



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

DATE: March 8, 2024
TO: Select Board
FROM: Brendan Sweeney, Assistant Town Administrator
RE: **Report of the Waste Stream Task Force**

In the Summer of 2022, the Waste Stream Task Force (WSTF) was convened to review the Town's expiring five-year contract with Waste Management and make recommendations regarding how best to proceed. The WSTF was made up by representatives of the Board of Health, Finance Committee, Recycling Committee, Select Board, and Town Administrator's office. In addition to regular meetings, analysis of available information, and thorough discussion, the WSTF also conducted a town-wide survey in the fall of 2023 to receive resident feedback, which informed the decision-making process.

After extensive analysis of the state of the current trash and recycling market and thorough discussion of the options available to the Town to reduce costs and provide effective curbside trash and recycling collection service to residents, the WSTF made the recommendation this past fall to seek a new five-year contract with a hauler that had both a reputation for outstanding customer service and the ability to meet the following conditions:

- **Implement an automated collection system**, which would both be more efficient and save costs for the hauler, providing cost and service benefits to the Town; and
- **Bi-weekly collection of recycling**, which would result in significant savings for the Town and residents.

While the Town's current hauler, Waste Management, submitted a competitive offer adhering to the above conditions, **the WSTF ultimately decided to enter into an agreement with a new hauler, G. Mello Disposal Corp.**, which is based locally out of Georgetown. G. Mello's offer was the most advantageous to the Town financially, and their customer service was lauded by their current municipal clients in the region. The key terms of the agreement between G. Mello and the Town are as follows:

- **Base cost of \$583,080 in FY25**, which is to increase at a fixed rate of 4% per year.
- **Trash disposal fee of \$100/ton**, which is to increase at a fixed rate of 4% per year.
- Recycling through a contract between G. Mello and Casella, where the Town's recyclables are taken to Casella's facility and the bill¹ that G. Mello receives is passed along to the Town.²

¹ The Town can also receive payment for recyclables, depending on whether the blended value of the commodities recycled is a greater amount than Casella's processing fee for that month.

² Casella's October 2023 net processing fee for recycling was \$57.77/ton.

Financial Impact of Agreement with G. Mello

The first table below shows the estimated costs of the agreement, based on assumed trash and recycling tonnage, an estimated value of recycled commodities, and an estimated cost of diesel fuel.³ As you can see in the second table below, **the Town is expected to realize significant savings in FY25** when compared to what the Town is anticipating spending for its current contract with Waste Management in FY24. Even estimated costs in FY29, the last year of the contract, are projected to be less than what the Town is anticipating spending for its current contract with Waste Management in FY24.

G. Mello Proposed Contract (FY25 -29) Automated Collection and Bi-Weekly Recycling

	Base Rate	Estimated Additional Cost for Per Ton Refuse Collection	Estimated Recycling Costs	Estimated Fuel Surcharge (for diesel over \$4/gallon)	TOTAL
FY24 Estimated Spending (with WM)	\$815,905.00	\$160,710.55	\$94,677.45	\$2,127.05	\$1,073,420.05
FY25	\$583,080.00	\$169,169.00	\$82,639.89	\$2,127.05	\$837,015.94
FY26	\$606,403.20	\$175,935.76	\$82,639.89	\$2,127.05	\$867,105.90
FY27	\$630,659.33	\$182,973.19	\$82,639.89	\$2,127.05	\$898,399.45
FY28	\$655,885.70	\$190,292.12	\$82,639.89	\$2,127.05	\$930,944.76
FY29	\$682,121.13	\$197,903.80	\$82,639.89	\$2,127.05	\$964,791.87

	Estimated Total Costs	\$ Change vs. Prior Year	% Change vs. Prior Year
FY24 Estimated Spending (with WM)	\$1,073,420.05	N/A	N/A
FY25	\$837,015.94	-\$236,404.11	-22.02%
FY26	\$867,105.90	\$30,089.96	3.59%
FY27	\$898,399.45	\$31,293.56	3.61%
FY28	\$930,944.76	\$32,545.30	3.62%
FY29	\$964,791.87	\$33,847.11	3.64%

³ Trash and recycling tonnage estimates were based on actuals from the 12 months of calendar year 2023. The value of recycling commodities estimate was based on an average of the Town's blended value of recyclables from the previous 12 months. The diesel fuel surcharge estimate shown is based on an assumed cost of \$4.15/gallon for the cost of diesel fuel.

