

City Council Finance Committee

Meeting Agenda

**February 16, 2023
9:00 AM**

Electronic Meeting

Members of the public are welcome to attend and give comments remotely; however, the in-person meeting may continue even if technology issues prevent remote participation.

- You can call in to **+1 408 638 0968 or 833 548 0282 (Toll Free)**, Webinar ID **#878 7340 6932**.
- You can log in via your computer. Please visit the City's website here to link to the meeting: www.louisvilleco.gov/council

The Council will accommodate public comments during the meeting. Anyone may also email comments to the Council prior to the meeting at Council@LouisvilleCO.gov.

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes January 23, 2023 (ITEM 1)
- V. Public Comments on Items Not on the Agenda
- VI. Bag Tax Outreach – Kayla Betzold, Sustainability Coordinator (ITEM 2)
- VII. Open Space and Parks Tax Extension - Adam Blackmore, Director of Parks, Recreation and Open Space (ITEM 3)
- VIII. Marshall Fire Update (ITEM 4)
- IX. EOY Report Bag Tax - 2022 (ITEM 5)
- X. EOY Report Sales Tax (ITEM 6)

Persons planning to attend the meeting who need sign language interpretation, translation services, assisted listening systems, Braille, taped material, or special transportation, should contact the City Clerk's Office at 303 335-4536 or MeredythM@LouisvilleCO.gov. A forty-eight-hour notice is requested.

Si requiere una copia en español de esta publicación o necesita un intérprete durante la reunión, por favor llame a la Ciudad al 303.335.4536 o 303.335.4574.

XI. Write offs (ITEM 7)

XII. Discussion Items for Next Meeting

- ✓ 2022 EOY Revenues, Expenditures & Changes in Fund Balances (Cash Basis)
- ✓ Rollovers/CarryOvers/1st Budget Amendment
- ✓ Year End CIP Report
- ✓ Year End Cash and Investments
- ✓ Quarterly Reports
- ✓ Marshall Fire Update
- ✓ Open Space & Parks Tax Extension Update
- ✓ Top 50 Taxpayers

XIII. Adjourn

City Council Finance Committee

4:00 p.m. | Monday, January 23, 2023

Virtual Meeting via Zoom

Regular Meeting

Call to Order – Councilmember Dickinson called the meeting to order at 4:00 PM and took roll call.

Committee Members Present: Councilmember Dickinson
Councilmember Brown
Councilmember Leh

Staff Present: Jeff Durbin, City Manager
Megan Davis, Deputy City Manager
Vik Runkle, Interim Director of Finance
Ryder Bailey, Director of Finance
Jeanette Longoria, Tax Manager
Kurt Kowar, Director of Public Works
Ligea Ferraro, Executive Administrator
Dawn Burgess, Risk Management Specialist
Kim Baker, Senior Accountant
Meredyth Muth, City Clerk

Others Present: Councilmember Most
Mayor Pro Tem Fahey

Approval of Agenda:

Councilmember Leh made a motion to approve the agenda, seconded by Councilmember Dickinson. Agenda was Approved.

Approval of August 22, 2022 Meeting Minutes:

Councilmember Dickinson made a motion to approve the minutes, Councilmember Leh seconded. Minutes were Approved.

Approval of November 28, 2022 Meeting Minutes:

Councilmember Dickinson made a motion to approve the minutes, Councilmember Leh seconded. Minutes were Approved.

Public Comments on Items Not on the Agenda:

None.

Councilmember Dickinson gave a welcome and update on the status of the committee.

Review of 2023 Work Program

The Interim Finance director presented the 2023 Work Program report and recommended that enterprise dashboards be provided to the Finance Committee twice a year. A financial and general impact of the fire will be provided monthly. The 2023 Major Initiatives were also noted.

The new City Finance Director introduced himself and gave a brief background of his experience.

Questions from the Committee:

Councilmember Leh asked if the City has changed anything on the work plan based on the Council decisions last week? The Work Program report wasn't updated based on the Council meeting last week. The City Manager noted that staff is working with the Board and Commission liaisons, the Deputy City Manager is taking the lead on the council work plan and the CMO is looking at alignment with these plans along with Executive Leadership Team and City department work plans.

Property, Casualty, and Liability Insurance Review

Risk Management Specialist Burgess presented the insurance review. 2023 coverage has been renewed with Travelers and the Bond renewal includes all assets. This process was started earlier this year and many insurers declined to quote. The firms that provided quotes were higher than what Travelers offered to provide. Costs are increasing by 16.6% this year. The marketplace comparison was attached to the packet provided to the committee. The Workers Comp was renewed with Pinnacle.

Questions from the Committee:

Councilmember Dickinson asked about the 2021 claim which was the Marshall Fire. He also asked if Council and finance committee has any part in determining who to continue with and they do not because insurance renewal is an administrative process. It was noted that we're under budget with the increase.

Councilmember Leh asked why the City budgeted for a 25% increase for this year. The Risk Management Specialist informed the committee that in 2022 risk management associations were talking about 30% increases this year, which informed the City's decision to budget for a 25% increase.

