

# **Hamilton County Solid Waste Management District Staff Analysis – Proposed Increase to the State Tipping Fee**

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## **I. Background**

As a means of funding waste related regulatory programs, HB 592, passed in 1988, levied a tipping fee of \$1.75 per ton on all waste disposed within Ohio. \$1 of this amount was used to fund OEPA's Division of Hazardous Waste with the remaining \$.75 used to fund the regulatory and planning activities of the Division of Solid and Infectious Waste Management (DSIWM). This fee was increased to \$2.00 per ton in 2004 with the additional \$.25 supplementing the funding of DSIWM. These fees are in addition to the fees levied by solid waste management districts and host communities which were also established and authorized by HB 592.

## **II. Budget Proposal**

As a part of Governor Taft's 2005-2006 budget, a proposal has been introduced which calls for an increase of \$2.75 to the State tipping fee. \$1.75 of these funds will be used to fund the other regulatory programs of OEPA (air, water, etc.) while \$1.00 will be used to fund the activities and programs of the Ohio Department of Natural Resources – Division of Recycling and Litter Prevention (ODNR-DRLP). .75% of the total amount collected will be retained by the disposal facilities to cover the administration of the fee program. The proposal would, in total, provide \$25.2 million to fund OEPA and \$14.5 million to fund ODNR-DRLP.

## **III. Impact on Hamilton County**

Currently, most waste generators in Hamilton County pay a total of \$3.25/ton in State and local tipping fee surcharges for waste disposed at the Rumpke Sanitary Landfill. It is likely that this amount will increase to \$3.45/ton as the Colerain Township host fee will increase consistent with the terms of the Rumpke expansion. These fees are broken down as follows:

- \$2.00 – State fee to cover costs associated with OEPA's Division of Solid and Infectious Waste Management and Division of Hazardous Waste.
- \$1.00 – To cover implementation of the Hamilton County Solid Waste Management Plan (Household Hazardous Waste Programs, Community recycling grants, yardwaste collection, education and awareness, technical assistance, etc.)
- \$.45 – Allocated to Colerain Township to compensate for the costs associated with hosting a landfill.

The proposed addition to the State fee would increase the total fee amount to \$6.20/ton.

