

## INFORMATION PAPER

Cecil County Department of Public Works

June 15, 2010

SUBJECT: Changes to the County's Policies and Fees for the Disposal of Solid Waste

1. Purpose. To provide interested stakeholders with an overview of recent changes to the County's policies and fees for the disposal of solid waste.
2. Summary. Cecil County's solid waste disposal system is operated as an enterprise fund, meaning that the direct costs for its operations are funded solely through the collection of user fees without use of tax dollars. A tipping fee analysis conducted by the Cecil County Department of Public Works (DPW) revealed that Landfill Enterprise Fund revenues were no longer sufficient to cover current or projected future operating and capital costs. The Board of County Commissioners of Cecil County (BOCC) has decided to make a series of changes to solid waste disposal policies and the associated fee schedule including increasing landfill tipping fees, deferral of non-essential capital projects, elimination of credits to haulers and municipalities for recyclables and yard waste, and implementation of a fee for those who bring their own trash to the landfill or transfer stations. These changes are necessary in order to ensure that the Landfill Enterprise Fund remains on solid financial footing and can meet the County's future solid waste disposal needs in an environmentally and economically sound manner.
3. Background and Discussion.
  - A. Landfill Enterprise Fund.
    - 1) Cecil County's solid waste disposal facilities and associated programs are operated as an enterprise fund, meaning that direct costs are funded solely through the collection of fees from users of the solid waste disposal system. No County tax dollars are used.
    - 2) It is the policy of the Board of County Commissioners of Cecil County (BOCC) that disposal fees be kept as low as possible while meeting the operating and capital costs of the Landfill Enterprise Fund, providing the required and desired level of service as determined by the Cecil County Department of Public Works (DPW) and BOCC, and meeting all regulatory requirements of the Maryland Department of the Environment (MDE) and other regulatory agencies.
    - 3) The Landfill Enterprise Fund sets aside in reserve each year funds to cover future landfill life-cycle costs including landfill closure and a minimum of 30 years of landfill post-closure care and maintenance as required by law. This policy is intended to ensure that current users of the County's solid waste disposal system cover their full costs and do not cause future users to bear the costs of waste being disposed today. Use of these reserve funds to cover current operating or capital costs would transfer financial liability for landfill closure and post-closure care and maintenance to future users of the County's solid waste disposal system.

**B. Landfill and Transfer Station Operational and Capital Improvements.**

- 1) In order to meet increasingly stringent regulatory requirements, provide an acceptable level of service to meet customer demands from a growing population, and to ensure that the County's solid waste disposal facilities meet the County's needs for the future, beginning in 2005 DPW commenced a series of major improvements at the landfill and transfer stations. Those projects included:
  - a. Construction of a landfill gas collection and control system which has largely eliminated the landfill gas odor problem which plagued the Town of North East and surrounding areas for years.
  - b. Construction of a new Homeowners Convenience Center (HCC) which improved safety, encourages increased recycling, and provides much greater capacity than the old facility, significantly reducing lines and customer wait times during peak periods. (Construction of the new HCC was also needed to clear the way for the future expansion of the landfill.)
  - c. Improved stabilization of the many slopes at the landfill to reduce erosion and improvements to the landfill's stormwater management facilities to reduce sediment discharges to adjacent waterways and meet increasingly stringent regulatory requirements. (Several of these projects are ongoing.)
  - d. Upgrades to the Stemmers Run and Woodlawn transfer stations to fix critical deficiencies in both the structures and building electrical and mechanical systems to safeguard the County's investment in the facilities, ensure their continued safe operation, and extend their useful lives for many more years.
  
- 2) One of the most significant and costly projects which is currently in progress is the expansion of the landfill to meet the County's future waste disposal needs. The landfill expansion is a multi-year, multi-million dollar project which will be done in phases and which will ultimately yield 40+ years of additional landfill capacity. The first phase, known as Cell 4 Redevelopment, is currently underway and is projected for completion in the late summer or early fall of 2011 at a total estimated cost of approximately \$16M.
  
- 3) Without expansion of the current landfill, the County would likely run out of disposal capacity within a decade and then be faced with the choice of siting and constructing another landfill or waste-to-energy plant or transporting its waste out-of-County for disposal. Either option is expected to be significantly more expensive than expansion and continued operation of the County's current landfill. Siting a new landfill or waste-to-energy plant in the County would also likely be very difficult due to anticipated citizen opposition.

