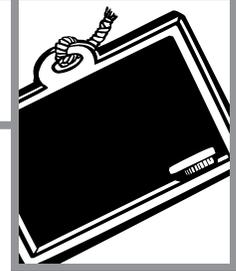


Appendix B: Sample RM Presentations



[Click here for text version.](#)

1. Presentation: Introduction to Resource Management

Resource Management: From Waste to Resource Efficiency

- What is resource management (RM)?
- Why use RM to improve waste management and recycling?
- What are RM services?
- Where do contractor incentives come from?
- Who else is doing it?
- What are the benefits?
- How do we get started?

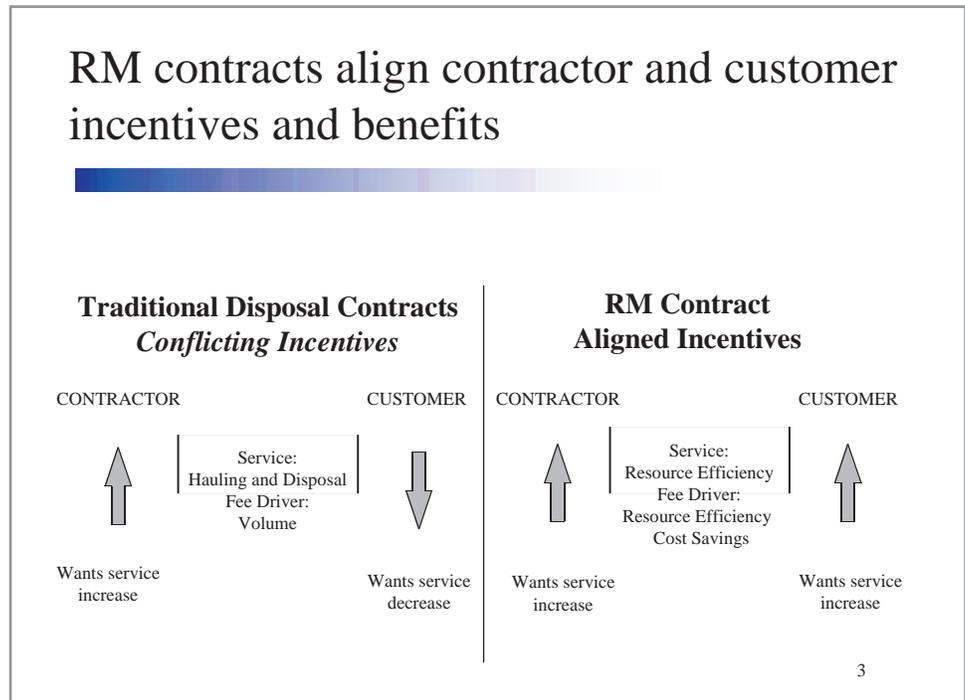
1

What is resource management (RM)?

- RM is a strategic alternative to traditional waste contracting and recycling
- RM contracts emphasize/reward resource efficiency (e.g., prevention, reuse, recycling, composting) throughout material life cycle rather than disposal
 - Pays single contractor for quality of service and continuous improvement in resource efficiency, rather than the quantity of waste disposed of

2

RM contracts align contractor and customer incentives and benefits



Why use RM to improve waste management and recycling?

- Funds spent on separate trash and recycling services could be pooled and put to better/more strategic use
- Contractors are the experts (and can do it cheaper in many cases)
- Resource (people) constraints internally
 - Means we focus on other more urgent priorities

Why use RM to improve waste management and recycling? (cont'd)

- Significant cost-effective opportunities to reduce waste, boost recycling, and optimize services
 - RM contractors will pursue them when offered proper financial incentives
 - Results in continuous improvement, no additional cost, and freedom to focus on core work
- Improve understanding, data visibility
 - To get incentives, contractor has to prove performance through documentation (ask yourself: do we have a good handle on our recycling rate? What is the potential to save by diverting/reducing?)

5

What are RM services?

- Single supplier for all services pertaining to resource efficiency (e.g., waste reduction, reuse, recycling, waste hauling)
- Range of services:
 - Management of subcontracts, oversight of internal processes to improve efficiency
 - Technical support: waste auditing, recycling improvements, waste reduction identification and implementation
 - Employee education/training
 - Comprehensive reporting, consolidated billing, and data management for environmental reporting

6

Where do contractor incentives come from?

- Financed from savings contractor achieves from the baseline (provided your performance targets met). Might include:
 - Avoided disposal costs, recycled material revenue from diverting more (less processing costs)
 - Avoided purchase and other costs for waste reduction/reuse initiatives implemented by contractor
 - More efficient hauling and material handling
 - Economies of scale, leveraged purchasing rates for subcontracted services

7

Who else is doing it?

