

COMMERCIAL RECYCLING: DRIVERS, PROBLEMS AND SOLUTIONS

What's Working?



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TOPICS COVERED

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

- ❑ *MF is another matter / talk...*

WHY CONSIDER ENTRY INTO COMMERCIAL WASTE MANAGEMENT?

□ Why?

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

□ Why not / Barriers?

- False heterogeneity
 - Quasi homogeneous mid; small; similar barriers & generally similar leading materials; substrata to "pick off"... Programs can make a difference.
- Split incentives / mgmt, space, \$



WHAT HOLDS COMMERCIAL RECYCLING BACK?

Generator Side

- Space
- Cost / split incentives / volumes
- Management disinterest
- Hassle
- Training / retraining

City Side

- Heterogeneous
- Authority
- Politically tough
- Full plate
- Market "working"

- ...*BUT* false heterogeneity
- Small / med / lg;*
- Several key materials*

CAN solve some (space);
not others (\$?)



UNDERSTANDING THE SECTOR –

- ❑ IF want to learn more... pretty basic.
 - Surveys and focus groups (businesses & haulers)
 - Waste comps – 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 (determine size)
 - Haulers
 - Recycling businesses
 - City / county
- ❑ *...Each with their own priorities / motivations*



WHAT HOLDS COMMERCIAL RECYCLING BACK?



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 BIZ SITUATION



- ❑ Recycling:
 - ❑ Not always in place; not always extensive; regs only on trash
- ❑ Motivation, Cost, Inertia:
 - ❑ Adding recycling is **rarely cheaper**.
 - ❑ Small biz may not be able to downsize
 - ❑ Businesses **don't change** UNLESS problems / hassle
 - ❑ Once services start, no hauler incentive to **rightsized** / rarely revisit
- ❑ Awareness, Decision-making:
 - ❑ **Don't know** haulers recycle (!)
 - ❑ **Local** not always the decision-maker
- ❑ Contracts and Incentives – lack of clarity
 - ❑ Invoices **purposefully unclear**
 - ❑ Taxes and fees & relative costs **unclear** on invoices... **BUT CAN MOTIVATE**
 - ❑ Contracts have clauses encouraging **continuing relationship** with a hauler & often **NO contract**
 - ❑ Some clauses / invoicing have **negative effects** on recycling.
 - ❑ Usual suspects – labor, cost, volume, space...)
- ❑ Businesses report:

HAULER FACTORS – CONTRACTS / INVOICES

- Even if recycling is cheaper, **switch** is not always cost neutral, or costs differ by generator type.
 - Generator size, logistics, and material generation (volume and type) all play a role in the costs of service.
- Once services start haulers have **no incentive** to audit or right-size or sell recycling. Prefer customers keep current service.



CONTRACT CLAUSES & BIDDING ELEMENTS

Contract Elements

- Terms
- Automatic renewal
- Cancel / stop conditions
- Rate increases; fees; notice
- 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 increase, clauses to allow cancellation if not meeting needs*

Bidding

- Save \$; same sometimes win, but reasons for choices:
- Cost, lowest price, rates is it (most common response)
 - The services offered and the most responsive bid
 - Existing relationship with hauler, customer service issues
 - Other reasons such as easier to understand bill, no contract, seems friendlier, local company, opportunity to share services

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 saw savings in pick-up/base fees
- ❑ → And businesses don't realize how simple it is...!



Oversubscribed service

CONTRACTS & INVOICES - POLICY LEVERS

- ❑ Hauler tonnage **tracking** / reporting
- ❑ Require periodic **waste audits and right-sizing** of service
- ❑ Require haulers **notice** on bills annually or better of recycling, materials accepted.
- ❑ Require **clarity / transparency** in commercial bills
- ❑ Require **clarity of the incentives** in taxes – or the combined prices for the different service streams -- on all bills.



Oversubscribed customer

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 'blitz' recommending **bidding**
- **Mock-up** Contract, Invoice, and Bidding Form
- Support / provide / require periodic **right-sizing** audits
- Help haulers **sell recycling**
- Maybe small infrastructure grants

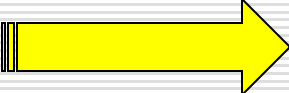
□ Address the problem of **pricing / invoicing barriers** for the small commercial businesses directly

Current Invoice Charges					
Administrative Fee					\$1.92
[REDACTED]					
1 - Front Load (2 Yd) Scheduled Service (S3)					
Date	Description	Reference	Quantity	Unit Price	Amount
01/25	Rate Adjustment	01/15/13-02/28/13	1.0000	\$106.56	\$36.98
01/25	Basic Service	02/01/13-02/28/13		\$81.56	\$81.56
1 - Front Load Recycling (2 Yd) Scheduled Service (S4) Single Stream Recycling					
Date	Description	Reference	Quantity	Unit Price	Amount
01/25	Recycling Service	02/01/13-02/28/13		\$52.14	\$52.14
	Total Fuel/Environmental Recovery Fee				\$52.61
	Total County Environmental Charge				\$83.35
	Total Solid Waste Management Tax				\$26.75
Current Invoice Charges					\$337.31



*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

STATISTICALLY ANALYZED DIFFERENCES BETWEEN COMMUNITIES

- ❑ Goals (local & state & variations)
- ❑ Authority (available, currently taken) & regulations
- ❑ Hauler situation
- ❑ Political support
- ❑ Residential progress
- ❑ Com'l success (local & regional)
- ❑ Cost
- ❑ Region
- ❑ Tip fees
- ❑ Demographics
- ❑ Size / urban / rural
- ❑ Processing
- ❑ Market access
- ❑ Activists & models
- ❑ Other...

