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To: SWMD Fee Subcommittee members

From: Andrew Booker, Ohio EPA

Possible SWMD Fee Scenarios

In an attempt to address some of the issues that have been raised regarding SWMD fees during our discussions with interested parties, Ohio EPA has been researching 3 possible revised SWMD fee structures/systems. All three options would result in significant changes to the current system.

The analysis below is based on 2011 fee and facility data. The 2011 data is the most recent complete data set that is available at this time (meaning compiled data that has been submitted from both the SWMDs and solid waste facilities). We are still in the process of finalizing the 2012 facility data. It should be finalized soon. [2012 figures used. QFSR data is good. Some disposal (FAR) data not complete]

The analysis below is based on revenues and tonnages reported by SWMDs and facilities. In instances where there were notable inconsistencies in the data between the two sources, changes in SWMD fee structures during 2011 (or in some cases 2012), anomalies in certain figures, and some other unusual circumstances, we have had to make certain assumptions regarding the possible impact on individual SWMDs. As a result, while the big picture statewide impacts can be relied upon with a high degree of confidence, the impacts to certain individual SWMDs are more difficult to estimate. Ohio EPA will continue analyze the data and may make additional revisions if we feel it would more accurately reflect the potential impact of these scenarios.

If we determine that additional analysis is warranted to one or more of these scenarios, we will update the data to reflect 2012 figures as soon as they are available. [2012 figures used. QFSR data is good. Some disposal (FAR) data not complete]

Please keep in mind that the following possible scenarios are for discussion purposes only at this point in time. As with virtually all of the analysis that we are doing for the Legislative Review project, we are beginning with conceptual ideas for discussion purposes. We will fill these ideas in with additional detail and analysis, as warranted, as the discussions progress. In other words, these scenarios are still very much at the discussion and exploration phase at this point in time.

SWMD Fees

Option 1:

Establish a **$3.52 [$3.47 using 2012 figures] flat statewide SWMD disposal fee** for all publicly available landfills and eliminate SWMD generation fees. This fee would bring in approximately $49,000,000, which is about the same amount of revenue as was generated in 2011 by SWMDs through disposal fees and generation fees (including fees collected through designation and contracts).

This fee would be established statewide, remitted to Ohio EPA by landfills, and distributed back to SWMDs through a new revenue sharing program. There would be two portions to the program:

- a steady, regular allocation made based on a funding formula (population would be one component of the formula).
- a competitive grant program focused on start-up programs, innovation, critical infrastructure, etc.
- The SWMD plan might serve as the multi-year grant application, or a more traditional grant application process could be developed.

Fiscal Impacts:

- Overall equivalent revenue stream to SWMDs (equivalent to 2011 tiered disposal and generation fees), but impacts to individual SWMDs would be dependent on the funding formula.

Advantages:

- Eliminates market impacts of current varied SWMD disposal fee structures throughout the state
- Simplifies overall statewide fee structure
- More equalized revenue stream to SWMDs across state
- Potentially more consistency across state in terms of SWMD focus and priorities

Disadvantages:

- Reduced local decision-making on funding levels

- Does not provide SWMDs with any revenue "benefit" from hosting a LF
- Centralized grant system likely to be less immediately responsive to local opportunities and changing circumstances
- Would need to develop a state-level grant program

Option 2:

Establish a flat SWMD generation fee of $4.59 [$4.66 using 2012 figures. Individual impacts below have not been revised using 2012 figures] for all SWMDs that would be retained directly by SWMDs, and eliminate existing SWMD tiered disposal fees. This fee would bring in approximately $49,000,000, which is about the same amount of revenue as was generated in 2011 by SWMDs through disposal fees and generation fees (including fees collected through designation and contracts). A statewide $.15 host county fee for counties with landfills would also be established in order to compensate them for impacts of the facility. SWMDs could also establish an additional $2.00 added to the generation fee to pay for closure/post-closure costs at publicly-owned landfills.

Under this scenario (ignoring the potential additional $2.00 generation fee for some SWMDs):

- 19 SWMDs gain revenue (relative to revenues received through disposal, generation, and generation/contract fees in 2011). These are generally SWMDs that rely on a lower generation fee or SWMDs that have 1-2-1 disposal fees that have significant amounts of in-district waste relative to out-of-district and out-of-state waste.
    - AC, Ashtabula, AH, Butler, CCH, Cuyahoga, DFPW, FHPR, GMMMNW, Hamilton, Henry, Huron, Lake, LS, Medina, Miami, Montgomery, STW, Warren would all receive additional revenue
    - 4 would receive over $1,000,000 in additional revenue (Butler, Cuyahoga, Hamilton, STW)
    - 3 would receive between $500,000 - $1,000,000 in additional revenue (Lake, Medina, Warren)
    - 6 would receive between $250,000 - $500,000 in additional revenue (AC, DFPW, FHPR, GMMMNW, LS, Miami)
    - 1 would receive between $100,000 - $250,000 in additional revenue (CCH)

    - 5 would receive less than $100,000 in additional revenue (Ashtabula, AH, Henry, Huron, Montgomery)

