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Subject: Department of Environmental Protection Division of Solid Waste Services Budget	
Analyst: Keith Levchenko, Senior Legislative Analyst	Committee: T&E
Keywords: #DEPBudget, Solid Waste	

EXPECTED ATTENDEES

- Adam Ortiz, Director, Department of Environmental Protection (DEP)
- Patty Bubar, Deputy Director, DEP
- Willie Wainer, Chief, Division of Solid Waste Services, DEP
- Trevor Lobaugh, Fiscal and Policy Analyst, Office of Management

DEP - Division of Solid Waste Services - Total		
FY20 CE REC:	\$117,222,773	106.24 FTE
Increase/Decrease from FY19	\$7,262,411 (6.6%)	0.0 FTE
Solid Waste Collection Fund		
FY20 CE REC:	\$9,589,993	11.46 FTE
Increase/Decrease from FY19	\$342,645 (3.7%)	0.0 FTE
Solid Waste Disposal Fund		
FY20 CE REC:	\$107,632,780	94.78 FTE
Increase/Decrease from FY19	\$6,919,766 (6.9%)	0.0 FTE

COMMITTEE-RECOMMENDED CHANGES

- Approve the Solid Waste Collection Fund as recommended by the County Executive.
- Approve the Solid Waste Disposal Fund with the following changes:
 - Reduce Disposal Fund expenditures by \$1,435,000 to reflect additional electricity sales revenue from the expected sale of renewable energy credits in FY20 for electricity generated at the Resource Recovery Facility (RRF). *NOTE: increased electricity sales revenue offsets RRF program costs.*
- Funding for Non-Profits in the Solid Waste Budget:
 - The Committee supported Council Staff's recommendation that funding for non-profits whose primary mission is not solid waste management should not be funded in the Solid Waste Budget.
 - The FY19 Approved Solid Waste Disposal Fund Budget includes \$139,920 for A Wider Circle. The FY20 CE Recommended Solid Waste Disposal Fund Budget includes \$164,920 for A Wider Circle.
 - The T&E Committee asked Council Staff to identify where the funding for A Wider Circle could be moved.
 - After the Committee worksession, Council Staff worked with OMB to identify approved and CE-recommended County Government funding for A Wider Circle by department (see ©28). **Based on this review, Council Staff recommends the Department of Housing and Community Affairs (DHCA) General Fund Budget as the most appropriate location for these expenditures.**
 - **Since this recommendation would increase expenditures in the General Fund, per the Council's budget process the additional General Fund expenditures should be placed on**

the Reconciliation List (for consideration for funding in the Department of Housing and Community Affairs General Fund budget).

KEY CE CHANGES FROM FY19

- Solid Waste Collection Fund Budget up 3.7 percent due to increases in refuse collection contracts (\$160,168) and technical adjustments.
- Solid Waste Disposal Fund Budget is up by 6.9 percent. The largest increases are for equipment replacement at the Recycling Center (\$1.8 million), inflationary increases for the Resource Recovery Facility service agreement (\$1.8 million), other Recycling Center operating costs (\$1.07 million), increases in out-of-County hauling rates and tonnage (\$1.02 million), and increased support for the food waste composting program (\$489,000).

OTHER ISSUES

Solid Waste Charges for FY20:

- Single-Family: 4 percent to 12 percent increases (depending on the services provided). Charges are up to cover increases in refuse and recycling costs in FY19 and FY20.
- Multi-family: 0 to 0.9 percent increases.
- Transfer Station Tipping Fees kept at FY19 levels.

T&E Committee recommends approval as recommended by the County Executive. Council Action scheduled for May 15, 2019.

This report contains:

Staff Report to the Committee	Pages 1-16
Vacuum Leaf Collection Fund Six-Year Fiscal Plan	©22
Material Flow Diagram Calendar Year 2017	©23
Solid Waste System Disposal Fund, Rate Setting Methodology FY20	©24
Resolution to Approve FY20 Solid Waste Service Charges	©25-27
FY19 Approved and FY20 CE Recommended Funding for A Wider Circle	©28

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Worksession

MEMORANDUM

April 25, 2019

TO: Transportation & Environment Committee

FROM: *KL* Keith Levchenko, Senior Legislative Analyst

SUBJECT: **FY20 Operating Budget** – Department of Environmental Protection (DEP) - Division of Solid Waste Services Operating Budget, FY20 Solid Waste Charges¹

PURPOSE: To review and make recommendations on the DEP General Fund and Water Quality Protection Fund budgets

CE Recommended Budget Summary

- Solid Waste **Collection** Fund Budget up 3.7 percent due to increases in refuse collection contracts (\$160,168) and technical adjustments.
- Solid Waste **Disposal** Fund Budget is up by 6.9 percent. The largest increases are for equipment replacement at the Recycling Center (\$1.8 million), inflationary increases for the Resource Recovery Facility service agreement (\$1.8 million), other Recycling Center operating costs (\$1.07 million), increases in Out-of-County hauling rates and tonnage (\$1.02 million), and increased support for the food waste composting program (\$489,000).

CE Recommended Solid Waste Charges Summary

- Single-Family: 4 percent to 12 percent increases (depending on the services provided). Charges are up to cover increases in refuse and recycling costs in FY19 and FY20.
- Multi-family: 0 to 0.9 percent increases.
- Transfer Station Tipping Fees kept at FY19 levels.

Other Issues for Discussion

- Solid Waste master planning effort.
- Electric Sales Revenue at Resource Recovery Facility.
- Funding for Non-Profits Within the Solid Waste Fund.

Council Staff Recommendations

- Approve the Recommended Budget with the following changes:
 - Assume additional RRF electricity revenue from renewable energy credits.
 - Move funding for the non-profit A Wider Circle from Solid Waste to elsewhere in the County Budget.
- Approve the FY20 Solid Waste Charges as recommended by the County Executive. *NOTE: Action on FY20 Solid Waste charges is scheduled for May 15.*

¹SolidWaste and Environmental Protection.

Participants Include:

- Adam Ortiz, Director, Department of Environmental Protection (DEP)
- Patty Bubar, Deputy Director, DEP
- Willie Wainer, Chief, Division of Solid Waste Services (DSWS), DEP
- Anthony Skinner, Chief, Business Section, DSWS
- Eileen Kao, Chief, Waste Reduction and Recycling Section, DSWS
- Don Birnesser, Chief, Central Operations Section, DSWS
- Robin Ennis, Chief, Collections Section, DSWS
- Trevor Lobaugh, Fiscal and Policy Analyst, Office of Management and Budget

Attachments to this Memorandum

- Solid Waste Services Excerpt from the County Executive's FY20 Recommended Budget (©1-21)
- Vacuum Leaf Collection Fund Six-Year Fiscal Plan (©22)
- Material Flow Diagram Calendar Year 2017 (©23)
- Solid Waste System Disposal Fund, Rate Setting Methodology FY20 (©24)
- Resolution to Approve FY20 Solid Waste Service Charges (©25-27)

OVERVIEW

Expenditure Summary

For FY20, the Executive recommends total expenditures of \$117.2 million for the Division of Solid Waste Services, a \$7.3 million increase (6.6 percent) from the FY19 Approved budget.

