

The Future of Recycling Programs: Sustainable Funding Sources

ILG Webinar

December 2, 2014

10:00am – 11:00am

Speakers

Rob Hilton, Vice President, HF&H Consultants, LLC

Doug Landon, Director, Waste Management Department,
Kern County

Moderator

Jennifer Armer, Program Coordinator,
Sustainability Program, Institute for Local Government

Sponsor

Howard Levenson, Deputy Director, CalRecycle

How to ask a question during the webinar

- Please type your questions into the question box at any time during the webinar.
- We will read your questions during the question period at the end of the webinar.



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- Practical, impartial and easy-to-use materials

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Public Engagement

Sustainable Communities

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Webinar – The Future of Recycling Programs: Sustainable Funding Sources

Counties and cities have many options available to help fund recycling and solid waste programs in their communities and sometimes it can be hard to navigate which is best for your community. This webinar will focus on the traditional and innovative ways that cities and counties across the state are funding these programs.

[»](#)



ILG is the research and education affiliate of the California State Association of Counties and the League of California Cities.

KEYWORD SEARCH →



HELPFUL RESOURCES

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UNDERSTANDING THE BASICS OF PUBLIC SERVICE ETHICS LAWS



DEEPLY HELD CONCERNS AND OTHER CHALLENGES TO PUBLIC ENGAGEMENT

Polling Question

- Which of the following best describes you?



Funding Recycling Programs in California

Rob Hilton, Vice President
HF&H Consultants, LLC



How do public agencies commonly fund recycling programs?

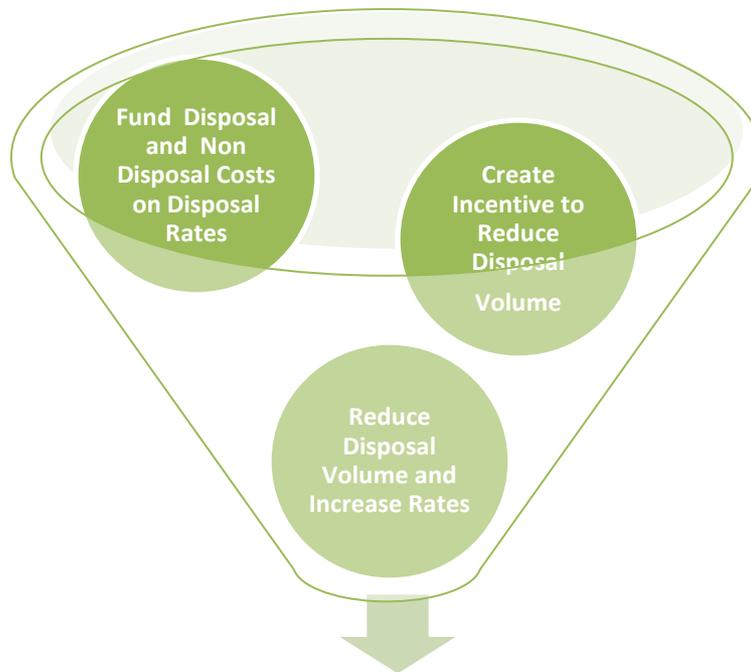
- Collection Rates
 - Usually as “integrated charge”
 - Some charge for commercial recycling
 - Some recycling covers costs (e.g. C&D)
- Disposal-Based Rates
 - Tipping fee (esp. public landfill owners)
 - Surcharges on disposal (e.g. AB939, mitigation fees)
- Recycling Revenues
- Advanced Disposal Fees (CRV, E-Waste)
- Producer Responsibility (Call2Recycle, PaintCare)
- General Funds



PART 1: WHY DO WE NEED CHANGE?



