

**Worksession**

**MEMORANDUM**

May 3, 2022

TO: Transportation & Environment Committee

FROM: Keith Levchenko, Senior Legislative Analyst

SUBJECT: **FY23 Operating Budget** – Department of Environmental Protection (DEP) - Recycling and Resource Management Division (RRMD) and FY23 Solid Waste Charges<sup>1</sup>

PURPOSE: Make Committee recommendations for Council Consideration

**Budget Highlights**

**Expenditures**

- Total FY23 Proposed Operating Budget for DEP-RRM is \$142.6 million, an increase of \$7.4 million (or 5.4 percent) from the Approved FY22 Operating Budget of \$852.1 million
  - FY23 Solid Waste Collection Fund = \$11.3 million (+\$638,000, +6.0 percent)
    - Collection contract adjustments +\$380,952
    - Risk Management Adjustment +\$178,308
  - FY23 Solid Waste Disposal Fund = \$131.4 million (+\$6.7 million, +5.4 percent)
    - Recycling contract adjustments +\$7.6 million
    - Add Save-as-you-Throw Pilot +\$416,910
    - Add Beantown Dump Remediation +\$250,000

**Solid Waste Service Charges**

- System Benefit Charges
  - Single-Family: 12.8 percent to 20.2 percent increases (depending on the services provided)
  - Multi-family: 2.0 to 3.1 percent increases
  - Non-Residential: 3.1 percent increases
- Transfer Station Tipping Fees kept at FY23 levels
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**Council Staff Recommendations**

- Approve the DEP-RRM budget as recommended by the County Executive
- Approve the FY23 Solid Waste Service Charges as recommended by the County Executive

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<sup>1</sup>#SolidWaste and Environmental Protection.

Attachments to this Memorandum

- Solid Waste Services Excerpt from the County Executive’s FY23 Recommended Budget (©1-15)
- Vacuum Leaf Collection Fund Six-Year Fiscal Plan (©16)
- CE Transmittal and Resolution to Approve FY23 Solid Waste Service Charges (©17-21)
- CE Notification Letter of December 3, 2021 - Notification for County Council regarding Closing of Incinerator – Environmental and Waste Disposal Infrastructure (©22-23)
- Solid Waste System Disposal Fund, Rate Setting Methodology FY22 (©24)
- Base Rate Setting Methodology FY22 (©25)
- Incremental Charge Methodology FY22 (©26)
- Solid Waste Advisory Committee (SWAC) April 11, 2022 Letter to the Council (©27-30)
- Climate, Energy, and Air Quality Advisory Committee Letter of April 25, 2022 (©31-32)

Participants Include:

- Adriana Hochberg, Acting Director, Department of Environmental Protection (DEP)
- Patty Bubar, Deputy Director, DEP
- Willie Wainer, Chief, Recycling and Resource Management Division (RRMD), DEP
- Anthony Skinner, Chief, Business Operations, DEP
- Eileen Kao, Chief, Waste Reduction and Recycling Section, RRMD, DEP
- Lonnie Heflin, Chief, Materials Management Section, RRMD, DEP
- Jeff Camera, Resource Conversion Section, RRMD, DEP
- Rich Harris, Fiscal and Policy Analyst, Office of Management and Budget

**Summary of FY22 Recommended DEP-RRM Budget**

**Table #1  
DEP Recycling and Resource Management (All Funds)**

	Actual FY21	Approved FY22	Estimated FY22	Rec FY23	Change from FY22	
					\$\$\$	%
Personnel Costs	13,012,346	13,003,120	12,483,120	13,393,598	390,478	3.0%
Operating Expenses*	122,899,010	119,974,959	118,454,959	126,925,394	6,950,435	5.8%
Capital Outlay	1,953,916	2,291,444	2,291,444	2,315,605	24,161	1.1%
<b>Total</b>	<b>137,865,272</b>	<b>135,269,523</b>	<b>133,229,523</b>	<b>142,634,597</b>	<b>7,365,074</b>	<b>5.4%</b>
Full-Time Positions	80	83	83	77	(6)	-7.2%
Part-Time Positions	2	2	2	1	(1)	n/a
FTEs	111.56	112.06	112.06	113.61	1.55	1.4%

\*includes Debt Service of \$1,629,474 in FY23

**Background**

The RRMD budget is divided into two Enterprise funds: Collection and Disposal. These are non-tax-supported funds for which revenues and expenditures are directly connected. Additions to or subtractions from the RRMD budget may change Solid Waste charges **but will not affect General Fund resources. Any cost savings or cost increases that may be identified in these funds have no impact on the General Fund.**

Much of the direct service provided by RRMD is done via contracts (such as for refuse and recycling collection and contract staff at the Transfer Station, Materials Recovery Facility, Resource

Recovery Facility and Compost Facility). DEP provides contract oversight and manages the overall operations at the various facilities.

Summary tables for each of the two funds follow later, along with some major highlights.

Council Staff has noted later a number of major issues the Council should discuss after budget. However, the focus of this Staff Report is on the FY23 RRMD budget as recommended by the County Executive. Council Staff has focused this Staff Report on the major changes reflected in the FY23 Recommended Budget (by fund as presented below) and the recommended FY23 Solid Waste charges.

### **Solid Waste Advisory Committee Budget Letter**

The budget letter from the Solid Waste Advisory Committee (SWAC) is attached on ©27-30. DEP staff will be available at the May 6 Committee worksession to comment on SWAC's recommendations; especially regarding the additional staffing and education and outreach suggested.

Several recommendations are suggested by Council Staff for follow-up discussion after the budget including the potential consolidation of Subdistrict B into Subdistrict A, food waste diversion/capacity issues, and pay/save-as-you-throw.

A letter from the Montgomery County Advisory Committee on Climate, Energy, and Air Quality is also attached (see ©31-32). This letter expresses support for the SWAC recommendations that would reduce greenhouse gas emissions including the consolidation of Subdistrict B into Subdistrict A, electrification of the waste management fleet; and minimizing the generation of waste while expanding the recycling and reuse of waste.

### **Racial Equity and Social Justice (RESJ) Considerations**

On December 2, 2019, the Council adopted Bill 27-19, Administration -Human Rights - Office of Racial Equity and Social Justice - Racial Equity and Social Justice Committee – Established. Among other provisions, this legislation requires the County Executive to submit a racial equity and social justice (RESJ) impact statement for each bill and each management initiative or program that would be funded in the operating or capital budget.

On December 1, 2020, the County Council enacted Bill 44-20, Racial Equity and Social Justice - Impact Statements -Advisory Committee – Amendments. This legislation requires that supplemental/special appropriation requests include an explanation of how the appropriation promotes racial equity and social justice.

While the RESJ impact statement process for bills and supplemental/special appropriations has moved forward, the County is in the very early stages of developing a process to incorporate RESJ considerations into the regular budgeting process.

The Council's Racial Equity and Social Justice Manager has asked OMB and the Office of RESJ to forward all of the departmental responses to the RESJ questions that were asked this year as part of the budget development process. The Government Operations Committee discussed the budgets of the Office of RESJ and OMB and the budget process with both departments at its budget worksession on April 28.

With regard to racial equity and the DEP budget in general, DEP provided the following information:

*In addition to the specific work focused on responding to the questions from the County’s Racial Equity and Social Justice office, the Department has been working on raising awareness of issues associated with racial equity and identifying opportunities for addressing these issues. An RESJ working group has been working for several years on these topics. The workgroup has provided support to many initiatives accomplished by the Department including:*

*Development of Best Practices to Address Equity Issues in Hiring – identifies that there are some issues with the demographics of the DEP staff compared to the population we serve and provides some tools for beginning to address these issues*

*Translation Standard Operating Procedure – sets minimum expectations for translation of DEP materials and sets up an internal process for assigning translation of these materials to the DEP staff who are certified to translate*

*Initiation of development of a methodology for evaluating if/how DEP programs address equity and justice issues in implementation. DEP is partnering with DOT as they initiate this type of evaluation*

Council Staff will continue to work with DEP, the Office of Racial Equity and Social Justice, and OMB, on how to consider RESJ issues in the context of the DEP budget going forward.

### SOLID WASTE COLLECTION FUND EXPENDITURES

**Table #2  
DEP Recycling and Resource Management (Collection)**

	Actual FY21	Approved FY22	Estimated FY22	Rec FY23	Change from FY22 \$\$\$	%
Personnel Costs	1,496,919	1,608,362	1,588,362	1,687,378	79,016	4.9%
Operating Expenses	8,374,029	9,018,344	8,668,344	9,577,405	559,061	6.2%
Capital Outlay				-		
<b>Total</b>	<b>9,870,948</b>	<b>10,626,706</b>	<b>10,256,706</b>	<b>11,264,783</b>	<b>638,077</b>	<b>6.0%</b>
Full-Time Positions	4	4	4	4	-	0.0%
Part-Time Positions	-	-	-	-	-	n/a
FTEs	11.78	11.78	11.78	12.08	0.30	2.5%

The bulk of costs in this fund (\$8.85 million in FY23) are for residential refuse collection within Subdistrict A<sup>2</sup> and personnel costs. The major changes assumed from FY22 are shown the Executive’s Recommended Operating Budget for RRMD (see ©8-9).

Refuse collection contract costs are up about 4.5 percent (+\$381,000) from FY22. DEP has noted that this increase is “*primarily because of new contract starts in Areas 6 and 8. The estimated costs are based on higher labor cost for the workers, increased cost for the purchase of trucks, and a shorter negotiated contract period. Areas 9-13 started in FY22, but the higher rate will continue into FY23.*”

<sup>2</sup> The collection district is divided into two collection subdistricts for residential trash collection. In Subdistrict A, once per week trash collection for single-family residences and multi-family residences with six or fewer units is managed by the County, which contracts with haulers. In Subdistrict B, haulers contract directly with residents.

The other changes from FY22 are technical in nature (such as a Risk Management adjustment (+\$178,308), compensation and benefits, annualization of FY22 personnel costs, motor pool and printing and mail, etc.) and other miscellaneous costs. No additional positions are assumed although a reallocation of positions based on actual work activities results in a 0.3 FTE increase in the Collection Fund.

As a result of the contract increases from several years ago, as well as emergency contracts for collection that had to be done because of recycling issues experienced with a hauler, DEP had the collection fund borrow \$4.0 million from the Disposal Fund to help smooth out future rate increases in the collection fund. The Executive’s Recommended Fiscal Plan for the Collection Fund (see ©12) shows year-end net assets are negative through FY26 to reflect this \$4.0 million loan, although cash assets remain positive throughout the six-year period. Steady increases in the refuse collection charge are reflected in the fiscal plan to pay off the loan and bring the net assets as a percentage of resources about halfway back (7.2 percent) by FY28 to policy levels (10 to 15 percent).

**Council Staff recommends approval of the Executive’s Recommended budget for the Solid Waste Collection Fund.**

**SOLID WASTE DISPOSAL FUND EXPENDITURES**

**Table #3  
DEP Recycling and Resource Management (Disposal)**

	Actual FY21	Approved FY22	Estimated FY22	Rec FY23	Change from FY22 \$\$\$	%
Personnel Costs	11,515,427	11,394,758	10,894,758	11,706,220	311,462	2.7%
Operating Expenses*	114,524,981	110,956,615	109,786,615	117,347,989	6,391,374	5.8%
Capital Outlay	1,953,916	2,291,444	2,291,444	2,315,605	24,161	1.1%
<b>Total</b>	<b>127,994,324</b>	<b>124,642,817</b>	<b>122,972,817</b>	<b>131,369,814</b>	<b>6,726,997</b>	<b>5.4%</b>
Full-Time Positions	76	79	79	73	(6)	-7.6%
Part-Time Positions	2	2	2	1	(1)	-50.0%
FTEs	99.78	100.28	100.28	101.53	1.25	1.2%

\*includes Debt Service of \$1,629,474 in FY23

Solid Waste Disposal Fund expenditures are recommended to increase by \$6.7 million (5.4 percent). The increases and decreases are presented on ©7-8 and the major new initiatives and some of the larger fluctuations in current costs are discussed below.

Save-as-you-Throw Pilot (+\$416,910)

The Recommended Budget includes funding for a “Save as you Throw” pilot program. Also known as “pay as you throw,” these programs have proven to be effective in reducing per-capita waste generation and increasing recycling and organics recovery.

In May 2020, the County’s Aiming for Zero Waste Task Force recommended implementation of a pay-as-you-throw system (after studying how to create a new system that will both encourage more recovery and less waste while preserving the County’s ability to have a financially secure base of revenue via its Solid Waste charges).

A Request for Procurement to scope out the pilot has already gone out and responses have been received. DEP is working with the Maryland Environmental Service to review the responses and the pricing. DEP expects to roll out the pilot to 3,000 homes.

Currently this effort can only be pursued in Subdistrict A; where the County contracts for trash collection on behalf of County residents and residents pay a collection fee to the County through their property tax bills. In Subdistrict B, residents are responsible for contracting directly (or through an HOA) with haulers. Making a save-as-you-through program countywide would require changes in this structure. *NOTE: The Aiming for Zero Waste Task Force recommended consolidating Subdistrict B with Subdistrict A in order to have a uniform waste and recycling system in the county that optimizes recovery potential. The SWAC letter also includes a recommendation supporting this consolidation. Council Staff suggests the T&E Committee take up this issue (and the associated [OLO Report 2019-17](#)) after budget*

#### Beantown Dump Remediation (+\$250,000)

The former Beantown Dump site (located along East Gude Drive and Dover Road in Rockville) was used as a waste disposal site from approximately the late 1920s to the early 1960s. Since the 1960s, commercial development has occurred over much of the former dump site. In 2000 and 2001, the County conducted a methane assessment of the site, which led to the placement of approximately 87 passive landfill gas (LFG) venting wells in 2002 and 2003. Quarterly sampling of methane levels has been performed at these wells since 2003. An additional assessment was performed in 2012 to determine if LFG migration had occurred into a self-storage facility located on the former Beantown Dump site. In 2013, the County and its contractor worked with several property owners located near the former Beantown Dump site along East Gude Drive to install combined gas detectors in residential and commercial buildings.

