

PORTLAND COMMERCIAL GARBAGE & RECYCLING SERVICES

**FOCUS GROUP RESEARCH
WITH STAKEHOLDERS**

Conducted for
The City of Portland
Office of Sustainable Development

Research conducted in
September & October 2005

**CAMPBELL
DELONG
RESOURCES, INC.**

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INTRODUCTION

Since 2000, there have been neighborhood complaints regarding noise generated by the nighttime pickup of commercial garbage in mixed-use neighborhoods. In addition, it is clear that recycling goals set by the Portland City Council for 2005 will not be met without new approaches to increasing the amount of recycling by Portland's businesses and multifamily residential complexes. These two issues caused the Portland City Council to direct the Office of Sustainable Development to investigate the concept of moving to a franchise model for commercial garbage and recycling collection within the City.

As part of that investigation, it is important to assess the range of opinions of four groups of stakeholders — commercial garbage haulers, businesses the haulers serve, neighborhood associations, and environmental groups. To do this, focus groups were held with each of these four groups. The results of those groups are included in this report. The report is divided into the following sections:

- ▶ *Executive Summary*, outlining the key findings and recommendations coming from the research.
- ▶ *Methods*, providing a review of how the research was conducted.
- ▶ *Research Results*, outlining the findings from the research.
- ▶ *Appendix*, containing the *discussion guide* used to direct the groups.

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EXECUTIVE SUMMARY

The following are key findings from the focus groups. To understand the full depth of the research, however, the reader is urged to review the entire report.

METHODS (PAGE 5)

Focus groups were held with four types of stakeholders – Haulers, Businesses, Neighborhood representatives, and Environmental organizations. Participants were recruited from lists provided by the City of Portland Office of Sustainable Development (OSD).

KEY RESEARCH RESULTS (PAGE 11)

Assessment of the Current System

1. Most participants in all stakeholder groups see advantages to the current system, although each stakeholder group does see some unique advantages. Advantages include :
 - ✓ Competitive pricing
 - ✓ Promotes small business
 - ✓ Businesses have a choice
 - ✓ Allows for good customer service
 - ✓ Businesses can customize service to meet the needs of their business
 - ✓ Large companies with multiple locations are able to deal with just one vendor
 - ✓ Haulers can specialize and innovate
 - ✓ Many kinds of materials can be recycled
2. Key disadvantages include:
 - ✓ Current system is inefficient and wasteful
 - ✓ It is difficult to start new recycling programs
 - ✓ Nighttime noise is an issue for Neighborhood representatives and Haulers
 - ✓ The Haulers' main concern is that the system makes it difficult for haulers to stay in business
 - ✓ Environmentalists see haulers' lack of commitment to recycling as a big disadvantage
 - ✓ Neighborhood representatives perceive problems with dumpsters and recycling on sidewalks as a major issue, even more important than nighttime noise

3. Franchising may be a solution according to Haulers, Neighborhood representatives, and Environmentalists. Businesses suggest ways to improve recycling without franchising or the City setting rates.

Reaction to Information Regarding the Need for System Changes

4. Many have questions about the recycling goal of 60% in 2005. Haulers and Businesses think it may be too high. Neighborhood representatives and Environmentalists think it may be low.
5. Increasing recycling is seen as a worthy objective by all stakeholder groups. Businesses, Haulers, and Environmentalists view nighttime noise as much less important.
6. When asked to rank the importance of seven items when making changes to the system, Haulers place customer service and keeping small haulers in business as most important; being cost-effective for business is most important to Businesses; nighttime noise and increasing recycling are most important to Neighborhood representatives; and Environmentalists place top priority on increasing recycling.

Reaction to 4 Proposed Options

7. Four possible approaches to changing the current system were shown to all participants, include:
 - ✓ Keeping the current system, but adding new noise and recycling mandates for businesses and/or haulers.
 - ✓ Having the City set commercial garbage and recycling rates, but not assigning geographic territories to each hauler.
 - ✓ Implementing a franchise system under which the City would both set the rates and assign geographic territories for *all existing haulers*.
 - ✓ Implementing a franchise system under which the City would set rates and assign territories for a *reduced number of haulers*.
8. Overall, there is a desire by Environmentalists and Neighborhood representatives to ask for more than the four options provided. Neighborhood representatives say going to a franchise system for the entire City simply to resolve noise issues in a few areas of the City is overkill.
9. Response to the four options includes:
 - ✓ Businesses are strong supporters of continuing the current system with new mandates.
 - ✓ The idea of the City setting rates is seldom attractive.
 - ✓ Most Haulers are supportive of a basic franchise system. Much of the opposition to franchising among the Haulers appears to be from those who only provide drop box services. Businesses are strongly opposed to a franchise system.

- ✓ There is little support for going to a franchise system with fewer haulers.

10. When ranking the four options:

- ✓ Haulers prefer a basic franchise system, although it is not unanimous.
- ✓ Businesses prefer the current system with new mandates.
- ✓ Neighborhood representatives support either new mandates for the current system or a basic franchise system.
- ✓ Environmentalists prefer a basic franchise system.
- ✓ Second choice for all but the neighborhood representatives is the City setting rates. For neighborhood representatives, the City setting rates is third after new mandates or a basic franchise system.

METHODS

RESEARCH OBJECTIVES

The goal of the project is to understand the range of opinions held by various stakeholders regarding Portland's commercial garbage and recycling system. The four stakeholder groups include:

- ▶ Commercial haulers.
- ▶ Businesses and multifamily complexes served by commercial haulers.
- ▶ Neighborhood associations.
- ▶ Environmental organizations.

Specific objectives include:

- ▶ Investigate perceptions of strengths and weaknesses of the current commercial garbage and recycling system.
- ▶ Gather reaction to information regarding issues surrounding nighttime noise created by commercial haulers.
- ▶ Gather reaction to information about recycling goals.
- ▶ Assess reaction to four specific options for change to the commercial garbage and recycling system, including options that do, and do not, involve the franchising of commercial garbage and recycling.

PROJECT DESIGN/PARTICIPANTS

Focus groups were conducted with each of the four stakeholder groups. During the groups, the same information, with only slight changes, was provided to participants and their reaction to that information gathered.

All participants were located using lists provided by the City of Portland Office of Sustainable Development (OSD). A slightly different approach was taken to recruiting each stakeholder group, including:

- ▶ **Commercial haulers.** All 58 commercial haulers that do business within the City of Portland were invited to send representatives to the Haulers group. The only requirement for participation was that their company have a permit for hauling commercial garbage and recycling in the City of Portland. Only one representative from each Hauler was allowed to attend the group. A total of 23 Haulers attended this group. The group was held at a focus group facility in Portland. Hauler companies represented in the group include:

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|-----------------------------------|
| A Bear |
| AGG Enterprises |
| Allied Waste Services of Portland |
| Argay Disposal Service |
| Armstrong Disposal Corporation |
| Arrow Sanitary |
| City Sanitary |
| Cloudburst Recycling |
| Eastside Recycling District |
| Flannery's Drop Box Service |
| Gresham Sanitary Service |
| Gruetter Sanitary Service |
| Heiberg Garbage Service |
| KB Recycling, Inc. |
| Papasadero & Sons |
| Portland Disposal & Recycling |
| Rockwood Solid Waste |
| Trashco Services |
| Tri-County Council |
| Wacker Sanitary Service |
| Walker & Son |
| Washington County Drop Box |
| Waste Management |

- ▶ **Businesses and multifamily complexes served by commercial haulers.** Two groups were held at a focus group facility with businesses. Businesses and/or organizations were required to have a business or represent businesses located within the City of Portland. Businesses and/or business associations represented in these groups include:

| |
|---|
| Associated General Contractors |
| Beam Construction |
| Building Owners & Managers Association |
| Central Eastside Industrial Council |
| East Burnside Business Association |
| Metro Multi-Family Housing Council |
| Nob Hill Business Association |
| Oregon Restaurant Association |
| Portland Business Alliance |
| Portland Public Schools |
| Portland State University |
| City of Portland Small Business Advisory Council |
| Todd Hess Building |

- ▶ **Neighborhood Associations.** To accommodate the varied schedules of the Neighborhood Association representatives, three small groups were held in a conference room at OSD. Neighborhood Association representatives were required to be volunteers, not paid Association staff. Representatives of the following Neighborhood Associations attended these meetings:

| |
|---|
| Hazelwood/ East Portland Neighborhood Office |
| Hillsdale/Southwest Neighborhoods, Inc. |
| Hosford-Abernethy/Southeast Uplift |
| Northwest District Association/ Neighbors West/Northwest |
| Portsmouth/ North Portland Neighborhood Services |
| Rose City Park/ Central Northeast Neighbors |
| Sullivan’s Gulch/Northeast Coalition |

- ▶ **Environmental organizations.** One group was held at a focus group facility with representatives of environmental organizations. Representatives of the environmental organizations were allowed to be either paid staff or volunteers. They were required to live within the city limits of Portland. Representatives from the following environmental organizations attended the meeting:

| |
|------------------------------------|
| Coalition for a Livable Future |
| Columbia Slough Watershed Council |
| Environmental Justice Action Group |
| Illahee |
| Nature Conservancy of Portland |
| Recycling Advocates |

FOCUS GROUP FACILITY/LENGTH/OBSERVATION/RECORDING/MODERATION

Groups held at focus group facilities were conducted at RDD VuPoint, a facility with one-way mirrors located on the MAX line in downtown Portland. With the exception of the

Neighborhood Association groups, each focus group lasted approximately 90 minutes. Since the Neighborhood Association groups were smaller, these groups lasted only approximately one hour. The groups held at RDD VuPoint were videotaped and audio recorded and observed live by OSD staff. Because the neighborhood association group was held in a conference room, it was not video or audio taped.

