

## OVERVIEW

- These slides were prepared by the SWRC and approved during the regularly scheduled meeting April 10, 2019. Text marked in green are updates that were spoken to by Ted Pietz (Chair, SWRC) during the presentation to the Town Council August 13, 2019.
- During the TC meeting 13AUG2019 Ted Pietz reiterated these slides are intended to serve as the “groundwork” for any large/complex potential decision to be made by the Town Council in the future, and this document was formally presented for the purpose of entering in the public record and officially place on file for future reference.

Topic	Weight	(why pick) Funded via Tax Base	(why pick) Funded via Transfer Station Enterprise Fund
PAYT	-	<p>PAYT for variable portion of the total program costs (tonnage and transportation) although level of household waste should be fairly consistent household-to-household in Portsmouth regardless of the tax assessment amount?</p> <p>It is theorized that HHs assessed at a higher rate consume more and therefore pay more (variable cost - PAYT)?</p>	<p>TS users bear an equal share of the fixed cost via the sticker fee, that is akin to a "flat tax". Variable costs (PAYT bags) for tonnage and transportation are unique (and controlled) by each consumer.</p> <p>Fixed portion of the total program costs would be proportionate to tax liability vice a fixed rate (sticker fee) for trash disposal. Households with higher assessments would disproportionately shoulder the burden of solid waste and recycling disposal. (moved from incorrect column).</p>

Topic	Weight	(why pick) Funded via Tax Base	(why pick) Funded via Transfer Station Enterprise Fund
RFP	TBD		<p>Taxes fund services used by a majority of the Town's residents (roads paved/plowed, police/fire protection) <b>and Town Staff (hours)</b>.</p> <p><b>Folks that have no choice but to use private curbside would forced to “double pay” if funded via the tax base. Reasons folks must use private curbside are: cannot drive or use the Transfer Station due to long term illness or other physical impairment, child seats (or other permanent fixtures) in vehicle, time constraints (frequent work travel, military obligations, long working hours), have a compact vehicle to save on emissions, cannot afford a vehicle, or have issues with frequent car trouble. The "school tuition" argument does not extend, as parents can choose to send their children to public/private school, whereas in above listed scenarios those residents have no choice regarding their trash disposal.</b></p>

Topic	Weight	(why pick) Funded via Tax Base	(why pick) Funded via Transfer Station Enterprise Fund
Tax Equity	1	<ul style="list-style-type: none"> <li>• Cost of trash becomes part of income tax bill deduction for home owners (contingent on being under federal income \$10K state/local tax cap - as of 2018 tax year).</li> <li>• Eliminate perceived unfairness towards residents moving or transferring to Portsmouth mid-year (Transfer Station sticker "prorating" starts in October as 75%, then 50% November, then 25% December). Taxes are prorated to when you closed your house (or baked into your rental payment) - if you move to Portsmouth in June you would pay towards tax base 50% of the standard HH rate, vice 100% of the standard HH rate.</li> <li>• Reduces price volatility and need for economic forecasting by the TC every late November/early December. Sticker price would not be directly tied to number of anticipated users (sticker cost = total cost / # users) - user base would be more stabilized/known (as it would be all residents).</li> </ul>	<p>Taxes (calculated based on property location as well as structure on property) assessed to resident are not necessarily reflective of a resident's ability to pay the tax. Resident may be living in a multi-generational property.</p> <p><b>Residents who want the TS directly fund the entire cost of the TS program.</b></p>

Comment(s)

Unequal funding between Prudence Island and Aquidneck Island residents per HH for trash disposal. Prudence Island Transfer Station enjoys supplementary funding via contingency funds (\$300K+) in FY19, which allows the Prudence Island Transfer Station sticker price to be the same as for users of the Hedly Street Transfer Station despite higher associated costs per ton (ferrying, etc.). FY20's proposed budget includes ~\$85K of general funds to offset fund Prudence Island's TS operations.

The tax formula contains "income based elderly exemptions" (refer to Matt Helfand letter to the TC dated 25JAN2019). **Follow-up note: In 2019, through the end of June, 27 reduced rate stickers averaging a cost of \$98/sticker were sold.**

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Economies of Scale	2	<p>Potentially allow flexibility towards possible move towards townwide contract for Town facilities. Leverage more favorable (singular) agreement. No more differing vendors and contracts at Town facilities?</p> <p>Possibly decrease likelihood of varying solid waste/recycling disposal methods noted at various Town Facilities.</p> <p>Addresses inconsistencies in guidance and implementation of trash disposal/diversion programs Town-wide and reiterate a <b>more uniform</b> message <b>and</b> that this is something the Town takes seriously.</p>	<p>Transfer Station, built in 1974, designed when Portsmouth had ~13,000 residents. If costs folded into the tax base, station would not be able to handle capacity - would have to "stagger" days users could visit the TS or some other draconian solution. Cannot expand hours without modifying the contract and would drive higher rates.</p> <p>If move to taxes funded model (appearance of TS being "free"), user base could drastically rise and there is no room for additional users beyond 3-3.5K HH (which is only ~40% of Portsmouth's ~8K HHs) – <b>based on anecdotal observations from previous high usage years.</b></p>

Comment(s)

Needs to weigh long term goals against capital improvement(s).

Debt service for:

- building renovations through FY23 is ~\$26K/annum.
- new compactor (Hedly St.) through FY25 is ~\$36K/annum.