DEP has noted that continuing work is needed *“to mitigate the buildup of harmful gases (safety concerns). This work will continue in perpetuity since MDE has issued regulatory directives to the County and methane gas is continuously being generated...”*

#### Residential Recycling Collection Contracts (+\$7.6 million)

The total amount budgeted for residential recycling contracts for FY22 is \$28.1 million. The recommended FY23 amount is \$35.7 million (+7.6 million or 26.9 percent). Substantial increases in these contract costs have been experienced in recent years as contracts come up for rebid after a long contract period.

DEP has 13 contracts for curbside recycling throughout the County, with eight of these contracts also including refuse collection within Subdistrict A. Currently, three haulers provide recycling collection services. The same three haulers also provide refuse collection services funded out of the Solid Waste Collection Fund. DEP staff have noted that the cost increase is due to:

- new contracts in Areas 6 & 8 in FY23 accounting for the majority of the \$7.6 million increase)
- increases in Areas 9-13, due to the previously signed contracts for those areas. These contracts ended in October 2021 after 11 years.
- CPI adjustments account for the remainder of the increase.

The new contract terms are 5 years (with two additional one-year extensions). The shorter contract period means up-front costs (such as truck purchases) are spread over fewer years, increasing the annual

costs of the contracts. DEP has also noted that there are a limited number of qualified companies that offer hauling services that can meet the capacity and contractual requirements for Montgomery County.

Transfer Station Power Infrastructure (+\$1.7 million, one-time cost)

Per DEP: *“The power infrastructure replacement will provide a significant benefit for the continuity of operations at this site. This equipment was determined to be necessary after a review of the electrical capacity at the site and the assumed power replacement needed to ensure continuity of operations. The analysis to determine the need for this new power infrastructure assumed the site will be limited to half capacity in the event of a power outage. During power outages, the tipping floor is only able to operate two of the four compactors and other site buildings have limited power capacity causing interruptions in both operational and administrative duties. This power infrastructure replacement will meet the existing and future needs as well as provide electrical capacity for ongoing projects such as the Fire Detection and Suppression System Project, Scale Replacement Project. This power infrastructure replacement will also provide support to the RRMD’s IT and communication infrastructure needs, which include the independent radio communications system, video surveillance/speaker system, and the point of sales systems at the scale house. FINANCIAL IMPACT: This project will be phased into two separate phases based on FY to avoid major operating budget impacts. The first phase of this project is expected to begin in January 2022 and last until the end of FY22 (June 30, 2022). The second and final phase of this project will commence in FY23 and expected to be completed by the end of FY23 in June 2023. The preliminary cost estimate for this work is roughly \$2.5M. The funding available for FY22 is \$850K and \$1.7M in FY23.”*

Disposal Fund debt service (+\$1,629,474)

This increased cost reflects the approved start of debt-financing of the Gude Landfill remediation CIP project in FY23 (after initial funding with current revenue).

Oaks Landfill Capital Equipment and Monitoring (+\$1,596,650, one-time and ongoing)

Per DEP: *“OE contractual increases include: Nature and Extent Investigation – MDE regulatory directive to characterize groundwater contamination for corrective action. This project is still in the monitoring phase. Leachate Pre-Treatment Plant Upgrades – This plant needs to be expanded and upgraded to accommodate the increased capacity of stormwater maintenance disposal and leachate processing per WSSC and MDE permit requirements. Stormwater Management Restoration Project – This project will assess and restore stormwater ponds, conveyance swales, and rip-rap damage caused by erosion. This work will mitigate any regulatory violations for non-compliance.”*

Resource Recovery Facility (RRF) Cost Changes (\$-5.6 million)

The RRF is the largest cost element within the Disposal Fund. A breakdown of the costs (both Approve FY22 and Recommended FY23) is presented in Table #4 below.

**Table #4  
Resource Recovery Facility (RRF) Program Costs**

	FY22	FY23	Change	
	Approved	Rec	\$	%
NEA Direct Costs and Fees	644,210	772,633	128,423	19.9%
Net Debt Service			-	n/a
Operating Charge (Covanta)	31,442,460	31,785,044	342,584	1.1%
Non-Processible Waste	943,855	637,344	(306,511)	-32.5%
Waste Processed >558,450 tons	612,905	1,679,165	1,066,260	174.0%
Rail Engine Service Fee and Refunds	4,386,497	4,775,143	388,646	8.9%
Air: Emission Reagents	2,719,507	3,191,523	472,016	17.4%
Air: Emission Reagents, Testing, Fees	777,400	152,447	(624,953)	-80.4%
Ash Handling	(909,727)	(975,146)	(65,419)	7.2%
Ash Testing				
Insurance, Utilities, Sales & Prop Tax	976,822	1,050,656	73,834	7.6%
Miscellaneous O&M	1,426,107	1,566,418	140,311	9.8%
Electric Sales Revenue	(10,789,504)	(14,402,679)	(3,613,175)	33.5%
Covanta Electric Revenue Share	767,400	897,701	130,301	17.0%
Recycled Ferrous Revenue	-	-	-	#DIV/0!
Less OMB OPEB reduction				
<b>Operating Contract Total</b>	<b>32,997,932</b>	<b>31,130,249</b>	<b>(1,867,683)</b>	<b>-5.7%</b>
			-	
Charges from Risk Management	1,947,000	1,991,392	44,392	2.3%
Other various smaller OE items	79,848	82,737	2,889	3.6%
Capital Equipment Costs	4,981,643	1,215,000	(3,766,643)	-75.6%
<b>Totals</b>	<b>40,006,423</b>	<b>34,419,378</b>	<b>(5,587,045)</b>	<b>-14.0%</b>
Processible Tons Assumed	571,534	609,466	37,932	6.6%
Cost Per Ton	70.00	56.47	(13.52)	-19.3%

Overall, net costs are down about \$5.6 million (14 percent). The majority of the reduction (\$3.6 million) is from higher projected electric sales revenue for FY23. Also, some one-time investments in equipment improvements in FY22 are not included in the base budget going into FY23.

The FY23 cost decrease is projected despite an expected increase in processible tons in FY23 (+37,932 tons). As a result, the cost per ton is down significantly from an estimated \$70 in FY22 to \$56.47 in FY23.

In December 2021, the County Executive transmitted a letter to the Council (see ©22-23) noting his intent to develop a plan with the goal of closing the RRF within the next 12 to 18 months. DEP has noted that this plan is expected to be transmitted to the Council this summer.

From a process standpoint, closing the RRF will require Council adoption of an amendment to the Comprehensive Solid Waste Management Plan (with approval by the Maryland Department of the Environment (MDE)). In October 2021, the Council approved the Comprehensive Solid Waste Management Plan 2020-2029 (later approved by MDE) which includes the following text regarding the potential closure of the RRF:

*“Prior to Council consideration of an amendment to this Plan that would support the closure of the RRF, the County Executive will provide to the County Council an analysis by the Department of Environmental Protection which compares the short and long-term costs, environmental and public health impacts, racial equity and social justice implications, facility impacts, operational concerns, and other major issues of keeping the RRF open versus changing the County's primary waste disposal from the RRF to in-County or out-of-County landfilling. After completing this*



*analysis, the County Council will consider potential amendments to this Plan from the County Executive regarding the future disposal path for waste.”*

The Executive’s review is timely, since the continued use of the RRF for the long-term would require a significant capital investment for maintenance and potential upgrades. Assuming the County Executive provides a comprehensive analysis as called for in the Plan text noted above, the Council will be in a good position to consider different long-term disposal strategies for the County’s solid waste.

## **SOLID WASTE SERVICE CHARGES**

### **Summary of Recommended FY23 Solid Waste Service Charges**

- System Benefit Charges:
  - Single-Family: 12.8 percent to 20.2 percent increases (depending on the services provided).
  - Multi-family: 2.0 to 3.1 percent increases
  - Non-Residential: 3.1 percent increases
- Transfer Station Tipping Fees kept at FY23 levels

The County’s solid waste programs are primarily funded by various solid waste charges that support the dedicated Enterprise funds (see ©14 for descriptions of the different charges). Solid waste charges are established through an annual Council resolution (attached on ©18-21). The Council acts on the solid waste charges in mid-May.

The FY22 Approved and FY23 County Executive Recommended charges are presented on the following table. The circled items present the total charges that appear on residential property tax bills, depending on the services provided to a property.

## Solid Waste Service Charges (FY22 and FY23)

Charge	Approved FY22	CE Rec FY23	% Change From FY21
<b>SINGLE FAMILY</b>			
Base Systems Benefit Charge	\$38.07	\$40.15	5.5%
Incremental Systems Benefit Charge	\$154.28	\$198.89	28.9%
Disposal Fee	\$47.34	\$49.16	3.8%
Leaf Vacuuming Charge	\$116.46	\$118.67	1.9%
Refuse Collection Charge	\$117.00	\$127.00	8.5%
<b>Total Charges, Households Receiving:</b>			
Recycling Collection Only	\$239.69	\$288.20	20.2%
Recycling and Leaf Collection	\$356.15	\$406.87	14.2%
Recycling and Refuse Collection	\$356.69	\$415.20	16.4%
Recycling, Leaf and Refuse Collection	\$473.15	\$533.87	12.8%
<b>MULTI-FAMILY</b>			
Base Systems Benefit Charge	\$6.68	\$6.23	-6.7%
Incremental Systems Benefit Charge	\$10.61	\$11.60	9.3%
Leaf Vacuuming Charge	\$4.54	\$4.43	-2.4%
<b>Total Charges</b>			
Units inside Leaf Vacuuming District	\$21.83	\$22.26	2.0%
Units outside Leaf Vacuuming District	\$17.29	\$17.83	3.1%
<b>NONRESIDENTIAL</b>			
<b>(by waste generation category per 2,000 sq. feet of gross floor area)</b>			
Low	\$128.92	\$132.94	3.1%
Medium Low	\$386.77	\$398.83	3.1%
Medium	\$644.61	\$664.71	3.1%
Medium High	\$0.00	\$0.00	n/a
High	\$1,160.30	\$1,196.48	3.1%
<b>TIPPING FEES</b>			
Refuse (weighing >500 lbs per load)	\$60.00	\$60.00	0.0%
Refuse (weighing 500 lbs per load or less)	\$0.00	\$0.00	0.0%
Refuse in Open Top Containers	\$76.00	\$76.00	0.0%
Concrete/Dirt Rubble material delivered for disposal	\$70.00	\$70.00	0.0%
All Yard Trim (weighing >500 lbs per load)	\$46.00	\$46.00	0.0%
All Yard Trim (weighing 500 lbs per load or less)	\$0.00	\$0.00	0.0%
Other Recyclables	\$0.00	\$0.00	0.0%

### 1. System Benefit Charges

Base System Benefit Charges (BSBC) cover the cost of general solid waste system infrastructure and administration and are allocated among the single-family residential, multi-family residential, and non-residential sectors in proportion to each sector's estimated waste generation. For FY23, base system costs are estimated at \$58.5 million (see ©25), which is an increase of \$3.3 million (5.9 percent) from the

FY22 amount of \$55.2 million. These charges appear on all property tax bills (residential and non-residential properties, both within and outside municipalities).

The Incremental System Benefit Charge (ISBC) is assessed on the different sectors, based on actual services received (mostly related to curbside recycling and composting services). For FY23, incremental system benefit costs are estimated at \$49.84 million (see ©26) which is an increase of \$8 million (19.2 percent) from the approved amount of 41.8 million. As noted earlier, much of this increase is from increased costs associated with new residential recycling collection contracts. Since these costs are allocated 100 percent to the single-family sector, single family ISBCs are going up at much higher percentages than multi-family and non-residential.

These charges are adjusted from year to year, partly because of increased costs in recycling and composting, but also because DEP works to smooth overall impacts within the different rate categories (single-family, multi-family, and non-residential) across the six-year fiscal plan period. This stabilization effort is accomplished by the different categories either borrowing or paying back the fund balance reserve in different years over the six-year period. The net change over the six-year period is zero, but changes can be substantial in a given year and can result in the charge going up or down in the different sectors.

For purposes of considering the total impact on ratepayers, one needs to look at the “Total Charges” lines in the chart. RRM’s goal is to try to smooth increases and decreases in these overall charges over time.

Depending on the services provided, for FY23, single-family properties would see increases ranging from 12.8 to 20.2 percent and multi-family properties would see increases ranging from 2.0 to 3.1 percent.

## **2. Non-Residential (Commercial) Charges**

The charges for the non-residential sector are comprised of the BSBCs and the ISBCs. These charges are computed based on Gross Floor Area Unit (GFAU) data from the State Department of Assessments and Taxation (SDAT) records. The FY22 charges are recommended to increase by 3.1 percent. *NOTE: Currently no businesses’ land use codes are in the medium high generation category at this time. Therefore, the FY22 and FY23 fee schedule does not reflect any charges for the medium high generator category.*

## **3. Refuse Disposal Tip Fees**

The tip fee is the per ton fee charged businesses, institutions, and residents at the County’s Transfer Station. The Executive is not recommending any changes in these fees for FY23.

The tip fee serves as an economic flow control mechanism to help the County manage waste volumes so that the County can optimize the use of the RRF while staying within the facility’s permit capacity. For instance, last year’s increase in the Refuse in Open Top Containers Fee was intended to disincentivize the drop-off of construction and demolition (C&D) waste at the Transfer Station and encourage the use of other facilities (preferably for recycling).

#### 4. Recycling Tip Fees

The Executive continues to recommend no fee for source-separated recyclable materials dropped off at the recycling drop-off area of the Transfer Station.

#### 5. Refuse Collection Charge and Disposal Fee and Charges

Refuse collection charges (for Subdistrict A, where the County contracts directly with haulers to provide once-per-week refuse collection) support the Solid Waste Collection Fund and are set with a policy goal of keeping retained earnings at a level of 10 to 15 percent of resources across the six-year fiscal period. However, as noted earlier, the Collection Fund has been strained in recent years by collection contract cost increases. As a result, the Executive recommended and the Council approved significant increases in the collection charge in FY19 (from \$70 to \$77), FY20 (from \$77 to \$95), FY21 (from \$95 to \$107), and FY22 (from \$107 to \$117). **For FY23, the Executive recommends an increase in the charge from \$117 to \$127.** Future annual increases of \$10 are projected through FY28 as noted in the Fiscal Plan for the Collection Fund (see ©12).