The groups were moderated by Martha DeLong, CEO of Campbell DeLong Resources.

DISCUSSION GUIDE AND INFORMATION PRESENTATION

While some small adjustments were made between groups, essentially the same discussion guide was used for all groups. A copy of the discussion guide is included in the Appendix of this report.

In addition to the discussion guide, a PowerPoint presentation was used to provide information to all the groups. Thus, with some minor changes, the same information was provided to all participants in the process. Copies of the slides are included in the report in the same order they were shown to participants in the groups.

FOCUS GROUP DATES

The group with the haulers, one of the business groups, and the group with environmental organizations were held September 8 and 9. The second business group was held September 23. The neighborhood groups were held October 13 and 14.

INTERPRETING FOCUS GROUP RESEARCH

Focus groups provide a wealth of information about an issue, product, or service. CDRI has conducted hundreds of groups and have seen the results consistently validated. However, it is important for the reader to keep in mind that the purpose of this project is to explore attitudes, motivations, and opinions, not frequency or distribution. When reading this report and using the information it contains, remember the following:

- ▶ Consistency and consensus are what we are looking for in focus group research. The consistency and consensus may be evident among participants in a single group or found in the responses of two or more groups.

- ▶ Focus groups also provide valuable input regarding the range of options that exist within a population.
- ▶ When analyzing the focus groups, we are striving to explain how people feel and why they have a particular viewpoint, not to provide a precise percentage.
- ▶ The number of people participating in a focus group is limited and participants have been carefully selected based on specific criteria. As a result, the findings cannot be projected to a larger population on a one-to-one basis.
- ▶ When watching a group live or viewing the video tape of a group, be careful not to give too much importance to the opinion of any one participant. Although that participant may be articulate and express a desired viewpoint, the opinion may not be that of the entire group.

RESULTS

I. Assessment of the Current System

Before asking participants in the focus groups to discuss the advantages and disadvantages of the current commercial garbage and recycling system, as well as possible solutions to problems, all participants were provided with information about how the current system works using the following slides:

Portland Profile



- 545,000 population
- 135,000 households
- 2,500 multifamily complexes
- 20,000 businesses

These both make up the commercial sector



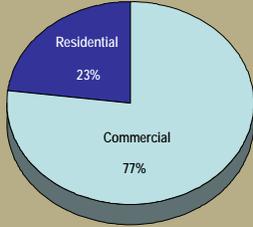
- Portland has a free market system for commercial garbage & recycling
 - 58 commercial haulers
 - Businesses have choice of haulers
 - Pricing is competitive
 - Businesses can customize service through negotiations with hauler - materials collected, frequency, & price



- Different from most local & national programs, which primarily are either:
 - A franchise system
 - Operated by the city
- Portland's residential system is franchised – City assigns haulers to neighborhoods & sets rates



Commercial establishments generate by far the larger portion of all garbage & therefore has a much larger impact on what goes to landfills



| Category | Percentage |
|-------------|------------|
| Residential | 23% |
| Commercial | 77% |



| | |
|---|--|
| <p style="text-align: center;">Commercial Recycling Services</p> <ul style="list-style-type: none"> ➤ Program established in 90's: <ul style="list-style-type: none"> ▪ Business community opted for recycling mandate & competitive hauling over franchise ➤ Commercial haulers must: <ul style="list-style-type: none"> ▪ Provide businesses with recycling services that include the collection of 14 "recyclable materials," including: <ul style="list-style-type: none"> • Cans bottles, paper, cardboard, glass, metals, milk cartons, drink boxes, yard debris ▪ Food waste program currently voluntary  | <ul style="list-style-type: none"> ➤ Businesses must: <ul style="list-style-type: none"> ▪ By city ordinance, recycle <i>at least</i> 50% of waste ▪ However, to date, City has encouraged compliance rather than assess fines  |
|---|--|

A. THE NUMBER OF COMMERCIAL HAULERS IN PORTLAND AND HOW MUCH MORE COMMERCIAL GARBAGE CONTRIBUTES TO WHAT IS COLLECTED COMPARED TO RESIDENTIAL GARBAGE ARE TWO SURPRISING FACTS TO MANY PARTICIPANTS.

Representatives of Neighborhood Associations and Environmental Organizations often know little about how the current commercial garbage and recycling program works. A few originally assume that it is a franchise system just like Portland's residential garbage and recycling.

Haulers and Businesses, of course, are aware of the current system. Among businesses however, while all know it is a free market rather than a franchise system, the level of expertise often varied considerably depending on the size of the company or organization represented. For example, many did not appear to be aware that businesses are required to recycle 50% of their waste.

There are two pieces of information that are surprising to at least some participants. First, many from all but the Hauler group are surprised at the number of commercial garbage haulers that operate in Portland. These participants do not necessarily see the number of haulers as either good or bad, although they do think it is a larger number than they would have initially assumed. They simply didn't know there are 58 haulers from which businesses may choose.

Second, at least some participants in all of the stakeholder groups are surprised at the size of the contribution of commercial versus residential for all garbage/recycling collected (77% commercial/23% residential). A few Haulers, however, are the only ones to dispute the fact that 77% of all collected materials are from commercial establishments. *"Construction debris must be skewing those numbers." "A huge amount of the 77% has to be construction debris and it isn't fair to include it."*

B. MOST PARTICIPANTS IN ALL THE STAKEHOLDER GROUPS SEE ADVANTAGES TO THE CURRENT FREE MARKET SYSTEM FOR COMMERCIAL GARBAGE AND RECYCLING.

When asked to provide the advantages to the current system, not surprisingly the Business and Hauler representatives are the most knowledgeable of the four stakeholder groups. The Businesses are clearly enthusiastic about the current system, while the Haulers had to be encouraged to first make a list of the advantages to the current system before talking about what they didn't like.

Neighborhood Association representatives, probably not surprisingly, know the least about the current commercial garbage and recycling system and often have little to say about the advantages of the current system. *"It sounds like it makes the businesses happy. It meets their needs."*

Specific advantages to the current system identified by stakeholders include:

- ▶ **Competitive pricing.** This is mentioned by participants in all of the groups. In addition, some Business participants say that pricing has been stable under the current system.
- ▶ **Promotes small businesses.** The Haulers, Businesses, and Environmentalists see the fact that there are 58 haulers with permits in Portland as an advantage because it means the system *"Encourages small businesses in Portland. You want more small businesses because their dollars stay in the community."* *"It allows for small companies in the system."* *"Because there are 58 businesses, the current system has brought a considerable number of jobs to the area."* *"It spreads the wealth, it isn't a monopoly."* Haulers specifically say there is a *"low barrier to entry"* that allows small businesses to operate as commercial haulers.
- ▶ **Businesses have a choice.** Allowing businesses to have a choice between haulers is seen as an advantage by all the groups. Not surprisingly, it is one of the most important advantages to the businesses.
- ▶ **Allows for good customer service.** There appears to be general agreement between the Businesses and the Haulers that the current system has resulted in good customer service. Some Haulers even say the current system makes customer service more of a determining factor in success than price and that the current system has resulted in good relationships with customers. One of the chief reasons this is true under the current system, say some Haulers, is that *"the customer can be their own advocate."*
- ▶ **Businesses can customize service to meet the needs of their business.** The fact that businesses have a choice among 58 haulers leads to another important advantage – particularly for larger businesses – the ability to customize service to meet their needs. *"You are free to design systems that work for your business."* *"You can negotiate what you need."* *"You have service options to choose from."* *"PSU has been able to use our leverage to do some special things and develop more of a partnership with our Hauler."* *"Businesses are not stuck with one size fits all."*

- ▶ **For large companies with multiple locations, the ability to deal with just one vendor.** Several of the Business representatives came from larger organizations with multiple locations. These organizations say a major advantage of the current system is their ability to use just one vendor. *“It is good for Portland Public Schools because we can have just one vendor. I couldn’t do that if it was a franchise system.”*
- ▶ **Haulers can specialize and innovate.** A few Businesses and Environmentalists note that the current system has allowed some Haulers to specialize in specific aspects of commercial garbage and recycling. Environmentalists say that due to the number of Haulers, there should be more innovation because *“The Haulers will need to compete not just on price but also on service provided.”*
- ▶ **Many kinds of materials are recycled.** In the second business group, participants say that the current system has allowed for a wide range of materials to be picked up and recycled. Environmentalists have a slightly different take, saying that the current system *“Allows businesses to pursue as much recycling as they want.”*
- ▶ **Other advantages mentioned by just a few Haulers.** Some Haulers say under the current system:
 - **There is “unlimited growth potential” for Haulers.** According to some Haulers, the current system allows them to grow as much as they are capable of. Haulers also say that with the current system a company can decide how big they want to be and *“maintain the size that you’re comfortable with.”*
 - **The system is “Relatively free of bureaucracy.”**
 - **Haulers can react immediately to new situations.**
 - **Time-of-day commercial garbage is collected is very efficient.**
 - **Other companies “happy to step in when you need help.”**

C. PERCEPTIONS OF DISADVANTAGES TO THE CURRENT SYSTEM OFTEN VARY BY STAKEHOLDER GROUP.

While there is consistency among the stakeholder groups on the key advantages to the current system, there is less consistency when it comes to the disadvantages, especially between the Haulers and the Businesses. The four areas where there is some agreement on disadvantages include:

- ▶ **The current system is inefficient and wasteful.** All four stakeholder groups are concerned about the current system being inefficient and wasteful because of overlapping routes. The Haulers point out that the current system doesn’t support the

City's sustainability goals because of inefficient routing. Business representatives in the second Business group say that overlapping routes waste time, are inefficient with fuel, and generate excess noise pollution. Environmentalists and Neighborhood Association representatives note that the overlapping routes are not fuel-efficient because multiple haulers are following the same routes.