**Table #1
DPW&T-Solid Waste Services (All Funds)**

	Actual FY18	Approved FY19	Estimated FY19	Rec FY20	Change from FY19	
					\$\$\$	%
Personnel Costs	11,395,725	11,953,115	11,289,956	12,442,838	489,723	4.1%
Operating Expenses	86,925,228	92,800,550	90,850,550	99,800,719	7,000,169	7.5%
Capital Outlay	3,478,353	5,206,697	5,206,697	4,979,216	(227,481)	-4.4%
Total	101,799,306	109,960,362	107,347,203	117,222,773	7,262,411	6.6%
Full-Time Positions	79	80	80	80	-	0.0%
Part-Time Positions	2	2	2	2	-	n/a
Workyears/FTEs	105.14	106.24	106.24	106.24	-	0.0%

The Division budget is funded entirely by the Solid Waste Collection and Solid Waste Disposal Funds. Both funds are supported through various Solid Waste charges discussed later. As Enterprise Funds, these funds are self-supporting, and revenues and expenditures within these funds are kept distinct from the General Fund. Any cost savings or cost increases that may be identified in these funds have no impact on the General Fund.

Positions

For FY20, DSWS' recommended position complement is 80 full-time and 2 part-time positions (the same as the FY19 Approved budget). A total of 106.24 Full Time Equivalents (FTEs) is assumed (also the same as in FY19).

Last year, a new position (a Program Manager 1) was added to manage the new Food Waste Organics Recycling Program with a focus in FY19 on education and outreach, analyzing and securing potential receiving facilities for food waste, and other startup work consistent with the strategic planning effort completed last year.

Much of the direct service provided by DSWS is done via contracts (such as for refuse and recycling collection and contract staff at the Transfer Station, Materials Recovery Facility, RRF, and Compost Facility). DSWS provides contract oversight and manages the overall operations at the various facilities.

TONNAGE AND RECYCLING ASSUMPTIONS

Below are some important assumptions that drive much of the Solid Waste budget. In general, tonnages had been down in recent years as a result of economic conditions, but they have been gradually increasing again, consistent with the County's and the region's economic recovery.

The most recent Material Flow Diagram (CY17) is attached on ©23. This diagram shows how various materials enter the County's Solid Waste system, how they are processed, and the volumes involved in the various processes. The building blocks for the recycling rate and waste diversion rate are also shown and the totals calculated.

Resource Recovery Facility

Resource Recovery Facility (RRF) Throughput² for FY20: 639,227 tons (an increase of slightly more than 18,378 tons over what is projected for FY19). The permit level is 657,000 tons per year. The policy goal is 85 to 92 percent of the RRF permit capacity (i.e., 558,450 to 604,000 tons per year). FY18 actual tonnage throughput was 593,565, which was within the policy goal. However, FY19 and FY20 are projected to be above the policy goal ceiling. In the outyears, DEP's modeling shows higher amounts of waste bypassed to keep RRF tonnage throughput within permitted levels. The tipping fee was increased in FY18 (from \$56 to \$60 per ton) to marginally reduce the RRF throughput. Table 2 (below) shows the RRF tonnage throughput calculation from the FY18 actual through the FY20 projection plus the FY25 projection.

² RRF Throughput includes both municipal solid waste (MSW) and construction and demolition (C&D) debris.

**Table #2
Resource Recovery Facility (RRF) Throughput Assumptions**

	FY18 Actual		FY19 Projected		FY20 Projected		FY25 Projected	
	% of MSW	Tons	% of MSW	Tons	% of MSW	Tons	% of MSW	Tons
Total Municipal Solid Waste (MSW) (in tons)*		1,086,136		1,124,832		1,133,674		1,183,276
Recycling Rate/Tons (including ash)	56.6%	615,048	56.8%	638,417	57.2%	648,025	58.8%	695,222
Recycling Rate/Tons (excluding ash)	41.9%	454,802	42.9%	482,923	43.0%	487,155	44.9%	531,076
Exportation Rate/Tons	11.3%	122,364	10.4%	116,968	9.1%	103,544	2.5%	29,061
Processable Waste to RRF	46.9%	508,970	46.7%	524,941	47.9%	542,975	52.7%	623,139
addback metals from ash (counted in recycling)	0.8%	8,500	1.0%	11,610	1.1%	11,954	1.0%	12,163
subtract waste by-passed to landfill		8,203		-		-		69,170
Total RRF MSW Burned	46.9%	509,267	47.7%	536,551	48.9%	554,929	47.8%	566,132
Construction/Demolition Debris (C/D) Burned		84,298		84,298		84,298		84,298
Total RRF Throughput (MSW+C/D)		593,565		620,849		639,227		650,430
% of permit level (permit level = 657,000)		90.3%		94.5%		97.3%		99.0%

*MSW tonnages exclude both non-processible and C&D tonnages.

Municipal solid waste projections are based on population and employment data. The recycling rates and other assumptions for FY19 and FY20 do not assume any major programmatic changes (such as the food waste composting/diversion initiative). However, FY21 and beyond do assume increased non-residential food waste diversion (4,200 tons in FY21, 8,400 tons in FY22, 14,200 in FY23, and 20,000 in both FY24 and FY25).

As a result of significant maintenance issues in 2015 and 2016 and a major fire at the RRF in December 2016, DEP had two third-party reviews done regarding the operation of the RRF and a Resource Recovery Facility Integrated Corrective Action Plan (CAP) was developed. According to DEP:

Having completed the spring outage work, Covanta has finished addressing repairs identified in the Corrective Action Plan; Boiler reliability has returned to normal levels and a significant amount of money was put in to replacing lots of worn out equipment. Meanwhile, the installation of new fire system improvements was completed, and institution of terms that automatically trigger bypassing waste are in place to manage trash inventories. There are no required repairs or procedures remaining, identified as a result of the 3rd party reviews.

Recycling Rate

In October 2012, the Council approved Executive Regulation 7-12, which created a new recycling rate methodology (consistent with how the State of Maryland calculates recycling and waste diversion rates) and a new recycling/diversion goal for the County of 70 percent by 2020.

Table #3, below, shows fiscal year recycling rates by sector from FY17 actuals through FY24 projections.

**Table 3:
County Recycling Rate**

Category* (FY18 Actual % of waste generated)	Actual			Projected		
	FY16	FY17	FY18	FY19	FY20	FY25
Single Family Recycling (34.8% of total)	62.6%	61.4%	62.9%	63.1%	63.3%	64.6%
Multi-Family (10.1% of total)	27.9%	26.9%	29.3%	29.6%	30.3%	31.7%
Non-Residential (55.2% of total)	55.6%	54.6%	56.9%	57.9%	58.5%	60.4%
Total % of Municipal Solid Waste (MSW) Recycled*	55.9%	54.7%	56.6%	56.8%	57.2%	58.8%
State Waste Diversion Rate**	60.9%	59.7%	61.6%	61.8%	62.2%	63.8%

*Includes ash used for landfill cover. This adds about 13% to 14% to the recycling rate.

** Includes a source reduction credit of 5 percent.

DSWS estimates that, under current strategies plus a ramping up of a non-residential food waste diversion program beginning in FY21, the diversion rate (including ash and the source reduction credit)

will rise to 63.8 percent by FY25. For FY18, DSWS achieved a recycling rate at 56.9 percent and a diversion rate of 61.6 percent. While the projections fall short of the 70 percent by 2020 goal, it should be kept in mind that the potential impact of a comprehensive food waste diversion program for the residential sector is not assumed in these numbers. Also, the County's current solid waste master planning effort is looking at the potential capture of other municipal solid waste that can be recycled.

NOTE: Recycling data is submitted to the State on a calendar year (CY) basis. CY18 information is expected to be affirmed by the Maryland Department of the Environment (MDE) in January 2020.

Compost Facility

Compost Facility Tonnage for FY20: 59,737 tons (an increase of 418 tons or 0.7 percent from the latest FY19 projection of 59,319 tons). Fluctuations in compost facility tonnages can happen as a result of weather, storms, and the economy, as well as at-home grasscycling and composting.

