

Format Example

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6. Budget

Purpose

Ohio Revised Code Section 3734.53(B) requires a solid waste management plan to present a budget. This budget accounts for how the SWMD will obtain money to pay for operating the SWMD and how the SWMD will spend that money. For revenue, the solid waste management plan identifies the sources of funding the SWMD will use to implement its approved solid waste management plan. The plan also provides estimates of how much revenue the SWMD expects to receive from each source. For expenses, the solid waste management plan identifies the programs the SWMD intends to fund during the planning period and estimates how much the SWMD will spend on each program. The plan must also demonstrate that planned expenses will be made in accordance with ten allowable uses that are prescribed in ORC Section 3734.57(G).

Ultimately, the solid waste management plan must demonstrate that the SWMD will have adequate money to implement the approved solid waste management plan. The plan does this by providing annual projections for revenues, expenses and cash balances.

If projections show that the SWMD will not have enough money to pay for all planned expenses or if the SWMD has reason to believe that uncertain circumstances could change its future financial position, then the plan must demonstrate how the SWMD will balance its budget. This can be done by increasing revenues, decreasing expenses, or some combination of both.

This chapter of the solid waste management plan provides an overview of the SWMD's budget. Detailed information about the budget is provided in Appendix O.

Revenue

There are a number of mechanisms SWMDs can use to raise the revenue necessary to finance their solid waste management plans. Two of the most commonly used mechanisms are disposal fees and generation fees. These fees are often referred to as "statutory" fees because SWMDs' authority to levy the fees is established in the Ohio law.

A SWMD's policy committee (board of trustees for a regional solid waste authority) is the group with the authority to establish fees. Before a SWMD can establish a generation or disposal fee, the SWMD's policy committee must first receive approval from local communities through a ratification process. That process is detailed in ORC Section 3734.57. The ratification process allows communities in the SWMD to vote on whether they support levying the proposed fee. If enough communities ratify, or

approve, the proposed fee, then the SWMD can begin collecting the fee.

For both types of fees, the owner or operator of a solid waste facility collects the fee as a trustee for the SWMD. The amount the owner or operator collects equals the total tons of solid waste received at the facility multiplied by the per ton amount of the fee. The owner or operator remits the fees to the SWMD on a monthly basis. SWMDs can assess late fees when an owner or operator doesn't remit the fees that are owed to the SWMD by the required date.

Types of Fees:

Disposal Fees (See Ohio Revised Code Section 3734.57(B))

Disposal fees are collected on each ton of solid waste that is disposed at landfills in the levying SWMD. There are three components, or tiers, to the fee corresponding to where waste was generated – in-district, out-of-district, and out-of-state. In-district waste is solid waste generated by counties within the levying SWMD and disposed at landfills in that SWMD. Out-of-district waste is solid waste generated in Ohio counties that are not part of the SWMD and disposed at landfills in the SWMD. Out-of-state waste is solid waste generated in other states and disposed at landfills in the SWMD.

As established in ORC Section 3734.57(B), the per ton fee for each tier must be as follows:

- In-district fee must be greater than or equal to \$1:00 and less than or equal to \$2.00
- Out-of-district fee must be greater than or equal to \$2.00 and less than or equal to \$4.00
- Out-of-state fee must be equal to the in-district fee.

Generation fees (see Ohio Revised Code Section 3734.573)

Generation Fees are collected on each ton of solid waste that is generated within the levying SWMD and accepted at either a transfer facility or landfill located in Ohio. The fee is collected at the first facility that accepts the SWMD's waste. If solid waste is delivered to a transfer facility prior to being transported to a landfill, then the owner/operator of the transfer facility collects the fee. In that situation, the owner or operator of the landfill where the solid waste from the transfer facility is disposed does not collect generation fees. If the solid waste is transported to the landfill directly, then the owner/operator of the landfill collects the fee.

The statute does not set minimum or maximum limits on the per ton amount for generation fees. However, if a SWMD chooses to levy a generation fee of more than \$5.00, then the SWMD must obtain approval (i.e. ratification) from more communities than for a lower generation fee.