The Solid Waste Disposal Fee and charges are developed through a complex rate model (see summary document on ©24). DSWS calculates the necessary rates for each sector to cover both base and incremental costs. Rate smoothing with available fund balance is also done across a six-year projection period, both at the macro level and within each sector. The policy goal is to have positive cash balances over reserve and liability requirements in the Disposal Fund.

#### 6. Leaf Vacuuming Charge (see Recommended Fiscal Plan on ©16)

This program is managed by the Department of Transportation (DOT). The leaf vacuuming fund covers the costs for the program (two scheduled leaf vacuuming pickups) through fees paid by residents in the leaf vacuuming district (via property tax bills). The Leaf Vacuuming Fund is charged by the Disposal Fund for a portion of its costs associated with the composting of leaves collected by leaf vacuuming services.

For FY21, the leaf vacuuming charge was increased from \$108.16 to \$116.46 for single family homes and increased from \$102.93 to \$108.16 and from \$4.26 to \$4.54 for multi-family properties.

For FY22, no change in the leaf vacuuming charge was made.

For FY23, minor adjustments in the single-family charge (from \$116.46 to \$118.67) and the multi-family charge (from \$4.54 down to \$4.43) are assumed.

#### Council Staff Recommendation

**Council Staff supports the FY23 Solid Waste charges as recommended by the Executive.** A resolution approving the FY23 Solid Waste charges will be acted on by the Council in mid-May.

**NOTE:** In tandem with the Solid Waste charges resolution, the Executive transmits an Executive Regulation (ER) each year, setting residential waste estimates. This year's regulation, ER 6-22) for FY23 was advertised in the April register and will be acted upon by the Council in Mid-May.

**Issues for Discussion After Budget**

- Potential closure of the Resource Recovery Facility
- Subdistrict B and OLO Report 2019-17
- Commercial and Residential Food Waste diversion initiatives
- Save as You Throw Analysis and Pilot Program
- Racial Equity and Social Justice Status

**SUMMARY OF COUNCIL STAFF RECOMMENDATIONS**

- Approve the FY23 Solid Waste Collection Fund and Solid Waste Disposal Fund budgets as recommended by the County Executive
- Approve the FY23 Solid Waste Charges as recommended by the County Executive.



# Recycling and Resource Management

## RECOMMENDED FY23 BUDGET

\$142,634,597

## FULL TIME EQUIVALENTS

113.61

✦ ADRIANA HOCHBERG, ACTING DIRECTOR

## MISSION STATEMENT

The mission of the Department of Environmental Protection (DEP) is to enhance the quality of life in our community by protecting and improving Montgomery County's air, water, and land in a sustainable way while fostering smart growth, a thriving economy, and healthy communities.

## BUDGET OVERVIEW

The total recommended FY23 Operating Budget for the Recycling and Resource Management is \$142,634,597, an increase of \$7,365,074 or 5.44 percent from the FY22 Approved Budget of \$135,269,523. Personnel Costs comprise 9.39 percent of the budget for 77 full-time position(s) and one part-time position(s), and a total of 113.61 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 90.61 percent of the FY23 budget.

In addition, this department's Capital Improvements Program (CIP) requires current revenue funding.

## COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- ✦ **A Greener County**
- ✦ **Effective, Sustainable Government**

## INITIATIVES

- ✦ Implement a Save-as-You-Throw pilot program to gauge the feasibility of the program in Montgomery County. If successful, it could greatly increase the material sent for recycling rather than refuse disposal.
- ✦ Expand the commercial food scraps recycling program and recruit additional large-scale commercial generators of food scraps, and expand the single-family residential food scraps collection pilot started in FY22 to include an additional 1,700 homes in FY23 added to the initial 1,700 homes already participating in the curbside pilot.

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- ★ Improve the processing efficiency at the composting facility using software that maximizes compost process efficiency. A new Load Scan system increases the availability of Leafgro by creating accurate load measurement for bulk shipments of Leafgro. Leafgro is compost sold by the County from yard trim collected from single family homes throughout the County.

## INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ The Collection Section of Recycling and Resource Management (RRM) reconfigured collection routes in Service Areas 10, 11, 12, and 13 to re-balance routes that had become unbalanced due to new residential construction in these areas and necessitated longer work hours and increased driving to service them.
- ★ Due to the continuing effects of COVID-19, many education, training, and outreach events were conducted either virtually or online. This has resulted in some cost savings because in-person education and training events were not held at various meeting venues.
- ★ The contractors and the County staff overseeing operations at the Transfer Station continue to increase safety and compliance at the facility. Due diligence by County staff to inspect trash loads for recyclable materials has raised awareness and compliance with Chapter 48, forbidding recyclable material from being disposed of as trash, and helps increase recycling rates.

## PROGRAM CONTACTS

Contact Patrice Bubar of the Recycling and Resource Management at 240.777.7786 or Richard H. Harris of the Office of Management and Budget at 240.777.2795 for more information regarding this department's operating budget.

## PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY22 estimates reflect funding based on the FY22 Approved Budget. The FY23 and FY24 figures are performance targets based on the FY23 Recommended Budget and funding for comparable service levels in FY24.

## PROGRAM DESCRIPTIONS

### ★ Administration and Support

Administration and Support provides support to the Department of Environmental Protection Recycling and Resource Management Division's operations, programs, and mission, and overall financial management and policy direction. The work of the program includes the following focus areas:

- Maintain the solid waste enterprise funds in a financially prudent manner and maintain structural stability given the responsibilities and risks associated with the operations of an integrated solid waste management system.
- Develop and evaluate CIP and operating budgets in a strategic and economically responsible manner.
- Perform detailed financial analysis during the annual rate calculation process for a more equitable rate structure, structural stability, budget flexibility, and financial risk mitigation.
- Review and develop policies and procedures that strengthen internal controls.

- Collaborate with organization stakeholders using metrics that assess the strategic health of the business, the alignment of programs with the business strategy, and the balance of the program relative to business needs.
- Use quantitative and financial models and forecasting tools to analyze the fiscal impact of proposed changes to solid waste management activities.
- Assist with execution of procurement actions on a timely basis and at the best possible value.
- Facilitate funding for the maintenance of computer/automation equipment, and related technologies in a cost effective and efficient manner.

The Department of Housing and Community Affairs provides staff to respond to resident complaints dealing with: storage and removal of solid waste; illegal solid waste dumping activities in the County; storage of unregistered vehicles on private property throughout the County; storage of inoperable vehicles on private property; improper screening of dumpsters, particularly those in shopping areas; and control and regulation of weeds throughout the County.

"Clean or Lien" provides for the removal of dangerous or unsightly trash, perimeter grass, and weeds on properties which the owners have failed to maintain as required.

Department of Environmental Protection staff in Energy and Environment Compliance Division provide surface and subsurface environmental compliance monitoring at all County solid waste facilities, and review reports of air monitoring of the Resource Recovery Facility (RRF).

<b>FY23 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY22 Approved</b>	<b>6,761,152</b>	<b>39.16</b>
Increase Cost: Debt Service - Disposal Fund	1,629,474	0.00
Increase Cost: Automation - Disposal	110,157	0.00
Increase Cost: Reallocation of Positions Based on Actual Work Activities - Disposal Fund	33,837	0.35
Increase Cost: Reallocation of Positions Based on Actual Work Activities - Collection Fund	30,986	0.30
Increase Cost: Increased Staffing Cost	2,221	0.00
Decrease Cost: Miscellaneous Charges - Disposal	(159)	0.00
Decrease Cost: Miscellaneous Charges - Collection	(1,313)	0.00
Decrease Cost: Administration - Disposal	(52,390)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	1,154,559	1.00
<b>FY23 Recommended</b>	<b>9,668,524</b>	<b>40.81</b>

## Disposal

This program provides for the operation of the Montgomery County Resource Recovery Facility (RRF). The RRF serves as the primary disposal facility for non-recycled waste generated in the County. Renewable energy in the form of electricity is generated and sold into the competitive energy market. This program also includes costs for related operations at the Transfer Station and for the transportation of waste from the Transfer Station to the RRF. Also, it provides for the operation of the receiving, processing, and shipping facility for municipal solid waste generated within the County.

In addition, the program provides for the rail shipment of ash residue from the RRF to Fulton Rail Yard near Richmond, Virginia, where it is unloaded and transported by truck to the Old Dominion Landfill, a contracted landfill where the ash is processed for



further metals removal and recycling. Ash is beneficially reused as alternate daily cover and road base within the lined areas of the Old Dominion Landfill. This program also provides for the shipment of non-processible waste, such as construction material and, if necessary, bypass waste, from the Transfer Station to either recycling facilities, rubble landfills, or other contracted landfills. It provides for the operation of a satellite drop-off site at the Poolesville Highway Services Depot and funds the proper disposal of household hazardous waste such as flammable products, insecticides, mercury, and reactive and corrosive chemicals. The materials are handled through the County's hazardous waste contractor and permitted hazardous waste management facilities.

The program maintains the closed Oaks Landfill in an environmentally sound and cost-effective manner in accordance with applicable State and Federal regulations. Mandated duties under this program include managing landfill gas through collection, flaring, and gas-to-energy systems, and maintaining leachate storage and pre-treatment facilities. This program also provides for the acceptance and treatment of waste generated by the cleanout of stormwater oil/grit separators. Finally, the program maintains the closed Gude Landfill, including monitoring of air and water quality around the landfill. In addition, planning for remediation mandated by the Maryland Department of the Environment to minimize potentially adverse environmental impacts and the design of post-completion uses for the site that serve the community are part of this program.

Program Performance Measures	Actual FY20	Actual FY21	Estimated FY22	Target FY23	Target FY24
Number of tons of Municipal Solid Waste accepted at the Transfer Station: Residential, single family, and townhouse communities	221,564	208,462	215,881	218,039	220,220
Number of tons of County-wide yard trim and leaves collected	207,080	175,821	187,845	189,723	191,621
Number of tons of County-wide Commingled Recycling collected	28,190	40,136	34,100	34,441	34,786
Number of tons of County-wide Mixed Paper collected	114,538	98,788	110,408	111,512	112,627
Number of tons of County-wide Food Waste collected	7,543	3,269	4,200	8,400	14,200
Number of tons of County-wide Household Hazardous Waste collected	2,146	3,083	3,015	3,045	3,075

FY23 Recommended Changes	Expenditures	FTEs
<b>FY22 Approved</b>	<b>65,626,411</b>	<b>21.15</b>
Increase Cost: Transfer Station Power Infrastructure	1,700,000	0.00
Increase Cost: Oaks Landfill Capital Equipment and Monitoring	1,596,650	0.00
Increase Cost: Out-of-County Haul During Recycling Center Upgrade	326,303	0.00
Add: Beantown Dump Remediation	250,000	0.00
Increase Cost: Household Hazardous Waste Operations and Capital Equipment	89,930	0.00
Add: Mid-year Part-time to Full-time Upgrade for Code Enforcement Inspector Position	71,582	0.50
Increase Cost: Site 2 Maintenance	50,057	0.00
Increase Cost: Six Percent Inflationary Increase to Non-Profit Service Provider Contracts	9,895	0.00
Decrease Cost: Various Smaller Changes	(4,705)	0.00
Decrease Cost: Staff turnover	(45,722)	0.00
Decrease Cost: Transfer Station Maintenance and Capital Equipment	(169,968)	0.00
Decrease Cost: Resource Recovery Facility Operations	(5,587,287)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(608,569)	0.00
<b>FY23 Recommended</b>	<b>63,304,577</b>	<b>21.65</b>

## Materials and Collection

This program provides for collection of refuse from single family residences in the southern parts of the County (Subdistrict A)

and the funds to secure, administer, monitor, and enforce contracts with private collectors for collection of residential recyclables for the entire County. It also responds to the residents' service needs.

In addition, the program enforces the County's recycling regulations as they apply to single-family residences and other waste generators, and the enforcement of requirements of Chapter 48 of the County Code. It also supports solid waste program goals and ensures the success of recycling initiatives and progress to achieve the County's recycling goal. Also, the program provides for mandatory recycling and waste reduction for multi-family properties, for all businesses, and for broadly educating everyone living, visiting, and working in the County. Program efforts include technical support, assistance, education, outreach, and training.

It provides for the separation, processing, and marketing of recyclable materials at the Materials Recovery Facility (MRF, aka the Recycling Center). The MRF receives recyclable material collected under the County curbside collection program from all single-family residences as well as some materials from municipalities, multi-family properties, and non-residential properties that have established recycling programs. The materials are then sorted, baled, and shipped to markets for recycling. The program also provides for the processing, baling, and shipping of the County's residential and some non-residential mixed paper and corrugated paper (cardboard) as well.

The processing, transporting, composting, and marketing of yard trim received by the County is also included in this program, including leaves received from the County's Leaf Vacuuming Program. Processing includes grinding brush to produce mulch at the Transfer Station and composting of all leaves and grass, sold wholesale as LeafGro in bulk and bagged forms.

The program promotes recycling of food scraps as part of the County's overall effort to increase recycling and to reduce the amount of food waste within the County. The program includes initiatives to recycle food scraps and other acceptable organic materials generated by the single-family residential, multi-family residential, and commercial sectors, through composting and/or other technologies.