Councilmember Leh asked about the defense costs for the lawsuit by Rocky Mountain Gun Owners – how was that considered in determining insurance coverage. The Deputy City Manager noted we did research on peer orgs and their coverage and our coverage was similar to peer communities. For example, the Town of Superior insurance company is providing that entity's defense. We were able to convince Travelers to interpret the policy in the same way. We don't have a specific indication if future cases will have a different process.

Preliminary 2024 Budget Calendar:

Interim Finance Director Runkle presented the preliminary budget calendar. It was noted that the public works dept will bring forth new waste and storm water rates for approval by Council in February. New rates will go into effect in June for the July billing. There was a discussion around key dates and the annual timing of budget development.

Questions from the Committee:

Councilmember Dickinson asked if the biennial budget process saves time and effort versus an annual budget.

Councilmember Leh asked if a more aggressive budgeting timeline over-commits City staff.

The City Manager noted that there is a lot of change happening and stability is important. This calendar is structured on how the budget has worked in past years. We are waiting for the new Finance Director to come on board before we make too many changes.

Councilmember Brown indicated support for the biennial budget and noted that frontloading activities earlier in the year can be helpful.

November Sales Tax Reports (Nov Sales, December receipts, report in January):

Interim Director Runkle presented the November sales tax reports and noted that the Building Use Tax totals will change due to refunds for Marshall Fire rebuilding permits still in process. A detailed review will be provided to the Finance Committee in February.

Questions from the Committee:

Councilmember Leh noted that the delivery tax number is of great interest and suggested that it's possible the rate of growth was only 4% because so many homes were destroyed/damaged in the fire.

Councilmember Dickinson noted that the higher delivery tax income is concerning in that it could have a negative effect on local businesses which may affect the City if local businesses fail.

Marshall Fire Update:

Councilmember Dickinson would like this item to be on the agenda each month this year to keep informed about effects on the City's reserve.

The Interim Finance Director noted that the City has a good roadmap on how to proceed with FEMA requests and insurance coverage. There is a lot of staff effort in keeping this moving forward.

The City Manager noted that the City is now focused on long term recovery from the fire.

Questions from the Committee:

There was a discussion around the importance of understanding the totality of the disaster, where financial support came from and what the total cost to the City will be. Councilmember Leh requested a financial dashboard for Council to track this information.

Date and Time of Future Meetings:

The committee discussed moving this meeting to the third Thursday of the month at 9:00am. Councilmember Dickinson motioned to move the meeting to this date, Councilmember Leh seconded. The committee agreed to this time for the immediate future.

Items for the Next Regular Meeting, scheduled for February 16, 2023 9:00-11:00am:

- Bag Tax Outreach and Implementation
- Bag Tax 2022 EOY Report
- Write offs of Accounts Receivables
- Open Space & Parks Tax Extension Update
- Marshall Fire Response Updates
- Quarterly Reports
 - Sales Tax: 2022 Year End Reports
 - Top 50 Taxpayers

Items were approved for the next regular meeting.

Adjourn: The meeting adjourned at 5:28 PM.

**SUBJECT: DISCUSSION/DIRECTION- BAG TAX FUNDED WASTE
REDUCTION PROGRAMS**

DATE: FEBRUARY 16, 2023

**PRESENTED BY: KAYLA BETZOLD, SUSTAINABILITY COORDINATOR
JEFF DURBIN, CITY MANAGER**

SUMMARY:

Staff is presenting proposed waste reduction programs funded through disposable bag tax revenue that support commercial waste diversion, with the goal of increasing commercial waste diversion from its current rate of 24%.

DISCUSSION:

