

MEMORANDUM

TO: Roger Stancil, Town Manager

FROM: Lance Norris, Public Works Director
Kenneth C. Pennoyer, Business Management Director

SUBJECT: Pay-As-You-Throw Summary

DATE: January 25, 2010

PURPOSE

This memorandum provides basic information on “pay-as-you-throw” (PAYT) as a refuse collection option. Please see Attachment 1 for a detailed staff report.

BACKGROUND

Past Town Councils have considered PAYT as refuse collection alternative on several occasions. On October 28, 2009 the Town Council requested a report that presents background information on PAYT for the benefit of new Council Members and provides information on recent developments in County discussions related to PAYT as a refuse collection option.

DISCUSSION

Pay-As-You-Throw

Traditionally, residents pay for waste collection through property taxes or fixed fees, regardless of the amount of trash generated and disposed. PAYT, also known as unit pricing or variable rate pricing, is a system whereby residents are charged for the collection of municipal solid waste based on the amount they throw away.

While specific goals and objectives of PAYT are determined based on local conditions and considerations, typically the system is instituted for the interrelated purposes of environmental, and in some cases economic, sustainability. From an environmental perspective, PAYT has the potential to increase recycling and reduce waste due, in part, to the waste reduction incentive created by PAYT. Essentially, the idea is that if residents are required to pay based on the amount they throw away, they will attempt to either create less waste or recycle more. A reduction in waste and increased recycling mean that fewer natural resources need to be extracted and greenhouse gases associated with manufacture, distribution, use and disposal of products are reduced. Additionally, as waste reduction goals are achieved, the use of landfills for the disposal of waste will decrease.

There are two basic methods for implementing PAYT, one based on volume and the other based on weight. Under a volume-based system, residents or consumers are charged for waste collection according to volume generated. This is typically implemented either by number and/or variable sizes of containers placed for collection or by use of special trash bags (or tags or

stickers for trash bags) that are purchased. This method has the relative advantage of being less costly to set up and operate than a weight-based system.

Under a weight-based system, refuse is weighed curbside and the resident or consumer is billed for service per pound of refuse set out for collection. On-board computers record weights by household and customers are billed accordingly. Radio frequency tags are affixed to the containers to identify households for billing purposes. The primary advantage of this system relates to savings that residents can achieve by reducing their household's waste stream. Because the amount of refuse placed for collection can be measured more precisely, every pound of waste reduction can be accompanied by a reduction in user costs.

There are several important issues to consider before implementing a PAYT system. Some of these issues include (see Attachment 1 for more detailed information on these issues):

- Potential fiscal impacts of implementation;
- Methods of assessing fees and recovering costs;
- Relief from fees for low-income families;
- Equity issues (e.g., those related to differing family sizes);
- Handling of commercial and multi-family housing waste;
- Actual effect PAYT on recycling and waste volumes;
- Potential for illegal diversion (e.g., dumping garbage bags illegally); and
- Compliance enforcement.

In order to be successful, the implementation process for PAYT must include several steps, some of which are sequential, while others may occur simultaneously. The following are some suggested steps the Town might take should we implement a PAYT system:

- Broad public outreach, education and participation is generally considered to be essential for a successful program. The public information program would likely include the use of multiple information methods (public meetings, press releases, fliers and related outreach efforts). We would need to provide residents with as much information as possible about our goals for the program and how the program would work.
- The Council could set programs goals and objectives based on the Town's diversion goals, as well as a means of tracking and measuring progress towards goals.
- We would determine elements of the program to be implemented. If the Town opts for weight-based services, we would need to begin acquiring the appropriate equipment, retraining Solid Waste Management staff and developing a billing administration system. If a volume-based system is selected, then a choice would have to be made between containers and bags, tags or stickers. Methods of distribution and payment would have to be determined and arrangements would have to be made with retailers (please see the discussion in Attachment 1 concerning these issues).

- Legal provisions likely would be necessary in order to implement a new system. Ordinances either may have to be amended or new ones adopted.

Recent Developments in Orange County and in Local Deliberations

On a local level, though some renewed interest in PAYT has been expressed recently, there have not been any major developments arising from discussions about PAYT as a viable and worthwhile option for the Town or County. Because the Town already has a relatively high diversion rate of 55 percent, we do not believe we would realize the same degree of waste reduction or increases in recycling as many other communities if PAYT was implemented.

In November 2009 members of the Orange County Solid Waste Advisory Board (SWAB), comprised of representatives from Orange County and its three Towns, discussed the issue of PAYT as it pertained to convenience centers as a potential longer term funding option. The apparent consensus of the group was that there is little support at this time or in the immediate future for recommending PAYT as a refuse disposal option at convenience centers. Discussions regarding the County's capacity to handle increased recycling resulting from PAYT are still ongoing and no definitive conclusions have been reached at this time, though it does not appear the potential diversion would have a significant impact on the County's ability to handle increased recycling.

On December 7, 2009, the Orange County Board of County Commissioners voted to authorize staff to proceed with validating an interlocal agreement between Orange County and the City of Durham that formalizes short-term, and possibly long-term, arrangements to have Orange County-generated municipal solid waste delivered to the City's transfer station in Durham, located near Interstate 85. It is unclear at this time how this decision will affect the manner in which the Town currently disposes of its solid waste, or whether there will be any impact on the County's recycling operations.

CONCLUSION

While PAYT has grown in popularity nationwide as a solid waste disposal option, our research indicates that little has changed in the last 15 years in terms of the way the system is implemented or administered, or the potential benefits and issues related to the system. We believe that a PAYT refuse collection could be successfully implemented in Chapel Hill, that the process would have to be implemented over a time period sufficient to allow for proper planning and design, and that involvement of the public and coordination with other services must occur in order to ensure an integrated, rational and successful approach to solid waste management. However, because of the Town's already high diversion rate, we do not believe we would realize the same degree of waste reduction or increases in recycling as many other communities if PAYT was implemented.

Furthermore, the effects of the County's recent decision to haul solid waste to the Durham Transfer Station remain to be seen, and as such, the Town's approach to solid waste management in the future and the County's ability to absorb increased recycling resulting from PAYT are unclear at this time.

ATTACHMENTS

1. January 10, 2010 Staff Report (p. 5).
2. November 27, 1995 Staff Report (p. 14).