COMMERCIAL RECYCLING: WHAT'S WORKING?

Program Models for Increasing Recycling

Colorado SWANA, Estes Park
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Lisa A. Skumatz, Ph.D.
303/494-1178
skumatz@serainc.com
www.serainc.com

TOPICS COVERED

- Context / traditional barriers
- Contract / invoice barriers
- Study of motivators
- Performance of classes of initiatives

Results summarized from national survey, project on invoice / contracts barriers, com't rate study work, "ICI Best Practices" assignments & USDN grant project.

UNIVERSITY OF IOWA /
BEST PRACTICES

WHY CONSIDER ENTRY INTO COMMERCIAL WASTE?

- Why?
  - 40-60% of stream/Goals
  - Big bang/fewer actors
  - Low cost
  - A few key streams (guess!)
  - Job creation (10:4:1), GHG
  - Program access, aesthetics...

- Next step...
- Why not / Barriers?

WHAT HOLDS COMMERCIAL RECYCLING BACK?

<table>
<thead>
<tr>
<th>Generator Side</th>
<th>City Side</th>
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<tbody>
<tr>
<td>Space</td>
<td>Heterogeneous</td>
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<tr>
<td>Cost / split incentives / volumes</td>
<td>Authority</td>
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<td>Management disinterest</td>
<td>Politically laugh</td>
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<tr>
<td>Hassle</td>
<td>Full plate</td>
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<tr>
<td>Training / retraining</td>
<td>Market “working”</td>
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<td></td>
<td>BUT false heterogeneity</td>
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<td></td>
<td>Small / med / lg;</td>
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<td></td>
<td>Several key materials</td>
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<tr>
<td></td>
<td>CAN solve some (space); not others ($)?</td>
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UNDERSTANDING THE SECTOR –

- IF want to learn more... pretty basic.
  - Surveys and focus groups (businesses & haulers)
  - Waste comp - your own or elsewhere (model / empl)
  - Materials not all that mysterious!! (3-4?)

- BUT... there are multiple actors
  - Builders & developers (c&d, design space)
  - Commercial generators (office, food, manufacturing)
  - Property managers
  - Multi-Family generators (c&d, design space)
  - Haulers
  - Recycling businesses
  - City / county
  - Each with their own priorities / motivations

WHAT HOLDS COMMERCIAL RECYCLING BACK?

Skumatz, 303/494-1178, skumatz@serainc.com
WHAT BARRIERS HOLD BACK COMMERCIAL RECYCLING?

- The USUAL SUSPECT barriers may not be the most important FIRST barriers to address...
- Less studied, but IMPORTANT, problems
  - Invoices & contract barriers
  - Knowledge gaps
- Available “levers” - you CAN deal with these

THE SITUATION

- Adding recycling is rarely cheaper.
- Don’t know haulers recycle
- Local not always the decision-maker
- Invoices purposefully unclear
- Taxes and fees & relative costs unclear on invoices.
- Contracts have clauses encouraging continuing relationship with a hauler & often NO contract
- Businesses don’t change UNLESS problems
- Once services start, no hauler incentive to rightsize / rarely revisit
- Some clauses / invoicing have negative effects on recycling

CUSTOMER ISSUES – CONTRACTS & INVOICES

- Invoices purposefully unclear
- Price differentials
- Changes in service
- Exclusive right to serve
- Right of first refusal
- If contract present...
  - Desirable: clear rollover, clear price differential, written notice of rate increases, clauses to allow cancellation if not meeting needs

CONTRACT CLAUSES & BIDDING ELEMENTS

<table>
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<th>Contract Elements</th>
<th>Bidding</th>
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<tbody>
<tr>
<td>Terms</td>
<td>Save $, same sometimes win, but reasons for choices:</td>
</tr>
<tr>
<td>Automatic renewal</td>
<td>Cost, lowest price, rates is it (most common response)</td>
</tr>
<tr>
<td>Cancel / stop conditions</td>
<td>The services offered and the most responsive bid</td>
</tr>
<tr>
<td>Rate increases; fees; notice</td>
<td>Existing relationship with hauler, customer service issues</td>
</tr>
<tr>
<td>Price differentials</td>
<td>Right of first refusal</td>
</tr>
<tr>
<td>Changes in service</td>
<td>Other reasons such as easier to understand bill, no contract, seems friendlier, local company, opportunity to share services</td>
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</tbody>
</table>
| Exclusive right to serve | If contract present...
  - Desirable: clear rollover, clear price differential, written notice of rate increases, clauses to allow cancellation if not meeting needs |

BIDDING VERY IMPORTANT BECAUSE...

- Right-sizing
- Awareness of options
- Savings
- Options to avoid extra fees & improve conditions / clauses
- Joint services / economies
  - SERA Statistical analysis showed multiple services save savings in pick-up/base fees
  - And businesses don’t realize how simple it is...

POLICIES & RECOMMENDATIONS

- Require (if possible):
  - Clear invoicing
  - Contracts to all (new)
  - Periodic right-sizing audits
  - Annual notices about recycling on bills
  - Clarity on pricing / taxes / incentives
  - Tonnage tracking / reporting
- Do:
  - Introduce/enhance differential taxes/surcharges/incentives
  - Outreach “bids” recommending bidding
  - Mock-up Contract, Invoice, and Bidding Form
  - Support / provide / require periodic right-sizing audits
  - Help haulers sell recycling
  - Maybe small infrastructure grants
  - Direct options for small-commercial
WHAT MOVES COMMERCIAL RECYCLING FORWARD?