Rates and Charges (see Ohio Revised Code Section 343.08)

The board of directors can collect money for a SWMD through what are called rates and charges. The board can require anyone that receives solid waste services from the SWMD to pay for those services. The board does this by establishing and collecting rates and charges on behalf of the SWMD. Rates and charges must be paid by anyone that owns an improved lot or parcel that receives services from the SWMD. Qualifying services include solid waste collection, transfer, disposal, recycling, and

processing services.

Rates and charges can be collected in two ways:

1) Through periodic billings made by the SWMD. The SWMD can bill for services through either a direct bill or through a utility bill issued by a county water district, a county sewer district, or another political jurisdiction that provides a public utility service.

2) Through an improved parcel assessment (collected as a property tax).

In either case, the rates and charges are treated the same as any other tax and can be placed as a lien on the property if not paid by the property owner.

Contracts (see Ohio Revised Code Sections 343.02 and 343.03)

The board of directors can enter into contracts with owners/operators of solid waste facilities or transporters of solid waste to collect generation or disposal fees on behalf of a SWMD.

Other Sources of Revenue

There are a variety of other sources that SWMDs can use to earn revenue. Some of these sources include:

- Revenue from the sale of recyclable materials
- User fees (such as fees charged to participate in scrap tire and appliance collections)
- County contributions (such as from the general revenue fund or revenues from publicly-operated solid waste facilities (i.e. landfills, transfer facilities))
- Interest earned on cash balances
- Grants
- Loans
- Bonds

Expenses

Ohio's law authorizes SWMDs to spend revenue on 10 specified purposes (often referred to as the 10 allowable uses). All of the uses are directly related to managing solid waste or for dealing with the effects of hosting a solid waste facility. The 10 uses are as follows:

1. Preparing, monitoring, and reviewing implementation of a solid waste management plan
2. Implementing the approved solid waste management plan
3. Financial assistance to approved boards of health to enforce Ohio's solid waste laws and regulations.

[NOTE: To receive money from a SWMD, the local board of health must be approved by Ohio EPA to enforce the solid waste program.]

4. Financial assistance to counties for the added costs of hosting a solid waste facility
5. Sampling public or private wells on properties adjacent to a solid waste facility

6. Inspecting solid wastes generated outside of Ohio and disposed within the SWMD
7. Financial assistance to boards of health for enforcing open burning and open dumping laws, and to law enforcement agencies for enforcing anti-littering laws and ordinances
8. Financial assistance to approved boards of health for operator certification training
9. Financial assistance to municipal corporations and townships for the added costs of hosting a solid waste facility that is not a landfill.
10. Financial assistance to communities adjacent to and affected by a publicly-owned landfill when those communities are not located within the SWMD or do not host the landfill.

In most cases, the majority of a SWMD's budget is used to implement the approved solid waste management plan (allowable use 2). Allowable use 2 authorizes SWMDs to spend money for a wide range of purposes. Furthermore, there are many types of expenses that a solid waste management district incurs to implement a solid waste management plan. Examples include: salaries and benefits; purchasing and operating equipment (such as collection vehicles and drop-off containers); operating facilities (such as recycling centers, solid waste transfer facilities, and composting facilities); offering collection programs (such as for yard waste and scrap tires); providing outreach and education; providing services (such as curbside recycling services); and paying for community clean-up programs.

Conversely, Ohio's law provides narrow definitions for how an SWMD can spend money in accordance with the other nine uses. For example, allowable use 4 authorizes a SWMD to provide a county money to compensate the county for costs it incurs because it hosts a solid waste facility. The SWMD can give the county money for maintaining roads and public facilities impacted by the solid waste facility and for providing emergency and other public services. Those are the only ways a SWMD can spend money under allowable use 4.

A. Overview of the SWMD's Budget

The District projects that its annual expenses will range from approximately \$620,000 in 2014 to \$775,000 in 2019. Those expenses represent ongoing operating expenses for the District. Projected annual increases account for typical incremental cost increases, such as inflation and increases in salaries and benefits. The District spends the majority of its budget on providing services, such as curbside and drop-off recycling opportunities to residents in businesses and operating the material recovery facility.

