



TOWN OF HARWICH

DEPARTMENT OF PUBLIC WORKS


273 Queen Anne Road • P.O. Box 1543 • Harwich, MA 02645

Telephone (508) 430-7555

Fax (508) 430-7598

MEMORANDUM

TO: Board of Selectmen

FROM: Lincoln S. Hooper, Director 

DATE: April 27, 2020

RE: FY 21 Disposal Area Fee Recommendations

I need to begin this correspondence with the following disclaimer: I am acutely aware that now is not the time to discuss raising fees on residents given the COVID-19 crisis. However, it has been 5 years (July 1, 2015) since the last increase in residential sticker costs, which was also due to a new Municipal Solid Waste (MSW) contract.

After conducting an analysis of our own expenses and a survey of disposal fees in the towns of Barnstable, Chatham, Orleans, Dennis and Yarmouth, I would like to recommend that the Board of Selectmen consider taking the following action:

- Increase Residential Sticker fee from \$160 to \$180
- Increase Non-Resident Sticker fee from \$180 to \$200
- Increase Recycle Only from \$20 to \$50

The attached FY 21 Full Cost Accounting Analysis of Disposal Area Services includes all the direct costs of providing residential services such as MSW tip fees, fuel, utilities, salaries and other expenses. It also includes indirect costs such as equipment depreciation, employee fringe benefits and salaries allocated from other DPW personnel (administration & vehicle maintenance) that support Disposal Area functions.

My analysis indicates that the Residential Sticker price should be \$184 to accurately reflect the expenses associated with providing residents with solid waste and recycling services. The primary driver in this increase is the expiration of the five year contract we had with New Bedford Waste Services (NBWS) at \$60 per ton, with the new contracts with SEMASS and NBWS being \$90 and \$93.75 per ton respectively. The Municipal Solid Waste (MSW) industry in Massachusetts has experienced significant reduction of disposal capacity over the last year that has driven costs up sharply.

Although the attached spreadsheets break all the Disposal Area costs into categories, a simple way to view the requested increase is this: The average household produces 1.25 tons of MSW per year. The new contract increased the Town's cost by \$30 per ton. That

math yields an increase of \$37.50 per year. I am currently recommending a \$20 increase to minimize the impact to our residents and because despite the COVID-19 crisis, commercial business at the Disposal Area has been strong, offsetting the immediate need to increase costs more than the recommended \$20 per permit.

The recommendation to increase the Non-Resident Sticker is to maintain the premium we have historically charged for this service. This is a low volume item with only 145 being purchased this fiscal year.

The Recycle Only sticker increase is entirely due to the recycle markets being in utter turmoil and prices being at historical lows. Although the recommended \$30 increase does not put this function entirely in balance, it is another low volume item with only 325 being purchase this year.

While the survey of surrounding communities suggests that Harwich's C&D price may appear low, our real competitors for this commercial component are the Town of Yarmouth, S&J Exco (Dennis) and Paul Daniels (Orleans). Since the other communities do not handle commercial quantities of this material, our price is based on the price charged by our competitors and not the surrounding communities' prices.

All other items are priced according to their cost of handling and disposal and appear mostly consistent with other municipalities.

Thank you for your consideration in this matter.

Cc: Joe Powers, Acting Town Administrator

Attachments: Cost Basis of Primary and Secondary Stickers
FY 21 Full Cost Accounting Analysis of Disposal Area Services
FY 21 Surrounding Community Disposal Area Fees
Depreciation Schedule, Disposal Area Revenue

Cost Basis of Primary Stickers

Residential Sticker Expenses			\$1,139,956
Less Revenue from Recycle / Prorated / Non Resident / Daily Pass			(\$107,570)
Less Revenue from the sale of recyclables (estimate)			(\$42,564)
Less Revenue from Secondary Sticker	1549 @ \$25		<u>(\$38,725)</u>
Cost to be covered by Primary Stickers			\$951,097
Divided by FY20 Primary Sticker Sales		÷	5,161
			\$184

