



MEMORANDUM

TO: Mayor Laurel Lunt Prussing and Members of the City Council
FROM: William R. Gray, Public Works Director
Bart Hagston, Environmental Sustainability Manager
DATE: January 6, 2011
RE: Recommendation on Commercial Recycling Ordinance

Background

For several years there has been discussion amongst City leaders and business representatives about the perceived lack of availability of commercial recycling services in Urbana. (Past City Council meetings occurred on February 8, 2010; July 13, 2009; June 22, 2009; and August 25, 2003 among others). Some exploration of this matter has occurred, but nothing has been presented to the City Council for action. A staff report (attached) has been prepared to evaluate the current state of commercial recycling in Urbana and to explore various options available to the City for increasing commercial recycling.

Recommendation

Based upon the findings in the attached report, staff recommends the development of an ordinance which will require all licensed waste haulers which provide commercial refuse collection to offer recycling service to their commercial customers within Urbana. Commercial properties would be encouraged, but not required, to participate in recycling. By "commercial properties" we mean all non-residential properties, although that definition may need to be further refined as the resulting ordinance is developed.

Under the proposal, haulers would be required to offer recycling collection of multiple materials, similar to the ones collected through the U-CYCLE residential program. Haulers would still be allowed to offer collection service for a narrow range of materials (e.g. cardboard only) to those customers that only want that level of service. Haulers would be allowed to subcontract the recycling service to other licensed haulers if they do not wish to provide the service themselves.

The City will not dictate pricing under this scenario. All service arrangements will be directly between the commercial property and the hauler.

Staff recently surveyed licensed haulers regarding such a proposed requirement. No major barriers to such a program were pointed out by the haulers.

Failure of a hauler to comply with the ordinance will constitute a violation and fines will be administered as currently outlined in the City Code.

Environmental Management staff will work with the Legal Division to prepare an ordinance for approval by the City Council no later than March 2011. Haulers will be given a chance to review and comment on a draft of the ordinance prior to presentation to the Council.

Upon passage, staff will work with haulers to educate them about the new requirements and will conduct outreach to alert commercial properties about the new hauler requirements.

Staff envisions the recommended actions as a “first step” toward increasing commercial recycling in Urbana. Information on other possible future options will continue to be collected. Approximately one year after implementation of the current recommended strategy, staff will evaluate the results and determine if additional actions should be recommended to the City Council to further increase commercial recycling activity.

It is recommended that a motion be made to direct staff to prepare an ordinance establishing the requirement that all licensed haulers serving commercial properties provide recycling services to their customers.

Attachment:

Staff Report titled “Options to Increase Commercial Recycling Activity in Urbana”



STAFF REPORT

TO: Mayor Laurel Lunt Prussing and Members of the City Council
FROM: William R. Gray, Public Works Director
Bart Hagston, Environmental Sustainability Manager
DATE: January 6, 2011
RE: Options to Increase Commercial Recycling Activity in Urbana

Background

For several years there has been discussion amongst City leaders and business representatives about the perceived lack of availability of commercial recycling services in Urbana. The file on this matter goes back to 2001. Some exploration of this matter has occurred, but nothing has been presented to the City Council for action. Toward that end-goal, this document has been prepared so that the City Council is aware of all available options to encourage commercial recycling in Urbana.

Current State of Commercial Recycling in Urbana

Most large businesses that are able to divert large portions of their waste stream (usually cardboard) are currently contracted with a hauler to recycle this material. Lesser numbers of small to medium-sized businesses contract with a recycling hauler. A small number of businesses self-haul their materials to recycling locations.

The primary reason behind larger businesses recycling, and smaller ones not recycling, is simply economics. Businesses usually pay for refuse collection on a volume basis. Larger businesses typically generate larger volumes of refuse. Whenever a significant portion of their refuse can be diverted through recycling, businesses can reduce their dumpster size and/or frequency of collection. Even though it may cost a business to add recycling collection service, the cost for recycling is typically lower than the avoided waste collection and disposal cost.

