



Montgomery County Government

MEMORANDUM REPORT

November 18, 1996

TO: County Council *JMP*
FROM: Joan M. Pedersen, Program Evaluator
Office of Legislative Oversight
SUBJECT: Inquiry on Chargebacks to the Solid Waste Disposal Fund

PURPOSE

To provide the Council with information on the FYs 96 and 97 budgets and FY 96 expenditures for chargebacks to the solid waste disposal fund. At the request of the Transportation and Environment (T&E) Committee, the Council included a project on OLO's current work program to furnish this information.

EXECUTIVE SUMMARY OF REPORT

This report describes programs and activities performed by County Government departments and offices for the Division of Solid Waste Services (DSWS) and charged back to the solid waste disposal fund. The definition used for a chargeback is the cost of a service provided by a department or office *other than DSWS* for a program or activity related to solid waste reduction or disposal. For purposes of this report, activities performed or managed directly by DSWS are not considered chargebacks to the fund.

In FY 97 there are a total of six departments/offices that are budgeted to charge back to the solid waste disposal fund. The total amount to be charged back is almost \$5 million with the majority of the charges from the Department of Public Works and Transportation and the Department of Environmental Protection. While gathering data for this report OLO made several significant observations:

- attempts are being made by DSWS to enhance departmental accountability for expenditures;
- a new system for tracking the personnel charges within two of the departments is being tested in order to develop more accurate budget projections; and
- there is a need for improved tracking and reporting capabilities for chargebacks.

In order for the Council to have the most useful data when discussing chargebacks to the solid waste fund OLO makes the following recommendations:

- The Division of Solid Waste Services should provide the T&E Committee with a list of chargebacks by program and department each budget season similar to the tables included in this report on page 7a and 7b.
- Departments and offices that charge back to the solid waste disposal fund should periodically provide the fund manager with information about their expenditures.
- The Executive Branch should form a working group to review the accounting structure for chargebacks to the solid waste disposal fund and revise the system to provide a simplified method of tracking and reporting chargeback appropriations and expenditures.
- The fund manager should develop a permanent file to contain documents that will show the history of chargeback budgets and expenditures by program and department, particularly noting programs and activities moved from one department to another as part of reorganizations.

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I AUTHORITY, SCOPE AND METHODOLOGY

A. Authority

Montgomery County Council Resolution No. 13-602, FY 1997 Work Program of the Office of Legislative Oversight: Part 1, adopted July 23, 1996.

B. Scope

This memorandum report provides the Council with information obtained from the Division of Solid Waste Services (DSWS), the Office of Management and Budget, and departments and offices that charge expenditures to the solid waste disposal fund. During the Fall, OLO developed a set of questions and met with representatives of the major departments and offices conducting programs and activities that are charged back to the fund.

The inquiry included questions about: the purposes for charging program expenditures to the solid waste disposal fund; details of what kinds of activities are being performed; the amounts budgeted and expended in FY 96; and the amounts budgeted for FY 97.

C. Methodology

This inquiry was conducted by Joan M. Pedersen, with assistance from Timothy M. Ammon, public administration intern in the Office of Legislative Oversight. Research and other project-related activities conducted by OLO included:

- Review of recommended and approved budget documents, memorandums of understanding, Council committee packets, and other written materials.
- Interviews with management and budget specialists and administrative services coordinators in the departments and offices that budget expenditures to the solid waste disposal fund.
- Interviews with administrative staff and program managers in the departments and offices that perform services on behalf of the Division of Solid Waste Services and charge expenditures to the solid waste disposal fund.

II THE CHARGEBACK SYSTEM

Chargebacks are frequently associated with enterprise and special revenue funds. When a County Government department managing one of these funds needs to acquire services that it is not equipped to provide with existing departmental personnel, it is generally faced with three options:

1. hire and manage departmental staff to provide the services,
2. contract with the private sector to acquire the services, or
3. arrange with another County department or office that has the capability to provide the services that are needed.

If an arrangement is made with another County department or office to acquire services, the providing department may charge the cost of the services to the requesting department's budget. In years past, many departments and offices that provided services prepared journal entries to remove the expenditures from their department budgets and charge back the costs to the requesting departments or offices. The term "chargeback" became widely used to describe the concept of transferring the charges from the performing department's budget to the requesting department.

Another method of accumulating and accounting for charges has been developed where the providing departments and offices charge expenditures directly to budgets of the requesting departments and offices. Chargebacks from other departments and offices to the solid waste disposal fund are currently being made by the direct charge method. Although more efficient for the charging departments, the method of charging directly puts responsibility on the Division of Solid Waste Services for tracking and accounting for the charges.

III OVERVIEW OF CHARGEBACKS TO THE SOLID WASTE DISPOSAL FUND

The solid waste disposal fund is a fully self-supporting enterprise fund, in which all revenues and expenditures are recorded for the County's waste reduction, recycling, and disposal programs. These programs and activities are charged to the solid waste disposal fund, which is managed by the Division of Solid Waste Services (DSWS). Activities directly performed or managed by DSWS are not considered chargebacks.

For purposes of this report, a chargeback is the cost of a service provided by a department or office *other than DSWS* for a program or activity directly related to solid waste reduction or disposal. (The term "chargeback" does not include printing, mail, or motor pool charges incurred by the Division of Solid Waste Services.)

