

Township of Lower Merion Solid Waste Fund 2026 Financial Forecast



Finance Committee
September 17, 2025





Overview of Presentation

- I. Solid Waste Fund (SWF) Overview**
- II. SWF Subscription History**
- III. SWF History & Financial Performance and Policy Options**



Solid Waste Fund (SWF) Overview

- Solid Waste Fund (SWF) is an Enterprise Fund with user fees set for full cost recovery.
- Township financial policy calls for Township to strive to maintain 10% fund balance level for emergencies and contingencies.
- Refuse Division provides trash and recycling collection services for over 16,900 residential customers and collects annually:
 - 15,000 tons of trash
 - 3,000 tons of recycled paper
 - 2,000 tons of commingled recyclable products



Solid Waste Operations

Weekly operations

- Six refuse crews and six recycling crews Monday – Friday
 - (3 staff per crew; 36 total)
- Two smaller trucks servicing township facilities (2 staff total)
- Two Crew Leaders, one Supervisor and one Admin Clerk
- Thursdays: Special Trash Pickup crew (2 staff)

Seasonal operations

- Leaf Collection
- Weekend Cleanups (two in the spring, one in the fall)
- E-Waste events



Solid Waste Subscription History





Solid Waste Fund Fee History

- 2014: +5.4%
- 2017: +5.0% (except Rear Yard Fee)
- 2019: +10%
- 2021: Fees Restructured
- 2024: +10%
- 2025: +3% - +12% depending on service level

SWF Can Level	2013	2014-2016	2017-2018	2019-2020	SWF Can Level	2021-2023	2024	2025
Mini-Can	\$195	\$205	\$215	\$237	Mini-Can	\$255	\$281	\$289
1 Can	\$277	\$292	\$307	\$338	Standard 1-2 cans	\$380	\$418	\$443
2 Cans	\$332	\$350	\$368	\$405				
3 Cans	\$387	\$408	\$429	\$472	Enhanced 3-4 cans	\$530	\$583	\$653
4 Cans	\$442	\$466	\$490	\$539				
5 Cans	\$497	\$524	\$551	\$606				
6 Cans	\$552	\$582	\$612	\$673				
7 Cans	\$607	\$640	\$673	\$740				
8 Cans	\$662	\$698	\$734	\$807				
Rear Yard	+\$200	+\$210	+\$210	+\$231	RY Mini	+\$200	+\$220	+\$233
					RY Standard	+\$250	+\$275	+\$292
					RY Enhanced	+\$300	+\$330	+\$350



Solid Waste Fund Subscriptions

- 16,905 subscriptions overall (13 more than last year)
 - Over 90% of subscriptions are at the mini-can or standard levels which is part of a multi-year trend
 - 17% of subscriptions include rear-yard service

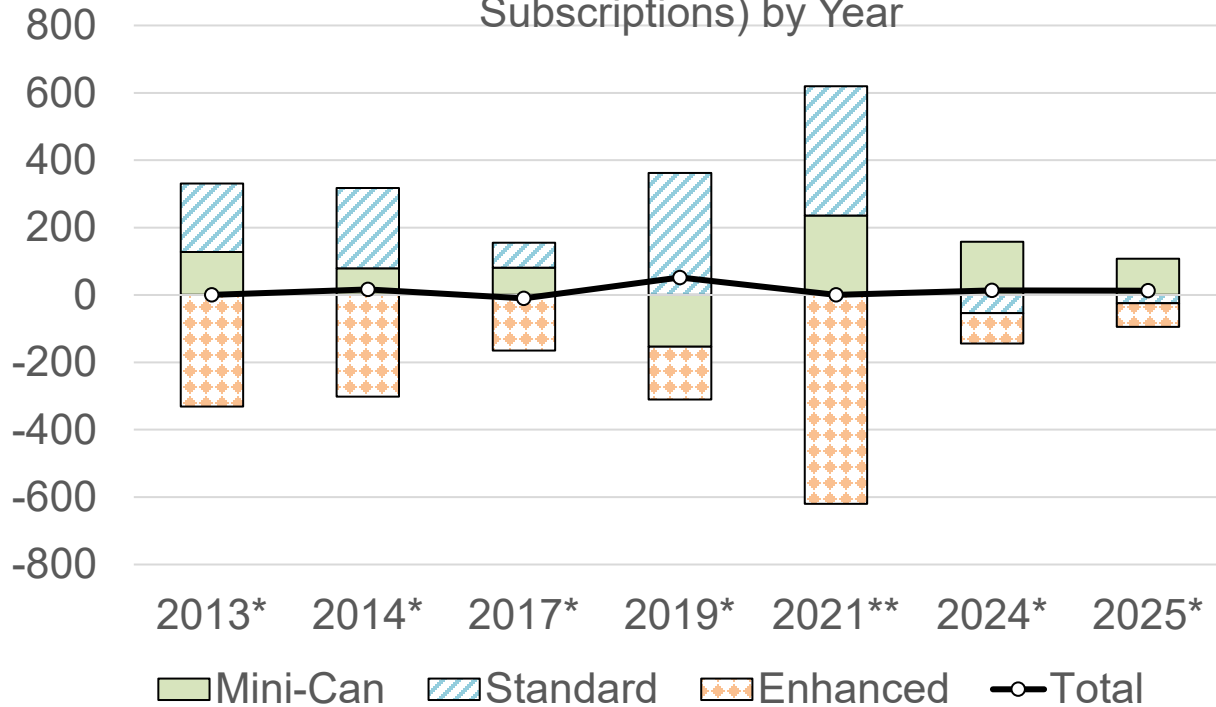
Subscription Level	Current Subscriptions	% of Total Subscriptions	\$ Fee	2025 Est. Revenue (Flat)
Mini-Can	2,395	14.2%	289	\$ 692,155
Standard	13,099	77.5%	443	5,802,857
Enhanced	1,411	8.3%	653	921,383
Total	16,905	100.0%		\$ 7,416,395
Rear Yard Subscriptions				
Rear Yard Mini-Can	150	5.2%	233	\$ 34,950
Rear Yard Standard	2,180	75.4%	292	636,560
Rear Yard Enhanced	560	19.4%	350	196,000
Total	2,890	100.0%		\$ 867,510
Rear Yard % of Total Subs	17.1%	Total SW Fee Revenue (Flat)		\$ 8,283,905
		Total SW Fee Revenue (98% Collection)		\$ 8,118,227



