



September 30, 2019

Honorable Corey Johnson, Speaker
New York City Council
250 Broadway
New York, NY 10007

Honorable Antonio Reynoso, Chair
Committee on Sanitation and Solid Waste Management
New York City Council
250 Broadway
New York, NY 10007

Dear Speaker Johnson and Chair Reynoso:

Modernizing New York City's commercial waste collection is very important because it has the potential to reduce carbon emissions, reduce congestion, and improve health and safety. As the City Council deliberates establishment of commercial waste zones, we urge enactment of non-exclusive waste zones, which will achieve most of the benefits resulting from a zone system while maintaining competition and customer service, and minimizing fiscal risk to the City.

There is broad consensus that the current system of commercial waste collection is in need of reform. Commercial waste trucks log extensive vehicle miles traveled (VMT), clogging city streets, releasing noxious emissions, and imposing wear and tear on streets and noise on residents. There have also been labor and safety concerns with some commercial carters.

Establishing commercial waste zones can address these problems by increasing collection efficiency, achieving substantial VMT reduction, and reducing the negative externalities imposed by the current system of long, duplicative routes. In addition, City contracts with commercial carters would allow the City to set standards for vehicles emissions, safety, training, labor, recycling, and other policy goals through contract requirements.

Most of the potential reduction in VMT due to implementation of a zone system could be achieved with a non-exclusive zone model with three to five carters. Non-exclusive zones are projected to reduce VMT by 50 percent, while exclusive zones only generate a modest incremental benefit with a projected 58 percent reduction in VMT.

Furthermore a non-exclusive zone model is preferable to the exclusive model proposed in Intro 1574 because:

- Non-exclusive zones retain customer choice and performance incentives by requiring vendors to compete for customers in the zone, which maintains the incentive for high-quality service and low costs. In an exclusive model, the commercial carters would compete to win the zone, but once awarded the contract, the selected carter would not have an additional incentive to reduce costs or improve service. This has proven to be a problem in Los Angeles after adoption of exclusive zones.
- Exclusive zones put the City at risk if a carter fails to deliver services. In a non-exclusive model, alternative carters are available if a contractor fails to perform or does not meet customer expectations. Furthermore, DSNY would be the default provider if the City needed to exercise the most severe enforcement tool—contract termination. Having DSNY collect commercial waste is potentially costly to taxpayers because DSNY collection costs are twice that of the private sector, additional collection would be done mainly on overtime, and commercial carting fees would be insufficient to covers the City's costs.

Commercial waste zoning presents an opportunity for New York City to transform an industry in need of labor, safety, and environmental standards, and more efficient operations; we strongly support the City Council's pursuit of a zoning system. However, we urge the City Council to amend Intro 1574 to permit DSNY to award contracts to three to five carters per zone. This balanced approach achieves most of the benefits of zones, while maintaining competition and minimizing risk.

Sincerely,



Jonathan Bowles
Executive Director
Center for an Urban Future



Andrew S. Rein
President
Citizens Budget Commission

CC: Sanitation and Solid Waste Committee Members and Co-Sponsors of Intro 1574

Honorable Diana Ayala

Honorable Justin L. Brannan

Honorable Fernando Cabrera

Honorable Margaret S. Chin

Honorable Andrew Cohen

Honorable Costa G. Constantinides

Honorable Chaim M. Deutsch

Honorable Daniel Dromm

Honorable Rafael L. Espinal, Jr.

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