

NEKWMD Board of Supervisor MEETING NOTES

May 12, 2026

Problem: A significant reduction in revenue (primarily the trash surcharge, secondarily the income from recycling sales) over the winter and early spring period has severely strained the finances of the District. Immediate corrective action is warranted to stabilize the District's financial situation for the remainder of the fiscal year.

Causes:

Significant decline in revenue from the trash surcharge due to a reduction in solid waste disposal. 45% reduction (\$100K +/-) in trash surcharge revenue for January – April 2026 as compared to the same period in 2025.

Decline in recycling volume as compared to prior years. Less material is being picked up from most town recycling facilities, resulting in less material that can be processed and sold for revenue.

Decline in the value of recycling commodities (cardboard, plastic, paper) and therefore a reduction in the revenue from material sales.

Increased costs (supplies, insurance, maintenance) due to inflation and nationwide fuel costs.

Significant increase in the cost of diesel fuel due to current events in the Middle East.

Actions Already Taken:

Several transfers of money from the Capital Fund to the General Checking Account to pay bills and meet payroll. The Capital Fund has been drawn down and will not be able to fund near-term expenses.

Monthly additions to the Capital Fund, as scheduled for in the 2026 budget, have been stopped.

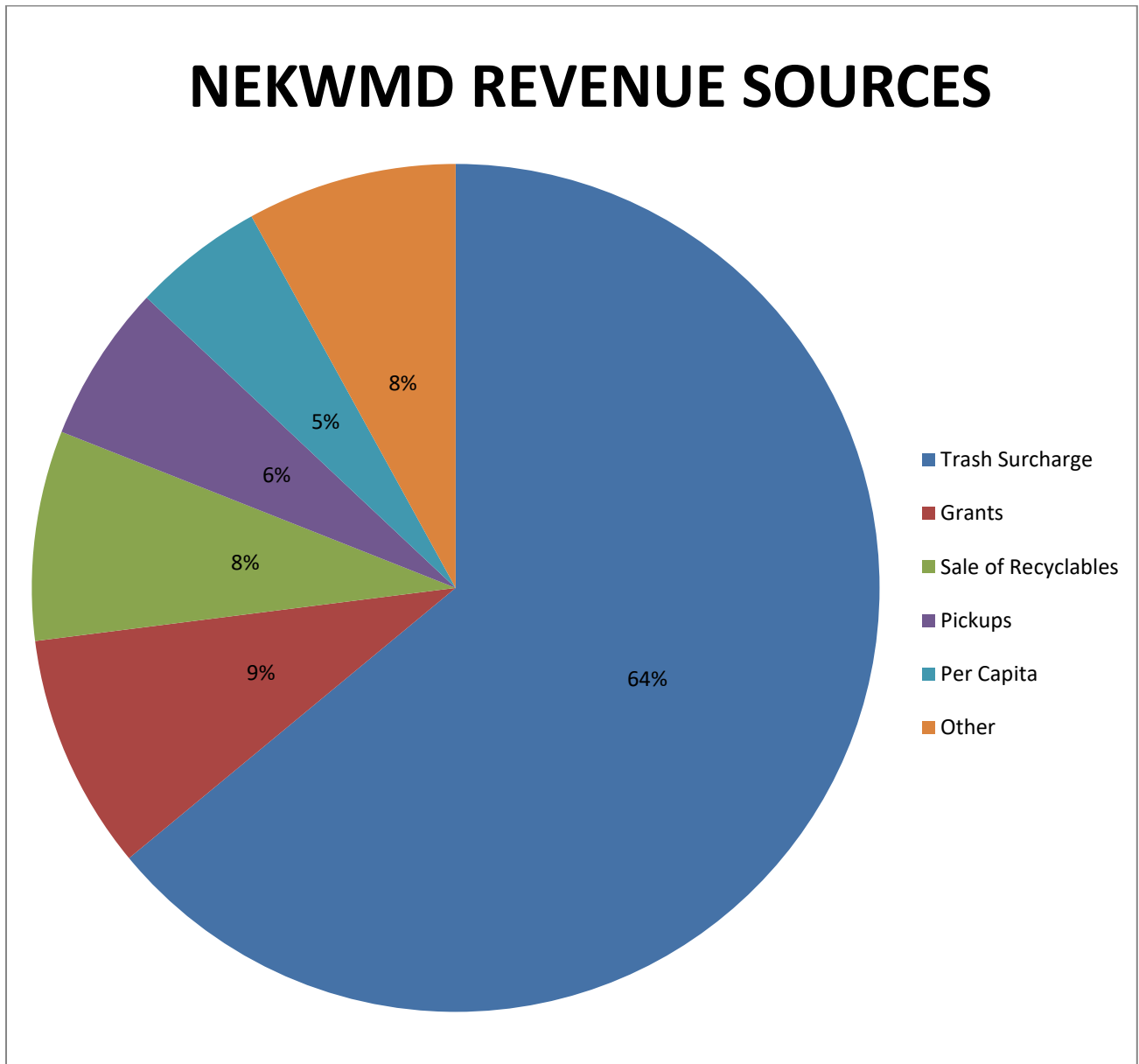
To date, we have not used the Line of Credit. We may be forced to access those funds if current conditions continue.

