

Packaging Extended Producer Responsibility Advisory Board

Wednesday, June 17, 2026

Start 1 p.m. - End 4:00 p.m.

[MS Teams](#) | Phone conference ID: 414 815 001# | Call in (audio only) +1 651-395-7448

Meeting Location: Room 100, MPCA St Paul Offices, 520 Lafayette Rd N., St. Paul, MN 55155

If attending in person, RSVP to packaging.mpca@state.mn.us by noon on Friday, June 12

Agenda

Time	Topic	Speaker	Type	Page
1:00 p.m.	Welcome and call to order Roll call / attendance PSI Introduction Meeting logistics Approve agenda Approve May 20 meeting summary	Chair Reinhardt	Action	2
1:10 p.m.	Updates from CAA	CAA	Information	
1:25 p.m.	Updates from MPCA	MPCA	Information	
1:30 p.m.	Subcommittee report: waste reduction & reuse (combined)	Gabbie Batzko-Conley, Sydney Harris	Information	6
	Subcommittee report: recycling	Jon Steiner		7
	Subcommittee report: composting	Jon Steiner		8
	Subcommittee coordination and request for comment (RFC) process	MPCA/PSI		9
2:05 p.m.	Break			
2:20 p.m.	Overview of reimbursement rate concepts	Eunomia	Information	14
3:50 p.m.	Public comment			
4:00 p.m.	Adjourn			

Packaging EPR Advisory Board

Meeting Summary

Virtual via Microsoft Teams or in-person at the MPCA St. Paul Office | 3 hours

Wednesday, May 20, 2026 | 1:00 p.m. – 4:00 p.m. CT

Recording available at: <https://www.pca.state.mn.us/events-and-meetings/packaging-extended-producer-responsibility-advisory-board-meeting-2026-05-20>

Attendance

Board Member Attendance

Present (<i>9 members required for quorum</i>)			Absent
Gabbie Batzko-Conley	Kirk Koudelka	Mac Sellars	Sydney Harris
Sara Bixby	Gregory Melkonian	Jon Steiner	Sam Holl
Megan Daum	Shoshana Micon	Bill Keegan	Allie Sauers
Kate Davenport	Victoria Reinhardt (Chair)	Shannon Pinc	
Miriam Holsinger (Vice Chair)	Maggie Schuppert		

Maggie Schuppert joined after the welcome.

Guest Presenters: Kris Coperine, CAA; Ross Bergman, CAA; Pierra Benabidés, CAA, Michael Wasserman, Eunomia

Agency Staff: Mallory Anderson, Quinn Carr, Molly Flynn, Aubrey Sondrol, Colleen Hetzel, Annika Bergen, Tina Patton, Tim Farnan, Gabi Rosenthal, Elizabeth Kuzila

Participants: Laura Hann, Bridget Anderson, Eric Nelson, Harrison Nix, A (Unverified), A (Unverified), Alexander Truelove, Annebelle Klein, Apurupa Gorthi, Bridget Anderson, Cait Harrington-Smith, Dan Donkers, David Keeling, David Nickelson, Diana Gentilcore, Drew Hatzenbihler, Elan (Unverified), Garth Hickie, Grace Altier, Hannah-Grace G. Henson, Jacob R. Wagaman, Jennifer Schultz, Jessica Lepke, Joe Wertz, Josh Allen, Julie Gilbertson, Julie Ketchum, Justin Emmerich, Kellie Kish, Leah Batstone-Cunningham, Leanne Talcott, Lee Johnson, Lori Olinger, Lucy Mullany, Michelle Hunt, Mike A, Norman P Soberano, Peter Bierbaum, Peter Hargreave, Ryan O'Gara, Sally Hopley, Scott Moening, Shayna Petit, Stan Crance, Susan Bush, Taylor Loeber, Tony Kwilas, Tracy Ebnet, Tyler Power

Note, participants attending virtually who choose not to list their names have been left to document an accurate attendance count.

Meeting notes

Call to order

Mallory Anderson conducted a roll call vote.