There were nine programs and activities budgeted to be charged back to the solid waste disposal fund for FY 96 and twelve programs budgeted for FY 97. Three of the programs became newly budgeted chargebacks in FY 97 because the programs were transferred out of the Division of Solid Waste Services as part of a reorganization. Since responsibility for these three programs was transferred to other departments, the costs were reclassified as chargebacks for FY 97. The following chart provides a comparison of the programs budgeted to be charged back in FY 96 and FY 97.

Program or Activity	FY 96	FY 97
County Attorney support	X	X
Finance miscellaneous expenses	X	None
Residential waste detoxification	X	X
Satellite sites	X	X
Vacuum leaf collection	X	X
Engineering services	Direct charge	X
Occupational medical services	X	X
Bulk trash removal from mulch program sites	None	X
Waste reduction program	Direct charge	X
RRF air and noise monitoring	Direct charge	X
Landfill groundwater monitoring	X	X
Enforcement personnel services	X	X
Weeds and rubbish control	X	X

Note: X represents a chargeback for the activity; None means that no chargeback was budgeted; Direct Charge means the activity was performed by DSWS and not considered a chargeback.

A description of each program/activity is included at Attachment A, which also includes information on chargeback amounts budgeted for FYs 96 and 97 and expended in FY 96.

IV MAJOR DEPARTMENTS AND OFFICES THAT CHARGEBACK

In FY 96 a total of six major departments and offices were budgeted to charge back to the solid waste disposal fund. The Department of Public Works and Transportation (formerly the Department of Transportation) and the Department of Environmental Protection represented the majority of the dollars to be charged back to the fund. The Department of Finance, Office of Human Resources, Department of Fire and Rescue Services, and the County Attorney are the other four entities having chargebacks budgeted in FY 96.

For FY 97 a total of six major departments and offices were again budgeted to charge back to the solid waste fund. The Department of Finance charge was not budgeted for FY 97. The Department of Housing and Community Affairs (DHCA) is the new department that is charging to the fund. Because the compliance portion of the weeds and rubbish program was transferred to DHCA, the costs for the compliance activities represent a charge by a new department but not a new chargeback to the solid waste disposal fund.

Reorganizations in FY 97 also caused three activities to become new chargebacks. The reclassified activities are not new programs but activities previously performed by DSWS and not previously classified as chargebacks. Two engineer positions were moved to the Department of Public Works and Transportation (DPWT) Engineering Services Division, and the waste reduction program and air and noise monitoring activities were moved to the Department of Environmental Protection (DEP).

The majority (92%) of the charges budgeted in FY 97 come from two departments: DPWT and DEP. In FY 97 the Department of Public Works and Transportation has four programs that have budgeted chargebacks with the vacuum leaf collection program representing the largest charge. The Department of Environmental Protection is the second largest source of chargebacks to the solid waste disposal fund. The Office of Environmental Policy and Compliance administers three of the four programs within DEP that charge back. The County Attorney, Department of Fire and Rescue Services, Office of Human Resources, and the Department of Housing and Community Affairs are the other departments or offices that have budgeted chargebacks to the fund.

The following chart provides a comparison of the departments and offices having chargebacks budgeted in FY 96 and FY 97. Although six departments show chargebacks budgeted for each year, the same six departments were not budgeted in both years.

Department Or Office	FY 96	FY 97
Finance	X	None
Human Resources	X	X
Fire and Rescue Services	X	X
County Attorney	X	X
Public Works and Transportation	X	X
Environmental Protection	X	X
Housing and Community Affairs	None	X

Note: X represents a chargeback for the department; None means no chargeback was budgeted.

V ACCOUNTING AND BUDGETING FOR THE CHARGEBACKS

When DSWS personnel directly perform an activity or manage a contract, the costs for compensation, operating expenses, and capital outlay items are charged directly to the solid waste disposal fund and supporting documentation is filed within the division. County departments and offices that provide services for DSWS also charge their costs for compensation, operating expenses, and capital outlay items directly to the solid waste disposal fund.

However, these departments maintain the supporting documentation in their department files. Since DSWS administrators do not directly supervise the activities or have ready access to supporting documentation, they have very little basis for questioning the costs charged by the providing departments and offices.

As part of the annual budget process, the providing departments and offices analyze their activities and submit cost estimates to DSWS for inclusion in the budget for chargebacks. The providing departments consider a number of factors and steps in arriving at their estimates, which include the following procedures:

- Project current year expenditures based on past experience.
- Compare current year expenditure projection with budget and note differences.
- Add/deduct differences to arrive at estimated budget for next year without any program changes - to arrive at preliminary budget.
- Determine if any program changes require increase/decrease to budget and adjust budget accordingly.
- Determine whether any items are affected by inflation or other economic conditions, and adjust the budget accordingly.

The budget analysts in the offices of Solid Waste Services and Management and Budget review the providing department's cost estimates for reasonableness. These analyses include the following steps:

- Compare current budget to projected expenditures and note major differences.
- Check previous budget to actual expenditures and note significant differences.
- Compare last year's expenditures to current year's projected expenditures and note significant differences.
- Compare the current year's budget to the budget request for the next year and note any significant differences, in dollars or as a percent of change.
- Determine position vacancies and project lapse.
- Inquire about position vacancies, lapse, and all significant differences.