Administration of Automated Collection Program

Once an agreement with a hauler had been finalized, the Task Force shifted its focus to determining the internal details regarding the administration of the new automated collection system. After another series of meetings with thorough deliberation, **the WSTF is making the following recommendations regarding the administration of the program:**

- **A 64-gallon container should be offered for disposal of trash, with a 96-gallon container offered for bi-weekly disposal of recycling.**
- **The Town should introduce a user fee to replace the revenue that is currently collected from trash sticker sales.** This alternative was recommended instead of absorbing the full cost of the contract into the tax levy,⁴ which likely would have resulted in a significant property tax increase.
- **The Town should use Free Cash to purchase the standardized containers required for automated collection.**⁵ These containers would then be property of the Town of Boxford and are to remain with specific residences, even if ownership of the residence changes. The estimated cost to purchase the required number of containers is roughly \$360,000.
- **Households will have the ability to request multiple 64-gallon trash containers, for which they will have to pay an additional annual user fee.** These containers will also be purchased using the Town's Free Cash, and will also be property of the Town, though the supplemental revenue from the additional user fees will more than cover the cost to the Town to purchase the additional containers.
- Standardized "overflow bags" will be available for purchase, in the event that a household is not able to fit all of their trash within their standardized containers on any given week. These bags will be available for purchase at Town Hall at a price of \$6/bag.

Details of the User Fee

In FY24, the Town is projected to bring in \$425,000 in trash sticker revenue. The current price of trash stickers is \$4/sticker, which results in the estimated sale of 106,250 trash stickers in FY24. Of the 2,700 households in Boxford that are currently eligible to participate in the Town's curbside trash and recycling collection program, it is estimated that around 2,600 do so *at least once* each year, with the remaining 100 or so households utilizing a private collection service or other means of disposing of their trash and recycling. Using this estimated figure, **the average household in Boxford currently purchases about 41 trash stickers per year, resulting in an average of \$164 per year spent on trash stickers.** The table on the next page demonstrates these calculations.

⁴ Historically, revenue from trash stickers has offset about 50% of the total cost of the Town's curbside trash and recycling collection contract, with the other 50% funded from the general fund (primarily property tax revenue). Currently, the split is about 60% general fund, 40% trash sticker revenue.

⁵ If a container is broken (and it is determined that it was not broken by fault of the hauler, G. Mello) the impacted resident would be required to pay the Town a fee for a new container.

Breakdown of FY24 Estimated Trash Sticker Revenue

Estimated FY24 Trash Sticker revenue	\$425,000
Cost per Sticker	\$4
Estimated Number of Trash Stickers Sold	106,250
Estimated Number of Participating Households in Town-Sponsored Curbside Collection Program	2,600
Average Annual Stickers Used per Household	41
Average Amount Spent on Stickers per Household Annually	\$164

In order to recoup the estimated \$425,000 in annual trash sticker revenue, the Town will need to set an annual user fee of *at least* \$164 per year. For this estimate to be realized, the estimated 2,600 households will all need to participate in the program; in the event that less than 2,600 households participate, the Town will not recoup the full \$425,000. Therefore, in order to assure that the Town is able to collect sufficient revenue from user fees, **the WSTF is proposing setting the user fee at \$175 per year, which is to be fixed for all five years of the contract** (FY25-29). If 2,600 households participate in the program and pay the \$175 annual user fee, the Town will collect an estimated \$455,000 in annual user fee revenue. For the first year of the contract (FY25), this will mean that an estimated 54% of the cost of the contract will be paid by user fee revenue; by year five (FY29), that number is estimated to be 47%. Therefore, this proposed approach is consistent with the Town's historic approach to cost sharing between user fees (trash stickers) and general fund revenue for trash and recycling curbside collection.

Second/Multiple Trash Containers

As mentioned on the previous page, the WSTF is proposing to allow households to request multiple 64-gallon trash containers. The ability to have multiple containers only applies to trash; each household will be limited to one, 96-gallon recycling container.⁶ However, **any resident that requests multiple trash containers will have to pay a subsequent \$175 per year fee for each additional trash container requested**. For example, if a resident requests two total trash containers, they will pay \$350 in annual user fees. If a resident requests three total trash containers, they will pay \$525 in annual user fees.

Based on the results of the town-wide survey, it is estimated that 14% of the participating households will request multiple trash containers. If this estimate comes to fruition, the Town could receive an additional \$60,000 or more in annual user fees.

⁶ As part of the agreement with G. Mello, they will now service the Town's recycling center (located at 7B Spofford Road). If residents are unable to store all of their recyclables in a 96-gallon container during a two-week period, they will have the option to deposit their cardboard, paper, and plastics at the recycling center.