Present: Batzko-Conley, Bixby, Daum, Davenport, Holsinger, Keegan, Melkonian, Micon, Pinc, Reinhardt, Sellars, Steiner

Absent: Harris, Holl, Sauers, Schuppert

Approve agenda

Gregory Melkonian motioned and Gabbie Batzko-Conley seconded. Mallory Anderson conducted a roll call vote.

Yes: Batzko-Conley, Bixby, Daum, Davenport, Holsinger, Keegan, Melkonian, Micon, Pinc, Reinhardt, Sellars, Steiner

Absent: Harris, Holl, Sauers, Schuppert

Approve meeting summary

Miriam motioned and Micon seconded. Mallory Anderson conducted a roll call vote.

Yes: Batzko-Conley, Bixby, Daum, Davenport, Holsinger, Keegan, Melkonian, Micon, Pinc, Reinhardt, Sellars, Steiner

Abstain: Keegan

Absent: Harris, Holl, Sauers, Schuppert

CAA updates

Presented by Ross Bergman and Pierra Benabidés, CAA

A draft responsible end market (REM) standard is available for public comment through July 7, 2026. The public comment period opened on May 7. This is designed for compliance and to harmonize tracking of markets across the county.

There was discussion on how this applies/doesn't apply state-specific requirements to other states or markets outside the country, and how the standard can be flexible to new regulatory requirements not in-place during this design phase, what the role of this standard could play in chain-of-custody tracing, and how PCR and REM would work together.

Agency updates

Board membership

Presented by Mallory Anderson, MPCA

- Sam Holl, Ramsey/Washington Recycling & Energy – is the new member representing a waste facility that receives and sorts covered materials and transfers them to another facility for reuse, recycling, or composting.
- VACANCY – Community-based nonprofit environmental justice organization

MPCA will onboard Product Stewardship Institute in the coming weeks to support board facilitation through the end of the year.

Rule update

Presented by Aubrey Sondrol, MPCA

A request for comment on a rulemaking for the Packaging Waste and Cost Reduction Act will open on May 26 and be open until July 24. This is the first of **three** public comment opportunities for this rulemaking. Rulemaking will accomplish:

- **Fine details:** Busy legislative sessions are not the preferred venue for developing fine details required for some laws.
- **Technical data:** Agencies have the necessary technical expertise.
- **Fills gaps:** Rulemaking often fills in the details on a framework provided by legislation.

Rulemaking cannot alter the statute.

We ask the board to consider what portions of the rule would like to be the most heavily involved in and provide effective comments that are specific and problem-identifying and problem-solving.

Request from the Chair that the four subcommittees review the request for comment and the statute to identify feedback to bring back to the larger board.

Needs assessment update

Presented by Quinn Carr, MPCA

Good representation on the county and municipal surveys. Facility survey had at least two recycling only facilities in each region respond and a little over half of the facilities provided partial or complete responses. Data is still being compiled from the hauler and end market surveys.

Covered materials list

Presented by Michael Wasserman, Eunomia

Eunomia presented on the covered material list to be used for the Needs Assessment. The goal is to help understand how materials can be collected, sorted and managed in the waste stream. The list was split into tiers. Discussion over the list, how it would be used, and options for further feedback.

Subcommittee chair updates

Recycling Subcommittee

Presented by Jon Steiner

Received an earlier draft of the covered material list and worked through potential feedback to Eunomia, but did not know that their feedback would be incorporated and had anticipated an opportunity for more review and feedback. Generally like the tiers, but concern that the Tier 3 was too vague.

Approval of recommendations from the Recycling Subcommittee on the covered material list, which are:

- **There was general agreement to recommend support for Eunomia's Covered Material List format using a three (3) Tier approach.**
- **There was general agreement that the Tier 2 level was the appropriate for setting goals, however the content of Tier 2 as currently proposed should be revisited.**
- **There was general agreement that the structure of the Tiers, and where certain covered materials appeared in those tiers, should be further reviewed and modified.**

Jon Steiner motioned and Bill Keegan seconded. Mallory Anderson conducted a roll call vote.