Most of the departments and offices have been charging back their personnel costs to the solid waste disposal fund in accordance with budgeted totals, rather than actual time spent on solid waste related activities. During FY 97, a tracking system will be used to measure actual time spent on solid waste activities by employees in two departments, Housing and Community Affairs and Environmental Protection. A memorandum of understanding was developed that details the procedures for tracking employee time. A copy of the memorandum is located at Attachment B.

VI CHARGEBACKS BUDGETED FOR FY 96 AND FY 97

This section provides a macro view and discussion of the increases to the FY 97 budget for chargebacks. The major elements of the chargebacks are also summarized within the major categories of personnel, operating, and capital outlay. More detailed views of the chargebacks budgeted for FY 96 versus FY 97 are presented on pages 7a and 7b.

A. Overall Change *

The total amount of chargeback expenditures initially budgeted for the solid waste disposal fund in FY 96 was \$4.148 million, and the total budgeted for FY 97 is \$4.964 million, for an increase of approximately \$816,000 (20 percent). A majority of the increase is attributable to three programs/activities that became the responsibility of entities other than the Division of Solid Waste Services. The costs for these programs and activities were reclassified as chargebacks for FY 97. The three programs are:

Engineering services provided by DPWT	\$ 165,479
Contract for the waste reduction program managed by DEP	387,700
Resource recovery facility air and noise monitoring administered by DEP	<u>141,880</u>
Total	<u>\$ 695,059</u>

B. The Personnel Category

For FY 97, personnel costs are budgeted at \$2.853 million for chargeback to the solid waste disposal fund, representing an increase of about \$265,000 over the original FY 96 budget. A major portion of the budgeted increase relates to personnel costs for performing activities that were reclassified as chargebacks for FY 97. For the first time in FY 97, two positions that provide engineering services are budgeted as a chargeback at \$165,479. In addition, a position was added in DEP to administer air monitoring of the resource recovery facility. Other major items budgeted for chargeback to the fund in both fiscal years are for the vacuum leaf collection program (a DPWT operation budgeted at \$1,765,260 for FY 97), the weeds and rubbish program (a joint DEP/DHCA program budgeted at \$399,475 for FY 97), and for solid waste enforcement and compliance activities (a DEP program budgeted at \$332,168 for FY 97).

C. The Operating Expense Category

For FY 97, operating expenses are budgeted at \$2.086 million for chargeback to the solid waste disposal fund, representing an increase of about \$526,000 over the FY 96 budget. A major portion of the budgeted increase relates to programs and activities that were reclassified as chargebacks for FY 97. For the first time in FY 97, expenses for the waste reduction program are budgeted as a chargeback at \$387,700, and operating expenses for the air and noise monitoring activities are budgeted at \$47,780. Two other major items budgeted for chargeback to the fund in both fiscal years are for the vacuum leaf collection program (a DPWT operation budgeted at \$1,317,070 for FY 97) and landfill monitoring activities (a DEP program budgeted at \$208,110 for FY 97).

D. The Capital Outlay Category

For FY 97, capital outlay is budgeted at \$24,300 for chargeback to the solid waste disposal fund, which represents a 100 percent increase since no capital outlay items were budgeted for FY 96. During FY 97, DEP's Office of Environmental Policy and Compliance plans to purchase noise monitoring equipment and a vehicle for the air monitoring program administrator.

* Comparisons are between the initial budgets approved for FY 96 and FY 97, which excludes a non-recurring supplemental appropriation approved during FY 96 for the vacuum leaf collection program.

Approved Budgets For Chargebacks To The Solid Waste Disposal Fund

Initial Budget for FY 96 (without supplemental appropriations) *

Department and Program Category	Personnel	Operating	Capital Outlay	Total
County Attorney (legal services)	45,840			45,840
Finance (miscellaneous expenses)		1,740		1,740
DFRS (residential detoxification)	4,290			4,290
DPWT (satellite sites)	126,070	67,980		194,050
DPWT (vacuum leaf collection)	1,713,850	1,278,710		2,992,560
DPWT (engineering services)	Became chargeback in FY 97 due to reorganization			-0-
DPWT (mulch sites bulk trash removal)	New chargeback in FY 97			-0-
OHR (occupational medical services)	570	1,490		2,060
DEP (waste reduction program)	Became chargeback in FY 97 due to reorganization			-0-
OEPC (RRF air & noise monitoring)	Became chargeback in FY 97 due to reorganization			-0-
OEPC (landfill monitoring)		144,200		144,200
OEPC (enforcement personnel)	308,660			308,660
OEPC (weeds and rubbish)	388,760	65,900		454,660
Totals	\$ 2,588,040	\$ 1,560,020	-0-	\$ 4,148,060
	<u>62.4%</u>	<u>37.6%</u>	<u>0.0%</u>	<u>100.0%</u>

* During FY 96, the DPWT vacuum leaf collection program received a \$375,020 supplemental appropriation to fund the additional effort required to complete leaf vacuuming collection that had been disrupted by heavy snowfall.