Solid Waste Fund Subscriptions

- Residents have continued to transition to reduced subscription levels and rear yard subscriptions have fallen consistently on an annual basis

Change in SW Subscription Types (and Total Subscriptions) by Year



2025 Changes

- +108 Mini-Can customers
 - (2024: + 158)
- 24 Standard customers
 - (2024: -54)
- 71 Enhanced customers
 - (2024: -90)
- 16 Rear Yard (RY) customers (2024: -47)

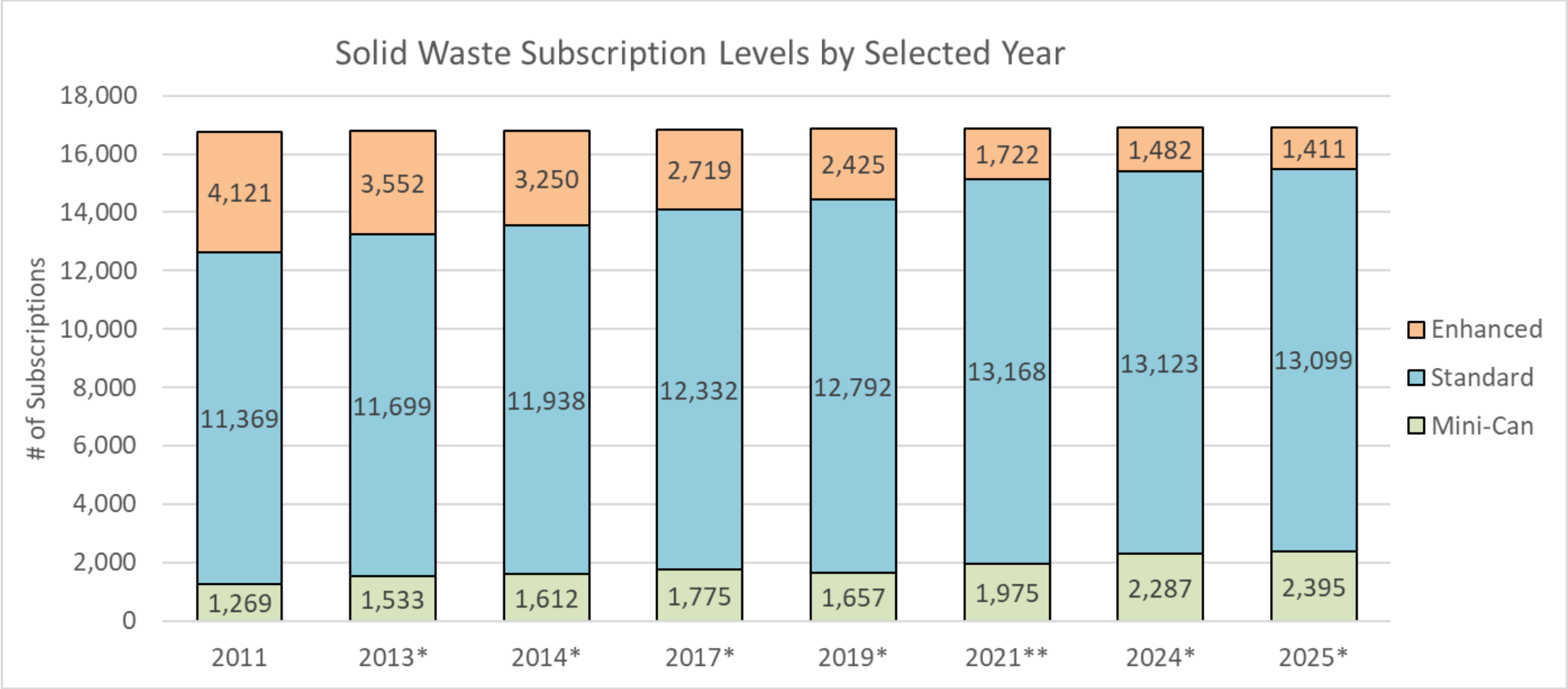
➤ RY has fallen from 23.1% to 17.1% of customers since 2011