Yes: Batzko-Conley, Bixby, Daum, Davenport, Holsinger, Keegan, Melkonian, Micon, Reinhardt, Sellars, Steiner

Absent: Harris, Holl, Sauers, Schuppert, Pinc

Composting Subcommittee

No update.

Reuse Subcommittee

Presented by Mac Sellars

The committee developed a list of discussion topics for Eunomia to consider as a part of the Needs Assessment work, for example the subcommittee discussed that Eunomia should be less focused on formats for reuse and rely on the resources available. The committee is waiting to report-out to Eunomia until contract was finalized and at the next subcommittee meeting will discuss with Eunomia the main topics of concern for reuse.

Waste Reduction

Presented by Gabbie Batzko-Conley

Have focused on both waste reduction of material use and toxics. Discussed best practices and questions on data being used. There are both questions on the short-term relating to the Needs Assessment as well as longer-term questions after the Needs Assessments.

Public comment

Kellie Kish MN Composting Council - I would just want to, for the public comment, note that it would be nice if the list for compostables would consider that a third-party requirement is included in the state compostable product labeling law. So that potentially should be considered as a requirement for the acceptable materials.

Notes compiled by: Mallory Anderson

[Minnesota's Packaging Extended Producer Responsibility Advisory Board](#)

Waste Reduction Subcommittee and Reuse Subcommittee Packaging EPR Advisory Board

Meetings held

During June, the Waste Reduction Subcommittee and Reuse Subcommittee held a combined meeting.

Thursday, June 4, 2026 – Start 1p.m. - End 3p.m. CT

Presenters: Cait Harrington-Smith (Eunomia), Will Shanks (Eunomia), Sarah Edwards (Eunomia)

Waste Reduction Subcommittee members present: Gabbie Batzko-Conley (chair), Gregory Melkonian, Sydney Harris, Miriam Holsinger

Waste Reduction Subcommittee members absent: Megan Daum

Reuse Subcommittee members present: Sydney Harris (chair), Allie Sauers, Mac Sellars

Reuse Subcommittee members absent: Megan Daum

Guests at meeting: Colleen Hetzel (MPCA), Annika Bergen (MPCA), Molly Flynn (MPCA), Kristen Peterson (MPCA), Kris Coperine (CAA), Jodi Tomchyshyn London (CAA), Peter Hargreave (CAA)

Overview of key meeting topics

- Overview of the needs assessment report structure (required topics/sections and subsections with approach, limitations and considerations, and key findings)
- Overview of the approach developed for research and analysis for reuse based on the report focuses defined in statute
 - Noted major examples of covered materials at covered entities and considerations for reuse
 - Outlined approach for developing proposed reuse targets based on covered materials, baseline tonnages, opportunities for initial reuse priorities
 - Outlined approach for developing proposed return rates based on research for “best-in-class” returns for a given product/system and the environmental and cost savings
- Overview of the approach developed for research and analysis for source reduction/waste reduction based on the report focuses defined in statute
 - Noted major examples of covered materials at covered entities and considerations for waste reduction
 - Provided an overview of example waste reduction targets in other US states and internationally
- Subcommittee members had the opportunity to ask questions on all three presentations and provide input based on their expertise with waste reduction and reuse systems

Recycling Subcommittee

Packaging EPR Advisory Board

Meetings held

Wednesday, June 3, 2026 – Start 2:30p.m. - End 4p.m. CT

Presenters: Cait Harrington-Smith (Eunomia), John Carhart (Eunomia), Sarah Edwards (Eunomia)

Recycling Subcommittee members present: Jon Steiner (chair), Sara Bixby, Shoshana Micon, Bill Keegan, Gregory Melconian, Miriam Holsinger

Recycling Subcommittee members absent: None

Guests at meeting: Colleen Hetzel (MPCA), Annika Bergen (MPCA), Molly Flynn (MPCA), Susan Heffron (MPCA), Elizabeth Kuzila (MPCA), Kris Coperine (CAA), Peter Hargreave (CAA), Stacy Katz (CAA)