Approved for FY 97

Department and Program Category	Personnel	Operating	Capital Outlay	Total
County Attorney (legal services)	37,860			37,860
Finance (miscellaneous expenses)	Dropped from budget in FY 97			-0-
DFRS (residential detoxification)	4,900			4,900
DPWT (satellite sites)	77,086	51,500		128,586
DPWT (vacuum leaf collection)	1,765,260	1,317,070		3,082,330
DPWT (engineering services)	165,479			165,479
DPWT (mulch site bulk trash removal)		360		360
OHR (occupational medical services)	1,020	2,153		3,173
DEP (waste reduction program)		387,700		387,700
OEPC (RRF air & noise monitoring)	69,800	47,780	24,300	141,880
OEPC (landfill monitoring)		208,110		208,110
OEPC (enforcement personnel)	332,168			332,168
OEPC/DHCA (weeds and rubbish)+R[-2	399,475	71,710		471,185
Totals	\$ 2,853,048	\$ 2,086,383	\$ 24,300	\$ 4,963,731
	<u>57.5%</u>	<u>42.0%</u>	<u>0.5%</u>	<u>100.0%</u>

DEP	Department of Environmental Protection
OEPC	DEP-Office of Environmental Policy & Compliance
DFRS	Department of Fire & Rescue Services
DPWT	Department of Public Works and Transportation
OHR	Office of Human Resources
DHCA	Department of Housing and Community Affairs

Approved Budgets For Chargebacks To The Solid Waste Disposal Fund

Approved for FY 96 (including supplemental appropriations) *

Department and Program Category	Personnel	Operating	Capital Outlay	Total
County Attorney (legal services)	45,840			45,840
Finance (miscellaneous expenses)		1,740		1,740
DFRS (residential detoxification)	4,290			4,290
DPWT (satellite sites)	126,070	67,980		194,050
DPWT (vacuum leaf collection)	1,901,360	1,466,220		3,367,580
DPWT (engineering services)	Became chargeback in FY 97 due to reorganization			-0-
DPWT (mulch sites bulk trash removal)	New chargeback in FY 97			-0-
OHR (occupational medical services)	570	1,490		2,060
DEP (waste reduction program)	Became chargeback in FY 97 due to reorganization			-0-
OEPC (RRF air & noise monitoring)	Became chargeback in FY 97 due to reorganization			-0-
OEPC (landfill monitoring)		144,200		144,200
OEPC (enforcement personnel)	308,660			308,660
OEPC (weeds and rubbish)	388,760	65,900		454,660
Totals	\$ 2,775,550	\$ 1,747,530	-0-	\$ 4,523,080
	<u>61.4%</u>	<u>38.6%</u>	<u>0.0%</u>	<u>100.0%</u>

* During FY 96, the DPWT vacuum leaf collection program received a \$375,020 supplemental appropriation to fund the additional effort required to complete leaf vacuuming collection that had been disrupted by heavy snowfall.

Approved for FY 97

Department and Program Category	Personnel	Operating	Capital Outlay	Total
County Attorney (legal services)	37,860			37,860
Finance (miscellaneous expenses)	Dropped from budget in FY 97			-0-
DFRS (residential detoxification)	4,900			4,900
DPWT (satellite sites)	77,086	51,500		128,586
DPWT (vacuum leaf collection)	1,765,260	1,317,070		3,082,330
DPWT (engineering services)	165,479			165,479
DPWT (mulch site bulk trash removal)		360		360
OHR (occupational medical services)	1,020	2,153		3,173
DEP (waste reduction program)		387,700		387,700
OEPC (RRF air & noise monitoring)	69,800	47,780	24,300	141,880
OEPC (landfill monitoring)		208,110		208,110
OEPC (enforcement personnel)	332,168			332,168
OEPC/DHCA (weeds and rubbish)	399,475	71,710		471,185
Totals	\$ 2,853,048	\$ 2,086,383	\$ 24,300	\$ 4,963,731
	<u>57.5%</u>	<u>42.0%</u>	<u>0.5%</u>	<u>100.0%</u>

DEP	Department of Environmental Protection
OEPC	DEP-Office of Environmental Policy & Compliance
DFRS	Department of Fire & Rescue Services
DPWT	Department of Public Works and Transportation
OHR	Office of Human Resources
DHCA	Department of Housing and Community Affairs

VII OBSERVATIONS

This section discusses conditions noted by OLO during the course of this inquiry.

- Most departments and offices that charge back personnel expenses to the solid waste disposal fund are charging employee time to match the amounts budgeted. During FY 97, the Department of Environmental Protection and the Department of Housing and Community Affairs will have their employees track actual time for several pay periods. Managers will review this information and adjust future budgets accordingly.
- When the County's new accounting system was implemented in FY 96, errors were made in setting up the accounts for the solid waste disposal fund. In addition, a change occurred in the personnel managing the fund. As a result, the Division of Solid Waste Services had difficulty reporting the FY 96 chargeback appropriations and expenditures to OLO. (See Attachment C.)
- To enhance accountability, the Division of Solid Waste Services requested all charging departments and offices to report expenditures monthly during FY 97. As of this writing, some departments have not provided the requested reports.
- The current accounting structure for chargebacks to the solid waste disposal fund does not provide a simple method for tracking appropriations and expenditures. It was recently noted that the FY 96 budget for chargebacks to the fund included an erroneous appropriation for the Finance Department. Although the amount budgeted was insignificant (\$1,740), such an error indicates an internal control weakness.