The operating limit (based on an agreement with the Sugarloaf Citizens Association) is 77,000 tons per year. Commercial yard trim tipping fees were last increased eight years ago (from \$40 to \$46) to slow the curve of any tonnage increases by encouraging more "grasscycling". That fee was modified five years ago to apply to all yard trim (residential or commercial) in excess of 500 pounds per load, with no charge for any loads weighing less.

Overall program costs are down slightly in this program due to technical adjustments and a decrease in capital equipment replacement costs from FY19 to FY20 (\$1.008 million in FY19 down to \$848,216 in FY20).

General Issues

Aiming for Zero Waste Task Force

On March 28, the Committee received an update from DEP on its solid waste master planning efforts. The Task Force has been meeting regularly to discuss major solid waste management issues and to review and comment on draft reports prepared by the consultant on various tasks identified in the contract. The tasks include: a current state assessment; benchmarking and best practices; a stakeholder, citizen, and expert engagement plan; a review of potential improvements to the current diversion/recycling system; a review of existing facilities; and a development of options for the collection and disposal of "what's left."

The results of this effort will likely be consideration by the Council of major policy changes that may require amendments to the County's Comprehensive Solid Waste Management Plan and possibly County and State legislation. The budget implications are also substantial and could come into play as early as the FY21 budget next year.

Waste Composition Study

Every four years, DSWS does a waste composition study to better understand the mix of different materials in the County's waste stream. Based on this study, DSWS can extrapolate recycling percentages for different materials and identify opportunities where improvement is possible. An FY17 waste composition study was completed and the results provided to DEP in January 2018. Non-

residential paper and food waste continue to be two major areas of opportunity for increasing the recycling rate, with many other categories of items (such as film plastic) making up smaller elements of the waste stream. The waste composition study is serving as a resource for the “Aiming for Zero Waste” effort discussed above.

Mixed Paper

The County’s longtime mixed paper contract ended in April 2016. Under that contract, the County paid about \$1.8 million per year for the contractor to truck and process bulk mixed paper. After the contract ended, the County then began selling bulk mixed paper for about \$20 per ton.

DEP also constructed a facility next to the Recycling Center with paper sorting and baling equipment so that the County could sort and bale mixed paper and cardboard as separate commodities. The facility opened On May 1, 2017. During the budget process two years ago, DEP noted commodity rates for mixed paper and cardboard ranging from \$185 to \$240 per ton.

However, as discussed at a recent update for the T&E Committee on solid waste issues, the prices for these materials dropped precipitously a couple of years ago when China announced that it would stop importing many types of foreign waste and it also greatly tightened its standards for contamination in recycled materials it would accept.

The reduction in revenue from the FY18 to FY19 budget was about \$3.3 million (down to \$1.51 million in FY19). For the FY20 budget, mixed paper and cardboard revenue is expected to be about the same (\$1.49 million).

Food Waste

Food waste is the largest non-banned material type currently in the waste stream, and a comprehensive program that diverts food waste would provide the single biggest increment the County can capture to meet or exceed its waste diversion goal of 70 percent by 2020. The County generated approximately 130,000 tons of food waste in 2017.

The County has an ongoing food waste composting pilot (focusing on County Government facilities) that has been in place for several years. This effort has helped the County better understand food waste diversion challenges (both on-site capture and storage and securing receiving facilities for the food waste). Through September 2018, a total of 142.1 tons of pre-consumer food scraps had been collected and recycled.

On November 15, 2016, the Council enacted Bill 28-16 “Solid Waste (Trash) - Strategic Plan to Advance Composting, Compost Use and Food Waste Diversion”. This bill required DEP to develop a strategic plan to advance composting, compost use, and food waste diversion in Montgomery County.

On April 12, 2018, the Executive transmitted the Strategic Plan to Advance Composting, Compost Use, and Food Scraps Diversion in Montgomery County, Maryland.³ The Strategic Plan was a culmination of a substantial amount of coordination, outreach, and work group activity during 2017 and

³ The full Strategic Plan to Advance Composting document and background on the development of the Plan is available at: <https://www.montgomerycountymd.gov/sws/foodwaste/index.html>.

into 2018. The T&E Committee received a briefing from Executive Branch staff on the Plan on July 12, 2018 and again on March 28, 2019.

As part of the FY19 Budget, the Council approved the Executive's recommendation to add \$564,000 and one full-time position in FY19 for the creation of a Food Waste Organics Recycling program. FY18 Costs associated with the strategic planning work have also been moved to this program for a total program budget in FY19 of \$667,000. This includes both a commercial and residential organics education and outreach initiative and follow-up work identified in the Strategic Plan.

For the FY20 budget, the Executive has recommended an additional \$489,000 (bringing the Food Waste Organics Recycling program up to \$1.002 million). According to DEP, this funding will help DEP provide:

technical assistance to generators and collectors of food scraps to help them design and implement food scrap recycling programs and services and includes educational and instructional materials; transportation costs to deliver food scraps to processors; and fees to processors recycling the material.

As noted earlier, DEP's tonnage forecasts assume that some commercial food waste will be diverted from the waste stream beginning in FY21, with steady increases in tonnages after that.

Residential Collection Costs

This is the largest program in the Solid Waste budget (30.7 percent of expenditures in the FY20 Recommended Budget). This program has a recommended total of \$36.04 million (an increase of \$622,487 or 1.8 percent from FY19). The refuse collection contract costs are funded out of the Collection Fund, while the recycling collection contract costs are funded out of the Disposal Fund.

DEP currently has 13 contracts for curbside recycling throughout the County, with eight of these contracts also including refuse collection within Subdistrict A.⁴ Currently, three haulers provide recycling collection services and two haulers provide refuse collection services.

Contracts were rebid in three service areas in FY18 and in two service areas in FY19. Combined, these service areas represent 77 percent of residences receiving County trash collection services and 41 percent of residences receiving curbside recycling collection.

The FY19 Solid Waste budget included substantial increases in DEP's recycling collection (+5.4 million, +29 percent) and refuse collection (+\$2.3 million, +47 percent) contract costs. Combined, these increases alone made up more than half of the 13.9 percent increase in the Solid Waste Budget for FY19.

Last year, DEP noted several reasons for these cost increases, including: the previous contracts were probably bid unreasonably low; increased labor costs; the reduced contract length (prior contracts were 7 years plus two option years, while more recent contracts are 5 years plus two option years; shorter contracts mean the contractor has to build in higher annual debt service on new vehicles over a

⁴ 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.

shorter period of time); a slight increase in house counts; and increased volume of recyclable materials requiring more contractor manpower on routes.

The refuse collection charge was increased from \$70 to \$77 to partially offset these costs. The Collection Fund also borrowed \$4.0 million from the Disposal Fund to help smooth the required rate increases over several years.

For FY20, the projected cost increases for all the contracts are more marginal (\$432,073 or 1.4 percent). However, because of the rate smoothing in FY19 noted above, further rate increases are still needed in FY20. As noted later, the refuse collection charge is recommended to increase again in FY20. In addition, the Incremental Systems Benefit Charge is also recommended to increase (to cover the cost increases in recycling collection and processing).

SOLID WASTE COLLECTION FUND EXPENDITURES

The Solid Waste Services 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 DSWS budget may change solid waste charges but will not affect General Fund resources.

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

Table #4
DPW&T-Solid Waste Services (Collection)

	Actual FY18	Approved FY19	Estimated FY19	Rec FY20	Change from FY19	
					\$\$\$	%
Personnel Costs	1,462,391	1,543,576	1,530,417	1,598,557	54,981	3.6%
Operating Expenses	6,411,560	7,703,772	7,528,772	7,991,436	287,664	3.7%
Total	7,873,951	9,247,348	9,059,189	9,589,993	342,645	3.7%
Full-Time Positions	4	4	4	4	-	0.0%
Part-Time Positions	-	-	-	-	-	n/a
Workyears/FTEs	11.46	11.46	11.46	11.46	-	0.0%

The bulk of costs in this fund are for residential refuse collection within Subdistrict A. These contract costs are up slightly for FY20 (\$+160,168), far less than the increase experienced in FY19 (+\$2.3 million). All the other changes from FY19 are technical in nature (see the FY20 Recommended Changes table on ©13).

