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DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
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WRITTEN COMMENTS OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE ON
WAYS AND MEANS
ON
THURSDAY, MARCH 30, 2017
1:40 P.M.
CONFERENCE ROOM 211

H.B. 523, S.D. 1

RELATING TO RECYCLING.

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee, thank you for the opportunity to submit written comments on H.B. 523, S.D. 1.

The Department of Accounting and General Services (DAGS) appreciates the intent of the measure and offers the following comments for the committee's consideration.

1. Current Recycling: DAGS currently recycles paper and cardboard at about sixteen facilities at an annual cost of \$89,880 (an average of \$5,618 per facility). The contract requires the contractor to provide collection bins at a single location within a facility, and collect and recycle the materials. One or two State purchased collection bins are located on each floor of the facilities and janitors bring the materials to the central collection bins that are provided by the contractor.

2. Expanded Recycling: Based on similar terms of our paper recycling contract, expanding recycling to deposit containers is estimated to increase costs due to more frequent collections and the use of different, smaller, vehicles. Other considerations include containers will need to be separated by materials and between HI5 and non-HI5; contractors cannot use the 5¢, per container, to lower costs because if they do not pay out the 5¢ to the customer, they cannot

collect the 5¢ from the State; and paper cannot be contaminated; thus, the same collection vehicle cannot be used to collect paper and deposit containers or trash.

3. Contractor vs. In-house Recycling Comparison: In comparing between using a contractor and in-house staff to collect recyclables, DAGS finds through an internal study that with a contractor start-up costs (once every 10 years) are estimated at \$45,000 and annual costs would be \$625,240. For in-house staff, start-up costs are estimated at \$645,000 and annual costs would be \$1,268,700. The costs are estimated per 20 facilities. Please see the attached study titled, *H.B. 523, S.D 1: Recycling in DAGS Buildings*, for the methodology and considerations in support of the estimated costs.

Thank you for the opportunity to submit written comments on this matter.

H.B. 523, SD1: RECYCLING IN DAGS BUILDINGS
MARCH 29, 2017

As requested by Senate Standing Committee Report No. 1068, the following is a review by the Department of Accounting and General Services of the current and estimated costs for recycling in DAGS buildings.

H15 Machines

The H15 redemption machines that were located at the loading dock of the State Capitol was a test project requested by the vendor. The market in that area did not pan out and the vendor has since given up its representation of the equipment and is not currently able to provide that service.

Providing H15 redemption machines requires one machine for each type of container (glass, cans, and plastic bottles) and one machine for the distribution of money, for a total of four machines at each location. Each container machine costs about \$25,000 and the cash machine costs about \$30,000. Providing the service will also require maintenance of the machines and collection of the containers. Also, due to the small storage capacity of the machines, it is estimated that vendors will need to collect the containers every other day.

Based on the above information, we anticipate annual costs of \$30,000 - \$40,000 (per facility), with a minimum four or five year contract term, to provide H15 redemption machines at our facilities. There is also the chance that no vendors will be willing to provide this service and we may not receive any bids.

Recycling of Paper and Deposit Containers

Currently, we contract the recycling of paper and cardboard for 16 facilities at an annual cost of \$89,880 (an average of \$5,618 per facility). The contract requires the contractor to provide collection bins at a single location within a facility, and collect and recycle the materials. One or two State purchased collection bins are located on each floor of the facilities and janitors bring the materials to the central collection bins that are provided by the contractor.

If recycling of deposit containers were to be added, using similar terms of paper recycling, our current contractor estimates that it will be at a higher cost due to more frequent collections and the use of different, smaller, vehicles.

Other items to consider include:

- Containers will be required to be emptied with caps removed
- Containers need to be separated by materials and between H15 and non-H15

- Non-HI5 glass is not accepted
- Contractors cannot use the 5¢, per container, to provide a lower cost because if they do not pay out the 5¢ to the customer, they cannot collect the 5¢ from the State
- Paper cannot be contaminated; thus, the same collection vehicle cannot be used to collect paper and deposit containers or trash

If collection were to be done by State employees, the following would be required:

- Two Collection trucks, 1 for paper and 1 for deposit containers
- Additional collection bins for paper and collection bins for the deposit containers
- An average of 1 janitor, per facility, to collect materials throughout the facility, sort the materials and bring the materials to the central collection area
- One staff member to collect the materials from the facilities

Contractor vs. In-house Comparison

Analysis of comparing between using a contractor to using in-house staff, to collect recyclables, is as follows.

