1. **What types of information should DEEP request from applicants?**

Launching a successful redemption center is not for the faint of heart. Long-term (operational) sustainability is critical to creating a consumer habit. i.e., once open the location should stay open. Toward that end, DEEP should ask for business plans that include pro-forma P&Ls.   The business case should showcase the applicant's business acumen and a realistic assessment of the total budgets necessary to launch a redemption center and the financial means to sustain the operation. This is especially important when the deposit rate goes to 10 cents. That new deposit threshold will be difficult for most redemption centers as they can't cover such a big "float".

Better said, the overall business plan – including complementary funding, relationships, or other advantageous equity – should be central as the goal of the funding is to launch redemption centers that have a high probability to persist over time. Additionally, how the operator addresses fraud detection and mitigation is important. What automation is in place to remove as much human involvement in the return of the nickel as possible? The operator should be able to provide reports and exact counts vs estimates.

As important is consumer engagement - the key to any successful recycling effort is consumer participation so it is imperative that DEEP request from the grantee, their plans on citizen engagement and how they plan to provide convenient, highly accessible "collection point" options that require the consumer to only expend a few seconds of their time to redeem.

2. **What factors should DEEP evaluate when reviewing applications?**

Successful applications should represents net-new redemption centers that complement existing redemptions centers (as opposed to directly compete with them). The location of the redemption center should be a key consideration and successful applications should be those that site redemption centers in locations that appear to have supporting populations (and lack of competition with other redemption centers).

DEEP should place a premium on applicants who will provide a modern approach to redemption/ recycling, creating a new paradigm in Connecticut that is multi-modality as it is the best way to drive high recycling rates. By definition, multi-modal is the option to have hand count, utilize an RVM or other instant payment option, or drop a bag – as the consumer prefers.   The State will not get to 80 -90% recycling without consumers actively engaging. The vast majority of consumers will not queue up at RVM's to spend their valuable time waiting to hand-feed machines nor will they drive out of their way to a hand count redemption center. Scale is important and the way to scale is to ensure that the citizens of CT have redemption choices, and that at least one of the options available to them is based on convenience, accessibility, cleanliness, and speed of redemption.

More to the point, user experience and system efficiency are just as important as access**.** Users need a quick seamless experience that does not feel like a burden. It's important evaluate proposals with the consumer in mind. i.e., In the current system the user experience involves the consumer having to use three machines for glass, plastic and metal . Retrieval of three receipts to secure redemption funds follows. This same experience is often punctuated with additional delays and negative feedback i.e.,

bottles being rejected . Proposals should demonstrate consideration for improvement of the user experience.

Given the "take back to retail" requirements in CT's Bottle Bill, DEEP should also ensure that the voice of food retailers is heard; redemption operators that provide a solution that reduces the redemption-based labor food retailers must invest should be ranked higher than those who don't.

DEEP should give special consideration to innovative solutions or pilots which could provide cost effective scalable access to all Connecticut residents. Given the current state redemption access points there is considerable infrastructure expansion (in a short period of time) necessary to accommodate a smooth transition to the new 10 cent deposit.

3. **What siting criteria within urban centers and environmental justice communities should DEEP prioritize for optimal redemption center location – for example, should eligibility for funding through this program be limited to new redemption centers that are located more than a one-mile radius from existing redemption center? Should that radius be greater in municipalities with lower population densities?**

The DEEP should prioritize programs that provide convenient recycling options to urban centers and EJ communities that also provide efficiencies in providing low cost, high efficiency in other unserved communities.

The citizen/customer experience in urban settings is particularly important as overcrowded locations with long lines might discourage or prohibit people from participating. i.e., long lines might mean being late to work – in which case the consumer may decide it's not worth waiting for a refund (and dispose instead of recycle). Or a consumer may not be able to access a center during operation hours. i.e., the only time they pass nearby is at 6am before work. Unmanned 24-hour bag drop systems would work well in any setting, but especially in an urban setting by providing a quick 24-hour access point. Improving accessibility is not just about adding more locations but also about the consumer experience.

While nearly all arguments focus on enabling inclusion for those typically marginalized in society it bears mentioning that a program that garners only 30% recycling rates is likely alienating a very large percentage of non-participating populations, thereby inadvertently creating social exclusion of a different form. Everyone is well served by recycling options that save people time. The use of Bag Drop allows the consumers to save valuable time; the person using the slower recycling modality is spending time.

4. **Should DEEP require performance reporting from grantees? What metrics should be included in such reporting?**

Yes. Total containers redeemed. Net profit/loss per container redeemed (including and excluding grant money). Containers by material type (glass, plastic, aluminum).

5. **Should DEEP include certain minimum processing capacity or technology/equipment requirements for eligible grantees? What should be the minimum processing capacity be for a grantee?**

Yes. It does not make sense to fund if volume will be too small to support profitability and make an impact on recycling rates. Grantee plans should viably achieve 4M+ containers/year by end of year 2.

6. **Should DEEP consider providing additional grant funding after the first year of operation based on performance metrics—for example, a standard "cents-per-container" calculation based on the number of containers redeemed by the grantee in the prior year of operation?**

   Yes.