➔ Analyzed “Drivers” –
May not be what
you think!



DRIVERS?...

May not be what you think...

3 Key factors:

- Goals / plans
- Staff
- Residential progress

Topic	Driver	Not
Goals established	<input checked="" type="checkbox"/>	
"Green" image	<input checked="" type="checkbox"/>	
Business interest	<input checked="" type="checkbox"/>	
Residential progress	<input checked="" type="checkbox"/>	
Facility investment	<input checked="" type="checkbox"/>	
Size / urban / suburban	<input checked="" type="checkbox"/>	
Landfill shortage		<input checked="" type="checkbox"/>
Disposal tip fees		<input checked="" type="checkbox"/>
Region of the country		<input checked="" type="checkbox"/>
Market access		<input checked="" type="checkbox"/>
Staff activity	<input checked="" type="checkbox"/>	
Regional planning agency	<input checked="" type="checkbox"/>	
Council / commissioners (electeds)		<input checked="" type="checkbox"/>
Voters		<input checked="" type="checkbox"/>
Haulers		<input checked="" type="checkbox"/>
Local task forces		<input checked="" type="checkbox"/>
State planners		<input checked="" type="checkbox"/>

COMMERCIAL OPTIONS, INITIATIVES & PERFORMANCE

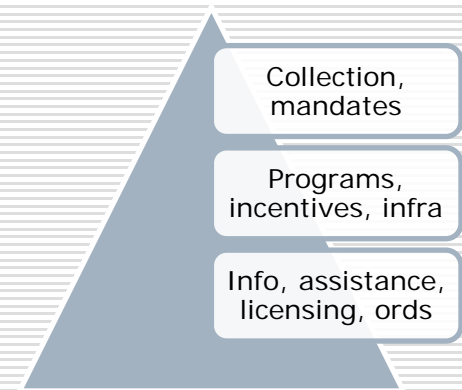
OPTIONS FOR INCREASED AUTHORITY

- Residential sector options:
 - Municipalization, ordinance, contract / district / franchise, license. Pros & cons
- Commercial authorities vary, but...options available
 - State limitations on interference (need info...!)
 - Municipalization city-wide or district
 - Contracting in commercial sub-area (business assoc/district)
 - Service requirements

COMMERCIAL PROGRAM CLASSES

- ❑ Basic & outreach
- ❑ Incentives / access
- ❑ Bans and mandates
- ❑ Assorted Policies
- ❑ Infrastructure (incl PPP)
- ❑ Funding issues

❑ ...



MOST COMMONLY- REPORTED IN SURVEYS

- ❑ Most common strategies:
- ❑ Next most common:
- ❑ Uncommonly reported

TOP PERFORMING PROGRAMS

	Top Programs
☑	High tons
☑	Low Cost to Jurisdiction
☑	High Cost-Effectiveness
	<u>Sustainability</u> : Emissions multipliers provided for Recycling, Food, YT, VMT

***SERA MODEL FOR
PICKING COMMERCIAL
(AND RESIDENTIAL)
PROGRAMS***

STEP 1: YOUR TOWN IN "20 QUESTIONS"

TO START: STEP 1 -

To START: Make selections on key "drivers" below, and you'll be led to the most appropriate options for your jurisdiction / the jurisdiction for which you're trying to plan.

The driver choices are listed below. Using the drop-down menus, which settings most suit your jurisdiction?

STEP 2: PROXY WASTE COMP

To help pick targets

To create a proxy waste comp for your area (in purple below), you need to FILL IN the employment in the following sectors. In addition, a waste composition analysis may be helpful. Your commercial waste composition may vary from this computed number if you are a high / low vegetation area, or if you currently have significant commercial recycling activity or significant organics recovery from the commercial sector already.

OPTION 1: CREATE A WASTE COMP USING YOUR LOCAL EMPLOYMENT

Tell us whether you are filling in EMPLOYMENT or PERCENT OF EMPLOYMENT

Filling in Employment (no):

Filling in Percent Employment (no):

RESULTS BELOW: Computed (Proxy) Waste Comp for

NOTE: your employment percentages don't sum to 1. Your proxy waste comp based on your employment

STEP 3:

High score programs & details

Your best City Care Studies are also provided on the next sheet.

The MOST suited program for your community is ID Number --> Pgm6

Three of these programs, and additional highly-ranked programs are listed below.

*****Also turn to sheet 4 to find supporting information for some of these key programs!!**

STEP 4:

High score cities & details

Your best program matches are provided on the previous sheet (number 2).

The MOST suited community for your ID Number (see below) --> **City1**

Third there communities / counties, and additional highly-ranked jurisdictions, are listed below.

Plus supporting materials (ordinances, etc.)

SUMMARY & CONCLUSIONS

SUMMARY



- ❑ 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, to taking significant control
 - Ordinances, bans / mandates, embed (PAYT) work well! (political capital)
- ❑ Natural evolution – next step (model)



THANK YOU!!



Questions?



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