



Bristol Department of Public Works & Waste Management Study

Rhode Island Public Expenditure Council

February 20, 2013



What is RIPEC?

- The Rhode Island Public Expenditure Council (RIPEC) is an independent, nonprofit and nonpartisan public policy research and education organization
- Founded in 1932
- Primary purpose is to promote more efficient, economical and responsible government



Project Summary

- The town of Bristol engaged RIPEC to perform an analysis of the town's solid waste management services.
- Within this review, the town sought to find options to maintain service delivery and potentially reduce the level of expenditures dedicated to these activities, either reducing overall town spending or freeing up resources for other purposes.
- To this end, RIPEC examined the town's budget, provided a town-wide forecast through FY 2018, estimated potential cost-savings through privatization and developed a model to illustrate the findings.



Municipal Curbside Solid Waste Collections

- 18 communities contract out both refuse and recycling.
- 12 do not provide curbside collections.
- 6 provide in-house for both (including Bristol); Pawtucket and Central Falls are in the process of privatizing.

Rhode Island Refuse & Recycling Collections by Community

Contractor Both	In-House Both	Transfer Station Only	Other
Providence	Warwick	South Kingstown	West Warwick
Cranston	Pawtucket	Westerly	Warren
East Providence	Coventry	Portsmouth	Jamestown
Woonsocket	Bristol	Narragansett	
Cumberland	Lincoln	Glocester	
North Providence	Central Falls	Hopkinton	
Johnston		Charlestown	
North Kingstown		Richmond	
Newport		Exeter	
Smithfield		West Greenwich	
Barrington		Little Compton	
Middletown		New Shoreham	
Burrillville			
Tiverton			
East Greenwich			
North Smithfield			
Scituate			
Foster			
18	6	12	3

SOURCE: Rhode Island Resource Recovery Corporation



Current DPW Operations

- 32 total employees responsible for DPW functions.
- Refuse collections:
 - 2 trucks, 1 driver & 2 laborer/packers per truck
- Recycling collections
 - 2 trucks, 1 driver/loader per truck
- Transfer station
 - 2 employees at facility

FY 2013 DPW Budget

<u>Expenditure Category</u>	<u>Amount</u>	<u>% of Total</u>
Salaries*	\$1,568,569	46.3%
Benefits	953,497	28.1%
Purchased Services	570,256	16.8%
Supplies	177,300	5.2%
Operating Capital	118,300	3.5%
Total	\$3,387,921	100.0%



Forecast: Assumptions

- Salaries: inflated at a rate of 3.0 percent per year, per current contracts.
- Benefits:
 - FICA: 7.7 percent of payroll (NOTE: this may change with the implementation of the ACA);
 - Medical/dental: based on medical inflation rates per the state's five-year forecast in the FY 2013 budget;
 - Pension: 15.4 percent of payroll (NOTE: this does not take into account increased costs associated with amortization of the unfunded liability);
 - Workers' compensation: a percent of base salary (varies by employee); and
 - Longevity: a percent of base salary (varies union/non-union).
- Purchased Services, Supplies, Operating Capital: grow by CPI.



Forecast: DPW

FY 2013 – FY 2018

FY 2013 to FY 2018 DPW Budget - Current Operations

Expenditure Category	FY 2013	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Salaries*	\$ 1,568,569	\$1,612,640	\$1,656,670	\$1,702,020	\$1,748,730	\$1,796,842
Benefits	953,497	1,013,846	1,052,430	1,110,822	1,157,190	1,205,744
Purchased Services	570,256	578,793	582,639	586,423	590,137	593,936
Supplies	177,300	182,087	186,639	191,119	195,514	200,011
Operating Capital	118,300	158,135	197,813	237,442	277,015	316,656
Total	\$ 3,387,922	\$3,545,501	\$3,676,191	\$3,827,826	\$3,968,586	\$4,113,189

*Salaries include supplemental wages

SOURCE: Bristol budget documents, RIPEC calculations



Methodology & Model: Salaries and Benefits

- RIPEC projected future salary and benefits costs for the four functions as outlined previously.
- For each function, the lowest salary and average benefit cost was used to calculate the savings through reductions in personnel as a result of privatization. A share of supplemental wages was also removed.*
- The number of positions can be modified to reflect the desired change in personnel.