"The Zero Waste Death Spiral"

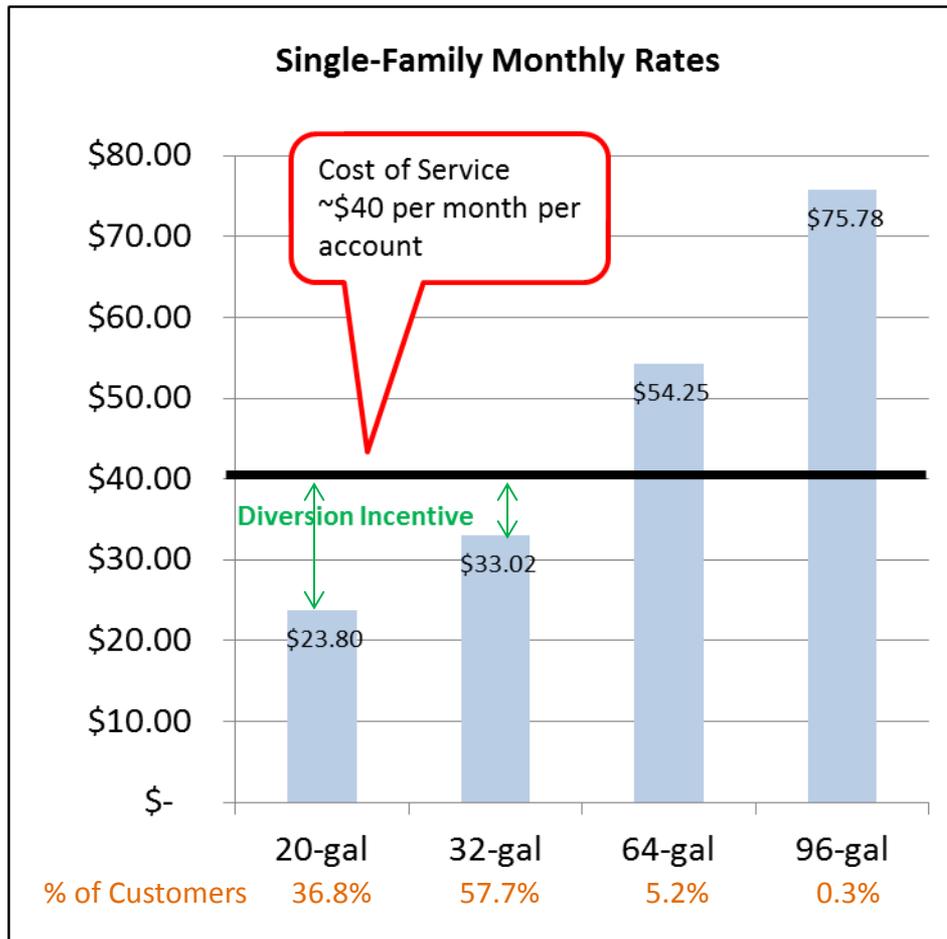


Fund Everything on Nothing



Collection Rates

Successful Residential Diversion

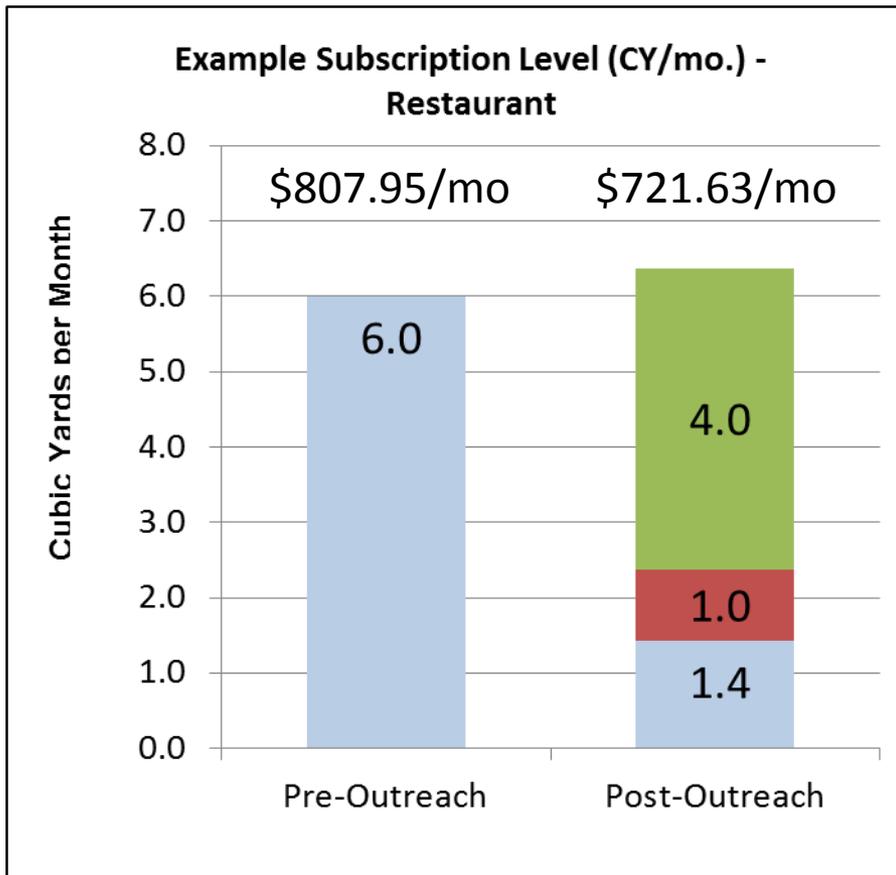


- As residents are successful recyclers - revenues are not covering collection costs
- Current 20- and 32-gallon rates do not cover total costs
