

# Recycling: Economic Incentives

## Preliminary Resource Paper

### Chicago Recycling Coalition

www.chicagorecycling.org



**Issue:** *New income-generating and cost-savings initiatives should be considered, creating economic incentives to maximize recycling and minimize waste.*

#### **History and Background**

As Chicago's blue cart program has stalled, the city administration has focused on only two strategies to reduce costs to enable further expansion: (1) implementing a grid rather than a ward-based collection design; and (2) outsourcing to private haulers, where the cost-savings are achieved by dramatic reductions in wages, health and pension benefits and quality working conditions.

#### **Chicago Recycling Coalition (CRC) Policy Proposals**

After twenty years of sub-standard recycling, the CRC recommends that the city take the time to look at *all* options to move forward, including new systems that can save money or generate income, while promoting recycling and waste reduction. Possible initiatives could include:

**A "Pay-As-You-Throw" Program (PAYT).** In the past, we have seen the city administration and aldermen float the idea to charge for recycling. This is exactly the *wrong* approach. It sends the message that recycling is an add-on luxury that comes with a surcharge, while garbage collection is a necessity and should be provided for "free". The CRC advocates consideration of a pay-as-you-throw or variable-rate pricing system, where the household's garbage collection cost is based on how much is thrown out. A few possible scenarios:

- No extra charge for a standard 90-gallon black tote. Extra fee for a second black cart.
- Stickers sold (at grocery stores, currency exchanges, etc.) to use on extra bags of garbage or bulk items
- Use of smaller (60-gallon, 30-gallon) garbage bins would reduce the standard fee

Yes, the change would take serious programmatic rethinking, but the benefits include a new revenue stream for the city plus reduced garbage, i.e., reduced hauling and tipping fees. U.S. cities with PAYT such as San José, CA and Fort Worth, TX have reduced their disposal costs by several million dollars annually; according to the USEPA, Illinois already has 170 PAYT communities.

**Help with the Cost of New Blue Carts.** Even with the stockpile of about 22,000 blue carts, the city still needs 220,000 more to complete the blue-cart expansion. DCEO already provided \$8 million in grants for the first round and can likely be counted on to provide a portion of the estimated \$20 million still needed. The CRC would also recommend that the city target companies that produce recyclable waste to underwrite the purchase of more carts, from local newspapers to juice, water, and milk companies (but not soft drinks or alcohol due to health issues.) Product names on bins would be allowed, but with a standard large message to *recycle*.

**Product Fees.** Some consumer materials are cheap, ubiquitous, and contribute significantly to both the waste stream and to litter. The CRC recommends fee-based programs for two of these:

- **Plastic bags.** The current plastic-bag recycling ordinance should be replaced by a 5-cent or 10-cent fee, payable at checkout for any plastic bag given out. If one wants a bag, one can buy one, and LINK-card users could pay a reduced or no fee. The benefits are significant: a new city revenue stream, reduction of garbage, and reduction in plastic-bag litter. Ireland's fee has resulted in a 95 percent reduction in plastic bag use. Los Angeles County and Washington, DC have passed similar laws.
- **Disposable bottles.** Charging a refundable fee (CRC recommends 10 cents) for every beverage bottle is long overdue. The legislation would have to be statewide, and we understand that there is new interest at the state level. Eleven states already have bottle bills resulting in significant revenue and again, a major reduction in litter.