- ▶ **The competitive price system, along with a sometimes poor market for recycled goods, can make it difficult to start new recycling programs.** Both Haulers and Environmentalists say it can be difficult to get new recycling programs going. Haulers say that because competitive pricing forces them to offer very low rates, it is difficult to have sufficient money to begin a new recycling program. The Haulers use the current voluntary efforts to begin food recycling as an example of a program that is too expensive for many of them to be involved with.

Environmentalists also seem to be concerned about the problems associated with the haulers' need to offer the lowest possible price for garbage and recycling services while the amount they can get for the recycled materials they pick up is often very low. *"The recycling market forces create a situation where it is a disadvantage to recycle."* Environmentalists also worry that the current increase in transportation costs will force haulers to cut even more corners and reduce the recycling programs they currently offer.

- ▶ **Nighttime noise is perceived as an issue by Neighborhood representatives and Haulers.** The Business representatives and Environmentalists do not mention the issue of nighttime noise. Neighborhood representatives, particularly those from inner Northwest and inner Northeast, say the nighttime noise is a problem in mixed-use areas.

The Haulers are certainly aware of the complaints about nighttime noise due to garbage and recycling collection and are concerned about what might happen in the future to their ability to operate their routes at night or in the very early morning. The Haulers believe these complaints will only increase along with the increasing amount of growth taking place in mixed-use developments in Portland.

- ▶ **Haulers' main concern about the current system is that it is difficult for haulers to stay in business.** Specifically, Haulers say the current system means:
 - **Low profitability for Haulers.** Haulers are very concerned that the current system makes it very difficult for them to operate a profitable business. *"Most haulers operate only slightly above marginal cost."* This concern appears to be tied to what Haulers describe as *"difficult marketing practices"* by haulers who, according to some Haulers in the groups, misrepresent the price of the service in order to get the customer. *"We are our own worst enemies."*
 - **Poor pricing for customers.** Related to their own concerns about the impact of pricing practices on other haulers, some Haulers in the groups say they believe customers are not always getting a *"fair"* price for the services they receive.

- **It is too easy for new haulers to enter the market.** While Haulers see an advantage to small business in the ease of entry into the commercial hauling business, they also express concerns about what they call the “open door” policy on permits for commercial hauling. This open door means, according to many of the Haulers in the groups, that too many haulers are operating in Portland today.
- ▶ **Businesses are very happy with the current system and have difficulty coming up with disadvantages.** “What does the City Council see as bad?” ask Business representatives in the first Business group. “If I have a problem with a hauler, I can go somewhere else.” Most of the disadvantages Businesses do note relate to aspects of recycling, including:
 - **No good choices for food waste recycling.**
 - **Styrofoam is difficult to recycle or costs too much to recycle.**
 - **Recycling needs to be streamlined so fewer containers are needed.**
 - **Construction recycling is difficult, with too many forms required.**
 - **Publicity over Smurfit’s dumping of recycling materials illustrates the need for tighter regulatory control over recyclers.¹**
 - **There is no way to weigh garbage so don’t know how much waste their company is generating.**
- ▶ **Environmentalists see haulers’ lack of true commitment to recycling as a major disadvantage to the current system.** Most of the disadvantages that Environmentalists perceive to the current system center around a concern that many Haulers are not really committed to providing recycling services to businesses. Specific elements of this concern include:
 - **A business’s ability to maximize the amount recycled can vary considerably by hauler.** Environmentalists believe that a business should be able to maximize the amount they recycle no matter which hauler they choose. However, Environmentalists appear to believe that this is often not the case, with haulers not being forthcoming to businesses with the services that the hauler can offer, or sometimes not recommending a recycling service that they are required to offer, but would prefer not to. In addition, Environmentalists believe the haulers typically do not take any time to educate their customers about the recycling services that are available.
 - **Competitive pricing means haulers cut corners.** Environmentalists voice concerns that the competitive pricing system for commercial garbage and recycling means that haulers will cut corners, in particular with recycling services, because price is the driving factor.

¹ In October, 2004 the Oregon DEQ charged Smurfit-Stone with illegally landfilling residential source-separated plastics and metal from their processing facility. In August, 2005 DEQ issued a \$5,800 penalty to Smurfit and a \$19,800 settlement that Smurfit agreed to pay for use in a recycling education campaign. The issue received wide publicity and may have damaged the public's faith in the integrity of the recycling system.

- **Concern over Smurfit regulatory compliance issues.** The Environmentalists are certainly aware of the Smurfit case, and worry that it may represent only one of many similar situations.
- ▶ **Neighborhood Association representatives perceive problems with dumpsters on the sidewalks.** While, as noted above, the Neighborhood representatives are concerned about nighttime noise issues, they appear more concerned about the issue of dumpsters or recycling on sidewalks or vacant lots. These representatives do not blame the commercial haulers for this problem, but rather see it as an issue that involves a number of different players. Their concerns about the dumpsters and recycling include aesthetic, ease of movement, and health-related issues.

D. AS WITH DISADVANTAGES TO THE CURRENT COMMERCIAL GARBAGE AND RECYCLING SYSTEM, THE SUGGESTED SOLUTIONS TEND TO VARY WITH THE STAKEHOLDER GROUP.

Participants in the groups were also asked to suggest solutions to any problems with the current system. As with the disadvantages, no common solution is endorsed by all four of the stakeholder groups.

The possibility of going to a franchising system for commercial garbage and recycling is the one solution that is mentioned by all but the Business groups. However, no group gives a 100% endorsement to franchising as the solution. Specifically:

- ▶ **Many, but not all, Haulers think franchising will help their industry.** At this point in the discussion, some Haulers point out that residential garbage and recycling had many of the same problems – overlapping routes and often ineffective recycling – in the 1990s and that the solution for this segment of the industry was a franchise system. However, the belief that a franchise system is a good option for the commercial sector is certainly not unanimous among the Haulers who attended this group. Haulers opposed to franchising for commercial garbage and recycling point out that residential garbage and recycling serves a much more homogeneous population and so is a much better candidate for franchising. Many, if not most, of the Haulers who are opposed to franchising operate businesses that provide drop box services throughout the City but do not provide regular garbage and recycling services to businesses.

Some Haulers do suggest not going all the way to a complete franchise system, but instead just assigning service areas to maximize geographic efficiency.

- ▶ **Environmentalists suggest discussing franchising as one option.** Environmentalists appear aware that the business community is unlikely to support franchising, but several suggest that the City should “*Put the issue of franchising on the table. Maybe the threat of it will provide motivation to the business community or the haulers.*” Others say they like the idea of franchising because it would do away with the inefficiency of

overlapping routes. Another, however, worries that a franchise system will “jack up” prices and not produce increased recycling.

- ▶ **Neighborhood Association representatives, while not universally endorsing franchising, see it as a way to reduce overlapping routes.** Some of the Neighborhood representatives see franchising as a means to reduce air pollution from garbage and recycling trucks and noise pollution created by the pickup process, by reducing the number of trucks on city streets. However, the Neighbors are not unanimous in suggesting a franchise system. A “*franchise light*” approach that would have haulers bidding on garbage pickup in specific areas of town is suggested. Another suggests that the City set garbage rates only. A few Neighborhood representatives are also businesspeople or work with businesspeople and say a franchise system would not be good for local businesses.