Community	RRI Grant Dollars Received	Current Fees (All Fees Included)	Fees with \$2.75 Addition to State Fee	Increase in Fees
Addyston	\$525.63	\$1,574.30	\$2,829.17	\$1,254.87
Amberley	\$10,929.28	\$5,737.35	\$10,310.60	\$4,573.25
Anderson	\$71,908.96	\$62,186.25	\$111,755.00	\$49,568.75
Arlington Heights	\$0.00	\$476.10	\$855.60	\$379.50
Blue Ash	\$39,141.75	\$18,857.70	\$33,889.20	\$15,031.50
Cheviot	\$10,440.93	\$14,051.77	\$25,252.46	\$11,200.69
Cincinnati	\$347,748.42	\$406,824.00	\$731,104.00	\$324,280.00
Cleves	\$0.00	\$4,348.80	\$7,815.24	\$3,466.44
Colerain Township	\$32,653.67	\$100,450.20	\$180,519.20	\$80,069.00
Columbia Township	\$7,722.38	\$5,203.95	\$9,352.02	\$4,148.07
Crosby Township	\$1,320.72	\$3,550.41	\$6,380.44	\$2,830.04
Deer Park	\$14,126.01	\$9,534.94	\$17,135.25	\$7,600.31
Delhi Township	\$19,347.88	\$34,362.00	\$61,752.00	\$27,390.00
Elmwood Place	\$0.00	\$1,286.85	\$2,312.60	\$1,025.75
Evendale	\$7,920.94	\$6,374.08	\$11,454.87	\$5,080.79
Fairfax*	\$1,587.35	Currently exports waste	Currently exports waste	Currently exports waste
Forest Park	\$20,835.25	\$18,830.00	\$33,839.41	\$15,009.42
Glendale	\$3,827.72	\$3,410.46	\$6,128.94	\$2,718.48
Golf Manor	\$3,159.73	\$6,233.28	\$11,201.84	\$4,968.56
Green Township	\$54,106.91	\$82,647.10	\$148,525.22	\$65,878.12
Greenhills	\$2,421.42	\$6,395.39	\$11,493.16	\$5,097.77
Harrison	\$7,882.52	\$16,828.48	\$30,242.48	\$13,414.01
Harrison Township	\$761.19	\$5,185.35	\$9,318.60	\$4,133.25
Indian Hill	\$18,468.63	\$9,207.30	\$16,546.45	\$7,339.15
Lincoln Heights	\$0.00	\$6,410.97	\$11,521.17	\$5,110.20
Lockland	\$3,504.32	\$4,885.20	\$8,779.20	\$3,894.00
Loveland*	\$23,009.81	Currently exports waste	Currently exports waste	Currently exports waste
Madeira*	\$21,301.29	Currently exports waste	Currently exports waste	Currently exports waste
Mariemont	\$13,410.85	\$4,424.00	\$7,950.38	\$3,526.38
Miami Township	\$5,934.49	\$10,469.54	\$18,814.83	\$8,345.29
Montgomery	\$25,515.39	\$10,629.31	\$19,101.95	\$8,472.64
Mt. Healthy	\$7,245.89	\$9,863.24	\$17,725.24	\$7,862.00
Newtown	\$3,365.07	\$3,772.08	\$6,778.81	\$3,006.73
North Bend	\$0.00	\$939.90	\$1,689.10	\$749.20
North College Hill	\$11,292.79	\$11,624.81	\$20,890.96	\$9,266.15
Norwood	\$7,668.99	\$42,599.77	\$76,556.11	\$33,956.34
Reading	\$5,809.08	\$18,391.95	\$33,052.20	\$14,660.25
St. Bernard	\$14,496.01	\$7,675.09	\$13,792.91	\$6,117.82
Sharonville	\$15,624.11	\$17,785.65	\$31,962.61	\$14,176.97
Silverton	\$663.75	\$10,132.65	\$18,209.40	\$8,076.75
Springdale	\$11,727.75	\$13,135.91	\$23,606.56	\$10,470.65
Springfield Twp.	\$29,382.65	\$45,395.17	\$81,579.72	\$36,184.56
Sycamore Township	\$14,505.33	\$22,227.14	\$39,944.43	\$17,717.29
Symmes Township	\$14,446.30	\$16,865.87	\$30,309.68	\$13,443.81
Terrace Park	\$4,256.19	\$3,542.95	\$6,367.04	\$2,824.09
Whitewater Twp.	\$2,148.57	\$8,672.66	\$15,585.65	\$6,912.99
Woodlawn	\$2,947.61	\$4,389.33	\$7,888.07	\$3,498.74
Wyoming	\$34,906.46	\$11,367.65	\$20,428.81	\$9,061.17
<b>TOTAL</b>	<b>\$950,000.00</b>	<b>\$1,108,756.88</b>	<b>\$1,992,548.60</b>	<b>\$883,791.72</b>

Shaded communities do not contract for waste services - residents pay the bill. Thus community's general fund is not affected by proposed rate increase.  
Communities exporting waste do not pay state or county fees.

## **A. Impact on Political Subdivisions**

The impact of this fee increase on Hamilton County political subdivisions could vary depending upon each community's method of financing solid waste management costs. Some communities, including most townships, would see no impact to their general fund as solid waste costs are passed through, and paid, by residents of the community. While, in many instances, this practice results in a higher cost per household for waste management, it does insulate the political subdivision's budget from this sort of fee increase.

Other communities, specifically those that either directly provide or contract for waste disposal for their residents, will see a cost increase as these fees are either added to tipping fees or passed along through rate increases.

Attachment A estimates the increase in fees which will accrue to individual political subdivisions – based upon their disposal in 2003. As can be seen from this table, the total amount of the fee increase, assessed over one year, is estimated to be approximately \$900,000. Whether these increases are borne by the community's general fund or individual residents, again, will vary by community.

On an individual community basis, it is estimated that the new fee will increase total waste management costs (waste disposal and recycling) by a factor of 2%-3%.

## **B. Impact of Fee Increase on Community Recycling Programs**

Assuming this fee increase is instituted, the reactions of individual political subdivisions may vary. Following are three likely responses to the fee increase assuming the community in question pays for waste management costs:

- Absorb the fee increase while continuing to provide current programming.
- Initiate efforts to take waste management and recycling costs off of the general fund and place onto individual residents.
- Explore options for reducing waste management costs. This may include introduction, or expansion, of waste reduction and recycling programs or the elimination of such programs.

If in fact communities choose to explore options for reducing waste management costs, it is possible that recycling programming would represent a tempting target. Staff has had conversations with numerous community representatives who have remarked that the District's grant programs are of significant benefit in terms of enabling them to maintain their recycling programs. The additional proposed fee increase would consume a substantial portion of what many communities receive in RRI funds each year. Thus, communities will witness higher net program costs without the benefit of new or improved programming. Under such a scenario, it is reasonable to conclude that some communities will consider reductions in their recycling programs.