As a result of the contract increases, as well as emergency contracts for collection that had to be done because of recycling issues experienced with a hauler last year, DEP had the collection fund borrow \$4.0 million from the Disposal Fund in FY18 to help smooth out future rate increases in the collection fund. The Executive's Recommended Fiscal Plan for the Collection Fund (see ©17) shows negative fund balance levels in FY19-22 to reflect this \$4.0 million loan. Significant increases in the refuse collection charge in FY20 and beyond will pay off the loan and bring the fund balance back up to near policy levels (10 to 15 percent) by FY24.

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

SOLID WASTE DISPOSAL FUND EXPENDITURES

**Table #5
DPW&T-Solid Waste Services (Disposal)**

	Actual FY18	Approved FY19	Estimated FY19	Rec FY20	Change from FY19 \$\$\$	%
Personnel Costs	9,933,334	10,409,539	9,759,539	10,844,281	434,742	4.2%
Operating Expenses	80,513,668	85,096,778	83,321,778	91,809,283	6,712,505	7.9%
Capital Outlay	3,478,353	5,206,697	5,206,697	4,979,216	(227,481)	-4.4%
Total	93,925,355	100,713,014	98,288,014	107,632,780	6,919,766	6.9%
Full-Time Positions	75	76	76	76	-	0.0%
Part-Time Positions	2	2	2	2	-	n/a
Workyears/FTEs	93.68	94.78	94.78	94.78	-	0.0%

Solid Waste Disposal Fund expenditures are recommended to increase by \$6.9 million (6.9 percent). The largest increases are related to equipment replacement at the Recycling Center (\$1,817,000) and contract cost increases for the paper recycling and commingled materials operations (\$1,067,598). Out-of-County refuse disposal also shows increases based on higher rates and tonnage (\$1,016,465). Costs related to the service agreement at the Resource Recovery Facility (RRF) are also increasing (\$1,757,682). For a full list of changes, see ©12-13.

Recycling Center

The Recycling Center (also called the Materials Recovery Facility or MRF) is adjacent to the Solid Waste Transfer Station in Derwood on Route 355, just south of Shady Grove Road. The original facility opened in 1991 and was equipped to accept and process commingled materials (cans and bottles) only. In May 2017, a separate paper processing facility was built to separate and bale mixed paper and cardboard.

The original facility is aging and in need of substantial upgrade/replacement. In FY19, DEP reserved an initial \$10.0 million in the Disposal Fund for potential renovation of the facility. After further analysis of the facility, DEP is now assuming \$25 million in cost with an assumption of Bond funding amortized over 20 years, with \$1.8 million assumed in annual debt service costs.

The FY20 Recommended budget (\$10.2 million) includes an increase of \$2.9 million (+40.3 percent) and assumes the abovementioned \$1.8 million debt service cost. However, a CIP amendment will be transmitted to the Council when the actual project scope is finalized. The scope of work is dependent on several major policy issues being considered in the context of DEP's ongoing solid waste master planning process noted earlier. Issues, such as whether the facility should be upgraded on-site or relocated, what recyclable materials the upgraded facility should be built to accept, and whether the County will continue dual stream recycling (i.e., separating mixed paper and commingled materials) will factor into the scope of the project.

Additionally, the FY20 Recommended Budget includes \$1.07 million for several items associated with both the current commingled and the paper processing operations. On the commingled side, there is an increase in bypass costs, a 3 percent labor contract increase, and the addition of two positions to comply with the current operational needs. On the paper processing side, three additional contract positions are included (based on County experience running this new facility) as well as a 3.0 percent labor cost increase.

Resource Recovery Facility & Related Waste Transfer

Historically, this had been the biggest program in the Solid Waste budget (38 percent of the FY16 budget). However, with debt service for the RRF zeroed out in FY17, this program now makes up 24.2 percent of the FY20 Recommended budget for Solid Waste (much less overall than the Residential Collection program). The following chart breaks out the major cost changes in this program. Overall, program expenditures are up \$1.86 million (7.0 percent).

Table #6
Resource Recovery Facility (RRF) Program Costs

	FY19	FY20	Change	
	Approved	Rec	\$	%
NEA Direct Costs and Fees	441,575	446,124	4,549	1.0%
Net Debt Service	-	-	-	n/a
Operating Charge (Covanta)	28,096,792	29,220,663	1,123,871	4.0%
Non-Processible Waste	431,123	590,414	159,291	36.9%
Waste Processed >558,450 tons	1,822,567	2,287,776	465,209	25.5%
Rail Engine Service Fee and Refunds	4,700,090	4,489,075	(211,015)	-4.5%
Air: Emission Reagents, Testing, Fees	3,035,765	3,212,026	176,261	5.8%
Ash Handling and Testing	(905,018)	(965,231)	(60,213)	6.7%
Insurance, Utilities, Sales & Prop Tax	403,319	375,966	(27,353)	-6.8%
Miscellaneous O&M	1,350,113	1,554,613	204,500	15.1%
Electric Sales Revenue	(13,756,521)	(13,768,194)	(11,673)	0.1%
Recycled Ferrous Revenue	(128,341)	(198,000)	(69,659)	54.3%
Operating Contract Total	25,491,464	27,245,232	1,753,768	6.9%
Charges from Risk Management	800,000	925,365	125,365	15.7%
Other Miscellaneous	274,026	250,785	(23,241)	-8.5%
Totals	26,565,490	28,421,382	1,855,892	7.0%

Some highlights of these changes include:

- The Covanta Operating Charge is up 4.0 percent, based on various indices that determine the inflation adjuster.
- Non-processible waste costs for transportation and disposal are up 36.9 percent, based on increased volume per the RRF Service Agreement.
- Increased tonnages received at the RRF means more waste is processed in excess of 558,450 tons. Those additional tons are charged a higher per ton rate.
- Miscellaneous Operations and Maintenance (O&M) is up 15.1 percent, based on charges at the Transfer Station for excess tons delivered on any given day; additional deliveries to the Transfer Station and frequency of high delivery days; fees related to NOx emission controls for higher tons and inflation; and the cost for operations at the Transfer Station Annex (pit) because of tonnage increases, inflation, and pit maintenance costs.
- Electric sales revenue is projected at a similar level to that in FY19. However, because of State legislation considered during the most recent legislative session that would have removed waste-to-energy from Tier 1 designation, DEP opted to remove an Renewable Energy Credit (REC) revenue from its FY20 and beyond projections. REC revenue can fluctuate with market

conditions. FY19 REC revenue was \$1.27 million. However, the State legislation that ultimately was enacted (the Maryland Clean Energy Jobs Act) increased the renewable portfolio standard requirement but DID NOT remove waste-to-energy from Tier 1 designation. Therefore, DEP expects an additional \$1.3 to \$1.5 million in annual revenue from REC sales in FY20. **Council Staff recommends revising the revenue assumptions for this line item (which will result in lower net program costs. NOTE: Electric sales revenue is reflected as a negative (an offset to expenditures) in this program, so increased electric sales revenue is reflected as a lower cost in the above chart.**

- Recycled ferrous revenue is up as the waste processed is increasing again. *NOTE: Ferrous revenue is reflected as a negative (an offset to expenditures) in this program.*

NOTE: Costs associated with the maintenance of the RRF belong to the RRF operator (Covanta), regardless of cost.

