

Breaking Down Your Refuse Bill and Service

As you are aware, your Borough refuse bill decreased from \$312 to \$287 in 2015. With the decrease, refuse collection changed from two times per week to one time per week with a new refuse hauler. Recycling collection remains at one time per week. With these changes, there are numerous questions that have been asked that Borough Council members want to clarify for you.

My refuse bill decreased by \$25.00, yet our service was cut in half. Why isn't my bill half of what I used to pay?

This is the most common question we are asked. While this assumption may make sense on the surface, it is important to understand that this is not the case. While collection is only one time per week, the actual amount of refuse being collected remains the same. If you are used to producing four bags of refuse per week, you continue to produce four bags of refuse per week. Furthermore, recycling collection remains the same. In addition, there are many other services that are tied into this fee, not just curbside collection.

What other services are tied into my bill, and why?

Refuse and recycling collection are governed by Pennsylvania Act 101. In municipalities with a population greater than 10,000 residents (our population is approximately 11,411), the community is governed by Act 101. The goals of the Act are to reduce Pennsylvania's municipal waste generation; recycle at least 25% of waste generated; procure and use recycled and recyclable materials in state governmental agencies; and educate the public as to the benefits of recycling and waste reduction. The benefits of recycling and waste reduction include reduced pollution risks; conservation of natural resources, energy and landfill space; and reduced disposal costs. With this, there are many requirements for mandated municipalities.

Recycling:

In addition to the curbside recycling mandate, Act 101 also mandates other recycling efforts. Mandated municipalities are required to separate leaf waste from other municipal wastes. Since September 26, 1990, no waste disposal facility accepts shipments comprised primarily of leaf wastes unless a separate composting facility has been provided. There are few, if any, disposal facilities that accept this waste, therefore, the municipality is forced to maintain its own program and site. In addition, the Act makes it illegal to discard automotive and other lead acid batteries and encourages a household hazardous waste collection program.

E-Waste:

The Pennsylvania Covered Device Recycling Act (CDRA), passed in 2010, requires that consumers and businesses not dispose of electronic devices, such as computers, laptops, computer monitors, televisions, and tablets with their trash. This means that trash haulers will no

longer take covered devices unless the municipality has a curbside electronics collection program that sends the devices to an electronics recycler.

“This law is an important step toward further reducing the amount of waste disposed in our landfills,” said Mike Krancer, DEP secretary. “There will be a host of positive impacts from this law, such as deriving economic benefits from precious metals found in electronics, eliminating heavy metals in the environment and encouraging environmental stewardship.”

Under CDRA, covered devices and their components must be properly recycled and cannot be accepted by landfills or other solid waste disposal facilities for disposal. The law also requires that manufacturers of the covered devices provide for the collection, transportation, and recycling of these devices by establishing one-day events, permanent collection programs, or mail-back programs for consumers – offered to consumers at no cost.

In 2015, our residents will NOT be required to pay any additional fees for their E-waste products, however, please be sure to pay attention to the new list of what is and what is not accepted at the E-waste drop-off site.

Which of these services are provided in this community?

The Borough works very hard to meet the requirements of Act 101, although it is a very costly. The Borough provides a curbside leaf and yard waste collection program. In addition, the Borough provides a curbside Christmas tree collection. Moreover, the Borough maintains the community compost center, where residents can drop off yard waste including yard clippings, branches, and small shrubs and take home processed wood compost and screened mulch. In addition, the Borough provides an E-Waste Collection service, where residents can drop off E-Waste at the public works facility on the 2nd Monday of the month from noon to 6 PM from March through November.

What does it cost to provide these services?

It is very expensive to provide the required services under the Acts. These costs, in part, are factored into your refuse bill. The bill should truly be labeled “Refuse, Recycling, and Compost”.

The breakdown for the 2015 expenses, based on a historical average of hours and projected hours to be spent to provide these services are as follows:

| | |
|---|---------------------|
| Contracted Refuse Collection (J.P. Mascaro fees): | \$781,836.00 |
| Refuse / Recycling Labor and Benefits Costs: | \$ 37,728.71 |
| (Includes refuse, E-Waste,compost, leaf, tree collection) | |
| Refuse Billing / Mailing Costs: | \$ 3,000.00 |
| Compost Site Labor and Benefits Costs: | \$229,009.45 |
| Compost Equipment Costs: | <u>\$181,770.00</u> |

Total Cost: \$1,238,344.16

The detailed breakdown can be found on the Emmaus Borough below.

My taxes cover this cost, don't they?