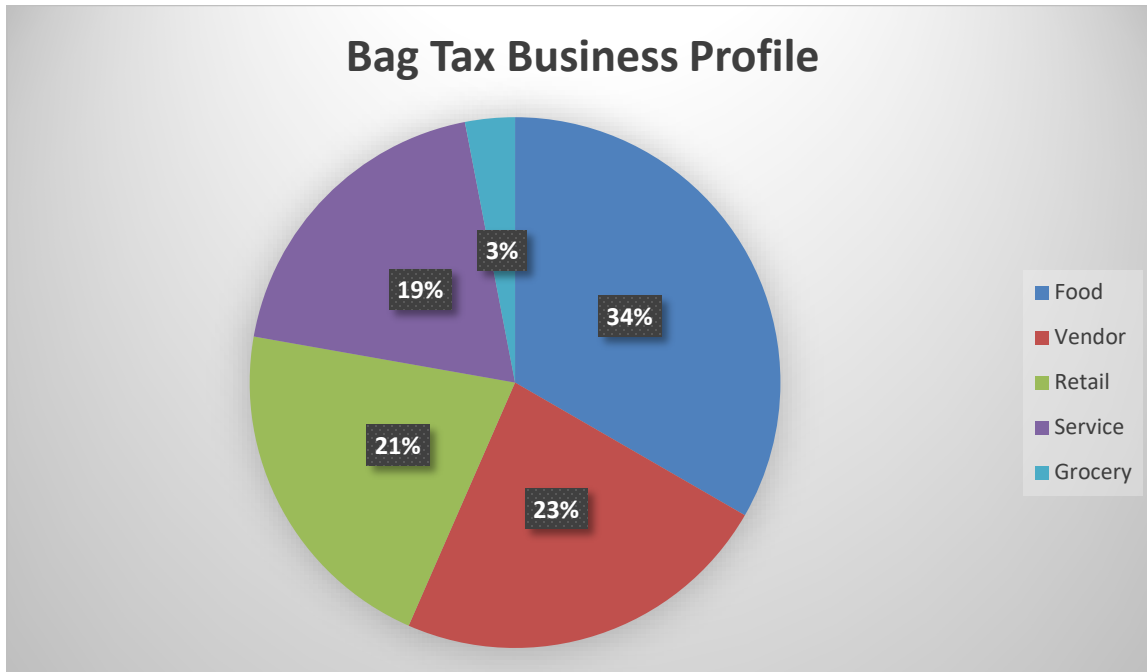
Project Background

In 2020, Louisville voters approved Ballot Question 2A, which aims to reduce single-use bag consumption within the community by applying a \$0.25 tax on every paper and plastic bag provided to customers by Louisville retailers. Retailers will retain \$0.10 of each disposable bag tax collected as a vendor's fee to be used for administration of the tax, such as training staff, improving or altering infrastructure for administration of the tax, and improving infrastructure to increase bag recycling. The remaining \$0.15 of each disposable bag tax collected and remitted to the City shall be used only for costs related to administration of the tax or other sustainability-related initiatives and programs. The bag tax went into effect January 1, 2022.

Louisville Bag Tax Business Profile

When the tax began, there were 345 total businesses on the bag tax list. Of those businesses, 130 (37.7%) businesses have completed a Retailer Correction Form and are now exempt from the tax, leaving 215 businesses remaining on the bag tax list. New businesses are added to the bag tax business list when they submit for a new business license and, if the business does not use bags, are removed from the list when they complete a Retailer Correction Form and the form is reviewed and approved by City staff.

Of the 215 current bag tax businesses, 72 are food-related (restaurant, bakery, café), 50 are vendors (products, art, catering – likely does not have a physical location in Louisville), 46 are retail (convenience, hardware, gifts), 40 are service (salon, dentistry, pet grooming, yoga, etc.), 7 are grocery and liquor. The percentage breakdown is shown in the graph below.



Revenue and Expenses

As of January 31, 2023, \$188,020.28 has been collected from the disposable bag tax since it went into effect on January 1, 2022.

2022 Bag Tax Direct Expenses

- \$3,300 – Prairie Mountain Media, December 2021 bag tax advertising
- \$1,000 – Prairie Mountain Media, January 2022 bag tax advertising
- \$458 – Mittera Group, December 2022 business mailer

\$25,000 was not allocated to staffing in 2022 for bag tax administration. This was confirmed by Vik Runkle, Interim Finance Director

Remaining Bag Tax Revenue **\$183,262.28**

According to pre-ballot City Council communications, the following expenses were proposed: \$60,000 in the first year (2022) for program marketing and training, \$25,000 per year for staffing costs related to the administration of the bag tax and related programming, \$15,000 per year for low-income resources and \$5,000 per year for marketing and outreach.

Bag Reduction

The estimated total of single-use bags distributed in Louisville was approximately 4.5 million bags per year before the tax went into effect. With regards to the revenue collected and the City’s retention of \$.15 of each \$.25 tax, there were 1.25 million (1,253,469)

single-use bags distributed in Louisville in 2022, which is a 72% reduction in bag use in comparison to pre-tax estimates. This percentage decrease in bag use is similar to bag reduction seen in other Colorado communities that have implemented bag fees, such as Boulder and Denver. Typically, bag use reduces by 60-80% in the first year and remains consistent in future years of the tax.

Waste Reduction Programs

The objective of the bag-tax funded waste reduction programs is to utilize the collected revenue to provide programs and services to the Louisville community that continue to reduce waste in the commercial sector.

When the Sustainability division developed the waste programs proposal, staff intended to develop a variety of programs, so that individual businesses are able to choose the program that best suits the needs of the specific business.

Each business participating in the bag tax program will have the option to choose one waste reduction program per calendar year and the estimated value of all waste reduction programs are \$1,000, so that the value of each program option is comparable to the other program options. If there is funding available, businesses may be eligible to participate in more than one waste reduction program per year. This option may become available if communication has been made to all businesses that participate in the program and each business has had an opportunity to participate in one waste reduction program.

A business that is delinquent in bag tax filings will not be eligible for waste reduction programming until they become compliant. Currently, there are 26 businesses (12%) that are delinquent with more than one missing filing. City staff is able to provide support to these businesses to ensure compliance. When compliance is achieved, the business will be eligible for waste reduction programs.

