

3. STYX MILL REFUSE STATION: OPTIONS FOR COST SAVINGS

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The purpose of this report is to examine options for cost savings by closing down or limiting the opening hours of a refuse station.

BACKGROUND

The refuse stations were constructed in the early 1980's to provide a convenient service to the public (private and commercial) wanting to off-load refuse, and to the Council's kerbside contractor to off-load collectables. They were located symmetrically around the centroid of the City population to make these services as economic as possible in terms of travel time and cost. From time to time the suggestion has arisen that one or other of the three stations could be operated on restricted hours, closed down, leased to others and so on. This report examines some of these options.

OPENING HOURS AND QUANTITIES

The refuse stations are open every day throughout the year excepting the New Years Day, ANZAC Day, Good Friday and Christmas Day and Boxing Day.

Opening hours for the three refuse stations are currently:

During Daylight Saving Period

Weekdays 7.00am to 4.30pm
Weekends 8.30am to 5.00pm

Outside Daylight Saving Period

Weekdays 7.00am to 4.00am
Weekends 8.00am to 4.30pm

These hours were brought in following a survey of station users wishes in 1998. Prior to that, station hours were 7.30am to 4.00pm every day of the week. At that time it was estimated the increase in operating hours would result in an increase in charges of around \$1.00 a tonne. However the survey indicated that station customers were prepared to accept these charges for the improved level of service.

If any refuse station is to operate under a different system, or be closed, then it should probably be Styx Mill station. The reason is that this station handles the smallest tonnage and would impact on the public the least by changes to its operation. Note that relevant annual tonnages for the three stations are as follows:

Total Refuse tonnes/annum 2000/01

▪ Styx Mill Road	50,245
▪ Metro Place	83,591
▪ Parkhouse Road	105,409

The quantities of materials handled through the Styx Mill Refuse Station over the past five years are:

Year	Refuse	Green Waste	Hardfill	Total
1997/98 actual	50,346	6,455	2,781	59,582
1998/99 actual	47,789	7,915	2,468	58,172
1999/00 actual	45,820	8,666	2,423	56,909
2000/01 actual	42,029	6,989	1,227	50,245
2001/02 estimate	40,038	7,230	1,301	48,569
2002/03 budget	38,540	8,500	1,300	48,340

Reasons for the drop in tonnages in the last three years tabulated could be:

- greater awareness of waste minimisation
- introduction of kerbside recycling
- disincentives for waste generation through higher gate charges and pay by weight
- the opening of the Rangiora Refuse Station (previously significant quantities of waste were believed to be coming from the Waimakariri District) diverting waste from Styx Mill to Parkhouse Road
- increased usage of commercial domestic collection services with commercial operators tending to use the Parkhouse Road Refuse Station (over Styx Mill and Metro Place)

- a decrease in amount of domestic black bag refuse dumped by Onyx who now tend to use Parkhouse Refuse Station for the last load of the day as it is on the truck route back to the Onyx yard.

It is estimated that usage of the station will tend to increase slightly next year, particularly with respect to green waste, as new subdivisions in the area are developed.

The estimated cost of operating the Styx Mill Road Refuse Station for 2002/2003, based on a throughput of 48,439 tonnes is \$1,241,818. This cost is made up as follows:

Overheads

Miscellaneous	27,500	
Maintenance buildings, plant and equipment	98,680	
Power, phone & water	17,000	
Property unit leases	219,600	
Unit & Corporate overheads & depreciation	88,678	
Total Overheads	<u>451,458</u>	<u>451,458</u>

City Care Contract

Grounds & building maintenance	28,428	
All materials transfer (processing of material and station management)	461,878	
All materials transport	300,504	
Total Contract Amount	<u>790,360</u>	<u>790,360</u>

Total Cost of Styx Mill Refuse Station **1,241,818**

The cost of the refuse station operation is \$19.48 per tonne. The transportation cost is \$6.20 per tonne giving a total cost of \$25.68 per tonne.

By comparison the cost of operating the Parkhouse Road Refuse Station is around \$20.00 per tonne (\$11.50 transfer and \$8.50 transport) and Metro Place Refuse Station is \$17.00 per tonne (\$10.50 transfer and \$6.50 transport). The figures for Parkhouse Road and Metro Place reflect the higher tonnages put through these stations and the transport distance to the landfill. At Metro Place economies are achieved through having the compost plant attached to the refuse station allowing better utilisation of the labour pool and spreading of overhead costs.