In 2015 and 2019, the SWMD will purchase new trucks to service the curbside recycling routes. Those purchases are reflected in the SWMD's expense projections for those years. The SWMD anticipates that it will need to make improvements to the material recovery facility in the future to both replace failing equipment and improve the efficiency of the facility. The SWMD will not make those improvements under this solid waste management plan. However, the SWMD did set aside \$50,000 to pay for a comprehensive review of the material recovery facility in 2015. The SWMD will use the results of the review to make decisions regarding the material recovery facility during

the process of updating the solid waste management plan which will likely occur in 2016.

Over the past several years, the SWMD has consistently received revenue ranging from approximately \$640,000 to \$660,000 per year. This revenue comes from two primary sources. The SWMD receives approximately \$350,000 annually from a disposal fee which makes up the greatest portion of the SWMD's total revenue. Since 1997, the SWMD has received approximately \$198,000 annually from an improved parcel assessment. The SWMD also receives revenue from selling recyclable materials and a number of other miscellaneous sources. For the planning period, the SWMD projects receiving revenue from the same sources.

As is explained in more detail below, the SWMD anticipates that by 2017 it will need additional revenue to continue providing recycling services. The SWMD proposes increasing the schedule for its disposal fee to provide that extra revenue. That increase is being ratified along with this solid waste management plan. The District projects that the increase the District's total revenue by \$89,000.

The SWMD projects that the combination of the fee increase, increasing quantities of waste disposed at the landfill, and improving markets for recyclable materials will increase revenue receipts to more than \$789,000 by the sixth year of the planning period.

B. Revenue

1. Disposal Fees

The District levies a disposal fee. That fee was collected at the only landfill located within the District. The District established the disposal fee in 1996 along with the first update of its solid waste management plan. At that time, the fee schedule was \$1.00 per ton for waste from within the SWMD, \$2.00 per tons for waste from outside the District, and \$1.00 per ton for waste from outside of Ohio.

In 2004, the District amended the disposal fee to the current fee schedule of \$1.25 per ton for in-district waste, \$2.50 per ton for out-of-district waste and \$1.25 per ton for out-of-state waste. The District receives around

The SWMD anticipates it will need to increase the disposal fee in 2017. The SWMD needs the revenue that will be generated by the fee increase to continue implementing the programs described in this solid waste management plan. The District is ratifying the increase to the disposal fee with this update to the solid waste management plan. Therefore, communities that ratify this solid waste management plan will also ratify that increase to the disposal fee.

Upon ratification and approval of this plan update, the District's disposal fee will increase to \$1.50 per ton for in-district waste, \$3.00 per ton for out-of-district waste, and \$1.50 per ton for out-of-state waste. The District anticipates collecting the fee beginning on July 1, 2017.

2. Generation Fees

The SWMD did not levy a generation fee in the reference year. The SWMD has never collected a generation fee. Furthermore, the SWMD will not levy a generation fee during the planning period for this solid waste management plan

3. Other Sources of Revenue

Rates and Charges

The SWMD assesses rates and charges for the recycling services that the SWMD provides. The county collects the rates and charges through an improved parcel assessment. The amount of the assessment depends upon the type of recycling service that the SWMD provides in the community where the property is located. Currently, households in communities where the SWMD provides drop-off recycling services are assessed \$6.00 annually. Households in communities where the SWMD provides curbside recycling services are assessed \$28.00 annually.

Historically, the SWMD received, on average, \$205,800 annually from the improved parcel assessment. However, as is presented in Table VI.3, the SWMD received \$198,579 in rates and charges in 2011. That amount was not only lower than the average but also lower than the amount received in the previous year. Therefore, in the absence of a better indicator, the SWMD projects it will receive \$198,579 annually through rates and charges

Revenue from Recyclables

The SWMD receives revenue from selling recyclable materials the SWMD processes at its material recovery facility. Prior to 2008, the amount of revenue the SWMD received from recyclables increased annually peaking at \$125,700 in 2007. In 2008, the SWMD's revenue from recyclables decreased to \$75,600 as a result of the significant decreases in the values for most recyclable materials that occurred towards then end of that year.