Cost Basis of Secondary Stickers

Residential Sticker Expenses			\$1,139,956
Less Revenue from Primary Stickers			
FY20 Stickers Sold	5,161 @ \$184	=	(\$951,097)
Less Revenue from Recycle Only / Prorated / Daily Pass Sales			(\$107,570)
Less Revenue from the sale of recyclables (estimate)			<u>(\$42,564)</u>
Costs Not Covered by Primary Sticker Sales			\$38,725
Divided by FY20 Secondary / Additional Stickers		÷	<u>1549</u>
Cost per Additional Sticker			\$25

FY21 Full Cost Accounting Analysis of Disposal Area Services

Expenses	45%	55%	Total	Notes
	Residential Sticker Services *	Fee Based / Commercial Services **		
MSW	\$450,099	\$550,121	\$1,000,220	FY21 Request
C&D		\$993,255	\$993,255	FY21 Request
Tires Recycling		\$3,000	\$3,000	FY21 Request
Wood Chipping		\$12,000	\$12,000	FY21 Request
Transfer Station Runoff	\$900	\$1,100	\$2,000	FY21 Request
Paint Disposal	\$5,000		\$5,000	FY21 Request
Propane Tank		\$1,000	\$1,000	FY21 Request
Freon Removal		\$13,500	\$13,500	FY21 Request
Television Recycling		\$15,000	\$15,000	FY21 Request
Gasoline Recycling	\$2,775		\$2,775	FY21 Request
Mattress Disposal		\$12,000	\$12,000	FY21 Request
Antifreeze Recycling	\$500		\$500	FY21 Request
Household Hazardous Waste Collection	\$14,000		\$14,000	FY21 Request
Post-Closure Costs	\$3,150	\$3,850	\$7,000	FY21 Request
Uniforms, t-shirts, etc...	\$3,914	\$4,784	\$8,699	22% of FY21 Request
Electricity	\$6,912	\$8,448	\$15,360	FY21 Request
Gas Utility	\$1,755	\$2,145	\$3,900	FY21 Request
Repairs-Scale		\$4,000	\$4,000	FY21 Request
Transfer Station Repairs	\$2,250	\$2,750	\$5,000	FY21 Request
Medical	\$665	\$812	\$1,477	22% of FY21 Request
Telephone/Alarm	\$1,460	\$1,785	\$3,245	FY21 Request
Office Supplies	\$540	\$660	\$1,200	15% of FY21 Request
Custodial Supplies	\$563	\$688	\$1,250	10% of FY21 Request
Diesel Fuel	\$45,180	\$55,220	\$100,400	Est. 40,000
Vehicle Parts & Supplies	\$32,288	\$39,463	\$71,750	35% of FY21 Request
Public Works Supplies	\$5,850	\$7,150	\$13,000	20% of FY21 Request
LPR Yearly Support	\$3,500		\$3,500	FY21 Request
Capital Equipment Depreciation	\$32,770	\$40,052	\$72,821	See attached depreciation schedule
Salaries and Wages	\$303,886	\$371,416	\$675,301	FY21 Request
Salaries Allocated from DPW Personnel	\$103,645	\$126,677	\$230,322	40% Administrative / 45% Mechanic Salaries
Employee Fringe	\$118,355	\$144,657	\$263,012	45% of FT Wage
Total	\$1,139,956	\$2,415,531	\$3,555,487	

