

Minutes of the Solid Waste Advisory Committee
Thursday, January 29, 2015
General Services Conference Room – 311 N. State Street

Attending: Councilors: Keith Nyhan (Chair); Amanda Grady Sexton; Gail Matson; Stephen Shurtleff; Rob Werner; and Mark Coen. Committee Members: Melanie Dorion.

Absent: Committee Members: Arthur Aznive, Matt Cashman and Mike Russell.

Staff: Mayor Jim Bouley; City Manager Tom Aspell; Director of General Services Chip Chesley; Scribe Donna Alexander; General Services Business Manager Jeff Hoadley; Deputy City Manager-Finance Brian LeBrun; and General Services Solid Waste Manager Adam Clark.

The meeting was called to order at 4:25 PM by Chair Keith Nyhan. With 7 members in attendance it was determined there was a quorum to receive motions.

Item #1: Approval of June 18, 2013 meeting minutes.

Steve made a motion to accept the minutes Melanie seconded. The committee unanimously agreed.

Item #2: Choosing the Winners of the Truck Wrap Photo Contest

In August, the General Services Department and Casella Waste announced a contest to collect photo submissions to be a part of a “truck wrap” on one of Casella’s new split-body collection trucks that are now servicing the City. There were a total of 32 resident submissions which General Service employees narrowed down to 10 (based on image quality, focal point, etc.). SWAC’s job for this meeting is to decide on two of these submissions for inclusion on two separate truck wraps.

After much discussion about Karner Blue Butterflies and landmarks typical of Concord the winners were enthusiastically selected.

Picture #4 – an old Gas storage building on South Main St. and Picture #8 of the fountain at White Park were both voted unanimously as the two winners. Councilor Coen commented that all ten were great choices.

Item #3: PAYT-Bag Outlet Vendor Expansion Initiative

At the beginning of 2014, General Services undertook an effort to increase the number of PAYT bag outlets in the City in order to increase the convenience of the PAYT program for residents. Starting 2014 with 13 retail locations that carried the bags, General Services is happy to report that number is now at 20 outlets throughout the City with 3 additional outlets expected to begin selling the bags shortly.

As was discussed at previous SWAC meetings, the idea of allowing outlets to take a “margin” on each bag sold has been considered. As the number of outlets continues to increase, it has become somewhat apparent that a margin being allowed is not a universal request from all PAYT bag outlets. That being said, some outlets remain vocal in their request for a margin. It is the Department’s opinion, however, that providing a margin to all outlets based on limited demand does not appear to be prudent at this time.

Chip commented that General Services Solid Waste Manager, Adam Clark has pounded the pavement to bring in Market Basket, Walmart, Penacook Pharmacy (to name a few) and is currently working with CVS. Discussion commenced regarding the sharing a mark-up with the outlets. The discussion ranged from:

- those that advocated for adding a mark-up because the little guys can't afford the credit card rates tacked on;
- some stores not wanting to carry the bags because there is no mark-up allowed
- certain places are carrying the bags just to bring in additional business in other areas
- how many more stores would carry the bags if a mark-up was allowed
- 1 ½ years ago the number of stores was an issue; today there are sufficient stores carrying the bags
- If an incentive to sell the bags was added – then by volume – the largest stores would benefit
- Tom thought that a goal would be 100% market representation and at this point there is 100% representation because 100% of those serviced curbside use purple bags to dispose of their trash.

Mayor Bouley recommended that we revisit this at another time because people are not complaining. There have been very few complaints lately on where the bags can be found – Bags are readily available now – we've accomplished that goal.

Melanie suggested we take a look at advertising on the bags. Most thought it was a great idea. Keith asked Chip if we could look into it and Chip agreed. Councilor Coen asked about possibly incorporating Concord 250th anniversary into that idea. Chip thought that because of a stockpile of bags it wouldn't be possible.

Item #4: PAYT Bag Price Increase

In 2009, SWAC, the City Council, and the Mayor enacted a Pay-As-You-Throw Program to combat increasing collection and disposal costs and to avoid a significant increase in the General Fund Transfer to the Solid Waste Fund. That program has proved to be very successful at reducing MSW and increasing recycling volumes within the City.