C. Current Solid Waste Disposal Policies and Fee Schedule.

- 1) The County's policies regarding solid waste disposal are contained in Chapter 134, Commercial Refuse Haulers and Chapter 228, Solid Waste Disposal of the Code of Cecil County. The complete County Code is available on the County's website at [www.ccgov.org](http://www.ccgov.org).
- 2) The fee schedule for waste disposal was last revised in January 2002. The landfill tipping fee which was set in 2002:
  - a. Was \$52/ton.
  - b. If unchanged, would currently be the fifth lowest County tipping fee in the State of Maryland (out of 22 counties reporting).
  - c. If unchanged, would be \$8/ton or about 13% below the current Maryland average.
  - d. Would be \$63.62/ton in 2010 if it had increased at the rate of inflation.
- 3) The previous policy permitted residents (known as "self-haulers") who bring less than 200 pounds of trash to the landfill or transfer station to dispose of that trash at no charge provided that they separate out 100% of their recyclable materials; if they do NOT separate out the recyclables, they paid a flat \$5 fee.
- 4) DPW estimates that self-haulers with separated recyclables make 125,000 visits to the landfill or transfer stations annually, bringing an estimated 6-10 million pounds of trash for which they were not being charged to the County's solid waste disposal facilities.
- 5) Disposing of that trash is NOT free for the County, however. In fact, the trash brought in by the self-haulers is among the most expensive waste that DPW must dispose.
- 6) Waste which is picked up curbside by commercial refuse haulers is brought directly to the landfill's "working face" by the haulers where it is dumped and then spread, compacted, and covered by DPW personnel using heavy construction equipment.
- 7) Waste which is brought by the self-haulers to the transfer stations is first compacted by compaction machinery and then trucked to the landfill by DPW where it is dumped, spread, and covered. The costs of operating the transfer stations and processing and hauling the waste to the landfill from the transfer stations are extra costs, over and above the costs of spreading and compacting the waste at the working face.

- 8) Waste which the self-haulers bring to the Homeowners Convenience Center at the landfill must also be collected and transported to the working face for ultimate disposal, also representing additional costs.
- 9) If self-haulers are not charged a fee for disposal of their waste, then the ENTIRE cost of disposing of the self-haulers' waste is being borne (i.e. subsidized) by other system users, specifically, those who DO pay to dispose of their waste.
- 10) Every County resident who has their trash picked up curbside by their municipality or by subscribing to a commercial service is paying that cost, either through their town property taxes or the monthly fee they pay to the trash hauler. In addition, those self-haulers who DO pay to dispose of their trash either because they don't separate out their recyclables or because they exceed the 200 pound limit are paying for the disposal of the trash of the self-haulers who previously were not being charged.
- 11) The BOCC and DPW decided that it was simply a matter of equity that residents should pay to dispose of their own trash rather than have that cost be subsidized by others.
- 12) Just as it costs the County money to dispose of the self-haulers' trash, it also costs the County money to process and dispose of single-stream recyclables and yard waste.
- 13) Single-stream recyclables which are brought to the landfill and transfer stations by either commercial refuse haulers or self-haulers are compacted and loaded onto trucks for transport to a Material Recovery Facility (MRF) in Elkridge, MD where the material is sorted by component (i.e. cardboard, paper, glass, etc.) by various methods, manual and automated. From the MRF the materials are shipped to other locations for further processing and eventual reuse in various forms and fashions.
- 14) While it is true that recycling this material reduces the volume of waste which goes into the landfill, thereby saving landfill capacity, it still costs the County money to process and transport the material to the MRF. Depending on the commodity markets at any given time, the County may either get paid for the material or have to pay to dispose of it at the MRF.
- 15) To date, at least, the amount the County has been paid for recyclables at the MRF has never fully covered the cost of processing and transporting the materials from the landfill and transfer stations to the MRF. In other words, even though it sometimes gets paid something for the recycled materials delivered to the MRF, the County still loses money on recyclables. Unlike other counties, such as Kent County, which have

discontinued their recycling programs, DPW and the BOCC have decided to maintain a recycling program, nonetheless, in response to resident demands for it as well as in

recognition of the landfill capacity it saves as well as the other environmental benefits which derive from recycling.

