



TOWN OF BOXFORD
Office of the Town Administrator
7A Spofford Road
Boxford, MA 01921

DATE: May 9, 2023
TO: Town Meeting
FROM: Town Administrator's Office
RE: **Trash/Recycling Contract Update**

Summary

There are eleventh hour changes to three of tonight's Town Meeting Warrant Articles related to the Town's trash and recycling collection program. For Fiscal Year 2024 (FY24), which begins on July 1, 2023, the Town will sign a 1-year contract extension with Waste Management (WM) with no changes to how trash and recycling is currently collected. Residents will need to continue to purchase trash stickers. There will not be automated service next year and residents can continue to use their own barrels and bins.

Impact to Town Meeting

Maintaining the status quo for trash and recycling next year results in an increase to the proposed FY24 Operating Budget (**Article 4**) of \$250,000 above what had originally been budgeted for trash and recycling. However, the Town will maintain the current trash sticker system at an increased cost of \$4/sticker (if **Article 10** is approved), which is estimated to yield \$440,000 in revenue that will offset the budget increase (as part of the Town's plan to shift to automated collection, nearly all trash sticker revenue would have been eliminated). The result is that the proposed tax increase for FY24 will be roughly 0.5% less than what was originally proposed. A copy of the revised budget is included with this memo.

Continuing with the existing trash and recycling program for FY24 also means that **Article 11** will be amended to eliminate the request of \$310,000 to purchase standardized 64-gallon trash and recycling bins for automated collection. The Town will not need to purchase these bins since the conversion to an automated trash collection system has been delayed. **Article 10** will also be amended to set the annual curbside solid waste collection fee at \$4.00 for each 32-gallon bag or container.

There will be two presentations at Town Meeting further explaining these changes. These presentations have been posted under **Article 4** and **Article 10** on the Town Meeting website, boxfordma.gov/TownMeeting2023 or town.boxford.ma.us/TownMeeting2023.

Additional Information

The Town has a current contract with WM for the provision of curbside trash and recycling collection services that runs through the end of this current fiscal year (FY23), which ends on June 30th. In June 2022, the Waste Stream Task Force (WSTF) was created to make a recommendation to the Board of Health (BOH) regarding how the Town should proceed in the long-term. The WSTF was made up of various stakeholders from multiple boards and committees in Town.

WM offered the WSTF a 5-year contract that would shift Boxford from the current manual collection system to an automated collection system. This offer would have saved the Town money when compared to the trash/recycling contracts that other municipalities were signing, due to cost increases across the trash and recycling collection and disposal industry. In December 2022, the WSTF recommended that the Town forego a competitive bidding process and enter into contract negotiations with WM for a new 5-year automated collection contract; in January, the BOH voted to accept this recommendation.

During contract negotiations, two variable costs that were not included in the Town's current contract with WM were flagged:

- The Town would have to pay \$20/household/month for the number of total participating households above 2,450 (roughly 2,700 households in Boxford are eligible to participate in the program); and
- The Town would have to pay \$850/year for every \$0.10 difference between the actual prevailing wage number for the contract and WM's \$32/hour estimate.

WM was unwilling to negotiate with the Town on either provision. Upon receiving the prevailing wage sheets from the Commonwealth on May 2nd, it became clear that these two variable costs increase the first year of the proposed 5-year contract by \$110,000. The actual prevailing wage of nearly \$38/hour was 20% higher than the estimate used by WM in their cost proposal.

As a result of these cost increases, WM's 5-year automated collection contract proposal is no longer the comparative value that it was originally made out to be. The Town's policymakers have made the decision to instead maintain the status quo of the current manual collection system by extending the Town's current contract for another year with the long-term plan of putting the contract out to bid in this coming year. An additional year also allows time for the Town to consider changes to the structure of an automated collection system, including size of barrel, usage fees, etc.

The one-year contract extension with WM results in a \$250,000 increase to the FY24 proposed budget. However, a one-year contract extension maintains the current trash sticker system at an increased cost of \$4/sticker (if approved), which is estimated to yield \$440,000 in revenue to more than offset the spending increase. This means that, while the budget for trash and recycling spending will increase above the original FY24 budget proposal, the corresponding tax increase will be roughly 0.5% less than what was originally proposed.