* Year with SW Fee increase
 ** 2021 SW Fees restructured



Solid Waste Fund Subscriptions

Solid Waste Subscription Levels by Selected Year



* Year with SW Fee increase
 ** 2021 SW Fees restructured



Solid Waste Fund Financial Performance and Policy Options





Updated Solid Waste Fund Forecast

Solid Waste Fund	Actual 2023	Actual 2024	Estimate 2025	Projected 2026
Beginning fund balance	\$ 1.18	\$ 0.47	\$ 0.58	\$ 0.03
Revenues	8.11	8.76	9.06	8.85
Expenses	8.81	8.65	9.61	9.90
Surplus/(deficit)	(0.71)	0.11	(0.55)	(1.05)
Ending fund balance	\$ 0.47	\$ 0.58	\$ 0.03	\$ (1.02)
Fund Balance % of Expenditures	5.4%	6.7%	0.3%	-10.3%

- Year-end Estimates anticipate near-elimination of fund balance by year-end 2025 and a \$1M deficit in 2026.
- Baseline assumptions includes no increase in annual solid waste fee levels and maintenance of current refuse/recycling operations/service, trash disposal costs per existing contract



Solid Waste Fund Financial Trends

Solid Waste Fund Revenues	Actual 2024	Budget 2025	Estimate 2025	Projected 2026
Solid Waste Fees	7,726,467	8,197,200	8,182,780	8,180,080
Recycling Grant	184,607	175,000	175,000	170,000
Paper Recycling	288,746	225,000	215,000	70,000
Investment Income	123,991	90,000	103,000	50,000
Transfers In	88,684	90,000	90,000	90,000
PHMIC Refund	46,086	115,050	10,000	0
Other Revenues	299,558	300,000	288,000	286,500
Total Revenues	8,758,139	9,192,250	9,063,780	8,846,580

Solid Waste Fund Expenses	Actual 2024	Budget 2025	Estimate 2025	Projected 2026
Labor Costs	5,098,981	5,149,637	5,231,676	5,416,405
Vehicle Charges*	975,194	1,689,218	1,689,218	1,683,409
Refuse Disposal Costs	1,445,494	1,545,000	1,500,000	1,545,000
Indirect Costs To General Fund**	521,800	601,800	601,800	601,800
All Other Costs	206,576	209,359	210,424	243,200
Commingled Recycling Costs	187,829	208,000	185,000	205,000
Insurance Costs	216,235	196,470	196,170	201,290
Total Expenses	8,652,110	9,599,484	9,614,288	9,896,104