VIII RECOMMENDATIONS

1. As part of the budget process, the Division of Solid Waste Services should provide the T&E Committee with a list of chargebacks by program and department, similar to the tables included in this report on pages 7a and 7b. The data will aid the Committee in developing a better understanding of activities that are recommended for chargeback to the solid waste disposal fund.
2. Departments and offices that charge back to the solid waste disposal fund should periodically provide reports of chargeback expenditures to the fund manager. Information provided in these reports will help the fund manager ensure that chargeback expenditures are recorded correctly in the accounting system and errors or omissions do not occur.
3. The Executive Branch should form a working group to review and revise the accounting structure for chargebacks to the solid waste disposal fund. The new design should provide a simplified method for the fund manager to track and report chargeback appropriations and expenditures by department and program.
4. The fund manager should develop a permanent file to contain documents that will show the history of chargeback budgets and expenditures by program and department. Chargebacks for programs and activities moved from one department to another as part of reorganizations should be noted in the permanent file. In this way, an historical record of the sources for chargebacks can be developed and maintained.

BUDGETS AND EXPENDITURES FOR THE CHARGING ENTITIES

The following is a breakdown of the chargebacks to the solid waste disposal fund by department. Each department or office that charges to the fund is listed in a table detailing the FY 96 and FY 97 appropriations, expenditures, and workyears. A descriptive section follows each table to explain what types of activities are being charged. The descriptions of the activities were developed in conjunction with the charging entities through a questionnaire and interviews.

1. Department of Finance

Budgets and Expenditures

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Motor pool & supplies	1,740	-0-	-0-
Totals	1,740	-0-	-0-
Workyears	0.0	0.0	0.0

Activities Charged by the Department

Miscellaneous Program Expenses. The FY 96 budget for chargebacks included a small appropriation which is believed to have been a carryover from the previous year. No expenditures were actually charged back by the department in FY 96, and the item was not budgeted for FY 97.

In FY 95, the Department of Environmental Protection requested an accounting position to manage the solid waste enterprise funds. The position and a small amount of operating expenses were approved by the Council for the Department of Finance's budget. When the position was filled, it was assigned to the Division of Solid Waste Services, and not budgeted as a Finance Department chargeback in FY 96. However, the operating expenses originally budgeted as a Finance Department chargeback were erroneously budgeted in FY 96.

2. Office of Human Resources

Budgets and Expenditures

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Occupational medical services	2,060	6,170	3,173
Totals	2,060	6,170	3,173
Workyears	Less than 0.1	Less than 0.1	Less than 0.1

Note: The total budget for these services for FY 97 is \$4,230, with 75 percent (\$3,173) being budgeted for chargeback to the solid waste disposal fund and 25 percent (\$1,057) for chargeback to the solid waste collection fund.

Activities Charged by the Department

Occupational Medical Services. All medical tests that are required by law are administered by the Department of Human Resources, Occupational Medical Services Division. Tests administered by the division include stress tests, physical examinations, blood tests, pulmonary function tests, and other procedures for employees who are exposed to hazardous materials on the job. Employees at the solid waste transfer station are given yearly hearing tests and lung examinations, due to the potential exposure to noise, asbestos, and other hazardous materials. Complete physical examinations are also administered to each employee on a three year rotating basis. Charges to the solid waste disposal fund are made to cover the cost of personnel who administer the tests and the cost of the laboratory work to process the tests.

3. Department of Fire and Rescue Services**Budgets and Expenditures**

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Detoxification program	4,290	4,284	4,900
Totals	4,290	4,284	4,900
Workyears	Less than 0.1	Less than 0.1	Less than 0.1

Activities Charged by the Department

Detoxification Program. The detoxification program involves monitoring the disposal of hazardous residential materials (i.e. pesticides, poisons, fuel, batteries, propane cylinders, etc.) that cannot be disposed of at the landfills. Residents may dispose of these materials during specific hours at sites that are designated by the County up to 18 times per year. Materials are collected and removed from the County's solid waste stream and processed at Federally approved waste treatment, storage, and disposal facilities. Charges to the solid waste disposal fund are for the actual time spent at the various sites by a hazardous materials safety officer. The officer is on site to help prepare hazardous materials, specially package, or otherwise deal with potentially dangerous substances.

4. Office of the County Attorney**Budgets and Expenditures**

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Legal services	45,840	45,840	37,860
Totals	45,840	45,840	37,860
Workyears	0.5	0.5	0.375

Note: The total budget for these services for FY 97 is \$50,480, with 75 percent (\$37,860 for .375 workyear) being budgeted for chargeback to the solid waste disposal fund and 25 percent (\$12,620 and .125 workyear) for chargeback to the solid waste collection fund.

Activities Charged by the Department

Legal Services. The County Attorney's office provides general counsel for all solid waste related matters, including: contract negotiation, permits, legislation, regulations, and resolutions. The assigned attorney also provides representation in all solid waste related litigation. Although one-half workyear is budgeted and charged to the solid waste funds, the attorney may spend more time on solid waste matters. For FY 97, the Division of Solid Waste Management split the budget between the solid waste disposal fund and the solid waste collection fund based on an estimate that the attorney spends approximately 75 percent of the allocated time on legal matters relating to the disposal fund and 25 percent on matters relating to the collection fund. The charges for the attorney's services are made directly to the appropriate fund by indicating a special code on the time sheet.

