Nadeau, Jessica

From:	Susan Bush <sbush@circular-matters.com>
Sent:	Friday, October 6, 2023 8:06 PM
To:	Beneski, Brian; Bertocci, Elena; Nadeau, Jessica
Subject:	Questions you had
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Hi Brian, Elena and Jessica
With regards to the questions you had, I wanted to get back to you, though I did want more complete responses than I was able to obtain.

You asked for information about how these programs are obtaining material-specific cost information used to charge producers.

A concept that can be confusing but we tried to convey on our call with you is how identifying costs by material type and fees are two different things.
Material costing is used to identify the ALLOCATION of costs to producers, it is not used to directly "charge producers" as you seem to be envisioning it. Fee rates are established by dividing the total costs allocated to a fee category (material type category, for example) divided by the total quantities of that material type supplied by producers in that fee category.

If straight material-specific costs per ton were used to apply to a producer's supplied quantities, total fee revenue would always exceed total material costs. And of course there are additional costs (e.g., administrative, overhead, etc.) that are charged to producers, which could be allocated differently.
And this is all before eco modulation fees are considered.

In terms of the other questions, we are still mulling them over. ME is a bit of a different animal as you know bc the SO does not have control over the program. Parameters to ensure that investment costs are not insanely high are a good idea, for sure. Still trying to think of how those could best be limited. Looking at how grant applications are structured might be helpful. One way to limit might be to say that if the investment is to better manage existing material, it must decrease $/ton costs on average. If it is expected to increase tonnage (or expand material types), expected costs should not exceed a certain threshold (e.g., see Oregon – as I recall their limit is $2,000 per ton in this situation).

Regarding ownership of assets -- what I've seen work in the past is creation of a joint authority. Another is one municipality takes lead of program and other munis sign an MOU to participate – with payment terms (e.g., per HH fees) and certain length of time (I developed a fee schedule for multiple municipalities in PA sharing composting equipment, for example, and fees were based on population of each municipality)

Hope that helps but I'll keep soliciting ideas that may be helpful to you.
Best regards,

Susan Bush
Principal

Circular Matters LLC
Narragansett, RI
Direct: 401.782.6710
E-Mail: sbush@circular-matters.com
http://circular-matters.com