

TO: Honorable Mayor Rines, City Council & City Manager

FROM: E. Patrick Gilbert, CSD

DATE: January 19, 2005

RE: Hatch Hill fee increases

On December 13, 2004 the Augusta City Council approved the proposed fee increases for Hatch Hill, with the exception of the per capita fees. The current fee is \$10.50 per capita per year and is scheduled to rise to \$15.00 per capita per year on January 1, 2006. Currently the City of Gardiner pays \$65,079 this figure would increase to \$ 92,970. On January 5, 2005 I meet with representatives from the City of Augusta to discuss this issue.

It has been 10 years since the fees to use Hatch Hill have been raised. The last time this occurred was in 1994 when tipping fees for waste was increased from \$55.00 per ton to \$58.00 per ton. The current proposal would increase tipping fees as of February 1, 2005 to \$70.00 per ton. The City of Augusta asserts that Hatch Hill has been operating at a loss in recent years. In 2000 they showed their net income (loss) at \$172,863 in 2004 they represent that figure to be (-\$154,816). They attribute this to increased operation costs and funding mandates for the closure of landfills. DEP now requires that all landfills set aside money while they are operational to finance closure of a site once it reaches capacity. This was also echoed in a report done for the City of Augusta by Woodward & Curran Engineers, they advise setting aside \$9.00 out of every ton that is tipped to cover the cost of closure and 30 years of site monitoring after closure.

Other factors contributing to the rate hike is an enormous increase in depreciation they show, in 2003 that figure was \$263,161 in 2004 it increased to \$824,946, this is due to the capitol improvements for the phase 3 expansion. The Augusta City Council's use of the Hatch Hill enterprise account fund balance to reduce the commitment for local taxpayers may also play a substantial role in this increase.

What does it really cost to dispose of a ton of solid waste? The chart below show's current and proposed actual disposal costs per ton for Gardiner Residents.

Actual Cost Per. Ton for Gardiner Residents.

**Currently \$58.00 per ton
Per Capita fee is \$65,079**

Per Capita	\$10.50	X 6198	\$65,079
MSW Generated by Gardiner cost to tip at Hatch Hill	4,000 tons	X \$58.00	\$232,000
Total			\$297,079
Actual Cost Per. Ton			\$74.26

**Proposed \$70.00 per ton
Per Capita fee would be \$92,970**

Per Capita	\$15.00	X 6198	\$92,970
MSW Generated by Gardiner cost to tip at Hatch Hill	4,000 tons	X \$70.00	\$280,000
Total			\$372,970
Actual Cost Per. Ton			\$93.24

Here are some other fees I found from around the state for comparison. These numbers do not include transportation, capitol costs, operation of a transfer station or any other costs only tipping fees. Merc or Perc would be the most logical choices.

Facility	Tip fee per ton for MSW
• Bath Landfill	\$70
• Maine Energy Recovery (merc)	\$80
• Penobscot Energy Recovery (perc)	\$61
• Regional Waste Systems (rws)	\$128
• Town of Brunswick	\$80
• Nobleboro Transfer Station	\$64.32
• Town of Camden Transfer Station	\$80
• Sawyer Landfill (casella)	MSW not accepted

On January 12, 2005 I attended a meeting at the Hallowell City Hall with representatives from Manchester, Farmingdale and Hallowell. The approach proposed by Hallowell is that if enough of the Hatch Hill communities, there are eight in all, looked at other options, transfer stations, increased recycling, and use of other disposal facilities, essentially a regional Transfer Station, this would give leverage to then talk with Augusta about the new tipping fees and per capita rates. Hank Tyler who monitors municipal solid waste (MSW) for the State Planning Office felt that the critical mass for a regional transfer station would be between 15,000 and 26,000 residents. It's no secret that the tipping fees are the bread and butter for Hatch Hill making up the bulk of income for the facility. The thought is, by doing what customers do when confronted by a situation as this, take our waste stream elsewhere, Augusta would re-evaluate the fee structure for use of the disposal facility.

Respectfully Submitted.