It should be noted that the change to "charging by weight" for refuse and green waste over the last two years, together with more people paying by EFT-POS rather than cash has increased the workload at the kiosks resulting in the need for two operators at peak times which has led to increased station costs.

OPTIONS FOR COST SAVINGS

Over recent months City Care Limited working with City Water & Waste have introduced a number of measures aimed at reducing costs at the refuse stations. These have included reducing and restructuring staff at the stations, using more casual staff to handle peak periods and changing the way the transportation is organised. The full effect of these changes is not yet certain but early indications are positive.

The Styx Mill Station Supervisor has been replaced with a working charge hand and staffing in the kiosk has reduced. Transport of refuse and green waste is now organised so trucks are directed to each station depending on need and are no longer assigned to a specific station.

Normal staffing levels at the Styx Mill Road Station are now three persons for Monday to Thursday and either four or five for Friday to Sunday depending on traffic volume. The minimum number staff required to operate the station is three being a kiosk operator, a loader driver and a green waste quality control inspector.

It is considered that the only areas where further savings could be achieved would be to reduce the hours the station is open. To this effect three options were considered:

1. Closing the station completely.
2. Closing the station for part of the week.
3. Open every day but reducing the opening hours at the station.

OPTION 1: CLOSING THE STYX MILL ROAD STATION COMPLETELY

The first option, closing the station completely would cause significant problems at the Parkhouse Road and Metro Place stations with the additional vehicles and tonnages they would have to deal with, particularly in the weekends. In January, over the weekends, in excess of one hundred vehicles per hour per station were using the refuse stations. Under these circumstances station visit times are in the order of 20 minutes. Our experience with the introduction of weighing all vehicles as a basis for payment, was that for both Metro & Parkhouse Stations it takes very little additional delay to cause a considerable increase in the level of complaints. If the number of stations were reduced the resulting traffic increase at the remaining stations would cause a significant increase in delays at the weekends and the public would definitely not be happy.

If the station was closed, unless the property is disposed of or another use found for it, the only saving would be in the City Care operational costs for refuse transfer. Some of the savings would be lost through increased operational costs at the remaining stations particularly additional transport costs. It is estimated savings in the City Care contract for closing the transfer operation would be \$760,000 less \$360,000 for the cost of increased transfer and transport costs at the remaining stations, a **saving of \$400,000 a year.**

These estimates make no allowance for the additional time and cost incurred by contractors and members of the public in having to travel further to get to another station.

Over the next two years, upgrades will be made to the refuse stations to change the transport system prior to the Kate Valley Landfill opening. This will mean the stations may need to shut down for periods of more than a few days. The ability to divert refuse to Styx Mill during shut downs at Metro Place and Parkhouse is a critical part of the transition plan. For this reason any decision on the closing of Styx Mill should be deferred until the modifications at Parkhouse Road and Metro Place have been completed. Similarly a decision on whether to upgrade Styx Mill Road should be delayed as long as possible.

OPTION 2: CLOSING THE STYX MILL ROAD STATION FOR PART OF A WEEK

For the reasons set out in Option 1, closing the station over the weekend could result in delays to domestic customers at the other stations.

Closing the station during the week would affect the smaller business and domestic contractors whose operational area is in the catchment of the station. Having to travel to Parkhouse Road or Metro Place to unload would add between thirty minutes and one hour to a round trip depending on the time of day and traffic conditions. It is possible some operators, but not all, could rearrange their rounds to minimise disruption if the station was only open two weekdays.

Excluding weekends, analysis of the number of vehicles using the station does not show any significant variations in vehicle numbers for different days of the week.

If the station was closed for three days a week, savings, primarily in labour costs, would be in the order of \$95,000 but there would be up to \$50,000 additional costs at the other stations giving a **net saving of \$45,000 per year.** Once again no allowance has been made for the additional time and costs for customers having to travel further.

OPTION 3: REDUCING THE OPENING HOURS AT THE STYX MILL ROAD STATION

Cutting the opening hours of the station by thirty minutes each of seven days per week, could achieve **cost savings of up to \$14,000 per year** while minimising disruption to the customers. Analysis of vehicle movements throughout the day shows that opening 30 minutes later in the morning would affect the least number of customers. However having different hours at different stations will cause confusion for the public. The current change in opening hours between summer and winter hours already causes some confusion and for this reason alone (combined with the very small cost savings) this option is not recommended.