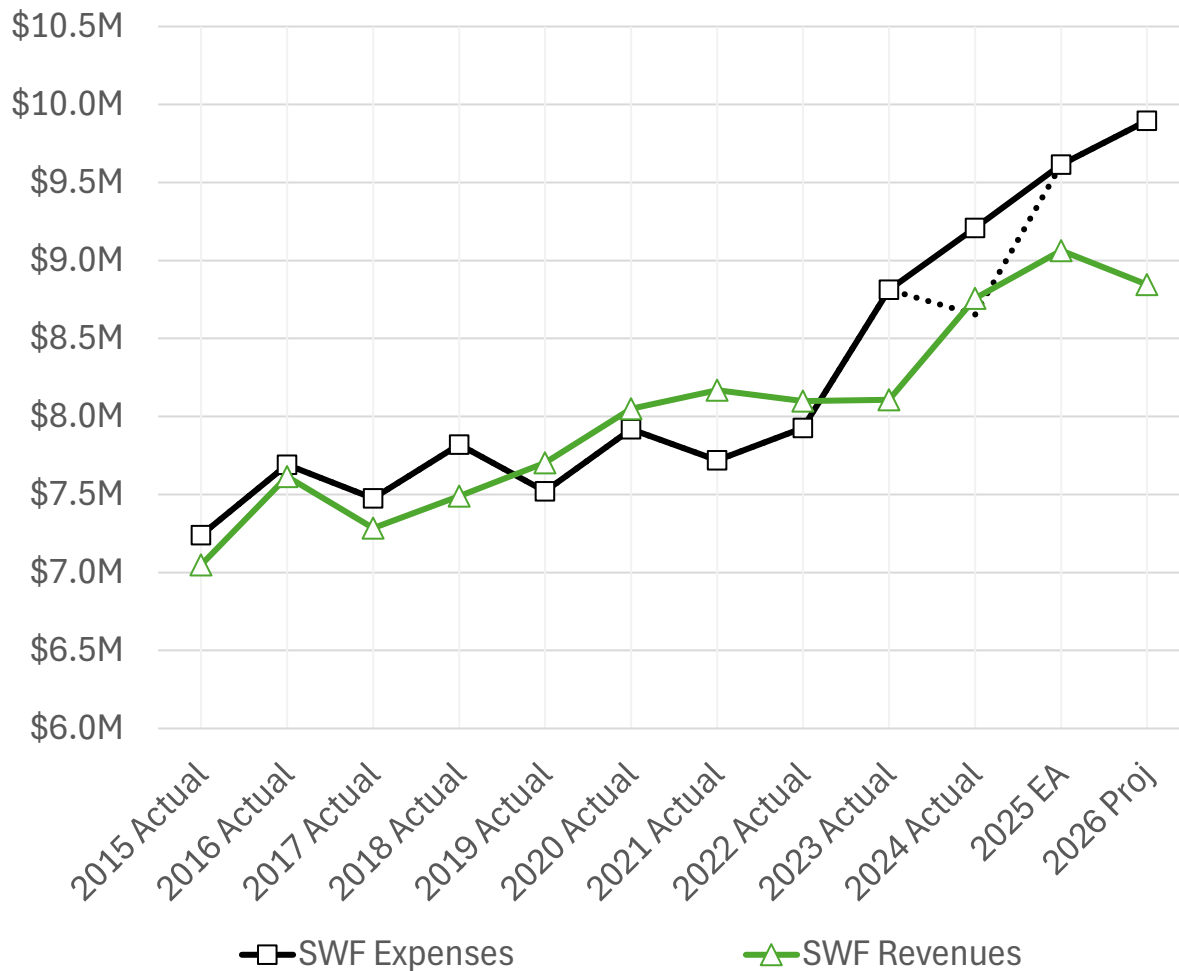
* \$477,000 of Vehicle Charges payable to Equipment Fund waived in 2024

