

Unintended Consequences

Seattle's packaging law could force high costs on local operators
July 26, 2010 | By [M. Sharon Baker](#)



Ivar's recycling and compost bins could get a workout at Seattle units now that the city's single-use packaging ban has gone into effect.

Environmental consciousness abounds in Seattle, home to such socially responsible icons as Starbucks Coffee. But a groundbreaking ban on disposable packaging has several restaurant operators confirming that it is not always easy being green — something more operators will discover as stricter bans are enacted.

Effective July 1, Seattle became the first city to ban completely all single-use, or disposable, packaging. The ban, which requires that any packaging be either compostable or recyclable, is the second phase of an ordinance intended to reduce dramatically the amount of trash sent to nearby landfills. The first phase, which went into effect Jan. 1, 2009, banned the use of polystyrene, or Styrofoam, and was similar to bans in place in several jurisdictions, including more than 30 California cities and counties as well as Portland, Ore.; Rahway, N.J.; Freeport, Maine; and Suffolk County, N.Y. Meanwhile, Issaquah, Wash., a suburb east of Seattle, is putting in place bans on polystyrene foodservice ware effective this October, and single-use packaging will be banned effective May 2011.

Seattle's ban also requires restaurants with dining-area disposal stations to have clearly labeled bins for collecting recyclable and compostable packaging. A temporary exemption is in place for utensils; straws; small portion cups; and foil-faced, insulated wrap until July 1, 2011.

Trash or treasure?

During the past two years, many of Seattle's nearly 1,700 restaurants have voluntarily opted to compost food scraps, in some cases lowering garbage bills by 30 percent, said Dick Lilly, Seattle Public Utilities manager for waste prevention.

Still, the new phase of the ban is proving costly and operationally challenging, with some operators estimating they are spending \$400 to \$700 more per location on garbage and labor costs. Noncompliance is not cheap either, with each infraction costing up to \$250.

Another hurdle is finding compostable products that perform well and are cost-efficient.

"In 2010, assuming we bought compostable goods for the whole year, the increased cost of packaging will be \$400,000," said Bob Donegan, chief executive of Ivar's Inc. The Seattle-based company specializes in seafood and operates 26 fast-casual Seafood Bars, three full-service waterfront restaurants and 20 stadium concessions. Ivar's also serves hamburgers, fries and shakes in its 14 Kidd Valley locations. All restaurants are located in Washington, save a lone location in San Jose, Calif.

Donegan said no quality compostable products are available in all the categories he needs: straws, cutlery and foil wrappers.

"Every manufacturer claims to have cutlery that works ... [but] you put them in a cup of chowder, [and] they melt within 30 seconds."

He added: "What especially galls us is that they are charging us 30 to 40 percent more, and it doesn't perform. Take the compostable to-go packaging. It breaks down with moisture and temperature. Guess what food is? Warm and moist. Before you get from the restaurant to home, you have a puddle on the seat of the car."

Putting a lid on it

For Ken Frazier, general manager of Dick's Drive In Restaurants Inc., securing compostable cup lids that work has proven to be a big problem.

"We have existing cup contracts worth hundreds of thousands of dollars, and we've found our compostable lids didn't fit," he said. "And the compostable cups are just horrendous to use. They are so thin and light; everything just shoots out when you try to put a lid on."

Estimated costs for compostable cup lids are running 50 percent to 100 percent more than traditional lids, he said, and the cost for new drinking straws, when that part of the ban goes into effect, could be huge, leaping from a mere one-tenth of a cent to 3 cents per straw.

Dick's, with five locations in Seattle, could spend several hundred thousand dollars annually to comply with the law, Frazier said. He noted that while the packaging goods industry has not found a substitute for foil wrappers, one in development looks promising. But early estimates show it could cost Dick's \$60,000 a year, Frazier said, "and that's just for one product."

Dick's also has seen an uptick in labor costs since the newest phase of the ban went into effect. The night crew now spends 30 to 40 minutes longer to take out the trash and clean the cans each night, which translates into \$400 to \$600 more per location, Frazier said.

"We're not opposed to [the new law], but it's a big pill to swallow," he said.

Cups runneth over

Starbucks, which uses about 4 billion paper and plastic cups annually, would not disclose the costs to comply with the new rules for its 90 company-owned locations in Seattle. The company, which is based in Seattle, has added recycling stations to its local coffeehouses and aims to duplicate those efforts throughout the 16,000-unit chain.

But Jim Hanna, director of environmental impact for Starbucks, says that won't happen until manufacturers find a good economical use for the discarded cups. Hanna also said 80 percent of the coffee sold in paper and plastic cups goes out the door, and the company has no control over where they end up. Starbucks wants those cups to be recycled and is working with municipalities to make it happen.

In Chicago, for example, Starbucks will kick off a pilot project this fall whereby a Georgia-Pacific paper mill in Green Bay, Wis., will collect cups from an as-yet-undetermined number of local Starbucks to see if they can turn them into napkins.

In Manhattan, Starbucks is looking into whether recyclers in that New York City borough can handle cups from 90 company-owned locations there. Pilot programs are also being created in Atlanta and Denver.