- Typical industry approach to encourage recycling



Collection Rates

Successful Commercial Diversion



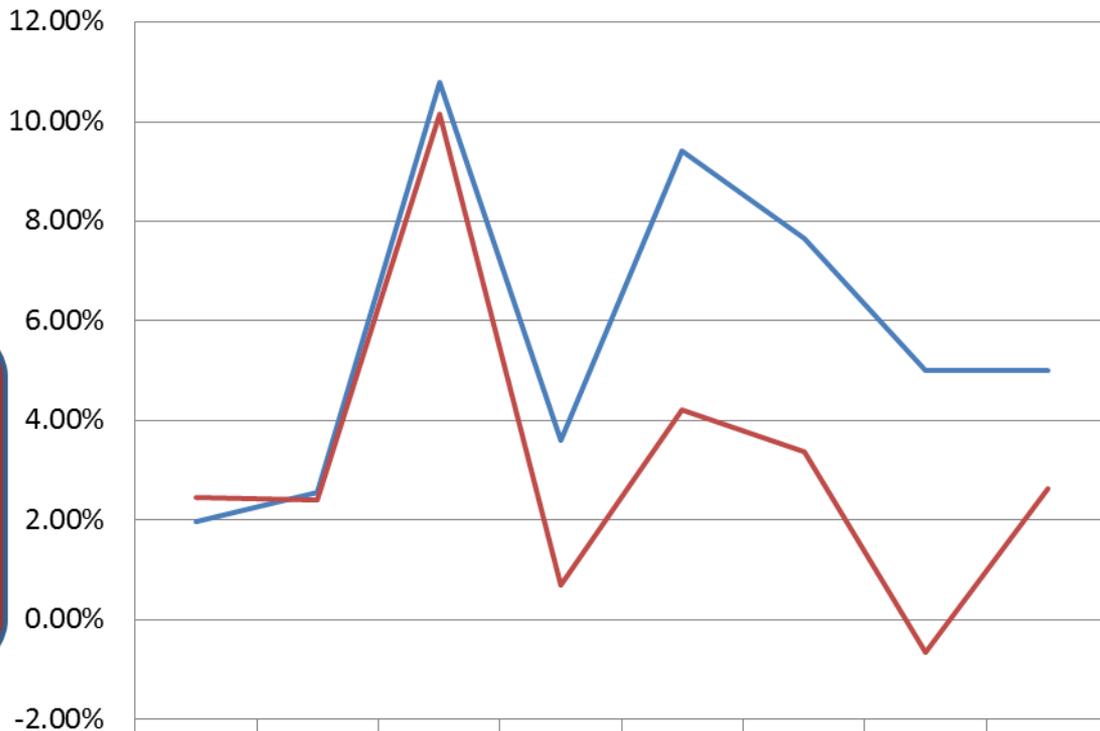
- As businesses are successful recyclers - revenues are not covering costs
- Pre-Outreach (2 trips/wk):
 - ✓ 3CY, 2x/wk - SW
- Post-Outreach (6 trips/wk):
 - ✓ 96gal, 3x/wk – SW
 - ✓ (2) 96gal, 1x/wk – Recyclables
 - ✓ 2CY, 2x/wk – Organics