New businesses that join the bag tax program in 2023 will be eligible for waste reduction programming in 2024, if the business is in compliance at the time.

Program 1: Bulk Supply of Reusable Bags

Louisville businesses may find that a bulk supply of reusable bags provides support to the business owner and customers and reduces the number of disposable bags used in the community.

Business sectors this may impact: Food, Vendor, Service, Retail, Grocery

Current Louisville reusable bag designs include the two designs pictured below. In the future, additional bag designs may be considered.



Estimated Program 1 Costs

A bulk purchase of \$10,000 reusable bags totals ~\$20,000. If \$1,000 of bags are allocated to each business that selects Program 1, each business would receive 500 bags.

Estimated Program 1 Staff Impact

The staff impact of program 1 is medium. Staff will be required to order reusable bags, store bags, communicate with businesses, deliver bags, and track and report program data.

Estimated Program 1 Waste Reduction Impact

The waste reduction impact of program 1 is low. Reusable bags require more materials and energy to make and transport than disposable bags, which means that reusable bags need to be used several times to be more environmentally friendly than paper or plastic bags.

Program 1 Overall Recommendation

Program 1 is a good option for businesses that may not want to participate in more extensive waste reduction programming and would like to provide customers with an alternate option for disposable bags.

Program 2: One Year Subscription to Hard-to-Recycle Pick Up Services

Ridwell is a local company that provides residential hard-to-recycle pick up services and has offered to partner with the City of Louisville to provide their services to the Louisville business community through this program.

Ridwell will provide businesses with pop up displays that collect plastic film, batteries, light bulbs and threads/clothes. Business employees and Louisville residents may drop off these items at the collection site(s) and Ridwell will collect these items on a biweekly pickup schedule. As an added benefit, Ridwell is offering each participating businesses a

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select category for drop off and recycling, which may be tied to the business type (i.e. dog collars at pet store, old books at book store, corks at liquor/wine store).

Business sectors this may impact: Service, Retail, Grocery

Pop up display is shown below:



Estimated Program 2 Costs

Ridwell will invoice the City of Louisville \$1,000/business that selects Program 2 for a one year subscription to this service. At the end of the one year window, the business may opt in to continue the Ridwell subscription. Ridwell is offering Louisville businesses a 10% discount on monthly service.

Estimated Program 2 Staff Impact

The staff impact of program 2 is low. Staff will be required to communicate with businesses, pay the Ridwell invoices, and track and report program data.

Estimated Program 2 Waste Reduction Impact

The waste reduction impact of program 2 is high. Both business employees and residents will be able to drop off hard-to-recycle materials year round at commercial locations in Louisville, which will divert these materials from the landfill. Additionally, if Ridwell and the City of Louisville advertise the businesses participating in the program, it will likely increase resident participation in the programs.

Program 2 Overall Recommendation

Program 2 is a good option for businesses that want to take an extra step, but do not want to administer the waste reduction program themselves.

Program 3: Commercial Recycling Incentives

The City of Louisville will work with an existing program through Boulder County Resource Conservation Division (RCD) and Partners for a Clean Environment (PACE) to provide a business with a one-time financial incentive to begin commercial recycling or composting services. Currently, there is no universal recycling or composting ordinance in Louisville and the business community is not required to recycle or compost. Through Green Business Program feedback, the City of Louisville has received feedback that businesses are interested in commercial recycling and/or interested in a shared recycling bin for a group of geographically close businesses. This program may be attractive to businesses that have a shared area for waste collection and/or are centrally located (downtown, McCaslin).

PACE currently provides **\$150 coupons** for businesses that start commercial recycling programs, so this program would “incentive stack” on the existing program to provide bag tax businesses with a \$1,150 rebate to start services. It should be noted that the PACE program has limited annual funding and is administered on a first come, first served basis.

To redeem the coupon, the business must commit to at least one year or new recycling or composting services or both. The business contacts recycling and composting haulers to receive quotes for services that meet the needs of the business. When the service is finalized, the business completes a form and submits it to the hauler, who submits it to Boulder County. Boulder County reimburses the hauler \$1,150 towards the new service(s).

PACE also provides businesses with up to \$350 worth of recycling and compost bins and signage for their business, so after the service has been set up, the business would also be eligible for this funding to support the project.

Business sectors this may impact: Food, Service, Retail, Grocery

Estimated Program 3 Costs

The estimated cost to set up a commercial recycling service is \$125. The estimated monthly service charge for a commercial recycling service is \$130 - \$200/month for weekly pickup service, depending on the size of the container the business requires. This program would cover \$1,150 in costs related to setting up this service for each business that selected program 3. Groups of geographically close businesses could select program 3 together to receive a communal recycling bin with more funds allocated from the City.

Estimated Program 3 Staff Impact

The estimated staff impacts would be medium. Staff would be required to work with Boulder County PACE to develop the program and materials, provide support to the business(es) and facilitate conversations with their waste hauling company to decipher the proper bin size and service schedule, coordinate invoicing with PACE and haulers, and track and report program data.