Funding for Non-Profits Out of the Solid Waste Disposal Fund

The FY19 Disposal Fund budget includes \$139,920 for the non-profit organization A Wider Circle. For FY20, the Executive is recommending an additional \$25,000 for a total of \$164,920.

The use of the Solid Waste Disposal Fund's base budget for A Wider Circle began in FY09 at \$20,000 and continued at \$20,000 per year through FY11. The funding increased to \$25,000 per year for FYs 13-15 and then increased to \$89,920 in FY16 and to \$139,920 in FY17 through FY19. This funding is in addition to funding A Wider Circle has received from other sources (including within the base budget of the Department of Housing and Community Affairs (DHCA) (FY09-FY12), the base budget of the Department of Health and Human Services (HHS) (FY12 through FY17), and community grants (FY10 through FY17)).

Two years ago, in its FY18 budget deliberations, Council Staff recommended and the T&E Committee supported phasing out by FY19 support in the Solid Waste budget for non-profits whose primary mission is not related to solid waste management. The rationale for this phaseout was that, while non-profits such as A Wider Circle may help divert furniture and household items from the waste stream, its primary mission is human services-related and not solid waste management. Also, there are other non-profits that could make a similar case that they help divert items from the waste stream. *NOTE: For the FY19 Budget, the T&E Committee opted to maintain the funding for A Wider Circle within the Solid Waste Budget.*

Council Staff continues to support moving the funding for A Wider Circle out of the Solid Waste Disposal Fund. The Community grants program, or perhaps the base budgets of HHS or DHCA, are more appropriate places to fund the services provided by non-profits such as A Wider Circle.

SOLID WASTE CHARGES

The County's solid waste programs are primarily funded by various solid waste charges that support the dedicated Enterprise funds (see ©19 for descriptions of the different charges). Solid waste charges are established through an annual Council resolution (introduced on April 2 and attached on ©25-27). The Council is tentatively scheduled to take action on the solid waste charges on May 15.

The FY19 Approved and FY20 County Executive Recommended charges are presented on the following page. The circled items present the total charges that appear on residential property tax bills, depending on the services provided to a property.

As noted earlier, RRF electric sales revenue in FY20 will be higher than previously expected or assumed in the FY20 budget. This additional revenue will result in lower RRF program costs in the Disposal Fund and therefore could be used to reduce solid waste charges. However, given the uncertainty of this revenue source going forward and the potential implementation of new programs and facility changes considered in the current solid waste master planning process, **Council Staff recommends leaving the FY20 solid waste charges as recommended by the Executive.**

**Table #7
Solid Waste Charges (FY19 and FY20)**

Charge	Approved FY19	Approved FY20	% Change From FY19
SINGLE FAMILY			
Base Systems Benefit Charge	\$25.78	\$20.97	-18.7%
Incremental Systems Benefit Charge	\$127.85	\$140.77	10.1%
Disposal Fee	\$51.48	\$51.52	0.1%
Leaf Vacuuming Charge	\$102.93	\$108.16	5.1%
Refuse Collection Charge	\$77.00	\$95.00	23.4%
Total Charges, Households Receiving:			
Recycling Collection Only	\$205.11	\$213.26	4.0%
Recycling and Leaf Collection	\$303.10	\$321.42	6.0%
Recycling and Refuse Collection	\$275.11	\$308.26	12.0%
Recycling, Leaf and Refuse Collection	\$373.10	\$416.42	11.6%
MULTI-FAMILY			
Base Systems Benefit Charge	\$1.33	\$4.39	230.1%
Incremental Systems Benefit Charge	\$14.73	\$11.67	-20.8%
Leaf Vacuuming Charge	\$4.08	\$4.26	4.4%
Total Charges			
Units inside Leaf Vacuuming District	\$20.14	\$20.32	0.9%
Units outside Leaf Vacuuming District	\$16.06	\$16.06	0.0%
NONRESIDENTIAL			
(by waste generation category per 2,000 sq. feet of gross floor area)			
Low	\$119.23	\$119.23	0.0%
Medium Low	\$357.67	\$357.67	0.0%
Medium	\$596.13	\$596.13	0.0%
Medium High	\$0.00	\$0.00	n/a
High	\$1,073.02	\$1,073.02	0.0%
TIPPING FEES			
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	\$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 FY20, base system costs are estimated at \$52.6 million (see ©24, which is a slight decrease from the FY19 amount

of \$54.9 million) and are allocated to single-family, multi-family, and non-residential properties based on waste generation assumptions for each sector. 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 FY20, incremental system benefit costs are estimated at \$40.5 million (an increase of \$4.1 million from the approved amount of \$36.4 million). These charges are adjusted from year to year, partly as a result of increased costs in recycling and composting, but also because DSWS 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. DSWS’ goal is to try to smooth increases and decreases in these overall charges over time.

Depending on the services provided, for FY20, single-family properties would see increases ranging from 4.0 to 12 percent and multi-family properties would see basically flat rates (increases between zero and one 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 FY20 charges are recommended to remain unchanged from FY19. *NOTE: According to the Non-Residential Waste Generation Study completed in July 2016, no businesses’ land use codes are in the medium high generation category at this time. Therefore, the FY19 and FY20 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 does not recommend any changes in these fees for FY20.

For FY18, a \$4.0 increase in the standard refuse tipping fee (from \$56 to \$60 per ton for weights exceeding 500 pounds) was recommended by the Executive and approved by the Council. A \$4.0 increase in the tipping fee for open top containers (from \$66 to \$70 per ton) was also recommended and approved for FY18. 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. Recent tonnage projections (shown earlier) reflect increasing tonnages at the RRF and the possibility that the County could exceed its permitted capacity within the next six years. These trends suggest that future increases in tip fees may be needed to control flows to the RRF.

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 by collection contract cost increases. As a result, the Executive recommended and the Council approved a significant increase in the collection charge in FY19 (from \$70 to \$77), and noted in the Fiscal Plan for the Collection Fund that further increases would also be needed in FY20 and beyond. **For FY20, the Executive recommends an increase in the charge from \$77 to \$95.**

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 ©22)

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.

The charge was increased in FY16 from \$88.91 to \$93.00 for single-family homes and from \$3.54 to \$3.70 for multi-family properties. This increase was initiated by the Council to smooth a projected large fee increase assumed by the Executive from FY16 to FY17 (\$88.91 to \$101.10). The increase in FY16 was estimated to bring down the FY17 requirement to \$97.02.

In FY17, an increase from \$93.00 to \$97.99 for single-family homes and from \$3.70 to \$3.86 for multi-family properties was approved.

No change in the single-family or multi-family leaf vacuuming charge was made in FY18. However, the charge from the Disposal Fund was also deferred in FY18. The Disposal Fund charge was reinstated in FY19 and the FY18 deferred charge was allocated in future payments as well. For FY19, the charge for single-family homes was increased from \$97.99 to \$102.93 and from \$3.86 to \$4.08 for multi-family properties.

For FY20, the charge for single-family homes is recommended to increase from \$102.93 to \$108.16 and from \$4.08 to \$4.26 for multi-family properties.

Summary

Overall, the Executive is recommending significant increases (4 to 12 percent) in single-family residential solid waste charges, flat to one percent increases in multi-family charges, and no increases in non-residential solid waste charges and tip fees for FY20.

Council Staff supports the FY20 Solid Waste charges as recommended by the Executive.

NOTE: A resolution approving the FY20 Solid Waste charges is scheduled for Council action on May 15.

NOTE: In tandem with the Solid Waste charges resolution, the Executive transmits an Executive Regulation (ER) each year, setting residential waste estimates. The current regulation (ER 15-19) for FY20 was advertised in the April register and will be acted upon by the Council when it is received.