Smaller businesses that generate lower volumes of refuse are often not able to significantly reduce their dumpster size and or frequency of collection. Therefore, they are not able to avoid any disposal costs which would offset the cost of adding recycling services.

The situation described above is not particular to Urbana. Small businesses throughout the U.S. face these problems when they look to initiate recycling programs. Sometimes local governments will implement one of the options described below to help address the issue.

In November 2010 City staff conducted a survey to determine the level of recycling service available from commercial refuse haulers in Urbana. Four licensed haulers responded that they provide commercial recycling service in Urbana. Allied Waste collects cardboard through dumpster service and

also collects multiple materials (single-stream) through recycling carts from 76-100 customers (haulers were given response ranges on the survey tool). ABC Sanitary collects multiple materials through recycling carts from 26-50 customers. Area Disposal collects cardboard only from 26-50 customers. Illini Recycling indicates that they collect cardboard and office paper through dumpster service from 25 or less customers.

Community Resource, Inc., which does not provide refuse collection service, collects multiple recyclable materials from roughly 150 commercial accounts in Urbana. This service is provided through dumpsters and recycling carts.

Based upon this information, a total of 275-375 commercial locations are utilizing recycling service currently. Since haulers may define commercial accounts differently, it is hard to know exactly what percent of commercial properties this number might indicate. Based upon various estimates, it is likely that around one-third of all commercial (non-residential) properties are currently recycling.

Available Options

To promote increased commercial recycling in Urbana, the City has several options:

- 1) Pass a commercial recycling ordinance requiring all businesses to recycle;
- 2) Pass an ordinance requiring all refuse haulers to offer commercial recycling;
- 3) Develop a commercial recycling franchise program and award contract to one or more haulers;
- 4) Do nothing but promote recycling to businesses and offer recycling technical assistance and education.

Following is a discussion regarding each option mentioned previously, including the pros and cons of each approach.

- **Option #1 - Pass a commercial recycling ordinance requiring all businesses to recycle**

The City Council could mandate by ordinance that all commercial establishments recycle. "Commercial establishments" would have to be defined. All businesses could be required to participate or only ones meeting certain criteria (such as having a minimum number of employees, square feet of space, or certain volume of refuse generated each week). Businesses could be required to recycle all U-Cycle materials or only a few materials (such as the top 2 or 3 materials they generate by volume). Program would require some level of enforcement by the City.

The City of Chicago, Village of Schaumburg, Peoria County and Kane County have such a program.

Pros: Program equitable in that all businesses must participate; potential for significant diversion; likely to increase competition amongst recycling haulers.

Cons: Program has potential for resistance by impacted businesses and some haulers; Potential increase in refuse/recycling collection costs for businesses; Requiring all U-Cycle materials be collected would mean higher service fees than only requiring limited number of materials; Space restrictions would still impede recycling by certain businesses; Require City staff to spend time on enforcement actions against non-compliant businesses.

- **Option # 2 - Pass an ordinance requiring all refuse haulers to offer commercial recycling**

City Council could mandate by ordinance that all refuse haulers must offer recycling service to commercial establishments. “Commercial establishments” would have to be defined. It would be left up to each individual business as to whether to participate or not. Haulers could be required to offer recycling services to all businesses, or only ones that are considered “underserved” by haulers (i.e., small businesses). Haulers could be required to offer recycling for all U-Cycle materials or only a few materials (such as the top 2 or 3 materials they generate by volume). Haulers could be allowed to offer more than one level of service (premium service collecting all U-Cycle materials and basic service collecting fewer items). Haulers could subcontract recycling collection to another licensed hauler, if they choose not to provide the service themselves. Program would require some level of enforcement by the City.

The City of Portland, Oregon has such a program.

Pros: Optional program means less resistance by businesses that do not want to participate; more materials diversion than status quo; help businesses that want to recycle additional materials beyond what is currently collected by their hauler; allowing haulers to subcontract recycling pickup would keep program flexible for haulers.

