

# Solid Waste and Disposal Enterprise Fund



Massachusetts General Law (M.G.L. c. 44, § 53F<sup>1/2</sup>) provides for municipalities to establish – for accounting purposes – a separate fund (or funds) classified as Enterprise Funds to record the revenues and expenditures of municipal operations that deliver services on a business-like basis; that is, the users of the service are charged fees intended to cover most if not all of the costs of delivering the service.

While the Town could opt to account for the revenues and expenditures of the solid waste program in its General Fund, the advantages of accounting for it in an enterprise fund are:

- To provide a mechanism to clearly identify the total cost of the solid waste program – direct, indirect, and capital -- and the source(s) of funding of the service.
- To make readily accessible important financial and management information for rate-setting purposes and financial reporting.
- To provide a mechanism for the segregation of interest income from the investment of cash generated by the solid waste program.
- To provide a mechanism for the segregation of any surplus at fiscal year-end that is generated by the solid waste program and to reserve that surplus for future use in support of the operation, subject to appropriation by Town Council.

## **Costs to be captured in the fee –**

The amount of the fee will be a function of direct and indirect costs of the solid waste program.

Direct costs will be those incurred to provide service to program subscribers, i.e., town residents and indirect costs which are costs incurred in the General Fund in support of the solid waste program.

In addition, there are other program costs which do not support service provided to program subscribers and therefore are candidates for funding from General Fund revenue. These various costs are described below.

- Direct Costs in support of service to program subscribers –
  - o Cost of curbside collection and disposal of solid waste and processing of recyclables

Indirect Costs in support of service to program subscribers -  
Candidates for indirect costs may include but are not limited to  
the following.

- A portion of salaries of staff responsible for generating bills to subscribers
- A portion of the annual maintenance fee of billing software used
- A portion of the cost of operating the Town Accountant's office
- A portion of the cost of operating the Treasurer/Collector's Office
- A portion of the salary of staff with responsibility of overseeing the management of the solid waste program- Director of Public Health
- Cost of staffing to manage hazardous waste day events unless this is determined to be a non-fee-based cost

The calculation of a flat trash fee is a function of the total cost to be financed with the fee and total subscribers.

**Fee = total subscriber-based costs/total subscribers**

In conversation with the Massachusetts Department of Environmental Protection Municipal Assistance Coordinator, we learned that it is their experience, when communities transition from a non-trash fee funded program to a trash fee-funded program, household participation can drop to as low as 90% of total households.

Consequently, the Collins Center recommends the following:

**Costs based on 100% participation, but a trash fee based on 90% participation.**

An option to consider is to characterize Yard Waste Drop-off and Household Hazardous Waste costs as subscriber costs, rather than non-subscriber, General Fund costs.

This could be done as a matter of policy, and the town were to limit participation in these programs to subscribers or charge a separate fee to non-subscribers who wish to participate in either program.

Potential subscribers may see this as a benefit that could result in a positive effect on the rate of participation. Including these costs as subscriber-based would increase total FY 25 subscriber costs by \$310,945 and the quarterly fee by \$14.00.

Program Cost Estimate						
	FY 2025		FY 2026 (2.0%)		FY 2027 (2.0%)	
	Basic Service	Includes Yard & Hazard Waste	Basic Service	Includes Yard & Hazard Waste	Basic Service	Includes Yard & Hazard Waste
Curbside - Solid Waste & Recycling	1,011,573	1,011,573	1,031,804	1,031,804	1,052,441	1,052,441
Solid Waste Disposal	576,150	576,150	587,673	587,673	599,426	599,426
Recyclable Processing	162,890	162,890	166,148	166,148	169,471	169,471
Yard Waste Collection	195,975	195,975	199,895	199,895	203,892	203,892
Yard Waste Processing	54,270	54,270	55,355	55,355	56,463	56,463
Cart Replacement	10,553	10,553	10,764	10,764	10,979	10,979
Yard Waste Drop-Off	0	226,125	0	230,648	0	235,260
Hazardous Household Waste	0	84,820	0	86,516	0	88,247
Subtotal	2,011,411	2,322,356	2,051,639	2,368,803	2,092,672	2,416,179
Full-Time Town Agent - Salary	74,607	74,607	76,099	76,099	77,621	77,621
Cost of Benefits	18,652	18,652	19,025	19,025	19,406	19,406
Subtotal	93,259	93,259	95,124	95,124	97,027	97,027
P.T. Solid Waste Monitor - 19 Hrs.	29,057	29,057	29,638	29,638	30,231	30,231
P.T. Solid Waste Monitor - 15 Hrs.	18,868	18,868	19,245	19,245	19,630	19,630
P.T. Solid Waste Monitor - 15 Hrs.	18,868	18,868	19,245	19,245	19,630	19,630
Subtotal	66,793	66,793	68,129	68,129	69,491	69,491
Uniforms	5,000	5,000	5,100	5,100	5,202	5,202
Mailing - Billing	14,104	14,104	14,386	14,386	14,674	14,674
Software - Annual Maintenance	8,333	8,333	8,500	8,500	8,670	8,670
Subtotal	27,437	27,437	27,986	27,986	28,545	28,545
Total Direct Costs	2,198,900	2,509,845	2,242,878	2,560,042	2,287,736	2,611,243
Indirect Cost (Estimated at 5%)	109,945	125,492	112,144	128,002	114,387	130,562
TOTAL SUBSCRIBER COSTS	2,308,845	2,635,337	2,355,022	2,688,044	2,402,123	2,741,805