** \$80,000 of Indirect Costs payable to General Fund waived in 2024



Solid Waste Fund Revenue and Expenditure History

Solid Waste Fund Expense and Revenue History



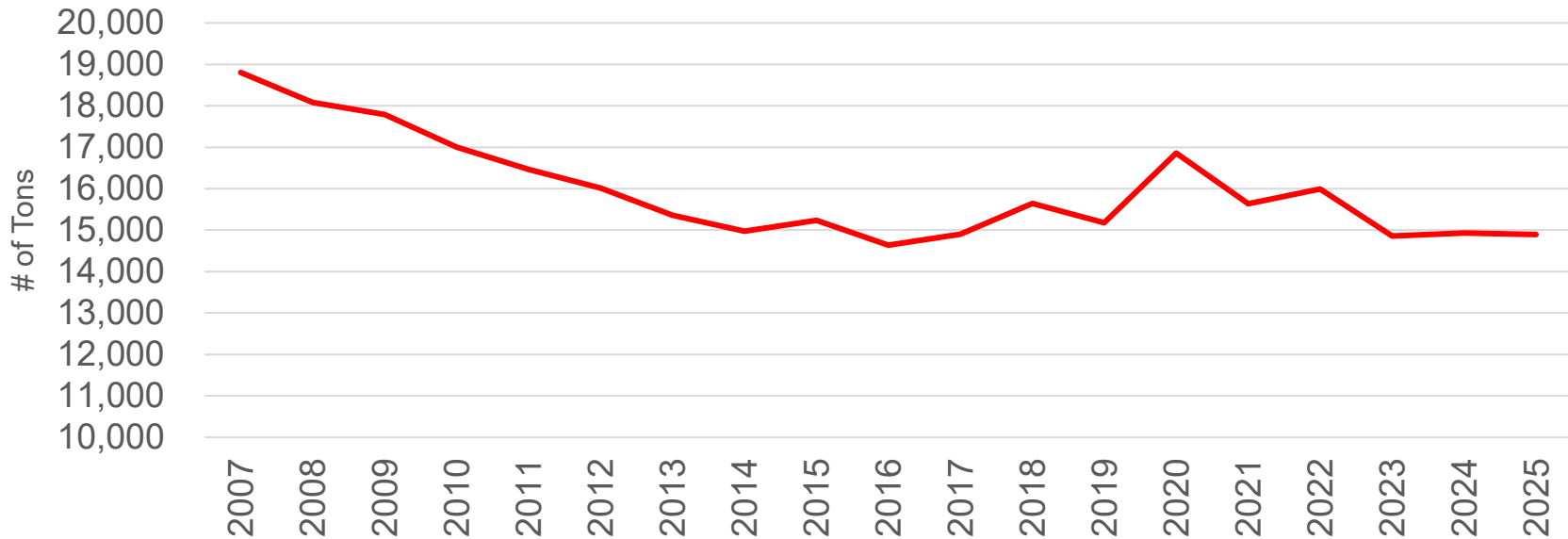
- After slow cost growth between 2015 and 2022, several factors have driven costs up 25% between 2022 and 2026.
- Solid Waste Fund Fee Rates have increased ~15% during this time by comparison, absent any 2026 rate increase.
- The resulting gap between fund revenues and costs have eliminated much of the fund's \$1.2 million fund balance at year-end 2022.

*Dotted line represents actual 2024 expenses after partial waiver of charges to Equipment Fund and General Fund are accounted for.