OTHER OPTIONS FOR THE REFUSE STATIONS

While this report focuses on cost reduction at the Styx Mill Road Station by closing the station or varying the opening hours a number of other options for the refuse stations are being tested or could be considered. Among these are:

- (i) **Pit scavenging by City Care to recover recyclable material:** This has been recently been tried, and while it is not currently economic, when the new Regional Landfill opens and disposal of waste will cost the Council a lot more per tonne, the economies will change and scavenging could produce some significant extra revenue as well as reducing waste to landfill.
- (ii) **Joint Venture for Operation of Refuse Stations:** An approach has been made to the City Water & Waste Manager (Mike Stockwell) by one of the large refuse companies about the possibility of operating a Council refuse station for a commercial refuse operation and to develop there sorting and recycling facilities. This makes a lot of sense and would avoid private collectors setting up their own refuse stations in competition with Council stations. If the refuse stations (one or more) were run as a joint venture between the Council and a commercial collector (one or more) synergies of such a partnering arrangement (Council/commercial) should result in more recycling, more waste reduction and some cost savings. It is recommended that expressions of interest be sought from commercial waste operators for such a joint venture.
- (iii) **Introduction of a fee structure that encourages sorted loads and discourages dumping of recyclable material:** This needs to be in place no later than the opening of the new regional landfill (anticipated in 2004). As for (i) above it would increase costs in the short term with increased load inspections being required, but is likely to be economically viable with the new increased landfill costs in place.

A FUTURE TREND

When the new regional landfill opens, it is anticipated that the larger waste companies will increase their capacity for waste sorting and may establish their own refuse stations for commercial waste only. These are likely to be operated more cheaply than the Council's refuse stations as they would be dealing only with larger commercial loads and not the multitude of small loads from private cars and trailers. This significant factor needs to be incorporated into the station planning over the coming months, as it has the potential to increase per tonnage costs, (although overall costs may go down).

SUMMARY AND CONCLUSIONS

- For the reasons discussed in this report closing Styx Mill Road Refuse Station altogether is not considered a viable option at present, however this could be reviewed again after the upgrading of the Parkhouse Road and Metro Place Refuse Stations for the new landfill transport changes.
- Because of crowding by the additional traffic through the remaining other stations, closing of Styx Mill Road over the weekends would cause significant delays and complaints from peak time customers and is therefore not recommended.
- Closing the Styx Mill Road Refuse Station for three days per week could save around \$45,000/year but would cause additional costs for commercial operations and for this reason it is not recommended.
- Shortening operating hours will have only a minimal effect on operating costs, \$14,000 out of a total operating cost of \$1,240,000, but could be seen by customers as a significant lowering of service standards. For these reasons this is not recommended.
- Discussion on the possibility of operating Styx Mill Refuse Station by a commercial operator or some similar arrangement that could offer advantages should be pursued.
- The effect of a likely significant reduction in commercial waste tonnage brought to the stations as a result of the new regional landfill, needs to be studied and reported back to this Committee before finally committing to specific changes to each particular refuse station necessitated by pending changes to the refuse transport system.

TRIPLE BOTTOM LINE AUDIT

	Condition	Meets Condition	How it Helps Meet Condition
The Natural Step			
N1	Reduce non-renewable resource use		
N2	Eliminate emission of harmful substances		

N3	Protect and restore biodiversity and ecosystems	✓✓	Promotes efficient waste management
N4	People needs met fairly and efficiently		
The People Step			
P1	Basic needs met	✓✓	Tidy refuse station assists good health
P2	Full potential developed		
P3	Social capital enhanced		
P4	Culture and identity protected		
P5	Governance and participatory democracy strengthened		
The Economic Step			
E1	Effective and efficient use of all resources	✓✓	examines cost saving options
E2	Job rich local economy		
E3	Financial sustainability		
✓✓	Significant positive impact (Project aiming to have positive impact in area)	- Neutral	x Negative impact
✓	Positive impact		xx Significant negative impact (project aiming opposite direction to condition)
Some initiatives could have a tick and a cross in the rating box and would then need an explanation of each in the comments box.			

- Recommendation:**
1. That no immediate changes be made to the operating hours at the Styx Mill Refuse Station (or any other station).
 2. That methods of reducing operating costs be pursued with City Care Limited.
 3. That expressions of Interest be sought from commercial waste operators for a joint venture with the Council to run one more of the refuse stations and focussing on recycling and waste minimisation.
 4. That the effect of a significant reduction in commercial waste tonnage through the stations be studied and reported back to the Sustainable Transport and Utilities Committee before finally committing to specific changes to each particular refuse station necessitated by pending changes to the refuse transport system.