Estimated Program 3 Waste Reduction Impact

The estimated waste reduction impact is high. Businesses that are able to start and sustain commercial recycling programs will continue to divert paper, aluminum and plastics from the landfill even after the initial \$1,150 stipend has been utilized, increasing the commercial diversion rate from the current rate of 24%.

Program 3 Overall Recommendation

Program 3 is a good option for businesses that would benefit from an additional stipend to start a commercial recycling program. With the increasing costs of recycling on the Front Range, the business would need to formulate a plan to cover costs associated with long-term recycling, but this program would supplement costs for approximately six months.

Program 4: Reusable Takeout Restaurant Pilot

DeliverZero is a company that provides reusable takeout programming to Denver and Boulder restaurants and residents. The company is interested in expanding to the City of Louisville with a pilot of 8-12 Louisville restaurants participating. DeliverZero is integrated into the restaurant's POS system – when customers place an order, they select DeliverZero as an “add on” menu item and the restaurant staff packs the order into reusable containers. The resident picks up the order (or it is delivered by Door Dash, etc.) and the resident schedules a pickup time for DeliverZero to pick up the containers, clean/sanitize them, and return them to participating restaurants.

Business sectors this may impact: Food

DeliverZero reusable containers pictured below –



Estimated Program 4 Costs

The City of Louisville will provide a subsidy for the first 6 months of participation in this program, up to \$1,000 per business. Initial costs include: restaurant recruitment, container purchasing, stocking and cleaning, and customer subsidy. DeliverZero has estimated the cost per business for 6 months of service between \$950 - \$1,000 depending on the number of businesses recruited. Including in the pricing, DeliverZero manages container tracking, returns, and logistics. The company proactively restocks restaurants with reusable containers as needed.

After the first 6 months of City-funded programming, the restaurant and residents incur the costs associated with the program. This includes: customer charge of \$.99/order for order to be packaged in DeliverZero packaging and restaurant charge of \$.25/container if DeliverZero handles dishwashing for restaurant (\$.07/container if the restaurant washes the containers). PACE staff working with Boulder restaurants that utilize DeliverZero have received feedback that the cost is comparable to disposables, especially when restaurants opt to wash the containers in-house.

Estimated Program 4 Staff Impact

The estimated staff impact is medium. City staff would be responsible for developing the program, recruiting businesses, and providing support to interested businesses. DeliverZero has offered to provide on-ground support (included in the proposed cost) in Louisville to help recruit and onboard interested restaurants. DeliverZero has offered to invoice the City of Louisville for 6 months of service per business to keep program administration impacts to a minimum. Staff would also be required to support businesses in transitioning out of the no-cost 6 month pilot. Additionally, staff would be responsible for community outreach and tracking and reporting program data.

It should be noted that the impact to businesses would be high. This program is a paradigm shift for businesses that are used to using throw-away materials for takeout orders, so City staff will be responsible for working with the Louisville business community to provide support and guidance to businesses interested in this pilot program.

Estimated Program 4 Waste Reduction Impact

The estimated waste reduction impacts are high. By eliminating disposable serviceware from restaurants in Louisville, the City has an opportunity to change takeout culture and reduce waste and emissions associated with decomposition of disposable serviceware.

Program 4 Overall Recommendation

This is an innovative new program that could be funded through bag tax revenue. If funded, Louisville would become the first suburban community to introduce DeliverZero. As A1 Organics changes policy in regards to compostable serviceware, Boulder County PACE and others are no longer recommending compostable serviceware as an alternative to Styrofoam. Styrofoam will be banned in Colorado starting January 1, 2024 and reusable takeout products are a great solution for restaurants.

Program 5: Zero Waste Grants

“Zero Waste” is a way of rethinking what is done with waste produced and aims for as little landfill waste as possible. Many businesses in Louisville have business-specific needs that may not be best suited by the program options 1-4. If a business would like to take an additional step to consider how they might best utilize an incentive from the City to promote a zero waste environment, the business may submit a concept and proposed budget to the City for review and approval. If approved, city staff will work with the business to purchase materials or provide incentive funding to support the zero waste project.

Zero Waste Grant project ideas include incentive funding to support:

- Reusable kitchenware (plates, glasses, silverware) for employee kitchens
- Durables for restaurant dining
- Reusable straws, napkins or reusable replacements for other disposables
- Reusable packaging, storage or transport containers
- Commercial dishwashing

Business sectors this may impact: All – Food, Vendor, Retail, Service, Grocery

Estimated Program 5 Costs

City staff will work with businesses to determine which products best support their zero waste goals and businesses will receive up to \$1,000 towards a project that promotes reusable products or reduces waste at the business.

Estimated Program 5 Staff Impact

The staff impact would be high. Staff would be responsible for business communications and outreach, proposal and budget review and collaboration, materials ordering and distribution, and program data tracking and reporting.

