



TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, **including back up information**, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

MEETING INFORMATION

Date Submitted: November 21, 2022
Submitted by: Town Manager Paul T. Micali
Department:
Speakers: Paul Micali

Date of Meeting: December 1, 2022
Time Required: 25 minutes
Background Info. Supplied: Yes: No:

CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/Retirement:	<input type="checkbox"/>
Public Hearing:	<input type="checkbox"/>	Old Business:	<input checked="" type="checkbox"/>
New Business:	<input type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

TITLE OF ITEM

Discussion of Overhead Costs for Tipping Fees

DESCRIPTION OF ITEM

The Town Council to discuss the overhead costs for Tipping Fees.

REFERENCE (IF KNOWN)

RSA:	Warrant Article:	_____
Charter Article:	Town Meeting:	_____
Other:	N/A	

EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

CONTACT INFORMATION

Name:	Paul T. Micali	Address:	6 Babooic Lake Road
Phone Number:	603-424-2331	Email Address:	pmicali@merrimacknh.gov

APPROVAL

Town Manager: Yes No: Chair/Vice Chair: Yes No:
Hold for Meeting Date: _____



Overhead Costs for Tipping Fees Discussion

Presented to the
Merrimack Town Council
December 1, 2022

SUMMARY OF COMMERCIAL TRASH, C&D, AND SS DISPOSAL FEE CHARGES
FISCAL 2022-23

CURRENT RATES (Effective as of 3/15/2022)

	Trash	C&D	Single-Stream
Third-Party Hauler Tipping Rates (1)	\$ 78.00	\$ 95.00	\$ 124.00
Overhead	55.00	55.00	(2)
Total Disposal Rate Charged to Commercial Users	\$ 133.00	\$ 150.00	\$ 124.00

METHODOLOGY CHOICES FOR FY 2022-23 RATES (Second Half of the Year)

	Trash	C&D	Single-Stream
A. Leave Rates Unchanged	\$ 133.00	\$ 150.00	\$ 124.00
B. Overall Facility Overhead Rate (same for all types)			
	Total		
Wages & Benefits - Supervisory (22/23 Budget)	\$ 90,786	@80% (3)	
Wages & Benefits - Non-Supervisory (22/23 Budget)	403,955	@90% (4)	
Vehicle Fuel	55,170		
Maintenance	43,600		
Utilities	21,710		
Insurance	10,721		
Other	41,338		
	\$ 667,280		
Total Trash Tonnage:			
Trash	6600		
Construction and Demolition	1500		
Single-Stream Recycling	1500		
	9600		
Overhead rate per ton	\$ 69.51		

	Trash	C&D	Single-Stream
Third-Party Hauler Tipping Rates ***	\$ 80.50	\$ 97.00	\$ 150.00
Overhead	70.00	70.00	(2)
Total Disposal Rate Charged to Commercial Users	\$ 150.50	\$ 167.00	\$ 150.00

(1) Third-Party Hauler Tipping Rates will be increasing to \$80.50 for trash, \$97.00 for C&D, and an estimated \$150.00 for single-stream as of 12/15/2022.

(2) Historically we have not included an overhead component to the Commercial Single Stream Disposal Fees.

(3) Assumption used is that 20% of supervisory time relates to non-trash/recycling issues (e.g., Swap Shop, Landfill, Yard Waste, _____).

Services for which additional fees are already charged - electronics, propane, appliances, etc.).

(4) Assumption used is that 10% of employee time relates to non-trash/recycling issues (e.g., Swap Shop, Landfill, Yard Waste, _____).

Services for which additional fees are already charged - electronics, propane, appliances, etc.).

SUMMARY OF COMMERCIAL TRASH, C&D, AND SS DISPOSAL FEE CHARGES
FISCAL 2022-23

CURRENT RATES (Effective as of 3/15/2022)

	Trash	C&D	Single-Stream
Third-Party Hauler Tipping Rates (1)	\$ 78.00	\$ 95.00	\$ 124.00
Overhead	55.00	55.00	(2)
Total Disposal Rate Charged to Commercial Users	\$ 133.00	\$ 150.00	\$ 124.00

METHODOLOGY CHOICES FOR FY 2022-23 RATES (Second Half of the Year)