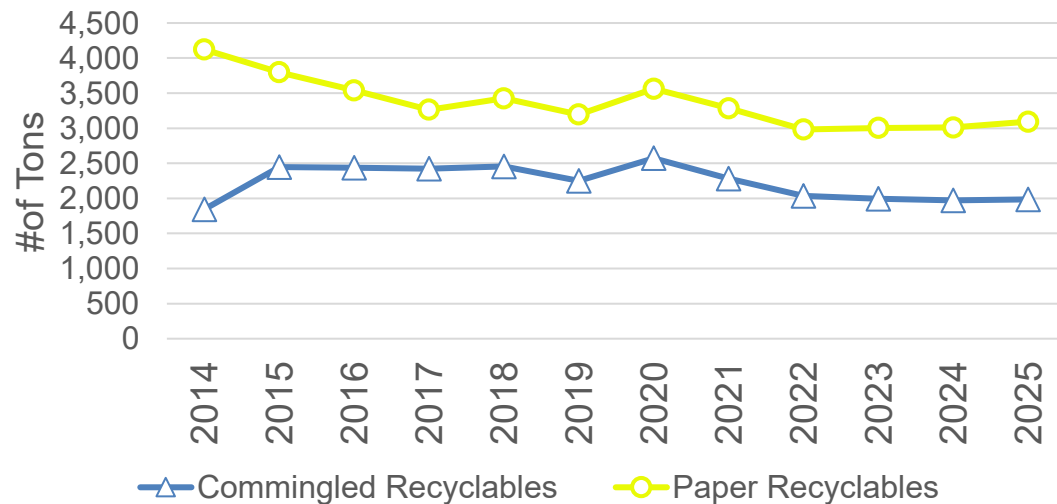
Solid Waste Tonnage History

Annual Refuse Tonnage



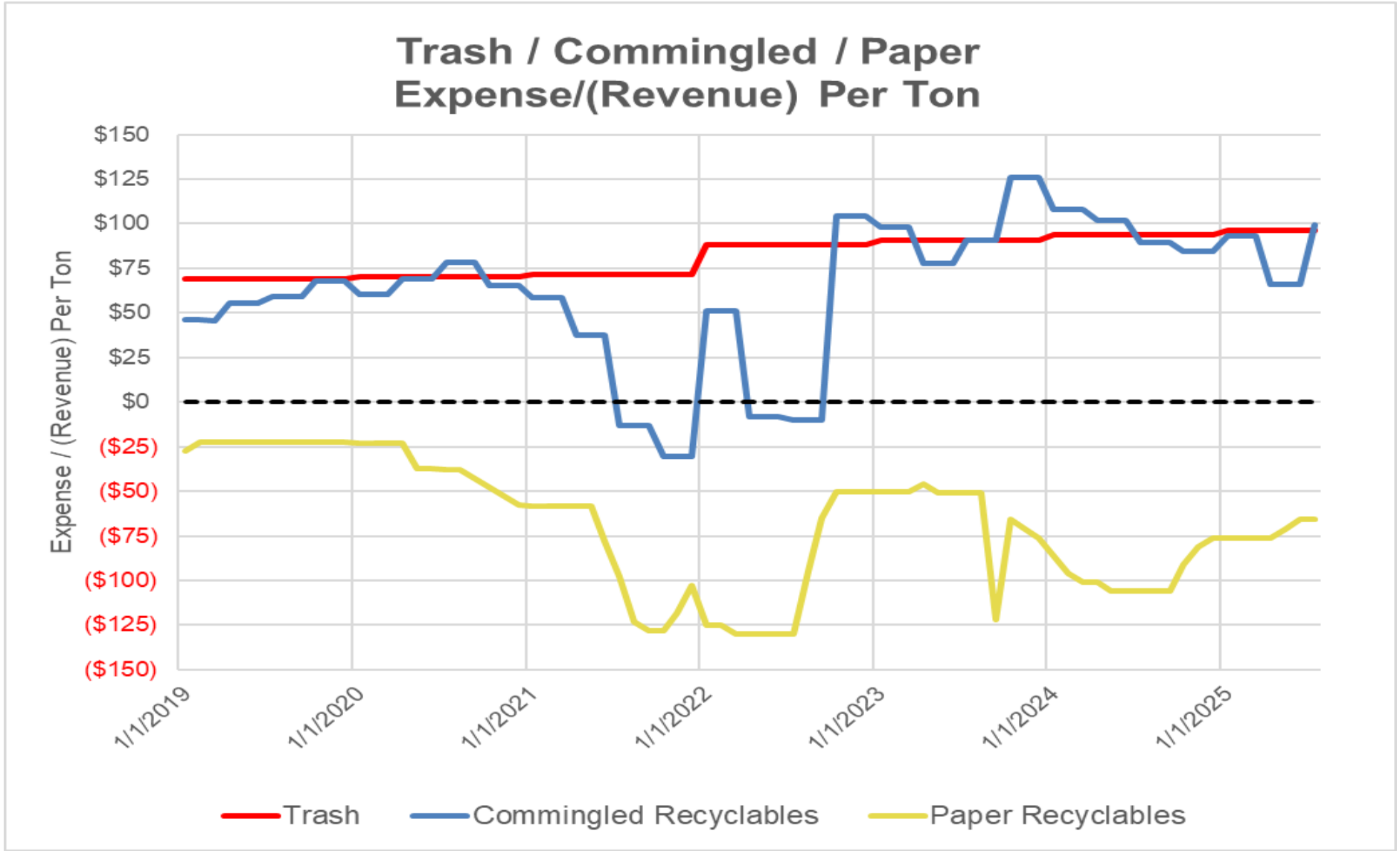
- Refuse tonnage collected has averaged 15,000/yr since 2018 (excluding 2020 COVID year impact)
- Commingled and paper tonnage both slightly lower than mid-late 2010s

Annual Recyclable Tonnage





Solid Waste Fund – Refuse/Commingled/Paper Price History





Solid Waste Fund Revenues

- SWF Fee represents nearly 90% of fund revenue. Total SWF revenue growth is constrained absent fee increases.
- Charges for services growth is minimal at best absent introducing new charges (e.g., Weekend Cleanup) or increasing other fees (e.g., Special Pickup charges).
- Recycling grants funding from PA DEP have declined over time.
- Recycled paper market prices have softened after a relatively strong market in 2024.
 - 2024 Revenue: \$288,746
 - 2025 Estimate: \$215,000
 - With less buyers in the region for our recycled paper, we witnessed little competition for our 2026 paper recycling contract.
 - 2026 Estimate ~ \$70,000