The short answer to this is “no”. Think of how you operate your own budget at home. For example, let's assume you pay \$50,000 in bills at home in a given year. This includes your groceries, your car payment, your mortgage, your taxes, and other expenses. Let's also assume you have four sources of income, including your salary, your spouse's salary, investment income, and some form of retirement income. You pay your mortgage with your investment income. You pay your car payment with your retirement income, you pay for your groceries and other household bills from your income, and your miscellaneous expenses and savings come from your spouse's income. However, no matter what, you have to pay out \$50,000 in bills. This is the same concept with an exception. Your local taxes cover many expenses, such as fire services, police, public works, codes enforcement, streets, parks, part of ambulance services, and other services. However, the bulk of ambulance services are covered by third party billing. Some of code enforcement expenses are paid through permits and inspection fees. Some other services are paid through the collection of other fees and revenues. Sewer services are paid through your sewer bill and your water service is paid through your water bill. The Act 101 and CDRA services, which include trash, recycling, compost, E-waste, yard waste collection, leaf collection, and other services required under the Act are all paid for through the refuse bill. With a bill of \$287.00, total expected revenue for the year is \$1,232,371.00. Expected expenses are \$1,238,344.16. This is how Council calculated the new refuse bill, using the expected revenue for the rate in comparison to the expected expenses. The small difference is covered by compost sales and other miscellaneous income.

How can I save more money?

By paying your bill during the discount period, you are able to save an additional \$10.00 off your refuse assessment. We have found that, out of 4,300 bills, only 1,200 customers take advantage of the discount. In addition, if you are a family that meets certain income guidelines, there is a significant discount that may be available to you. The bill, rather than being \$287.00, would only be \$155.00. The general income guidelines include that the head of the household must be 62 years of age or older and their annual income as a single resident could not have exceeded \$18,000 or \$25,000 for a household of two or more. For more details, check out the “Documents / Applications” on the Borough website or ask for a form at Borough Hall. Furthermore, if you are a Borough resident and you have a low-impact home-based business, you formerly paid a refuse assessment of \$457.50. Your new fee is \$287, as Borough Council recently voted to eliminate the additional 25% fee.

How did we receive one-day per week service and why did we change haulers?

This has been a common question as well. Municipalities are required by law to bid out certain services. We are also required to take the lowest responsible bid. Sometimes this is good and sometimes it results in less than desirable results, however, these are legal requirements. In June 2014, our previous hauler, Republic Services, failed to submit a bid. The contract was bid out several ways, including several options for once per week collection as well as several for twice per week collection. The lowest bidder in nearly every option was J.P. Mascaro. Council debated the importance of once per week collection versus twice per week collection and ultimately decided that once per week collection would save money for members of the community without a significant impact on service. We have received some concerns from citizens regarding concerns with sanitation and smell. The vast majority of Americans have once per week refuse collection, including many communities in the Lehigh Valley. We also recommend and have always recommended that all households have garbage cans with lids. This will prevent rodents and lingering smells.

Are there any specific collection dates that we need to remember?

Generally, refuse is collected by J.P. Mascaro on Wednesday. Please place your refuse out the night before. Refuse will be pushed back by one day if a holiday falls on Monday or Tuesday. You should have received a small flyer that included a calendar of collection. The only holiday this includes this from now until August is during Memorial Day week, when collection will be on Thursday, May 28th rather than Wednesday, May 27th. Additionally, if there is a significant weather event, such as a significant snowfall, refuse collection may be pushed back by one day. J.P. Mascaro advertises these delays on their website as well as on WFMZ. We will also notify you when we are made aware of any delays in service.

Refuse Bill Calculations

Refuse Bills

FY 2014:

| | | |
|---|-------------|--|
| Total Units: | 4,300 units | |
| Total Light Home Occupancies (Home Businesses) | 45 units | (Charged for 1.25 Units) |
| Homes with Impact Businesses (salons, store frontage, etc.) | | (Charged for 2 units) |
| Businesses (individual stores, etc.) | | Pay for 1 unit, unless have a dumpster |

Revenue Based on 2014 Bills:

| | | |
|--|--------------|-----------------------|
| \$312 (includes \$6 for compost) | ± 2453 | \$765,336.00 |
| Discount Period - \$302 | ± 1200 units | \$362,400.00 |
| Penalty Period - \$332 | 630 units | \$209,160.00 |
| Low Income Discount - \$159 (\$154 if in discount period) | 17 units | \$2,703.00 |
| | estimated | <u>\$1,339,599.00</u> |

| | |
|-----------------------------|---------------------|
| <u>2014 Revenue:</u> | |
| Total Refuse / Dumpsters | \$1,308,733.55 |
| <u>2014 Expense:</u> | |
| Contracted Price | \$1,116,350.88 |
| <u>Difference:</u> | <u>\$192,382.67</u> |

