



2016 Innovation Award Application

DUE: January 29, 2016

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Application Title: Tempe Grease Cooperative

Jurisdiction Name: City of Tempe

Jurisdiction Population (US Census): 172,816

City/County Manager Name: Andrew Ching

Project Leader (Primary Contact for award notification):

Name: David McNeil

Title: Environmental Services Manager

Department: Public Works Department

Phone Number: 480-350-2844

eMail: david_mcneil@tempe.gov

US Mail Address, including zip code: P.O. Box 5002, Tempe, AZ 85280

List additional contact information below:

mobile: 602-799-0082

1. Describe the innovation. *100 word maximum.*

Public sewer systems regulate restaurants for discharge of fats, oils and grease. Requirements include cleaning and maintenance of grease traps and interceptors, services that are contracted to 3rd-party vendors on which restaurants depend to provide effective and compliant services. The Tempe Grease Cooperative is the first program in the world in which a regulatory sewer authority brokers both pricing and service quality on behalf of regulated restaurants that voluntarily enroll in this program as an alternative to being regulated. Through partnership, the Coop achieves group service discounts for participating restaurants, creates more sustainable sewer infrastructure, and captures renewable energy feedstock.

2. When and how was the program, policy or initiative originally conceived in your jurisdiction? *100 word maximum.*

The idea of establishing group discounts using municipal purchasing power to compel the implementation of sustainable practices at regulated commercial facilities evolved from Tempe's study of using fats, oils, and grease from community restaurants as energy feedstock, a study that was funded beginning in 2009 using federal block grant funding for energy efficiency or generation. Beginning with the complementary goals of securing energy feedstock and protecting sewer infrastructure through collective procurement of commercial waste management services, Tempe's Grease Cooperative was also able to bring service discounts of 15% - 25% to its community businesses.

3. How exactly is your program or policy a quantum leap of creativity? How has your innovation changed previous processes, products or services? *100 word maximum.*

Never before has a sewer authority used purchasing power as an alternative to enforcement authority. Once a regulator, the City has become broker/advocate for its businesses, achieving compliance by coupling business advantage with service quality. In addition to group discounts, restaurants eliminate compliance risk, odors, and plumbing backups, and contribute to a more sustainable community. Compliance-assurance is the statin drug for the municipal sewer system, reducing sewer overflows and protecting sewer infrastructure. Transaction management allows the City to manage services beyond the property boundary of the regulated business, ensuring proper and legal disposition and renewable energy feedstock security.

4. Explain how the program or initiative substantially stretched or improved the boundaries of ordinary governmental operations. *200 word maximum.*

Retailers' cooperatives have long been used by groups of independent retailers to leverage their collective purchasing power to obtain competitive advantages in the marketplace by acquiring discounts from suppliers and sharing marketing costs through a central buying organization. The Tempe Grease Cooperative (TGC) is the first program in the world in which a public regulatory sewer authority brokers both pricing and service quality on behalf of a collective of regulated food service establishments that voluntarily enroll in this program as an alternative to being held responsible for the practices of their hired vendors. Modeled after retailers' cooperatives, the Tempe Grease Cooperative is the first in which the regulatory sewer agency is established as the central buying organization for compliance requirements, providing members with both discounts and compliance assurance under collective contracts that are established and administered by the City. As a result, partners in the TGC collectively establish more sustainable plumbing and sewer infrastructure for retailers and the region as a whole, and create a more livable city by reducing odors and sewer overflows at member facilities and community-wide, all at a lower cost for both the utility and its regulated users.

5. What individuals or groups are considered the primary initiators of your program? How does the innovation engage stakeholders or demonstrate high performance teaming? Were strategic partnerships and/or community networks developed as a result of the innovation? *200 word maximum.*

The Tempe Cooperative is, by nature, a community network of small businesses and municipal government, and a strategic partnership to achieve a sustainable community through business advantage. The Tempe Grease Cooperative evolved from the vision of Tempe's Environmental Services Section (ESS). Stakeholder involvement was a two-year process that began with a guarded meeting arranged by Tempe's Chamber of Commerce in February 2011, and ended with fervent support of the Coop by Tempe's most prominent restaurateurs and small business owners, and more than one in 10 Tempe restaurants enrolling in the Coop in its first two years of operation. Developing public support for the Cooperative was pivotal in the success of the program's development. Tempe began the public involvement process with stakeholder meetings at which challenging and stubborn scrutiny prevailed, and evolved the partnership into one where those same restaurateurs were the program's strongest advocates. Staff went door to door discussing the program, listening to concerns, and incorporating recommendations into the program's structure. Stakeholder support for a team-based cooperative approach to managing a collective problem reflected not only an inclusive process, but a program structure with clear messages of diplomacy from a utility that had long been a regulator.