Other solutions are suggested by only one of the shareholder groups, as detailed below:

- ▶ **Haulers suggest a range of solutions.** Hauler suggestions include:
 - **Monetary incentives to increase recycling.** More incentives for promoting recycling and/or a pricing structure that allows programs for recycling programs to be added.
 - **Reducing the hours for commercial pickup in mixed-use areas.** Some Haulers suggest dealing with nighttime noise by agreeing as an industry on times they can go into mixed-use neighborhoods like the Pearl or Northwest. When the nighttime noise issue is discussed, however, Haulers express the opinion that it is important people understand that picking up garbage and recycling during the day will raise concerns about trucks causing traffic problems and that because there is more traffic during the day, the cost of pickup will increase. *“People need to understand the trade-offs, that if there are restrictions regarding when we can pick up garbage, that will impact our payroll and increase our costs and that will impact what we have to charge.”*
 - **Regional planning for recycling.** Haulers say it would be helpful if there was a regional solid waste plan that included goals for recycling.
 - **More transfer stations.** Some Haulers say there isn’t currently an adequate number of transfer stations and that they could reduce the number of miles their trucks have to travel if a series of smaller collection sites around the city were developed. Not all Haulers, however, agree.
- ▶ **Business representatives primarily suggest ways to improve recycling.** Specific suggestions include:
 - **Make recycling simpler.** Businesses suggest making recycling simpler for people by making more things/everything recyclable. Some also suggest requiring fewer containers for recycling.

- **Promote the expansion of businesses that handle recycled materials.** Businesses suggest doing this by promoting the expansion of the number of places that will accept different types of recycled materials and by helping to develop more markets for recycled materials.
- **Possibly reducing noise issues by reducing the number of haulers.** Businesses say that “*maybe*” there should be fewer haulers, but also make it clear that it is important that the system remain a free market.
- **Come up with a way to reduce the pollution from trucks.** Business representatives appear aware of the problem of pollution from garbage trucks, but simply ask that the City “*deal with the impact trucks are having on the community due to pollution.*”
- ▶ **Environmentalists suggest recycling incentives and fewer haulers.** Like the Haulers, Environmentalists suggest developing incentives for haulers to reward them for collecting more recyclable materials. “*They’ll haul whatever if they can get rewarded.*”

In addition, like the Businesses, some of the Environmentalists also suggest reducing the number of haulers in order to reduce truck and noise pollution. Probably not surprisingly, the Environmentalists are much more enthusiastic about this solution than are the Businesses.

Other suggestions by Environmentalists include:

- **Enforce the current rules.** There is some belief that if the City would just enforce the rules that are already available, recycling would increase and noise would be reduced. “*The missing link is the enforcement of haulers. How is the City or Metro currently certifying that the haulers and the MRFs are doing their jobs?*”
- **More public education.** There is a strong belief by the Environmentalists that there isn’t enough of an effort made to educate businesses about what can be recycled and how to recycle. They suggest the City expand this effort.
- **Disincentives to create waste.** Environmentalists frequently believe that not enough emphasis is placed on ways to reduce the creation of waste. “*Why are we just talking about recycling? What about the ‘reduce’ part of reduce, reuse, and recycle?*”
- ▶ **Neighborhood representatives often suggest more cooperation as a means to finding solutions.** “*Integrated solutions are a more effective way of problem solving.*” Specifically, some Neighborhood representatives suggest integrating job programs with expanding recycling options.

Other Neighborhood suggestions include:

- **Mandate building designs that address the issue of the waste that will be generated by the building’s occupants.** The problem of dumpsters on City sidewalks and streets appears more important than the nighttime noise generated

by garbage pickups for the Neighborhood representatives from mixed-use areas. These participants frequently want to talk about the City developing better building designs and building codes so that dumpsters have to be within buildings, including the use of below-grade refuse containers.

- **Enforce the current rules.** Like the Environmentalists, some Neighborhood representatives believe that increased enforcement of current mandates would help solve nighttime noise problems and increase recycling. *“There has been a wanton conspicuous lack of enforcement.” “The City lacks the resources, and perhaps the will, to enforce current noise ordinances.”*
- **Require equipment that makes less noise.** Several Neighborhood representatives point out that garbage equipment is currently available that makes less noise. *“Maybe they should mandate the use of dumpsters that have plastic liners or don’t bang.” “I have lived in other cities where all the dumpsters were plastic and it was much quieter.”*
- **More of a City focus on recycling and sustainability.** There appears to be some belief among Neighborhood representatives that the City needs to increase its recycling focus. Specific steps toward a greater recycling focus suggested by Neighborhood representatives include mandating that more types of materials be recycled, a citywide electronics disposal and recycling program, more education for businesses on recycling, and more conversations on recycling as part of larger conversations on sustainability.

II. Reaction to Information Regarding the Need for System Changes

After discussing the advantages and disadvantages of the current commercial garbage and recycling system, as well as suggestions for improvement to the current system, stakeholders were provided with the following information regarding the rationale behind making changes to the current system.

Why Make Any Changes?

- 2 problems:
 - Nighttime noise from garbage pickups at commercial establishments
 - Overall recycling rate that does not meet City goals



- In 2000, City Council heard concerns about nighttime noise caused by commercial garbage trucks
- In February 2005, Noise Review Board recommended franchising commercial garbage & recycling to reduce nighttime noise by reducing number of trucks per neighborhood

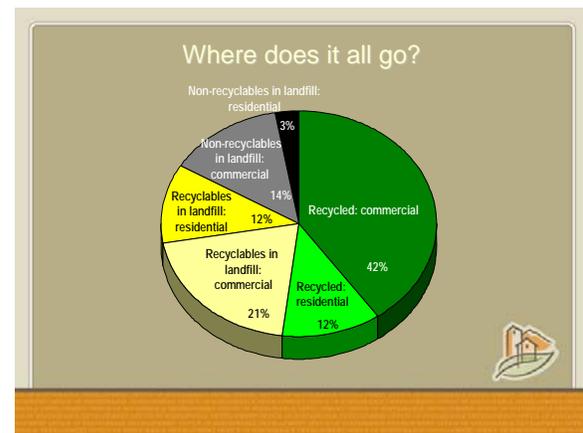
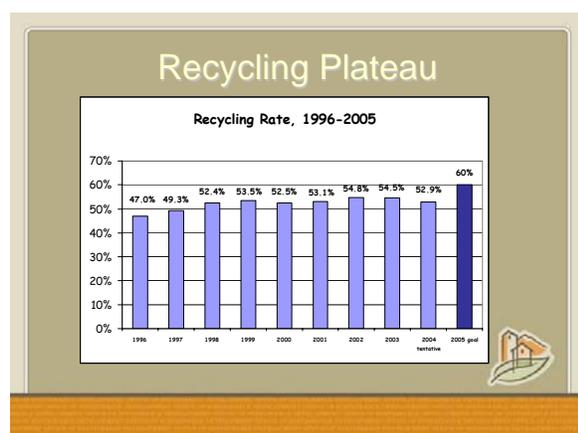


- Office of Sustainable Development & City Noise Control Office recommended a much narrower approach to noise, including site-specific, complaint-driven restrictions
- City Council directed OSD to consider franchising & other systems to reduce noise & meet broader environmental goals



Recycling Goals

- In 1998, City Council set a goal of 60% of solid waste (garbage) being recycled by 2005
- But since 1998, the rate has been between 53% & 55%

Objectives of any change

Primary objectives:

- Increase recycling
- Reduce nighttime noise

Other objectives:

- Cost effective for businesses
- Reduce truck hours/miles on road
- Excellent customer service



Factors that need to be considered when recommending any new program

- Hauler cost pressures – difficult to promote existing recycling services &/or add new recycling services & remain competitive
- Business community is very sensitive to price, less demanding of recycling services



- Commercial customers like freedom to select among haulers & negotiate prices
- Desirable to maintain haulers as small, local businesses



- 2004 Portland Office of Sustainable Development survey reveals wide range of prices. Compared to surrounding areas under franchise systems:
 - Larger business, those using containers of 1 yard or more per week, typically pay \$13 less per cubic yard
 - Smaller businesses using rolled carts or cans typically pay \$46 more per cubic yard
 - Cost of 2 cubic yards collected once a week ranged from \$54 to \$197



Slide shown only to 2nd Business group & Neighborhood Association groups

A. MANY HAVE QUESTIONS ABOUT THE CITY’S 60% RECYCLING GOAL FOR 2005.

After being shown the above information, many of the stakeholders in all of the groups have questions about the 60% recycling goal. The questions indicate a need by the stakeholders to understand the context for the 60% goal and include:

- ▶ How was the 60% recycling goal originally selected? What was the basis for the selection of 60%?
- ▶ How realistic is a 60% goal? *“Is the 60% goal attainable?”*
- ▶ What is being achieved by other cities in the United States and how does Portland compare? *“Maybe Portland is doing much better than other cities.”*

The Businesses and the Haulers have the greatest concern that the 60% recycling goal may be unrealistically high, while Environmentalists and Neighborhood representatives are open to the idea that the goal may be too low.

B. INCREASING RECYCLING IS SEEN AS A WORTHY OBJECTIVE BY ALL OF THE STAKEHOLDERS. BUSINESSES, HAULERS, AND ENVIRONMENTALISTS ALL VIEW NIGHTTIME NOISE AS LESS IMPORTANT.

