

User Fees: Coming to a Village Near You...

We've talked with 23 villages across the state for lessons learned on setting up user fees for the solid waste program. Here is what we've found. Remember, you're the expert for your community. Not every tip will work for you, but you'll have a good idea of what to try.



Businesses are a good, stable source to help pay for your program. Of the 17 villages that currently have a user fee

for solid waste services, all but one charged businesses. Many commented that businesses make up for the shortfall they have from houses. These businesses include the school, utility, stores, and any lodges. Most have a slightly different service for the bigger businesses. For example, they do not pick up wastes from the school, but allow the school to use the landfill for a set charge. Business fees averaged about \$100 per month or so, and ranged from about \$40 per month for smaller businesses in Togiak and Shaktoolik, to up to \$300 per month in Newhalen. The amount households paid in these same communities did not depend on the amount charged to businesses.



You don't need a house-to-house collection program to charge fees. Communities like Chignik Bay and Togiak charge

households even though they don't collect door-to-door. They have in-town drop off containers for folks to use whether they pay their bills or not. Newhalen does not have in-town drop-off containers— but they charge \$30/month to households to maintain the landfill. Chignik Lagoon only charges folks who self-haul to their locked landfill. Some communities offer house collection to only people who pay, and others offer it to everyone, regardless of whether they pay or not. For all of these services, communities were able to convince a pretty good portion of households to pay the fee.

How to get a good fee collection rate?



1. Keep up your service/payment plan if you can.

Elim found out that 1 month of free door-to-door isn't enough. Too many folks dropped out when asked to pay. And it looks like the better collection rate communities have all had their program in place for several years (4-6 years or more).



2. Community knowledge works.

Newhalen had a big dump fire a few years back. After that folks saw the important role that an operator and a safe landfill plays. Nearly everyone pays their \$30 per month for landfill maintenance.



3. Incentives.

Iguigig offers a 50% discount to folks who participate in the Spring cleanup. This way also reminds folks of the relationship between their litter and the cost of the solid waste program.

4. Moderate household fee.

What you decide to charge now may not be the fee you charge in a few years, after the community is used to paying. Many communities charge a pretty moderate fee. This is what research on Lower-48 communities that are implementing fee systems shows. Folks are more willing to pay low fees (makes sense!). But once



they get used to paying a fee, they become more willing to pay a higher fee. So the fee can be raised each year until the fees pay for the program. Iguigig, Chignik Lake, Kasigluk, Angoon, St. Mary's, and Togiak all charge households \$10/month, and Mekoryuk and Shaktoolik charge \$15/month.

5. Charge the fee that works for you.

Every program has different costs because of different equipment, different services, different wages,

different town-house-landfill distance (i.e. fuel), etc. And every program has a different community. So there can be a difference in ability to pay the fee (are there more low-income or elders households?) and there can be a difference in “willingness to pay” (how important folks think solid waste is). Other monthly fees we found for established programs were Brevig Mission (\$20), Koyuk(\$25), Teller (\$30), Chignik Bay (\$37), and Nome (\$50).



6. Lock it up. Chignik Lagoon and Iguigig have locked landfills. No one is allowed in except during open hours. Chignik charges folks \$10/truckload for self-haul. If you’re able to control access, it can work. But you will need to make sure, with enforcement, alternatives, or education, that folks don’t start illegal dumping. Chignik Lagoon does give the option of using a drop-off container, so illegal dumping isn’t a big problem.



7. Pre-pay If you can’t afford to offer everyone a collection program, you can try a pre-pay system. Kasigluk and Shaktoolik have a pre-pay system at their tribal office. They are able to get about one-third to one-half the households to participate. This amount can really help your landfill and it keeps those folks safe and away from the landfill risks.



8. Disincentive An incentive is something that rewards folks for doing something. A disincentive is something that discourages folks from *not* doing something. St Mary’s, for example, stops their collection service to folks who don’t pay. Another example would be a fine for not paying, or a fine for discarding trash outside the authorized landfill section. You might think of an effective way to convince folks to pay in your community.