6. If a private consultant was used please describe their involvement, identify the consultant and/or firm and provide contact information. *100 word maximum.*

N/A

7. To what extent do you believe your program or policy initiative is potentially replicable within other jurisdictions and why? To your knowledge, have any other jurisdictions or organizations established programs or implemented policies modeled specifically on this project? Please provide verification of the replication. *200 word maximum.*

The success of the Tempe Grease Cooperative is proving that the use of compliance cooperatives for procured compliance may become the new industry standard. The TGC establishes a blueprint for using group discounts to promote sustainable practices community-wide using the purchasing power of municipal governments. Tempe has presented this program at local, regional, and national conferences over the last several years, and utilities within the U.S., Canada, and overseas have expressed strong interest in developing similar programs. After studying Tempe's program, the City of Dublin Ireland was the 2nd to implement a pilot grease cooperative program for fats, oils, and grease, and Cities in Saskatchewan, California, Pennsylvania, and Texas have expressed their intent to establish similar programs. Tempe is convinced that compliance cooperatives and collective procurement will be the industry model for municipal management of fats, oils, and grease within the next decade.

8. What were the costs? What were the savings? *100 word maximum.*

Through collective purchasing, enrollment into the TGC saves members roughly 15% on services provided. All savings are passed on directly to member restaurants, with no program or administration fees. Administrative management of restaurants also results in significant savings for the City. To date, the deferred cost of compliance assurance as a result of fewer inspections is estimated to exceed \$120,000 annually assuming the elimination of one annual inspection per member FSE. The cost to the City is predominately administrative. Compared to the savings, however, this amount is negligible.

9. Please describe the most significant obstacle(s) encountered thus far by your program. How have they been dealt with? Which ones remain? *200 word maximum.*

Because the TGC is the first program of its kind, there was no model or guideline to follow through development and implementation. Pioneering a new program includes challenges that the City is actively overcoming, such as needing additional vendors and expanding the service to go beyond grease trap and interceptor cleanings to include discretionary fryer oil pickup, line jetting, and minor repairs to restaurant infrastructure. Despite clear and significant value to member restaurants, enrollment is the biggest challenge due to the busy nature of food business ownership, the time needed to clearly explain the program and its benefits, and the residual caution and frustration of an industry with a history of being regulated for a problem without previously effective solutions. The Tempe Grease Cooperative is solving the enrollment conundrum through a partnership with ASU's School of Sustainability, from which the City hires undergraduate and graduate interns with a millennial, restaurant and bar-friendly demographic to be the program's "Grease Ambassadors", enrolling restaurants in writing, by phone, online, and in-person. The passion, intelligence, commitment, and grand articulation of the program by its GAs increasingly overcomes industry inertia, and interns are responsible for enrolling over 90% of Coop members to date.

10. What outcomes did this program or policy have? What baseline data did you collect? How did you measure the change based on the intervention, and why do you believe in the credibility of this assessment? *200 word maximum.*

After twenty months of implementation, 109 food service establishments, or roughly one of nine regulated food businesses in Tempe, has enrolled in the Tempe Grease Cooperative, understanding that TGC membership is the brand for restaurants that care about their business, their community, and their environment. Based on current enrollment, the Tempe Grease Cooperative is diverting over 2,500 tons of FOG and dense liquid restaurant waste from Tempe's sewer system annually, and capturing roughly 250 tons of potential renewable energy feedstock. The credibility of the Grease Cooperative's metrics are unquestionable - they are calculated simply by enrollment numbers and waste diversion volumes that are recorded at the time of service. Additionally, 109 small businesses are saving 15% - 25% on liquid waste management, contributing strength and sustainability to Tempe's economic engine.

11. Has the program received any press or other media coverage to date? If yes, please list the sources and briefly describe relevant coverage. *100 word maximum.*

Media coverage on the Tempe Grease Cooperative includes local print and news media coverage:

<https://www.youtube.com/watch?v=Lc7tjzmdy8s>

<http://www.cbs5az.com/story/30534241/tempe-restaurants-give-new-meaning-to-greasy-spoon>

<http://www.azcentral.com/story/news/local/tempe/2015/05/25/tempe-grease-co-op-gaining-steam/27809329/>

http://www.bizjournals.com/phoenix/blog/prime_cuts/2015/08/grease-is-the-word-for-tempe-restaurants.html

<https://amwua.wordpress.com/2014/03/31/tempe-grease-coop-city-businesses-clean-up-sticky-problem/>

12. Please provide web links where the innovation can be seen/tested (in the case of something that is web-based) *100 word maximum.*

www.tempe.gov/grease

<https://www.youtube.com/watch?v=Lc7tjzmdy8s>

13. Please provide any key references and their contact information who can be interviewed/called to discuss the innovation and its impact. *100 word maximum.*

Jason Brown, Manager, Culinary Dropout Tempe, 480-240-1601

Daryle Dutta, Tempe Farmers Market, 480-650-2677

Eddie Goitia, CFO, Tilted Kilt International, 480-456-5458

Mary Ann Miller, President, Tempe Chamber of Commerce, 480-736-4280

Mick Dalrymple, Director of Sustainable Practices, Arizona State University,
480-727-1993

Mick O'Dwyer, City of Dublin, Ireland, michael@swiftcomply.ie

14. Anything else you would like to add? *200 word maximum.*

2014, Arizona Forward Environmental Excellence Award within the Livable Communities category

2015, Copper Level recognition, Arizona Department of Environmental Quality's Voluntary Environmental Stewardship Program