COMMERCIAL SURVEY - COMMUNITY RANGE & FACTORS

- Survey respondents, cities & counties (5K-1M pop)
- Commercial collection & authority
- Recycling access & processing
- Facilities & tip fees
- Programs & policies "classes"
- Waste stream, composition, diversion

COMMERCIAL PROGRAM CLASSES

- Basic & outreach
  - Community prep / committees
  - Outreach / info / tips
- Goals for businesses or haulers
  - Reporting, svc requests
- Plans, clauses, space
- Grants/TA/awards/memp.
- Procurement
- Incentives / access
  - Recycling content
- Bans and mandates
  - Recycling mandates (some/all; service / pay)
- Material bans

COMMERCIAL INITIATIVES & PERFORMANCE

DRIVERS?

- May not be what you think...

3 Key factors:
- Goals / plans
- Staff
- Residential progress

STATISTICALLY ANALYZED DIFFERENCES BETWEEN COMMUNITIES

- Goals (local & state & variations)
- Authority (available, currently taken) & regulations
- Hauler situation
- Political support
- Residential progress
  - Com1 success (local & regional)
  - Analyzed "Drivers" – May not be what you think!
- Cost
- Region
- Tip fees
- Demographics
- Size / urban / rural
- Processing
- Market access
- Activists & models
- Other

Source: Skumatz Economic Research Associates research ©
MOST COMMONLY-REPORTED IN SURVEYS

- Most common strategies:
  - Outreach / tips
  - Tracking
  - Goals

- Next most common:
  - Selected recycling mandates
  - C&D programs
  - Small business programs

- Uncommonly reported
  - Special fees, hub & spoke, material bans, organized collection, market development

Source: Skumatz Economic Research Associates research ©

WHICH PROGRAMS PERFORM?

- Mandates & Bans, enforced, are reportedly effective
  - Key materials; targeted businesses, can expand over time
  - Economies of scale help businesses
  - Work with existing enforcement if possible

- Next most common:
  - Selected recycling mandates
  - Require to offer for some sectors
  - Grants, TA, recognition

Top 10 Programs

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<tr>
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<th>Cost</th>
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- Uncommonly reported
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WHICH PROGRAMS MIGHT PERFORM?

- Education & outreach
  - Popular and often-recommended, but cost-effectiveness not proven, and not that promising

- Funding sources important to explore
  - May be able to require education as part of hauler service
  - Service fees not a cost to city

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COMMERCIAL STRATEGY & IMPLEMENTATION PHASES

- Phase 1. Community prep, research, goals, ID authority
- Phase 2. Hauler / business info & goals, Ordinances
- Phase 3. Business incentives, technical assistance, recognition
- Phase 4. Partnerships for programs & facilities; small business attention
- Phase 5. Bans, mandates, targeted streams or sectors; requirements & enforcement
- Phase 6. Policies, contracting, markets and facility development; framework for “net zero”

Source: Skumatz Economic Research Associates research ©

CONSIDER INFO / EDUCATION ON COMM. RECYCLING

- Top 10 Programs
  - High tons
  - Low Cost to Jurisdiction

- Financial incentives (businesses & haulers) motivate & maintain change
  - Includes PAYT = embedded recycling / organics (mandate)
  - Financial for goals; invoicing changes, C&D options, etc.
  - Align with your goals
  - Design for social optimum

- Change unlikely cheaper
  - Exception: economies help

Source: Skumatz Economic Research Associates research ©
SUMMARY & CONCLUSIONS

- Understand the sector
  - Activities; surveys; but no mystery!
- Barriers – not just usual suspects – invoices!
- Encourage bidding for integration, savings
- Many workable options
  - Varied approaches / many workable options
  - Levels of intervention... education, incentives, mandates, taking significant control

SERA

- Natural evolution – next step (model)

THANK YOU!!

Questions?

Lisa A. Skumatz, Ph.D.
Skumatz Economic Research Associates (SERA), Phone: 303/494-1178
skumatz@serainc.com

Thanks for filling out surveys that help support analyses like these!
National: www.garbageandrecyclingsurveys.com

WHICH PROGRAMS PERFORM?

- Mandates & Bans, enforced, are reportedly effective
- Economics of scale help business cost
- Level playing field
- Potentially complex, but 11-30x more political capital on effective programs
- Pushback, political & firms
- Financial incentives motivate & maintain change
  - Align with your goals
  - Design for social optimum
  - Change unlikely cheaper
  - Exceptions economies

Mandates & Bans
- Targeted mandatory
- Mandatory ABC
- Targeted ABC
- PAYT with embedded recycling
- Disposal / collection ban for key commercial materials
- Incentives, hauler...
- Recycle and food available / embedded
- Hauler incentives for goals
- Clear invoices / contracts
- C&D deposit

Other high scorers
- 2-tiered tip fees for haulers
- Require lower rates for diversion
- Small businesses access to residential or PAYT bag program
- Others in Scan document

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TOP 10 PERFORMING PROGRAMS

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STEP 1: YOUR TOWN IN “20 QUESTIONS”

- In 3-5 min: Measure your town’s “Hat” value, where the hat tells you what potential options are for your jurisdiction:
- What is your jurisdiction’s “Hat”?
- What is the best way to get a bottom-up reduction in waste?
- What is the most cost-effective way to achieve your goals?
- What are the key barriers to implementation? How can you overcome them?
- What are the key enablers to implementation? How can you leverage them?
- What are the key financial incentives to achieve your goals?
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### STEP 2: PROXY WASTE COMP

To help pick targets

### STEP 3:

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**Get more info on how to pick targets:**

To help you determine your target regions:

- **Step 2**: Proxy Waste Comp
- **Step 3**: High score programs & details

**For more information, contact:**

Skumatz, 303/494-1178, skumatz@serainc.com