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TOWN OF AYER
TOWN CLERK

2:17pm

Town of Ayer



Rate Review Committee Meeting*
Wednesday, September 6, 2023 at 3:30pm

**This is an in-person meeting only*

**Ayer Town Hall
First Floor Meeting Room
1 Main Street, Ayer, MA**

Meeting Agenda

- 1. Call to Order**
- 2. Review and Approval of the Previous Meeting Minutes from August 22, 2023**
- 3. Update and Discussion on Independent Professional Financial/Operational Analysis of the Transfer Station**
- 4. Review and Discussion on Calendar Year 2024 Solid Waste/Transfer Station Rates**
- 5. Review and Discussion on Proposed Schedule of Meetings for the Committee**
- 6. Scheduling of Next Meeting(s)**
- 7. Adjournment**

Town of Ayer

Rate Review Committee

[DRAFT] Meeting Minutes from August 22, 2023

Attendance: Jannice Livingston, Chair; Dan Van Schalkwyk, DPW Director; Pam Martin, DPW Business Manager; Kimberly Abraham, Water & Sewer Superintendent; Robert Pontbriand, Town Manager

Absent: Andrew Sealey (Fin Com Rep.); Barbara Tierney, Finance Manager

Call to Order: The August 22, 2023 meeting of the Rate Review Committee was called to order at 4pm on August, 22, 2023 by J. Livingston. (Note: This was an in-person meeting only.)

Review and Approval of the Meeting Minutes from February 28, 2023:

The Committee reviewed the DRAFT Meeting Minutes from February 28, 2023 and there were no edits.

Motion: A motion was made by K. Abraham and seconded by D. Van Schalkwyk to approve the meeting minutes from February 28, 2023. **Motion Passed (5-0).**

Initial Review/Discussion on Calendar Year 2024 Transfer Station Rates:

J. Livingston stated that last year the perception was that we were rushing the Transfer Station rate process. We are not going to rush this time and we will be more methodical in our approach. We may very well meet the same dates, but we need to do a thoughtful review and not rush.

P. Martin stated that it was not the intent to rush last year but we have a certain period of time to sell stickers which starts before January 1.

J. Livingston stated that she understands that but that last year the public perception was that were rushing the process. We had the Public Hearing date already scheduled before the Committee finalized the rate recommendations.

R. Pontbriand stated that last year we started late in the process, that is why we are starting earlier this time.

J. Livingston stated that we need to understand that the Transfer Station does not make a profit and that it is a municipal service. Additionally, the General Fund subsidy which is approximately \$160,000 is less than 1% of the total General Fund Budget. We need to really look at what is the cost of having the public up there? How many days do Employees actually need that do not involve the public for preparation purposes? Why can't Resident's use the Transfer Station five days a week? I would like to see us have a broader conversation on these questions and issues.

R. Pontbriand stated that we should consider making a list of all of the questions and issues and have a third-party professional consultant do an analysis of the operations and finances of the

Transfer Station and make recommendations to this Committee. This analysis would not include looking at the issue of curbside trash pickup.

D. Van Schalkwyk agreed and passed out a memo outlining his recommendation to the Committee to consider and pursue a third-party professional consultant to perform an operational and financial analysis of the Transfer Station. He added that the consultant firm of Weston and Sampson does this kind of analysis and that he would further research and develop a proposal for consideration if the Committee would like.

D. Van Schalkwyk further stated that there is the potential not to have a rate increase this year as it appears there may be a slight surplus based on the current rate structure as approved last year. We have seen about \$5,000 in savings from our recycling contracts and we have yet to look at the impact of raising the bulk item fees last year.

R. Pontbriand stated that perhaps an approach for this year after we have all the information and have reviewed it would be not to raise the rates this year and to complete the operational and financial analysis of the Transfer Station by a third-party professional.

J. Livingston stated that some of the other questions/issues that need to be looked at are: bags versus stickers; do we continue with permits; what about issues of further enforcement?

P. Martin stated that we do receive weekly calls from out-of-Town residents asking about using the Transfer Station.

J. Livingston stated that we did have the rate for Devens Residents living on Ayer and perhaps we would consider a higher cost rate for out-of-towners to use the Transfer Station? What about a Town-wide permit along the lines of the Sandy Pond Beach Permit?

Pauline Conley (Resident) asked about the Committee considering going back to the stickers as opposed to the bags?

J. Livingston stated that is a good question and we need to look at that.

R. Pontbriand stated that the list of questions/issues he has so far are:

- Issue of enterprise fund versus general fund for the Transfer Station
- Issue of the general fund subsidy
- How many days do employees need without the public? What is the cost?
- Issue of bags versus stickers
- Issue of having permits or not. What about a Town-wide permit? What about non-residents using the Transfer Station? What about a higher non-resident permit fee?
- What about selling permits and bags at the Transfer Station? A service kiosk
- Issue of hours of operation and issue of hours the public can use

- Issues of enforcement and monitoring of bags
- Reviewing our current rate model
- Issue of selling permits on the calendar year versus the fiscal year

J. Livingston stated that there is perhaps a false impression that there needs to be a certain number of residents every hour or every day at the Transfer Station.

D. Van Schalkwyk mentioned the Town of Harvard's model for their Transfer Station where they do not use full-time benefitted employees.

J. Livingston asked about using the Senior Tax Work-Off Program.

D. Van Schalkwyk stated that we have tried on two different occasions to get someone and have not been successful. We can look at that again.

P. Martin stated that on the issue of black bags being seen at the Transfer Station perhaps they are from Town Departments disposing of their trash at the Transfer Station. The Town Departments do use black bags.

