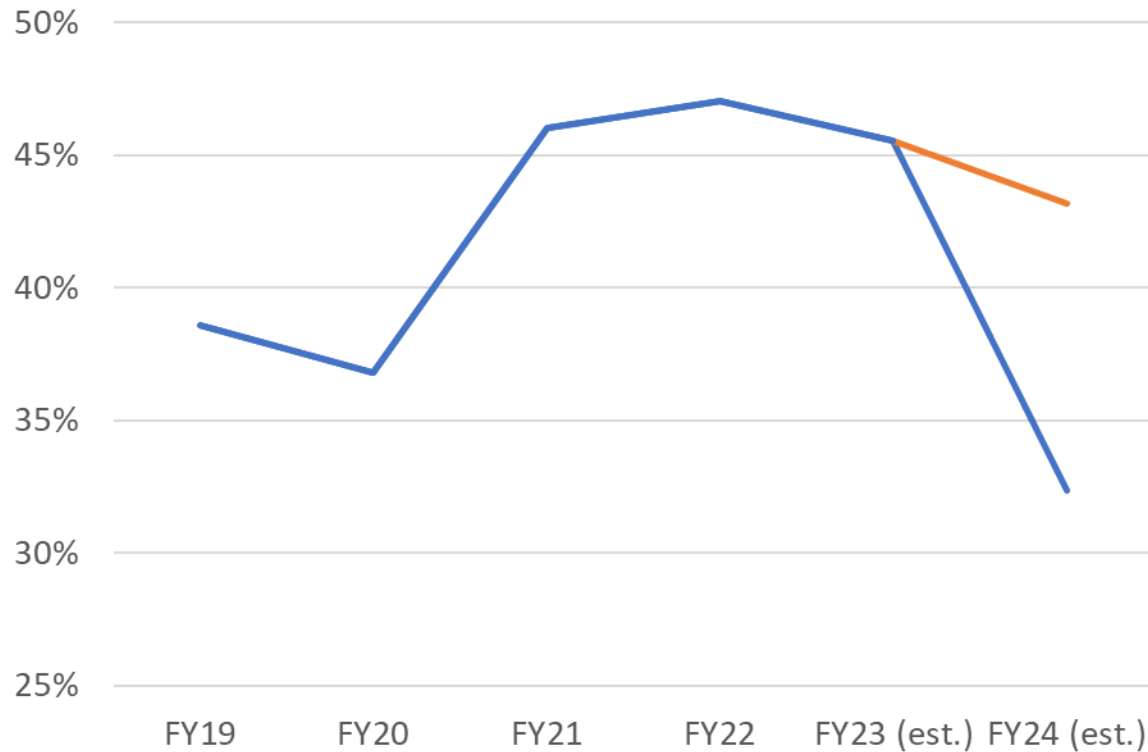
Impact of Trash Stickers

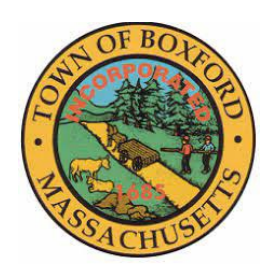
- With the switch to an automated collection system, the plan was that each participating household would be issued a 64-gal trash container and a 64-gal recycling container (without upfront cost/fees)
 - The Town had anticipated spending \$310K from Free Cash to fund the purchase of these carts
- For automated collection, the Town would not use the same trash sticker system
 - This would result in an estimated loss of roughly \$310 K of the \$330 K collected annually under current trash sticker system
 - Trash stickers would be required for overflow bags at \$6/sticker
 - Trash stickers are currently priced at \$3/sticker
- With an extension of the current manual collection system, the Town can retain annual trash sticker revenue
 - Estimated \$330K at \$3/sticker, \$440K at \$4/sticker



Percentage of Trash/Recycling Spending Revenue Funded by Sticker Revenue

	FY19	FY20	FY21	FY22	FY23 (est.)	FY24 (est.)	
Sticker Price	\$2.50	\$2.50	\$3.00	\$3.00	\$3.00	\$3.00	\$4.00
Sticker Revenue	\$261,708	\$261,807	\$325,881	\$321,729	\$330,000	\$330,000	\$440,000
Trash Contract Spending	\$678,588	\$711,898	\$708,064	\$684,253	\$725,000	\$1,019,602	\$1,019,602
% of Spending Funded by Stickers	39%	37%	46%	47%	46%	32%	43%





Impact on Property Taxes

- As of last week, the Town's proposed FY24 budget was **\$39,343,454**
 - The tax increase to fund this budget proposal was **5.49%**
- With the change to a one-year extension of the current manual collection system, the FY24 budget will **increase by \$250 K to \$39,593,454**
- Taxes would increase by **4.98%** to fund the revised budget proposal
 - Includes estimated \$440 K in trash sticker revenue