Collection Rates Revenue Gap

Average Annual Rate Increase = 5.7%

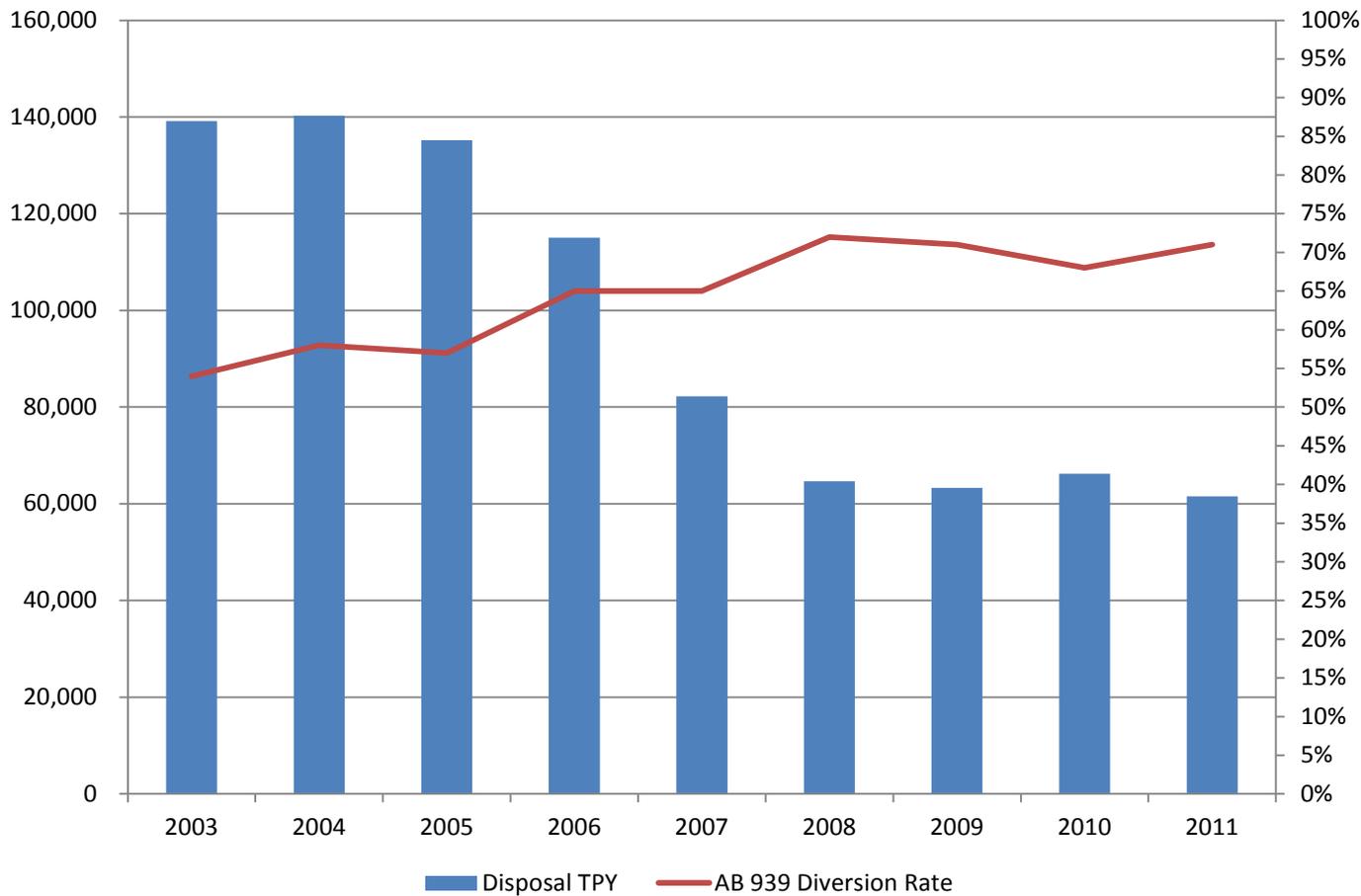
Actual Change in Annual Revenue Received = 3.2%