Estimated Program 5 Waste Reduction Impact

The waste reduction impact would be high. By funding reusable projects and allowing the flexibility for businesses to determine the most impactful way the City can support their zero waste goals, the City is able to create lasting changes that remove material streams from the landfill and replace them with reusable alternatives, reducing the waste and emissions associated with the decomposition of these materials in the landfill.

Program 5 Overall Recommendation

This program is a great option for a business that is not well suited by the other program options and would like to take an extra step towards waste reduction by removing disposable products and replacing them with reusable products, for either employees or customers or both. The changes made through this grant will be long-term, as well as the effects. Additionally, this program will provide the City with data that illustrates the specific needs from businesses related to zero waste goals.

Low Income Programs

Hard-to-Recycle Community Events

Based on the pre-ballot Council communications budget proposal, \$15,000 may be allocated annually towards low-income programs. Hard-to-recycle events at affordable housing and/or manufactured home communities in Louisville, in collaboration with Eco-Cycle's Center for Hard to Recycle Materials (CHaRM) provide many benefits.

City of Boulder staff administer similar events funded through bag fee revenue and have found them to be very successful. Boulder staff researched barriers for large item recycling in low-to-moderate income (LMI) communities and found that barriers include: no access to a vehicle/way to transport item, physical mobility limitations and recycling costs. By providing the Louisville manufactured home community (Parco Dello Zingaro) and/or the Boulder County Housing Authority Kestrel community with this event, the City would be removing barriers for large item recycling, reducing waste and beautifying the community. CHaRM diverts 25+ types of hard-to-recycle materials from the landfill, including scrap metal, appliances, mattresses, bicycles and glassware.

For this type of event, City staff would work with Eco-Cycle to determine an event date. Outreach to the neighborhood would be conducted by city staff and the sustainability advisory board. Residents in the neighborhood would receive a list of items they're able to recycle at the event. Eco-Cycle and city staff set up drop off locations at a common space in the neighborhood for different types of recyclable items – bicycles, appliances, electronics/cords, mattresses, etc. During the event, residents are able to bring unwanted items to the drop off locations in the neighborhood for recycling. A moving company with a box truck will be available in the neighborhood to assist residents with physical mobility challenges in loading items from inside residences to the drop off locations. Additionally, a trash roll off will be on site for items that cannot be recycled. Materials collected at the event will be recycled at the Center for Hard to Recycle Materials.

Estimated Event Costs

Description	Estimated Cost
Eco-Cycle staff time	\$1,000 - \$2,000
Eco-Cycle large item recycling costs at CHaRM	\$800 - \$2,000
Moving company to haul materials	\$1,000
Roll off for trash collection	\$300
Tire recycling	\$200
Propane tank recycling	\$200
TOTAL	\$3,500 - \$5,700

Reusable Bag Giveaway

In addition to the hard-to-recycle community events, reusable bags can be given away at LMI community events, ensuring that community members have access to reusable bags and can avoid paying the disposable bag tax.

Marketing and Outreach

New marketing and outreach will need to be conducted to the Louisville business community to educate them about the waste reduction programs available. General bag tax materials will need to be re-ordered, including reusable bags for the community (available at City Hall) and educational materials for businesses.

Estimated Marketing and Outreach Costs

Description	Cost
1-2 bag tax business mailers	\$500 - \$1,000
2,000 reusable bags for community pick up	\$4,000
Educational materials	\$500

RECOMMENDATION:

Staff welcomes discussion regarding the bag tax funded waste reduction programs.

ATTACHMENTS:

- Attachment #1: Bag Tax Funded Waste Reduction Programs Slide Deck

Bag Tax Funded Waste Reduction Programs

Kayla Betzold
Sustainability Coordinator

Project Background

- In 2020, Louisville voters passed ballot question 2A which applied a \$.25 tax on every paper and plastic bag provided to customers by Louisville retailers.
- Retailers retain \$.10 of each tax and remit \$.15 of each tax to the City on a quarterly basis.
- This tax went into effect on January 1, 2022.

Revenue Requirements

Per the ballot language, tax revenue shall be used to pay or reimburse the City for:

- Direct and indirect costs related to tax administration
- Expenses related to sustainability-related initiatives and programs



Bag Tax Business Profile

There are currently 215 businesses on the bag tax business list. When a business applies for a new license, they are added to the list. If the business does not use bags, they may complete a Retailer Correction Form and when that form is reviewed and approved by City staff, the business is removed from the list.

