

January 30, 2015

These brief notes summarize the impact of the proposed bottle bill expansion by the State of Connecticut to Bozzuto's Inc, a typical wholesaler to retailers in multiple states, including Connecticut.

1. In the non-refrigerated warehouse the proposed bottle bill expansion adds more than 1,000 unique new items (which Bozzuto's currently sells to CT retailers) to the 'deposit item' list.
2. In addition, the proposed bottle bill expansion nearly 500 new deposit items in the dairy and produce departments (which Bozzuto's currently sells to CT retailers) to the 'deposit item' list.
3. These numbers mean a four-fold increase in the number of SKUs requiring special handling by Bozzuto's due to the Connecticut bottle bill.
4. These numbers do not include containers sold in the grocery or dairy departments which are delivered to the store by other vendors, normally referred to as DSD (Direct to Store Delivery).
5. Wholesalers will incur a one-time programming cost to change the billing system profile on more than 1,450 items to reflect the increased 'cost' of deposit.
6. With water, our largest supplier initiated a recycle fee that they felt they needed to recover their costs to administer the deposit program. This fee is passed directly to retailers who, in turn, pass it directly to the consumer in the form of higher costs for bottled water. This higher cost is in addition to the deposit and the hassle of returning the empties for deposit return. In border towns, these differences push even more people to shop across state lines.
7. The effect for our warehouse operation could be staggering.... potentially adding 1500 new 'pick slots' (separating product for deposit states and non-deposit states) causing:
  - a. The need for a significant amount of additional warehouse space
  - b. Additional inventory on hand (the minimum on-hand quantity would double)
  - c. Reduced selector productivity
  - d. Reduced loader productivity
  - e. Reduced inbound productivity
  - f. Increased inventory control costs
  - g. All of these issues result in significantly increased distribution costs which no doubt would eventually trickle down to every family in Connecticut.