In 2009, the markets for recyclable materials improved. While the SWMD's revenue receipts from recyclable materials did not return to the pre-2008 amount, revenue did increase annually from 2009 to 2011. Based on that trend, current market projections, and new initiatives the SWMD will implement to increase the quantity of recyclable materials collected, the SWMD expects to receive increasing amounts of revenue from recyclable materials during the planning period. The SWMD projects it will receive between \$108,000 and \$125,000 from selling recyclable materials during the first six years of the planning period. Since revenue from recyclables makes up a small percentage of total revenue, the SWMD will be able to maintain a positive cash flow during the period this plan is in effect in the event actual revenue is less than projected revenue.

Miscellaneous

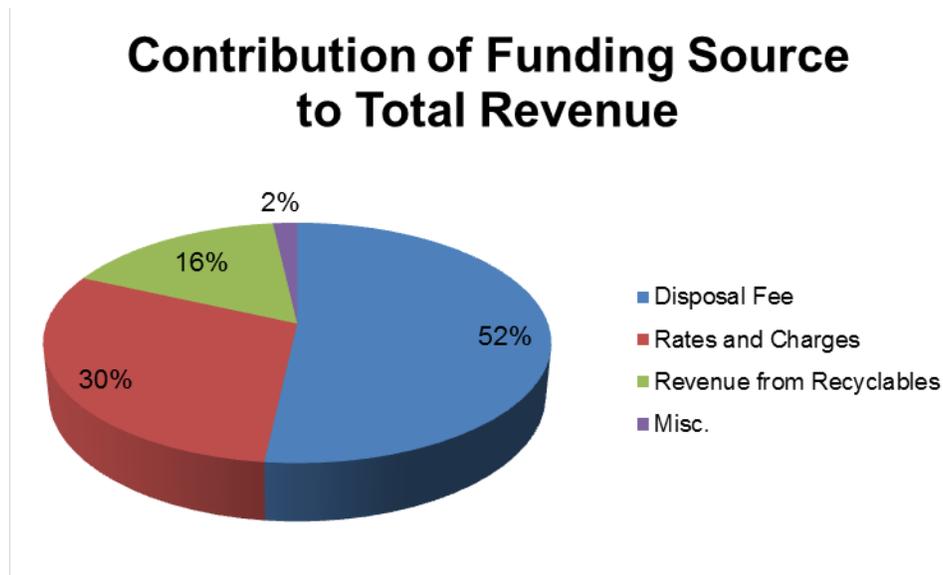
The District receives small amounts of revenue from a few other sources. As none of those individual sources generates revenue every year or contributes significantly to total revenue, the SWMD combined the sources and presented them as "Misc." in Table

VI.3. Included in the Misc. category are user fees, reimbursements of unspent grant awards, and proceeds from selling equipment. The SWMD collects user fees from people who bring scrap tires and electronics to SWMD-sponsored collection events.

5. Summary of Revenues

As can be seen in the chart below, the District projects that revenue from the disposal fee will make up the largest portion of the overall revenue stream in 2014, the first year of the planning period. The District projects that it will receive the next largest portion from the improved parcel assessment.

The pie chart below illustrates the composition of the District's projected revenue stream for the first year of the planning period and the percentage that each funding mechanism will contribute to total revenue.



In 2017, once the increase to the SWMD's disposal fee schedule takes effect, the District projects that revenues from the disposal fee will comprise 56 percent of total revenue.

Table VI.3 presents a summary of the SWMD's revenues for the reference year and the first six years of the planning period. Dollar amounts for 2011 are the SWMD's actual revenues for that year. Dollar amounts for 2014 through 2019 are projections and represent the SWMD's best estimates of how much money it will receive from each revenue source. For a detailed explanation of how the SWMD arrived at its revenue projections and projections for the entire planning period, see Appendix O.