Overview of key meeting topics

- Overview of the needs assessment report structure (required topics/sections and subsections with approach, limitations and considerations, and key findings)
- Overview of the criteria developed for proposing which covered materials align with which collection lists.
- Discussed 5-year and 10-year scenarios. Initial upfront investments will be needed, and then an analysis on the impacts of those investments will need to be completed.
- Discussion around the challenge with education around materials and recyclability.
- Subcommittee members had the opportunity to ask questions on both of the presentations on the needs assessment report structure and criteria for collection lists and provide input based on their expertise with the recycling system.

Composting Subcommittee

Packaging EPR Advisory Board

Meetings held

Friday, June 12, 2026 – Start 11a.m. - End 12p.m. CT

Composting Subcommittee members present: Shannon Pinc (chair), Maggie Schuppert, Jon Steiner

Composting Subcommittee members absent:

Guests at meeting: Mallory Anderson (MPCA), Annika Bergen (MPCA), Colleen Hetzel (MPCA), Kris Coperine (CAA), Peter Hargreave (CAA), PDavis

Overview of key meeting topics

- Overview of the needs assessment report structure (required topics/sections and subsections with approach, limitations and considerations, and key findings)
- Overview of the criteria developed for proposing which covered materials align with which collection lists
 - Discussed the importance of identifying “composting” criteria distinctly from “recycling”
 - Discussed the connection needed with the compostable labeling law
- Subcommittee members had the opportunity to ask questions on both of the presentations on the needs assessment report structure and criteria for collection lists and provide input based on their expertise with the composting system.

Subcommittee coordination

In alignment with Chapter 13D, subcommittee coordination will include the following:

Posting

Meetings will be posted on [the agency website](#), including the location, Teams link, date, time, and topic(s) to be discussed. All board members are welcome to attend any subcommittee call, but subcommittee members are asked to prioritize attending meetings of their subcommittees.

- Teams meetings will be set up similar to full Advisory Board meetings, where the participating subcommittee members have video/mic access and guests are in “listen mode.”
- Packaging EPR GovDelivery messages will include a link to the subcommittee meeting event postings.
- Members of the public may attend virtually and in-person; one member of the subcommittee must be present at the meeting location.

Subcommittee reports and feedback

Subcommittees will not complete detailed meeting notes; subcommittee chairs will complete a subcommittee report to be included in the monthly Advisory Board meeting packet. Reports will be a concise “memo,” summarizing key topics of discussion covered during the meeting(s).

Subcommittees are intended for informal discussion and feedback on key considerations, data sources, gaps, and questions as needed. Unless preparing for a formal written comment (e.g., rulemaking RFC, public comment period for a needs assessment, etc.), the subcommittees do not need to develop or document official recommendations for review and Board vote.

Subcommittee – Request for comment (RFC) process for rulemaking

The Packaging EPR Advisory Board is required to provide formal written comments during the request for comment (RFC) period for the agency's rulemaking. The Chair Reinhardt and Vice Chair Holsinger confirmed the following approach for gathering input from the Advisory Board to develop the formal written comment.

Note: *MPCA staff can provide logistical support for the subcommittees with scheduling an additional meeting; however, they cannot facilitate these subcommittee meetings or provide guidance on the discussion, respond to questions during the meeting, or document the input for the RFC.*

1. Subcommittees will schedule an additional meeting prior to the July 15 full Advisory Board meeting.
2. Subcommittee members should review the RFC in advance and come to their subcommittee meetings with responses ready given the short timeline.
3. Subcommittee chairs will compile responses in the meeting and email them to Vice Chair Holsinger for consolidation.
4. The consolidated list will be included in the July Advisory Board meeting packet so board members can review the consolidated input ahead of the meeting and vote on it becoming the Advisory Board's official written comment to be submitted to the agency for the RFC (deadline to submit July 24, 2026).