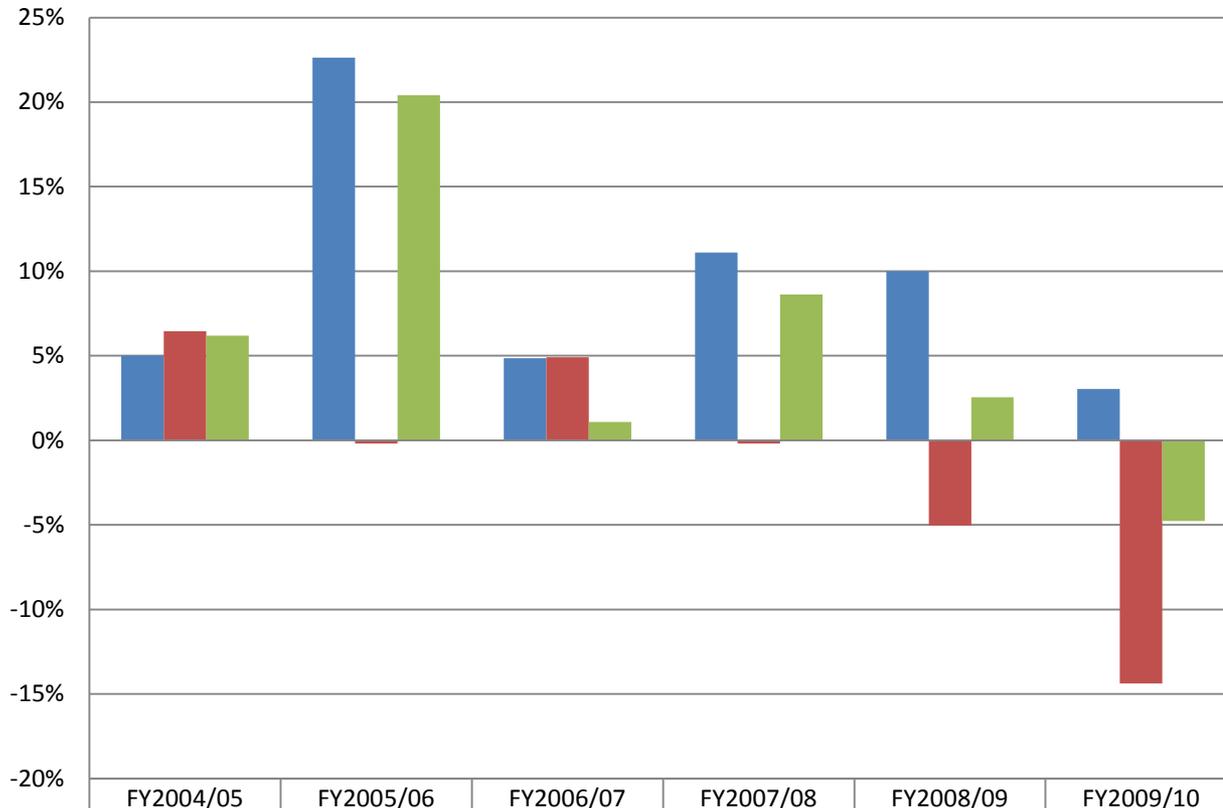
	2005	2006	2007	2008	2009	2010	2011	2012
Rate Increases	1.96%	2.57%	10.80%	3.59%	9.42%	7.65%	5.00%	5.00%
Change in Revenue	2.46%	2.40%	10.16%	0.71%	4.23%	3.38%	-0.65%	2.63%



Santa Cruz County Disposal and Diversion Trend



Just Raise Rates...Right?



Cumulative
 Rates +70%
 Gate -10%
 Franchise +37%

■ Tipping Rate	5%	22.62%	4.85%	11.11%	10%	3.03%
■ Gate Revenue	6.46%	-0.19%	4.92%	-0.20%	-5.03%	-14.37%
■ Franchise Revenue	6.18%	20.41%	1.08%	8.63%	2.54%	-4.77%



PART 2: WHAT ELSE COULD WE DO?



Collection Rates

Pay As You Throw V2.0

- ✓ Reduce rate slope – greater focus on cost per trip/per account versus volume
- ✓ Fixed and variable rate components
- ✓ Reduce trips necessary (e.g., commercial wet/dry) - where feasible
- ✓ Charge for recycling/organics services



