

# Commission on Sanitation: Midterm Report

August 15, 2008

## SUMMARY

The Commission on Sanitation has met monthly since its initiation this April. The primary focus of the Commission has been to develop a strategy to balance the costs of City waste collection with the program's revenue stream. When the City developed its "pay by the bag" end-user-fee program in 1991, the intention was to distribute the cost of waste disposal in an equitable fashion by charging each resident only for that which they dispose rather than imposing a flat rate across the board. This type of system, known as a "pay as you throw" (PAYT) system, provides residents with incentives to recycle (as recycling is free) and to reduce their waste.

While the program has successfully resulted in an above average recycling rate of 40.8% in Binghamton, the revenue generated through green bag sales currently covers only 41% of the cost of waste collection (see Appendix A).<sup>1</sup> Moreover, this gap is set to widen in the immediate future as a rise in production costs has increased the City's cost for purchasing the bags by approximately \$40,000 for FY2009 (see Appendix A). Despite the fact that the Department of Public Works (DPW) has greatly improved its efficiency and significantly reduced the costs of City waste collection over the past two decades, this discrepancy between costs and revenue is in large part due to the fact that the price of the City's green bags has not been raised once to match increasing tipping fees, the cost of fuel, or inflation.<sup>2</sup> The price of Binghamton's bags is currently much less than the price charged in other cities with identical programs (see Appendix B). Further, insufficient enforcement of waste disposal laws and the lack of charge for collecting items that do not fit in City green bags have created holes in revenue generation system for the program. As a result, taxpayers subsidize the City's garbage collection through the general fund, and this system has not increased the incentives over the years for residents to improve their recycling or to further reduce waste.

In examining the City's waste collection system, the Commission has identified numerous short term solutions for the City to begin reducing the gap between waste collection costs and revenue without cutting services<sup>3</sup>:

- 1) Increase green bag prices
- 2) Create and require stickers for items that do not fit in green bags
- 3) Create and require commercial garbage stickers for bags collected on the daily schedule currently in place in the yellow and red zones in the downtown core<sup>4</sup>
- 4) Increase recycling to decrease tipping fees, transfer costs, and hauling costs

---

<sup>1</sup> According to the EPA, the national recycling rate is 32.5% (<http://www.epa.gov/garbage/facts.htm>).

<sup>2</sup> Since 1991, DPW has reduced the number of sanitation staff employed and has reduced the number of vehicles needed for waste collection.

<sup>3</sup> The Commission has also begun researching the feasibility of developing a City-run composting facility, which may be a long term solution to cutting costs, but it is not clear yet whether this measure would result in cost savings.

<sup>4</sup> Commercial users in the downtown core of the City are currently paying the same price for green bags as residents. However, they are receiving 10 times the collection service from DPW at no additional cost.

## 5) Strengthen enforcement of proper waste disposal and the collection of fines for violations

A multipronged approach utilizing the above tactics would 1) bring the fee for services in line with the cost of delivery, 2) reduce the amount of waste collected without a fee, and 3) reduce the amount of waste being sent to the landfill and thus cuts costs of disposal.

The Commission recognizes that the costs of many goods and services are currently rising for Binghamton residents, and it wishes to come up with a solution that does not overburden residents, nor lead to an increase in litter in our communities. Therefore, if there is an attempt to shift the cost for collection services from the general fund directly to consumers of the services, the Commission strongly emphasizes that this shift must be matched with a campaign to educate residents on how they offset the rise in collection fees by increasing their household recycling. In addition, the Commission would recommend that the City consider adopting a program to subsidize the cost of bags for special populations, including seniors and low-income families, to ensure that a rise in prices does not lead to a rise in litter or non-compliance.

### **CONCLUSIONS**

As the City moves forward to develop its budget for FY2009, the Commission recognizes the need to immediately address the discrepancy between the cost of waste collection and the revenue collected through green bag sales. Formal, detailed recommendations regarding this problem and the policy solutions will be issued once the Commission has collected sufficient data and has thoroughly considered all options. The goal of the Commission is to present recommendations on this matter within the month.

Regarding the remaining objectives of the Commission, further research on a municipal composting facility and the City's transfer station is being conducted. Recommendations on these issues will be presented after due consideration and before December deadline.

## Appendices

### Appendix A

<b>Budget Overview</b>	
<b>Costs</b>	
2007 Bag Sale Prod Costs	\$188,600.40
Total Cost of Waste Collection (Tipping fee, transfer and collection cost, equipment, repairs, etc)	\$2,000,000.00
<b>Revenue</b>	
2007 Bag Sale Revenue	\$901,722.31
Balance	-\$1,286,878.09
2007 Percent of Costs Covered by Bag Sale Revenue	41.20%

Cost of Bags to City	Old Cost/Bag	New Cost/Bag	Increase Cost/Bag
Medium	\$0.13	\$0.14	\$0.01
Large	\$0.21	\$0.23	\$0.02

<b>Projections</b>	Current Cost	Current Cost Per Sleeve	Current Cost/Bag +15%	Increase Per Bag	New Cost Per Sleeve	Increase Per Sleeve
Medium (16 gallon)	\$0.63	\$3.15	\$0.72	\$0.09	\$3.62	\$0.47
Lage (32 gallon)	\$1.17	\$5.85	\$1.35	\$0.18	\$6.73	\$0.88

<b>Projections</b>	Current Cost/Bag +25%	Increase Per Bag	New Cost Per Sleeve	Increase Per Sleeve
Medium (16 gallon)	\$0.79	\$0.16	\$3.94	\$0.79
Lage (32 gallon)	\$1.46	\$0.29	\$7.31	\$1.46

<b>Projections: Budget Overview</b>		
-------------------------------------	--	--

<b>Costs</b>		
2007 Bag Sale Prod Costs	\$188,600.40	\$188,600.40
Total Cost of Waste Collection (Tipping fee, transfer and collection cost, equipment, repairs, etc)	\$2,000,000.00	\$2,000,000.00
<b>Revenue</b>	15% increase	25% increase
2007 Bag Sale Revenue	\$1,036,980.66	\$1,127,152.89
	-	-
Balance	\$1,151,619.74	\$1,061,447.51
2007 Percent of Costs Covered by Bag Sale Revenue	47.38%	51.50%

**Appendix B**  
**City Garbage Bag Price Comparison**

	16 Gallon	32 Gallon Bag
Binghamton, NY	0.63	1.17
Wilkes Barre, PA	0.85	1.50
New Castle, PA	N/A	1.30
Dover, NH	1.00	1.50
Portland ME	1.00	2.00
Bridgewater MA	1.00	2.00
Southampton, NY	1.40	2.75
Hamilton, MA	N/A	1.75*
Dartmouth, NY	1.00	2.00
Bath, MA	1.25**	2.00*

\*33 gallon bag

\*\*15 gallon bag