SUMMARY OF COUNCIL STAFF RECOMMENDATIONS

- Approve the Recommended Budget with the following changes:
 - Assume additional RRF electricity revenue in the Disposal Fund from renewable energy credits.
 - Move funding for the non-profit A Wider Circle from Solid Waste to elsewhere in the County Budget.
- Approve the FY20 Solid Waste Charges as recommended by the County Executive. *NOTE: Action on FY20 Solid Waste charges is scheduled for May 15.*

Attachments

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Solid Waste Services

RECOMMENDED FY20 BUDGET
\$117,222,773

FULL TIME EQUIVALENTS
106.24

✻ **ADAM ORTIZ, 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 FY20 Operating Budget for the Division of Solid Waste Services is \$117,222,773, an increase of \$7,262,411 or 6.60 percent from the FY19 Approved Budget of \$109,960,362. Personnel Costs comprise 10.61 percent of the budget for 80 full-time position(s) and two part-time position(s), and a total of 106.24 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 89.39 percent of the FY20 budget.

The primary cost increases in FY20 for the Division are related to contractually mandated increases to service contracts, the continuation of capital equipment purchases according to the Division's equipment replacement schedule, and increased operating costs for Solid Waste facilities.

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**

DEPARTMENT 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 FY19 estimates reflect funding based on the FY19 Approved Budget. The FY20 and FY21 figures are performance targets based on the FY20 Recommended Budget and funding for comparable service levels in FY21.

INITIATIVES

- ★ DEP will expand its efforts to make it feasible and conducive for businesses that generate food scraps to source separate food scraps, contract for recycling collection service, and recycle more. Specific alternatives for this processing capacity are still being identified, and the costs are being determined. Additional alternatives for processing larger volumes of food waste in future years continue to be evaluated, including the construction of aerobic or anaerobic food scrap processing systems in Montgomery County.
- ★ As a result of the Shady Grove Transfer Station facility condition assessment, DEP will improve the safe and effective operations of its facilities by improving fire detection and suppression systems, traffic queuing and flow, roadway markings, and tipping floor unloading procedures. These latter improvements will decrease queuing time and expedite on-site traffic flow.

ACCOMPLISHMENTS

- ☑ DEP completed its work to develop the Strategic Plan to Advance Composting, Compost Use, and Food Scraps Diversion, and the report was published in April 2018. In developing this plan, DEP brought together over 200 stakeholders representing the public and private sectors, to gain valuable expertise and insight, and work together toward consensus on a broad range of relevant issues.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ✱ The Transfer Station received permission from the Maryland Department of the Environment (MDE) to conduct a four-month paint freezing pilot program in FY19. Freezing paint changes the state of the product from a liquid waste to a solid waste, permits the frozen paint to be disposed of on the Transfer Station tipping floor, and eliminates the need to contract out the processing and disposal of the paint.
- ✱ DEP is working with Finance and a software developer to implement a credit card system at the Transfer Station which is expected to be operational by the end of FY19. The new transaction method will expedite traffic flow at the Shady Grove Scale House.

PROGRAM CONTACTS

Contact Patty Bubar of the Division of Solid Waste Services at 240.777.7786 or Trevor Lobaugh of the Office of Management and Budget at 240.777.2763 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

✱ **Food Waste Organics Recycling**

This program is designed to promote 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; and to stimulate the demand for the finished recycled product by encouraging its use.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved		
Enhance: Increased Support for Commercial Organic Food Waste Program	667,000	1.00
	489,000	0.00

FY20 Recommended Changes	Expenditures	FTEs
Decrease Cost: Elimination of One-time Organic Food Waste Capital Equipment Costs	(25,000)	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.	(128,280)	0.00
FY20 Recommended	1,002,720	1.00

☼ **Administration and Support**

Provides support to the Department's operations, programs, and mission. It provides overall management and policy direction to core professional services like budget and financial management, contract management, and information technology services management. The program's mission is to:

- Develop and evaluate CIP and operating budgets in a strategic and economically responsible manner for fair and equitable rate structures;
- Maintain solid waste enterprise funds in a financially prudent manner through efficient financial management;
- Efficiently manage and execute all procurement requests on a timely basis and at the best possible value;
- Review and develop policies and procedures that strengthen internal controls;
- Identify efficiencies across the department using metrics, quantitative and financial models, and forecasting tools to analyze the fiscal impact of proposed changes; and
- Identify technology solutions that bring significant value to business processes and improve operating efficiencies.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	3,552,879	20.02
Increase Cost: Personnel Cost Increases Due to Position Being Filled at Higher Than Budgeted Level	98,499	0.00
Increase Cost: Minor Information Technology Increases	14,271	0.00
Increase Cost: Minor Operating Increases- Administration	1,021	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.	141,025	0.00
FY20 Recommended	3,807,695	20.02

☼ **Commercial Recycling**

This program provides for mandatory commercial sector recycling and waste reduction for all businesses, as well as the review of recycling and waste reduction plans and annual reports from all large and medium-sized businesses and targeted small businesses. Through this program, technical support, assistance, education, outreach, and training is provided to the commercial sector in the areas of waste reduction, reuse, recycling, and buying recycled products. This program also provides for enforcement of the County's recycling regulations and other requirements of the County Code as they apply to non-residential waste generators. All program initiatives and services also apply to not-for-profit organizations, as well as Federal, State, and local government facilities.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Non-residential recycling (tonnages)	331,969	339,031	348,261	361,799	373,472

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Number of site visits to provide recycling assistance to businesses ¹	8,079	5,378	6,750	6,750	6,750

¹ Staffing vacancies impacted performance in FY18.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,943,761	10.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	68,068	0.00
FY20 Recommended	2,011,829	10.00

☀ Enforcement

Enforcement provided by the Department of Housing and Community Affairs under this program consists of six related components. Staff 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. The program includes a "Clean and Lien" component, which provides for the removal by the Department of Transportation of dangerous or unsightly trash, perimeter grass, and weeds on properties which the owners have failed to maintain as required. Also under this program, DEP provides surface and subsurface environmental compliance monitoring at all County solid waste facilities, and reviews reports of air monitoring of the Resource Recovery Facility (RRF).

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,318,857	9.93
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	40,241	0.00
FY20 Recommended	1,359,098	9.93

☀ Dickerson Compost Facility

This program includes all processing, transporting, composting, and marketing of yard trim received by the County, including leaves received from the County's Leaf Vacuuming Program. Processing includes grinding brush to produce mulch at the Transfer Station, located in Derwood; and for hauling leaves and grass from the Transfer Station to the Composting Facility, located in Dickerson. Composting of all leaves and grass produces a high-quality soil amendment which is sold wholesale as LeafGro in bulk and bagged forms. The budget is net of wholesale receipts.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	5,400,227	1.15
Decrease Cost: Yard Trim Composting	(16,741)	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.	(53,666)	0.00
FY20 Recommended	5,329,820	1.15

☀ Dickerson Master Plan Implementation

This program provides for the implementation of the Dickerson Solid Waste Facilities Master Plan. This plan identifies the environmental, community, and operational effects of solid waste facilities in the Dickerson area (the RRF, the Site 2 Landfill, and the Compost Facility) and outlines policies and actions to mitigate those effects.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	150,787	0.51
Decrease Cost: Minor Operating Expense Decreases in Dickerson Master Plan Program	(6,739)	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.	(59,466)	0.00
FY20 Recommended	84,582	0.51

☀ Gude Landfill

The purpose of this program is to monitor air and water quality around the landfill, maintain stormwater management and erosion control structures, maintain site roads, and manage the landfill gas through collection and flaring systems. In addition, the program encompasses all operational functions necessary to maintain the Gude Landfill, which closed in 1982, in an environmentally sound and cost-effective manner. In addition, remediation is mandated by MDE to minimize potentially adverse environmental impacts, and to design post-closure uses for the site that serve the community. The engineering design of the Gude Landfill Remediation CIP is underway.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	708,733	1.00
Increase Cost: Gude Landfill	76,189	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.	(29,202)	0.00
FY20 Recommended	755,720	1.00