<b>Program Performance Measures</b>	<b>Actual FY20</b>	<b>Actual FY21</b>	<b>Estimated FY22</b>	<b>Target FY23</b>	<b>Target FY24</b>
Number of tons of Municipal Solid Waste accepted at the Transfer Station: Commercial and multi-family buildings	203,294	202,671	210,201	212,303	214,426
Number of business site visits to provide guidance and recycling support	2,622	413	1,100	5,000	10,000
Number of Multi-Family Building site visits to provide guidance and recycling support	1,460	461	1,300	1,700	2,500
Recycling Reports compliance rate for businesses: % of businesses required to submit a report and plan that have done so	100%	100%	100%	100%	100%
Recycling Reports compliance rate for multi-family buildings: % of buildings required to submit a report and plan that have done so	100%	100%	100%	100%	100%
Average number of refuse collections missed per week, not picked up within 24 hours	8.0	9.0	10.0	10.0	10.0
Average number of recycling collections missed per week, not picked up within 24 hours	13.0	51.0	20.0	15.0	15.0

<b>FY23 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY22 Approved</b>	<b>62,881,960</b>	<b>51.75</b>
Increase Cost: Recycling Programs	7,614,382	0.00
Add: Save-as-you-Throw Pilot	416,910	0.00
Increase Cost: Collection Contract Adjustments	380,952	0.00
Increase Cost: Reallocation of Positions Based on Actual Work Activities - Disposal Fund	39,504	0.40
Increase Cost: Increased Staffing Cost	19,068	0.00
Increase Cost: Recycling Outreach and Education	6,517	0.00
Increase Cost: Other various smaller items	4,139	0.00

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FY23 Recommended Changes	Expenditures	FTEs
Decrease Cost: Savings due to turnover	(14,109)	0.00
Decrease Cost: Food Waste	(198,193)	0.00
Decrease Cost: Recycling Center Operations and Capital Equipment	(458,324)	0.00
Decrease Cost: Compost Facility - Capital Equipment	(899,839)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(131,471)	(1.00)
<b>FY23 Recommended</b>	<b>69,661,496</b>	<b>51.15</b>

## BUDGET SUMMARY

	Actual FY21	Budget FY22	Estimate FY22	Recommended FY23	%Chg Bud/Rec
<b>SOLID WASTE DISPOSAL</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	9,128,570	8,783,570	8,393,948	9,104,945	3.7 %
Employee Benefits	2,386,857	2,611,188	2,500,810	2,601,275	-0.4 %
<b>Solid Waste Disposal Personnel Costs</b>	<b>11,515,427</b>	<b>11,394,758</b>	<b>10,894,758</b>	<b>11,706,220</b>	<b>2.7 %</b>
Operating Expenses	114,524,981	110,956,615	109,786,615	115,718,515	4.3 %
Capital Outlay	1,953,916	2,291,444	2,291,444	2,315,605	1.1 %
Debt Service Other	0	0	0	1,629,474	—
<b>Solid Waste Disposal Expenditures</b>	<b>127,994,324</b>	<b>124,642,817</b>	<b>122,972,817</b>	<b>131,369,814</b>	<b>5.4 %</b>
<b>PERSONNEL</b>					
Full-Time	79	79	79	73	-7.6 %
Part-Time	2	2	2	1	-50.0 %
FTEs	99.78	100.28	100.28	101.53	1.3 %
<b>REVENUES</b>					
Investment Income	112,092	1,229,230	99,290	592,670	-51.8 %
Miscellaneous Revenues	1,464,812	221,778	1,841,432	55,000	-75.2 %
Other Charges/Fees	219,999	224,466	209,242	209,242	-6.8 %
Other Fines/Forfeitures	21,550	43,440	30,090	30,090	-30.7 %
Other Licenses/Permits	10,597	9,435	10,111	10,111	7.2 %
Property Rentals	10,198	16,558	10,198	10,198	-38.4 %
Sale of Recycled Materials	5,143,886	4,412,404	5,477,987	4,961,166	12.4 %
Solid Waste Disposal Fees/Operating Revenues	37,075,106	29,363,397	41,318,240	30,497,324	3.9 %
Systems Benefit Charge	60,113,506	77,985,100	67,381,319	89,050,632	14.2 %
<b>Solid Waste Disposal Revenues</b>	<b>104,171,746</b>	<b>113,505,808</b>	<b>116,377,909</b>	<b>125,416,433</b>	<b>10.5 %</b>

## SOLID WASTE COLLECTION

<b>EXPENDITURES</b>					
Salaries and Wages	1,256,619	1,246,684	1,230,690	1,329,210	6.6 %
Employee Benefits	240,300	361,678	357,672	358,168	-1.0 %
<b>Solid Waste Collection Personnel Costs</b>	<b>1,496,919</b>	<b>1,608,362</b>	<b>1,588,362</b>	<b>1,687,378</b>	<b>4.9 %</b>

## BUDGET SUMMARY

	Actual FY21	Budget FY22	Estimate FY22	Recommended FY23	%Chg Bud/Rec
Operating Expenses	8,374,029	9,018,344	8,668,344	9,577,405	6.2 %
<b>Solid Waste Collection Expenditures</b>	<b>9,870,948</b>	<b>10,626,706</b>	<b>10,256,706</b>	<b>11,264,783</b>	<b>6.0 %</b>
PERSONNEL					
Full-Time	4	4	4	4	—
Part-Time	0	0	0	0	—
FTEs	11.78	11.78	11.78	12.08	2.6 %
REVENUES					
Investment Income	4,682	70,610	4,150	24,770	-64.9 %
Miscellaneous Revenues	23,173	0	15,000	0	—
Systems Benefit Charge	9,886,990	10,851,750	10,786,464	11,890,756	9.6 %
<b>Solid Waste Collection Revenues</b>	<b>9,914,845</b>	<b>10,922,360</b>	<b>10,805,614</b>	<b>11,915,526</b>	<b>9.1 %</b>
DEPARTMENT TOTALS					
<b>Total Expenditures</b>	<b>137,865,272</b>	<b>135,269,523</b>	<b>133,229,523</b>	<b>142,634,597</b>	<b>5.4 %</b>
<b>Total Full-Time Positions</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>77</b>	<b>-7.2 %</b>
<b>Total Part-Time Positions</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>-50.0 %</b>
<b>Total FTEs</b>	<b>111.56</b>	<b>112.06</b>	<b>112.06</b>	<b>113.61</b>	<b>1.4 %</b>
<b>Total Revenues</b>	<b>114,086,591</b>	<b>124,428,168</b>	<b>127,183,523</b>	<b>137,331,959</b>	<b>10.4 %</b>

## FY23 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>SOLID WASTE DISPOSAL</b>		
	<b>FY22 ORIGINAL APPROPRIATION</b>	<b>124,642,817 100.28</b>
<b><u>Changes (with service impacts)</u></b>		
Add: Save-as-you-Throw Pilot [Materials and Collection]	416,910	0.00
Add: Beantown Dump Remediation [Disposal]	250,000	0.00
Add: Mid-year Part-time to Full-time Upgrade for Code Enforcement Inspector Position [Disposal]	71,582	0.50
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Recycling Programs [Materials and Collection]	7,614,382	0.00
Increase Cost: Transfer Station Power Infrastructure [Disposal]	1,700,000	0.00
Increase Cost: Debt Service - Disposal Fund [Administration and Support]	1,629,474	0.00
Increase Cost: Oaks Landfill Capital Equipment and Monitoring [Disposal]	1,596,650	0.00
Increase Cost: Risk Management Adjustment	538,471	0.00
Increase Cost: Out-of-County Haul During Recycling Center Upgrade [Disposal]	326,303	0.00
Increase Cost: Annualization of FY22 Compensation Increases	207,793	0.00
Increase Cost: FY23 Compensation Adjustment	143,484	0.00
Increase Cost: Automation - Disposal [Administration and Support]	110,157	0.00
Increase Cost: Household Hazardous Waste Operations and Capital Equipment [Disposal]	89,930	0.00

## FY23 RECOMMENDED CHANGES

	Expenditures	FTEs
Increase Cost: Site 2 Maintenance [Disposal]	50,057	0.00
Increase Cost: Reallocation of Positions Based on Actual Work Activities - Disposal Fund [Materials and Collection]	39,504	0.40
Increase Cost: Reallocation of Positions Based on Actual Work Activities - Disposal Fund [Administration and Support]	33,837	0.35
Increase Cost: Six Percent Inflationary Increase to Non-Profit Service Provider Contracts [Disposal]	9,895	0.00
Increase Cost: Motor Pool Adjustment	9,496	0.00
Increase Cost: Annualization of FY22 Lapsed Positions	8,647	0.00
Increase Cost: Recycling Outreach and Education [Materials and Collection]	6,517	0.00
Increase Cost: Other various smaller items [Materials and Collection]	4,139	0.00
Increase Cost: Printing and Mail Adjustment	1,395	0.00
Increase Cost: Annualization of FY22 Personnel Costs	751	0.00
Decrease Cost: Miscellaneous Charges - Disposal [Administration and Support]	(159)	0.00
Decrease Cost: Various Smaller Changes [Disposal]	(4,705)	0.00
Decrease Cost: Savings due to turnover [Materials and Collection]	(14,109)	0.00
Decrease Cost: Staff turnover [Disposal]	(45,722)	0.00
Decrease Cost: Administration - Disposal [Administration and Support]	(52,390)	0.00
Decrease Cost: OPEB Adjustment	(95,520)	0.00
Decrease Cost: Retirement Adjustment	(134,305)	0.00
Decrease Cost: Transfer Station Maintenance and Capital Equipment [Disposal]	(169,968)	0.00
Decrease Cost: Food Waste [Materials and Collection]	(198,193)	0.00
Decrease Cost: Recycling Center Operations and Capital Equipment [Materials and Collection]	(458,324)	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY22	(471,856)	0.00
Decrease Cost: Compost Facility - Capital Equipment [Materials and Collection]	(899,839)	0.00
Decrease Cost: Resource Recovery Facility Operations [Disposal]	(5,587,287)	0.00
<b>FY23 RECOMMENDED</b>	<b>131,369,814</b>	<b>101.53</b>

### SOLID WASTE COLLECTION

<b>FY22 ORIGINAL APPROPRIATION</b>	<b>10,626,706</b>	<b>11.78</b>
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#### Other Adjustments (with no service impacts)

Increase Cost: Collection Contract Adjustments [Materials and Collection]	380,952	0.00
Increase Cost: Risk Management Adjustment	178,308	0.00
Increase Cost: Reallocation of Positions Based on Actual Work Activities - Collection Fund [Administration and Support]	30,986	0.30
Increase Cost: Annualization of FY22 Compensation Increases	25,914	0.00
Increase Cost: Increased Staffing Cost [Materials and Collection]	19,068	0.00
Increase Cost: FY23 Compensation Adjustment	16,168	0.00
Increase Cost: Motor Pool Adjustment	5,943	0.00
Increase Cost: Increased Staffing Cost [Administration and Support]	2,221	0.00
Increase Cost: Annualization of FY22 Personnel Costs	189	0.00

## FY23 RECOMMENDED CHANGES

	Expenditures	FTEs
Increase Cost: Printing and Mail Adjustment	71	0.00
Decrease Cost: Miscellaneous Changes - Collection [Administration and Support]	(1,313)	0.00
Decrease Cost: OPEB Adjustment	(4,900)	0.00
Decrease Cost: Retirement Adjustment	(15,530)	0.00
<b>FY23 RECOMMENDED</b>	<b>11,264,783</b>	<b>12.08</b>

## PROGRAM SUMMARY

Program Name	FY22 APPR Expenditures	FY22 APPR FTEs	FY23 REC Expenditures	FY23 REC FTEs
Administration and Support	6,761,152	39.16	9,668,524	40.81
Disposal	65,626,411	21.15	63,304,577	21.65
Materials and Collection	62,881,960	51.75	69,661,496	51.15
<b>Total</b>	<b>135,269,523</b>	<b>112.06</b>	<b>142,634,597</b>	<b>113.61</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY22 Total\$	FY22 FTEs	FY23 Total\$	FY23 FTEs
<b>SOLID WASTE DISPOSAL</b>					
General Services	General Fund	300,743	0.00	322,697	0.00
Parking District Services	Bethesda Parking	65,281	0.00	70,046	0.00
Parking District Services	Silver Spring Parking	126,481	0.00	135,714	0.00
Parking District Services	Wheaton Parking	12,240	0.00	13,134	0.00
Alcohol Beverage Services	Liquor	16,589	0.00	17,800	0.00
<b>Total</b>		<b>521,334</b>	<b>0.00</b>	<b>559,391</b>	<b>0.00</b>

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY23	FY24	FY25	FY26	FY27	FY28
<b>SOLID WASTE DISPOSAL</b>						
<b>EXPENDITURES</b>						
<b>FY23 Recommended</b>	<b>131,370</b>	<b>131,370</b>	<b>131,370</b>	<b>131,370</b>	<b>131,370</b>	<b>131,370</b>
No inflation or compensation change is included in outyear projections.						
<b>Elimination of One-Time Items Recommended in FY23</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>(3,450)</b>
Items recommended for one-time funding in FY23, including funding for capital equipment at the Oaks Landfill and for electrical power infrastructure at the Transfer Station, will be eliminated from the base in the outyears.						

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY23	FY24	FY25	FY26	FY27	FY28
<b>Labor Contracts</b>	0	461	461	461	461	461
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>127,920</b>	<b>128,381</b>	<b>128,381</b>	<b>128,381</b>	<b>128,381</b>	<b>128,381</b>

### SOLID WASTE COLLECTION

#### EXPENDITURES

<b>FY23 Recommended</b>	<b>11,265</b>	<b>11,265</b>	<b>11,265</b>	<b>11,265</b>	<b>11,265</b>	<b>11,265</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>11,265</b>	<b>11,322</b>	<b>11,322</b>	<b>11,322</b>	<b>11,322</b>	<b>11,322</b>

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## SOLID WASTE ENTERPRISE FUND

### RATES AND FISCAL PROJECTIONS FOR FY23-28

#### Assumptions:

- In FY23, the County Executive recommends the following solid waste system service charges:

Single-Family: \$288.20  
Multi-Family: \$17.83  
Non-Residential: \$664.71  
(Medium category)

- Refuse collection services are maintained at their current levels, with the annual collection charge increasing \$10.00 (8.5%) from \$117.00/ household in FY22 to \$127.00/household in FY23.
- The disposal fee for municipal solid waste received at the Transfer Station (known as the “Tipping Fee”) is unchanged at \$60 per ton. Construction and demolition material and waste material delivered in open-top roll-off boxes will remain at \$76 per ton. Tipping fees for concrete rubble will remain at \$70 per ton.
- Expenditures for certain programs, such as the Resource Recovery Facility, Transfer Station, and Out-of-County Haul are Base Systems Costs and calculated based on waste generation estimates for each sector. Expenditures for programs such as the Recycling Center, Recycling Collection, and Dickerson Compost Facility are Incremental Costs and calculated based on the cost of the incremental services received by each sector. Other expenditures are increased by inflation, except where contract or scheduled costs apply.



