UNIT BASED PRICING OPPORTUNITIES IN CONNECTICUT

Practical Implementation Strategies

CCSMM Working Group, 10/15/20

Source: SERA 2020; please cite if used

TOPICS

1. UBP’s potential to help in CT
2. Strategies for communities:
   ➢ Muni
   ➢ Contract
   ➢ Subscription / Private Haulers
3. Pricing and Containerization
4. Summary / Conclusions

Focused, because just 15 minutes. More details available.

Bio / Why Skumatz on UBP?
National leader in UBP. 35 years in UBP / PAYT and helping large & small Communities with all phases of UBP including feasibility/options/cost, rates, Impacts, RFPs, ordinances / legislation, Implementation. Much-cited quantitative research on UBP and 50+ publications. Databases & info, counts, design, performance nationwide for States & EPA. Provided statewide manuals, rate models, trainings / webinars, and hands-on tech assistance in many states. Residential & commercial PAYT expertise.
UBP’s Potential to Help in CT

UBP AND CONNECTICUT

- **CT is far short of its diversion goal**
  - 35% is 25 percentage points short of 60% goal
  - UBP diverts 12-18 extra percentage points at the community level; with the high numbers in communities with organics programs in place.

- **CT Recycling is mandatory**
  - UBP increases incentives to recycle more than any other program.
  - UBP works with curbside or drop-off recycling.
  - More recycling decreases the collection cost per ton.

- **Disposal fees are increasing from $68-$92/T (or more)**
  - Each ton recycled saves disposal costs.
  - Recycling fees increasing also, but would be expected to remain less than $92/T.

Source: Skumatz / SERA
UBP AND CONNECTICUT

◉ UBP Implementation costs can be low

UBP (itself) is mostly a new billing system, not new collection.
The program can be implemented with minimal change to existing collection, building onto existing collection systems.

Source: Skumatz / SERA

◉ UBP is least costly, most cost-effective strategy

As mentioned, UBP is mainly a new billing system, not new collection.
Statistical studies show UBP provides the greatest tonnage increase at least cost of more than a dozen strategies researched.

◉ Citizens tend to favor UBP after the fact

Between 89-95% of customers prefer UBP after it is implemented. The first 3-6 months can include complaints about change. Up front the majority think it is more fair.

UBP AND CONNECTICUT

◉ Treats trash as a utility – Equitable and users pay – own funding source and slows tax increases

UBP is its own funding source – users pay, and pay bills in a new way, based on use like electricity and water.
UBP slows tax increases by moving to a usage-based fee-type system.

Source: Skumatz / SERA

◉ Citizens have more control over their costs and bill

Households are able to get more control over the size of their bills, and small (or elderly, etc.) households no longer subsidize large disposers and non-recyclers.

◉ Successful UBP programs in place in CT

There are multiple successful UBP programs in the State, hundreds in the Northeast, and more than 10,000 programs nationwide in large, small, urban, suburban, and rural communities with curbside and drop-off programs and all collection arrangements. In addition, 6 states require UBP.

Source: Skumatz / SERA
UBP AND CONNECTICUT - CONCERNS

Illegal dumping: Does not tend to increase litter / illegal dumping increases. When it happens, it is less than 3 months. ➔ must have convenient methods for bulky waste (and some changes to periodic “clean-ups”).

Unpaid bills: addressed easily if combined with water service bills...

Low Income households: Large disposers pay more, which is not necessarily low income. All can (including LI) save by recycling. Can offer discounted bags for LI qualified households. This policy choice is only in place in a small minority of communities.

More complicated rate study: The math is not hard, but a greater understanding of household setouts is needed to mitigate revenue risk.

Really about single hauler, or made to favor large haulers: UBP is in place with large and small haulers across the US. Some financing issue may arise with cart-based systems.

UBP does not require or favor single hauler or contracts. It is in place in areas with subscription haulers across the country.

Haulers should prefer the program; best practices deliver embedded recycling (costs and associated profits) for all households serviced meaning required business growth.

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Plastic from UBP bags: discussion on both sides

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Implementing UBP in CT
**UBP BEST PRACTICES – BEST PERFORMING PROGRAM DESIGN**

- Convenient recycling options available (large container if curbside)
- Incentivizing level of price difference
- Small trash container option available
- Recycling costs embedded in trash fee
- Parallel containerization
- Education
- Reporting / monitoring / access / enforcement (level playing field)
- … Otherwise UBP may not be worth the administrative hassle…

Works with bag/tag, can, hybrid, drop-off collection systems

**HOW CT COMMUNITIES CAN MOVE TO UBP**

**Municipal Collection**
- Resolution?
- Container choice
- Rate computation

+ Normal change items – Facility checks, approval / public processes

**Contract Communities**
- Negotiation if existing contract lasts long
- Discussion of recycling change capacity
- or RFP with updated UBP requirements