9. Pay As You Throw. Pay-as-you-throw programs, also called “variable rate”, charge folks depending on how much waste they have. Either the size of container or the number of

containers (bags, cans, etc.) is charged. The advantage is that some folks feel these programs are more fair (and some don’t). And it provides an incentive to folks to reduce their trash through recycling and more attention to packaging. A Lower-48 study showed an average 17% reduction in trash when pay-as-you-throw programs were implemented. We found several communities that charge businesses for the number of dumpsters, or for the size of dumpsters or cans. These are pay-as-you-throw programs and they seem to work.



How Do You Bill Your Fees?

We found a variety of ways that folks billed for their program. Some communities, such as Togiak and Teller, send a separate solid waste bill. Several communities, such as Brevig Mission and Chignik Bay, include their solid waste charges in their water and wastewater bill. You can include that as a separate line item (where folks see how much they pay for solid waste), or a single fee. And some communities, such as Nome, include their solid waste fee in their electrical utility bill. The advantage of including the fees in a water or electric bill are that many folks haven’t learned to place a priority on solid waste, but they have a high priority on plumbing and lights (and TV!). So they may be more willing to pay the bill.



Some other methods suggested by RUBA:

The folks at the State of Alaska Rural Utility Business Advisory (RUBA) Program help rural communities operate their utility programs from a business/management perspective. While they mostly work with water and wastewater utilities, their lessons learned can translate to solid waste. Here are some options they learned from villages for convincing folks to pay fees in your community. Some options work in one village, but not in another. Again, you are the expert on your community and will know if any of these might work in your village:



- **Take advantage of your “high cash season”.** Offer a “Prepay” option during the season or month where folks have the most money. For example, you can have a special during PFD month. Or in some villages, folks go to fight fires and have more cash during summer. You can offer folks an extra incentive – maybe one month free garbage if they pay for the whole year now, or another incentive. Think about when a good time is for you to offer folks this great opportunity to pay for their garbage service all year. They won’t need to worry about bills later.



- **Advertise the (lack of) payment rate!** Sometimes folks think that the \$10 per month that they owe won’t make a difference to anyone. They don’t realize how fast all the money adds up from everyone. Print out a list of all the money owed by different households. For each line you would have a household and the money owed. *You can include the name of the household or you can decide to hide the name.* At the bottom should be the total of all the money owed for solid waste. Then post it at the store, post office, community center. Show people how the money adds up, and how their contribution makes a difference. You can also include the total cost to pay your collectors and operators, and the total program cost. If you have a budget – you might even post that, so folks know money isn’t being wasted. When people connect their payment directly to helping someone keep their job, they might be more likely to pay the fee.



- **Bingo!** Bingo and Rippies are a great opportunity to help pay for solid waste. You can offer to take some

money directly from the winnings to pay for a household’s service. For example, folks know that when they win, they can direct a percentage of the money, or a dollar amount, to pay for collection. It is convenient because they don’t need to hassle with their bill and they’re feeling “rich” for the moment. Be creative and think of additional incentives. You can offer a deal for bingo/rippies winners that if they pay 10% of their money to solid waste fees, you will give them a discounted garbage bill for a year. You could also charge a fee per bingo card that goes to solid waste. This is more like a tax, rather than a direct fee payment. But whatever works is what is best!

You can visit RUBA resources at <http://dced.state.ak.us/dcra/ruba/ruba.htm>. They offer training courses that may help you, your bookkeeper, council, or staff to more effectively manage your solid waste program for financial sustainability – recordkeeping, billing, collection, assessing fees, etc. Again, much of their work right now is in water/wastewater, but solid waste programs also qualify for some of their assistance and training. Contact Elizabeth Manfred at Elizabeth.Manfred@alaska.gov.



The villages that we described have graciously agreed to share their lessons. We are very indebted to them for this article.

You can access their contact information, and more program details at http://www.zendergroup.org/docs/Collection_UserFee_Examples.pdf.

Financial sustainability of your program is important, and it is being re-emphasized as a goal in IGAP. In the summer issue, we discussed collection program types (if you missed that, go to <http://www.zendergroup.org/news.html>). This issue we focused on user fee systems that can go along with those services. Next issue, we’ll examine in detail how to determine the best fee structure, and we’ll visit the budgeting and fee calculation resources that are available.