Table VI.3 Summary of SWMD Revenues

Year	Disposal Fees	Generation Fees	Other Revenue						Total Revenue	
			Loans/ Bonds	Grants	Rates/ Charges	Revenue from Recyclables	Contracts	County Contribut ions		Misc.
2011	\$353,158	N/A	N/A	N/A	\$198,579	\$99,395	N/A	N/A	\$11,220	\$662,352
2014	\$342,441				\$198,579	\$108,612			\$11,907	\$661,539
2015	\$354,252				\$198,579	\$111,870			\$12,145	\$676,846
2016	\$366,530				\$198,579	\$115,226			\$12,388	\$692,723
2017	\$425,497				\$198,579	\$118,683			\$12,636	\$755,395
2018	\$438,262				\$198,579	\$122,243			\$12,888	\$771,972
2019	\$451,410				\$198,579	\$125,911			\$13,146	\$789,045

C. Expenses

Because the SWMD provides most of the available recycling services, the majority of the SWMD's budget is used to provide those services. As is illustrated in the chart below, the largest portion of the SWMD's expenses, 33 percent, is used to operate the material recovery facility. The next largest portion, 31 percent, is spent on providing curbside recycling services. In all, the SWMD spends approximately 88 percent of its annual budget to provide recycling and composting opportunities.

Major Expenses as Percentage of Total Expenses

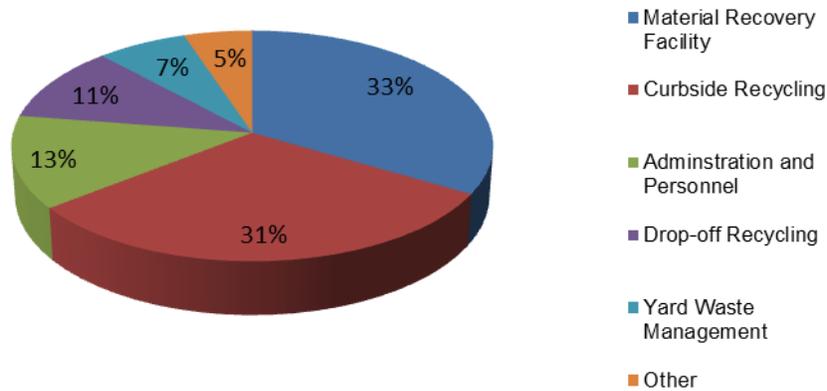


Table VI.4 below provides a more detailed account of the SWMD's primary expenses in the reference year and the first six years of the planning period. Dollar amounts for 2011 are the SWMD's actual expenses for that year. Dollar amounts for 2014 through 2019 are projections and represent the SWMD's best estimates of how much it will need to spend to operate the SWMD and provide programs. For a detailed explanation of how the SWMD arrived at its expense projections, the costs the SWMD factored into each major expense category, and expense projections for the entire planning period, see Appendix O.

Table VI.4 Summary of SWMD Expenses

Expenditure Category	Year						
	2011	2014	2015	2016	2017	2018	2019
Material Recovery Facility	\$ 168,500	\$178,814	\$182,390	\$186,038	\$189,758	\$193,554	\$197,424
Recycling Center	\$ 27,201	\$ 28,866	\$ 29,443	\$ 30,032	\$ 30,633	\$ 31,245	\$ 31,870
Curbside Recycling	\$ 180,936	\$192,011	\$295,851	\$199,768	\$203,763	\$207,839	\$311,995
Administration and Personnel	\$ 61,554	\$ 65,322	\$ 66,628	\$ 67,294	\$ 67,968	\$ 68,647	\$ 69,334
Plan Preparation and Monitoring	\$ 14,360	\$ 15,235	\$ 15,387	\$ 15,541	\$ 15,697	\$ 15,853	\$ 16,012
Debt Payment	\$ 6,430	\$ 6,100	\$ 5,990	\$ 5,880	\$ 5,770	\$ 5,660	\$ 5,550
Tire Collection	\$ 2,550	\$ 2,706	\$ 2,760	\$ 2,815	\$ 2,872	\$ 2,929	\$ 2,988
Electronics collection	\$ 3,000	\$ 1,536	\$ 1,229	\$ 983	\$ 786	\$ 629	\$ 503
Drop-off Recycling	\$ 52,287	\$ 55,487	\$ 56,597	\$ 57,729	\$ 58,884	\$ 60,061	\$ 61,263
Yard Waste Management	\$ 39,763	\$ 40,968	\$ 41,378	\$ 41,791	\$ 42,209	\$ 42,631	\$ 43,058
commercial/industrial collection routes	\$ 10,000	\$ 21,016	\$ 21,436	\$ 21,865	\$ 22,302	\$ 22,748	\$ 23,203
Education and outreach	\$ 8,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Total Expenditures	\$ 574,581	\$620,061	\$731,089	\$641,736	\$652,642	\$663,796	\$775,200