5. Department of Public Works and Transportation**Budgets and Expenditures**

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Satellite sites (beauty spots)	194,050	181,860	128,586
Vacuum leaf collection	2,992,560	3,513,517	3,082,330
Engineering services	not a chargeback	not a chargeback	165,479
Mulch sites bulk trash removal	-0-	-0-	360
Totals	<u>2,992,560</u>	<u>3,695,377</u>	<u>3,376,755</u>
Workyears	38.3	57.2	59.2

Note: The budget numbers above reflect the amounts initially budgeted each fiscal year. A heavy snowfall during FY 96 interrupted the leaf vacuuming schedule, which required a second round to complete the leaf removal activity. A one-time supplemental appropriation of \$375,020 was approved to fund the added cost to the vacuum leaf collection program.

Activities Charged by the Department

- (a) **Satellite Sites (Beauty Spots).** The satellite sites program provides operating and personnel chargeback costs to operate the disposal facilities at the Damascus and Poolesville Highway Maintenance Depots. Residents are encouraged to bring large bulky items to these areas in order to reduce the potential for illegal dumping. The personnel that work at the sites are responsible for opening and closing the sites on the weekend, monitoring the incoming material, and loading the material to be hauled to the transfer station. The operating expenses related to this activity are for the use of a loader to prepare the material for hauling to the transfer station.
- (b) **Vacuum Leaf Collection.** The vacuum leaf collection program represents the largest charge to the solid waste fund and also has the largest share of workyears with 56.2 workyears budgeted in FY 97. Two vacuum leaf collections are provided to residents in the down-county areas during November and December of each year. Leaves are transported to the composting facility at Dickerson where they are processed, bagged, and marked as compost.

The major operating expenses of this program are for motor pool charges including 80 dump trucks, 2 loaders, 14 pickups, a one ton truck, and 50 leafers. Other operating expenses include costs for signs, boxes, rakes, and safety items (such as ear plugs, safety vests, hearing muffs, safety glasses, goggles, and work gloves).

A \$390,000 contract with Maryland Environmental Services for operations at the composting facility is also included in the operating costs. Employee time is charged by indicating a special code on the time sheets.

- (c) **Engineering services.** There are two full-time engineer positions that were moved from the Division of Solid Waste Services to the Department of Public Works and Transportation Engineering Services Division as a result of reorganization. The primary duties for these engineers are to develop contracts and manage consultants related to facility planning for the Division of Solid Waste Services. A major focus is on work associated with development of the Dickerson Site 2 landfill. The engineers also perform activities associated with other solid waste capital projects. The engineers' time is charged directly to the solid waste disposal fund by a special code on the employee time sheets.
- (d) **Mulch Sites Bulk Trash Removal.** This is a new chargeback in FY 97. The budgeted charges in FY 97 are for large item cleanup and maintenance at the mulch sites operated for the Neighborhood Mulch Program, which is administered by the Department of Solid Waste Services. These mulch sites are depots where the public can pick up mulch created by the County free of charge. The sites are unmanned, and as a result illegal dumping sometimes occurs. The Division of Solid Waste Services handles most of the cleanup projects, but when larger items need to be removed, the DPWT Highway Services is called in to assist. The amount budgeted allows for approximately two major cleanups in FY 97.

6. Department of Housing and Community Affairs

Budgets and Expenditures

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Weeds and rubbish program	charged by DEP	charged by DEP	336,179
Totals	charged by DEP	charged by DEP	336,179
	see DEP	see DEP	5.5

Activities Charged by the Department

Weeds and Rubbish Program. As a result of reorganization, the Department of Housing and Community Affairs (DHCA) took over the compliance portion of the weeds and rubbish program in FY 97 from DEP's Office of Environmental Protection and Compliance. The activities performed for this program include seeking property owner compliance with regulations concerning the height of weeds, presence of trash and abandoned cars, and handling complaints about illegal dumping. A trash hauling contract for \$40,000 is included in this program.

The program also includes a "Clean or Lien" component which provides for the removal of unsightly trash and weeds from properties that are not being properly maintained. The owners of the properties are often billed to recover the cleanup costs.

For FY 97, DHCA intends to charge the entire 5.5 workyears for inspectors to the solid waste disposal fund. However, DHCA is planning to integrate the five new inspectors into the existing complement of inspectors and provide cross-training. The purpose of this effort is to allow the office to use inspectors as needed during peak times, which may allow for reducing overtime expenditures.

7. Department of Environmental Protection

Budgets and Expenditures

	<u>Budgeted FY 96</u>	<u>Expended FY 96</u>	<u>Budgeted FY 97</u>
Waste reduction program	not a chargeback	not a chargeback	387,700
Air and noise monitoring	not a chargeback	not a chargeback	141,880
Landfill monitoring	144,200	119,067	208,110
Enforcement personnel	308,660	308,660	332,168
Weeds and rubbish program	454,660	373,575	135,006
Totals	907,520	801,302	1,204,864
Workyears	12.5	12.5	8.1

Activities Charged by the Department

- (a) **Waste Reduction Program.** In FY 97 the waste reduction program became the responsibility of the Department of Environmental Protection, resulting in a new chargeback to the solid waste disposal fund. In FY 96 the program was the responsibility of DSWS and as a result was not considered a chargeback. The waste reduction program is provided by a contract with a representative from Maryland Environmental Services, and includes education and outreach to reduce the amount of material in the solid waste stream. The major focuses include grasscycling, home composting, and reaching out to the schools to educate children on the benefits of composting.
- (b) **Air and Noise Monitoring.** The air and noise monitoring program consists of functions to ensure that the resource recovery facility poses no threat to the health or well being of citizens in the area. The program is not a new charge to the fund. Prior to FY 97, the activities were performed by the Division of Solid Waste Services (DSWS), and the costs of operating the program were charged directly to the solid waste disposal fund. When DSWS was moved to the Department of Public Works and Transportation, the noise and air monitoring program was left behind and became a chargeback to the solid waste disposal fund. For FY 97, DEP's Office of Environmental Policy and Compliance (OEPC) is responsible for handling the program.