- Savings at General Motors plants that have had RM contracting in place for one year or more:
 - Source reduction impacts: 20% reduction in overall waste generation (30,000 ton decrease)
 - Recycling impacts: 65% increase in recycling (from 50,000 tons to over 82,000 tons)
 - Disposal impacts: 60% decline in annual tonnage disposed of
 - Cost impacts: 15 to 30% decrease in waste management contract costs
- Multiple RM service contractors bid—suggesting profitable service provision

8

Who else is doing it? (cont'd)

- Public Service Enterprise Group (PSEG)
 - Rationale:
 - Collaborate with RM contractor to harvest lost recovery/recycling opportunities
 - Share responsibilities/benefits, organizationally aligned to process
 - Piloted at 40 facilities, now 120+
 - Reduced hazardous waste from 1,460 tons to 103 tons (1992-2000)
 - Reduced cost for haz and non-haz waste from \$6 million to \$4.25 million from 1994-1996
 - Recycled 94% of non-haz waste (80,712 tons) in 2000
 - Savings of \$1.75 million for waste disposal/recycling over 3 years

9

Who else is doing it? (cont'd)

- Office buildings, universities, hotels, electronics and defense contractors, and hospitals committed to implement RM contracting in coming year
- Applicable to diverse organizations: commercial, industrial, institutional, municipal
- For more information, see *WasteWise Update* at: www.epa.gov/wastewise/pubs.htm

10

What are the benefits?



- Cost-effective service improvements
- Reduced contract administration
 - Single supplier manages all subcontracts
 - Consolidate billing
- Aligned contractor/customer goals
- Focus on “core competency”
- Improved data tracking, reporting

11

How do we get started?



- Establish cross-functional team
- Identify your management champion
- Verify current contractual obligations/contract expiration dates with purchasing department
- Assess baseline waste and recycling costs and service levels
- Develop options for improving resource management (internal vs. external provider)
- Develop proposal for management approval

12

2. Presentation: Baseline and Estimate of Resource Management Potential

Resource Management: Baseline and RM Potential Estimate



- Current waste management programs
- Current contract costs
- RM objectives
- RM potential
- Proposed RM program and benefits
- Next steps

1

Current waste management programs



- Outline the following information, if known:
 - Number of waste/output streams
 - Waste handling/disposal systems (including personnel/contractor responsibilities, flow chart from waste to end disposal for wastes, including containers)
 - Tonnage/volume for each waste stream (exact reported in invoices or estimate of each waste stream based on service levels/assumed densities) can be presented as pie chart and/or separated by building if multiple facilities included
 - Identify what is recycled and present estimated or actual recycle rate (= total output as trash & recycling divided by recycling)
 - Number of vendors involved in handling all waste/recycling

2

Current waste management programs (cont'd)

Building/Waste Stream or Contract	Trash Tons	Recycle Tons	Recycle Rate
A	445.2	17.4	4%
B	36.5	20.7	36%
C	109.2	19.8	15%
D	139.2	9.3	6%
E	106.0	77.8	42%
Total	836.2	144.9	15%

3

Current contract costs

- Outline the following information, if known:
 - number of contracts to handle waste/recycling and materials handled in each, and scope of service (e.g., container rental, hauling, disposal)
 - Amount paid (or credited) in last calendar year on each contract, and brief explanation of rates (e.g., \$/haul/\$/ton, credit for recycling revenue determined by Official Board Markets)
 - Net cost for all contracts
 - Cost per ton managed for each
- Can be presented in table (see example next slide)

4

Current contract costs (cont'd)

2002

Building/Waste Stream/Contract	Cost	Net cu. yds.	Est. tons	\$/ton
A	\$19,084	3182	445.2	\$42.87
B	\$1,001	418	36.5	\$27.40
C	\$988	312	27.3	\$36.20
D	\$1,845	936	81.9	\$22.52
E	\$2,834	1591	139.2	\$20.36
F	\$2,893	494	106.0	\$29.63
Total	\$28,646	6,933	836	
Est. average \$/ton	\$34.55			

5

RM objectives

- Can include (but not limited to):
 - Pursue continuous improvement in resource efficiency (waste reduction, reuse, recycling/composting)
 - Reduce hazardous waste generation
 - Hold overall contract costs at or below current levels
 - Optimize current hauling, garbage disposal, and recycling operations and services to reduce overall waste management system costs
 - Have RM contractor develop a detailed tracking, reporting, and invoicing system to support goal setting, performance tracking, and decision-making ability
 - Tap contractor resources to help conduct educational outreach on aspects of the RM program or solid waste management

6

RM potential

- Insert results from your estimate of potential RM diversion and cost savings
- Normally consists of a chart or graphic with scenario depicting incremental increases in recycling and potential cost savings that might be used as contractor incentives (see example next slide)

7

RM potential (cont'd)

	Resulting Net Recycle Rate	Avoided Disposal Fee	Revenue	Total Savings	Savings as a % of Net Contract Costs
Current	15%	\$4,883	\$755	\$5,638	NA
Scenario 1	26%	\$8,036	\$1,002	\$9,038	12%
Scenario 2	39%	\$11,442	\$1,229	\$12,671	24%
Scenario 3	54%	\$15,302	\$1,456	\$16,758	38%

8

Proposed RM program and benefits



- Outline the following information:
 - Scope of services
 - What will change (e.g., contractor as partner, better reporting)
 - Potential metrics to ensure cost savings, recycling, and waste reduction performance
 - Timing of implementation
 - Estimated resources needed to implement

9

Proposed RM program and benefits (cont'd)



- Benefits
 - Cost-effective service improvements
 - Reduced contract administration
 - Single supplier manages all subcontracts
 - Consolidate billing
 - Aligned contractor/customer goals
 - Focus on “core competency”
 - Improved data tracking, reporting

10

Next steps



- Verify expiration dates of major contracts
- Approval from top management to begin developing the RFP
- Hold initial kick-off meeting of cross-functional team
- Set workplan and schedule
- Begin drafting RFP