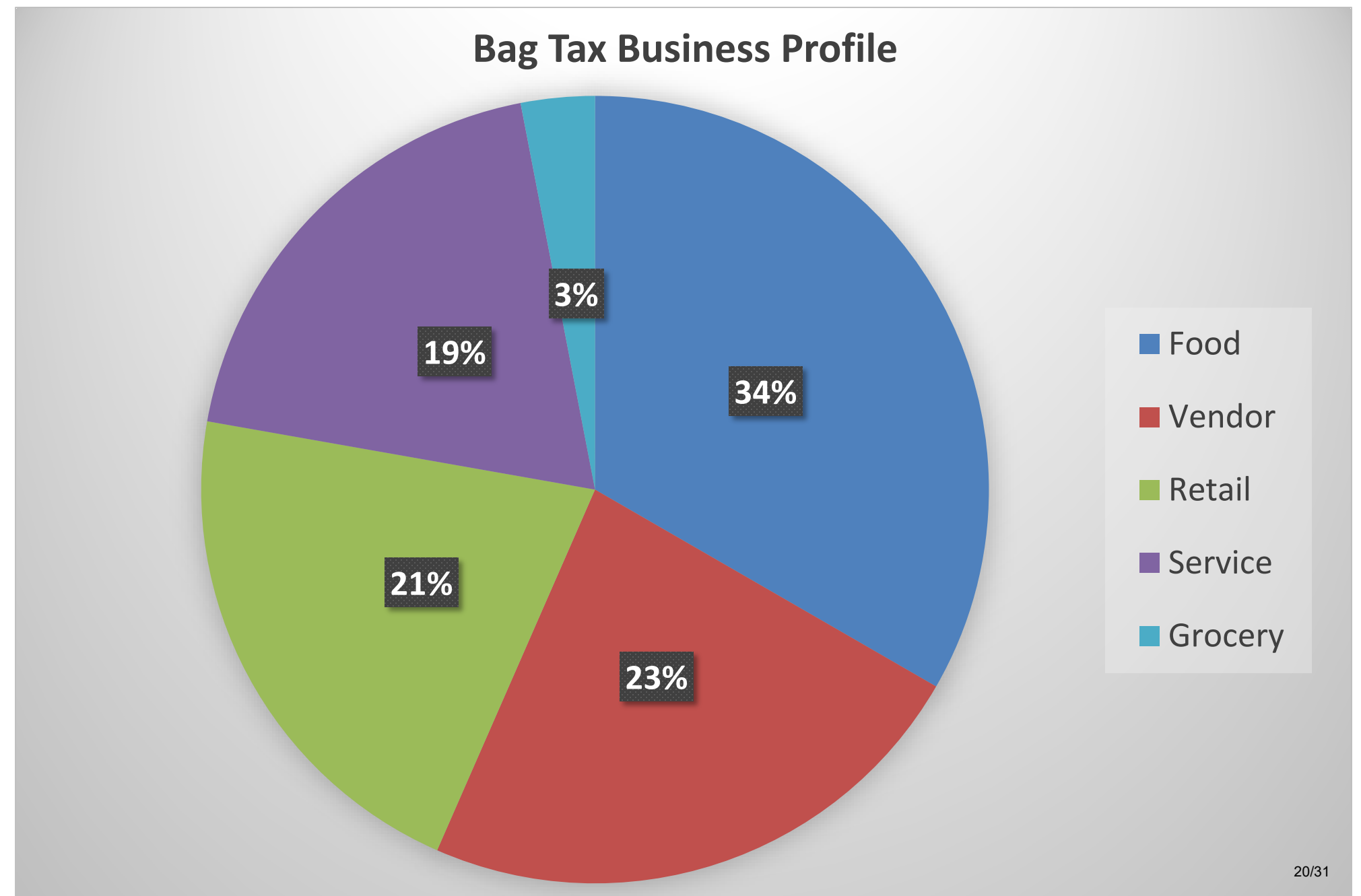
Food (72) – Restaurant, bakery, café, fast food

Vendors (50) – Products, art, catering (likely no physical location in Louisville)

Retail (46) – Convenience, hardware, gifts

Service (40) – Salon, dentist, pet grooming

Grocery (7) – Includes liquor stores



2022 Bag Tax Revenue and Expenses

As of January 31, 2023, \$188,020.28 had been collected from the bag tax since it went into effect on January 1, 2022.

There was \$4,758 in direct expenses related to the bag tax in 2022.

- Bag tax newspaper advertising
- Direct business mailers

Remaining bag tax revenue: **\$183,262.28**

According to pre-ballot City Council communications, the following expenses were proposed:

- \$60,000 in the first year (2022) for marketing and training
- \$25,000 annually for staffing costs related to administration of bag tax and associated programming
- \$15,000 annually for low-income programming
- \$5,000 annually for marketing and outreach

2022 Bag Reduction

Before the tax, the annual estimate of single-use bags distributed in Louisville was ~4.5 million.

In 2022, there were ~1.25 million single-use bags distributed in the city, which is a **72% reduction** in bag use from pre-tax estimates.

This reduction is similar to reduction percentages seen in other Colorado communities with bag tax/fee programs. Typically, bag use reduces by 60-80% in the first year and remains consistent in future years.



Waste Reduction Programs

Objective: Utilize bag tax revenue to provide programs and services to Louisville community that reduce waste in the commercial sector (5 programs in total).