- 16) It also costs the County money to receive and process yard waste. Revenues from the sale of mulch and compost only partially offset the costs of yard waste processing.

D. Landfill Tipping Fee Analysis.

- 1) For many years, the revenues generated by solid waste disposal activities were sufficient to cover the costs of those activities, including the capital costs for the relatively minor capital projects undertaken at the landfill.
- 2) As a result of the cost of the major capital projects undertaken beginning around 2005, however, as well as increased operating costs resulting from increases in fuel, heavy equipment, wages, and other expenses, DPW conducted a tipping fee analysis in early 2010 to determine what changes, if any, were needed to fees and waste disposal policies to ensure that the Landfill Enterprise Fund could cover its increased expenses and avoid depleting its reserves.
- 3) The results of that analysis showed that revenues under the 2002 fee schedule and waste disposal policies were no longer sufficient to cover the Landfill Enterprise Fund's costs going forward.
- 4) The analysis concluded that this "imbalance" between revenues and expenditures was due to multiple factors including:
  - a. The failure to adjust landfill tipping fees over time to account for inflation.
  - b. The drop in waste volumes due to the economic slump which began in the 2008 time frame.
  - c. The debt service for the capital projects undertaken at the landfill and transfer stations, most notably the debt service for the \$16M Cell 4 Redevelopment project.
  - d. The County's policies of granting recycling credits for yard waste and recyclables to commercial refuse haulers and incorporated municipalities.
  - e. The County's policy of permitting residents who haul their own trash and other waste to the landfill or transfer station to dispose of that waste at no charge provided that they separate out 100% of their recyclables.
  - f. Increased operating costs due to more stringent regulatory standards (i.e. "the cost of doing business").

- 5) DPW concluded that if no action was taken to balance revenues and expenses, then the Landfill Enterprise Fund would begin to draw down its financial reserves to cover its current operating costs.
- 6) DPW and the BOCC decided that depleting the reserve funds to cover current operating and capital costs was not an acceptable option.
- 7) As a result of the tipping fee analysis, DPW made a series of recommendations to the BOCC, chief among them that:
  - a. Tipping fees be increased.
  - b. Non-essential capital projects be deferred.
  - c. Recycling credits for haulers and municipalities be ended.
  - d. Fees for self-haulers be implemented.
  - e. Aggressive cost-control efforts continue while ensuring compliance with regulatory requirements.

E. BOCC Policy and Fee Decisions.

- 1) After consulting with DPW, soliciting public input, and extensive consideration, a majority of the BOCC has decided to approve policy changes and a revised fee schedule. While a complete description of every change is beyond the scope of this Information Paper, the key elements include the following:
  - a. Increasing the landfill tipping fee to \$57.20/ton.
  - b. Implementing a separate tipping fee for construction and demolition waste of \$67.20/ton.
  - c. Implementing a "market rate" tipping fee for disposal of commercial quantities of recyclable materials which will reflect the County's costs of disposing of the material.
  - d. Implementing a tipping fee for disposal of commercial quantities of yard waste of \$25/ton.
  - e. Implementing fees for self-haulers.
    - i. The fee for self-haulers with less than 200 pounds of trash and who separate out 100% of their recyclables is \$5 per vehicle, \$10 if the recyclables are not separated.
    - ii. Self-haulers with recyclables only will be charged a flat fee of \$2 per vehicle.
    - iii. Self-haulers with less than 400 pounds of yard waste will be charged a flat fee of \$3 per vehicle.
  - f. Eliminating the \$15/ton recycling credit granted to haulers and municipalities for yard waste and recyclables.

- g. Reducing the days of operation of Woodlawn Transfer Station from six days per week to five days per week, Tuesday through Saturday from 8:00am to 4:00pm.

- h. Reducing the days of operation of Stemmers Run Transfer Station from six days per week to three days per week, Tuesday, Friday, and Saturday from 8:00am to 4:00pm.
- 2) The effective date of these changes is August 1, 2010.
- 3) The BOCC and DPW intend to monitor the impact of these changes, particularly the changes in the days of operation of the transfer stations, and can and will make further adjustments as needed in an effort to provide the highest level of service possible within available resources.