The time has come to look at changes in the PAYT bag price to address impending shortfalls within the Solid Waste Proforma's horizon. General Services undertook a series of information gathering efforts, data samples and meetings with City Administration and Finance to evaluate the issue. It was determined that there are two options to consider in making the Solid Waste Fund whole.

With input from the Finance Department, GSD first defined the needed bag price increase that would provide for a sound Proforma. After considering all of the various cost saving measures that have been put in place over the previous 18 months (new contracts, reductions in disposal, etc.) it became apparent that an increase in bag (and multi-family container) prices of 25% over 5 years is necessary. There were two options identified to achieve this.

After careful consideration and consultation with City Administration and Finance, it is the Department's opinion that Option 2, marginal increases tied to the budget process, allows for greater responsiveness and a more custom fit pricing paradigm similar to City water and sewer rates. The Department recommends Option 2.

Option 1.

A one-time bag and container price increase of 25% was studied to see how the Proforma would perform over the five year horizon. Given the front loaded nature of this increase option, the resulting Proforma is made whole through fiscal year 2019.

Option 2.

In response to the question of how a one-time price increase of 25% would be met, the idea of smaller, marginal increases, directly tied to the budget process, was presented. This idea allows for more refined bag price tailoring based on actual, year-over-year, budget needs. The thinking behind this option is that smaller, more responsive increases allow for households to more easily absorb an increase while making the increase process more reactive to changes in the Solid Waste Fund's finances. While it is noted the ending working capital of the fund is below the 12.5% threshold for some time during the horizon, by FY20, the fund is made whole.

It is SWAC's role to have the discussion on PAYT bag prices and bring forth to City Council a recommendation on PAYT bag and container prices.

Jeff was asked to show the proforma on the overhead screen so that everyone could see it.

Chip pointed to the numbers showing that the bottom line was down and sinking fast. Through contract negotiations General Services has been able to keep these contracts low but the revenue is not keeping up with the expenses and a bag increase is necessary to keep from increasing taxes to offset the solid waste fund. It was also explained that the bag ratio sold is a 60% small – 40% large – backwards ratio to other communities that Waste Zero supplies. The reason for this is that the bags are priced in a way that the resident can buy 2 small bags and stuff more in 2 small bags than in 1 large bag.

Chip presented the two options:

Option 1 increased bag prices as a one-time 25% increase. This would sustain through FY19.

Option 2 increased bag prices at 8% annually. This would help gradually but would make us whole by FY20.

Discussion was had on which way is best to go?

Would we have a run on the stores? This would be a definite risk with a 25% increase. There would be a lesser risk with an annual 8% increase.

Would we distribute the increase as a percentage based on the 60 /40 distributions?

Keith Nyhan commented that 2009 has met the original reason for implementation.

Mark Coen asked if the commercial haulers could help with an increase. Commercial tip fees are reviewed every year. Concord needs to keep this fee low in order to continue to receive haulers at our facility.

Rob Werner asked if there would be additional costs with doing it over time.

Chip commented that we know our costs 10 years out.

Gail Matson asked What does 8% look like - will we go to \$10.80 or round to \$11.00

Keith asks if we should go to an in between size bag?

Keith wants to know how will we present this to the residents?

Tom indicated you need to do an increase in bag prices or an increase in taxes?

Mark says one concern was illegal dumping – but there is no indication of this problem.

Rob ways we have wide spread acceptance of the purple bag.

Mayor Bouley says “help me explain it to the taxpayer”. The resident wants to know what he’ll get for this increase? We have to give the resident something tangible.

Chip says the perception is that the bag rips

Tom says there is less give to the bag and it is designed to rip

Mark says the consumer would like to see a stronger bag

The group voted to present council with a recommendation to increase the bag prices as a one time, 25% increase.

Come back to the next meeting with bag price options. Schedule meeting out 4-6 weeks.

Keith thanked everyone for their participation.

Meeting was adjourned at 5:45PM.