Refuse Bill Calculations

| Projected FY 2015 (with no changes) | |
|--|---------------------|
| Revenues (Based on 2014) | \$1,308,733.55 |
| Expenses | \$786,836.00 |
| Difference: | <u>\$521,897.55</u> |

| | |
|---|--------------|
| Without making any changes to the budget, a surplus will be created in the amount of an additional: | \$329,514.88 |
|---|--------------|

Refuse and Compost Operation Costs:

(costs estimated as per estimates given by employees associated with process)

Salary / Wages and Benefits:

| | | <u>Salary</u> | <u>Benefits</u> |
|---------------------------------|---|---------------|---|
| Billing Clerk salary | 50% | \$13,591.50 | \$15,015.00 citations, billing, liens, collection, etc. |
| Billing Clerk # 2 salary | 5% | \$1,359.15 | \$1,501.50 assisting Jessica |
| Administrative Assistant salary | 5% | \$1,921.73 | \$1,501.50 compost and ELM |
| Borough Manager salary | 1% | \$854.35 | \$312.31 misc. mgmt and court hearings |
| Public Works Director salary | 5% | \$3,945.60 | \$1,601.60 director |
| Mechanic salary | 10% | \$12,075.52 | \$6,406.40 working on compost and collection equipment |
| | 2 guys 12pm - 3pm - March - November = 2 | | |
| Recycling Dumpster salary | x 3 x 9 x 25.42 | \$1,372.68 | \$831.60 average DPW 2015 salary - \$25.42 per hour |

Refuse Bill Calculations

| | | | |
|-----------------------------|--|----------------------------|--|
| | 2 guys 3pm - 6pm (overtime) March - November = 2 x 3 x 9 x | | |
| Recycling Dumpster salary | 25.42 x 1.5 | \$2,059.02 | \$831.60 |
| Compost Site Salary | \$17,144.00 | \$17,144.00 | \$10,386.22 only includes manpower during open site hours |
| Compost grinding Salary | 4 x per year. 3 guys x 40 hours x 4 x 25.42 | \$12,201.60 | \$2,464.00 |
| Compost maintenance Salary | 6 x per year. 4 guys x 40 hours x 6 x 25.42 | \$24,403.20 | \$14,784.00 emptying pond, rotating, turning, etc |
| Leaf Collection | 6 guys x 40 hours x 7 weeks x 25.42 | \$42,705.60 | \$25,872.00 October 20 - December 5 |
| Christmas Tree Collection | 2 guys x 40 x 3 weeks x 25.42 | \$6,100.80 | \$3,696.00 Dec. 26 - March 1 (estimate 3 full weeks) |
| Brush Collection | 2 guys x 16 hours x 32 weeks x 25.42 | \$26,030.08 | \$15,769.60 2 days per week - end of March - end of October |
| Total Salary Cost: | | <u>\$165,764.83</u> | |
| Total Benefits Cost: | | | <u>\$100,973.33</u> Calculated at \$15.40 per hour per employee |

Administrative Costs

| | |
|----------------------------|--------------------------|
| Refuse mailing / envelopes | <u>\$3,000.00</u> |
|----------------------------|--------------------------|

Equipment Use:

| | | | |
|------------|--|-------------|------------------------|
| Compost | loader - 11 hours per week x 38 weeks | \$27,170.00 | loader - \$65 / hour |
| Processing | 1400 grinder + 2 loaders x 160 hours | \$34,800.00 | grinder - \$120 / hour |

Refuse Bill Calculations

| | | | |
|------------------|---|-------------|---|
| Leaf Collection | 3 dump trucks, loader, backhoe, street sweeper x 280 hours small dump truck x 120 hours | \$88,200.00 | Dump Truck - \$50 / hour, Backhoe - \$50 / hour |
| Christmas Trees | dump truck x 512 hours | \$6,000.00 | Sweeper - \$50 / hour |
| Brush collection | hours | \$25,600.00 | |

