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Reduce New York City's High Cost of Garbage Collection

By Carol Kellermann

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Municipal garbage collection in New York City is exceptionally expensive -- the public-sector cost is more than double private-sector charges and much higher than collection costs in other cities. This fall provides a great opportunity to address the problem. The City's contract with municipal sanitation workers has expired; a new Sanitation Commissioner, Kathryn Garcia, was appointed six months ago, and negotiations with the Uniformed Sanitationmen's Association are in progress.

A report published by the Citizens Budget Commission in May highlighted the surprisingly high cost of garbage collection in the city, where \$2.3 billion is spent annually on both the public and private systems of handling trash. A new report by the Citizens Budget Commission -- titled "Getting the Fiscal Waste Out of Solid Waste Collection in New York City" -- now proposes three short-term reforms and four long-term ones to solve the problem. Together the longer-term changes would save about \$300 million annually -- enough to double the number of Pre-K seats, resurface 1,500 lane miles of streets or rehabilitate 3,000 units of public housing.

The three short-term reforms to the municipal Department of Sanitation (DSNY) should be achieved through the upcoming negotiations with the Uniformed Sanitationmen's Association and related City Council legislation. Those actions, which would save taxpayers \$96 million annually, are as follows:

- Promote flexibility to meet neighborhood needs. More flexibility should be permitted in the frequency of refuse collection, the scheduling of shifts, recycling practices, and the type of street litter basket. If routes were redesigned to increase the average amount of refuse collected per truck-shift from 10 to 12 tons, the City would save \$72 million a year.
- Expand the use of large containers and automated trucks. DSNY's fleet includes one-worker, flat-bed trucks for transporting large containers (dumpsters), but only 8 percent of refuse and 1 percent of recycling is collected in this manner. If DSNY expanded the use of one-worker, automated trucks from 8 percent to 18 percent, the City would save \$20 million annually, even if it doubled the related bonus payment to operators.
- Eliminate "unproductive" productivity bonuses. DSNY workers receive bonus payments for meeting targets for tons collected per truck-shift and for dumping their haul within a shift. However, meeting the criteria for these bonuses is a function of workers' route assignments



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and neighborhood characteristics, rather than a function of the workers' productivity. Eliminating these bonuses would save \$4 million a year.

In the longer run, a more transformative redesign of the public and private garbage collection system is needed. To achieve that, four reforms should be phased in over a multiyear period:

- Implement financial incentives to reduce refuse generation. In other cities and in New York City's commercial sector, garbage producers pay fees based on the volume of trash removed. Such charges discourage garbage creation and encourage reuse and recycling. Pay-as-you-throw fees would save the City an estimated \$57 million annually.
- Introduce competition to promote efficient public waste collection. Exposing DSNY to competition could produce substantial savings. To start, the City should solicit public -- and private-sector bids to collect smaller streams of waste now collected by DSNY, such as government agencies, schools, and street litter baskets. In addition, the City should experiment with permitting private carters to compete for contracts to collect residential garbage in a few existing or modified sanitation districts. Over time, if all DSNY collections were subject to competition, the City would save \$220 million a year.
- Create franchises for more efficient commercial waste collection. A franchise system for commercial garbage would limit the number of carters allowed to operate in a given area, thereby reducing truck congestion and improving the efficiency of operations. The savings to the private system would be \$26 million annually.
- Diversify capacity for snow removal. So the limited number of snow events does not impact year-round staffing decisions at DSNY, the City should diversify its snow removal workforce to include other public employees, private contractors, and retired DSNY employees.

Redesigning New York City's system of garbage collection is an opportunity to save taxpayers' money and improve the environment. It's time to eliminate the waste -- not just collect it.

The author is President of the Citizens Budget Commission.