



# Analysis of Refuse Pick up Options

Presented by:

Victor Cioni – Options 1 through 3

Patrick Boyle – Option 4: Shared Services



# Overview

Faced with ever increasing costs and higher tax rates, myself, with assistance of Councilman Boyle on the Shared Services option, have put together a brief presentation that details what our possible options are for 2011 Fiscal Year.

The goal of this presentation is to provide Council, as well as the taxpayers, a detailed analysis of our options so that we can make an educated decision on our future waste removal.



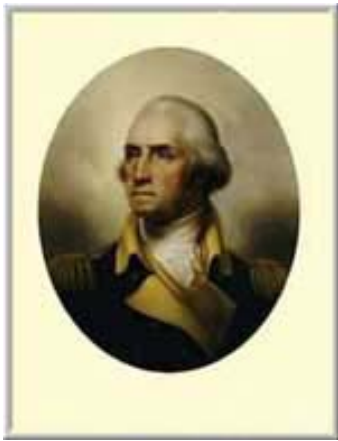
# Current Status

- Currently, our waste pickup is done through Blue Diamond disposal.
- 4 year Contract
- Raised through taxes within the Municipal budget.
- Cost in 2010 = \$270,500\*, 2011 = \$259,000\*\*, 2012 = \$265,000
- Tipping fees for 2010 = \$172,128 (estimated). Total combined cost in 2010 will be **\$442,628**
- 6 month 'out' clause that can be executed by the governing body at any time.
- Cost is derived by total tonnage and tipping fees – We cannot separate Residential, Commercial and Industrial from the cost.
- **\* Tipping fees are not included**
- **\*\*Note: Bulk Pickup was removed in 2011 & 2012 figures**



# Requirement

- Waste pickup service must be equal to, or greater than current service.
- Costs would be lower than today and projected.



# Options

1. Keep contract status 'As is' and leave Blue Diamond in place.
2. Opt out of the current contract and have all affected go out to private pickup.
3. Opt out of the current contract and purchase a proper vehicle and have the service done 'In House' by DPW.
4. Shared Service agreement with contiguous municipality.



# Option 1:

- Keep contract status ‘As is’ and leave Blue Diamond in place.
  - Residents, Commercial and Industrial users will maintain current service and the municipal budget will maintain the \$ line item amounts each year to service the Borough.
  - Cost from January 2009 – December 31st 2009 (including tipping fees) = \$516,073.90 or \$344,400 minus tipping fees\*
  - Approximate amount in 2010 on the budget\*\* = **11.83 Cents** (\$442,628/tax rate (\$37,425.36))
- \*Note: Approximate amount for 2010 are slightly lower
- \*\* A Separate option, but related, would be to have the costs of services come in as revenue and bill separately (Tom Ferry/Rich to explain).



## Option 2:

- Opt out of the current contract and have all affected go out to private pickup.
  - Solicited Blue Diamond, Sanico and Waste Management and the costs were approximately per average resident household: \*\$70-\$107 per Quarter (\$280 - \$428 per year) which includes:
    - One 96 Gallon Container (Typically)
    - Once a week pickup of Garbage
    - Bi Weekly recycle pick up
  - Note: The ‘savings’ here is that the amount will no longer be required to be raised through taxes resulting in approximately **11.83** cents per year off the municipal budget.
- \*Actual costs may vary slightly depending on provider



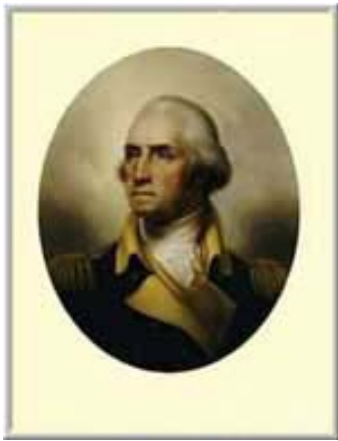
# Option 2: Pros and Cons

## Pros

- Payment does not have to be raised by Municipality through taxes
- Service remains the same (Refuse, Recycling, Vegetative still done as it is today)
- One container (96 gallon) provided by contractor
- Resident has control over which provider

## Cons

- Expense will be managed by taxpayers
- Potential for more than one carrier operating in town (Hackettstown has 2 carriers)
- Potential for abuse (people abandoning trash at roadside, using commercial dumpsters)
- Municipality cannot resolve any issues with hauler



## Option 3:

- Opt out of the current contract and purchase a proper vehicle and have the service done ‘In House’ by DPW.
  - Based on research the best capacity vehicle for Washington Borough will be a 20 Cubic yard, single axle (access to Borough maintained roads that currently have garbage pick up was given priority)
  - Borough would need to hire two (2) part time laborers (allowed up to 32 hours a week) to handle the routes.
  - Possible creation of sanitation utility (similar to sewer utility)
  - Borough would be divided into two (2) pickup routes
  - New truck purchase vs. Slightly used truck purchase
  - Total tipping fees from January 2009 – December 31st 2009 = **\$171,673.90**
  - **Combined (Tipping and Collection in 2009) \$516,073.90**



# Option 3: 2009 Tonnage\*

## Recycle (in tons)

- 500+

## Solid Waste (in tons)

- 1805

## Vegetative Waste (in cubic yards)

- 1152 \*\*

\* 2009 totals

\*\* Estimated at \$13-17 per Cubic Yard cost



# Option 3 continued:

Units within the Borough for Refuse Collection (# are as of 2009)

## Residential \*\*

Single family: 2,185 (in Units)