Although there is some questioning of the 60% recycling goal, when discussing the primary objectives of any changes to the commercial recycling program – increase recycling and reduce nighttime noise – all of the stakeholder groups believe that increasing the amount of recycling is a worthwhile objective. *“Recycling is a positive, as long as they remember it is a two-way street. We can’t recycle more Styrofoam if no one will take it.”*

Among both the Haulers and the Environmentalists, there are some who believe there should be more to the recycling objective. A few Haulers say *“sustainability,”* rather than just recycling, needs to be part of the objectives. *“I am surprised that the City doesn’t have as a primary goal ‘having a sustainable future,’ or ‘promote sustainability.’”* *“Livability is missing from the objectives.”* In addition, several Haulers believe a primary objective needs to be *“fair and reasonable compensation to haulers.”*

Several Environmentalists are disappointed that *“reduce and reuse”* is not included in the primary objectives. *“Where’s the reduce and reuse thing?”* *“What about reduction of the total waste stream in the first place? That should be there.”* *“The City needs to be bigger picture about the whole thing. It’s not just recycling. Looking at the whole picture is the epitome of sustainability.”*

Including nighttime noise as a primary objective, however, gives the issue greater importance than Businesses, Haulers, and Environmentalists believe the issue warrants. Specific comments include:

- ▶ *“Reduce nighttime noise? I don’t get it. When people chose to reside in what was originally a commercial area, that’s your choice and you have to live with what comes with it.”* – Business
- ▶ *“We are promoting urban living. I hope we haven’t promised people the quiet of the country.”* – Business
- ▶ *“The nighttime noise thing is overblown.”* – Hauler
- ▶ *“Nighttime noise – it happens. It is much less of an issue than increasing recycling.”* – Environmentalist
- ▶ *“If nighttime noise is really an issue, go get an electric truck.”* – Environmentalist

Nighttime noise is an issue for some, but not all, the Neighborhood Association representatives. It is, not surprisingly, a much greater issue for those from inner-city, mixed-use neighborhoods. However, in general, these participants say that the issue of garbage and recycling containers on the sidewalks and street is a bigger issue than nighttime noise. While they want the City to continue to include reducing nighttime noise as a primary objective, adding the containers on the sidewalk/street issue as a primary objective is even more important. It should be noted that not all the Neighborhood representatives perceive nighttime noise as an issue. Some would agree with the other stakeholder groups that nighttime noise is not a major citywide problem.

C. THE “OTHER OBJECTIVES” AND OTHER INFORMATION ALL MAKE SENSE TO STAKEHOLDERS.

The three “*other objectives*” – cost effective for businesses, reduce truck hours/miles on the road, and excellent customer service – generate few comments other than to indicate agreement that they are useful objectives. The Haulers, not surprisingly, again mention the need to include an objective that relates to their continued operation and profitability.

Participants provide similar responses to the other information included in this section of the presentation. The one exception is the last slide in the section, which was added specifically for the second business group. This slide outlines the findings from a 2004 Office of Sustainable Development study that shows the wide range of prices businesses are paying for similar commercial garbage and recycling services. This slide was added after the Business stakeholders in the first Business group indicated no awareness that the competitive pricing system might result in any inequities in what businesses pay for commercial garbage and recycling services. However, the second Business group, while finding the information interesting, did not change their opinion that the best pricing system is the current competitive pricing system.

D. EACH STAKEHOLDER GROUP HAS A DIFFERENT RANKING OF WHAT’S IMPORTANT TO CONSIDER WHEN MAKING CHANGES TO PORTLAND’S COMMERCIAL GARBAGE AND RECYCLING SYSTEM.

To further identify Stakeholders’ priorities when dealing with these issues, at the end of each group, participants were asked to rank seven items from the one that was most important to the one that was least important for Portland’s commercial solid waste and recycling system to offer. The table on page 26 provides the average ranking of each item for each of the four stakeholder groups – Haulers, Businesses, Neighborhood Associations, and Environmentalists. In reviewing the data, remember that the lower the number, the *more* important the item is to the stakeholder group.

The results illustrate that each of the four stakeholder groups places a different priority on most of the items. Findings include:

- ▶ **Haulers place customer service and keeping small haulers in business at the top of their list.** There is the least amount of consensus among the Haulers. *“Excellent customer service”* generates the highest average ranking of 2.1. However, while all Haulers rank this item at least a “4,” only 8 of the 21 rank it number one. In fact, more Haulers – 10 of the 21 – rank *“keep smaller haulers in business”* as number one. At the same time, 5 of the Haulers rank this item a “5” or lower, indicating keeping smaller haulers in business is less important to them.
- ▶ **Cost to businesses is most important to Business stakeholders.** Of the 9 Business people who completed the questionnaire, 8 rank *“cost-effective for businesses”* as most important.
- ▶ **Like the Haulers, there is less consensus among the Neighborhood Association representatives.** The highest average rank is given to *“reduce nighttime noise.”* However, none of the Neighborhood representatives rank this a “1.” Instead the most common ranking for nighttime noise is a “2” (4 of 7 neighborhood representatives) or “3” (2 of 7). The most common “1” rankings are for increasing recycling (2 of 7) and excellent customer service (2 of 7). Three of the Neighborhood representatives wrote in their own top-ranking item, including *“keep city clean,” “get dumpsters off the street,”* and *“do it all.”*

The Neighborhood representatives are more consistent about what they consider to be the least important of the seven items. These include *“keeping smaller haulers in business,”* one of the most important items to the Haulers, and *“cost effective for business,”* the most important to the Businesses.

- ▶ **Those representing Environmental organizations place top priority on increasing recycling.** As with the Businesses, those representing the Environmental organizations are relatively consistent in which item they rank number one. Of the 7 participants in the group, 5 rank *“increasing recycling”* number one and the other 2 rank it second.
- ▶ **Reducing nighttime noise is the least important item for 3 of the 4 stakeholder groups.** As heard during the discussion in the groups, among the Haulers, Businesses, and Environmental organizations, nighttime noise is not a priority. All three of these groups rank this item at the bottom of their list. As noted above, reducing nighttime noise is typically ranked “2” by the Neighborhood representatives.

Average ranking for items

Q: Please rank the following items from the one you believe is most important (1) for Portland's commercial solid waste/recycling system to offer to the one that is least important (8).²

| Item | Haulers n=21 | Businesses n=13 | Neighbor- hood Assoc. n=7 | Environmental organizations n=7 |
|--|-----------------|--------------------|---------------------------------|---------------------------------------|
| Excellent customer service | 2.1 | 2.6 | 4.0 | 5.0 |
| Keep smaller haulers in business | 2.8 | 4.5 | 6.9 | 4.7 |
| Increase recycling | 3.1 | 3.1 | 3.0 | 1.3 |
| Cost effective for businesses | 3.3 | 1.6 | 5.3 | 4.1 |
| Reduce truck hours/miles on road (reduces fuel use & pollution) | 3.8 | 5.5 | 3.4 | 3.3 |
| Provide financial incentives for recycling | 4.8 | 3.8 | 4.9 | 3.4 |
| Reduce nighttime noise | 6.4 | 6.8 | 2.7 | 7.0 |

² Seven items were included. In addition, participants were provided a space to write in an additional item and to rank that item. Only a handful included an additional item.

III. Reaction to 4 Proposed Options

After discussing the need for change and change objectives, participants were introduced to four possible options for changing the current commercial garbage and recycling system.

The following are the slides shown in the groups. The slides outline the four options and provide the anticipated results of each.

4 system options being considered

- 2 options *do not* include creating a franchise system for commercial garbage & recycling services:
 - *Keep current system.* Add new noise & recycling mandates for businesses &/or haulers
 - *City sets rates.* City sets commercial rates, businesses continue to choose hauler



- 2 options include creating a franchise system:
 - *Basic franchise system.* City sets rates, assigns haulers from *all* current commercially permitted haulers
 - *Franchise system with fewer haulers.* City sets rates, assigns haulers from a *reduced* number of haulers



Current system with new mandates

- Possible mandates include:
 - Add requirements to recycle specific materials
 - Increase business recycling requirement substantially above 50%
 - Require post-collection sorting of some materials
 - Prohibit nighttime collection if 3 complaints



Anticipated results:
Current system with new mandates

- Greater recycling requirements
- Cost pressure on haulers for new services
- Competitive pricing
- More costly to some businesses
- All current haulers remain in service
- Moderate increase in administrative oversight
- No rate setting
- No assignment of haulers
- No price incentives for recycling
- No reduction in number of trucks on street
- No reduction in noise or other pollution due to reduction in number of trucks on street



City Sets Rates

- City Council sets rates:
 - Design rates to provide incentives to increase commercial recycling
 - Minimum rates for each different-sized container
 - Frequency of collection
- Minimum rates figured to include all costs of collection, disposal, & recycling. Rates set to provide incentives to increase recycling



Anticipated results:
City sets rates

- City sets rates
- Price incentives for recycling
- Reduced cost pressure on haulers for new services
- All current haulers remain in service
- Haulers would compete on customer service
- More costly to some businesses
- Moderate increase in administrative oversight
- No assignment of haulers
- No competitive pricing
- No reduction in noise or other pollution due to reduction in number of trucks on street