NOTE: The current financial position of the NEKWMD is not the result of excess spending. We have been making all efforts to minimize spending, putting off non-essential purchases as much as possible. The District has 3 fewer full-time employees than it did in 2025. We have become leaner and more efficient and have become (over) reliant on part-time employees to handle the workload. We've tightened our belts already. The problem is on the revenue side of the ledger.

How Did We Get Here? Potential Long-term Solutions?

The District has been losing money on nearly every program that it has operated over many years. This problem has been managed by periodically raising the trash surcharge fee to balance the books over the years. This method of operating has masked the vulnerability of the District's finances to a downturn in surcharge income. We are now at the point where our financial security is too heavily dependent on the surcharge and the (false) assumption that revenues from that source are guaranteed to grow every year. The surcharge income is

currently 2/3 of our revenue. Right now, the Surcharge 'Golden Goose' is not laying enough eggs!



Broad-based funding of the District should have been initiated before now, to avoid becoming too reliant on one revenue stream (trash surcharge) and to reflect the true cost of the various essential District programs that it operates. The *'Everything is Free'* model doesn't work when people throw away less trash. It is time to start thinking and

operating more like a business than a charity. If we want the critically important programs that the District operates to continue into the future, we must adapt to the new financial environment by charging fees to cover the cost of the programs that are losing money.

The District has a goal of reducing overall trash volume, but if that goal is actually achieved, the District loses money and will have a tough time surviving. Under our current revenue model, achieving our mission (less trash) will end up starving the District of the revenue it needs to operate. Unfortunately, we currently must hope that enough garbage trucks go to the landfill every month so we can remain afloat financially.

MORE TRASH = MORE REVENUE

LESS TRASH = LESS REVENUE

MORE RECYCLING ≠ MORE REVENUE

The District has insufficient reserve funds to buffer against an extended downturn in surcharge income or a sustained increase in costs. We have expensive pieces of equipment (baler, forklifts, skid steer, trucks) that we rely on but no dedicated equipment reserve fund in the event that a machine fails and needs significant repair or replacement. We have a very old, deteriorating building with no significant reserve funds to repair it or upgrade it. Although building maintenance funds are built into the 2026 budget, we will not be able to spend those funds unless the current financial situation is corrected.

The 'user pays' model used for trash disposal should be used for many of the programs that the District operates. If we want to continue to offer these important programs that the public needs and deserves, we need to value the cost of delivering those services to remain financially stable in the long term.

Examples:

Tire program: the user pays the cost of disposal.

Freon appliances: user pays *none* of the cost of freon removal and disposal.

Hazardous waste disposal: user pays *none* of the cost.

Aerosol cans: user pays none of the cost.

Household glass: user pays none of the cost.

Stop fees: user pays less than the cost of the service.