Salaries

	Positions	2014	2015	2016	2017	2018
T	6	43,585	44,893	46,240	47,627	49,056
R	2	43,585	44,893	46,240	47,627	49,056
TS	2	44,055	45,376	46,738	48,140	49,584
C	7	42,848	44,133	45,457	46,821	48,226

Benefits

	Positions	2014	2015	2016	2017	2018
T	6	23,805	24,856	25,851	26,856	27,904
R	2	23,805	24,856	25,851	26,856	27,904
TS	2	34,130	36,028	37,741	39,442	41,227
C	7	25,968	27,116	28,212	29,320	30,475

*NOTE: this model assumes the elimination of positions; however, these figures represent resources which could be reallocated.



Methodology & Model:

Purchased Services, Supplies, Capital

- Purchased services, supplies and operating capital were adjusted based on a weighted average that accounts for the portion of the DPW budget allocated to the provision of trash and recycling.

	A	Q	R	S
1	DPW	Average % of Budget	Trash Collection as % of Category	% of Trash Savings
10	Purchased Services			
11	TELEPHONE	1.3%	0.0%	0.0%
12	COPY MACHINE ACCT.	0.6%	0.0%	0.0%
13	CONTRACTED PICK-UP/HAULING	0.0%	100%	0.0%
14	POSTAGE	0.4%	10%	0.0%
15	UTILITIES	5.0%	0.0%	0.0%
16	RODENT CONTROL	0.3%		0.0%
17	LANDFILL	3.8%	50%	1.9%
18	ADVERTISING	0.4%	30%	0.1%
19	SNOW & ICE	13.0%		0.0%
20	MOSQUITO ABATEMENT	1.4%		0.0%
21	RADIO REPAIRS	0.6%	20%	0.1%
22	TRANSFER STATION OPERATIONS	73.1%	31%	22.7%
23	TIME CLOCK MAINTENANCE	0.2%	0%	0.0%
24	Total Purchased Services			24.8%



Methodology & Model:

Purchased Services, Supplies, Capital

- The cost of contracting out refuse and recycling collections – based on the prior bids – was added back to the purchased services category.

CPI		1.027	1.025	1.024	1.023	1.023
Add-back		2014	2015	2016	2017	2018
T		576,540	590,953	605,136	619,054	633,293
R		144,135	147,738	151,284	154,764	158,323

- The cost of purchasing refuse and recycling replacement trucks every year through FY 2018 (with each truck amortized over five-years) was added to the operating capital category in the baseline model. This cost was assumed to be eliminated in the event the services are privatized.

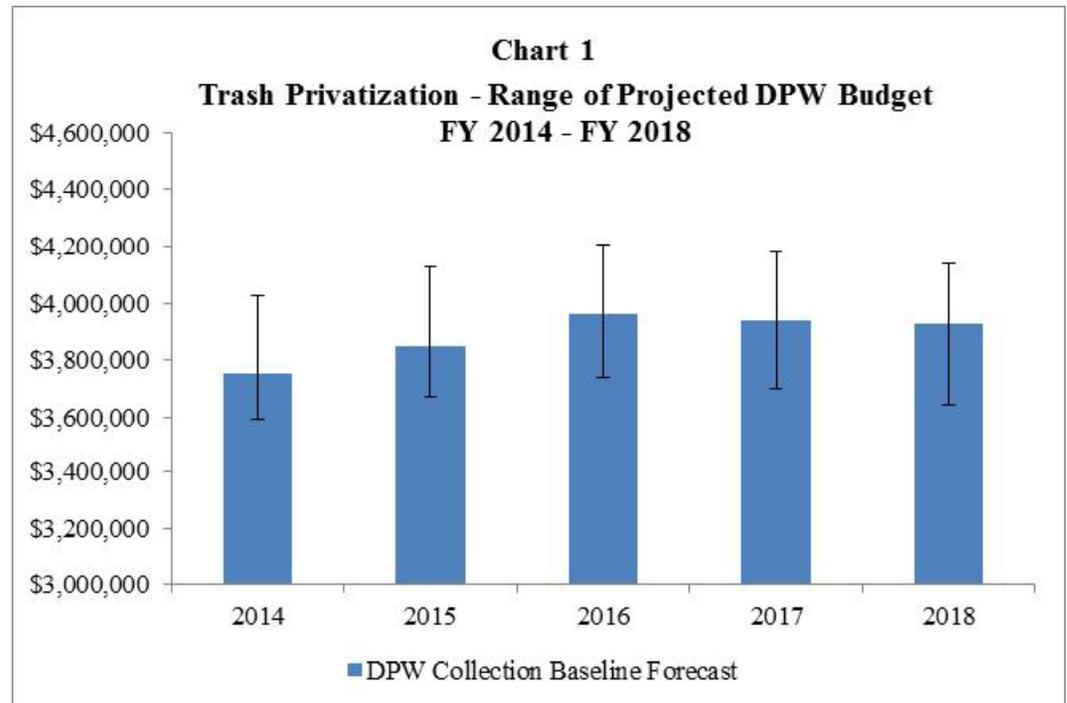
Trucks		2014	2015	2016	2017	2018
T		36,641	36,641	73,281	73,281	109,922
R		0	36,641	36,641	73,281	73,281



