

Fox Point



by Douglas H. Frazer

Annals of Village Policy: The Economics of Waste & Recycling Pick-up

Fox Point and River Hills are the last two North Shore municipalities that provide up-the-driveway garbage and recycling pick-up. The case for River Hills is obvious: the housing stock is dominated by large properties with long driveways. The issue for Fox Point, with most of its 2,513 single and multi-family residences well under an acre, is debatable. But this fact is unassailable: residents could realize significant cost savings by moving to curb-side pick-up.

Currently, the Department of Public Works (DPW) handles garbage disposal. The Village contracts with Advanced Disposal (formerly Veolia) for recycling services and pays for the cost of recycling through a quarterly fee and an annual Department of Natural Resources grant of about \$59,000. The DPW garbage disposal function is funded through the Village portion of the levy (property tax).

In 2009, the Village Board directed DPW Director Scott Brandmeier to study the economics of curb-side pick-up. Brandmeier ran the numbers internally and then compared those numbers with a comprehensive study conducted by UW-Madison students in an Economics Department Masters program. The projected cost savings, brought forward to 2014 by Brandmeier, were expected to be significant.

Let's focus on the 2009 numbers. The cost per household was about \$20 per month to maintain the status quo – Village garbage and Advanced Disposal recyclables collections. Curb-side collection (using carts) dropped the cost to \$13.50 per month with Advanced Disposal and the Village still performing in their collection roles. Alternately, curb-side collection with weekly garbage pick-up and recycling pick-up every other week reduced the cost to about \$11 per month.

Fast forward to the present... a few things have changed. First, the Advanced Disposal per unit recycling charge has doubled. Moreover, under the terms of the current contract with Advanced Disposal, the cost for recycling collection is to be adjusted no less than 2.5% per year. Second, Act 10 has reduced the cost of DPW employees. This leads to the intriguing possibility that bringing recycling services "in-house" (even without reducing staff) could save residents money, after amortizing the start-up costs.

Of course, the village stands to lose an amenity and for some this is sad. Some residents think the extra cost is worth it. The Village surveyed residents on this subject in 2009. About 50% indicated they'd be "okay" with curb-side pick-up. When the survey introduced the idea of incremental cost savings, the percentage "okay" with curb-side pick-up rose to about 63%. In exchange for cost savings, about 75% were "okay" with every-other-week recycling pick-up.

Bayside's experience, with a similar housing stock, might be a guide. Bayside implemented curb-side pick-up in May of 2010 and the transition has been largely trouble-free. Historically, Bayside has used its DPW employees for both garbage and recycling pick-up, and continued to do so, but ended up being able to reduce its DPW staff. Bayside's recycling tonnage increased by 43% in the first year alone and its garbage tonnage decreased by 34%. This is significant because Bayside, like other municipalities, receives rebates on recycling but pays "tipping fees" on garbage disposal.

Bayside initially estimated its savings from moving to curb-side pick-up at \$1.9 million over 10 years. Village Manager Andy Pederson states that he now views this estimate as "extremely low," and that Bayside's efficiency "is much more than anticipated." Bayside's population in 2010 was 4389. Fox Point's was 6701.



(l to r) Chris Smith, Steve Schulteis, Dale Gatford

Bayside continued to offer up-the-driveway service for an additional fee. Interestingly, only about 10 property owners signed up. Bayside also offers a medical exemption for property owners who cannot bring the carts down to the curb with about 20 property owners participating. Fox Point could follow suit.

Fox Point might also consider a joint Fox Point-Bayside garbage and recycling utility. This could provide service to both communities at a substantial cost savings.

In 2013, each Fox Point household paid about \$23 per month for garbage and recycling services. Brandmeier anticipates this cost will increase in 2014. If the Village moved to the curb-side option, with DPW-provided weekly garbage and bi-weekly recycling pick-ups, Brandmeier projects the per household cost to drop to about 50% of the current up-the-drive pick-up costs (after amortizing start-up expenses, i.e., new equipment purchases). This equates to a per household savings of roughly \$120 per year – or an annual savings to the Village of about \$300,000 on an annual budget of about \$7,000,000.

Brandmeier cautions that the household prices could fluctuate based on the price of oil, iron, and other external costs that cannot be controlled, and that estimated costs should be evaluated in light of these uncertainties.

The Advanced Disposal contract expires in 2014. The matter will again be before the Village Board. As always, resident input is important to the formulation of sound policy, so if you have a view about this issue, be sure to let the Village Board know.

Douglas H. Frazer is a trustee on the Fox Point Village Board. The views expressed are his own and not necessarily those of the Village, the Village Board, other Village Board members, or Best Version Media, LLC.

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