Total Equipment Cost - per fee schedules: \$181,770.00

| | |
|--|------------------------------|
| <u>Total Cost:</u> | |
| Total Refuse, Compost, Leaf, Tree Costs (excluding contract): | \$451,508.16 |
| Refuse Contract Cost | \$786,836.00 |
| Total Overall Cost for All Services: | <u>\$1,238,344.16</u> |

| | |
|--|--------------|
| <u>Total Costs Broken Down:</u> | |
| Refuse / Recycling Labor | \$19,236.70 |
| Refuse / Recycling Benefits | \$18,492.01 |
| Refuse Contract | \$786,836.00 |
| Refuse billing / mailing | \$3,000.00 |
| Compost Labor | \$146,528.13 |
| Compost Benefits | \$82,481.32 |
| Compost Equipment | \$181,770.00 |

Refuse Bill Calculations

Difference Between Revenues and Expenses

Based on 4,300 accounts:

If Factoring ONLY Contract Prices:

| | |
|--|----------|
| Revenue per account | \$304.36 |
| Expenses per account (based on contract only) | \$182.99 |
| Difference per account (if only factor contract) | \$121.37 |

If Factoring All Hard and Soft Costs for Refuse, Recycling, and Compost:

| | |
|------------------------|----------|
| Revenue per account | \$304.36 |
| Expenses per account | \$287.99 |
| Difference per account | \$16.37 |

Scenarios:

Elimination of the extra charge for Home - Based Businesses

| | |
|------------------------------------|--------------------|
| Current Homes w/ businesses | 45 |
| Charges (\$312 x 1.25) | \$390.00 |
| Total Revenue | \$17,550.00 |
| <i>If Eliminated extra charge:</i> | |
| Charges | \$14,040.00 |
| Potential Lost Revenue | \$3,510.00 |

Refuse Bill Calculations

Potential Change in Charges:

2014 Rates:

| | | |
|--|-----------------------|------------------------------|
| \$312 (includes \$6 for compost) | ± 2453 | \$765,336.00 |
| Discount Period - \$302 | ± 1200 units | \$362,400.00 |
| Penalty Period - \$332 | 630 units | \$209,160.00 |
| Low Income Discount - \$159 (\$154 if in discount period) | 17 units estimated | <u>\$2,703.00</u> |
| | | <u><u>\$1,339,599.00</u></u> |

2015 Possible Rates:

\$ 300.00

| | <u>Rate:</u> | <u>Units:</u> | <u>Total:</u> |
|------------|--------------|---------------|-----------------------|
| New Rate | \$300.00 | 2453 | \$735,900.00 |
| Discount | \$290.00 | 1200 | \$348,000.00 |
| Penalty | \$320.00 | 630 | \$201,600.00 |
| Low Income | \$156.00 | 17 | \$2,652.00 |
| Total: | | 4300 | \$1,288,152.00 |

\$ 290.00

| | <u>Rate:</u> | <u>Units:</u> | <u>Total:</u> |
|------------|--------------|---------------|---------------|
| New Rate | \$290.00 | 2453 | \$711,370.00 |
| Discount | \$280.00 | 1200 | \$336,000.00 |
| Penalty | \$310.00 | 630 | \$195,300.00 |
| Low Income | \$151.00 | 17 | \$2,567.00 |

Refuse Bill Calculations

Total: 4300 \$1,245,237.00

\$ 287.00

| | <u>Rate:</u> | <u>Units:</u> | <u>Total:</u> |
|------------|--------------|---------------|---------------|
| New Rate | \$287.00 | 2453 | \$704,011.00 |
| Discount | \$277.00 | 1200 | \$332,400.00 |
| Penalty | \$307.00 | 630 | \$193,410.00 |
| Low Income | \$150.00 | 17 | \$2,550.00 |

Total: 4300 \$1,232,371.00

\$ 280.00

| | <u>Rate:</u> | <u>Units:</u> | <u>Total:</u> |
|------------|--------------|---------------|---------------|
| New Rate | \$280.00 | 2453 | \$686,840.00 |
| Discount | \$270.00 | 1200 | \$324,000.00 |
| Penalty | \$300.00 | 630 | \$189,000.00 |
| Low Income | \$146.00 | 17 | \$2,482.00 |

Total: 4300 \$1,202,322.00

\$ 270.00

| | <u>Rate:</u> | <u>Units:</u> | <u>Total:</u> |
|------------|--------------|---------------|---------------|
| New Rate | \$270.00 | 2453 | \$662,310.00 |
| Discount | \$260.00 | 1200 | \$312,000.00 |
| Penalty | \$290.00 | 630 | \$182,700.00 |
| Low Income | \$141.00 | 17 | \$2,397.00 |

Total: 4300 \$1,159,407.00