*Residential includes anything where no user fee is charged

** Fee based services include everything where a user fee is charged

FY18 Revenue

\$3,110,693

FY19 Revenue

\$3,372,701

FY21 Surrounding Community Disposal Area Fees

MATERIAL	***FY20 BARNSTABLE	***FY20 CHATHAM	DENNIS	***FY20 ORLEANS	***FY20 YARMOUTH	AVERAGE	FY20 HARWICH
Residential Sticker	\$ 250.00	\$ 120.00	\$ 182.00	\$ 140.00	\$ 162.00	\$ 170.80	\$ 160.00
2nd Sticker	\$ 25.00	\$ 25.00	\$ 20.00	\$ 20.00	\$ 81.00	\$ 34.20	\$ 25.00
No Sticker Fee (assuming 3 bags)*	\$ 20.00	\$ 5.00	\$ 22.00	\$ 6.00	\$ 15.00	\$ 13.60	\$ 10.00
C&D**	\$ 200.00	\$ 190.00	\$ 175.00	\$ 225.00	\$ 145.00	\$ 187.00	\$ 155.00
Commercial MSW**	N/A	\$ 90.00	N/A	\$ 125.00	N/A	\$ 107.50	\$ 120.00
Metal**	\$ 35.00	\$ 65.00	\$ 10.00	\$ 40.00	\$ 65.00	\$ 43.00	\$ 60.00
Brush**	N/A	\$5-\$48 per trip	\$ 70.00	\$15-\$80 per load	\$ 65.00	\$ 67.50	\$ 60.00
Commercial Compost**	\$75 per load	\$ 50.00	\$ 40.00	\$ 20.00	N/A	\$ 36.67	\$ 40.00
Computer Monitors	\$ 5.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 13.00	\$ 10.00
Tire	\$ 2.00	\$ 10.00	\$ 5.00	\$ 5.00	\$ 1.00	\$ 4.60	\$ 3.00
Tire with Rim	\$ 3.00	\$ 10.00	\$ 5.00	\$ 10.00	\$ 3.00	\$ 6.20	\$ 3.00
Refrigerator	\$ 15.00	\$ 15.00	\$ 10.00	\$ 20.00	\$ 18.00	\$ 15.60	\$ 15.00
Mattress/ Box Spring	\$ 30.00	\$ 30.00	\$ 20.00	\$ 15.00	\$ 15.00	\$ 22.00	\$ 15.00
TV	\$ 22.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 16.40	\$ 15.00
Couch	\$ 20.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 16.00	\$ 15.00
Chair	\$ 20.00	\$ 5.00	\$ 10.00	\$ 15.00	\$ 15.00	\$ 13.00	\$ 10.00
White Goods	\$ 10.00	\$ 15.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 11.00	\$ 10.00
Microwave	\$ 10.00	\$ 15.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ 9.00	\$ 10.00
Air Conditioner	\$ 15.00	\$ 15.00	\$ 5.00	\$ 15.00	\$ 18.00	\$ 13.60	\$ 15.00
Water Heater	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Gas Grill	\$ -	\$ 5.00	\$ -	\$ 5.00	\$ 10.00	\$ 4.00	\$ 5.00
Bike	\$ -	\$ 5.00	\$ -	\$ 5.00	\$ 10.00	\$ 4.00	\$ 5.00
Lawnmower	\$ -	\$ 5.00	\$ -	\$ 5.00	\$ 10.00	\$ 4.00	\$ 5.00
Propane Tank 20#	\$ 5.00	\$ 5.00	\$ -	\$ 5.00	\$ 10.00	\$ 5.00	\$ 5.00

* Chatham and Dennis charge a per bag fee

** These items are represented in a per ton cost

*** Barnstable, Chatham, Orleans & Yarmouth only have FY20 information available

Paul S. Daniels
S&J Exco Inc.

C&D \$185/ton, \$35 min.
C&D \$175/ton

Depreciation

	Purchase Price	Depreciation Per Year	Remaining Depreciation	Remaining Depreciation Per Year
2012 MSW Trailer	\$48,575	\$4,858	\$14,573	\$4,858
2018 MSW Trailer	\$69,999	\$7,000	\$48,999	\$7,000
2018 C&D Trailer	\$69,101	\$6,910	\$55,281	\$6,910
2009 Roll Off Truck (15 year)	\$148,844	\$9,923	\$39,692	\$9,923
Transfer Station Overhaul (25 yr)	\$250,000	\$10,000	\$210,000	\$10,000
2016 Mack Tractor (15 yr)	\$138,750	\$9,250	\$101,750	\$9,250
2017 Mack Tractor (15 yr)	\$138,750	\$9,250	\$111,000	\$9,250
2017 Siding/Gutters (25 yr)	\$95,400	\$3,816	\$83,952	\$3,816
2017 L90H Loader (15 yr)	\$177,225	\$11,815	\$141,780	\$11,815
Total	\$1,511,378		\$807,026	\$72,821

Disposal Area Revenue

	FY18	FY19	FY20 to date
Gate Receipts ***	\$2,100,769	\$2,400,146	\$1,601,996
Sticker Revenue	\$894,280	\$896,360	\$903,609
Recycling Revenue	\$115,644	\$76,195	\$32,579
Total Revenue	\$3,110,693	\$3,372,701	\$2,538,184

* FY20 to date Sticker Revenue from Sticker Tracker 6/1/19 - 3/11/20