Cons: Requiring all U-Cycle materials be collected would mean higher service fees than only requiring limited number of materials; Space restrictions would still impede recycling by certain businesses; City staff would need to spend time on enforcement actions against non-compliant haulers.

- **Option # 3 - Develop a commercial recycling franchise program and award contract to single hauler (may include commercial refuse collection as well)**

Pass an ordinance establishing that all commercial recycling be awarded to one or more haulers under a franchise agreement and that all commercial properties are required to participate. Such an arrangement would be similar to the City’s U-CYCLE programs for single and multi-family residences. Select hauler(s) using competitive bid process. Program would require much oversight and coordination by the City.

Program billing could happen one of two ways:

- a) All commercial properties charged a recycling tax, much like that charged under the current U-CYCLE programs;
- b) Each business is billed directly by the hauler. A pricing schedule is established in the hauling contract for each size and type of container serviced, as well as the collection frequency.

The major issue with implementing the recycling tax is that, unlike the single and multi-family U-CYCLE programs, a wide variety of cart or dumpster sizes would be needed, as well as varying collection frequencies. Therefore, having property owners billed directly by the hauler, based upon an established pricing schedule, would be the favored option.

Another option would be to include both refuse and recycling services in the hauling contract. This option would allow businesses to achieve much greater savings on their refuse/recycling collection. The Villages of Skokie, Niles, Hoffman Estates and 15+ other northern Illinois municipalities have implemented such a program.

Pros: Program equitable in that all businesses must participate; potential for significant diversion; potential for significant savings, especially if refuse and recycling collection are included; program education simplified by using only one hauler; reduce burden on City staff if hauler billing is chosen.

Cons: Program has significant potential for resistance by businesses and haulers, including possible legal challenges; Option not previously discussed with haulers, so their attitudes unknown; Negative financial impacts on non-selected haulers; Space restrictions would still impede recycling by certain businesses; Program might place heavy burdens on City staff, especially if the recycling tax is chosen as the billing option.

- **Option # 4 - Do nothing but promote recycling to businesses and offer recycling technical assistance**

This option involves changing nothing from the status quo, with the exception of City staff providing technical assistance to businesses on recycling matters. Technical assistance could include a limited waste assessment, recycling program design, helping with container and space issues, working with haulers, educating employees, and adjusting refuse hauling service. In reality, staff has now begun to offer this assistance informally to businesses that ask for help. No efforts have been made to promote this assistance, other than a short presentation at an Illinois Green Business Association workshop on December 7, 2010.

Pros: Program would increase diversion and possibly reduce costs for businesses that ask for assistance; no resistance by businesses or haulers.

Cons: Program would result in significantly less diversion than other options identified; Space restrictions would still impede recycling by certain businesses; Some City staff time to provide technical assistance.

Conclusions

The four basic models laid out above each have strengths and weaknesses. Option # 2 is the one that was recommended to the City Council in a February 4, 2010 staff memo. Option #2 would be the easiest model to implement (outside of Option #4), but if it is chosen, we must be aware that its impact will be limited due to the following:

- The haulers with the most customers in town already provide recycling service. The perception that there are is a lack of haulers providing commercial recycling service is largely inaccurate, although a case could be made that haulers could provide collection of more types of materials. Option #2 could increase the availability of multiple material recycling collection service.
- Many businesses have space issues hampering collection (a situation which no City ordinance will improve), or they are tenants which are unable to convince landlords to provide recycling service. Option #2 will not do much for those that fall under these categories.

Options #1 and #2 have the most potential for increased diversion from the commercial sector; however, they both have much potential for resistance by those most impacted (businesses in the case of #1; haulers in the case of #3).

If the City Council would like to provide a boost to commercial recycling, Option #2 could be implemented via ordinance within a short time frame (couple months). Taking that action, along with a commitment to look at more significant options in the next year, could be a successful way to increase commercial recycling in Urbana.