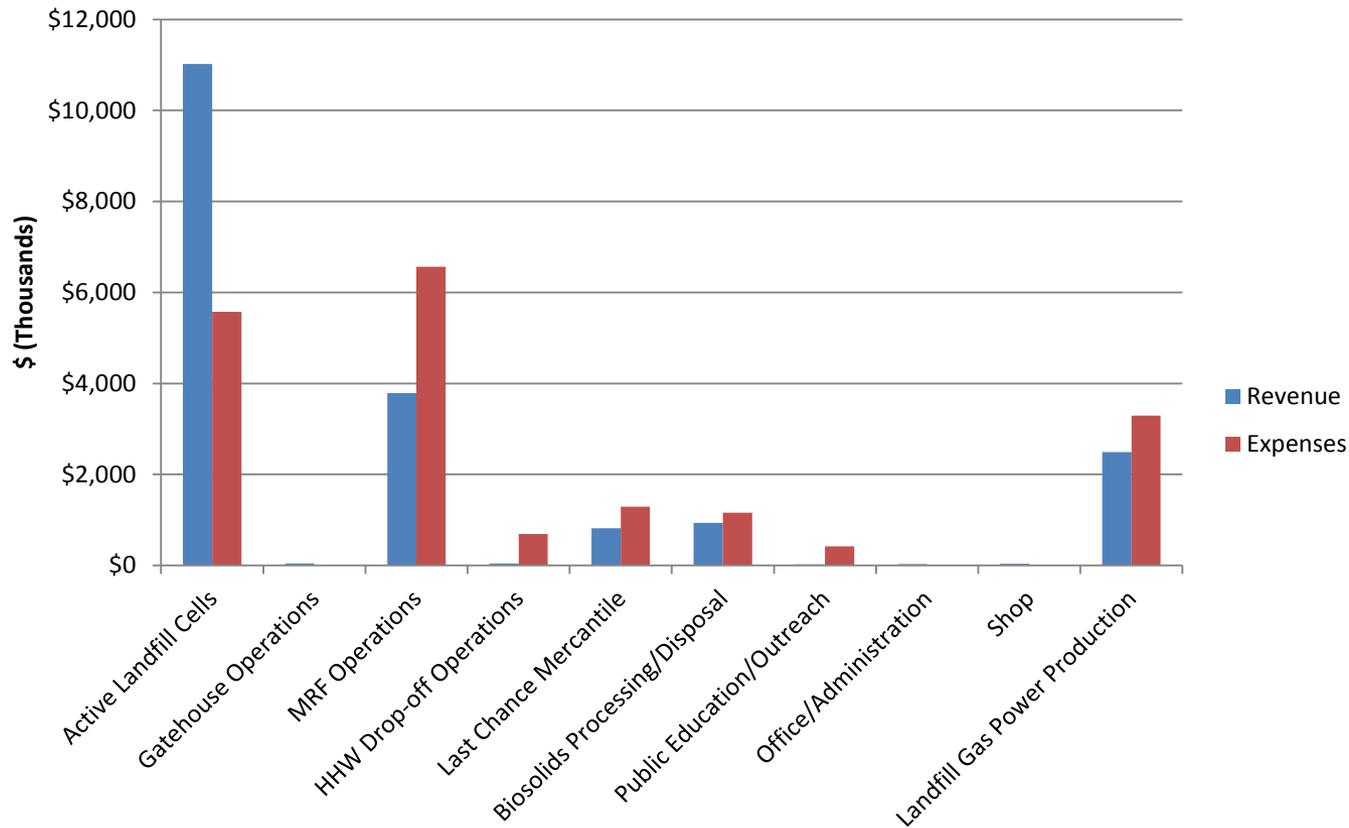
Deleverage Disposal Rates

- ✓ Map sources and uses of funds:
 - What do people think they pay for?
 - What do you spend money on?
- ✓ Cut spending BEFORE you ask to change or add, demonstrate it while you are asking
- ✓ Identify replacement funding for under-funded activities
 - Largest gaps first
 - Identify users/beneficiaries of activity
 - Analyze tipping fee relief vs. affordability of direct charges, goal of net zero impact to customer/payee
 - Assess charges on the broadest defensible basis (i.e. per user > per gallon)



Example Source & Use Map

MRWMD - Revenues & Expenses by Activity Area



Example Deleveraging Analysis

Example Calculation of Household Hazardous Waste Fee		
\$ 2,559,980	A	Annual Franchised Disposal Revenue
\$ 534,202	B	HHW Program Shortfall
21%	C=B/A	Shortfall as Percent of Revenue
\$ 67.00	D	Franchise Disposal Tipping Fee (per ton)
\$ 13.98	E=D*C	Franchise Tipping Fee Reduction (Res & Comm)
\$ 534,202	B	HHW Program Shortfall
37,472	F	Assumed Dwelling Units (Res Accts)
\$ 14.26	G=B/F	Annual HHW Fee per Dwelling Unit
\$ 1.19	H=G/12	Monthly HHW Fee per Dwelling Unit