It has been suggested that an increase in the State's disposal fee would make recycling a more attractive option as compared to disposal. While this may in fact be true in some communities, it is unlikely that the \$2.75 increase will cause many communities to increase recycling efforts as a means of avoiding the increased fees. The reason for this is two-fold. First, communities would have to be on a contract structure which bills on a tonnage basis for disposal. This is not the case in many communities in Hamilton County where contracts are structured on a per household basis for collection and disposal. Second, the community would need to dramatically increase recycling rates in order for avoided disposal fees to offset the impacts from the fee increase.

*Example:* Consider a community which currently disposes 5,000 tons of refuse and recycles 1,000 tons of material per year. The \$2.75 fee increase will add \$13,750 in additional costs to the community. Assuming this community is billed in such a manner that allows it to take advantage of waste reduction efforts, and assuming a landfill tip fee of \$30/ton, residents will need to recycle approximately 450 additional tons in order to offset the fees through avoided disposal costs. These types of results are difficult to achieve – especially considering the fact that additional up-front costs (promotional, etc.) would be necessary in order to spur such an increase. It is conceivably more likely that the community would choose to cut its recycling program or force residents to pay directly for these services as a more affordable alternative.

### **C. Commercial and Industrial Generators**

Commercial and industrial generators will also be affected by this increase. It is estimated that, in Hamilton County, the industrial and commercial sector disposes of approximately 800,000 tons of refuse per year. The fee increase to this sector will total approximately \$2.20 million annually.

### **D. ODNR Grant Funds**

Currently, Hamilton County receives approximately \$283,000/year in community grant funds through the Ohio Department of Natural Resources – Division of Recycling and Litter Prevention. Half of this amount is applied for and received by Keep Cincinnati Beautiful through the City of Cincinnati. The other half is applied for, and received, by the District and passed along to individual Hamilton County communities. The costs to Hamilton County from just the \$1/ton fee increase, for ODNR-DRLP, will exceed expected benefits by over \$600,000. Individual communities

### **E. Other Considerations**

The tipping fee increase is likely to be proposed in conjunction with numerous other tax reforms in the governor's budget. Until the full scope of the budget is known, it is difficult to calculate the full effects, and costs/benefits, of the increase on individual communities.

## **IV. Impact on the District**

The proposed fee increase is likely to impact the Solid Waste District in two ways:

- Waste flows and revenues, and
- Programming

### **A. Waste Flows and Revenues**

The District obtains virtually all of its revenue from surcharges on landfill tipping fees as authorized under State law. Significant increases to the State fees will cause out of State landfills to become relatively cheaper. As such, it is possible that waste which was once flowing to Hamilton County landfills will be diverted to these out of State landfills. This would have an impact on District revenues. At this point in time, it is not possible to gauge the impact of this possibility; but the costs of such an outflow of waste could be significant.

### **B. Programming**

While District programming would be impacted by a reduction in revenues, it might also be impacted if a large number of communities dropped recycling programs due to increased fees. Currently, District programs are geared to provide service to a recycling infrastructure based primarily on curbside recycling contracts. As communities cancel, or choose not to renew, curbside contracts, it may be the case that the District's program options will need to be modified to conform to this new environment. Examples may include:

- Increasing the RRI (community recycling grant) program to help offset additional disposal costs. Currently, \$1 million is provided to communities in Hamilton County to assist with the costs of implementing recycling programs.
- Reducing the RRI, and providing more drop-off recycling opportunities.
- Assisting communities with contract structures which help reduce the cost of waste management or which shift costs to individual residents (e.g. Norwood).

## **Summary**

In summary, please note the following points as it relates to the proposed State tipping fee increase:

- The proposal will cost waste generators in Hamilton County, in total, approximately \$3 million. Roughly \$2.20 million of this total will accrue to the commercial/industrial sector with the remaining amount accruing to the residential sector.
- As a result of this fee increase, it is possible that political subdivisions may restructure waste contracts to either pass costs directly through to residents or eliminate recycling programs to reduce costs.

- It is possible that waste flows to Hamilton County landfills may be affected causing a negative impact to Solid Waste District revenues.
- District programming may need to be altered to account for revenue shifts and changes to the recycling infrastructure if, in fact, communities choose to drop their recycling programs.

I will keep you informed as this issue continues to develop. In the mean time, if you have any questions, please feel free to contact me at 513-946-7719.