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Set-up Fee	3		Avoid any possible legal change to status (paperwork) of the Enterprise Fund Account. <b>Regardless</b> , keep open for various income streams to offset disposal costs (mattresses, C&D, ABC, tires, bulky waste [future])?

Comment(s)

Would not need to make changes to accounting software if costs are "blended into" the overall tax base, vice a "flat" line-item tax to be displayed on the tax bill (a line item meaning that the cost would be displayed in its own row on the tax bill).

Topic	Weight	(why pick) Funded via Tax Base	(why pick) Funded via Transfer Station Enterprise Fund
Budgetary Flexibility	4		Is a more flexible funding source than the tax base? Once (budget) locked in, very difficult to change budget line items, unless TC approves usage of any available contingency funds.

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Accounting	5	<p>Town budget is over \$60M, rolling \$500K (projected sticker revenue) represents less than 1% increase (one time only). Residents are already paying for Trash Disposal in one way or another.</p> <p>TS Enterprise Fund anticipated to have significant shortfalls and not be "revenue neutral" in FY20, and would require some sort of contingency funding.</p>	<p>Clearly track in separate account requiring TC consent in public session to utilize Contingency Funds to make up any shortfalls.</p> <p>More clean "color of money" (separate account to fully fund TS) and a potentially more stable tax rate in the short term.</p>

Comment(s)

Per RI law, tax rate cannot be raised by more than 4% unless approved by RI Legislature.

Topic	Weight (why pick) Funded via Tax Base	(why pick) Funded via Transfer Station Enterprise Fund
Sticker/Pass Costs	<p data-bbox="494 97 1454 239">6 Make plausible allowing for a possible elimination or alternative to TS stickers. or some other efficient means (license plate scanner/RFID tag/keychain barcode).</p> <p data-bbox="494 301 1556 596">Fallback is that gate guard can just check for a Portsmouth residency on the (non-commercial) vehicle registration (while cross referenced to the license plates and vehicle make/model (note this could potentially slow down lines unless residents had these materials ready to hand to the gate guard)).</p> <p data-bbox="494 658 1556 843">Less overall effort at the tax collector's window but cannot be completely eliminated (passes for C&amp;D/ABC, possible bulky waste passes in the future) <b>or some sort of tracking of “point-of-sale” transactions at the TS.</b></p>	

Topic	Weight	(why pick) Funded via Tax Base	(why pick) Funded via Transfer Station Enterprise Fund	Comment(s)
Town Payroll	7	<p>Could lead to reduced handling time of TS applications by Town Staff at Tax Collector's window and avoid need for special Saturday opening of Town Hall on an annual basis to provide stickers (which has been done <b>in the past</b>).</p> <p>If funded via Tax Base, could send initial sticker with tax bill?</p>		
Multi-family Residences	8	-	-	Municipal solution currently unavailable to large multi-unit complexes.
Legal	9	-	-	For sake of completeness, included as a <b>potential</b> topic.

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Fringe Benefit(s)	wildcard	As all residents would be paying for a part of the overall trash disposal in Portsmouth, would have reduced financial incentive to illegally dump (addresses ongoing externality borne by all residents as Public Works must deal with or other expensive environmental cleanup/volunteer groups to address).	

Comment(s)

**Residents who chose to leave the TS are likely not interested in funding the Transfer Station unless can provide greater TS value to all Portsmouth residents, which would have the fringe benefit of increasing the diversion rates, as multiple diversion options exist at the TS. The diversion rate only calculates the materials coming from the TS, not the town's curbside haulers (in a way this skews the "true" diversion rate across Portsmouth).**

## BACKGROUND INFORMATION

- This topic was discussed at a Town Council meeting 10/23/2017.
  - Ms. Patenaude and Ms. Abbott argued for this item, equating transfer station to a private/public school.
  - Per Ms. Patenaude's notes, "In 2006 town removed fees from tax base as curbside folks did not want to 'double pay'."
- The SWRC had a discussion on this topic during their next regularly scheduled meeting 08NOV2017, which formed the basis of this document. Refer to SWRC "Recycling Meeting Minutes\_08NOV2017.docx" NB Item #3, posted online at:  
<https://opengov.sos.ri.gov/Common/DownloadMeetingFiles?FilePath=/minutes/5491/2017/58030.pdf>
- Town Council Meeting 11/26/2019 (NB 3. Discussion/Action) – *Request Solid Waste and Recycling Committee work with staff to study feasibility of funding Transfer Station through the General Fund and investigate options for an Enterprise Fund program for curbside pickup to meet the waste disposal needs of a greater number of Portsmouth households.*
  - Motion made by Ms. Abbott to task the Solid Waste and Recycling Committee with investigating options for rolling our waste disposal needs back into the tax rolls, seconded by Ms. Ujifusa. Motion passed 7-0. A second motion was made by Ms. Abbott to ask the Solid Waste and Recycling Committee to look into an RFP for an Enterprise Fund program for curbside pickup, seconded by Mr. Katzman. Motion passed 7-0.
  - In response, the SWRC reviewed this document 13MAR2019, with a final review 10APR2019, and submitted to the TC (via Jen West) shortly afterwards. This document was updated (marked by green text) all verbalized changes as presented to the TC by Ted Pietz.

The SWRC agendas and minutes are searchable at: <https://opengov.sos.ri.gov/openmeetings> using "Keywords:" search "portsmouth solid" or via direct link:

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