Case Study: StopWaste Revenue Diversification

- ✓ Investigated Advance Disposal Fees (ADF's) locally for HHW funding
 - State pre-emption on some products
 - Expensive to implement locally – marginal net revenues
 - Confusing messaging to consumers
 - Legal considerations – Prop. 26
- ✓ Residential parcel fee for HHW funding – Prop. 218 protest vote
- ✓ Benchmark Information Fee – a “per refuse account” fee - \$1.81/year for most residential accounts – not tied to volumes
- ✓ Pursuit of State/Federal/Utility Grant Funding – Energy Council, Use Reusables ; Prop. 84



California EPR Legislation: 2008-2013

Approved:

1. Ag Pesticide Containers
2. Recalled Products Take-Back
3. Mercury Thermostat
4. Green Chemistry
5. Paint
6. Carpet
7. Brake Pads
8. Mattresses (Gov. Brown)

Content
Courtesy of
California
Product
Stewardship
Council
(CPSC)

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Case Study: Alameda County Pharmaceutical Ordinance

- First EPR Ordinance in US - July 2012
- Follows the British Columbia model of roles of government and industry
- Requires producers to design, fund and operate the collection system
- Requires stewardship plan submitted to Dept. of Environmental Health (DEH)
- DEH approves “Plan” and does oversight of program implementation
- PhARMA and California associations of medical producers opposed any solution indicating there is no problem

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Appealed to Federal 9th Circuit

- 9th Circuit Court of Appeals -3 judge panel heard case 7/11/14
- No new facts –only interpretation of law
- Judge “I have a feeling this may not be the last word on this”
- Court rules for Alameda County, upholds ruling –9/30/14

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San Francisco Reintroduces Meds EPR Ordinance 10/21/14



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What Does This Mean?

1. Opponents have said they will appeal to supreme court
2. Unlikely the court will hear it
3. The producers submitted a stewardship plan and a check for \$10K to Alameda for oversight -implementation begun
4. Any local government in the country can make producers pay for recycling of anything

<http://www.calpsc.org/products/pharmaceuticals>

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Survey of Solutions

- Landfill Tipping Fees (public) and Surcharges (private)
- AB 939 Fees on Non-Disposal Facilities
- Landfill Surcharge on Recyclable Loads
- “Integrated” Collection Charges
- Charge for Base Service + Surcharge for Additional Services
- Rates for Recycling and Organics Collection
- AB341/AB1826 Fees on Regulated Customers
- Parcel/Land Use Fee
- Statewide Producer Responsibility
- Local Take-Back/Retailer Responsibility
- Recycling Commodity Revenue



