Payday

Communities find success with variable rates, despite citizens' initial reluctance

By Ann Marie Halal

Pay-as-you-throw solid-waste programs date back to the early 1900s in Berkeley and Richmond, Calif., but they now are gaining in popularity throughout the rest of the United States.

Many communities traditionally have covered the cost of providing solid-waste services through taxes or a flat fee.

"This is the first time in the history of the world that garbage is being perceived [increasingly] as a utility," said Jan Canterbury, environmental-protection specialist with the U.S. Environmental Protection Agency's Office of Solid Waste and Emergency Response.

"The concept explains that you are actually paying for this service. What this does is sort of shed light on these costs and say you are paying for what you use," Canterbury said.

Known by names such as pay-as-you-throw, unit pricing, or variable- or volume-based rates, such programs number about 2,000 around the country, according to EPA estimates.

The Seattle-based Skumatz Economic Research Associates believes there are at least 3,000, and that number is

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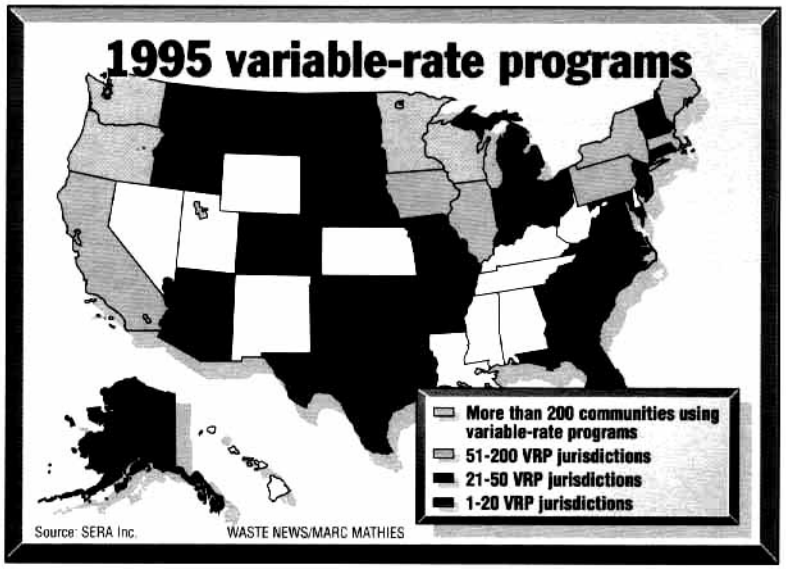

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growing. The research and consulting firm, which specializes in economic rates and evaluation services for waste agencies, counted only a few hundred programs in the late 1980s.

That total rose to 1,800 in 1993, and in 1995, Skumatz counted 2,800 programs operating in 37 states plus Canada. The firm is updating the numbers.

Skumatz Economic principal Lisa Skumatz attributed the continued rise in popularity to various factors: increased information and education, communities exploring more cost-effective waste-management methods, and modeling programs after neighboring communities.

In the firm's analysis of the cost-effectiveness and overall impacts of variable rates, most communities surveyed reported short-term costs did not increase, and all the respondents expected long-term costs to be reduced.

"I don't necessarily think variable rates are the answer for all communities," she said. "You have to look at the cost-effectiveness immediately and over the long run as well."

What may best explain the significant rise of pay-as-you-throw programs in the 1990s is the need to increase recycling in order to meet state or local goals and mandates. Because of the economic incentive of having to pay for garbage by the amount generated, variable rates have been found to reduce the tons disposed of by an average of 25 to 45 percent, according to studies by Skumatz and the U.S. EPA.

Most agree pay-as-you-throw and variable-rate programs work best when a recycling component is involved and if it costs the homeowner less to recycle than it does to put items out for disposal.

A recent survey by Skumatz of 500 communities with recycling programs in place found variable rates could increase diversion from disposal by up to 11 percent, Skumatz said.

"That's a tremendous amount of percentage points for something that does not require an additional truck down the street," she said.

A comprehensive approach taking into account both immediate and long-term goals is important when implementing variable rates, Skumatz said, and communities and haulers need to set rates to make sure they will cover their costs.

"It's one of the areas where good economic management and good environmental management come together," said Jim Morris, administrator of the New Jersey EcoComplex, a consortium of universities that researches environmental and economic issues.

The U.S. EPA is documenting success stories in a report due out this year.

One of those stories is San Jose, Calif., which implemented a variable-rate structure in July 1993, the same time it revamped its entire solid-waste system. The program was designed to reach the state's 50-percent diversion mandate by 2000, said Ellen Ryan, the city's integrated waste-management program manager.

"When we started planning, we recognized one of the key components to reaching a 50-percent rate was a financial incentive," Ryan said.

San Jose previously had a monthly flat fee of $12.50 for service, so residents were used to paying garbage fees.

Probably the biggest hurdle was convincing the public that the increase was not particularly large, Ryan said.

Before the program began in 1993, diversion was at 28 percent. In 1996, it was at 46 percent.

Public concerns often arise when communities first try to implement pay-as-you-throw programs, particularly when instituting a separate fee for solid-waste services that have been paid for through regular taxes.

"There is no community that's going to give you 100-percent participation," said Jim Alderden, president of Resourceful Bag and Tag Co. The firm sells customized bags and tags nationwide. "But as soon as you add the behavior modifier of volume-based rates, source reduction is the No. 1 thing people talk about," Alderden said. "There is nothing out there that gives as much incentive for source reduction as a volume-based program."

The most common concern expressed when instituting variable rates is that illegal dumping will increase. But most research indicates the problem is perceived rather than real.

Some say variable rates may pose problems for people living on a low or fixed income, and some programs offer discounts to those residents.

Another argument is that variable rates put larger families at a disadvantage because they are likely to generate more trash and, therefore, will pay more. But larger families also pay more if they use more water, electricity and other services, Skumatz said.

The idea of fairness is what prompted the town of Seekonk, Mass., to implement its variable-rate program in 1993, said Pat Vieira, who served as a member of the town's recycling committee and later as its first paid recycling coordinator.

Seekonk's citizens committee recommended that the fee for solid-waste collection be taken out of the tax base and made into a flat fee. Some residents opposed the higher charge, but the move freed up about $500,000, most of which went to local schools, Vieira said.

Although strong recycling already was in place at that time, diversion today is at 43 percent, she said. "This is what worked for us. There is probably some solution in there that can probably work," Vieira said. "You set your goals according to what the community needs and you tailor your program to achieve them." ■