☀ Household & Small Quantity Hazardous Waste Management

This program funds a contractor to receive, sort, pack, ship, and properly dispose of household hazardous waste such as flammable products, insecticides, mercury, and reactive and corrosive chemicals. These products are brought in by residents and processed at State and Federally-approved hazardous waste treatment, storage, and disposal facilities. This program includes outreach to educate residents regarding the potential dangers of certain household products and to reduce generation of hazardous waste; it also helps businesses that qualify as small-quantity generators of hazardous waste by providing them with an economical and environmentally safe disposal option. The materials are handled through the County's hazardous waste contractor and permitted hazardous waste management facilities.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,089,626	0.00
Increase Cost: Household Hazardous Waste Contract Increase	90,320	0.00
FY20 Recommended	1,179,946	0.00

Solid Waste Services

☀ **Multi-Family Recycling**

This program provides for mandatory recycling and waste reduction for multi-family properties. Program efforts include technical support, assistance, education, outreach and training about waste reduction, reuse, recycling and buying recycled products, in addition to the review and monitoring of waste reduction and recycling plans and annual reports. This program also provides for enforcement of the County's recycling regulations and other requirements of the County Code, as they apply to multi-family waste generators.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Multi-family recycling (tonnages)	28,220	29,228	30,384	31,373	32,355

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	977,513	5.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	15,802	0.00
FY20 Recommended	993,315	5.00

☀ **Oaks Landfill**

This 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 maintaining monitoring wells for landfill gas and water quality around the landfill; managing landfill gas through collection, flaring, and gas-to-energy systems; maintaining leachate storage and pretreatment facilities; and performing other required site maintenance. This program also provides for the acceptance and treatment of waste generated by the cleanout of storm water oil/grit separators.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	1,772,535	1.23
Increase Cost: Oaks Landfill Contractual Increases	362,371	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.	7,326	0.00
FY20 Recommended	2,142,232	1.23

☀ **Out Of County Refuse Disposal**

This program provides for the rail shipment of ash residue that is designated for recycling 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 Old Dominion Landfill and other modern landfill facilities. This program also provides for the shipment of nonprocessable waste, such as construction material and, if necessary, bypass waste, from the Transfer Station to either recycling facilities, rubble landfills, or other contracted landfills.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	12,883,686	1.00

FY20 Recommended Changes	Expenditures	FTEs
Increase Cost: Increases in Out Of County Hauling Rates and Tonnage	1,016,465	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.	3,852	0.00
FY20 Recommended	13,904,003	1.00

☀ **Recycling Outreach And Education**

This program provides for broadly educating everyone living, visiting, and working in the County about waste reduction, reuse, recycling, buying recycled products, backyard and on-site composting, and grasscycling, and the need to comply with applicable County laws. Public education is an important effort which supports solid waste program goals and ensures the success of recycling initiatives and progress to achieve the County's recycling goal.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Percent of total municipal solid waste recycled ¹	61.0%	61.8%	62.7%	63.8%	64.4%
Total recycling (tonnage)	616,732	633,060	649,633	668,865	682,777
Single-family recycling (tonnages)	256,552	264,801	270,988	275,693	276,949

¹ This reporting is performed on a calendar year basis. CY18 data is a projection.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	578,100	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	12,770	0.00
FY20 Recommended	590,870	2.00

☀ **Satellite Sites**

This program provides for the operation of a satellite drop-off site at the Poolesville Highway Services Depot. Residents can bring bulky materials to this site. The site, which operates only on Saturday, provides drop-off for bulky waste items as a convenience to County residents and reduces the incidence of roadside dumping. The material that is collected is then transported to the Transfer Station in Derwood.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	244,490	1.70
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	4,177	0.00
FY20 Recommended	248,667	1.70

☀ **Transfer Station**

The purpose of this program is to provide a receiving, processing, and shipping facility for municipal solid waste generated within the County. In addition to regular trash, waste that is handled or recycled includes scrap metal, oil and anti-freeze, textiles, car batteries, and construction material. County staff operates the scale-house and oversees general operations, while contractors provide for the receipt and transfer of waste and operate the public unloading facility and recycling drop-off areas. This program

includes enforcement of the County's ban on delivery of recyclables mixed with trash delivered for disposal and the inspection and licensing of waste collection vehicles; and provides for the regulation and enforcement of certain provisions of Chapter 48 of the County Code, including licensing requirements for refuse and recycling commercial collectors, and haulers of solid waste and recyclables.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Number of customers dropping off household hazardous waste at the Transfer Station	108,540	125,160	127,663	130,216	132,821

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	8,695,754	14.00
Increase Cost: Recycling Activities at Transfer Station IGA-Contract	181,815	0.00
Decrease Cost: Transfer Station Capital Equipment and Operating Expenses	(578,514)	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.	121,586	0.00
FY20 Recommended	8,420,641	14.00

☀ **Yard Trim Reduction**

The purpose of this program is to provide education and training to residents, multi-family properties, and businesses to reduce the amount of yard trim materials (grass, leaves, and brush) generated and also to manage what is generated on-site through grasscycling, backyard, or on-site composting, thus reducing the amount of yard trim materials that must be collected, transported, and managed at the County's Yard Trim Composting Facility near Dickerson or at private compost facilities.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	75,504	0.00
FY20 Recommended	75,504	0.00

☀ **Recycling Center**

This program provides for the separation, processing, and marketing of recyclable materials (mixed paper, cardboard, aluminum, glass, metal, and plastic). The Recycling Center receives recyclable material collected under the County curbside collection program, as well as some materials from municipalities and multi-family properties and non-residential properties which have established recycling programs. The materials are then sorted and shipped to markets for recycling. This program also provides for the management of the County's residential and some non-residential mixed paper recycling. A Paper Processing Facility was added and began operations on May 1, 2017, to improve separation and marketing of commodities into mixed paper and corrugated paper. Mixed paper includes newspaper, corrugated containers, kraft paper bags, magazines, telephone directories, and mail.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	7,235,054	4.50
Enhance: Recycling Center Front-end Comingled Processing Line Equipment Replacement	1,817,000	0.00

FY20 Recommended Changes	Expenditures	FTEs
Increase Cost: Increase in Comingled and Paper Recycling Costs to Address Safety and Meet Terms of Service Agreements	1,067,598	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.	34,667	0.00
FY20 Recommended	10,154,319	4.50

☀ Residential Collection

This program administers Countywide contracts with private collectors for collection of residential refuse and recyclables, and responds to the service needs of residents. Staff processes service requests from MC311 to ensure timely fulfillment by collection contractors. This program also provides for enforcement of the County's recycling regulations as they apply to single-family waste generators, and enforcement of relevant parts of Chapter 48 of the County Code.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Average number of recycling collections missed per week, not picked up within 24 hours	62.5	20.3	15.0	10.0	7.0
Average number of refuse collections missed per week, not picked up within 24 hours	17.4	11.9	11.0	10.0	10.0

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	35,412,972	29.00
Increase Cost: Residential Recycling Collection Contract Increase	271,905	0.00
Increase Cost: Increase in Refuse Collection Contract Costs	160,168	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.	190,414	0.00
FY20 Recommended	36,035,459	29.00

☀ Resource Recovery Facility & Related Waste Transfer

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 by the combustion of municipal solid waste and is sold into the competitive energy market. Ferrous metals are recovered and recycled. Extensive environmental and operational monitoring is conducted to meet contractual obligations and all applicable regulatory standards. This program also includes costs for related operations at the Transfer Station and for transportation of waste from the Transfer Station to the RRF.