Subcommittee and Advisory Board Input Process (PSI)

Packaging EPR Advisory Board

Subcommittee & Advisory Board Input Process

Needs Assessment — 2026

PURPOSE OF THIS DOCUMENT

This document describes how subcommittee members and Advisory Board members provide input during the final phase of the Needs Assessment, how that input is captured, and what happens to it. Understanding these roles ensures that all participants can engage effectively and that the process meets the requirements of the Packaging Waste and Cost Reduction Act. Subcommittees were established to informally discuss discrete components of the Needs Assessment and provide input to MPCA.

STATUTORY ROLE OF THE ADVISORY BOARD

Key statutory language: The Advisory Board must "consult with the commissioner regarding the scope of the needs assessments and provide **written comments** on needs assessments." (Minn. Stat. § 115A.1446, Subd. 2). The Commissioner must "consider and respond **in writing** to all written comments received from the advisory board." (§ 115A.1445(10)).

The Advisory Board's formal role is advisory. Board members provide comments — not binding recommendations — and the Commissioner is obligated to respond in writing to formal written comments. Informal verbal input at meetings informs the work but does not trigger that response obligation.

ROLES AT SUBCOMMITTEE & BOARD MEETINGS

Subcommittee Members	Advisory Board Members	Economia (Consultant)	MPCA
<ul style="list-style-type: none"> Review pre-meeting materials provided by Economia/MPCA Provide input on key considerations, data sources, and gaps Ask questions about methodology and scope Capture key meeting topics in subcommittee report, not official minutes, and provide to PSI seven business days before the full Advisory Board meeting for incorporation in the board packet May submit individual written comments to the MPCA at any time 	<ul style="list-style-type: none"> Consult with the MPCA regarding the scope of the Needs Assessment (Minn. Stat. § 115A.1446, Subd. 2) Review pre-meeting materials provided by PSI and come prepared to provide substantive input at full Advisory Board meetings Provide verbal input at full Advisory Board meetings; Informal written feedback to Economia on meeting material can be submitted up to three business days (end of day Monday after a meeting) after each meeting Submit formal written comments to the Commissioner as a body (requires 	<ul style="list-style-type: none"> In coordination with MPCA, support facilitation of subcommittees to work through key topics within the needs assessment Provides pre-read materials for subcommittee meetings to MPCA one week before each subcommittee meeting (after it has already been vetted by the MPCA) Provides pre-read materials for board meetings to PSI seven business days before the full Advisory Board meeting for incorporation in the board packet (after it has already been vetted by the MPCA) 	<ul style="list-style-type: none"> Responsible for the Needs Assessment, contracting for the work and approving the final report Coordinates and oversees subcommittee and board meeting logistics Ensures input is considered Makes final decisions on scope and methodology Must respond in writing to formal written comments from the Advisory Board

<p>from their own organization, not representing the subcommittee or advisory board</p>	<p>quorum and majority vote)</p> <ul style="list-style-type: none"> • Formal written comments trigger the MPCA's obligation to respond in writing (§ 115A.1445(10)) • Individual members or their organizations may submit comments during any public comment period 	<ul style="list-style-type: none"> • Presents methodology and analytical approach • Explains scope decisions — including what is and is not being modeled • Listens to and documents subcommittee input • Recommends to MPCA whether and how input can be incorporated into the Needs Assessment • Not obligated to incorporate every comment; some analytical decisions are final 	
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PSI Role: Advisory Board Facilitation & Documentation

- Holds pre-meeting planning calls with MPCA, Chair, and Vice Chair to develop the AB agenda and run-of-show
- Develop agenda, slides, script, and meeting summary for each Advisory Board meeting
- Provides draft board packet to MPCA at least seven business days before each monthly board meeting for approval
- Provides formatted board packet to MPCA at least five business days before each monthly board meeting for publication on external website and distribution to the Advisory Board
- Facilitates Advisory Board meetings and documents verbal Advisory Board feedback on the Needs Assessment for MPCA and Eunomia
- Consults with MPCA, Eunomia, and Foth to review and refine meeting materials to ensure the Advisory Board can provide informed, focused, and actionable written comments
- Communicates directly with MPCA on planning and coordination; copies Eunomia on all written communications related to the Needs Assessment work