Legal/Regulatory Considerations

Proposition 13:
Property Taxes

Proposition 218:
Property-Related
Charges

Proposition 26:
Regulatory Fees

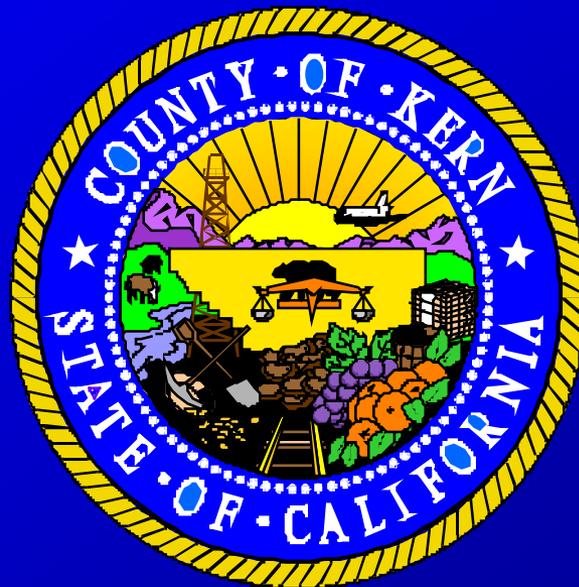


CONTACT INFORMATION

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KERN COUNTY SOLID WASTE MANAGEMENT FEE STRUCTURE



Waste Management Department
Douglas E. Landon, Director

BACKGROUND

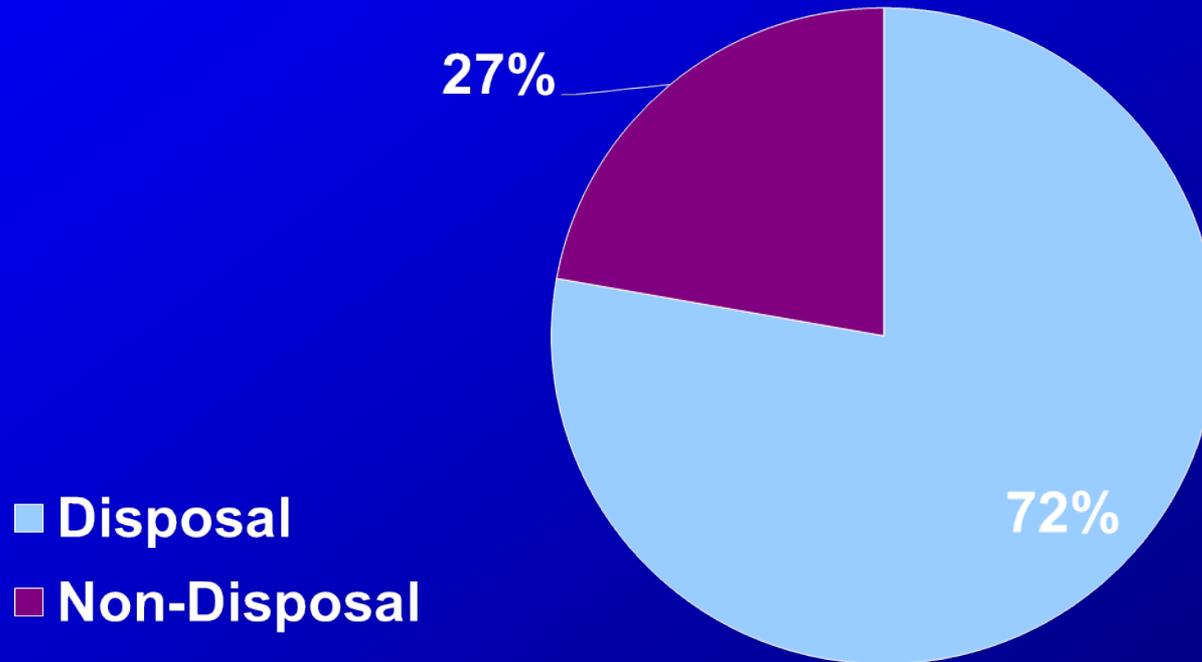
- Replace General Fund with Land Use Fees in 1988
- Modify with introduction of Bin Fees and Gate Fees in 1993

Solid Waste Management Fee Structure

- LUF – residential (single and multi)
- Bin Fee
- Gate Fee – roll-off containers, C&D debris, other

Solid Waste Enterprise Fund FY 13/14

Operating Expenditures: \$28,000,000



EXPENSE CATEGORIES

Disposal

Active Landfills
Transfer Stations
Closed Landfills

Non-Disposal

Community Education
HHW Programs
Diversion Programs
Code Compliance
Burn Dumps

COMMUNITY EDUCATION

Booths



Puppet Shows



HHW PROGRAMS

Special Waste Facility



Community Collection Events

DIVERSION PROGRAMS



Wood



White Goods



Inert



Green

BURN DUMPS



Liberty Park



China Grade



COLLECTION PROGRAMS NOT INCLUDED



Revenue Performance During Recession

Description	FY 06/07	FY 09/10	FY 13/14
Land Use Fee	\$16,000,000	\$20,000,000	\$22,400,000
Bin Fee	\$ 4,200,000	\$ 4,700,000	\$ 5,100,000
Gate Fee	\$11,600,000	\$ 8,500,000	\$11,500,000

Land Use Fee Pros

- Minimize illegal dumping
- Stable revenue

Land Use Fee Cons

- Determination of chargeable/
non-chargeable at gate
- No recycling incentive

Contact Information

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QUESTIONS & ANSWERS

Thank You!

**And thank you to CalRecycle
for being our sponsor.**

**The webinar recording and PowerPoint slides
will be available on ILG's website shortly.**

If you have additional questions please contact
Melissa at mkuehne@ca-ilg.org