C. Separate Trash Component Rates

	Trash	C&D	Single-Stream	Total
Wages & Benefits - Supervisory (22/23 Budget)	\$ 63,550	\$ 13,618	\$ 13,618	\$ 90,786 @80% (3)
Wages & Benefits - Non-Supervisory (22/23 Budget)	208,907	52,227	142,821	403,955 @90% (4)
Vehicle Fuel	41,378	11,034	2,759	55,170
Maintenance	32,700	8,720	2,180	43,600
Utilities	15,197	3,257	3,257	21,710
Insurance	7,505	1,608	1,608	10,721
Other	28,937	6,201	6,201	41,338
Total Trash Tonnage:	6600	1500	1500	9600
Overhead rate per ton	\$ 60.33	\$ 64.44	\$ 114.96	

	Trash	C&D	Single-Stream
Third-Party Hauler Tipping Rates ***	\$ 80.50	\$ 97.00	\$ 150.00
Overhead	60.50	64.00	115.00
Total Disposal Rate Charged to Commercial Users	\$ 141.00	\$ 161.00	\$ 265.00

(1) Third-Party Hauler Tipping Rates will be increasing to \$80.50 for trash, \$97.00 for C&D, and an estimated \$150.00 for single-stream as of 12/15/2022.

(2) Historically we have not included an overhead component to the Commercial Single Stream Disposal Fees.

(3) Assumption used is that 20% of supervisory time relates to non-trash/recycling issues (e.g., Swap Shop, Landfill, Yard Waste, Services for which additional fees are already charged - electronics, propane, appliances, etc.).

(4) Assumption used is that 10% of employee time relates to non-trash/recycling issues (e.g., Swap Shop, Landfill, Yard Waste, Services for which additional fees are already charged - electronics, propane, appliances, etc.).

1 **2. Tipping Fees Discussion**

2 *Submitted by Public Works Director Kyle Fox*

3 The Town Council to be presented with the new tipping rates proposal for the Merrimack Transfer
4 Station as it relates to the new contracts for trash, construction materials and recycling.

5
6 Town Manager Paul Micali presented a quick overview, stating that this is the first time in over 17 years
7 where the trash tipping fees have been broken out into three separate contracts. Usually, there would be a
8 recycling contract and trash contract, which includes construction debris, however there are new contracts
9 starting in the next few months with new tipping rates. Public Works Director Kyle Fox then shared that
10 there is a 5-year trash contract with Waste, Inc., in which the trash goes to Pembroke, NH to be burned and
11 turned into energy. This new contract begins in December and is \$78 per ton for the tipping fee, and the final
12 year (Dec 2025) the fee will be \$88.90, which does not include the manpower fees to get the trash to
13 Pembroke. Mr. Fox then shared that the Finance Department calculated an overhead rate for the manpower
14 efforts, which came to \$63 per ton to add on to the total costs. Mr. Fox is proposing charging \$150 per ton
15 for commercial trash disposal, as this is the middle of the 5-year contract plus \$63 overhead costs combined.
16 This is about a \$28 increase per ton over the current fee.

17
18 Chairman Koenig questioned the \$150 per ton commercial trash disposal fee, asking for clarification about
19 the \$63 charge for anyone that brings in an additional ton of commercial trash. Mr. Micali stated that they
20 run about \$125,000 into capital reserve funds, so they took the overall total tonnage number, which was
21 around 8,100 tons per year, and they divided it by \$125,000 to come up with the calculation. There was some
22 discussion to clarify residential vs commercial trash and the hauling/disposal of such, in which Mr. Fox
23 shared about 8% of the total trash is commercial. Chairman Koenig asked if the \$125,000 in the capital
24 reserve fund is put in annually, in which Mr. Micali stated that it is, but he expects that amount to drop to
25 \$100,000 in the budget, due to some trucks and trailers having been recently replaced.

26
27 Vice Chair Rothhaus questioned if there would be a financial benefit to keeping a lower rate and bringing in
28 more commercial haulers for a financial benefit, and Chairman Koenig added to this by asking if bumping
29 the amount up to \$27 or \$28 would result in losing extra cash. Vice Chair Rothhaus stated he thinks it is
30 reasonable to come in at \$50 handling for the time being and have a further discussion on this to see if it
31 beneficial in one way or another. Councilor Healey asked if the town haulers are handling the trash going to
32 the waste to energy plant and if there is a fee paid to the plant to take the garbage, in which Mr. Fox stated
33 that this is the tipping fee. Councilor Healey followed up by asking where the energy goes, in which Mr. Fox
34 said they create electricity, but he is not sure where it goes. Mr. Micali added that the plant is giving them a
35 break in the fee for tonnage as they are not paying \$95 to have the trash buried. Mr. Fox suggested having
36 the Council elect set rates for each year to help make the transition more palatable. Councilor Harrington
37 asked Mr. Fox if surrounding towns charge extra for commercial trash, in which Mr. Fox stated that 10 of the
38 15 towns he researched do not accept commercial trash, and the ones that do don't charge residential and
39 have varying rates depending on how close they are to the landfill in Bow. After some discussion, Mr. Micali
40 asked what the Council is comfortable with for an overhead rate. Councilor Harrington suggested setting the
41 overhead rate to \$50 and debating the capital reserve funds at a later time once they receive additional data.
42 Councilor Healey suggested only setting a rate for 2022, as this would give them time to perform a cost
43 analysis and set future rates depending on the information discovered. Chairman Koenig suggested that while
44 he is comfortable with a \$50 overhead rate for commercial waste, perhaps an incremental raise to \$55 would
45 be appropriate for now, pending further re-evaluation. (See attachment 1)