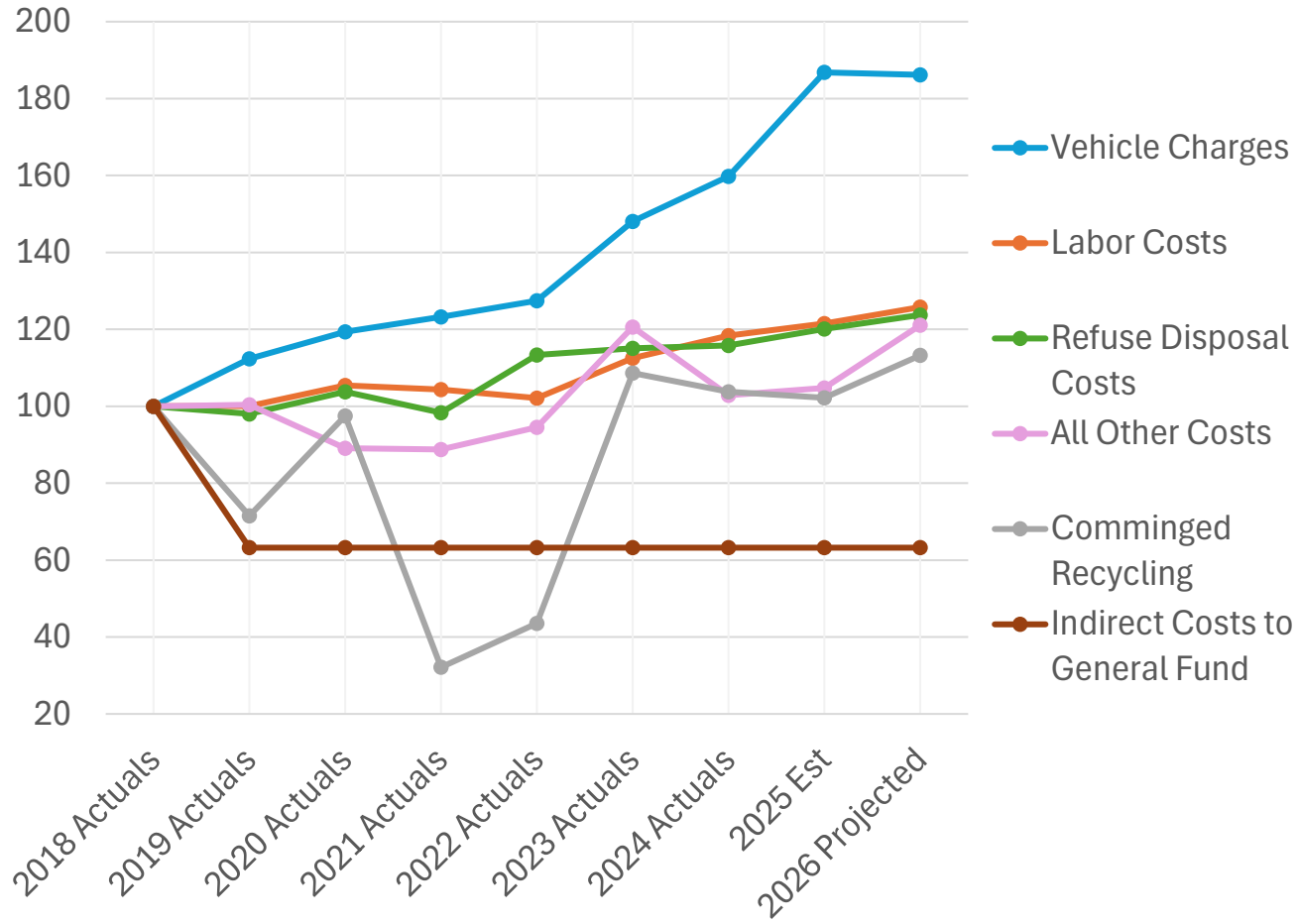
Solid Waste Fund Expenditures

- After slow cost growth between 2015 and 2022, several factors have driven costs up 25% since 2022.
 - One crew (+3 FTE) added in 2023 and a new Collective Bargaining Agreement.
 - Significant increase in maintenance and vehicle replacement costs.
 - Significant increase in insurance costs.
 - Reduced market prices for commingled recycling products have increased disposal costs.



Solid Waste Fund Expenditures

SWF Expense Growth by Category (100 = 2018 Costs)



- Vehicle Charges to Equipment Fund have increased 80%+ since 2018
- Most other cost categories have risen 20%
- Indirect Cost Transfer, once nearing \$1M, was reduced for 2019 on a one-time basis and then held permanently at that level since.



Solid Waste Fund Policy Options

- Given the poor financial position of the Fund, the Finance Committee discussed several options for the fund, including:
 - Waiving 2025 Charges to the Equipment Fund in an amount sufficient to maintain a \$100,000 Fund Balance.
 - Current waiver estimate: \$70,000
 - A 5.0% Solid Waste Fee rate Increase for 2026.
 - Introduction of a per-entry Cleanup Weekend fee of \$20.
 - The Finance Committee also tasked staff with assessing the current Special (bulk) Pickup charges.
 - Waiving 2026 charges to the Equipment Fund in an amount sufficient to close the 2026 deficit and maintain a \$100,000 Fund Balance.



Summary of Solid Waste Fund Fee Increase Options

- A 5.0% increase would bring in approximately \$388,000 accounting for subscription substitutions and collection rate.
- 10% and 15% increases shown for comparison.

