**ACTION SHEET**
**PUBLIC UTILITES COMMITTEE MEETING 11/5/14**

**ISSUE NO. 8**

Update on Resolution 2014-26 relating to the feasibility and fiscal impact of converting the current City of Santa Fe recycling program into an automated single-stream recycling program. (Lawrence Garcia)

**PUBLIC UTILITIES COMMITTEE ACTION: Approved.**

**SPECIAL CONDITIONS OR AMENDMENTS:**

**STAFF FOLLOW UP:**

| VOTE: | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| COUNCILOR RIVERA, CHAIR | X | | |
| COUNCILOR MAESTAS | X | | |
| COUNCILOR BUSHEE | X | | |
| COUNCILOR DIMAS | X | | |
| COUNCILOR IVES | X | | |

# City of Santa Fe, New Mexico

# memo

**DATE:** November 5, 2014

**TO:** Public Utilities Committee

**VIA:** Nick Schiavo, Public Utilities Department and Water Division Director NSA

**FROM:** Lawrence Garcia, Interim Environmental Services Division Director

**RE:** **Report on Single-Stream Recycling – Resolution 2014-26**

---

On April 9, 2014, City Council past resolution 2014-26 directing staff to study the feasibility and fiscal impact of establishing a single-stream recycling program for the City of Santa Fe.

At the June 4th 2014 Public Utilities Committee meeting the Environmental Services Division (Division) presented information on the feasibility and impact of a single stream recycling collection program. Staff recommended finalizing the Comprehensive Solid Waste Management Study (CSWM) from Leidos. The City of Santa Fe's CSWM cost study was completed in August, 2014. Subsequently, the Santa Fe Solid Waste Management Agency (Agency) and the system wide CSWM provided a draft report in the middle of September 2014.

The following recommendations within The City of Santa Fe's CSWM cost study were made concerning the residential recycling collections program:

1) Transition to automated recycling collection operations within two years as a high priority.
2) Remove glass from collection operations and transition to glass drop-off program, as a high priority, in conjunction with movement to automated recycling.
3) Increase recycling setout rate from 56% to 70/80% within twelve months as a medium priority.
4) The potential cost savings of $274,150 to $428,300 could be recognized by reducing collection staff and providing recycling collection every other week to residents.

The current recycling collection cost was based on CSWM residential revenue requirements. The CSWM residential revenue requirements provided direct and indirect cost for residential refuse and recycling services. The Division calculated container maintenance and indirect costs for recycling services at forty percent of the overall residential revenue requirements. The direct allocation cost included ten collection staff positions and one supervisor position to oversee the program. The overhead/indirect cost included advertising, outreach, and branding for forty thousand dollars; however, this cost was not added to the calculation. Please, see the following cost breakdown:

| | Current Cost | % of Current Cost | Total Cost |
|---|---|---|---|
| 1) Direct Allocation Recycling | $1,307,239 | 100% | $1,307,239 |
| 2) Container Maintenance | $65,854 | 40% | $164,635 |
| 3) Recycling Processing | $26,531 | 100% | $26,531 |
| 4) Overhead/Indirect | $579,382 | 40% | $1,448,454 |
| **Total current cost** | **$1,979,006** | | |

The fiscal impact of automated single stream recycling collection program was also calculated utilizing the same cost and percentage breakdown as the above comparison. The direct allocation staffing was reduced by one collection staff position for a savings of forty-six thousand, three hundred twenty-two ($46,322), including benefits. Also, included in the cost breakdown were roll-out containers, collection vehicles, drop-off containers for the glass drop-off program, one staff position to work as a caretaker at the glass drop off locations, and the trade-in value of current collection vehicles. The containers and collection vehicles were amortized over ten years. Please, see the following cost breakdown:

| | Projected Cost | % of Projected Cost | Total Cost |
|---|---|---|---|
| 1) Direct Allocation Recycling | $1,260,917 | 100% | $1,260,917 |
| 2) Container Maintenance | $65,854 | 40% | $164,635 |
| 3) Recycling Processing | $26,531 | 100% | $26,531 |
| 4) Overhead/Indirect | $579,382 | 40% | $1,448,455 |
| 5) Container Cost, amortized over ten years | $157,402 | 10% | $1,574,024 |
| 6) Collection Vehicles, amortized over ten years | $224,394 | 10% | $2,243,944 |
| 7) Trade in Value of existing collection vehicles | | | <$540,000> |
| **Total projected cost** | **$2,260,481** | | |

The fiscal impact of the overhead/indirect cost included marketing, outreach, and branding for would be forty thousand dollars per year. Within the CSWM cost study the authors stated that successful recycling programs are spending on average $2 to $4 per citizen per year. This would be a direct increase to the program based on a yearly cost per citizen. The Division believes it is imperative to educate our citizens; this will have a positive impact on our recycling program and increasing diversion from our landfills.

To maintain current diversion rates in the short term and increase the diversion rates in the future the automated single stream recycling collection program will need to increase the type of recyclable materials that are accepted within the program. To expand the type of materials accepted through our recycling program we would need to have the Solid Waste Management Agency approve the additional materials or contract with a firm that has the capabilities to process the additional materials.

The following are the materials accepted by Friedman Recycling who is currently contracted with the City of Albuquerque:

Paper: Newspapers/magazines; junk mail; office paper; corrugated cardboard; cereal/cracker boxes; phone books; books; brown paper bags; and paper egg cartons.

Plastic: #1-7 plastic bottle/tubs; and rigid plastic toys/hampers.

Metal: Aluminum cans; tin cans; foil & pie pans; small electronics; pots & pans; and small appliances.

Conceptually a glass drop off program would consist of covered roll-off containers that would be placed at specific locations. The locations could be at parks throughout the City of Santa Fe. The drop off location would have a caretaker to assure compliance with the program and assist the public in unloading their glass into the container. The Division believes that there would initially be a reduction in the amount of glass recycled; however, with an effective marketing and outreach program the volume of glass being recycled should increase.

The Division surveyed ten communities that have single stream recycling systems to find out their experience and what other factors contribute to their recycling rates. The greatest increase in the rate of recycling was gained through an effective, initial marketing and outreach campaign followed by an annual on-going campaign for recycling. Most cities are utilizing third parties for advertising; the City of Albuquerque's recycling program has utilized their contractor for advertising in the first two years, which was included in the processing agreement.

In conjunction with the automated single stream recycling programs most cities are considering a "Pay-As-Throw" (PAYT) system. The CSWM recommended that the Division revisit PAYT rates in 12 to 18 months or when automated recycling is implemented. This would create an incentive for customers to increase their diversion of recyclable materials.

The CSWM study for residential collection, which includes both refuse and recycling collection, states that the Division is under recovering the costs for services and recommends increasing monthly rates for services. The CSWM study for the Agency is also showing that the recycling processing is also under recovering by $91.34 per ton. The Division believes that by contracting the recycling processing the Division could recognize an indirect savings of approximately $300k to $400k annually. This would also assist in either eliminating the need to increase rates or minimize the current cost amounts.

The feasibility for an automated single stream collection would require start-up costs to purchase containers and collection equipment in the amount of $3,875,900. The Division currently does not have the funding available within cash balances to cover this type of capital.

**Recommendation**

The Division will present a plan to implement an automated single stream recycling collection program. The plan will include recommendations for staffing, equipment, marketing & outreach and a comprehensive budget.