

Solid Waste Management Plan: Commercial Recommendations **SWAC 2-28-07**

Background

The commercial stakeholder group considered a wide range of strategies for how to achieve the goals of the SWMP, including franchise options, city rate setting and new mandates within the existing competitive system. The group proposed a hybrid system that included 1) zones with a limited number of haulers, 2) city rate-setting, 3) temporary assignment of customers, 4) competition in the zones based on customer service. The group believed that significant efficiency gains would be captured through this approach, producing downward pressure on rates.

Upon closer analysis, however, it was discovered that the current system is not as inefficient as presumed and that this proposal would not result in significant efficiency improvements. A maximum gain of six percent was possible, but only if a single hauler was operating in each zone. Any gains would be further eroded by an increase in hauler operating margin (over current levels), the addition of franchise fees, and higher costs reported in the rate making process.

In response to these findings, there was no longer consensus in the group supporting a specific recommendation for the SWMP. While the hauling representatives continued to advocate for franchising, the idea lacked support from the group as a whole. Several members, however, did speak out in favor of new regulatory requirements and financial incentives to boost business recycling and waste prevention activity.

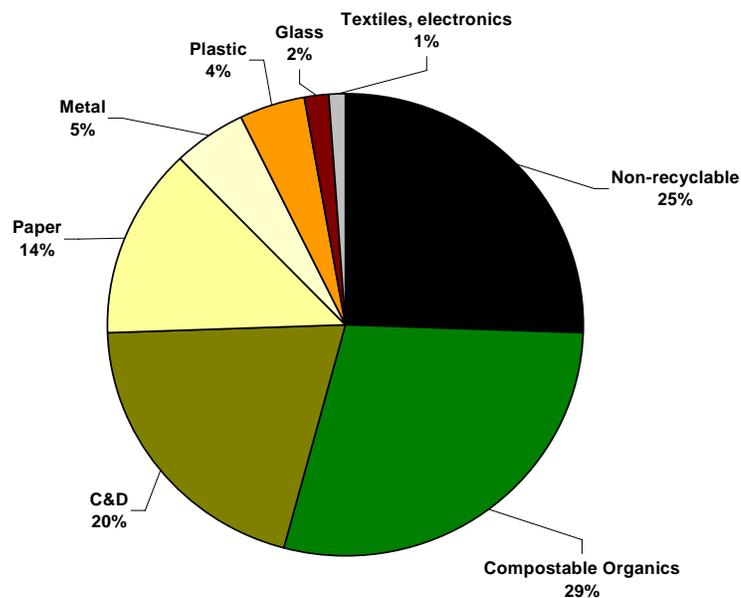
Proposed Recommendations

Working within the existing competitive system, new requirements will be established for both businesses and haulers to expand recycling services and participation. Costs to businesses are expected to increase as recycling systems expand to meet these new requirements. Targeted financial incentives aimed at recycling and waste prevention and funded through increasing fees for garbage disposal will provide appropriate economic signals to the business community and some relief from expected cost increases. An intensive outreach and education campaign is critical to communicate new standards to the business community and this will be rolled out during the first year of implementation. To reinforce the strategy, additional staffing and resources will be provided to allow a greater emphasis on monitoring, verification and enforcement.

1. Increase the business recycling requirement to 75% to be consistent with the recycling goal established by City Council in 2006

Analysis: In the resolution calling for the SWMP, Council adopted a new recycling goal of 75% by 2015. Review of waste composition data indicates that three-quarters of what is thrown away is recyclable under existing programs. This represents a significant lost opportunity. When combined with the existing levels of recycling, capture of this additional material brings the new goal within reach. Given the current composition of business waste, food, paper and C&D are the obvious targets for recycling mandates.

What's recyclable in the trash?



2. Phase in new mandatory food waste diversion
 - a. Start with largest generators
 - b. Expand to include all generators above specified level or size

Analysis: Currently, over 165 Portland business sites are participating in Portland Composts!, the voluntary food waste composting program. Feedback from participating businesses and haulers is mixed about the potential cost impact. While many businesses will face an increase in their monthly charges, some of the largest generators have been able to participate without significant cost increases. Safeway and DoubleTree Hotel are among those that report overall savings from composting.

To meet the requirement, generators must divert their food waste either to animal feed or composting. The target group for the first phase of the new mandate consists of 100-200 businesses that are among the largest generators in the city. Some may already be participating in Portland Composts! (e.g. Safeway, Portland State University, OHSU) or sending waste to animal feed (e.g. Kraft Foods, Pyramid and Widmer breweries), others may not (e.g. Fred Meyer and Albertsons). The second tier will be identified using data on the type of business, number of employees and estimates of solid or food waste generation.