**FY23 - FY28 Solid Waste Refuse Collection: Net Asset Balance and Collection Charge Calculation**

	FY22	FY23	FY24	FY25	FY26	FY27	FY28
	Estimate	CE Rec	Projection	Projection	Projection	Projection	Projection
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.18%	18.35%	18.35%	18.35%	18.35%	18.35%	18.35%
CPI (Fiscal Year)	1.62%	3.04%	2.26%	2.37%	2.37%	2.28%	2.16%
Number of Households (mid-FY)	93,339	93,628	93,917	94,206	94,568	95,001	95,435
<b>Charge Per Household</b>	<b>\$ 117.00</b>	<b>\$ 127.00</b>	<b>\$ 137.00</b>	<b>\$ 147.00</b>	<b>\$ 157.00</b>	<b>\$ 167.00</b>	<b>\$ 177.00</b>
Percent Rate Increase (Decrease)	9.35%	8.55%	7.87%	7.30%	6.80%	6.37%	5.99%
<b>Beginning Cash</b>	1,721,560	1,931,379	1,456,883	1,706,431	2,156,237	1,322,039	1,030,506
Revenues	10,790,614	11,915,526	12,899,049	13,881,942	14,882,116	15,901,437	16,929,645
Loans							
Expenses	(10,267,311)	(11,275,388)	(11,521,677)	(12,290,204)	(14,559,658)	(15,021,264)	(15,348,700)
Transfers	(313,484)	(314,634)	(327,824)	(341,932)	(356,656)	(371,706)	(386,961)
Change in Asset/Liability Accounts							
Loan Payoff		(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	
<b>Ending Cash Balance</b>	1,931,379	1,456,883	1,706,431	2,156,237	1,322,039	1,030,506	2,224,490
<b>BEGINNING NET ASSETS</b>	(3,325,006)	(3,100,187)	(2,774,683)	(1,725,135)	(475,329)	(509,527)	(1,060)
<b>REVENUES</b>							
Charges for Services	10,786,464	11,890,756	12,866,629	13,848,282	14,847,176	15,865,167	16,891,995
Investment Income (per Dept. of Finance)	4,150	24,770	32,420	33,660	34,940	36,270	37,650
Miscellaneous	15,000						
<b>Subtotal Revenues</b>	<b>10,805,614</b>	<b>11,915,526</b>	<b>12,899,049</b>	<b>13,881,942</b>	<b>14,882,116</b>	<b>15,901,437</b>	<b>16,929,645</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(313,484)</b>	<b>(314,634)</b>	<b>(327,824)</b>	<b>(341,932)</b>	<b>(356,656)</b>	<b>(371,706)</b>	<b>(386,961)</b>
<b>OMB Transfer Change</b>	-	-	-	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>7,167,124</b>	<b>8,500,705</b>	<b>9,796,542</b>	<b>11,814,875</b>	<b>14,050,131</b>	<b>15,020,204</b>	<b>16,541,624</b>
<b>OPERATING BUDGET APPROP/EXPENSES</b>							
Personnel Costs	(1,588,362)	(1,687,378)	(1,759,260)	(1,836,140)	(1,916,379)	(1,998,400)	(2,081,534)
OMB Adjustments - Labor Adjustments							
OMB Adjustments Labor Contracts other							
Refuse Collection Contracts	(8,338,271)	(9,075,167)	(9,248,828)	(9,928,303)	(12,105,057)	(12,472,371)	(12,704,782)
Other Operating Costs	(330,073)	(502,238)	(513,589)	(525,761)	(538,222)	(550,493)	(562,384)
OMB Adjustments - Retiree Health Insurance OPEB	(10,605)	(10,605)					
OPEB Prepaid							
Other Claims against Net Assets	-	-					
Subtotal PSP Oper. Budget Approp / Exp.	(10,267,311)	(11,275,388)	(11,521,677)	(12,290,204)	(14,559,658)	(15,021,264)	(15,348,700)
<b>TOTAL USE OF RESOURCES</b>	<b>(10,267,311)</b>	<b>(11,275,388)</b>	<b>(11,521,677)</b>	<b>(12,290,204)</b>	<b>(14,559,658)</b>	<b>(15,021,264)</b>	<b>(15,348,700)</b>
<b>YEAR END - NET ASSETS*</b>	<b>(3,100,187)</b>	<b>(2,774,683)</b>	<b>(1,725,135)</b>	<b>(475,329)</b>	<b>(509,527)</b>	<b>(1,060)</b>	<b>1,192,924</b>
<b>End-of-Year Earnings as a % of Resources</b>	<b>-43.3%</b>	<b>-32.6%</b>	<b>-17.6%</b>	<b>-4.0%</b>	<b>-3.6%</b>	<b>0.0%</b>	<b>7.2%</b>

**FY23-28 DIVISION OF RECYCLING AND RESOURCE MANAGEMENT**

FISCAL PROJECTIONS	ESTIMATED FY22	CE Rec FY23	PROJECTED FY24	PROJECTED FY25	PROJECTED FY26	PROJECTED FY27	PROJECTED FY28
Single-Family Charges (\$/Household)	244.78	288.20	316.29	343.75	368.95	386.33	406.10
% change in rate from previous year	9.8%	17.7%	9.7%	8.7%	7.3%	4.7%	5.1%
Multi-Family Charges (\$/Dwelling Unit)	17.29	17.83	18.63	19.36	20.18	21.48	23.77
% change in rate from previous year	6.4%	3.2%	4.4%	3.9%	4.2%	6.5%	10.6%
Nonresidential Charges (medium "category" charge)	644.61	664.71	692.54	707.14	733.80	757.17	803.33
% change in rate from previous year	5.9%	3.1%	4.2%	2.1%	3.8%	3.2%	6.1%

**OPERATIONS CALCULATION**

<b>REVENUES</b>							
Disposal Fees	28,269,206	29,237,262	29,305,726	29,373,982	29,330,637	29,285,459	29,220,751
Charges for Services/SBC	67,381,319	78,181,938	85,793,159	93,163,195	100,647,695	106,306,120	113,923,536
Miscellaneous	20,628,247	17,404,563	17,990,420	18,211,988	18,491,309	18,739,053	19,033,766
Investment Income	99,290	592,670	775,750	805,300	835,980	867,830	900,890
<b>Subtotal Revenues</b>	<b>116,378,061</b>	<b>125,416,433</b>	<b>133,865,055</b>	<b>141,554,465</b>	<b>149,305,621</b>	<b>155,198,462</b>	<b>163,078,943</b>
<b>INTERFUND TRANSFERS</b>	<b>215,596</b>	<b>(273,126)</b>	<b>(176,067)</b>	<b>(369,693)</b>	<b>(184,805)</b>	<b>(348,193)</b>	<b>(412,645)</b>
<b>EXPENDITURES</b>							
Personnel Costs	(10,894,758)	(11,706,220)	(12,204,905)	(12,738,259)	(13,294,921)	(13,863,944)	(14,440,684)
Operating Expenses	(109,786,615)	(117,347,989)	(117,866,635)	(123,738,174)	(131,681,236)	(135,755,540)	(142,312,236)
Capital Outlay	(2,291,444)	(2,315,605)	(1,172,998)	(956,488)	(1,351,706)	(1,384,183)	(1,884,183)
<b>Subtotal Expenditures</b>	<b>(122,972,817)</b>	<b>(131,369,814)</b>	<b>(131,244,538)</b>	<b>(137,432,921)</b>	<b>(146,327,863)</b>	<b>(151,003,667)</b>	<b>(158,637,103)</b>
<b>CURRENT RECEIPTS TO CIP</b>	<b>(24,801,563)</b>	<b>(1,845,000)</b>	-	-	-	-	-
<b>OTHER CLAIMS ON FUND BALANCE - OPEB</b>	<b>(84,842)</b>	<b>(84,842)</b>	-	-	-	-	-
<b>REMOVAL OF ONE-TIME ITEMS</b>	-	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000	3,450,000
<b>POTENTIAL FUTURE EXPENDITURES - LABOR CONTRACT</b>	-	(460,889)	(460,889)	(460,889)	(460,889)	(460,889)	(460,889)
<b>PAYOUT OF GUDE REMEDIATION</b>	<b>18,329,000</b>	<b>1,584,034</b>	-	-	-	-	-
<b>PAYOUT OF CLOSURE COSTS (Non-CIP)</b>	<b>2,071,036</b>	<b>2,290,056</b>	<b>2,329,424</b>	<b>2,233,747</b>	<b>2,289,469</b>	<b>2,344,989</b>	<b>2,388,551</b>
<b>CY ACCRUED CLOSURE COSTS</b>	<b>(25,755)</b>	<b>(65,168)</b>	<b>(54,017)</b>	<b>(57,566)</b>	<b>(55,401)</b>	<b>(54,769)</b>	<b>(53,331)</b>
<b>NET CHANGE</b>	<b>(10,891,284)</b>	<b>(1,358,316)</b>	<b>7,708,968</b>	<b>8,917,144</b>	<b>8,016,132</b>	<b>9,125,933</b>	<b>9,353,526</b>

**CASH POSITION**

<b>ENDING CASH &amp; INVESTMENTS</b>							
Unrestricted Cash	28,407,453	29,907,428	30,308,173	35,183,373	40,681,325	41,534,913	51,170,691
Restricted Cash	36,686,761	36,689,366	40,286,012	43,267,107	43,481,048	44,324,496	40,739,679
<b>Subtotal Cash &amp; Investments</b>	<b>65,094,214</b>	<b>66,596,794</b>	<b>70,594,185</b>	<b>78,450,480</b>	<b>84,162,373</b>	<b>85,859,409</b>	<b>91,910,370</b>
<b>RESERVE &amp; LIABILITY REQUIREMENTS</b>							
Management Reserve	(27,368,711)	(27,003,138)	(28,291,984)	(30,145,305)	(31,119,889)	(32,709,855)	(32,709,855)
Debt Service Reserve	(2,204,500)	(2,141,000)	(2,063,500)	(1,983,000)	(1,899,500)	(1,812,500)	(1,812,500)
Renewal & Replacement Reserve	(4,521,882)	(4,659,348)	(4,764,648)	(4,877,570)	(4,993,169)	(5,107,013)	(5,217,324)
Stability Reserve	(2,591,668)	(2,885,880)	(5,165,880)	(6,261,232)	(5,468,490)	(4,695,128)	(1,000,000)
<b>Subtotal Reserve Requirements</b>	<b>(36,686,761)</b>	<b>(36,689,366)</b>	<b>(40,286,012)</b>	<b>(43,267,107)</b>	<b>(43,481,048)</b>	<b>(44,324,496)</b>	<b>(40,739,679)</b>
Closure/Postclosure Liability	(19,360,188)	(17,196,228)	(14,981,749)	(12,866,495)	(10,693,355)	(8,464,063)	(6,189,771)
Gude Remediation Liability	(40,630,034)	(39,046,000)	(39,046,000)	(39,046,000)	(39,046,000)	(39,046,000)	(39,046,000)
<b>Subtotal Reserve &amp; Liability Requirements</b>	<b>(96,676,983)</b>	<b>(92,931,594)</b>	<b>(94,313,761)</b>	<b>(95,179,602)</b>	<b>(93,220,403)</b>	<b>(91,834,559)</b>	<b>(85,975,450)</b>
<b>CASH &amp; INVESTMENTS OVER/(UNDER) RESERVE &amp; LIABILITY REQUIREMENTS</b>	<b>(31,582,769)</b>	<b>(26,334,800)</b>	<b>(23,719,576)</b>	<b>(16,729,122)</b>	<b>(9,058,030)</b>	<b>(5,975,150)</b>	<b>5,934,920</b>

**Net Assets**

<b>ENDING NET ASSETS</b>	42,000,673	44,156,361	53,181,713	64,031,825	73,164,289	78,368,362	89,238,027
Less: Reserve Requirements	(36,686,761)	(36,689,366)	(40,286,012)	(43,267,107)	(43,481,048)	(44,324,496)	(40,739,679)
<b>NET ASSETS OVER/(UNDER) RESERVE REQUIREMENTS</b>	<b>5,313,912</b>	<b>7,466,995</b>	<b>12,895,701</b>	<b>20,764,718</b>	<b>29,683,241</b>	<b>34,043,866</b>	<b>48,498,348</b>

## FY23 Solid Waste Service Charges

1. **Purpose** - To fund solid waste management services provided to residents and businesses in Montgomery County through service charges to all entities that benefit from such services.
2. **Classification of Service Charges** - There are five basic categories of service charges:

**Base Systems Benefit Charge** - Paid by all entities to cover costs of system administration, historical debt service, waste reduction, and “stand-by” disposal capacity.

**Incremental Systems Benefit Charge** - Paid by entities based on sector-specific services they receive (single-family homeowners pay for curbside recycling collection and processing, businesses pay for the commercial recycling program, etc.)

**Disposal Charges** - Paid as a service charge via the tax bill or at the Transfer Station by all entities who deliver solid waste to Montgomery County for disposal. At the Solid Waste Transfer Station, this charge is referred to as the “Tipping Fee” for accepting municipal solid waste for disposal.

**Leaf Vacuuming Charge** - Covers the cost of leaf vacuuming service provided in the Leaf Vacuuming District.

**Refuse Collection Charge** - Paid by homeowners who receive once weekly refuse collection service by County contractors.