**Proposed Rates**

Subscribers	Participation		Fiscal Year 2025			Fiscal Year 2026			Fiscal Year 2027		
	Rate		Basic	Y & H Waste	Difference	Basic	Y & H Waste	Difference	Basic	Y & H Waste	Difference
6,376	100.00%	Quarterly	90.53	103.33	12.80	92.34	105.40	13.06	94.19	107.50	13.32
		Monthly	30.18	34.44	4.27	30.78	35.13	4.35	31.40	35.83	4.44
6,057	95.00%	Quarterly	95.30	108.77	13.48	97.20	110.95	13.75	99.15	113.17	14.02
		Monthly	31.77	36.26	4.49	32.40	36.98	4.58	33.05	37.72	4.67
5,898	92.50%	Quarterly	97.87	111.70	13.84	99.82	113.94	14.12	101.82	116.22	14.40
		Monthly	32.62	37.23	4.61	33.27	37.98	4.71	33.94	38.74	4.80
5,738	90.00%	Quarterly	100.59	114.82	14.22	102.61	117.12	14.51	104.66	119.46	14.80
		Monthly	33.53	38.27	4.74	34.20	39.04	4.84	34.89	39.82	4.93
5,420	85.00%	Quarterly	106.50	121.56	15.06	108.63	123.99	15.36	110.80	126.47	15.67
		Monthly	35.50	40.52	5.02	36.21	41.33	5.12	36.93	42.16	5.22
5,101	80.00%	Quarterly	113.16	129.16	16.00	115.42	131.74	16.32	117.73	134.38	16.65
		Monthly	37.72	43.05	5.33	38.47	43.91	5.44	39.24	44.79	5.55
4,463	70.00%	Quarterly	129.33	147.62	18.29	131.92	150.57	18.65	134.56	153.59	19.03
		Monthly	43.11	49.21	6.10	43.97	50.19	6.22	44.85	51.20	6.34

Based on the analysis of all the data available, the Collins Center recommends that the flat subscriber fee be set using 90% participation rate and rounded to the nearest dollar. This would result in a quarterly rate for a single family home of \$101.00 or \$115.00 depending on the level of service the Town Council wishes to offer to our residents.

Description	Number of Units		Fiscal Year 2025		Fiscal Year 2026		Fiscal Year 2027	
			Basic	Y & H Waste	Basic	Y & H Waste	Basic	Y & H Waste
Single Family	1	Quarterly	101.00	115.00	103.00	118.00	105.00	120.00
		Annually	404.00	460.00	412.00	472.00	420.00	480.00
Two Family/Duplex	2	Quarterly	202.00	230.00	206.00	236.00	210.00	240.00
		Annually	808.00	920.00	824.00	944.00	840.00	960.00
Three Family	3	Quarterly	303.00	345.00	309.00	354.00	315.00	360.00
		Annually	1,212.00	1,380.00	1,236.00	1,416.00	1,260.00	1,440.00
Four Family	4	Quarterly	404.00	460.00	412.00	472.00	420.00	480.00
		Annually	1,616.00	1,840.00	1,648.00	1,888.00	1,680.00	1,920.00
Five Family	5	Quarterly	505.00	575.00	515.00	590.00	525.00	600.00
		Annually	2,020.00	2,300.00	2,060.00	2,360.00	2,100.00	2,400.00
Six Family	6	Quarterly	606.00	690.00	618.00	708.00	630.00	720.00
		Annually	2,424.00	2,760.00	2,472.00	2,832.00	2,520.00	2,880.00

Billing will begin in April 2024 to cover expenses associated with the solid waste collection period of April 1, 2024 - June 30, 2024, to be deposited into the General Fund.

Beginning in FY25, billing would occur during the fiscal year on a quarterly billing cycle as follows:

- July to cover July through September
- October to cover October through December
- January to cover January through March
- April to cover April through June

Funds to be deposited into the Solid Waste and Disposal Enterprise Fund.

**MOTION:**

Vote that the Town of Southbridge accept the provisions of Chapter 44, § 53F½ of the Massachusetts General Laws establishing solid waste collection and disposal as an enterprise fund effective Fiscal Year 2025

**MOTION:**

Vote to set a flat per unit subscriber fee rate at \$\_\_\_\_\_ to be billed quarterly, effective April 1, 2024 for the curbside collection and disposal of residential, municipal and solid waste and recyclables and other related costs

QUESTIONS