Using a contractor will include the following:

- The State will purchase an average of 15 receptacles per facility (\$150 per receptacle)
- Contractors will supply collection bins in common collection areas at the facilities (based on current paper/cardboard recycling costs and at a 10% higher cost for deposit containers)
- State janitors will bring the materials from the receptacles throughout the facility to the common collection areas (an additional janitor for ½ day at each facility)
- Contractors will collect and recycle the materials from the common collection areas at the facilities
- Estimated cost per 20 facilities
 - Start-up Cost (once every 10 years): \$45,000
 - Annual Cost: \$625,240

Using State staff will include the following:

- The State will purchase and maintain 2 trucks for the collection of paper/cardboard and deposit containers. (\$300,000 to purchase, \$5,000 for annual maintenance and \$5,000 annually for fuel, per truck)

- The State will purchase an average of 15 receptacles per facility (\$150 per receptacle)
- State janitors will remove all caps and liquids, sort and bring the materials from the receptacles throughout the facility to the common collection areas (an additional janitor at each facility)
- State heavy truck driver and refuse collector will collect and deliver the materials to the recycler from the common collection areas at the facilities
- Estimated cost per 20 facilities
 - Start-up Cost (once every 10 years): \$645,000
 - Annual Cost: \$1,268,700

Even if the cost to use contractors to collect the deposit containers were double of the cost to collect the paper/cardboard, the Annual Cost would still be less than using in-house staff (annual cost \$726,360). A breakdown of the estimated costs for 20 facilities is as follows:

	Contracting Cost per Facility		In-House Cost per Facility	
	Startup Cost	Annual Cost	Startup Cost	Annual Cost
<u>Contracting</u>				
15 Collection Bins per Facility	\$2,250			
- \$150 per bin				
Paper/Cardboard		\$5,618		
Deposit Containers		\$6,180		
1 Janitor II (1/2 day)		\$19,464		
<u>Collection by State Employees</u>				
2 Trucks per 20 Facilities			\$30,000	
- \$300,000 per Truck				
Truck Maintenance				\$10,000
Truck Fuel				\$10,000
15 Collection Bins per Facility			\$2,250	
- \$150 per bin				
1 Janitor II				\$38,928
1 Heavy Truck Driver per 20 Facilities				\$2,342
1 Refuse Collector per 20 Facilities				\$2,165
Total	\$2,250	\$31,262	\$32,250	\$63,435
Total for 20 Facilities	\$45,000	\$625,240	\$645,000	\$1,268,700

The cost savings from reducing our waste stream (tipage fee) was not included because it will be the same in both cases and it is estimated to be minimal because paper/cardboard is already being recycled so there should be almost no increase, and it is currently estimated that a high percentage of deposit containers are currently being taken home by employees or others.

It should also be noted that the use of deposit containers has drastically decreased as many have been using reusable/refillable containers.



**Conservation Council
for Hawai'i**

Hawai'i's voice for wildlife

Kō Hawai'i leo no nā holoholona lōhiu



Testimony Submitted to the Senate Committee on Ways and Means
By the Conservation Council for Hawai'i
Hearing: Thursday, March 30, 2017 1:40 pm
Room 211

Support for HB 523 SD 1 Relating to Recycling

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee,

Aloha. The Conservation Council for Hawai'i supports HB 523, which requires DAGS to reasonably provide and maintain onsite collection methods at buildings and facilities it manages, maintains, or services for the collection of recyclable materials; appropriates funds.

However, we recommend the proposed requirement apply to all buildings and facilities managed by any state agency.

If state agencies do not lead by example, how can we expect the counties, businesses, and residents to take recycling seriously?

Please pass HB 523 SD 1. Mahalo nui loa for the opportunity to testify.

Marjorie Ziegler

Marjorie Ziegler



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March 29, 2017

To: The Honorable Jill Tokuda, Chair
Members, Senate Committee on Ways and Means

From: Tim Shestek, Senior Director
State Affairs

RE: HB 523 SD1 – SUPPORT

The American Chemistry Council (ACC) is writing in support of HB 523 SD1, which would require the Department of Accounting and General Services (DAGS) to provide and maintain collection methods for recyclable materials at all buildings and facilities under DAGS management.

The Plastics Division of the ACC represents the leading manufacturers of plastic resin and packaging products. Plastics inspire countless innovations that help make life better, healthier and safer every day. Plastics are a valuable resource and ACC is continually working to ensure that plastic materials are responsibly used and then recycled whenever possible.

Since 1990, the plastics industry has invested more than \$2 billion to support increased recycling and educate communities in the United States. We strongly support litter education and prevention, waste minimization and increased access to recycling. HB 523 seeks to increase access to recycling by placing collection bins for recyclable materials in all state agency buildings and facilities. Efforts such as this help to reduce what ends up in our landfills, oceans, and waterways.

Thank you in advance for considering our views. If you have any questions or comments, please do not hesitate to contact me at 916-448-2581 or via email at Tim_Shestek@americanchemistry.com. You may also contact ACC's Hawaii based representative Red Morris at 808-531-4551.



From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 28, 2017 2:09 PM
To: WAM Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB523 on Mar 30, 2017 13:40PM*

HB523

Submitted on: 3/28/2017

Testimony for WAM on Mar 30, 2017 13:40PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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