As was explained earlier, the SWMD intends to purchase new vehicles to service the curbside recycling routes. These vehicles will replace the current vehicles which are nearing the end of their useful lives. The SWMD will purchase one vehicle in 2015 and the other in 2019. The SWMD estimates the cost of each vehicle to be \$100,000. The vehicle purchases are reflected in the expenses show for curbside recycling for 2015 and 2019.

In addition to purchasing new vehicles, the SWMD intends to upgrade the recycling containers it provides to service existing commercial and industrial accounts and to add new service accounts. To accomplish those goals, the SWMD projects it will double how much it spends to provide recycling services to commercial/industrial accounts.

In 2015, SWMD will hire a consultant to conduct a comprehensive efficiency study of the material recovery facility. The consultant will evaluate the feasibility of converting the material recovery facility from a multi-stream facility to a single-stream facility. The consultant will also evaluate the cost of upgrading failing equipment and improving the efficiency of the facility while maintaining the facility as a multi-stream processing facility. The SWMD estimates that this study will cost approximately \$50,000. The SWMD included the cost of that study in the line item for the Material Recovery Facility for 2015.

Except for administration and personnel, increases projected for all other line items are incremental and are based on inflation. Projected increases for administration and personnel account for salary raises and accompanying increases in benefits. Increases were based on the Social Security

Administration's most recent cost of living adjustment.

Table VI.5 Budget Summary

Table VI.5 below provides a summary of the SWMD's annual revenues, expenses, and cash reserves for the reference year and the first six years of the planning period.

Year	Revenue	Expenditures	Net Difference	Ending Balance
2011	\$662,352	\$574,581	\$87,771	\$207,541
2014	\$661,539	\$620,061	\$41,478	\$ 302,559
2015	\$676,846	\$781,089	(\$104,243)	\$ 198,316
2016	\$692,723	\$641,736	\$50,987	\$ 249,303
2017	\$755,395	\$652,642	\$102,753	\$ 352,056
2018	\$771,972	\$663,796	\$108,176	\$ 460,232
2019	\$789,045	\$775,200	\$13,845	\$ 474,077

Sample Calculations:

Net Difference (2015) = revenue (2015) – expenditures (2015)
 Net Difference (2015) = \$676,846 – 781,089
 Net Difference (2015)= (104,243)

Ending Balance (2015) = ending Balance (2014) + revenue (2015) – expenditures (2015)
 Ending balance (2015) = \$302,559 + \$676,846 - \$781,089
 Ending balance (2015) = \$198,316

The increase in revenue that is shown from 2016 to 2017 is as a result of the increase to the disposal fee being ratified with this solid waste management plan. The SWMD projects it will maintain a positive cash flow in all but one of the first six years of the planning period. The SWMD projects that it will incur an annual deficit in 2015. The deficit projected for 2015 is due to the cost of the MRF study and purchasing one of the two new vehicles to provide curbside recycling services. The District will use its cash balance to cover the deficit. In all other years, the SWMD will add to its existing cash balance. The low net difference projected for 2019 is due to purchasing the second new vehicle for the curbside recycling service.

The SWMD hopes to be able to accumulate enough of a cash reserve to cover a full year of operating expenses. This reserve will allow the SWMD to continue operating in the event of circumstances that prevent the SWMD from collecting revenue as projected or that result in higher than expected expenses. By the sixth year of the planning period, the SWMD projects having saved a little less than three-fourths of this cash reserve.