- 33 SWMDs lose revenue (relative to revenues received through disposal, generation, and generation/contract fees in 2011). These include SWMDs with higher generation fees and those that have tiered disposal fees and receive significant amounts of out-of-district and out-of-state waste.
    - ACHMSU, Ashland, Auglaize, BJ, Brown, Clark, Clinton, CFLP, Crawford, Darke, DKMM, Erie, Franklin, GJMV, GT, Greene, Hancock, Holmes, Logan, Lorain, Lucas, Mahoning, Mercer, OSS, Pike, Portage, Preble, Putnam, Richland, Summit, Van Wert, Wood, Wyandot would lose revenue.
    - 4 would lose over $1,000,000 in revenue (BJ, Brown, Lorain, Mahoning)
    - 4 would lose between $500,000 -$1,000,000 in revenue (GJMV, Greene, Portage, Wyandot)
    - 9 would lose between $250,000 - $500,000 in revenue (Clark, CFLP, Crawford, DKMM, Franklin, GT, Logan, OSS, Richland)
    - 7 would lose between $100,000 - $250,000 in revenue (Auglaize, Erie, Lucas, Pike, Preble, Summit, Wood)
    - 9 would lose less than $100,000 in revenue (ACHMSU, Ashland, Clinton, Darke, Hancock, Holmes, Mercer, Putnam, Van Wert,)
- "Host County" fee would generate about $2,200,000 in revenue to counties.

Advantages:

- Eliminates market impacts of current different SWMD disposal fee structures throughout the state
- Simplifies overall statewide fee structure (somewhat)
- Creates more equal per capita funding levels across state
- Creates revenue stream for counties to offset impacts of landfills
- Addresses closure/post-closure costs issues at some closed public facilities

Disadvantages:

- Very large impacts (positive and negative) to numerous SWMDs
- No direct way to "offset" losses or gains (see next option)
- Reduced local decision-making on funding levels
- Does not provide any direct revenue benefit to SWMDs for hosting a LF (does provide benefit to counties)
- Does not provide SWMD with any revenue benefit for OOS waste

Option 3:

Establish a flat $1.65 [$1.61 using 2012 figures. Impacts below have been revised using the 2012 figures] statewide SWMD disposal fee. This revenue would be retained directly by SWMDs that have publicly available landfills within their jurisdictions. This would generate approximately $23,000,000 in revenue (based on 2011 SWMD disposal fees reported), which is about equal to what SWMDs generated in 2011 through tiered disposal fees ($22.8 million). SWMDs would also be authorized to levy generation fees in the same manner as they currently do.

Under this scenario:

- 13 SWMDs would experience revenue gains (primarily those that receive significant amounts of in-district and/or out-of-state waste and currently have a 1-2-1 fee structure).
    - A-H, B-J, Clinton, DFPW, Erie, Franklin, Hamilton, Henry, Lucas, OSS, Preble Richland, and STW all would experience revenue gains
        - 1 would gain over $1,000,000 in additional revenue (Franklin,)
        - 2 would gain between $500,000 and $1,000,000 in additional revenue (BJ & Richland)
        - 3 would gain between $100,000 and $250,000 in additional revenue (Erie, Lucas, STW, Hamilton)
        - 7 would gain less than $100,000 in additional revenue (AH, Clinton, DFPW, Henry, OSS, Preble, STW)
        - Erie, Franklin, Henry, Lucas, Preble, and Richland do not currently have disposal fees and therefore would be receiving a new revenue stream. In some cases this would be significant:

- Franklin would each receive over $1,000,000 in revenues from this fee. BJ and Richland would receive over $800,000. However, Franklin and Richland both have generation fees in place so could offset the increased revenue by reducing their generation fees if they chose to do so.

- 15 SWMDs would experience revenue losses (primarily those that receive a significant amount of out-of-district waste or have a high out-of-district tier)
    - Ashtabula, Brown, CFLP, Crawford, GJMV, Hancock, Lake, Logan, Lorain, Mahoning, Mercer, Montgomery, Pike, Wood, Wyandot would experience decreases in revenue
        - 1 would lose over $1,000,000 in revenue (Lorain)
        - 1 would lose between $500,000 and $1,000,000 in revenue (Brown)
        - 4 would lose between $250,000 and $500,000 in revenue (Mahoning, Montgomery, Wood, and Wyandot)
        - 2 would lose between $100,000 and $250,000 in revenue (Ashtabula, GJMV)
        - 7 would lose less than $100,000 in revenue (CFLP, Crawford, Hancock, Lake, Logan, Mercer, Pike)
            - Despite being less than a $100,000 decrease in revenue, this would have a significant impact on Mercer County, as they would experience a 52% decrease in revenue.
    - 13 out of the 15 impacted SWMDs could make up the amount of revenue lost by implementing generation fees less than $5.00/ton (most significantly below this).

- 24 SWMDs would be unaffected by the change (SWMDs that don't have a landfill within their jurisdiction and those that rely on revenue sources other than tiered fees and generation fees).
    - AC, ACHMSU, Ashland, Auglaize, Butler, CCH, Clark, Cuyahoga, Dark, DKMM, FHPR, GT, Greene, GMMMNW, Holmes, Huron, LS, Medina, Miami, Portage, Putnam, Summit, Van Wert, Warren.

- New or adjusted SWMDs generation fees would be established by a one-time resolution in an amount necessary to retain their revenues in an equivalent

amount to what they currently receive. They could adjust them in the future as needed using the ratification process. (Maybe specify that they would remain in effect for one full plan cycle unless they chose to change them.)

Advantages:

- Eliminates market impacts of current different SWMD fee structures throughout the state
- Simplifies overall statewide fee structure
- SWMDs that would experience reduced tiered fee revenue could compensate for losses through establishing or increasing generation fee
- Some SWMDs that would receive significant new revenue stream (Franklin, Richland) could offset unneeded revenue by reducing their generation fees.
- Does not impact 24 SWMDs

Disadvantages:

- Reduced local decision-making on funding levels
- Significant potential losses to some SWMDs that may not be able to be offset