46
47 **MOTION made by Vice Chair Rothhaus and seconded by Councilor Harrington to set the overhead
48 costs for a ton of commercial waste to \$55, re-evaluate this more thoroughly within the next year.**

49 **MOTION CARRIES 6-0-0**

1
2 **MOTION made by Councilor Healey and seconded by Vice Chair Rothhaus to set the overhead costs**
3 **for household trash per ton for commercial haulers to \$133 effective February 1, 2022.**

4 **MOTION CARRIES 6-0-0**

5
6 After voting, the Council moved on to setting the rate for construction materials. Mr. Micali shared that
7 commercial haulers pay from pound zero, whereas residential gets the first thousand pounds free. He is
8 asking the Council if the Town should keep it this way or have residential pay from pound zero as well. Mr.
9 Fox shared that with this new contract, construction materials will not be a part of the trash hauling. Vice
10 Chair Rothhaus believes in keeping the overhead charge of \$55 for construction/demolition materials as well.

11
12 **MOTION made by Vice Chair Rothhaus and seconded by Councilor Harrington to set the overhead**
13 **costs for construction and demolition materials per ton for commercial haulers to \$150 effective**
14 **February 1, 2022.**

15 **MOTION CARRIES 6-0-0**

16
17 After voting, Mr. Fox shared some data that he has been collecting regarding residential demo, stating that
18 based on the current tipping fee there is going to be \$77,220 of demo materials that they are paying to
19 dispose of. This is about 1,100 tons per year. The Council then discussed how some individuals are claiming
20 their trash is residential, but they really are commercial haulers and are cheating the system to get free waste
21 disposal. Chairman Koenig asked if they should drop the limit from 1,000 pounds to 500 as that seems like a
22 more reasonable amount of demo waste from a resident, in which Mr. Fox suggested charging from pound 1.
23 Mr. Micali stated that setting a pound limit can be difficult as if you lower the limit, people could just make
24 additional trips with smaller amounts to stay under the weight limit. Councilor Harrington suggested making
25 a penalty, such as losing the privilege to use the Transfer Station, if an individual is caught making additional
26 hauls.

27
28 Councilor Healey asked what the definition is of construction and demo (c&d) materials, as some materials
29 are heavier than others (such as shingles on a roof, marble countertops, etc.). Mr. Fox stated that everything
30 that is not trash is counted as c&d, and this can vary from plywood to carpets to toilets. Councilor Healey
31 then suggested lowering the weight limit to having the first 800 pounds be free as opposed to the current
32 1,000. Councilor Murphy stated that part of the issue is that people are taking advantage of a system that is in
33 place for Merrimack residents and thinks something needs to be done to stop these fraudulent activities. She
34 also believes that there needs to be accountability for individuals who choose to partake in this. She does not
35 want to see the residents lose the ability to use the Transfer Station in the way that they have, but she doesn't
36 think we should be paying for people that are abusing the dump. Mr. Micali shared that there is a small
37 number of people who are doing this, and not everybody who brings construction debris is making multiple
38 trips to be fraudulent. After some discussion, Mr. Fox then described how the new processing fees will work
39 for commercial hauling, as the rates were previously fixed but is now a blended rate. Further, there is a cap
40 on this rate, so for the first year the cap per month is \$65, which brings them to about \$117 per ton.
41 However, the cap is only built in for the first year and then it gets adjusted for each year depending on the
42 market. The Council was in agreement with Mr. Fox's suggestions regarding the processing fees and the new
43 blended rate.

44
45 **MOTION made by Councilor Woods and seconded by Councilor Harrington to proceed beyond 10pm**
46 **as there are two more items on the agenda.**

47 **MOTION CARRIES 6-0-0**