

Ohio EPA – OSWDO/CAAO Workgroup – Inefficiencies in the current system
Presented to sub-committee on Thursday, January 24, 2013

One of the Ohio EPA commitments from both the initial meeting to discuss consolidation and the first sub-committee meeting was to provide additional information on the types of efficiencies, or examples of inefficiencies that we are seeking to address through the consolidation effort. (Christopher's earlier emails stated that "Ohio EPA will work to provide a list of inefficiencies or other issues that have led to a desire for consolidation").

As we've said many times, the desire to see some improvements at the SWMD level are part of an overall statewide effort to improve local government efficiency. This issue is not at all unique to SWMDs. Often, at the state level, you'll hear this ideas being discussed as part of a "shared services" model.

There are numerous studies that have been conducted over the last several years regarding the issue of local government efficiency. While focused largely on Ohio's education system, one study, "Beyond Boundaries, A Shared Services Action Plan for Ohio's Schools and Governments" does provide some perspective on this issue. The following are quotes from the report:

"Ohio's local schools and governments have reached a critical juncture. Service expectations continue to grow and costs are rising faster than the economy. Our school systems and government entities must find ways to reduce costs and improve efficiency. The status quo simply can't continue.

Ohio's individual cities and townships have taken on expenses that are unsustainable, and the state's ability to assist them is limited. Regional approaches to collaboration and coordination are necessary to preserve services to Ohioans and achieve affordability" – Recommendations for Redevelopment and Smart Growth in Ohio, Compact with Ohio Cities Task Force, 2010

"The size and fragmented nature of Ohio's governmental structure creates inherent inefficiencies in service delivery to citizens (sic) and back-office functions. . . . The solution is not to just perpetuate these inefficiencies with new or increased sources of revenue. . . . Rather, it is the time for state and local leaders to think creatively, challenge the status quo, and find new ways to deliver services at the same or reduced costs."

"What the state has generally not done, is step back and redesign major systems and their governance and finance structures with a goal of improving program and policy effectiveness." – Redesigning Ohio: Transforming Government into a 21st Century Institution, Ohio Chamber of Commerce, 2010.

Again, none of these reports focus narrowly on SWMDs, but the principal applies across governmental entities.

Equally important, Ohio EPA has observed what, in our opinion, are some inefficiencies in the system as a result of the number of SWMDs in Ohio. There are no hard and fast rules, certainly. But it is a fact that each SWMD requires a plan, administrative resources, human resources, programming, including education and outreach, plan monitoring, etc. As just one example, does it really make sense to have 52 separate education plans? Is that efficient or effective? Additionally, of Ohio's 52 SWMDs, 37 of them are single-county SWMDs. In our opinion, the fact that the drafters of HB 592 included a population threshold of 120,000 is indication that they recognized that when it comes to waste management issues, a certain "critical mass" is necessary and logical. The flow of waste doesn't stop at county borders, and it's not efficient from a number of standpoints to have a large number of single-county SWMDs, including funding. Of the 52 SWMDs in Ohio, 37 of them are single-

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county SWMDs. The smallest 10% of the SWMDs (the smallest 5 SWMDs), only have 141,000 people *in total*. The smallest 10 SWMDs (20%) only have 353,000 people in total, or 3% of the state's population. Does it really make sense to have 37 individual solid waste plans covering such small, fragmented areas of the state? Is that the most efficient system possible? We don't think so.

Once again, you cannot make overly broad statements about SWMDs. There certainly is not a direct correlation every time between size and efficiency or effectiveness. There are some very high-performing small SWMDs, and in our opinion some fairly inefficient and effective multi-county SWMDs. However, in our experience, the following tend to be much more common among smaller SWMDs:

1. Ongoing fiscal challenges. In some cases this is because they do not have a landfill within their jurisdiction, or they had one in the past that has since closed. Even with a generation fee in place, for very small SWMDs it is often very difficult to generate enough revenue to have "critical mass" to anything meaningful.
2. Lack of dedicated staffing. It is much more common in small, single-county SWMDs to have a "District Coordinator" who actually performs a multitude of duties for the County, being the SWMD coordinator being just one of them. As a result, we often observe a lack of expertise and experience, an inability to devote sufficient time to the job, etc. This is one key factor leading to an effective SWMD.
3. "Status Quo" solid waste management plans. This is probably partly due to #2. It is much more common to see solid waste management plans that just barely meet the State recycling goals, and indicate no plan to move the SWMD beyond the status quo. This is particularly true of SWMDs that meet the "Access Goal". It is not uncommon to see two or three plans where virtually no change, and no progress is made beyond meeting the bare minimum standards.
4. Lack of buying power. Smaller SWMDs have a more difficult time leveraging their buying power to get the best value for goods and services that they are purchasing.

Finally, there is sometimes the opposite dynamic at play. There are a couple of small SWMDs that happen to have large landfills in their jurisdictions. As a result, they may naturally generate enormous revenues compared to the size of their population and geographic jurisdiction. Does this make sense? How is this efficient from a state-wide perspective? Certainly, this is a potentially controversial issue. But from our perspective it doesn't make sense to have this kind of revenue stream concentrated in a very small jurisdiction. For the time being, landfill disposal fees are likely to remain the "obvious" funding source for SWMDs. This being the case, the funding should be spread with some degree of consistency throughout the state in order to minimize the fiscal disparity between the "haves" and "have nots".

For these and other reasons, Ohio EPA believes that it makes sense, as we look to re-design the system for the next 25 years, to pursue consolidation of SWMDs. As stated previously, there is no "magic number" that we have in mind. But we are committed to developing a sensible proposal to move us in this direction, and we will continue to seek the input of the SWMDs as we move forward.