Multi-family: 140

Apartment/Condominiums: 60

## Industrial/Commercial

Industrial: 14

Commercial: 166

## Institutional

Schools: 4

Other: 20

## Municipal Sources

Municipal Buildings/Trash Cans: 34\*

\* Additional cans will be added to the Borough parking lot by the BID

\*\* Excludes future development

**TOTAL: 2,623 units**



# Option 3: Pros

## Pros

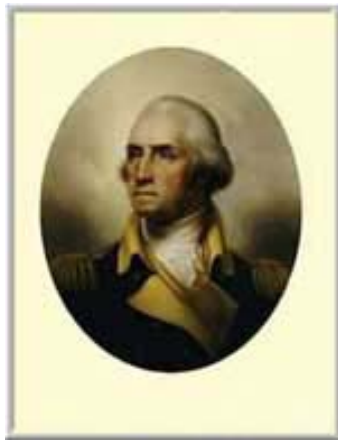
- No profit margin for outside firm
- Greater 'In House' control
- Municipal Lease/Purchase is an option in lieu of full up front purchase (Borough would have to allocate only a portion of the total cost over each year for the life of the lease)
- A new vehicle can last 20 years if properly maintained.
- Tipping fees (rate per ton) would be lower (**~\$47 per ton for the landfill and \$67 for the incinerator + \$3/ton Recycling tax**)
- Borough can be paid for recycling (co-mingled) at various locations in NJ (New Brunswick, Raritan Valley, etc). Less tonnage/Less tipping fees incurred. **500+ tons in 2009**
- Lower long term costs to the Borough
- Vehicle can be depreciated over a 20 year period
- **External Diesel Tank for DPW Garage can reduce fueling costs (estimate to be provided). 90% of DPW equipment runs on Diesel. \*Could be looked at as a year 2 cost**
- Vehicle can be fitted with a plow



# Option 3: Cons

## Cons

- Higher initial start up costs
- No Backup truck (Borough would need to work out a contingency agreement)
- Training required – The Borough has not had had a Refuse Utility for many years and the crew would need proper training on maintaining the vehicle as well as the need to map out a sanitation route throughout the Borough for all phases of pickup.
- Possible review of current ordinance (13-70) – 47.1 in code book
- Accommodating for vacation/sick/injuries
- Vehicle maintenance costs
- New truck has additional environmental (Emission standards)
- Extended truck breakdown/Accident
- Slight liability Insurance increases.
- If used, no guarantee it was properly maintained
- If used, limited warranty
- Purchase DEP permit costs (~\$150 for 5 year permit)



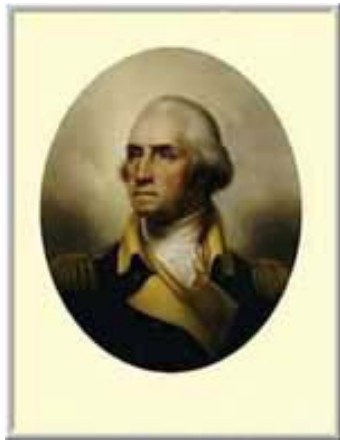
# Option 3: Projected Costs

- New truck ~\$150,000+ (Belvidere paid about \$140k for a new vehicle).
- Used truck ~\$20k - \$90,500+ (**Risk:** Maintenance/Repairs on a used vehicle is unpredictable and potentially very expensive)
- Tipping fees (if Recycling was separated out of solids): **~\$90,250 (Based upon the 1,805 tons multiplied by \$50 tipping fee)**
- 2 laborers (starting 2011) \$17.32/hour x 32 hours = \$29k per year per laborer. ***No benefits, no pension contributions***
- Added liability costs for 2010 = \$360.00 for a new vehicle and \$300 for a used vehicle\*\*
- Diesel fuel – as of 4/5/10 \$2.88 per gallon. Vehicle will average 3 MPG local. Total yearly cost estimate will be approximately \$9,000
- Contingency agreement with another municipality in case vehicle is out of service for an extended period of time (Cost would have to be negotiated)
- Yearly maintenance \$1,800\*
- \* Projected based on a 3 year total with all 6 tires being replaced at end of year 3, oil changes, etc.
- \*\* Based on 2010 figures, 2011 will see a slight increase.



## Option 4:

- Shared Service agreement
  - Eligible communities
    - Hampton
    - Glenn Gardner
    - Oxford
    - Belvidere
    - Phillipsburg



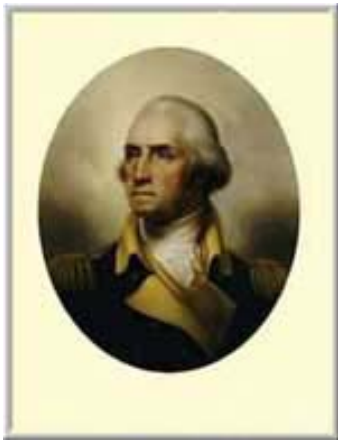
# Option 4: Pros and Cons

## Pros

- Shared Service to be provided must be equal or better than the existing service.
- Financial benefits must be demonstrated

## Cons

- Concern over loss of control over service, reduced level of responsiveness
- Increased costs at the end of an agreement



# Summary

- This presentation serves to provide a framework for a decision to be made for the 2011 fiscal year. It's format is informational only and is not meant to favor one option over any other. Any questions please feel free to call me at 908-835-8853 or email [vcioni@washingtonboro-nj.org](mailto:vcioni@washingtonboro-nj.org)