3. **Implementation of Service Charges** - Service charges are collected from the various sectors in the following manner:

	<b>Base Systems Benefit</b>	<b>Incremental Systems Benefit</b>	<b>Disposal Charge</b>	<b>Leaf Vacuuming Charge</b>	<b>Refuse Collection Charge</b>
<b>Unincorporated Single-Family</b>	Via tax bill	Via tax bill	Via tax bill	Via tax bill to those serviced	Via tax bill to those serviced
<b>Incorporated Single-Family</b>	Via tax bill	Not applicable	Charged at Transfer Station	Not applicable	Not applicable
<b>Unincorporated Multi-family</b>	Via tax bill	Via tax bill	Charged at Transfer Station	Via tax bill to those serviced	Not applicable
<b>Incorporated Multi-family</b>	Via tax bill	Via tax bill	Charged at Transfer Station	Not applicable	Not applicable
<b>Unincorporated Non-Residential</b>	Via tax bill	Via tax bill	Charged at Transfer Station	Not applicable	Not applicable
<b>Incorporated Non-Residential</b>	Via tax bill	Via tax bill	Charged at Transfer Station	Not applicable	Not applicable

**FY23 SOLID WASTE SERVICE CHARGES TO BE COLLECTED VIA REAL PROPERTY ACCOUNT BILLING**

Code Reference	Base Charge	x	Billing Rate	=	Disposal Charge	+	Base Systems Benefit Charge	+	Incremental Systems Benefit Charge	+	Refuse Collection Charge	+	Leaf Vacuuming Charge	=	Total Bill
	(\$/ton)		(tons/HH)												
<b>Code Reference</b>	<b>48-32(a)(1)</b>				<b>48-32(c)(2)</b>		<b>48-8A(b)(2)(A)</b>		<b>48-8A(b)(2)(B)</b>		<b>48-29</b>		<b>48-47</b>		
<b>SUBDISTRICT A (Refuse Collection District)*</b>															
Inside Leaf Vacuuming District	\$ 60.00		0.81933		\$ 49.16		\$ 40.15		\$ 198.89		\$ 127.00		\$ 118.67		\$ 533.87
Outside Leaf Vacuuming District Incorporated	\$ 60.00		0.81933		\$ 49.16		\$ 40.15		\$ 198.89		\$ 127.00				\$ 415.20
							\$ 40.15								\$ 40.15
<b>SUBDISTRICT B SINGLE-FAMILY**</b>															
Incorporated							\$ 40.15								\$ 40.15
Inside Leaf Vacuuming District Unincorporated	\$ 60.00		0.81933		\$ 49.16		\$ 40.15		\$ 198.89				\$ 118.67		\$ 406.87
Outside Leaf Vacuuming District Unincorporated	\$ 60.00		0.81933		\$ 49.16		\$ 40.15		\$ 198.89						\$ 288.20
<b>MULTI-FAMILY RESIDENTIAL**</b>															
Incorporated							\$ 6.23		\$ 11.60						\$ 17.83
Unincorporated							\$ 6.23		\$ 11.60						\$ 17.83
Outside Leaf Vacuuming District							\$ 6.23		\$ 11.60						\$ 17.83
Inside Leaf Vacuuming District							\$ 6.23		\$ 11.60				\$ 4.43		\$ 22.26
<b>NONRESIDENTIAL - \$/2,000 SQ. FT. ***</b>															
<b>Code Reference</b>															
Waste Generation Categories															
Low							\$ 106.81		\$ 26.13						\$ 132.94
Medium Low							\$ 320.43		\$ 78.40						\$ 398.83
Medium							\$ 534.04		\$ 130.67						\$ 664.71
Medium High							\$ -		\$ -						\$ -
High							\$ 961.27		\$ 235.21						\$ 1,196.48
<b>OTHER FY23 SOLID WASTE FEES</b>															
Base Solid Waste Charge under Section 48-32(a)(1): (This is known as the "Tipping Fee")	\$ 60.00 / disposal ton								Concrete/dirt rubble delivered for disposal				\$70 / disposal ton		
Waste delivered for disposal <500 lb loads in privately owned and operated vehicles or trailers <1,000 capacity per Section 48-32(c)(2):	\$0.00/disposal ton								Solid Waste Service Charges (Section 48-32(a)(2)):				\$0.00 / ton		
									Paper and Commingled Containers				\$0.00 / ton		
									Solid Waste Service Charges (Section 48-32(b)(2)):				\$46.00 / ton		
									All Yard Trim received at the Transfer Station (weighing > 500 pounds/load)				\$46.00 / ton		
Waste delivered in open-top roll-off box & declared C&D	\$ 76.00 / disposal ton								Miscellaneous (48-31(f)):				Compost Bins		\$0.00 each

\* Note: Base Systems Benefit Charges are set to cover County Base Systems Costs net of Disposal Charges.

\*\* With respect to Base and Incremental Systems Benefit Charges, this category includes dwellings in buildings of six or fewer households.

\*\*\* The Nonresidential rate multiplied by the total number of 2,000 square foot units of enclosed area equals the nonresidential charge.

FY23-28 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Leaf Vacuuming fund					
FISCAL PROJECTIONS	FY23 ESTIMATE	FY23 REC	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.18%	18.36%	18.35%	18.35%	18.35%	18.35%	18.35%
CPI (Fiscal Year)	5.4%	3.0%	2.3%	2.4%	2.4%	2.3%	2.2%
Investment Income Yield	0.2%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%
<b>BEGINNING FUND BALANCE</b>	<b>897,775</b>	<b>841,286</b>	<b>784,736</b>	<b>836,618</b>	<b>487,338</b>	<b>340,238</b>	<b>194,288</b>
<b>REVENUES</b>							
Charges For Services	8,887,327	8,798,228	9,226,347	9,253,792	9,666,219	9,734,858	9,906,122
Miscellaneous	3,510	20,860	27,420	28,460	29,540	30,670	31,840
<b>Subtotal Revenues</b>	<b>8,890,837</b>	<b>8,780,178</b>	<b>9,263,787</b>	<b>9,282,362</b>	<b>9,896,758</b>	<b>9,785,628</b>	<b>9,937,982</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	(2,236,922)	(2,001,142)	(2,210,887)	(2,114,380)	(2,387,818)	(2,336,130)	(2,372,708)
Indirect Costs	(636,264)	(613,300)	(651,727)	(662,965)	(674,406)	(686,052)	(697,908)
Transfers To Special Fds: Non-Tax + ISF	(1,599,058)	(1,387,842)	(1,561,940)	(1,451,425)	(1,723,410)	(1,649,078)	(1,674,798)
Solid Waste Disposal	(1,599,058)	(1,387,842)	(1,561,940)	(1,451,425)	(1,723,410)	(1,649,078)	(1,674,798)
<b>TOTAL RESOURCES</b>	<b>7,563,290</b>	<b>7,700,322</b>	<b>7,824,896</b>	<b>7,803,378</b>	<b>7,795,281</b>	<b>7,770,898</b>	<b>7,768,624</b>
<b>P&amp;P OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(6,652,005)	(8,916,687)	(7,040,087)	(7,188,788)	(7,286,781)	(7,427,118)	(7,680,804)
Labor Agreement	n/a	0	(149,252)	(149,252)	(149,252)	(149,252)	(149,252)
<b>Subtotal P&amp;P Oper Budget Approp / Exp's</b>	<b>(6,652,005)</b>	<b>(8,916,687)</b>	<b>(7,189,339)</b>	<b>(7,338,040)</b>	<b>(7,446,043)</b>	<b>(7,676,388)</b>	<b>(7,710,068)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(6,652,005)</b>	<b>(8,916,687)</b>	<b>(7,189,339)</b>	<b>(7,338,040)</b>	<b>(7,446,043)</b>	<b>(7,676,388)</b>	<b>(7,710,068)</b>
<b>YEAR END FUND BALANCE</b>	<b>841,286</b>	<b>784,736</b>	<b>836,618</b>	<b>487,338</b>	<b>340,238</b>	<b>194,288</b>	<b>49,488</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>12.4%</b>	<b>10.2%</b>	<b>8.1%</b>	<b>6.2%</b>	<b>4.4%</b>	<b>2.6%</b>	<b>0.8%</b>
<b>Notes:</b> 1. The Leaf Vacuuming rates are adjusted to achieve cost recovery. 2. The Vacuum Leaf Collection fund balance policy target is \$250,000. In the future years, rates will be adjusted annually to fund the approved service program and to maintain the appropriate ending balance.							




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

**M E M O R A N D U M**

March 15, 2022

TO: Gabe Albornoz, President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: FY23 Solid Waste Services Charges

The purpose of this memorandum is to transmit the proposed resolution for FY23 Solid Waste Services Charges. The proposed charges are consistent with my FY23 Recommended Operating Budget. I recommend that Council adopts this resolution as part of its deliberations on the FY23 Operating Budget.

ME:as

Enclosure: Resolution – FY23 Solid Waste Services Charges

cc: Richard S. Madaleno, Chief Administrative Officer  
Fariba Kassiri, Deputy Chief Administrative Officer  
Jennifer Bryant, Director, Office of Management and Budget  
Michael Coveyou, Director, Department of Finance  
Adriana Hochberg, Acting Director, Department of Environmental Protection

Resolution No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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By: Council President at the request of the County Executive

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**SUBJECT:** FY23 Solid Waste Service Charges

**Background**

1. Under County Code Section 48-31, each fiscal year, the County Council must, by resolution, set the base solid waste charges, the residential systems benefit charge, and the nonresidential systems benefit charge and all other solid waste service, collection, and disposal charges and fees.
2. Under County Code Section 48-8A(b)(1), the County Council must set, each fiscal year, by resolution, the rates for the residential and nonresidential systems benefit charges.
3. Under County Code Section 48-47(c)(1) and (2), the County has established a Leaf Recycling Service Area in which special fees are charged for leaf recycling services.
4. On March 15, 2022, the County Executive recommended, effective July 1, 2022, solid waste charges including the residential Base Systems Benefit Charge which when multiplied by the generation rates (set by Executive Regulation 5-22) yield household charges for FY 2023:

**Refuse Collection Charge:**

For single-family households and dwellings in buildings with six or fewer dwelling units located within Sub-district A, of the Solid Waste Refuse Collection District:

Once weekly refuse collection charge \$127.00 / Household

**Disposal Fee (Applies to All Single-Family Households and Dwellings in Buildings Comprised of Six or Fewer Dwelling Units Outside of Municipalities)**

Disposal Fee = \$49.16/Household

Disposal fee (Tip Fee x Tons Disposed per Household):  
 $\$60.00 \times 0.81933 = \$49.16 / \text{Household}$

**Systems Benefit Charge for Single-Family Households and Dwellings in Buildings Comprised of Six or Fewer Dwelling Units:**

Base Systems Benefit Charge = \$40.15/Household

Base Cost / Ton x Generation / Household - Offset from Disposal Fees:  
 $\$47.7856 / \text{Ton} \times 1.8690 \text{ Ton} / \text{Household (ER 5-22)} - \$49.16 / \text{Household} =$   
 $\$40.15 / \text{Household}$

Incremental Systems Benefit Charge = \$198.89/Household

Charge Rate (\$ / Ton Waste Generated) x Generation / Household:  
 $\$106.4152 \times 1.8690 = \$198.89 / \text{Household}$

**Systems Benefit Charges for Multi-Family Properties in Buildings Comprised of Seven or Greater Dwelling Units (Charge per Dwelling Unit):**

Base Systems Benefit Charge = \$6.23/Dwelling

Base Cost / Ton x Tons Generated / Dwelling - Tip Fee Offsets:  
 $\$47.7856 / \text{Ton} \times 0.8684 \text{ Ton} / \text{Dwelling (ER 5-22)} - \$35.27 / \text{Dwelling} =$   
 $\$6.23 / \text{Dwelling}$

Incremental Systems Benefit Charge = \$11.60/Dwelling

Charge Rate (\$/Ton Waste Generated) x Generation / Dwelling:  
 $13.3637 \times 0.8684 = \$11.60 / \text{Dwelling}$

Total multi-family Systems Benefit Charge on property bill \$ 17.83 / Dwelling



**Nonresidential Properties:**

Base and Incremental Systems Benefit Charges by waste generation category per billable unit of 2,000 square feet of gross floor area of property improvement on real property as reported by the State Department of Assessments and Taxation:

<u>Generator Category</u>	<u>Base (\$/GFA Unit)</u>	<u>Incremental (\$/GFA Unit)</u>	<u>Total (\$/GFA Unit)</u>
Low	\$ 106.81	\$ 26.13	\$ 132.94
Medium Low	\$ 320.43	\$ 78.40	\$ 398.83
Medium	\$ 534.04	\$ 130.67	\$ 664.71
Medium High	\$ 0.00	\$ 0.00	\$ 0.00
High	\$ 961.27	\$ 235.21	\$1,196.48

**Solid Waste Charges per ton for solid waste:**

Refuse received at the Transfer Station (weighing >= 500 lb/load)	\$ 60.00
Refuse received at the Transfer Station (weighing < 500 lb/load)	\$ 0.00
Construction and Demolition material and waste material delivered for disposal in open-top roll-off boxes	\$ 76.00
Concrete/Dirt Rubble material delivered for disposal	\$ 70.00
All Yard Trim received at the Transfer Station (weighing > 500 pounds/load)	\$ 46.00
Scrap metal delivered to the Transfer Station	\$ 0.00
Recyclable paper received at the County's Recycling Center	\$ 0.00
Commingled containers received at the County's Recycling Center	\$ 0.00
Source separated recyclable materials dropped off at the recycling drop-off area of the Transfer Station	\$ 0.00

**Leaf Vacuuming charge in the Leaf Recycling Service Area:**

Single-family Household	\$ 118.67
Multi-family Residential Unit	\$ 4.43

Resolution No.:

**Action**

The County Council approves the above solid waste charges, effective July 1, 2022.

This is a correct copy of Council action.

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Selena Singleton, Esq.  
Clerk of the Council




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

MEMORANDUM

December 3, 2021

TO: Tom Hucker, President  
County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Notification for County Council regarding Closing of Incinerator – Environmental and Waste Disposal Infrastructure

I am writing to inform you that we are beginning to take the steps necessary to change the way Montgomery County handles its solid waste and recycling. New innovations in technologies, insights and revived markets for secondary materials have opened opportunities for the County to realize efficient, less polluting and cost-effective ways to better manage these materials. This new approach is both visionary and practical.

We know that the Council is committed to ensuring that the county is managing its waste in an environmentally and socially responsible manner. The end goal is to close the incinerator within the next 12-18 months and to put in place alternatives for processing our waste materials. Having the incinerator has kept the focus on its continued operation and detracted from an incentive to consider innovative approaches used elsewhere.

As the nearby coal power plant reduced its use, then closed for good, the trash incinerator is the county's largest single source industrial air polluter. Other point source emissions of greenhouse gases in the county from large facilities are from facilities operated by the federal government. Even though in aggregate, the solid waste operations contribute a small percentage of total greenhouse gases in the county (buildings and transportation contributing the majority of these gases), these emissions should not be ignored. As we focus on those major sources through the Climate Action Plan, it is important that we also focus on the emissions from our solid waste operations. There is literature showing that emissions from incinerators contribute to asthma attacks and other adverse health impacts.