Overview

- Businesses that remitted bag tax revenue to the City in 2022 would be eligible for programs (215 total).
- There are a variety of programs – business chooses the program that is most beneficial for specific needs
- The value of each program option is \$1,000.
- Delinquent businesses (12% of total) would not be eligible for programs until they become compliant from 2022 filings.
- Businesses that join bag tax program in 2023 would be eligible for programs in 2024.
- Businesses *may* be able to participate in more than one program/year, depending on total budget remaining.

Program 1: Bulk Supply of Reusable Bags

Objective: A bulk supply of reusable bags provides support to the business owner and customers and reduces the number of disposable bags distributed in the community.

Applicable Business Sectors	All – Food, Vendor, Retail, Service, Grocery
Program Value (\$1,000)	~500 reusable bags
Staff Impact	Medium
Environmental Impact	Low



Overall: This is an option for businesses that do not want to participate in more extensive waste reduction programs, but would like an alternative to disposable bags when necessary.

Program 2: One Year Subscription for Hard-to-Recycle Pick Up Services

Objective: A Hard-to-Recycle pickup service allows a business to collect plastic film, batteries, light bulbs, and clothing from employees and residents, which are picked up biweekly – reducing the amount of these items in local landfills. Additionally, the company is offering each participating business a select category for drop off, tied to the business type (pet store – dog collars, liquor store – corks)

Applicable Business Sectors	Retail, Service, Grocery
Program Value (\$1,000)	One year subscription to biweekly pickup service
Staff Impact	Low
Environmental Impact	High

Overall: This is an option for businesses want to take an extra step towards waste reduction, but do not want to administer the waste reduction program themselves.



Program 3: Commercial Recycling and/or Composting Incentives

Objective: By incentive stacking on an existing Boulder County Resource Conservation Division (RCD) program to provide businesses with recycling and/or composting incentives, the City may increase the commercial diversion rate from its current rate of 24%.

Applicable Business Sectors	Food, Service, Retail, Grocery
Program Value (\$1,000)	\$1,000 bag tax funding + existing \$150 PACE incentive – on average, would cover delivery and 5 - 8 months of commercial recycling services
Staff Impact	Medium
Environmental Impact	High



Overall: This is an option for businesses that would benefit from an additional incentive to begin waste diversion services, although businesses would need to formulate a plan to cover costs associated with long-term recycling, as there is a one-year service commitment.

Program 4: Reusable Takeout Restaurant Pilot

Objective: *DeliverZero is a company that provides reusable takeout programming to Denver and Boulder restaurants and residents. By transitioning restaurants from single-use takeout containers to reusable takeout containers, the City provides businesses with an opportunity to change takeout culture and reduce waste and emissions associated with decomposition of single-use containers.*

Applicable Business Sectors	Food
Program Value (\$1,000)	6 months of program participation – includes container purchase, stocking/cleaning, customer subsidy
Staff Impact	Medium
Environmental Impact	High



Overall: This is an innovative new program that could be funded through bag tax revenue. If funded, Louisville would become the first suburban community to introduce DeliverZero. With A1 Organics changes, PACE and others are recommending reusable containers as the best alternative to Styrofoam containers.

Program 5: Zero Waste Grants

Objective: *Many businesses in Louisville have business-specific needs that may not be best suited by other program offerings. A business may consider how an incentive from the City can support a zero waste project, submit a proposal and budget, and if approved, receive funding to implement the project.*

Applicable Business Sectors	All – Food, Vendor, Retail, Service, Grocery
Program Value (\$1,000)	\$1,000 towards project that promotes reusable products or reduces waste
Staff Impact	High
Environmental Impact	High

Project ideas:

- Reusable kitchenware (plates, glasses, silverware) for employee kitchens
- Durables for restaurant dining
- Reusable straws, napkins or reusable replacements for other disposables
- Reusable packaging, storage or transport containers
- Commercial dishwashing



Overall: This program options offers flexibility for businesses to decide how City funding can best support a transition from disposables to reusables and promote a zero waste environment.

Low-Income Programs

Based on the pre-ballot Council communication budget proposal, \$15,000 may be allocated annually towards low-income programs. Hard-to-recycle events at the manufactured home community (Parco Dello Zingaro) and/or affordable housing (Boulder County Housing Authority Kestrel) in collaboration with Eco-Cycle’s Center for Hard to Recycle Materials (CHaRM) provide various benefits.

City of Boulder researched LMI barriers to large item recycling, which included:

- No access to vehicle/way to transport item
- Physical mobility limitations
- Recycling Costs

Description	Estimated Cost
Eco-Cycle staff time	\$1,000 - \$2,000
Eco-Cycle large item recycling costs at CHaRM	\$800 - \$2,000
Moving company to haul materials	\$1,000
Roll off for trash collection	\$300
Tire recycling	\$200
Propane tank recycling	\$200
TOTAL	\$3,500 - \$5,700

By bringing an event to the neighborhood and subsidizing the cost, the City removes barriers, reduces waste and beautifies the community.

Additional funding will be used for reusable bag purchasing for event giveaways.

Thank you!

Questions?