

# Pay As You Throw

## *Aligning Waste Charges with the most Wasteful*

“Pay as you Throw” (PAYT) systems, also known as “variable rate” programs or “user pay” programs, ask households that produce more waste to pay more for their garbage collection. Assigned by volume of waste (number of bags, cans, etc), the more volume you want to throw away, the more you pay. Conversely, since recycling is free, the more that you can put in a recycling bin and keep out of your trash can, the less you pay. It puts both the incentive and disincentives in the right places and lets the customer choose what actions they will take.

As the number of communities using these programs has grown over the last decade, much has been learned about the impact of this approach to solid waste management. According to Skumatz Economic research Associates 2005- 2006 survey, PAYT programs are in place in almost 7,100 communities in North America, available to about 25% of the population. Each community measures success differently. Some focus on keeping costs down. Others are concerned with reducing waste disposal tonnage. The council has admirably voiced both these concerns. Introducing a PAYT program would meet three major sustainability goals:

**1. Greater equity:** Under traditional waste management financing, residents who discard a small amount of waste subsidize the greater trash disposal rates of their neighbors. Under PAYT, residents are charged only for the amount of waste they actually discard. This gives them more control over their monthly waste bills in this tight economy. Traditional structures only favor the most wasteful instead of the whole community.

**2. Environmental:** PAYT has some of the highest waste diversion rates, second only to mandatory programs. Research has found that households generate between 14 and 17 percent less waste in just their first year of PAYT. Their household recycling rates increased by 32 to 59 percent and they compost more. These results have never been reached by education alone.

The 2008 Florida Energy Bill (House Bill 7135) signed into law by Governor Crist established a new statewide recycling goal of 75% to be achieved by the year 2020. The Florida Department of Environmental Protection is currently designing the program to achieve this goal and will submit it to the Legislature for approval by January 2010. Since all State decisions ultimately are enacted in local governments (think wastewater mandates), it would behoove all local governments to be as proactive as early as possible.

**3. Economic:** Besides providing a direct and easy method for households to reduce their waste bills, PAYT also is easily adapted to cover a community’s bills. PAYT can be designed to bring in enough revenue to cover both fixed and variable costs of a solid waste program.

*Fixed costs* are those that remain fairly stable or that change only after large-scale waste collection changes are made (such as increasing the number of collection trucks). In line with many communities goals of keeping costs down, a rate or billing structure will need to and can be developed carefully. The easiest form of PAYT to implement is the hybrid system, which uses current collection and billing methods, but puts a cap on the amount of trash allowed for the bill. Any additional set outs require extra fees, an incentive, through a bag, tag, or sticker system.

*Variable costs*, such as landfill tipping fees, are expenses that fluctuate with changes in the amount of solid waste collected. Whether a community decides to use bags, tags, stickers or cans ([Click here for advantages and disadvantages of each](#)) to mark “extra” waste, these variable loads would now pay for themselves. A local retailer has already expressed willingness in selling the tags or stickers at their place of business.

A community may wish to generate revenues beyond the amount needed to pay the solid waste program costs to help fund educational ventures or a future composting program. There are many options available to the hauler to receive money for recycled materials; it is a commodity to be sold, unlike solid waste that we pay to put in a landfill.

## **Case Studies of Successful PAYT Programs**

*(Taken from "PAY AS YOU THROW (PAYT) IN THE US: 2006 UPDATE AND ANALYSES FINAL REPORT by EPA Office of Solid Waste & Skumatz Economic Research Associates: ([http://www.serainc.com/PAYT2006\\_EPA\\_SERA\\_FinalReport.pdf](http://www.serainc.com/PAYT2006_EPA_SERA_FinalReport.pdf))*

PAYT programs are flexible and quick to implement – they are in place in large communities, very small communities and everything in-between.

**Mount Vernon, Iowa:** Mount Vernon has a population of 3,700 (similar to Islamorada) and has been running a successful PAYT program since July of 1991. Homeowners pay a monthly flat rate of \$7 for pick up services and purchase \$1.75 container tags at city hall or one of several stores. While the revenue from tag sales roughly covers the cost of trash collection and landfill fees, the monthly billing finances the "free of charge" collection of recycling material, and yard waste. The city estimates that the trash the typical resident sent to the landfill decreased by nearly 40 percent, and in fact the total reduction of residential trash and all yard waste per household exceeded the Iowa state legislature goal of 50 percent waste reduction. Altogether, by recycling and reducing trash, and by composting, the average household saved \$47 last year in fewer tags purchased.

**Dover, New Hampshire:** The City of Dover is a community of approximately 26,000 people on New Hampshire's seacoast. Their 1990 budget for solid waste alone was approximately \$1.2 million. Their budget for next year's combined solid waste and recycling budget is now \$878,000. Their current residential recycling rate is well over 50% despite it being strictly voluntary.

**Attleboro, Massachusetts:** Attleboro, population 43,000, started its hybrid bag PAYT program in 2005 when their trash collection contract expired. The city council approved it after a cost/benefit analysis showed that unlimited trash pick-up would increase residential fees by \$60.00 with a subsequent 15% annual increase, similar to our situation in Islamorada. The PAYT system only raised the fees by \$30.00 that first year with no subsequent increase. In fact, after adopting the program, the fees actually decreased \$6 for the second year because of a 36% increase in recycling and a decrease of 3,000 lbs. in solid waste collected.

**South Kingstown, RI:** Kinston chose a tag system in lieu of bag system to provide residents free choice with regard to the size and type of refuse bag they were accustomed to using. The average family of four has reduced its solid waste stream to one tagged bag and one bag of recyclables per week. This equates to a total yearly trash disposal cost of \$52 per year, which is a \$40 savings from their previous average annual cost of \$92. Elderly and single residents have reported a reduction in solid waste disposal to as low as one refuse bag every two weeks, for a total yearly refuse disposal cost of \$26.

## **Summary:**

Research has demonstrated that PAYT is the most effective single action that can increase recycling and waste diversion, and can also be one of the most cost-effective. In order for our local governments to provide an equitable waste disposal fee structure/system for its community, meet the goals of its sustainability plan, and prepare to meet future state recycling mandates, PAYT is worth taking action on now.