Basic Franchise

- City Council sets rates designed to provide incentives to increase commercial recycling
- Minimum rates figured to include all costs of collection, disposal, & recycling
- Geographic territories assigned to haulers. Haulers must provide service to all businesses within territory
- All current haulers assigned a territory



Anticipated results:
Basic Franchise

- City sets rates
- City assigns haulers
- Price incentives for recycling
- All current haulers remain in service
- Reduced cost pressure on haulers for new services
- Reduced number of trucks on street reduces noise & pollution
- More costly to some businesses
- Moderate increase in administrative oversight
- No competitive pricing



Franchise with fewer haulers

- City Council sets minimum rates, frequency of collection
- Minimum rates figured to include all costs of collection, disposal, & recycling
- Geographic territories assigned to haulers. Haulers must provide service to all businesses within territory
- *Not* all current haulers assigned a territory



Anticipated results:
Franchise system with fewer haulers

- City sets rates
- City assigns haulers
- Price incentives for recycling
- Reduced cost pressure on haulers for new services
- Reduced number of trucks on street reduced noise & pollution
- More costly to some businesses
- Reduced number of haulers remaining in service
- Moderate increase in administrative oversight
- No competitive pricing



A. OVERALL, THERE IS A DESIRE BY ENVIRONMENTALISTS AND NEIGHBORHOOD REPRESENTATIVES FOR OTHER OPTIONS.

The Environmentalists and Neighborhood Association representatives are often not completely satisfied with any of the options presented. While they often don't have a specific approach that they advocate, they appear uncomfortable with being forced to choose between the options presented. These stakeholders often say that it has not been proven that a franchise system will result in the increase in recycling that they believe would be large enough to warrant a change to the entire system.

B. NEIGHBORHOOD REPRESENTATIVES SAY GOING TO A CITYWIDE FRANCHISE SYSTEM SIMPLY TO RESOLVE NOISE ISSUES IN A FEW AREAS OF THE CITY IS OVERKILL.

As noted earlier, the Neighborhood representatives are the only stakeholders who perceive nighttime noise as an important issue. However, even these representatives believe that changing the commercial garbage and recycling system for the entire City in order to resolve an issue that affects a relatively small portion of residents is unnecessary. Instead, Neighborhood representatives frequently suggest looking at solutions, including possible franchising, that are only implemented in mixed-use areas.

C. BUSINESSES ARE STRONG SUPPORTERS OF CONTINUING THE CURRENT SYSTEM.

Businesses, who see few problems with the current system, are strong supporters of staying with the current system. *“I like what we have now. I don’t want to change it just because of some noise complaints.”* Businesses do appear to be willing to accept some additional recycling mandates, although Businesses frequently point out, as do others, that what is missing with the current system is any enforcement of what is already required. For most of the Businesses, additional mandates on recycling food waste makes sense. However, it is important to point out that most of those advocating this change are not operating a restaurant or food store.

Before accepting any additional mandates, Businesses also say they will need to *“see the cost benefit analysis.”* *“I might be willing to pay a little more if it makes the system more efficient and can make a dent in the recycling. But you are going to have to prove that it is worth it.”*

All of the other stakeholder groups, however, are generally unenthusiastic about this approach.

- ▶ *“Makes a bad situation worse. It keeps the pressure on the hauler. Why don’t we have incentives for haulers?”* – Hauler
- ▶ *“It will force small haulers out of business.”* – Hauler
- ▶ *“There is nothing dramatic enough here.”* – Neighborhood Association
- ▶ *“It is putting perfume on a pig.”* – Neighborhood Association
- ▶ *“Mandates are broad, vague, and squishy.”* – Environmentalist

While most Haulers reject continuing the current system with new mandates, it is important to note that this was not true of all Haulers. Some Haulers, particularly those who appear to be only in the drop box businesses, think staying with the current system has merit.

D. THE IDEA OF THE CITY SETTING RATES IS SELDOM ATTRACTIVE.

Very few of the stakeholders show any enthusiasm for the City setting commercial garbage and recycling rates. The Businesses in particular are very opposed to this concept, but none of the stakeholders seem to think that this will meet the objectives of increasing recycling or reducing nighttime noise. In particular, there appears to be a perception that setting fair rates would only add a great deal of bureaucracy.

The Environmentalist stakeholders appear to be the most supportive of the approach, with some saying, *“The City already does it with residential, it wouldn’t be inventing anything new.”* More common, however, are the following comments:

- ▶ *“The open market is fine, it’s the American way. I don’t want the City setting rates.”* – Businesses
- ▶ *“The City setting rates sounds like more politics, not less.”* – Business
- ▶ *“The City has shown a resounding ability to mismanage everything it gets its arms around. This is another piece of the pie. It is empire building on the part of the City and it needs to stop.”* – Business
- ▶ *“When did the City Council vote to run our business? Now it’s garbage, what’s next?”* – Hauler
- ▶ *“It would still be a helter-skelter system and there would still be competitive pricing only it would be with ‘Blazer tickets.’”* – Hauler
- ▶ *“It would create an awful lot of bureaucracy.”* – Environmentalist
- ▶ *“It’s a clumsy way to go about things.”* – Environmentalist
- ▶ *“I see a lot of not very happy people and more administration by the City.”* – Neighborhood
- ▶ *“I like the idea of incenting people for recycling, but it doesn’t do anything about pollution and the number of trucks on the street. What we gain doesn’t offset what we would lose.”* – Neighborhood
- ▶ *“Businesses will assume the rates will go up and they won’t accept it.”* – Neighborhood

E. MOST HAULERS ARE SUPPORTIVE OF A BASIC FRANCHISE SYSTEM. BUSINESSES ARE OPPOSED.

Many of the Haulers like the idea of a basic franchise system. Haulers say that a franchise system will result in fewer trucks, a more efficient system, and lower overall costs. Franchising will be *“good for sustainability.”* *“Most haulers, I believe, favor this option.”*

However, this should not be taken to mean that all Haulers support the concept. In particular, those who supply only drop boxes oppose franchising. There is also a great deal of discussion among the Haulers about whether going to a franchise system will result in fewer haulers staying in business. Many, if not most, Haulers believe that going to a franchise system will ultimately reduce the number of haulers in business in the City of Portland. *“It is very likely some of the smaller independents will have to consolidate if we go to a franchise system.”*

Business representatives, however, are opposed to a franchise system. Businesses are *“not convinced that franchising will reduce traffic or pollution or increase recycling,”* and see major disadvantages to their business. Major issues Businesses identify include:

- ▶ **Businesses with multiple locations don’t want to have to deal with more than one Hauler.** This position is exemplified by Portland Public Schools. *“We have schools all over Portland. Now, if I have a problem, I call one hauler. I don’t want to have to deal with 58 haulers.”* Others with multiple locations say their ability to negotiate good deals for their organization and effective recycling programs depend on their ability to offer a very large contract that includes all of their locations to a hauler.
- ▶ **Businesses that have negotiated complex contracts with special provisions to improve recycling don’t want to see their efforts go to waste.** This position is exemplified in the groups by the representative from Legacy Hospitals (representative from the Nob Hill Business Association) and Portland State University. Both of these individuals had spent a great deal of time selecting haulers able, and willing, to meet their unique needs and negotiating contracts that they believe will increase their organization’s recycling capabilities. Neither want to see the City go to a franchise system under which they would be required to accept a hauler that would likely not have the incentive to provide them with the type and level of recycling services they currently have.
- ▶ **Belief that businesses will pay more and customer service will decline if a franchise system is implemented.** Businesses say that, based on what they know about franchise systems implemented in cities around Portland, their costs will increase and customer service will decline. This is particularly true of contractors in the Business groups who say it is very difficult to get quick box drop service in areas under franchise.

It was due to this discussion in the initial Business group that the slide summarizing the findings from the 2004 Office of Sustainable Development study of costs in franchised area of the Portland Metro area and the City of Portland was added. However, this information makes no difference to the opinions of the Business representatives included in the second Business group.

- ▶ **Construction businesses in particular don’t want drop box suppliers to be franchised.** Business representatives of the construction industry say that outside of the City of Portland where box drop suppliers are franchised, it can be difficult to get a drop box when they need one. These individuals report having to wait days and even weeks for drop boxes in franchised areas, delays that cost their businesses money.

“Where there’s a franchised, sometime you just have to stop what you are doing and just wait for a drop box. In Portland, I can get one within hours.”

Environmentalists are, in general, supportive of the concept of franchising, although the intensity of their support is not nearly so great as the Haulers’ support or Businesses’ opposition. Typical comments from Environmentalists include:

- ▶ *“Recycling gurus say franchising is a good idea.”*
- ▶ *“Franchising provides the best use of resources. It worked for residential so it should work for commercial.”*
- ▶ *“I think a franchise system would work better than either new mandates or the City just setting rates.”*

There is also some support for franchising among the Neighborhood representatives. However, this support is certainly not unanimous. Some Neighbors, with close ties to local businesses, worry that *“you will end up with a bunch of angry people, although you may get the desired result.”* In addition, at this point many of the Neighbors suggest implementing a franchise system in just mixed-use neighborhoods like the Pearl or Northwest, or in some other way limiting the number of haulers allowed in those neighborhoods. *“They could go to a bidding system for those neighborhoods and re-bid it frequently or whenever there was a problem with a hauler, be it noise or customer service.”* As noted earlier, the Neighborhood Association representatives see no reason to change a citywide system of commercial garbage and recycling that businesses are satisfied with simply to resolve the nighttime noise problems in a few locations.

