Fee and regulation changes at the Transfer Station.

The DPW Commissioners are aware that there is a fair amount of discussion around town about some of the recent fee changes at the Transfer Station and we'd like to explain what prompted those changes. Given the amount of the fee increase for a flat-fee sticker, you may be wondering...are the Commissioners crazy, stupid, or just plain mean? It is possible that we are crazy, stupid and extremely mean, but even so we think there is some logic behind the big increase...so read on, fellow citizens, as we outline our reasoning.

For many years the Rockport Transfer Station has operated under a flat-fee format, in which users can gain access to the station for a fixed amount of money and can then throw away as much trash as they want during the year. Under this flat-fee system, there is no limit placed on how much material can be discarded at any one time, no requirement that the material be placed in bags to keep it from flying around in a strong wind, and no absolute requirement that recyclable material (paper, cardboard, plastic, metal, and glass) not be mixed in with the discarded material. Although the town also offers PAYT (Pay As You Throw) as an option, most people still use the flat-fee system either out of habit or because they feel that PAYT would be less convenient.

For the past three years we have been looking into the question of moving to a full PAYT system at the transfer station. Many other Massachusetts towns have switched from flat-fee to PAYT and there is now a lot of data available to show what our experience would be like if we did as well. We have looked into the economics and operational dynamics of PAYT. We have looked at the typical recycle rates of towns that are 100% PAYT, visited the transfer stations of towns that have recently switched from flat fee to 100% PAYT, and investigated the regulation enforcement problems associated with the flat fee system in Rockport. We have also looked into the cost trends in waste disposal, and indications are that the cost will most likely continue to rise in the near future and reducing tonnage will help to offset the rising cost per ton to dispose of solid waste. Looking at all these factors, there are a number of things that jump out when comparing our Transfer Station to a 100% PAYT system:

1) **We are a relatively high-cost operation.** Much of our cost comes from the fact that flat fee creates no incentive for people to recycle, unlike PAYT, which strongly incentivizes recycling. We encourage recycling and have signs that threaten punishment if there is no evidence of recycling. But with only two full time attendants it is impossible to monitor and reprimand everyone who is lax about recycling. Many people are conscientious about it but many others are not. Take a look sometime at how much paper, cardboard, metal, glass, wood, and plastic ends up in the trash trailers at the Transfer Station. All material in the trash trailers is EXPENSIVE to haul away, and 100% PAYT operations consistently reduce their trash volumes by 40% to 50% because recyclable materials stay out of the trash. We are also high cost because of the additional labor we have to use for clean-ups. When a local restaurant brings (for example) loose trash to the transfer station and the lobster shells they are discarding fall in between the ramp and the trash trailer...that becomes a big, smelly clean-up job for a DPW crew once we fill and move the trailer. When people try to avoid a coupon charge by sneaking bulky items that are clearly useless into the Swap Shop, we need to send a DPW crew to move those bulky items into the trash. In that case we failed to get the revenue for the item, and had to pay a crew to clean them up and pay the hauling charge to get them taken away.

2) **The flat-fee system clearly invites a lot of bad behavior.** Under flat-fee, we are simply selling access to the transfer station, we are not charging people for the volume of trash they generate. Under flat-fee there is an incentive to try to get as much trash into the station for that one-time sticker charge. Not surprisingly, we never sell nearly as many stickers as there are households, and it seems clear that, for years, some people are likely using a single sticker to bring the trash from multiple households into...
the station. We have found landlords bringing in their tenants' trash under a single sticker. We have found trash (both residential and commercial) from Gloucester at the station, probably brought by a friend or relative with a Rockport sticker. More recently we have found people who buy inexpensive PAYT stickers dumping trash in regular bags when the attendants aren't looking. We try to keep our fixed costs low with a minimum number of workers, and they do a terrific job, but they are fighting a losing battle against the many people who consistently take advantage of the flat-fee system to sneak extra trash into the station.