Recycling is our business but the days of selling recycling to generate significant revenue are likely over. Income generated through recycling sales is now under 10% of our revenue and is expected to keep falling as prices remain low and processing costs increase over time. Selling our commodities won't pay the bills. Collecting recyclables, processing them, and selling them loses money and always will. But it is an essential part of our mission and worth doing, so we must adapt our current system so that we can afford to keep doing it.

All other Waste Management Districts in Vermont charge for their labor and the true cost of disposing of recyclable materials and hazardous wastes. NEKWMD allows FREE disposal of nearly all recyclables and

hazardous waste, which is not economically viable if we don't backfill our income with enough trash surcharge income. Our District is truly an exception, and not the rule when it comes to how we finance our operations. I encourage you to visit the websites of the other Waste Districts in Vermont and look at the fees they charge to cover the full costs of disposing of recyclable and hazardous materials for their residents. You will see that they charge for nearly every service they provide in order to pay the bills, maintain facilities, and remain financially stable over the long term.

The tire program is an example of how we can charge for what our costs are so that we can remain financially stable. Charging for a service also forces people to consider the cost of their purchases and disposal actions. Giving away services for free creates a populace that is oblivious to the true cost of disposing of their end-of-life items. Over enough years, our District residents and Towns have become unfamiliar with the true cost of the services they are receiving.

My hope is that we can have a discussion and make decisions to not only address a short-term budgetary problem but also begin to change the paradigm around how we do business long term. Everything is too expensive these days to continually provide services for free by funding it with an ever-growing dependence on trash filling the landfill.

Options for Increasing Revenue for NEKWMD

Stop Fee Increase: Increase the fee for picking up recycling at Town recycling facilities and schools. Current fees are \$55/stop for Town recycling centers and \$37/stop for school pickups. This would help

recover some of the increased operating costs such as labor and diesel fuel (which has risen dramatically over the last 2 months and will likely stay high throughout the remainder of 2026).

Freon Appliance Recycling Fee: The District pays \$7/appliance to remove freon from refrigerators and freezers. Removal of refrigerant gasses is a state and federal requirement prior to disposing of the unit. Current price is FREE for District residents. A fee on each recycled unit would recover the cost of freon removal and should also include the labor and equipment costs of final handling and disposal of each unit. AC units and dehumidifiers are also accepted for free, but costs include labor for receiving, palletizing, and transporting the units to Derby for recycling.

Surcharge Fee Increase: The current surcharge fee is \$29.50/ton (trash + construction and demo waste) which was started in January 2025. Costs have risen significantly since then, especially labor, insurance, equipment, materials, and fuel. An increase now would prevent a much larger increase jump in the future to 'catch up'. Should probably consider incremental annual increases to reflect inflationary, upward cost pressures in order to not fall behind.

HHW Appointment and Disposal Fees: Currently there are no fees assessed to households related to the collection of Household Hazardous Waste (HHW), such as common household chemicals, cleansers, fuels, paints, pesticides. These wastes are extremely expensive to dispose of and the State grant that the District receives does not cover the full cost of the program. There are significant (overtime) labor costs, trucking, waste storage drums, and chemical disposal costs to operate this program. All other WMD's charge fees to

cover the cost of labor and disposal of hazardous chemicals. NEKWMD currently charges nothing for users of this program. Fees could be established for disposing of quantities of hazardous waste (quantity fees), and for the labor required to receive and sort the waste (appointment fee).

POTENTIAL PROGRAM CHANGES TO REDUCE COSTS

1. Reduce or eliminate remote Household Hazardous Waste events.

Eight remote collection events are scheduled for 2026, beginning on May 9. These events are very costly and require overtime pay for employees, diesel costs to distant towns, and high disposal costs of hazardous chemicals collected. The NEKWMD Lyndonville facility is considered a year-round collection facility by DEC, so we are not required to conduct remote hazardous waste collections. District residents would be able to schedule an appointment in Lyndonville on Tuesdays and Thursdays from May – September.

2. Reduce or eliminate District participation in remote Bulky Day

events. Eleven remote events are scheduled in 2026 beginning in May. These events are very costly and require overtime pay to employees for travel and collection of items, diesel costs to distant towns, and sorting time back at the Lyndonville facility. These events could be managed by Town employees.