+ Normal change items – Facility checks, approval / public processes

**Open Subscription Hauler**
- Ordinance requiring all haulers operating to offer UBP with some specific requirements (%, Recy)

OR

+ Normal change items
# UBP VIA ORDINANCE VS. CONTRACT FOR SUBSCRIPTION HAUMLER AREAS

<table>
<thead>
<tr>
<th>Ordinance (and licensing) Advantages</th>
<th>Contract (and muni) Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Fewer Hauler (“Taking”) &amp; Citizen Complaints (“Choice”)</td>
<td>➢ Lower Cost / bills</td>
</tr>
<tr>
<td>➢ Maintains competition</td>
<td>➢ Fewer trucks, “cleaner” set outs, reduced wear/tear on streets and emissions</td>
</tr>
<tr>
<td>➢ No need for “notice”</td>
<td>➢ One hauler to contact if problems arise.</td>
</tr>
<tr>
<td>➢ Quick</td>
<td>➢ City “control” including rates/setting; revenues; city OR hauler may do billing</td>
</tr>
<tr>
<td>➢ Can specify rate “structure”</td>
<td>➢ More flexible / easier to enforce penalties than ordinance</td>
</tr>
<tr>
<td>➢ Hauler does billing</td>
<td>➢ Can “designate” facility destinations for materials</td>
</tr>
<tr>
<td>➢ Minimal City effort (RFP, etc.)</td>
<td>➢ Potential revenue source</td>
</tr>
<tr>
<td>➢ Retains “level playing field” for haulers – each implements the program and provides services knowing others will be operating under same rules.</td>
<td>➢ (Similar for franchise / district EXCEPT may not get lower bills if multiple awardees)</td>
</tr>
</tbody>
</table>

*Source: Skumatz / SERA*

*We have sample language for ordinances and RFPs*
CARTS VS. BAGS

Carts and Bags AND combined (hybrid) systems work for UBP.

<table>
<thead>
<tr>
<th>Cart advantages</th>
<th>Bag advantages</th>
<th>Hybrid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheaper for residents (5+ years)</td>
<td>More flexible in sizing / set outs even wkly; pay for what you use weekly</td>
<td>Don’t need to change base collection or containers</td>
</tr>
<tr>
<td>More convenient for residents (don’t run out)</td>
<td>No billing system needed (invoicing only)</td>
<td>Don’t need to add new billing system</td>
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<tr>
<td>More flexible in incentives</td>
<td>A little more difficult for large items</td>
<td>Doesn’t work with fully-automated collection</td>
</tr>
<tr>
<td>Less revenue risk (pay monthly)</td>
<td>Doesn’t require up-front purchase cost</td>
<td></td>
</tr>
<tr>
<td>Don’t rip, easy to see</td>
<td>Doesn’t take up room in garage / yard</td>
<td></td>
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<tr>
<td>Less wear/tear on coll’n staff</td>
<td>Servicing easily at stores, via contracts</td>
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<tr>
<td>Addressing LI a little easier</td>
<td>Doesn’t need special trucks</td>
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Cart advantages
- Cheaper for residents (5+ years)
- More convenient for residents (don’t run out)
- More flexible in incentives
- Less revenue risk (pay monthly)
- Don’t rip, easy to see
- Less wear/tear on collection staff
- Addressing LI a little easier

Bag advantages
- More flexible in sizing / set outs even weekly; pay for what you use weekly
- No billing system needed (invoicing only)
- A little more difficult for large items
- Doesn’t require up-front purchase cost
- Doesn’t take up room in garage / yard
- Servicing easily at stores, via contracts
- Doesn’t need special trucks
- Don’t rip, easy to see
- Less wear/tear on collection staff

Hybrid
- Don’t need to change base collection or containers
- Don’t need to add new billing system
- Doesn’t work with fully-automated collection

Steps for Adding Carts
- Ownership decision
- Funding purchase
- Choice/Order/Assembly/Roll-out
- Switches and storage
- Billing system required; outreach

Steps for Adding Bags
- RFP for logo-ed bag purchase (choose sizes) and/or purchase & supplying (see prices from statewide contracting)
- Availability, invoicing, enforcement
- Outreach

Steps for Hybrid
- Same as steps for bag
- Outreach for clarity

DECISIONS AND ANALYTICAL STEPS – CONTAINERIZATION CHOICE

Currently have carts
- Add a new smaller cart option (or 2) **
  - Repurposing / are recycling carts big enough
- If carts small-ish, can go to cart/bag hybrid (depends on collection truck type)
- Logo-ed bags in cans (enforcement)

Currently have / allow bags
- Switch to requirement for logo-ed bags & education
- Add carts if going to automated collection (1 size if bags in carts or multiple sizes) (need billing system)