3) **Rockport sticker fees are highly inequitable.** We have always calculated the flat-fee sticker charge by dividing the expected trash-hauling cost for the upcoming year by the number of stickers we expect to sell, using an implicit logic that the differences in trash from one sticker holder to the next will be small and therefore the sticker price is generally fair. But this does not reflect reality. Under flat-fee, businesses and large households can dump as much trash as they want for a fixed rate. Some businesses generate a ton of trash every month! Normally this would not create that much inequity if everyone else was abiding by the rule of one sticker per household, but we know that is not true. We have high volumes of trash from businesses, high volumes from large households, the fact that people are sneaking multiple households' worth of trash into the station under a single sticker and the fact that recycling for some people is lax or non-existent. When you consider those factors, it becomes evident that most individuals, retired couples, and regular households that are good about recycling are seriously overpaying for the amount of trash they generate under the flat-fee system. Not only are they overpaying but they are subsidizing the bad behavior of people who sneak trash into the station, as well as high volume businesses and any large households that do not recycle. The fact is that individuals, retired couples and regular households who conscientiously recycle would all be better off if they used PAYT rather than paying the flat fee.

Looking at these issues leads the Commissioners to believe that Rockport should discontinue its flat-fee system and move to a 100% PAYT system. The benefits we see are:

1) **PAYT is less expensive.** Under PAYT, users pay for the volume of trash they generate, which implicitly causes them to maximize their recycling and minimizes the amount of trash they create. Using other towns' experience as a guide, we would expect to reduce our trash volumes by 40% to 50% if we moved to 100% PAYT. Under PAYT all trash goes into PAYT bags, which results in a cleaner, more efficient operation with minimal loose trash flying around or falling on the ground requiring custodial attention.

2) **PAYT is self-policing.** When all trash in the trash trailers is expected to be in a PAYT bag, it is easy to identify anything that doesn't belong there. Everyone in the station...users and attendants, are aware of someone trying to sneak in trash they did not pay for. PAYT takes our attendants out of the role of being trash police (a role they do not like, frankly) and allows them to focus on their operational responsibilities.

3) **PAYT is completely equitable.** Under PAYT everyone pays for exactly as much trash as they generate...nobody is put in the position of subsidizing or being subsidized by anyone else.

From the Commissioners' standpoint it would be ideal if we could just turn off the flat fee system and turn on a PAYT system. Other towns have moved quickly and seamlessly from flat fee to full PAYT but we recognize that wholesale change does not come that easily to Rockport. Although many households are overpaying for their trash under the current system, others, such as businesses and people with large households, benefit from the implicit subsidy of the flat fee arrangement. Some people will object to a new process no matter what it is, and there are clearly people who abuse the system by sneaking trash in under someone else's sticker or under a PAYT sticker, who will not want to change. So, we are not
Our response, for now, is to do the following:

1) Require that all trash be bagged, whether you are in the PAYT program or the Flat Fee program. This is something many other towns do...it cuts down on the amount of loose trash either flying around or inadvertently dropped on the premises, resulting in a cleaner operation. Certain items may not fit in a bag, in that case the user should ask Brian or Mark for guidance.

2) Raise the flat-fee sticker charge by $90 per year. This sets a rate that, frankly, is more consistent with the typical volume of trash that many large users/poor recyclers generate, still provides a significant deal for the highest volume users, but clearly causes the average user to give more consideration to switching to the PAYT program.

3) Set PAYT bag rates to reflect the actual cost per pound of trash being disposed of in a PAYT bag. Previously even our PAYT bag prices were partially subsidizing our sticker fees, but removing that subsidy lowers the costs of the bags and saves you money.

4) Set bulk item coupon prices equal to Gloucester prices. There is a lot of evidence that Gloucester residents are coming to Rockport to dump their bulk items (like TV's, White Goods, etc) because our coupon rates have been significantly lower than Gloucester's. People may be coming in with a Rockport friend or relative, but we need to discourage material coming from out of town and ending up as a disposal cost to us. This may also be when/how Gloucester trash is coming to Rockport.

5) Seek help from Rockport residents in managing the Swap Shop. The Swap Shop started as a volunteer-run enterprise and was placed at the Transfer Station for residents' convenience, but as volunteers dwindled and eventually disappeared, the DPW has had to take over operations but there is too much policing necessary for us to do that and still run the rest of the station efficiently. Every other Town we researched used volunteers to run their Swap Shop but also CLOSED THEIR SWAP SHOP if no volunteers were present to run it. We hope that there is a lot of interest from Rockport residents to volunteer their time to run the Swap Shop so that we can continue to keep it open for the enjoyment of the residents of Rockport.