7. **What other grant program priorities should DEEP consider? What other questions should DEEP address in the final grant program application process?**

We firmly believe that DEEP has an opportunity to open up the aperture when it comes to enabling recycling & redemption solutions to achieve 80% to 90% recycling rates. This means providing grant dollars that support innovative redemption modalities such as unmanned bag drop locations. Research has shown that most consumers want to recycle, but they will recycle if it is very convenient and there is incentive to do so. Not only does this method result in superior recycling rates by consumers (Oregon, which has bag drop, broke 90% recycled containers and Maine's rate is well above 80 percent– together some of the highest in the country.), it results in higher quality recycling. It is also superior to any other form due to the fact that is fast and convenient.

Further, applicants that can demonstrate public/private partnerships between municipalities and operators should be prioritized as bag drop provides residents with a quick and easy way to redeem their bottles, thereby reducing costs and waste to the municipalities. Municipalities have a vested interest in shifting materials into the deposit stream both from the waste stream as well as the recycling stream (as recycling can be quite costly to municipalities). Municipal involvement can bring synergies to the launch of successful, innovative programs.   A cooperative approach across grantees should be allowed (and celebrated) if this approach yields efficiencies toward the achievement of the goals of this program. Even further regional partnerships could contribute with the help of consistent messaging.

Imagine a state or region-wide hub and spoke redemption system that is representative of a holistic recycling system as opposed to individual recycling centers. The material recovery facilities represent the hub (s) and the spokes are bag drop destinations that are placed in common stop locations such a grocery stores, transfer stations, municipal lots, and other "common stop" locations where it is easy for citizens to "drop and go" with no wait. Partnerships with local businesses means that processing facilities can be located in proximity to where containers are collected.   The bag drop plant model allows for micro plants strategically located around the state in a way that reduces travel distances.

This model is easily and inexpensively scaled. This is particularly important as demand increases due to the expansion of beverages covered under the law and the increase in the deposit rate from 5 to 10 cents. Currently, time and patience are necessary when returning bottles, e.g., RVM machines often require bottles to be deposited more than once before it is accepted, RVMs become full requiring the resident to call someone to empty the machine, must wait in line for three machines - plastic, glass and metal, must go in store and wait in line to turn in tickets for cash. These issues will increase dramatically as the bottle bill goes into effect.

A bag drop system allows for residents, in 15 seconds, to deposit their bag of bottles into unmanned parking lot depots or bottle rooms that may be located in grocery store parking lots, liquor store parking lots, transfer stations, municipal lots, etc. This is the ultimate level of access and convenience while addressing demand. This convenience and quick bottle bag deposit will be especially attractive to

residents in low-income areas that are working one or two jobs to make ends meet and may have children to tend to.

Additionally, for residents of any income level, the bag drop modality entices residents to return their bottles with ease thereby decreasing municipal costs/waste. For example, a consultant for one of the COGS recently returned at a local redemption center about a dozen kitchen size bags of bottles that they had been accumulating throughout the summer. The employees at this particular redemption center were friendly and helpful and seemed to enjoy their jobs. Even with that, it took this person 1 1/2 hours to return $31 of bottles - machines kicked back many of my containers before accepting them, and additional time was spent while the person had to wait for the RVMs to be emptied, and then wait again for the RVM machines to be free. This frustrating experience was compounded by the fact that this person had to wait in separate lines for glass, metal, and plastic. Moreover, because of space constraints this person could only bring in a couple of bags at a time, maneuvering the carriage around the bank of machines in order to retrieve and deposit the containers. When this was all said and done, this person walked away with well over a dozen receipts.

There are other important value propositions associated with Bag Drop:

- Bag drop systems supercharge the fundraising activities for non-profits, causes, little league team, etc. by providing fundraising and environmental stewardship support for giving, mindful, and passionate people who unite to support a great cause.
- With CLYNK, you can re-imagine bottle redemption into a fundraising tour-de-force. Raise money for events with a one-time organized bottle drive or solicit donations from charitable CLYNKers in your community through our CLYNK to Give program to earn quarterly income.
- Bag Drop enables a unique relationship with the consumer. Rather than a blind drop this is a drop that consumers can be recognized and applauded for. This type of acknowledgement is increasingly valuable to individuals in the US. Taking the relationship further, Bag Drop offers several communication vehicles for municipalities to amplify their messaging to target consumers – and consumers greatly appreciate targeted messages speaking to their needs and wants, vs generic broadcast communication.
- Free "Banking" -- Many individuals are unbanked, and a Bag Drop account offers an attractive place to store funds for future use. With immediate payment the individual gets their funds right away, but sometimes those funds surpass their immediate need. The participant must store small change in order to access it in the future. A Bag Drop account conveniently stores it for them and allows them to access only what they need at any time. In addition, unlike other bank account replacements there is no fee to store or withdraw if the program is set up in conjunction with a retailer and refunded the register.
- Consistent "up-time" --- In order for a solution to meet the hallmarks of social inclusion it needs to be easily accessible. The biggest complaints one hears from consumers about RVMs is that they are often out of order. This is a big deal if one needs their deposit funds, has schlepped their containers to a site, and now can't complete the transaction. Individuals who need quick access to funds may not have the same wherewithal to come back another day. But the equipment requires monitoring and maintenance, and considerable labor at each site, which in our current constrained labor markets can be difficult for a retailer to deliver. Bag Drop alleviates this issue by providing a drop location that has much less opportunity for complete

breakdown, and the issues that do occur generally don't prevent a bag from being dropped off or can be addressed remotely.