Customers supply their own containers
- Hybrid, adding bags to current system (clarify “minimum”)
- Switch to logoed bags
- Switch to carts if planning in longer run

(**) funding new carts can be an issue, can discuss upon request (with more time) options including leasing, loans, loans from other funds, customer purchase, using contracts to finance carts paying balance after 3-5 year contract. Cart ownership is also an important discussion issue.
DECISIONS AND ANALYTICAL STEPS – PRICING, STRUCTURE, INCENTIVES

Principles & Options
Need substantial-enough variable portion to provide incentive
Better to embed recyc cost; don’t line-item
ANY option can be all in or two-part, using enviro fee plus user fee. Reduces revenue risk, but this pulls away from meaningful variable incentive
REDUCE revenue risk with set out survey & calculation of reductions AND comparison to other communities – and

Carts
Need small cart option to provide meaningful reward
Differential must be 50-80% more for double the service volume to change recycling behavior.
Can be / should be less than 100% for double volume.
Billing is fixed repeated $
One or 2 part ok; Math is easy

Bags (or hybrid)
Can do one (or 2) sizes to provide options; naturally provides options
Differential should be substantial per bag (~$1.75-$2 minimum per 30-35 gallon bag)
One or 2 part rate OK; math is very easy
No billing needed

DECISIONS AND ANALYTICAL STEPS – BILLING SYSTEM

<table>
<thead>
<tr>
<th>Currently billed in Taxes</th>
<th>Going to Carts</th>
<th>Going to Bags</th>
<th>Going to hybrid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currenty Bill</td>
<td>➢ Consider removing from taxes over time</td>
<td>➢ Consider removing from taxes over time</td>
<td>➢ Remove variable portion to assign to bag fee</td>
</tr>
<tr>
<td></td>
<td>➢ Maybe keep enviro fee</td>
<td>➢ Maybe keep enviro fee</td>
<td>➢ No billing system required</td>
</tr>
<tr>
<td></td>
<td>➢ Must install new billing system; consider joint bill with other city</td>
<td>➢ No new billing system needed; households pay directly for bags</td>
<td></td>
</tr>
<tr>
<td></td>
<td>utilities if possible; w/water best</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ Only needs to be recurring fixed bill amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No bill but muni bill</td>
<td>➢ Change to recurring fixed amount</td>
<td>➢ No household billing needed</td>
<td>➢ Same as bag</td>
</tr>
<tr>
<td>available</td>
<td>➢ Keep a small enviro fee or eliminate</td>
<td>➢ Keep small enviro fee or eliminate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ Move fees to combined billing, especially if water; change trash to last</td>
<td>➢ No household billing needed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>credited if partial payments received.</td>
<td>➢ May choose to add base enviro fee; change to last credited if partial payment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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Source: Skumatz / SERA
DECISIONS AND ANALYTICAL STEPS – MINIMIZING REVENUE RISK

➢ Require mandatory collection service (with enforcement)
➢ Conduct a set-out survey
  ➢ and put in excel, reduce for diversion and stomping effects and see distribution
➢ Look at set outs for other similar communities
➢ Use carts or include a base or environmental fee with bags or cans
➢ Phase out of current funding system

DECISIONS AND ANALYTICAL STEPS

➢ Decision-making
➢ Public Process
➢ Facilities
These are your issues to address... ! (😊)
A FEW EXAMPLE UBP COMMUNITIES

CT
- Mansfield
- Norwich
- Waterbury
- Manchester
- Coventry
- Greenwich
- Fairfield
- New Haven
- Stonington*

Nearby states
- Concord NH*
- Portland ME*
- Waterville ME*
- Worcester MA*
- Providence RI*
- Brookline MA*

National leaders
- San Francisco, Bay Area, much of CA
- Seattle, Portland, surrounds, and States of WA and OR
- Boulder, CO
- 10,000 communities across US have access to UBP using cans, bags, tags

Examples of:
Private haulers / Bags: Greenwich, CT
Contracted hauler / Carts: Mansfield CT

* - bag, otherwise cart
SUMMARY –
MOST COST-EFFECTIVE WAY TO 60%, CONTROLS COSTS, FAIRER, REASONABLE IMPLEMENTATION APPROACHES FOR EACH SITUATION

- 15 minutes, so giving a high level picture
- UBP is biggest bang option for jumping toward CT’s 60% goal
- Cheapest, most cost-effective option
- Makes existing programs more cost-effective
- Perceived as fairer
- Fee-based; cost control
- Affordable implementation - No new trucks / mainly billing change
- Math isn’t hard – revenue risk takes a little planning
- Successful across CT and US, trend
- Straightforward implementation in multiple situations – in place in rural, urban; hauler, muni, contract.
- Negatives can be dealt with if political will to do so.
- Can be implemented in straightforward way in CT. Known steps for each situation.

THANKS!
(Win-Win. You can totally do it)

Questions?
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