J. Livingston stated that is the first time she has learned of this and perhaps we need a dedicated Town Employee or Town Trash section at the Transfer Station so that the public understands this, and it keeps it separate.

D. Van Schalkwyk stated that we will look at that.

R. Pontbriand asked if any of the contracts at the Transfer Station were set to expire.

P. Martin stated that the contract we have for purchasing the bags does expire on June 30, 2024.

J. Livingston stated that we should really look at the possibility of not having to raise any rates for the Transfer Station this year.

Pauline Conley (Resident) asked how many vacancies are on the Rate Review Committee and is there a member of the Finance Committee?

J. Livingston stated that there is a Fin Com Member, Andrew Sealey, who is not here today.

R. Pontbriand stated that there are two resident vacancies and a vacancy for an SIU (significant water user from the business community).

Pauline Conley asked if the Town would promote these opportunities.

J. Livingston stated yes.

Scheduling of the Next Meeting:

The Committee scheduled the next meeting for Wednesday, September 6, 2023 at 3:30pm.

Adjournment:

Motion: A motion was made by K. Abraham and seconded by D. Van Schalkwyk to adjourn the meeting at 5:02pm. **Motion Passed (5-0)**

The meeting adjourned at 5:02pm.

Minutes recorded and submitted by R. Pontbriand, Town Manager

Minutes reviewed and approved by the Rate Review Committee on _____

Signed: _____
Robert A. Pontbriand
Town Manager

DRAFT

Dan Van Schalkwyk, P.E., Director
Kimberly Abraham, Water and Sewer Superintendent
Pam Martin, Business Manager

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Memorandum

Date: August 31, 2023
To: Robert Pontbriand, Town Manager
Barbara Tierney, Town Accountant
From: Dan Van Schalkwyk, P.E.
Re: Calendar Year 2024 Solid Waste Rates

Dear Robert and Barbara,

I have updated the Solid Waste Fee Model using FY24 budget and revenue data.

Based on the April 2023 Annual Town Meeting Appropriation for FY24 and other revenues anticipated for FY24, the revenue required from permit sticker and Pay As You Throw (PAYT) bag sales is:

Item	
FY24 Solid Waste Budget	\$ 594,970
Revenue: Tax Levy	\$ 198,970
Revenue: Retained Earnings	\$ 45,000
Revenue: Solar Lease, Recycling Cmte., Recycling Items/Linens	\$ 29,881
Revenue Required from Permit Stickers and PAYT Bags	\$ 321,299

Based on the above, permit and PAYT bag revenue needs to generate \$321,299. The current rates are projected to generate sufficient revenue of \$334,925. Please see the following rate scenarios:

Rate Scenarios	
Current Rates	\$ 334,925
Permit Increase All \$5	\$ 341,645
Increase Regular Permit Only \$5	\$ 338,520
Permit Increase \$10 /\$5 /\$0	\$ 344,595
Permit Increase \$15/\$10/\$5	\$ 351,315
Permit Increase \$5 /\$5 /\$0	\$ 341,000
Permit Increase \$5 /\$0 /\$5	\$ 339,165
Bag increase \$0.50	\$ 340,633
Bag Increase \$1.00	\$ 346,342
Permit Increase \$5 Bag \$1.00	\$ 353,062
Permit Increase \$5 , Bag \$0.50	\$ 347,353
Permit Increase \$10/5 , Bag \$0.50	\$ 350,303
Permit Increase \$10/\$5 , Bag \$1.00	\$ 356,012
Sales Revenue Needed*	
\$160k Subsidy, \$45k Ret Earnings	\$ 360,089
\$198,790k Subsidy, \$45k Ret Earnings	\$ 321,299

* Breakeven subsidy is \$185,164 (factors in \$45k retained earnings)
 Note that bag price increase will only generate additional funds for 1/2 the FY

Please note, if sales revenues from permit stickers and bags are lower than anticipated, the Town should ensure it can make up for this with subsidy / retained earnings. Comparing the anticipated revenue from current rates (i.e., \$334,925) to the required revenue (i.e., \$321,299), there is a safety net of approximately \$13,626 to cover shortfalls in permit sticker and PAYT bag revenue.

Factors Impacting the Transfer Station Rates

Notable factors that are impacting the transfer station rates include:

- Contracts for solid waste disposal and recycling collection have increased due to increased hauling costs over the past several years, though FY24 is slightly down from FY23.
- The recycling commodities market is more favorable than past years, we are paying less to discard recycling
- General cost increases due to inflation
- Tax levy and retained earnings subsidy

Bulk Item Revenue

On January 1, 2023, prices for most bulk items were increased. Comparing revenues of FY23 to FY22, there was a \$9,325 increase in revenue for a combination of bulk tag and bag sales at DPW. A significant amount of the \$9,325 dollar increase in revenue is likely due to the increase in bulk tag prices because bag sales at the DPW are not anticipated to significantly fluctuate from year to year.

Recommendations

Based on the above analysis, it's my opinion that the Rate Review Committee should recommend to the Select Board no changes to the rates at this time.

As discussed at the August 22, 2023, meeting and included in a memo from myself to the Rate Review Committee with the same date, the Committee may consider a third-party professional review of the business operations and finances of the Transfer Station. The evaluation would ultimately provide recommended changes that are anticipated to be effective at reducing rates and improving efficiency of operations. The evaluation would not look at curbside. I have been in communication with Weston & Sampson, who have performed similar services for other communities. They are preparing a proposal which I will be able to present to the Committee at a future meeting.