3. Establish a new mandatory paper recycling requirement for all businesses in the city

Analysis: Paper is readily recyclable and most businesses have some system for collection already in place. In 2005, the amount of total recyclable paper generated from businesses is estimated at between 149,400 and 153,000 tons. Of that total, an estimated 28% went to the landfill and 72% was actually recycled. Independent recyclers collect approximately 80% of the paper that's recycled with commercial waste haulers collecting the remainder. To step up the level of diversion, a stronger

approach is needed that prohibits disposal at the workplace. This mandate can be reinforced not only through inspection and enforcement of business practices but also through monitoring commercial loads at the transfer station. Paper rich loads can be tracked back to the contributing customers on that route, allowing hauler and city staff to identify where the collection system is failing and how to achieve compliance.

Research sponsored by King County, WA in 2004 identified the most significant targets groups for commercial paper disposal: hotels as the largest source of newspaper, C&D and large merchandisers for cardboard, business services for office paper. Perhaps the greatest challenge is with multi-tenant buildings where it is difficult to determine if the collection systems are failing due to business practices or poor property management support.

Metro has proposed new recycling standards for businesses in the region which set a 90 percent standard for paper and container recycling from the business sector, require local governments to develop new or enhanced programs to achieve this target, and establish an annual program review process. A paper recycling mandate would be compatible with what Metro has proposed and allow the city to qualify for possible funding to implement the requirement.

4. Increase mandatory C&D recycling ordinance to 75% recycling

Analysis: Similar to the overall business recycling requirement, the existing C&D recycling requirement would be increased to 75%. Given the priority placed on salvage and reuse of these materials, the requirement should account for this activity through some type of credit system. Another consideration is the level of recovery achieved at local MRF's. Most are capturing less than 50% of the recyclables from incoming loads and therefore sending C&D material for processing may not meet the 75% requirement. While a mandatory MRFing requirement for dry loads is under consideration at Metro, processing mixed dry loads should be considered the option of last resort. Other upstream waste prevention and source separation activity will be necessary to achieve an overall recycling rate of 75%.

Some changes are also needed in the mechanisms for informing project managers and verifying compliance with the requirement. OSD staff will be working with the Bureau of Development Services to improve and implement these aspects of the program.

5. Provide technical assistance for C&D projects to promote recycling and waste prevention

Analysis: Greater presence is needed in the field to promote waste prevention and recycling and connect project managers with necessary resources. While Metro staff and consultants have focused much of their outreach activity on trade associations, city staff needs to be on the ground, visiting specific project sites and interacting with the managers and contractors. This aspect can be modeled after BlueWorks, the successful outreach and technical assistance program developed by OSD for the business sector.

6. Establish new salvage and reuse requirements for specified construction and demolition projects

Analysis: This could take two forms: 1) mandatory salvage or deconstruction requirement for historically significant projects and/or those with a specified permit value, 2) material reuse requirement (e.g. 5-10% of total material cost) for projects with a specified permit value. As with the C&D recycling requirement, effective strategies are needed for notification, technical assistance and enforcement.

7. Fund incentives to promote waste prevention and recycling and discourage disposal through an increase in the commercial tonnage fee on garbage
 - a. buy down of food waste tip fee
 - b. other waste prevention incentives

Analysis: The proposed new requirements on businesses are expected to increase the cost of recycling services. Implementing targeted, short-term financial incentives will not only off-set some of the increased costs but also help to shift the relative economics do make alternatives to disposal more competitive, attractive and cost effective.

Currently, a tonnage fee of \$3.80 is collected by the city on each ton of commercial garbage. This represents about 5% of the total tip fee and about 2.5% of the costs for collection and disposal. Used to fund various commercial solid waste and recycling programs within OSD, it will likely increase to meet projected budget needs over the next five years. An additional increase in the fee could be dedicated to fund incentives such as buying down the tip fee for commercial food waste loads, currently set at \$47.50/ton.

Increase in commercial tonnage fee to fund food waste incentive

<i>Incentive</i>	<i>10,000 tons of food waste</i>	<i>20,000 tons of food waste</i>
Reduce tip fee to \$20/ton	\$.92	\$1.83
Reduce tip fee to \$0/ton	\$1.58	\$3.17

As proposed, the incentive would be captured by the hauler when tipping food waste at the transfer station thereby reducing the cost of providing food waste collection. The degree to which haulers would pass this lower cost on to their customers is uncertain but in a competitive market it would provide a pricing advantage.

8. Develop new hauler permit requirements and strengthen permit approval process
 - a. Required services include food waste, paper and collection systems to achieve 75% recycling
 - b. Required practices include alternative fuel use and meeting new truck emission standards

Analysis: Applicants for commercial hauling permits would have to demonstrate their ability to provide required services either through existing operations, sub-contracting with another provider or participating in a co-op. Proof of compliance with required practices will also be necessary. Permit approval and renewal would be contingent on verification that requirements have been met.