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Austin Resource Recovery

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Subject: Home Composting Rebate Program Fiscal Year13

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PURPOSE

The purpose of this memo is to provide an analysis of Austin Resource Recovery's (ARR) Home Composting Rebate Program, including a cost overview and recommendations for continued program enhancements.

BACKGROUND

ARR launched the Home Composting Rebate Program as a pilot in 2010. The program is designed to increase understanding of how customer choices impact diversion of organics from landfills. Positive response to the pilot led to program expansion in 2011 and 2012. The program goal as outlined within the ARR Master Plan, a long term plan that projects future departmental activities and services for the next 30 years, includes expanding the home composting incentive program to encourage the development of home and on-site composting

Pilot Program. In 2010, ARR initiated the Home Composting Rebate Program; also known as the Green30 Challenge. As an incentive to participate, the pilot program offered a 75% rebate up to \$75.00 for meeting the following criteria:

- Be an ARR curbside collection customer;
- Complete a City of Austin composting class, in person or online;
- Downsize to a 32-gallon trash cart; and
- Purchase a composter or composting system.

Downsizing to a 32-gallon cart provided ARR with a method to measure behavior change among rebate participants. Pilot classes included a basic explanation of Zero Waste, instruction on basic backyard composting, an explanation of ARR's cart pricing tiers and a review of eligibility criteria to qualify for the rebate. Staff contracted with a third party to teach 16 classes, averaging 45 attendees per class. Classes were held at Farmers' Markets, Public Events and City Hall.

During its pilot year, 719 people attended 16 composting classes and ARR issued 286 rebates. In 2010, ARR customers who received a cash rebate also realized an annual cost benefit on monthly utility bills of up to \$161.40 for downsizing to a 32-gallon cart.

Program Expansion. With approximately 300 participants in the pilot year, the department invested additional resources to expand the composting rebate program in 2011 and 2012. Specifically the department:

- Offered more class options in 2011 and 2012;



- Hired a temporary planner to assist with program expansion and class instruction;
- Encouraged schools, non-profits, businesses and libraries to utilize the class by request option; and
- Provided Spanish language classes in order to reach a broader customer base.

During program expansion the number of classes organized in 2011 and 2012 were 54 and 96, respectively. During these two years, a total of 4,730 people attended 151 composting classes, averaging 35 attendees in 2011 and 29 attendees in 2012. ARR issued a total of 1,443 rebates during these two years.

To date, the Home Composting Rebate Program has directly impacted over 6,000 citizens by increasing awareness and education on the issue of organics diversion. Program expansion, as supported by the ARR Master Plan, will continue to contribute to the City's goal of reaching 90% diversion by 2040.

ANALYSIS

Utilizing data from the pilot program in 2010 and program expansion in 2011-2012 staff conducted a cost benefit analysis for the program.

Methodology. To quantify the costs for the rebate program, staff narrowed the cost factors down to the following areas:

- Total cost for program operation per year
- Cost per attendee per year
- Cost per class per year
- Cost per rebate processed per year

Total Cost of Program Operation. Analysis of the program's total cost includes five components. By adding these components, staff can utilize the total cost per year to calculate the average cost per attendee, cost per class, and cost per rebate. The five components are:

1. Operational costs (tent rental and instructors)
2. Printed instructional materials
3. Collateral (kitchen compost collectors)
4. Advertising
5. Staff time

Costs per Attendee, per Class and per Rebate. In order to calculate the costs per attendee, per class and per rebate (units), staff utilizes the total cost for the rebate program within a fiscal year (FY) and divides it by the total number of units within the same FY. These measures provide staff an indication of the program's operating cost efficiency.

ASSUMPTIONS

Staff made two recurring assumptions throughout this analysis:

1. **If class data is incomplete, 25 attendees is the estimated attendance.** In order to measure the number of attendees per class instructors are responsible for submitting a sign-in sheet. The sign-in sheet confirms attendance that is later utilized by administrative staff to confirm eligibility. The minimum number of registrants for a class by request is 25; if no sign-in sheet is provided then ARR assumes that 25 attendees participated in the class.



2. **Staff time is calculated as 2 hours at \$20/hr. per class.** Multiple staff members participate and assist with hosting composting classes. Each class takes approximately 2 hours, 1 hour for the class instruction and 30 minutes before and after for setup and tear down. The median wage utilized to calculate staff time is \$20 per hour for two hours per class.

FINDINGS

Based on the analysis from the pilot program and program expansion, staff determined the following:

- Total cost of program operation increased from 2011 to 2012 by 432% due to additional marketing efforts, increased collateral purchases and ARR staff time. See Table 1.
- Cost per attendee and cost per rebate increased during program expansion. See Table 2.
- Program expansion did not deliver proportional increases in attendance and participation from 2011 to 2012. See Table 3.
- Scheduled classes have higher attendance than classes requested by customers.
- Marketing targeted at customers with 32-gallon trash carts increased rebate participation.