HOW INPUT IS RECEIVED AND RESPONDED TO

Type of Input	How It Is Captured	What Happens to It
<p>Verbal input at subcommittee meetings</p> <p>Verbal input at full Advisory Board meetings</p>	<p>Eunomia documents verbal input made during the meeting; not included in the subcommittee reports</p> <p>Available in meeting recordings</p>	<p>Informs Eunomia's analysis; MPCA and Eunomia determine what can be incorporated. No formal written response required.</p> <p>Considered by MPCA and Eunomia; formal written response required only if also submitted as formal written comments.</p>
<p>Formal written comments from the Advisory Board (as a body)</p>	<p>Submitted in writing to the Commissioner</p>	<p>The Advisory Board may submit approved formal written comments re: the Needs Assessment to the Commissioner at any time. The MPCA must respond in writing to all such comments (§ 115A.1445(10)). The draft Needs Assessment triggers a specific cycle under § 115A.1450: the Board provides written comments and MPCA responds in writing.</p>

Individual written comments (member or member organization)	Submitted directly by the individual or their organization during any public comment period	Received and considered alongside all public comments; not subject to individual written response.
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SCOPE OF WHAT CAN CHANGE BASED ON INPUT

Subcommittee and Advisory Board input is genuinely valued. Some analytical decisions have already been made by MPCA and Eunomia based on the statutory scope of the Needs Assessment, available data, and program direction. Input is most useful on:

- Data sources that may be missing or underrepresented
- Key considerations that should be reflected in the analysis
- Questions about how a particular metric or rate will be measured or applied
- Factors relevant to reimbursement rates, measurement methods, or program design

Not every comment will result in a change to the Needs Assessment. Due to timeline and scheduling constraints, some analytical and methodological decisions have been developed by Eunomia and MPCA in advance of Advisory Board meetings. The draft report will document limitations and methodology, including properly citing all references.

Presentation on reimbursement rate concepts



June 2026

AB Meeting June 17th Reimbursement Rates



Agenda

- 01 Reimbursement Approaches
- 02 Pros and Cons of Approaches
- 03 Reimbursements for Collection and Processing Cost's



Reimbursement Approaches

Invoice on Cost Incurred by Service Providers

- Reimburses service providers for the actual, **documented costs they incur** for the collection, sorting, and processing of covered materials.
- Service providers submit invoices and supporting documentation based on costs incurred.
- In some systems, the PRO has the authority – and in some cases the obligation – to challenge costs that appear unreasonable or inefficient. If it is determined that the service provider is operating inefficiently, the PRO may not be required to reimburse for the full invoiced amount.

Group Averages Based on Costs Incurred

- Reimbursements are based on service providers **actual incurred costs** for providing recycling collection services.
- Municipalities are grouped based on shared characteristics, and service providers operating in each group receive a standardized reimbursement, reflecting the average **actual cost** of that group.
- Service providers may contest their assigned grouped rates and request reimbursement based on their actual incurred costs, provided they submit supporting documentation and meet program eligibility criteria.

Tariff's on Necessary Costs

- Reimbursements are based on estimates of the **necessary cost** of providing efficient collection and recycling services.
- Probably needs some grouping of municipalities.
- Various factors (for each municipality group) are used to weight a payment for services to be a reasonable estimate of costs.
- Service providers may contest their assigned grouped rates and request reimbursement based on their actual incurred costs, provided they submit supporting documentation and meet program eligibility criteria.