Air quality compliance monitoring consists of those activities needed to ensure that the incinerator, landfill, and other solid waste facilities meet code, permit, and other requirements. Activities include:

- maintaining continuous emissions monitoring from in-stack devices and field observations at the facility;
- odor monitoring and complaint response;
- planning, scheduling and overseeing the in-depth stack tests to obtain more detailed information than the continuous monitors provide; and
- reducing throughput at the incinerator by significant amounts in relation to ozone episodes in the summer months. This is related to the County's Ozone Code Red-Ozone Action Day Plan.

In FY 97, a new position will be hired to staff the air quality monitoring program. Other expenses related to this new position include capital outlay for the purchase of a vehicle.

The noise monitoring program includes continuous noise monitoring of the resource recovery facility through electronic monitoring and audio taping on a 24 hour basis. Information that has been collected for the past year will be analyzed to determine if there is a need to continue monitoring on a 24 hour basis, or if the monitoring should be reduced to 12 hours to cover evenings and nights. Costs for the program include consultant services for calibrating the instruments and capital outlay for the purchase of monitoring equipment. As of September 1996, program responsibility had not yet been transferred to OEPC.

(c) **Landfill Monitoring.** This program includes both environmental consultation and landfill monitoring. Environmental consultations include Dickerson Site 2 groundwater reviews, facility noise consulting, landfill gas/energy reviews, and document review and comment. The operating expenses associated with this activity include a \$160,000 contract for laboratory services related to environmental testing. Compliance monitoring at the landfills involves:

- collecting and analyzing field samples for code, permit, and other requirements;
- data verification and review;
- database, equipment, and laboratory contract management for field sample tests; and
- residential well treatment system maintenance and citizen correspondence and education.

Monitoring activities are conducted at three landfill sites: the Dickerson planned landfill site, the Gude closed landfill site; and the Oaks active landfill site.

- As part of the State permit procedure OEPC is developing a groundwater monitoring program at the Dickerson planned landfill site. The monitoring

program requires one year of pre-operation monitoring and sampling for comparison to samples that will be taken after the landfill is operational.

- Since closure of the Gude landfill in the early 1980's, the County has continued to monitor water quality in accordance with post-closure State and Federal regulations. A normal post-closure time period is five years, but because tests have shown contamination the testing will continue.
- The Oaks landfill receives ash and non-burnable trash from the resource recovery facility. As part of the surface and ground water testing program, monthly samples are taken of 25 on-site wells and 10 additional wells in the immediate vicinity. Annual samples are also taken from 30-32 domestic wells in the surrounding area as part of this program. Groundwater contamination has been documented in both the on and off site areas. This site is scheduled for closure during 1997.

- (d) **Enforcement Personnel** These charges reflect the OEPC personnel costs related to solid waste enforcement. The activities of the staff include compliance monitoring at the landfills (such as laboratory contract management, equipment maintenance, sample collection, and field measurements), hazmat, radiological, or medical waste complaint investigations, environmental consultation, and administration.
- (e) **Weeds and Rubbish Program** In FY 97 OEPC remains responsible for investigating complaints of illegal dumping and disposal. The compliance portion of the weeds and rubbish program was transferred to the Code Enforcement Division of the Department of Housing and Community Affairs.

Note: In FY 97 a memorandum of understanding (MOU) has been developed that details the procedures of a new system for tracking actual time spent on solid waste related activities. In accordance with the MOU, employees in DEP and DHCA will sample eight pay periods to record the type of solid waste related work for each hour. These samples will then be analyzed by OMB, the DSWS, DEP, and DHCA to determine the proper allocation of personnel charges for the next fiscal year. A copy of the MOU is included as Attachment B.

MEMORANDUM OF UNDERSTANDING

August 13, 1996

PURPOSE

The purpose of this memorandum is to set forth processes for developing policy and procedures concerning the Department of Environmental Protection's (DEP) and the Department of Housing and Community Affairs' (DHCA) chargebacks to the Division of Solid Waste Services (DSWS), and to initiate and implement recommendations for future yearly chargebacks.

PARTICIPANTS

The parties to this memorandum are the Department of Public Works and Transportation (DSWS), DEP, DHCA, and the Office of Management and Budget (OMB).

BACKGROUND

The two principal external sources of staff charges to the Solid Waste Disposal Fund are monitoring and compliance tasks (related to solid waste facilities), and the work performed by the Weeds and Rubbish Unit. The former is carried out in the Office of Environmental Policy and Compliance (OEPC) within DEP, while the latter is performed in the Code Enforcement Division in DHCA, which was transferred from DEP in FY97.