Additionally, I believe the practice of shipping the incinerator's ash to majority-Black communities in Virginia – currently, a rather populated one near Richmond creates an inequitable situation.

We have engaged in exploring what other jurisdictions here, and abroad, have done to get greater use out

Notification for County Council regarding Closing of Incinerator – Environmental and Waste Disposal Infrastructure

December 3, 2021

Page 2 of 2

of their waste and a higher value from it. Our review has also been informed by the *Beyond Incineration* report prepared by Zero Waste Montgomery County which recommended specific policies and programs that could be put in place to reduce waste. We will use the international definition of Zero Waste and the Zero Waste Hierarchy as our guide to rethink, redesign, and reduce material consumption in Montgomery County, and to seek the highest and best use of discarded materials.

Last week, we celebrated more growth in our commercial food scrap recycling pilot with the addition of the first project at Westfield Montgomery Mall along with the first projects with MCPS. In addition, we began the first day of operating our new residential food scrap recovery pilot in two communities in the County. Our intention here is to expand both programs to the entire County which will allow us to recover a significant amount of the County's waste and convert it to a saleable product – compost.

We have already issued an RFI to solicit proposals from landfills, trucking companies and other companies that could manage the waste as soon as the incinerator is closed - <https://www.montgomerycountymd.gov/DEP/Procurement/RFI-DEP-RRM-101121.html>. Responses are due in January.

After we receive the responses in late January, we will develop a detailed implementation plan to modify our current solid waste plan with operations and technologies that will replace the incinerator. This plan will be guided by the information from the RFI as well as other information, including gathering and analysis related to elimination of food scraps from the waste stream. The plan will be submitted to the Council for review and approval, and we will then move forward with formal bidding on responses to the RFI for the specific pieces that we will need to assemble. As soon as we have approval and a timeline for implementation, we will provide the Northeast Maryland Waste Disposal Authority and others with the required six-month notification that we will be closing the incinerator.

Our plan is to begin transporting waste to landfills that meet environmental justice criteria, along with bringing our food waste either to a digester or composting facility (or both). I am particularly interested in using anaerobic digestion for the organic residuals in municipal waste as it could open a pathway to hydrogen production for that component of our bus fleet which will use it to generate electricity.

Through cooperation of the executive and legislative branches of government, we can readily improve environmental and waste disposal infrastructure, and be a model for the state and country.

I greatly look forward to working with the County Council to advance the complementary policies and programs to create a new materials management system that will serve the county for generations to come and contribute to a sustainable 21<sup>st</sup> century.

CC: Adriana Hochberg, Acting Director, Department of Environmental Protection  
Marc P. Hansen, County Attorney, Office of the County Attorney

**Solid Waste System Disposal Fund, Rate Setting Methodology FY23**

Item	Amount	Notes
Total Budgetary Operating Costs for the Year	\$ 131,464,216	a
CIP Expen. (Current Receipts, Non-Closure)	-	b
Contingency Funds	-	c
Closed landfill Expenses (inflation only)	65,168	d
Material Sales Revenue	(4,961,166)	e
Miscellaneous Revenues	(12,443,397)	f
Investment Income	(592,670)	g
Sector-Specific Stability Fund Contributions (Draw)	(4,973,000)	h
Fund Balance Adjusting All Sectors Contribution (Draw)	(459,063)	i
Transfer to Disposal Fund From Leaf Vacuuming Fund	(1,387,842)	j
Fund Contribution for Small Loads (e.g. <500 lbs)	1,630,443	k
Net Revenues Required from Service Charges	\$ 108,342,690	
Incremental Systems Benefit Charges	\$ (49,839,836)	l
<b>BASE SYSTEM COSTS</b>	<b>58,502,854</b>	

Service Sector	Single-Family	Multi-Family	Non-Residential
Proportion of Total Waste Generation	39.7%	10.1%	50.1%
Sector Share of Base Costs	\$ 23,248,759	\$ 5,928,737	\$ 29,325,358
Offsets from Refuse Disposal Fees Tipping Fees	(12,797,037)	(5,038,652)	(12,125,064)
Base Costs to Collect on Property Levy	\$ 10,451,722	\$ 890,085	\$ 17,200,295
Households (HH) or Commercial Gross Floor Area Units (GFAU)	260,316	142,864	92,765
Base System Benefit Charge on Property Levy (\$/HH. \$/GFAU)	<b>\$ 40.15</b> /HH	<b>\$ 6.23</b> /HH	<b>\$ 185.42</b> /GFAU

INCREMENTAL SYSTEM BENEFIT CHARGES (ISBC)	Single-Family	Multi-Family	Non-Residential
Recycling	\$ 46,260,938	\$ 1,258,387	\$ 2,690,169
Satellite Sites	271,260	6,333	
Studies Specifics to the Nonresidential Sector			
Organics - Food Waste	949,058	-	827,458
Stabilization	(5,250,000)	367,000	(90,000)
Composting	1,741,964	26,217	781,051
Total	\$ 43,973,221	\$ 1,657,937	\$ 4,208,678
Households (HH) or Commercial Gross Floor Area Units (GFAU)	221,090	142,864	92,765
ISCB to be Charged on Property Levy	<b>\$ 198.89</b> /HH	<b>\$ 11.60</b> /HH	<b>\$ 45.37</b> /GFAU

DISPOSAL FEES (Charged on Property Levy (In-Lieu of Tipping Fee))	Single-Family	Multi-Family	Non-Residential
Tons of Refuse Disposed by Subdistrict A & B Households	181,145 tons	NA	NA
Single-Family Households in Sub-Districts A & B (Non-Municipal)	221,090 HH	NA	NA
Disposal Tons Per Household	0.8193 ton/HH	NA	NA
County Tipping Fee for Accepting Refuse at its Transfer Station	\$ 60.00 /ton	NA	NA
Disposal Fee Levied on Subdistrict A & B Households on Tax Bill	<b>\$ 49.16</b> /HH	NA	NA

Total System Benefit Charges Levied on Tax Bill	Single-Family	Multi-Family	Non-Residential
<b>Non-Municipal Single-Family Homes</b>	<b>\$ 288.20</b> /HH		
Municipal Single-Family Homes	\$ 40.15 /HH		
<b>Multi-Family Dwellings</b>		<b>\$ 17.84</b> /HH	
			<b>\$ 230.79</b> /GFAU

- a Does not include cost of maintaining closed landfill, which costs are paid from Landfill Post Closure Reserves (GASB18)
- b Current Receipts to fund solid waste projects financed by County's Long Term Capital Improvements Program (CIP)
- c Toward unplanned research and capital needs contingencies
- d Amount that GASB 18 does not permit to be reserved for landfill post closure costs (inflation).
- e Revenue from recyclables materials sold into secondary markets
- f From fees charged to accept yard trim, waste delivered in open top roll-off boxes, licence fees & rent, and misc. revenue
- g Pooled and non-pooled investment income as determined by the County Department of Finance
- h Sum of sector-specific rate stabilization contributions (see also note v)
- i Non-sector-specific contribution to (draw) to adjust overall fund balance
- j To pay for composting leaves collected by leaf vacuuming services (separate sub-fund)
- k Charge to fund balance to account for non-chargable refuse deliveries (e.g. <500 lb loads per SS 48-32(c)(2) & MRF residue)
- l Revenue from Incremental System Benefit Charges
- m Single-family detached, townhouse, and multifamily dwellings in buildings comprised of 6 or fewer dwellings
- n Based on County's annual materials flow analysis.
- o (n) x (BASE SYSTEM COSTS)

Off-Sets Against Sector's Share of System Base Costs	Single-Family	Multi-Family	Non-Residential
Disposed into County System (open-top roll off tons not included)	224,083	87,176	216,777
Non-Charged Loads (<500 lbs, PUF, Beauty-Spots, MRF Residue)	(10,799)	(2,754)	(13,621)
Off-Setting Tonnage	213,284	84,423	203,155
Tipping Fee	\$ 60.00 / ton	\$ 60.00 / ton	\$ 60.00 / ton
Sector Off-Sets for Refuse Disposal Fees and Tipping Fees (Pre-Credit Card)	\$ 12,797,037	\$ 5,065,356	\$ 12,189,324
Credit Card Fees		\$ (26,704)	\$ (64,261)
Sector Off-Sets for Refuse Disposal Fees and Tipping Fees (Net -Credit Card Fees)		\$ 5,038,652	\$ 12,125,064

- q County tax account database, growth trends reconciled to Md. National Capital Park & Planning Commission (MNCPPC) projections.
- r 1 GFAU = 2000 sq. ft. improved property. NA for < \$5,000 improvement. State tax account data, inflated by MNCPPC employment.
- s Curbside recycling collection & processing costs net of material sales, outreach, household haz. waste, and recycling volunteers.
- t Recyclable Materials processing costs net of material sales revenue, outreach and education.
- u Recyclable Materials processing costs net of material sales revenue, outreach and education, commercial hazardous waste disposal.
- v Sector-specific contribution to (draw from) the rate Stabilization Reserve.
- w Sector share (tonnage proportional) of the yard waste composting facility operation, net of revenue.
- x Same as g, but without municipal households

**Solid Waste System Disposal Fund, Base Rate Setting Methodology FY23**

Items	Amount	Notes		
Administration	3,854,345			
Solid Waste Enforcement	1,233,041			
Debt Service	1,629,474			
Automation Disposal Fund	988,126			
Revenue Analysis & System Evaluation	629,404			
Dickerson Facilities Master Plan	79,716			
Waste System Program Development	492,084			
Solid Waste Transfer Station	8,027,903			
Oaks Landfill (excludes Landfill Closure Expenses)	1,787,528			
Site 2 Landfill	202,697			
Beantown Dump	250,000			
Resource Recovery Facility	34,617,102			
Gude Landfill (excludes Pollution Remediation)	785,326			
Out-Of-County Haul	13,637,022			
<b>Total Budget</b>			<b>Check</b>	
			<b>68,213,769</b>	<b>68,213,769</b>
Budget Transfers - Out (Expenses)	1,485,412			
CIP Expen. (Current Receipts, Non-Closure)	-			
Contingency Funds	-			
Closed landfill Expenses (inflation only)	65,168			
Material Sales Revenue	(705,000)			
Miscellaneous Revenues	(11,135,205)			
Investment Income	(592,670)			
Fund Balance Adjusting Contribution (Draw)	(459,063)			
Fund Contribution for Small Loads (e.g. <500 lbs)	1,630,443		<b>Check</b>	<b>Variance</b>
<b>Net Revenues Required from Service Charges</b>	<b>\$ 58,502,854</b>		<b>58,502,854</b>	<b>0</b>
<b>BASE SYSTEM COSTS</b>	<b>58,502,854</b>			
<b>BASE SYSTEM BENEFIT CHARGES</b>				
Service Sector				
Proportion of Total Waste Generation	39.7%	m	10.1%	m
Sector Share of Base Costs	\$ 23,248,759	n	\$ 5,928,737	n
Offsets from Refuse Disposal Fees Tipping Fees	(12,797,037)	o	(5,038,652)	o
Base Costs to Collect on Property Levy	\$ 10,451,723	p	\$ 890,085	p
Households (HH) or Commercial Gross Floor Area Units (GFAU)	260,316	q	142,864	q
<b>Base System Benefit Charge on Property Levy (\$/HH, \$/GFAU)</b>	<b>\$ 40.15</b> /HH		<b>\$ 6.23</b> /HH	<b>\$ 185.42</b> /GFAU
<b>Check Sector Totals</b>	<b>\$ 10,451,722</b>		<b>\$ 890,085</b>	<b>\$ 17,200,295</b>
<b>Sector Variance</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>Check Total Base Expenses</b>	<b>\$ 58,502,854</b>			
<b>Total Variance</b>	<b>0</b>			

**Solid Waste System Disposal Fund, Incremental Rate Setting Methodology FY23**

Item	Amount	Notes		
Residential Recycling Collection	\$ 39,171,882			
Recycling Center	9,105,572			
Dickerson Composting Facility	5,212,509			
Satellite Sites	254,554			
Volunteer Coordination/Public Outreach	509,057			
Support For Recycling Volunteers	154,206			
Yard Trim Reduction	81,052			
Multi-Family Recycling	1,017,456			
Commercial Recycling	2,210,515			
Household and Small Quantity HH Hazardous Materials	1,372,671			
Organics Food Waste	1,776,516		Check	Variance
<b>Total Incremental Program Expenses</b>	<b>\$ 60,865,988</b>		<b>60,865,988</b>	<b>-</b>
Indirect Costs	899,046			
<b>Total Incremental Expenses</b>	<b>61,765,035</b>			
Recycling Center Revenue	(4,256,166)			
Yard Trim Tip Fee Revenue	(1,308,191)			
Leaf Vacuum Transfer	(1,387,842)			
<b>Net Incremental Expenses</b>	<b>54,812,836</b>			
Stabilization Net	(4,973,000)		Check	Variance
<b>Incremental Expenses Allocated</b>	<b>\$ 49,839,836</b>		<b>49,839,836</b>	<b>0</b>

	Single-Family	Multi-Family	Non-Residential
Residential Recycling Collection	39,556,969	a	-
Recycling Center	4,842,071	b	53,405
Dickerson Composting Facility	1,741,964	c	26,217
Satellite Sites	271,260	d	6,333
Volunteer Coordination/Public Outreach	332,091	e	81,766
Support For Recycling Volunteers	154,206	f	-
Yard Trim Reduction	55,385	g	834
Multi-Family Recycling	-	h	1,122,383
Commercial Recycling	-	i	-
Household and Small Quantity HH Hazardous Materials	1,320,217	j	-
Organics Food Waste	949,058	-	-
Sector Specific Waste Studies	-	k	-
Stabilization	(5,250,000)	l	367,000
<b>Total Allocated Incremental Expenses (Collected on Property Tax Bill)</b>	<b>\$ 43,973,221</b>		<b>\$ 1,657,937</b>

	221,090	HHs	142,864	HHs	92,765	GFAUs
Household Units / NR GFAUs						
Charge/Unit to be collected on property tax bill	\$ 198.89	/HH	\$ 11.60	/HH	\$ 45.37	/GFAU (Avg.)