Findings

Refuse

- Privatizing and eliminating all positions associated with trash collection would result in projected savings of \$1.1 million between FY 2014 and FY 2018 compared to the baseline.
- Maintaining current staffing levels, privatization would cost the town an estimated \$1.3 million more than baseline projections between FY 2014 and FY 2018.



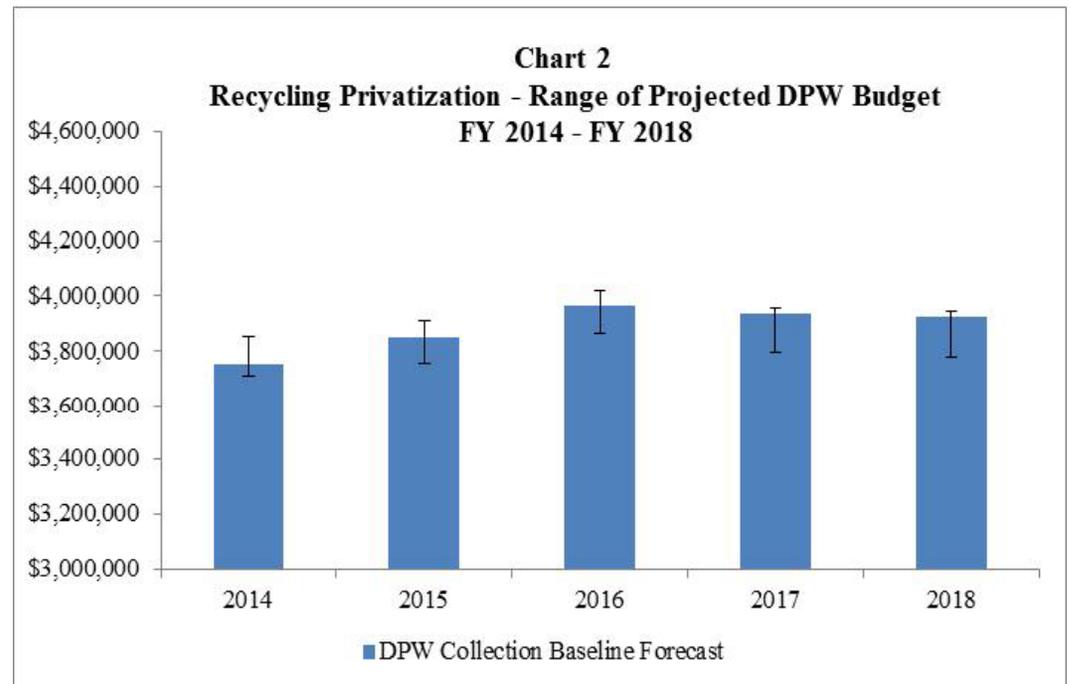
NOTE: savings related to privatization vary based on the assumptions, particularly as they relate to staffing.



Findings

Recycling

- Privatizing and eliminating all positions associated with recycling collection would result in projected savings of \$521,612 between FY 2014 and FY 2018 compared to the baseline forecast.
- Maintaining current staffing levels, privatization would cost the town an estimated \$257,809 more than baseline projections between FY 2014 and FY 2018.