Historically, environmental monitoring and compliance activities involving solid waste have been performed by DEP and charged to the Disposal Fund. In FY92, funding of activities carried out by the Weeds and Rubbish Unit (including seeking compliance of property owners with regulations concerning the height of weeds, presence of trash, and abandoned cars on a property, and the proper disposal of materials through the Solid Waste Disposal System) was shifted from the General Fund to the Disposal Fund.

Since the Weeds and Rubbish function began charging to the Disposal Fund in FY92, all costs associated with that function have been charged to the fund. There has never been a breakout of the duties performed by the individual employees in the unit. Charges from monitoring and compliance activities, however, were established based on an analysis of the types and frequency of duties involving solid waste functions. However, duties carried out by employees charging the Disposal Fund in recent years have not received the thorough review necessary to assure that charges both to the Disposal Fund and the General Fund are appropriate. Thus, the need for a Memorandum of Understanding to establish a process to achieve those assurances.

ANALYSIS

During the FY97 budget cycle DEP provided DSWS with personnel and operating charges payable from the Solid Waste Enterprise Fund. DEP and the newly created DHCA are currently charging approximately \$1.5 million to DSWS for FY97. The funds are used for monitoring and compliance activities, waste reduction outreach (grasscycling, composting), illegal dumping, and for dedicated personnel performing inspection, monitoring and administrative duties. It has been determined that a review of the scope of duties and activities charged to DSWS is necessary to define the appropriate level of chargebacks. During FY97, the Office of Legislative Oversight will perform an audit of all chargebacks to the Division and, after completion, further recommendations may result. Meanwhile, DSWS, DEP, DHCA and OMB are committed to assessing current work activity and taking steps to implement a reasonable method of determining costs based on departmental responsibilities.

ACTION ITEMS

All parties to this memorandum agree to the following action items:

- DEP and DHCA will perform eight (8) samplings of work hours whereby each employee will log one pay period's worth of duties, providing detail on the type of work performed each hour. DEP, DHCA, DSWS and OMB will then review these logs and determine the proper allocation of personnel charges for the next fiscal year.

Categories of work to be noted on timesheets:

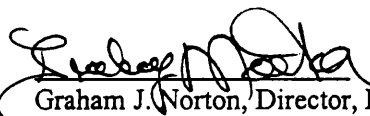
- Solid Waste Facility Inspections
- Landfill Monitoring
- Landfill Data Analysis
- Landfill Data Management
- Lab Contract Management
- Illegal Dumping Case Management
- Illegal Dumping Program Management
- RRF Air Monitoring
- RRF Noise Monitoring
- Solid Waste Environmental Consultations
- Solid Waste Related Administrative Services
- Inspections - Grass and Weeds
- Inspections - Solid Waste
- Inspections - Clean or Lien


Eight payperiods for recording workhours:

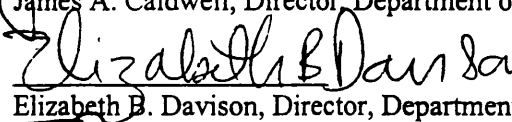
August 4 through August 17, 1996
August 18 through August 31, 1996
October 27 through November 9, 1996
November 10 through November 23, 1996
February 2 through February 15, 1997
February 16 through March 1, 1997
April 27 through May 10, 1997
May 11 through May 24, 1997

- A second Memorandum of Understanding will be signed by August 31, 1997, outlining future guidelines and policy for chargebacks in FY99 and beyond. This second Memorandum of Understanding will be based upon conclusions drawn from the above samplings.

The parties below have agreed to this action plan and will proceed as indicated.

 8/16/96
Graham J. Norton, Director, Department of Public Works and Transportation

 8/20/96
James A. Caldwell, Director, Department of Environmental Protection

 8/28/96
Elizabeth B. Davison, Director, Department of Housing and Community Affairs

 9/22/96
Robert K. Kendal, Director, Office of Management and Budget

MEMORANDUM

November 15, 1996

TO: Joan Pedersen
Office of Legislative Oversight

FROM: Laura Trotter *hl*
Office of Management and Budget

SUBJECT: Tracking of FY96 Actuals for the OLO Study on Solid Waste Chargebacks

I would like to first thank you and your staff for working so cooperatively with the Executive Branch on this study. I believe that this effort will assist us all in better understanding and managing the chargebacks to the Solid Waste Disposal Fund.

As you are aware, it has been difficult at times to gather complete data on some actual FY96 expenditures which are charged to the Disposal Fund. Unless a particular chargeback activity was charged to an index code which was not used for any other purpose, the charge could not be extracted from the total dollar amount listed in that index code. For example, the Office of the County Attorney charged its services to a generic "Solid Waste Administration" index code and could not be isolated from internal Solid Waste staff charging to that index code. As a result, there are a few instances in the report where you will note that the FY96 actual expenditures reflect exactly what was budgeted for that activity.

Unfortunately, we will experience these same limitations in the collection of FY97 actual data as well. However, staff have now identified ways to eliminate this reporting problem in the future. Charging departments/agencies for the FY98 budget will be given a unique index code (or its equivalent) so that chargebacks can be easily isolated for analytical purposes.

Once again, I would like to thank you for the cooperative attitude that you and your staff brought to this project. The final product of this study should prove useful to Solid Waste and to all other entities which have chargebacks.

cc: Bruce Meier, OMB
David Mack, OMB
Allison Clark, Division of Solid Waste Services