F. THERE IS LITTLE SUPPORT FOR GOING TO A FRANCHISE SYSTEM WITH FEWER HAULERS.

While there is general agreement among the Haulers that going to a franchise system will ultimately reduce the number of haulers in the City, they are very much opposed to the City taking any action to reduce the number of haulers. This group of stakeholders simply refuses to discuss the option of a basic franchise system with fewer haulers. *“Throw that one out!”* The Haulers also say that it would be a *“logistical nightmare of a transition to a franchise system.”*

While other Stakeholders generally agree that fewer haulers would make for a more efficient system, none are willing to advocate extensively for this option.

- ▶ *“A pretty heavy-handed way of fixing noise.”* – Business
- ▶ *“Lots of winners and losers to fix the noise problem.”* – Business
- ▶ *“I completely disagree. There is nothing in it for society.”* – Environmentalist

- ▶ *“When we went to a franchise system for residential we didn’t reduce the number of haulers. It worked, so I don’t see why we should need to reduce the number of haulers for a commercial franchise to work.”* – Environmentalist
- ▶ *“That may be the outcome – a reduced number of haulers – but I don’t think the City should do it.”* – Neighborhood
- ▶ *“If you have fewer haulers you will also have fewer opportunities for recycling innovation.”* – Neighborhood

G. HAULERS AND ENVIRONMENTALISTS BELIEVE A BASIC FRANCHISE SYSTEM WILL DO THE BEST JOB OF REDUCING NIGHTTIME NOISE. BUSINESSES PREFER THE CURRENT SYSTEM WITH ADDITIONAL MANDATES. NEIGHBORHOOD REPRESENTATIVES APPEAR WILLING TO CONSIDER ANY OF THE OPTIONS EXCEPT THE CITY SETTING RATES.

As part of the survey process at the end of the groups, stakeholders were also asked to identify which of the four options reviewed in the groups – the current system with new mandates, the City setting rates but not assigning territories, a basic franchise system, or a franchise system with fewer haulers – would result in a reduction in nighttime noise and which would do the best job of reducing nighttime noise. In reviewing the response to this question, remember that almost all, if not all, of the participants in the Hauler, Business, and Environmental groups do not believe nighttime noise is a major issue.

Haulers show a clear preference for the basic franchise system to reduce nighttime noise, with about three-quarters saying a basic franchise system will reduce nighttime noise. Among the Businesspeople, only the current system with additional mandates is perceived as resulting in a reduction of nighttime noise by at least half of the participants. Among the Environmentalists, the two franchise system options – with or without a reduction in the number of haulers – are both perceived as offering this benefit by 71%.

A sizable portion of the Neighborhood representatives appear willing to try 3 of the 4 options to reduce nighttime noise. A franchise system with fewer haulers is perceived as reducing nighttime noise by the largest percentage (71%), followed by the current system with additional mandates (57%), and the basic franchise system (43%). Only 14% of the Neighborhood representatives (1 participant) believes the City setting rates will help with this problem.

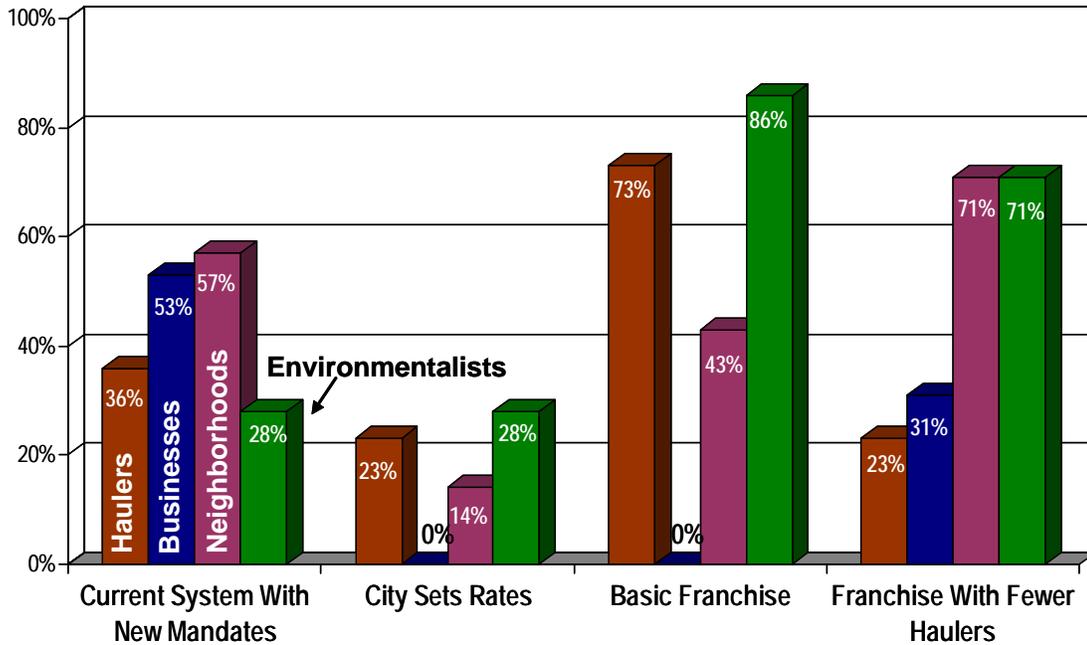
A similar pattern is also seen when the stakeholders were asked which option they believe will do the *best* job reducing nighttime noise. Half of the Haulers pick the basic franchise system while a few pick the current system with new mandates (23%) and the City setting rates (14%). One Hauler selects the franchise system with fewer haulers as doing the best job of reducing nighttime noise. Businesses primarily pick either the current system with new mandates (46%) or a franchise system with fewer haulers (33%).³ The Environmentalists are primarily split between the two franchise options. No one option is perceived as best by more than 28% (2 participants) of the Neighborhood representatives.

³ Not all of the business stakeholders answered this question.

Percentage who believe option will reduce nighttime noise

Haulers 22; Businesses n=13; Neighborhood Associations n=7; Environmentalists n=9

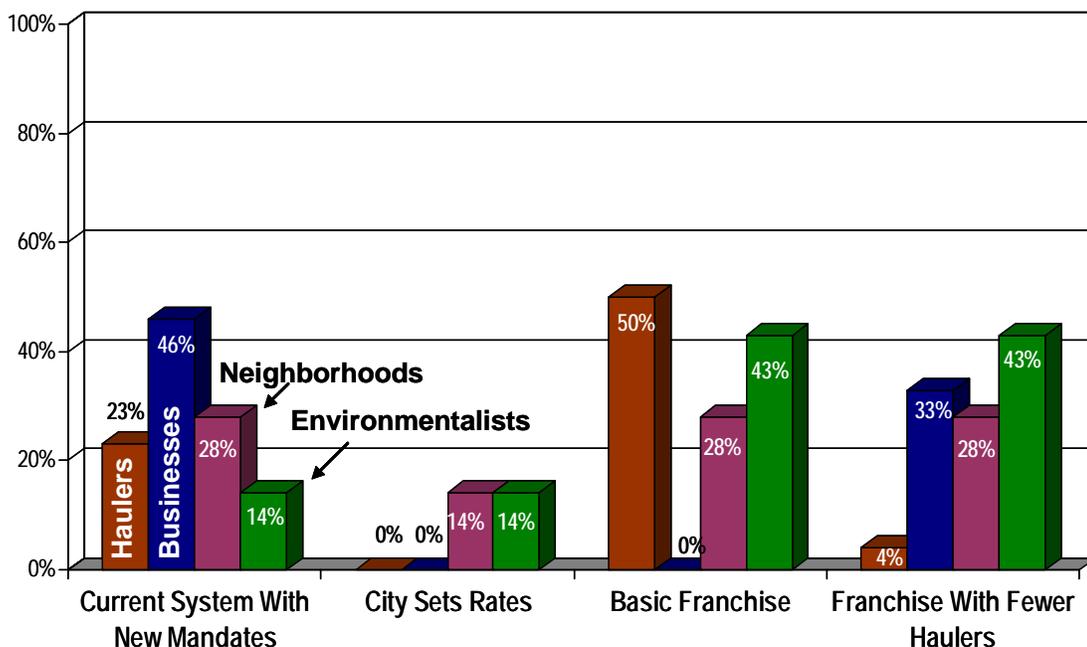
Q: Which, if any, of the 4 system options being considered do you believe will result in a reduction of nighttime noise due to commercial garbage & recycling collection?



Percentage who believe option will do *best* job of reducing nighttime noise

Haulers 22; Businesses n=13; Neighborhood Associations n=7; Environmentalists n=9

Q: Which one do you believe will do the best job of reducing nighttime noise?