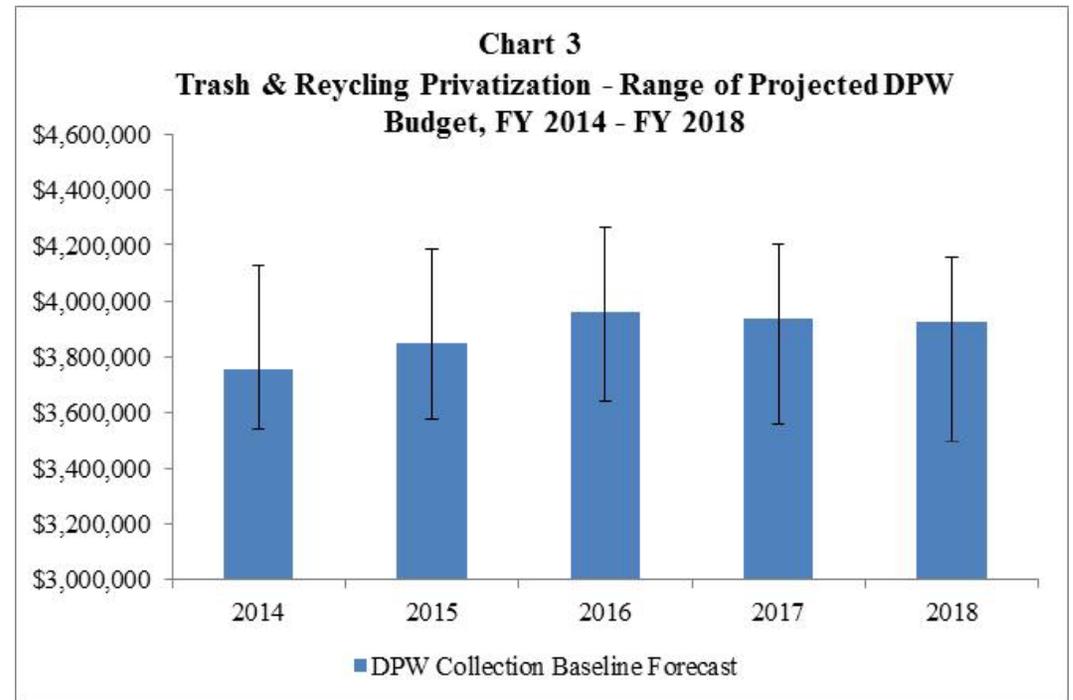
NOTE: savings related to privatization vary based on the assumptions, particularly as they relate to staffing.



Findings

Refuse and Recycling

- Privatizing and eliminating all positions associated with trash and recycling collections would result in projections savings of \$1.6 million between FY 2014 and FY 2018 compared to the baseline.
- Maintaining current staffing levels, privatization would cost the town an estimated \$1.5 million more than baseline projections between FY 2014 and FY 2018.



NOTE: savings related to privatization vary based on the assumptions, particularly as they relate to staffing.



Findings Summary

Cost of Privatization Compared to Current DPW Operations

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Trash	-\$161,808	-\$178,004	-\$225,220	-\$236,363	-\$284,451	-\$1,085,846
Recycling	-47,488	-91,628	-97,243	-139,677	-145,575	-521,612
Total Savings	-\$209,296	-\$269,632	-\$322,463	-\$376,040	-\$430,026	-\$1,607,458

*Includes the town's purchase of five new trucks



Additional Findings

Transfer Station and Composting

- Refuse and recycling collections going directly to RIRRC opens up the opportunity for a private vendor to operate the transfer station.
- The current transfer station expenditures for FY 2013 are \$218,032 with projected revenues of \$152,358, for a net cost to the town of about \$66,000. There is a potential for the town to realize savings, and potential revenue, if a private vendor were to operate the transfer station.
- Similarly, composting expenditures for FY 2013 are \$831,383, with projected revenues of \$74,158. Given the relatively high costs of this service, the town should consider alternatives to the current operation.
- The model allows for analysis of privatization of these functions, similar to refuse and recycling; however, because no cost comparison was available, they are not included in the report or this presentation.



Additional Findings

Town Code & Contracts

- RIPEC has identified a number of sections of town code that may warrant legal review.
 - Article II Section 24-38 (Privatization of services)
 - Article III Section 24-82 (DPW Director oversees transfer station)
 - Article IV Section 24-120 (Mandated yard waste collections)
- The town should also work to ensure that its decisions are consistent with current collective bargaining agreements.
 - Contract with Local 14845, Article 1 Sections 2 & 4 (Employee reductions or reallocations)
 - Contract with Local 1853, Article 17 Section 4 (Compost staffing) and Article 18 Section 1 (Town's broad managerial powers)



Next Steps

- Issue RFPs to determine the cost of providing:
 - Refuse, recycling, yard waste collections;
 - Composting; and
 - Transfer station operations.
- The town should ask its solicitor to provide an opinion on possible legal issues surrounding privatization of refuse, recycling, and the transfer station.
- If privatization is not pursued:
 - A capital plan for the department should be established, particularly as it relates to truck replacement.
 - Options to increase recycling rates should be evaluated.
 - Consideration should be given to the long-term viability of the town's composting operations.



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