Check: Sector Totals	43,973,221	1,657,937	4,208,679
Check: Total Incremental Expenses	49,839,836		
Variance: Per Sector	-	-	-

- The County collects recyclables in Collection Districts A and B, excluding surrounding municipalities. The County does not have recycling collection services for the multi-family and nonresidential sectors.
- The Recycle Center's expenses are netted against the material revenue earned from collections of recyclables at the Recycle Center. This net-expense amount is allocated to the specific sectors based on projected material to be collected from each sector during the year.
- The Dickerson Compost Facility's expenses are netted against yard waste tip fees collected at the transfer station. The net-expense amount is allocated to the specific sector based on yard waste collected from each sector during the year.
- The Satellite Site expenses are allocated to both the single-family and multi-family sectors based on a survey of users. No expenses are allocated to the nonresidential sector.
- The Volunteer Coordination/Outreach program expenses are allocated in two different ways. First, personnel and operating expenses (excluding contract expenses) are allocated across the sectors based on recyclables received at the Recycle Center from each sector. The contract expenses are allocated across each sector based on the recycling manager's expense allocation.
- The Support For Recycling Volunteers program expenses are allocated to the single family sector.
- The Yard Trim Reduction program expenses are allocated across the sectors based on the amount of yard trim received from each sector during the year.
- The Multi-family Recycling program expenses are allocated entirely to the multi-family sector.
- The Commercial Recycling program expenses are allocated entirely to the nonresidential sector.
- The Household and Small Quantity Hazardous Waste program expenses are allocated to two sector based on program expenses. The Ecowisw program is for the nonresidential sector. The larger portion of the expenses are for the single family sector.
- The study expenses are allocated to the sector for which the study is being performed.
- The stabilization contributions or draws are allocated to each sector based on the amount necessary to smooth rates over the course of the budget period (six years).



## Solid Waste Advisory Committee to Montgomery County, Maryland

Dept. of Environmental Protection, Division of Recycling and Resource Management, 2425 Reedie Dr, Wheaton, MD 20902

April 11, 2022

The Honorable Council President Gabe Albornoz  
Montgomery County Council  
100 Maryland Avenue  
Rockville, MD 20850

Dear Council President Albornoz:

The members of the Montgomery County Solid Waste Advisory Committee (SWAC) support the County Executive's Recommended FY2023 Operating Budget and FY2023-28 Capital Improvements Program (CIP) Amendments for the Recycling and Resource Management Division (RRMD) of the Department of Environmental Protection (DEP) as a baseline and recommend that even more resources should be put toward RRMD work.

### HIGHLIGHTS

- First and foremost, SWAC members embrace and support implementation of the recommendations of the *Aiming for Zero Waste* Task Force (AfZW TF), which will contribute directly to achieving the County's important Climate Action Plan (CAP) and other sustainability goals.
- We reiterate our September 2021 recommendation that the County Council take action – as soon as possible – to consolidate Subdistricts A and B into a unified County-contracted collection system. This is a longstanding SWAC priority, which the AfZW TF also recommended as a crucial aspect of progressing toward zero waste.
- We recommend that the FY2023 recommended budget for RRMD be increased to add 3-4 Program Specialists (I and II) to work with the Deputy Chief of RRMD to conduct program research, design, and implementation for zero-waste programs.
- To create community engagement and enthusiasm in this early stage of implementation, we recommend the County mount a major public campaign in FY2023 to communicate the *Aiming for Zero Waste* vision and explain how action items will make significant contributions to County goals of greenhouse gas (GHG) mitigation, resource conservation, and pollution reduction.
- Finally, we recommend that the County integrate the AfZW TF initiatives into both the *Full List of CAP Actions* in the Montgomery County CAP and the associated annual *Climate Work Plans*.

### THANK YOU FOR EFFORTS TO DATE

We applaud the current actions DEP is taking to begin implementing the AfZW TF recommendations:

- **Modernization of the existing Recycling Center Complex**, which is critical to ensuring that the County has the capacity to process *all* recycled materials received from residents.



- **Organics recycling:** Conducting a pilot program for residential curbside pickup and a demonstration project with 20+ commercial generators addresses the top waste stream priority for expanding recycling, as food scraps are the largest component of municipal solid waste and are responsible for 4% of total U.S. GHG emissions along the food supply chain.
- Selecting a contractor to recommend how to design a **unit-based solid waste fee structure (or pay-as-you-throw, PAYT) system**, which is critical to incentivizing overall waste reduction.

However, fully implementing these important initiatives requires more funding and coordinated implementation. For example, it is important to expand the residential food scrap collection countywide as quickly as possible. It should be in place when PAYT is implemented; by doing them jointly, residents will have the opportunity to pay less under PAYT by choosing to recycle food scraps.

## **SPECIFIC RECOMMENDATIONS**

1. **We strongly recommend that the County Council take action – as soon as possible – to consolidate Subdistricts A and B into a unified County-contracted collection system.**

Consolidating Subdistricts A and B into a unified County-contracted collection system is essential to increasing the efficiency and sustainability of waste management operations throughout the County, as discussed in detail in our SWAC letter to the County Council last year (September 20, 2021) and in the AfZW report and recommendations. Consolidation will generate many benefits, including (a) increasing the volume of recycling while increasing the convenience to residents by coordinating household recycling and trash collections and (b) reducing GHG emissions as a result of fewer trucks and haulers on collection routes each day. Further, it is critical that consolidation be in place before the County implements new policies, particularly PAYT, to avoid having to create two separate programs, including a regulatory program for the private haulers to implement the policy in Subdistrict B.

To make consolidation a reality, the County Council must take action without further delay. The Office of Legislative Oversight (OLO) issued a report in 2019 evaluating trash and recycling collection policy options, including consolidation of the subdistricts. More than two years have passed, and the County Council has never scheduled a full hearing on the matter.

**We further request that the County Council ask OLO to update the 2016-18 analysis of the structure of the trash collection sector serving Subdistrict B to identify any effects of the changing economic environment.** Having good information about the number of small haulers participating in the residential sector is important to design strategies to mitigate any negative effects.

2. **We highlight and recommend these additional actions be prioritized for attention in FY2023 and FY2024 to hasten progress toward zero-waste goals.**
  - **Develop new organics processing capacity in the County to support countywide food scraps recycling, both residential and commercial, and provide technical/compliance assistance to commercial organics generators covered by the new diversion and recycling mandate.** About 1,600 Montgomery County commercial food scrap generators are potentially covered by the new state organics recycling and diversion mandate. It is critical to develop sufficient capacity in the County for the mandate to be effective, because the requirements apply only if organics processing capacity is available within 30 miles. County organics processing capacity is currently limited to small farm-based operations. Expanding processing capacity to support countywide food scraps recycling, both residential and commercial, will require multiple solutions

(potentially including commercial-scale composting, anaerobic digestion, and community composting options).

The experience in other states implementing a food scraps diversion mandate demonstrates that providing extensive technical/compliance assistance to covered food scrap generators is critical to the success of the mandate. DEP is well positioned to develop the needed technical/compliance to the large group of potentially covered commercial generators, based on the lessons learned from its demonstration project.

- **Develop and expand education, outreach, and entrepreneur programs to promote source reduction through waste prevention and resource reuse.** To achieve the highest environmental benefits, we must move beyond the current focus on expanding recycling and toward promoting prevention of waste at its source and recovery and reuse of resources. For example, preventing a ton of food waste avoids over 10 times the GHG emissions that recycling avoids, in addition to saving the water, land, and energy resources embodied in wasted food. The County should prioritize education and outreach (such as food waste prevention education for households and businesses, and FixIt/ReUse clinics) and also promote entrepreneurial activity that is popping up to promote reuse. Fostering innovative local businesses through grants, incubator programs, and new regulations will stimulate the circular economy at the County scale, thereby achieving “green” development goals as well.
- **Electrify trash and recycling fleets.** The County CAP notes that to achieve reduced transportation emissions and meet the County’s GHG reduction goal, 100% of private and public transportation options will need to be powered by zero-emissions technologies by 2035. We recommend that the County identify creative solutions for electrifying its fleet of private solid waste contractors. We recognize the current lack of available supply of electric solid waste trucks, particularly for small orders. One possibility is to purchase the electric trucks to serve all the collection areas and lease the trucks to haulers who do the work.

**3. We recommend that the FY2023 recommended budget for RRMD be increased to add 3-4 Program Specialists (I and II) to work with the Deputy Chief of RRMD to conduct program research, design, and implementation for zero-waste programs.**

To date, RRMD has planned and initiated new zero-waste programs – on top of providing the high quality of solid waste services expected by County residents – despite having level staffing. However, to continue developing and implementing additional programs in the coming year – in addition to high-quality solid waste services – will require additional staff to research, design, implement, and manage them. Further as the programs come online, they will require additional inspectors to enforce them.

**4. We recommend that the County mount a major public education campaign in FY2023 to create public acceptance and engagement in the vision of *Aiming for Zero Waste*.**

A top priority for inspiring community approval of new programs and subsequently eliciting participation is engaging the public in a shared vision of zero waste *now*, before the individual programs are fully designed and ready for launch. To this end, we recommend that the County create and share widely an inspirational campaign outlining an *Aiming for Zero Waste* vision. It should lay out the big picture: what the zero waste goals are, how the AfZW TF recommended actions can get us there, and what critical contributions they will make to County GHG and sustainability goals.

**5. We recommend that the County integrate the AfZW TF initiatives into both the *Full List of CAP Actions* in the Montgomery County CAP and the associated annual *Climate Work Plans*.**

The AfZW initiatives need to be fully integrated and prioritized in the CAP to ensure that the important and significant effects these combined initiatives can make to mitigate GHG throughout the production, consumption, and disposal lifecycle of all products is taken into account in County Council and County Executive decision-making. Though CAP Chapter 8 (“Zero Waste TF Planning and Initiatives”) identifies the initiatives, apparently these items were omitted from the action list because the AfZW TF work was ongoing during the drafting of the CAP. It is time to remedy that omission.

Thank you for the positive strides included in the County Executive’s Recommended FY2023 Operating Budget and FY2023-28 CIP and for considering our recommendations to expand and accelerate the progress of Montgomery County toward zero waste. All members of SWAC make these recommendations in support of reduced waste generation, increased resource recovery and reuse, and ultimately better systems performance. We are happy to answer any questions you may have.

Respectfully,



Carol A. Jones  
Chair



Robin Barr  
Vice Chair

cc:

Marc Elrich, Chief Executive, Montgomery County  
Adriana Hochberg, Acting Director, Montgomery County DEP  
Willie Wainer, Director, Recycling and Resource Management Division, DEP  
Evan Glass, Montgomery County Council Vice President  
Andrew Friedson, Montgomery County Council Member  
Tom Hucker, Montgomery County Council Member  
Will Jawando, Montgomery County Council Member  
Sidney Katz, Montgomery County Council Member  
Nancy Navarro, Montgomery County Council Member  
Craig Rice, Montgomery County Council Member  
Hans Riemer, Montgomery County Council Member

April 25, 2022

To: Montgomery County Council President Gabe Albornoz  
100 Maryland Ave  
Rockville, MD 20850

**Comments of the Montgomery County Advisory Committee on Climate, Energy, and Air Quality regarding approval of an operating budget for fiscal year 2023 [“FY23”] that is consistent with the County’s climate commitments.**

As the Montgomery County’s Climate, Energy, Air Quality, and Advisory Committee [“the Committee”], an advisory committee to the Montgomery County, MD County Executive and County Council, we offer our recommendations below for the FY23 operating budget.

***We are here to offer you recommendations and guidance based on our expertise. In that capacity, we urge you to support all of the climate-related items in the current budget proposal in order to ensure that the FY23 operating budget is fully commensurate with our County’s climate priorities.***

As you know, the Montgomery County Council unanimously passed Resolution No. 18-974 in December 2017, “to use all available powers and resources to ... restore a safe climate and build a sustainable economy.” The Resolution recognized that the County “needs to do much more, much faster.” With the release of the County’s final Climate Action Plan last year, Montgomery County must allocate substantial dedicated funding in the FY23 budget to achieve its climate goals.

As we established in our previous letter (attached) to the County Executive in January of this year, we recommended that the FY23 budget provide sufficient staffing and operational funds:

⇒ To quickly launch and implement the Building Energy Performance Standards program, with resources for an Affordable Housing Retrofit Accelerator (as in DC); to train for and implement the latest requirements of the IgCC 2018 for new commercial buildings; and to develop policies for new energy conservation codes;

⇒ To allocate sufficient funds to the Department of General Services to implement the County’s sustainability goals in its facilities and operations;

⇒ To retain and increase forest and tree canopy and expand green infrastructure and housing development in the County to help further key sequestration and adaptation goals of the CAP;

⇒ To ensure climate efforts are equitably implemented and that the public has the knowledge and means to be actively engaged in reaching our climate goals.

Having reviewed the proposed operating budget components related to climate that was submitted to County Council, the Committee approves of and supports the proposed budget. We strongly urge the County Council to pass the proposed budget, especially all funding earmarked for additional staff for the Departments of Environmental Protection and Permitting Services. The Committee also supports the funds reserved to implement the Building Energy Performance Standard program, and those augmenting staff and programs addressing adaptation and resilience challenges in the County.

Although we did not address waste in our previous letter, we also wish to explicitly acknowledge the link between waste minimization and the County's climate goals and accompanying annual climate change workplan. The Committee supports the budget recommendations of the Solid Waste Advisory Committee that have been submitted to the County Council, particularly related to reducing greenhouse gas emissions that would come with the consolidation of garbage pickup in the County; electrification of the waste management fleet; and minimizing the generation of waste while expanding the recycling and reuse of waste

The Committee identified only one area in which the proposed budget may fall short, and that is regarding public communication and education. The Committee supports the funds dedicated to the Climate Justice Academy. We encourage better communication with the public about the benefits of reducing waste. We strongly recommend additional funding for staff and programs that will enhance the County's communication and education efforts to County residents about the Climate Action Plan, including establishing a senior position in the Public Information Office to oversee and coordinate communication efforts across all departments.

We stress the importance of taking bold action to address climate change in the County, with particular emphasis on bringing on the staff and implementing the programs necessary to achieve meaningful action. The proposed operating budget achieves many of these goals and the Committee strongly urges the County Council to maintain all proposed funds earmarked for climate change initiatives.