Table 1. Total Cost of Program Operation

FY	Operational	Print	Collateral	Advertising	ARR Staff	Total Cost
FY10	\$2,652.00	\$8,156.64	\$4,413.50	\$825.00	\$640.00	\$16,687.14
FY11	\$4,575.00	\$2,915.72	\$6,596.00	\$450.00	\$2,200.00	\$16,736.72
FY12	\$4,380.00	\$8,515.64	\$15,500.00	\$56,740.60	\$3,840.00	\$88,976.24

Table 2. Cost Per Attendee, Class and Rebate

FY	Cost/Attendee	FY	Cost/Class	FY	Cost/Rebate
FY10	\$23.21	FY10	\$1,042.95	FY10	\$58.35
FY11	\$8.75	FY11	\$304.30	FY11	\$27.80
FY12	\$31.57	FY12	\$926.84	FY12	\$105.80

Table 3. Three Year Class and Attendance Record

Category	FY10	FY11	FY12
Total Attendees	741	2,306	3,248
Classes	16	55	96
Rebates Rcvd	286	602	841
Class Attendees	719	1,912	2,818
Average Attendees	45	35	29
Class Rebates	264	208	411
Online Rebates	22	394	430

Options

After reviewing the program's cost analysis and findings, the following options are available to promote successful continuation of the program:

Replicate previous year's efforts. In 2010, classes were scheduled at farmers' markets, public events, and City Hall. These classes, offered by the City, required minimal staff resources and were promoted through word of mouth. In 2011/2012, regularly scheduled classes increased to include classes by request



at schools, non-profits, businesses and neighborhood associations. Two internal staff continued to process rebates, host classes and respond to all inquiries and requests.

Class Expansion. Expand the program to include more class options. Some examples of class expansion include hosting classes at recreational facilities, offering more classes to city employees and offering classes to large businesses.

Expand Instructor Base. Regularly scheduled classes could be held at Farmers' Markets, Libraries and City Hall, as well as classes by request. Regularly scheduled classes could be divided into 3 regions and assigned to 3 instructors. Classes by request could be managed through a contract to increase the number of classes provided without straining internal resources. Contracting with multiple instructors expands the class' realm of influence and provides citizens with training from industry experts. Possible expansion in 2014 includes utilizing volunteers as an external instructor base. Local garden stores and other venues that currently offer composting classes could host a qualifying City composting class by meeting a few specific criteria.

Additional Performance Measures. The current program's success is measured solely on the number of rebates received. Expanding performance measures related specifically to education and outreach, cost benefit analysis, and program participation would provide a broader view of program performance. Recommended measures include the following:

- Monitor total attendance as a general educational statistic
- Survey class attendees to understand cart size preferences and marketing effectiveness
- Maintain a cost per rebate at or below \$75
- Continue to monitor average attendance and set a goal of 40 average attendees per class.
- Perform a waste audit on a random sampling of approximately 25 homes that participated in the home compost rebate program. Staff would gather specific data on organics diversion weights. The waste audit provides a baseline measure of organics diverted per household.

Voucher Program. Prior to launching the pilot program staff consulted with other city departments, including Austin Water Utility (AWU) and Austin Energy (AE), to discuss the pros and cons of vouchers versus individual rebate checks. While each method posed different challenges and based on recommendations from AE and AWU, staff decided to issue individual rebate checks to qualified rebate participants and explore vouchers at a later date.

Throughout the duration of the rebate program staff identified internal and external challenges related to processing individual rebate checks. Initiating a voucher program would allow citizens to participate in the rebate without having to make an initial monetary investment or wait for rebate processing. The voucher program would require ARR to contract with multiple vendors to provide composting systems to ARR customers.

Class Scheduling. In previous years composting classes were generally focused during the spring and summer. Staff found that classes held outside were not as well attended in July and August due to the weather. The classes with the most rebates per class were held at City Hall, Libraries and Farmers Markets. Providing classes at these locations during optimal weather months of February through June will meet customer demands and thereby increase class attendance and rebates received. Farmer's market classes would be held during the spring and in the evening during warmer months. No classes would be



held during September, providing the finance division time to complete year-end close outs. The online class would continue to be available and updated during 2013.

Target Marketing. In August 2012 the department mailed postcards to customers with 32-gallon trash carts to increase rebate participation. This marketing campaign was very successful and had a direct effect on the program's success in 2012. In August and September, 31% of the total years rebates were received within these two months. Prior to the mail out staff utilized a broad marketing approach through the use of newspaper ads and radio. Increasing targeted marketing efforts will ensure eligible customers are aware of the composting rebate program. Additional marketing options could include utilizing social media, surveys and postcards to identify specific target audiences.

Future Expanded Eligibility. The Clean Community Fee supports the expansion of the composting rebate program to include those living in multi-family complexes like apartments, condos and townhomes. Program terms and conditions would change to reflect the addition of an expanded customer base. The department would take a phased in approach to this expansion. Some possible implementation options include but are not limited to: offering rebates to individuals in multifamily complexes, offering rebates to the complex in its entirety for valet services or contracted composting services. Staff will discuss and evaluate implementation options prior to fiscal year 2014.

RECOMMENDATIONS

Staff recommends implementing the following steps in 2013:

- **Expand Instructor Base** – Develop contracts with external instructors to teach regularly scheduled classes, classes by request and Spanish classes. Contracting with multiple instructors expands the class' realm of influence and provides citizens with training from industry experts.
- **Additional Performance Measures** – Adding qualitative performance measures to gain a broader view of the program's success.
- **Voucher Program** – Implement a voucher program to remove identified barriers to entry. Secure contracts with multiple vendors in spring of 2013.
- **Class Scheduling** – Schedule classes at popular locations during optimal times in order to provide customers convenient options. Cancel classes during the month September to allow internal staff adequate processing time during year-end close out. An updated online composting class will be available year round.
- **Target Marketing** – Utilize a variety of specific and targeted marketing efforts in order to directly impact program participation.
- **Future Expanded Eligibility** – Expand the program eligibility to include multi-family residents in 2014.

Introducing a variety of options will improve program operations. If the above recommendations are approved, the composting rebate program will require the development of new contracts for the voucher program and class instructors. Continuing to refine and improve upon the home composting rebate program with an expanded instructor base, target marketing, use of a voucher program and expanded eligibility has the potential to reach new customers and divert more organic waste from landfills, supporting the City's Zero Waste Goal.

If there are any additional questions regarding the Home Composting Rebate Program, please contact Sylba Loren at 512-974-9008 or Sylba.Loren@austintexas.gov.