SWF Can Level	2025 Rates	2026 5% inc	2026 10% inc	2026 15% inc
Mini-Can	\$289	\$303	\$318	\$332
Standard 1-2 cans	\$443	\$465	\$487	\$509
Enhanced 3-4 cans	\$653	\$686	\$718	\$751
RY Mini	+\$233	\$245	\$256	\$268
RY Standard	+\$292	\$307	\$321	\$336
RY Enhanced	+\$350	\$368	\$385	\$403
Additional Revenue		\$388k	\$751k	\$1,097k



Solid Waste Fund – Cleanup Weekends

- Township Cleanup Weekends entail a crew of 16 employees per day on Saturday and Sunday at Overtime and Double-Time rates.
- 2024 Cleanup Weekends statistics: 3 weekends (6 days), 735 staff hours, 6,350 cars entered, and 355 tons disposed (111 pounds per car on average).
- Annual direct costs of \$50,000 in personnel and \$35,000 of refuse disposal.
- The Finance Committee discussed cost savings and new revenue associated with either eliminating Cleanup Weekends and/or charging a per-entry fee.
- The Finance Committee recommends charging a \$20 per-entry fee for Cleanup Weekends which is estimated to raise \$90,000 - \$120,000 annually.



Solid Waste Fund Revenues – Special/Bulk Pickup

The Township charges \$40 for bulk or “special” pickup services for up to three items. Volume greater than three items is quoted by Township staff based on type of materials to be collected. Comparable charges at other municipalities include:

Haverford Township

- \$23 per item for 1 – 5 items
- \$135 “Clean-Out” (6 – 10 items)

Radnor Township

- \$75 for up to 5 items
- \$25 per item supplemental charge for items 6 – 10
- Additional charges for items containing Freon (\$10) or a propane tank (\$5)

Marple Township

- \$20 per item
 - \$50 for tv’s and electronics
- \$140 for “Clean-Out” (10 items)

Abington Township

- Per-item charges based on type of bulk items being disposed

Cheltenham Township

- \$35 base fee with additional charges based on items



Solid Waste Fund Revenues – Special/Bulk Pickup

- The Township's costs for Special Pickup can be thought of as the cost to place one Refuse Driver and one Refuse Collector on a route, a rental cost for the vehicle servicing the route, and tipping fees:
 - Labor: \$115/hr inclusive of benefits
 - Vehicle Rental costs: \$32/hr
 - Tipping Fee (per 100lb): \$5
 - Total: \$152.00/hr or nearly \$76 per 30 minutes
- Costs suggest a higher charge is warranted, either a per-item charge similar to Haverford and Marple Townships, or a higher base charge for a set number of items similar to Radnor Township.
- Staff is discussing options and will provide further details at the October Finance Committee meeting.



Solid Waste Fund Policy Options

- Finance Committee Recommendation Impact
- Starting 2026 Deficit: \$1,050,000
 - New SW Fee Revenue: \$388,000
 - Weekend Cleanup Revenue: \$90,000 - \$120,000
 - Additional Special Pickup Revenue: TBD depending on ultimate charge structure; estimated \$15,000 - \$40,000 annually
 - \$500,000 - \$550,000 Equipment Fund charges waiver estimate required to balance budget depending on new revenue performance, recycling market performance, and budget performance.
- The extent to which the reduction of charges to the Equipment Fund should be made whole by the General Fund can be reviewed during the 2026 Budget process.



Preliminary Equipment Fund Projections

- Equipment Fund projections are prior to any waiver of Solid Waste Fund rental charges.

Equipment Fund	Estimate 2025	Projection 2026	Projection 2027
Beginning Fund Balance	2,518,780	1,870,494	1,167,825
Revenues			
Rental Rates	6,895,521	7,000,000	7,350,000
Sale of Equipment	200,000	200,000	200,000
Interest Income	285,000	171,000	128,250
Total Revenues	7,380,521	7,371,000	7,678,250
Operating Expenditures			
Operating Expenditures	3,088,807	3,060,616	3,202,499
Vehicle-Equipment Purchases	4,940,000	5,000,000	5,000,000
Total Expenditures	8,028,807	8,060,616	8,202,499
Surplus/(Deficit)	(648,286)	(689,616)	(524,249)
Ending Fund Balance	1,870,494	1,180,878	643,575



Solid Waste Fund Next Steps

- While the Board may have questions and want further discussion on this topic, there is also a need to move quickly.
 - Any solid waste fee increase requires an ordinance to be adopted by the Board which would need to occur prior to the end of October.
 - Solid waste fee subscription change mailing would then go out to customers in early-mid November explaining the rationale for a fee increase and providing the option to customers to switch their subscription level.
- 2026 Solid Waste Bill is included with tax bill mailed Jan 31st.