3. Restrictions on Household Hazardous Waste quantities collected at the NEKWMD District facility. The high cost of hazardous chemical collection and disposal can be reduced by reducing the amount of

material collected from the public. The current limit is 25 gallons per person.

4. Charge Towns for NEKWMD personnel at Bulky Day events. Towns could pay for the staff (over)time and fuel/truck fees to offset the cost incurred by the District to attend these events.

5. Charge towns for NEKWMD personnel at Household Hazardous Waste events. Towns could pay for the staff (over)time and fuel/truck fees to offset the cost incurred by the District to attend these events. Further cost recovery could be implemented if residents that bring hazardous waste are charged a handling and/or disposal fee.

COST RECOVERY PROPOSALS FOR CONSIDERATION (VOTE)

Freon-containing appliance disposal fees

Current Fees: FREE

Refrigerators, freezers, water coolers: \$15 each

Air conditioners and dehumidifiers: \$5 each

Stop fee increase for Towns and Schools

Current fee: \$55/stop - Towns, \$37 – Schools

Proposed fee: \$65/stop – Towns, \$42 – Schools

NEKWMD Remote Household Hazardous Waste Event Fee

Current Fee: FREE

Proposed Fee: \$280/employee + Fuel Surcharge \$0.75/mile

Estimated 8 hours/employee/event

Reminder: The NEKWMD Lyndonville facility offers 40+ days of household hazardous waste collection annually. (nearly 280 appointments are available from May – September) Residents in any District town can make an appointment and bring in their items for disposal; they do not have to wait for a HHW event in their town. If we eliminate remote HHW Events we can add Saturday events here in Lyndonville as a possibility.

NEKWMD Remote Bulky Day Event Fee

Current Fee: FREE

Proposed Fee: \$245/employee + Fuel Surcharge \$0.75/mile

Estimated 7 hours/employee/event. Minimum of 2 employees/event, busier events require 3-4 employees.

Reminder: Towns are not required by State law or District ordinance to hold Bulky Day events; holding an event is a Town decision, not a District decision. Alternatives to an event

include residents paying a private hauler anytime during the year to pick up bulky items, or the resident bringing bulky items to the Coventry Landfill or St. Johnsbury transfer station.

Compost Pickup Charge

Current Fee: \$11.50/toter

Proposed Fee: \$12.50/toter

Extra \$1 will go towards purchasing new toters as needed.

Surcharge Fee on Municipal Solid Waste (Trash + CnD +Cnl)

Current Fee: \$29.50/ton

Proposed Fee: \$31.00/ton

Likely hold a hauler meeting prior to a vote in June.

Household Hazardous Waste Fees

Current Fee: Free

Proposed Fees are based on a volume pricing structure:

Flammable liquids (oil/gas mix, oil/antifreeze mix, stale/dirty fuel): NEKWMD currently pays \$4.64/gal to dispose of flammable liquids

1. Proposed flammable liquid charge to the public = \$5/gallon

In addition to direct disposal costs, NEKWMD has fixed labor (certified Hazardous Waste employees), infrastructure (EPA/ANR approved hazardous materials storage buildings) and material costs (Personal Protective Equipment, spill containment/cleanup supplies, UN approved metal and plastic storage/shipping drums).

2. Volume (bulk) pricing for other items (pesticides, cleaning solutions, fertilizers, pool chemicals, etc):

Proposed HHW pricing for general HHW items = \$10/recycling bin (approx. size 19"x14"x12").

For Consideration in the Future if the Board is interested

Glass Disposal Fee:

Current price: Free

There is no market for the District to sell its glass. The price for NEKWMD to dispose of all glass collected is \$7.45 per 55-gal

drum. Most town recycling facilities have 2-4 barrels per week for the District to pick up (and dispose of).

Aerosol Cans and Propane Tank Disposal Fee:

Aerosol cans must be individually punctured with an EPA approved device, and the can contents are classified as hazardous waste which is costly to dispose of. This process is very labor intensive. Also, the District must pay to dispose of every propane tank collected as well.