Reimbursement Approaches

Services	1. Invoice on Costs Incurred	2. Grouped Average Based on Costs Incurred	3. Tariff on Necessary Costs
Local Government Arranged Collection	Colorado, Oregon	Maine, British Columbia, Quebec, UK	Ontario, Norway
Local Government Arranged Sorting	Colorado, Oregon	Maine, British Columbia, Quebec, UK	Ontario, Norway
Open Market Collection		Maine, British Columbia, Quebec, UK	Ontario, Colorado, Oregon, Norway
Open Market Sorting		Maine, British Columbia, Quebec, UK	Ontario, Colorado, Oregon, Norway



1. Pros and Cons: Service Providers Paid on Costs Incurred

PROS

- **Adherence to cost coverage principles is good** because payments are tied directly to real, verified costs.
- There is **no complex cost formula** needed to determine reimbursement rates.
- This system provides **strong auditability** as invoices and supporting documents create a clear paper trail.
- Useful in early-stage systems where understanding of real costs incurred is immature

CONS

- Not well suited for open-market collection arrangements where costs are less clear.
- Introduces the **risk of costs beyond those necessary to provide services** as producers could end up paying beyond the necessary scope of services. (this risk can be **mitigated by safeguards** such as competitive procurement requirements, caps tied to benchmarked costs, and disallowing reimbursement for non-efficient spending).
- **Potentially higher PRO administrative burden** where invoices must be reviewed, validated, and audited.



2. Pros and Cons: Cost Grouping and Averaging

PROS

- **Creates moderate efficiency incentives.** Municipalities whose costs are above the average get less than their costs / Municipalities below the average keep savings).
- **Remains somewhat grounded to real costs** as reimbursement is based on actual reported data rather than modelled estimates.
- **Potential for lower PRO administrative burden** as less of a need to investigate efficiencies.

CONS

- **Service providers unlikely to get their actual full costs covered.** They will get an average, with some getting more and some getting less. This could be construed as not directly adhering to the principles of the Bill.
- Despite trying to account for legitimate costs differences other than efficiency – **risk that a formula does not adequately account for legitimate cost differences.**
- Business cases for individual entities become more difficult as **service providers don't know what their payment** will be.
- Payments usually rely on prior-year cost data so often a **lag in real cost payments.**
- **Grouping service providers/municipalities has various challenges.**



3. Pros and Cons: Tariffs based on necessary costs

PROS

- Suitable where you cannot establish service providers actual costs
- **Provides predictable and stable funding** since tariffs are set ahead of time.

CONS

- **No service provider is likely to get their actual costs covered.** They will get an estimate, with some likely to be getting more and some getting less than actual.
- Risks associated with getting estimates right – particularly a risk of over estimating costs.
- Municipalities may **dispute tariff levels** if they believe the modelled costs do not reflect their operating realities.



Reimbursements for Collection and Processing Costs

Why collection and processing reimbursements might be kept separate:

- **Different cost drivers** — collection costs depend on density, geography, and routing, while processing costs depend on contamination, technology, and facility efficiency.
- **Supports competitive procurement** — separating them allows for some competition between processing contracts while municipalities retain control of collection.
- **Clearer efficiency incentives** — separating the two avoids blending efficient collection with inefficient processing (or vice versa).
- **Better data for tariff setting** — separating cost streams improves modelling accuracy for necessary-cost tariffs.



Reimbursements for Collection and Processing Costs

Why collection and processing reimbursements might be kept together:

- **Bundled municipal contracts** — many municipalities hire one hauler to collect and deliver to a designated processor, making costs inseparable.
- **Administrative simplicity** — municipalities prefer a single reimbursement rather than splitting invoices or cost reports.
- **Legacy system constraints** — existing long-term contracts often combine collection and processing, and EPR programs must honour them until they expire.
- **Avoids disputes over cost allocation** — combined reimbursement prevents arguments about which portion of the cost belongs to which service.

Jurisdiction Examples:

- Ontario and Oregon separate collection and processing;
- Colorado intends to separate them but must reimburse them together where existing bundled hauler-MRF contracts remain;
- BC and Québec historically reimbursed municipalities for combined collection + processing costs; and
- Maine's proposed model also reimburses combined municipal costs through a group-average approach.



Questions/Discussion