H. HAULERS AGAIN PREFER A BASIC FRANCHISE SYSTEM TO INCREASE RECYCLING. BUSINESSES AND NEIGHBORHOOD REPRESENTATIVES BELIEVE THE CURRENT SYSTEM WITH NEW MANDATES IS THE OPTION MOST LIKELY TO INCREASE RECYCLING. ENVIRONMENTALISTS APPEAR TO BELIEVE ALL OPTIONS OFFER ABOUT EQUAL PROMISE.

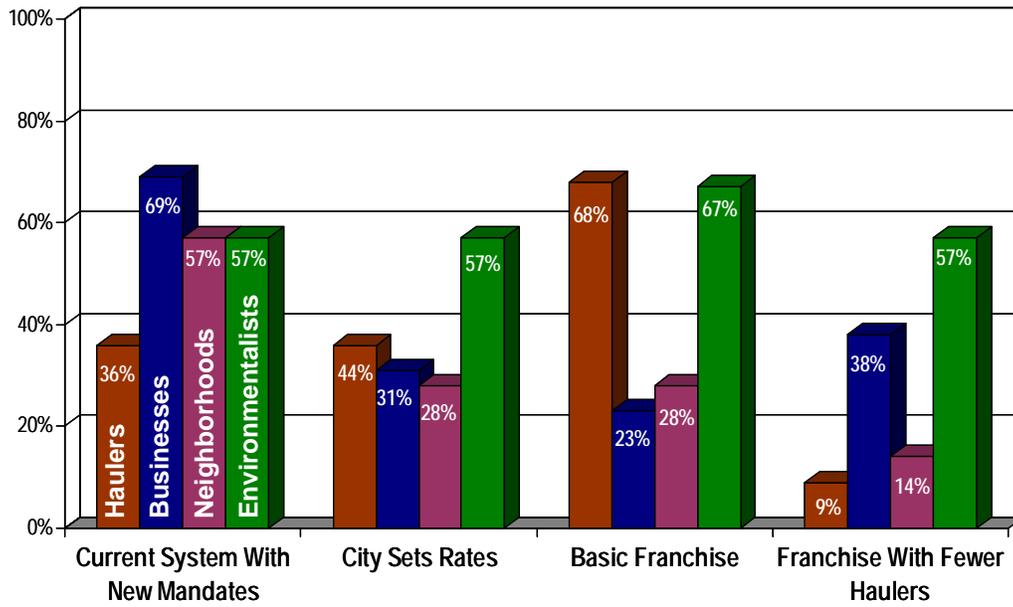
When asked which of the four options will result in higher rates of commercial recycling, the Haulers again indicate they believe a basic franchise system shows the most promise, with two-thirds saying a basic franchise system will improve recycling rates. The Businesspeople display an even greater preference for the current system with new mandates, with 69% indicating they believe this approach will result in greater commercial recycling. A little over half of the Neighborhood representatives also believe the current system with the right additional mandates will do the best job increasing recycling. Over half of the Environmentalists, however, indicate they believe each of the four options will result in higher rates of commercial recycling than are achieved today.

Looking at which approach stakeholders believe will do the *best* job of increasing recycling rates shows the same pattern – the Haulers look to a franchise system and the businesspeople believe the current system with new mandates will do the best job. The Neighborhood representatives and the Environmentalists show greater diversity of opinion than do the Haulers and Businesspeople. Among the Neighborhood representatives, 43% select the current system with new mandates, 28% select the City setting rates, and 14% select the basic franchise system. Among the Environmentalists, 43% pick the basic franchise system, 28% the franchise system with fewer haulers, and 14% the current system with new mandates.

Percentage who believe option will increase recycling

Haulers 22; Businesses n=13; Neighborhood Associations n=7; Environmentalists n=9

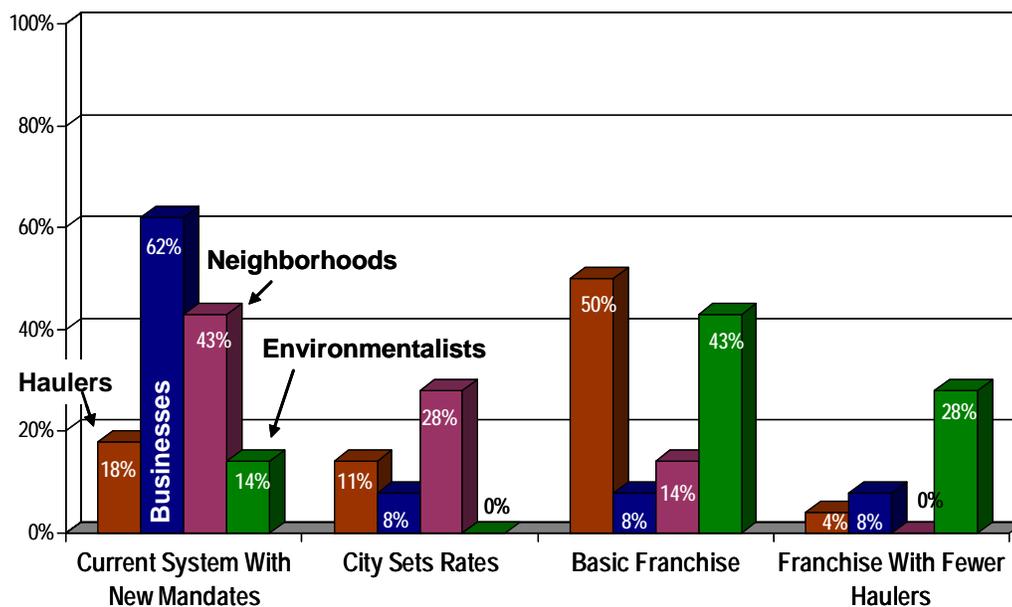
Q: Which, if any, of the 4 system options being considered do you believe will result in higher rates of commercial recycling?



Percentage who believe option will do *best* job of increasing recycling rates

Haulers 22; Businesses n=13; Neighborhood Associations n=7; Environmentalists n=9

Q: Which one do you believe will do the best job of increasing commercial recycling rates?



I. OVERALL, HAULERS AND ENVIRONMENTALISTS WOULD MOST LIKE THE CITY TO PURSUE A BASIC FRANCHISE SYSTEM. BUSINESS STRONGLY SUPPORTS THE CURRENT SYSTEM WITH NEW MANDATES. NEIGHBORHOOD REPRESENTATIVES SPLIT.

During the groups, the Businesspeople make it very clear that they are happy with the current system for commercial garbage and recycling and want the City to make as few changes as possible to the current system. Their feelings are reflected in their responses when asked to rank the four options discussed from the one they would most like the City to pursue to the one they would least like the City to pursue. All but two of the Business stakeholders who answered the question prefer the current system with new mandates over the other three options.

The Environmentalists are also in near-perfect agreement, but with another option – 6 of the 7 want the City to pursue the basic franchise system.

The Haulers show a great deal of diversity in how they respond to this question, which also was true during the discussion portion of the group. When picking the option they would most like the City to pursue, a little over half – 12 of 22 – pick the basic franchise system. However, 3 select the current system with new mandates, 3 would like the City to just set rates, and one advocates for the franchise system and a reduction in the number of haulers.

Both the current system with new mandates and a basic franchise system generate average ratings of 2.0 among the Neighborhood representatives. Of the Neighborhood representatives, 4 rank the current system with new mandates a “1.” However, one of these participants also makes it clear these mandates should be on the haulers, not on the businesses. In addition, two of the Neighborhood representatives rank the current system with new mandates a “4,” the lowest possible ranking. Two of the Neighborhood representatives rank a basic franchise system as their first choice and none rank it last. One Neighborhood representative did not answer the question.

The difference of opinion between the Business community and the Haulers and Environmentalists is also seen in the fact that the option with the lowest ranking for the Businesspeople – a basic franchise system – is the option with the highest ranking for the Haulers and Environmentalists. The Neighborhood representatives display some affiliation with both the Business community and the Haulers/Environmentalists, generating the same average rating for the basic franchise system and the current system with new mandates. All four stakeholder groups, however, show little enthusiasm for a basic franchise system with fewer haulers.

It is also interesting to note that while none of the stakeholder groups place the City setting rates at the top of their ranking, on average it is the second highest rated option for all the stakeholder groups except the Neighborhood representatives. Among Neighborhood representatives it is third, after the current system with mandates and a basic franchise system. Note, however, that the difference between each stakeholder groups’ first choice and the City setting rate is typically rather large – .5 or more.

Average ranking for commercial garbage & recycling system options

Q: Please rank the 4 system options from the one you would most like to see the City pursue (1) to the one you would least like the City to pursue (4).

| Option | Haulers n=19 | Businesses n=10 | Neighbor- hood Assoc. n=6 | Environmental organizations n=7 |
|--|-----------------|--------------------|---------------------------------|---------------------------------------|
| Basic franchise system | 1.7 | 3.2 | 2.0 | 1.1 |
| City sets rates | 2.2 | 2.8 | 2.7 | 2.4 |
| Current system with new mandates | 2.7 | 1.3 | 2.0 | 2.9 |
| Basic franchise system with fewer haulers | 3.6 | 3.1 | 3.3 | 3.6 |

APPENDIX

Discussion Guide