Program Performance Measures	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
Percent of total municipal solid waste sent to landfill ¹	17.3%	11.7%	11%	10.1%	10.1%

¹ There was an increase in the amount of waste that was sent to the landfill in FY17 due to tonnage that was bypassed as a result of the fire at the Resource Recovery Facility.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	26,565,489	1.20
Increase Cost: RRF Operating Increase to Meet Service Agreement	1,757,682	0.00
Increase Cost: Increase in RRF Commercial Insurance	125,365	0.00

FY20 Recommended Changes	Expenditures	FTEs
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(27,154)	0.00
FY20 Recommended	28,421,382	1.20

☀ Site 2

This program provides for the management of properties acquired for a potential future landfill. All properties are leased and/or used by private residents. Management activities include the inspection, evaluation, and maintenance of leased agricultural land, single-family dwellings, and agricultural buildings. Activities are coordinated with the Department of General Services as needed.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	159,036	0.40
Decrease Cost: Site 2 Landfill	(853)	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.	1,256	0.00
FY20 Recommended	159,439	0.40

☀ Support for Recycling Volunteers

The mission of this program is to recruit and retain recycling volunteers to augment available staff resources to educate the general public and thereby improve participation in waste reduction, reuse, recycling, and buying recycled programs. This resident-to-resident and peer-to-peer contact is very effective in motivating people living, visiting, and working in the County to actively participate more in recycling.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	144,140	0.00
Increase Cost: Support for Recycling Volunteers	2,543	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.	(2)	0.00
FY20 Recommended	146,681	0.00

☀ Waste System Planning

This program supports the planning and development of solid waste programs in accordance with the mandates of the County's Ten Year Comprehensive Solid Waste Management Plan. This may include evaluating existing source reduction, recycling, composting, collection, and disposal programs and policies with the intent of achieving solid waste program goals.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	384,219	2.60
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	14,632	0.00
FY20 Recommended	398,851	2.60

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
SOLID WASTE DISPOSAL					
EXPENDITURES					
Salaries and Wages	7,503,589	7,758,121	7,269,991	8,048,821	3.8 %
Employee Benefits	2,429,745	2,651,418	2,489,548	2,795,460	5.4 %
Solid Waste Disposal Personnel Costs	9,933,334	10,409,539	9,759,539	10,844,281	4.2 %
Operating Expenses	80,513,668	85,096,778	83,321,778	91,809,283	7.9 %
Capital Outlay	3,478,353	5,206,697	5,206,697	4,979,216	-4.4 %
Solid Waste Disposal Expenditures	93,925,355	100,713,014	98,288,014	107,632,780	6.9 %
PERSONNEL					
Full-Time	75	76	76	76	—
Part-Time	2	2	2	2	—
FTEs	93.68	94.78	94.78	94.78	—
REVENUES					
Investment Income	819,078	699,040	1,614,540	1,719,840	146.0 %
Miscellaneous Revenues	552,541	25,000	427,700	45,000	80.0 %
Other Charges/Fees	264,341	221,800	190,000	190,000	-14.3 %
Other Fines/Forfeitures	61,601	48,345	35,000	35,000	-27.6 %
Other Intergovernmental	0	5,000	0	0	-100.0 %
Other Licenses/Permits	8,570	13,145	10,000	10,000	-23.9 %
Property Rentals	34,717	35,526	38,500	38,500	8.4 %
Sale of Recycled Materials	6,361,005	3,451,832	5,890,012	6,149,327	78.1 %
Solid Waste Disposal Fees/Operating Revenues	26,672,619	27,433,357	29,292,699	29,119,333	6.1 %
Systems Benefit Charge	66,218,344	66,493,614	66,232,245	68,439,293	2.9 %
Solid Waste Disposal Revenues	100,992,816	98,426,659	103,730,696	105,746,293	7.4 %
SOLID WASTE COLLECTION					
EXPENDITURES					
Salaries and Wages	1,146,254	1,157,935	1,148,206	1,193,546	3.1 %
Employee Benefits	316,137	385,641	382,211	405,011	5.0 %
Solid Waste Collection Personnel Costs	1,462,391	1,543,576	1,530,417	1,598,557	3.6 %
Operating Expenses	6,411,560	7,703,772	7,528,772	7,991,436	3.7 %
Solid Waste Collection Expenditures	7,873,951	9,247,348	9,059,189	9,589,993	3.7 %
PERSONNEL					
Full-Time	4	4	4	4	—
Part-Time	0	0	0	0	—
FTEs	11.46	11.46	11.46	11.46	—
REVENUES					
Investment Income	31,207	49,300	61,530	65,540	32.9 %

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
Other Charges/Fees	10,335	0	0	0	—
Systems Benefit Charge	6,429,203	7,102,557	7,086,460	8,818,850	24.2 %
Solid Waste Collection Revenues	6,470,745	7,151,857	7,147,990	8,884,390	24.2 %

DEPARTMENT TOTALS

Total Expenditures	101,799,306	109,960,362	107,347,203	117,222,773	6.6 %
Total Full-Time Positions	79	80	80	80	—
Total Part-Time Positions	2	2	2	2	—
Total FTEs	105.14	106.24	106.24	106.24	—
Total Revenues	107,463,561	105,578,516	110,878,686	114,630,683	8.6 %

FY20 RECOMMENDED CHANGES

SOLID WASTE DISPOSAL	Expenditures	FTEs
	FY19 ORIGINAL APPROPRIATION	100,713,014 94.78
<u>Changes (with service impacts)</u>		
Enhance: Recycling Center Front-end Comingled Processing Line Equipment Replacement [Recycling Center]	1,817,000	0.00
Enhance: Increased Support for Commercial Organic Food Waste Program [Food Waste Organics Recycling]	489,000	0.00
Enhance: Increase Award to A Wider Circle	25,000	0.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: RRF Operating Increase to Meet Service Agreement [Resource Recovery Facility & Related Waste Transfer]	1,757,682	0.00
Increase Cost: Increase in Comingled and Paper Recycling Costs to Address Safety and Meet Terms of Service Agreements [Recycling Center]	1,067,598	0.00
Increase Cost: Increases in Out Of County Hauling Rates and Tonnage [Out Of County Refuse Disposal]	1,016,465	0.00
Increase Cost: Oaks Landfill Contractual Increases [Oaks Landfill]	362,371	0.00
Increase Cost: FY20 Compensation Adjustment	316,907	0.00
Increase Cost: Residential Recycling Collection Contract Increase [Residential Collection]	271,905	0.00
Increase Cost: Recycling Activities at Transfer Station IGA-Contract [Transfer Station]	181,815	0.00
Increase Cost: Increase in RRF Commercial Insurance [Resource Recovery Facility & Related Waste Transfer]	125,365	0.00
Increase Cost: Annualization of FY19 Personnel Costs	119,117	0.00
Increase Cost: Personnel Cost Increases Due to Position Being Filled at Higher Than Budgeted Level [Administration and Support]	98,499	0.00
Increase Cost: Household Hazardous Waste Contract Increase [Household & Small Quantity Hazardous Waste Management]	90,320	0.00
Increase Cost: Gude Landfill [Gude Landfill]	76,189	0.00
Increase Cost: Risk Management Adjustment	37,237	0.00
Increase Cost: Motor Pool Adjustment	34,308	0.00
Increase Cost: Minor Information Technology Increases [Administration and Support]	14,271	0.00

FY20 RECOMMENDED CHANGES

	Expenditures	FTEs
Increase Cost: Charge Back from Finance	13,488	0.00
Increase Cost: Retirement Adjustment	8,873	0.00
Increase Cost: Support for Recycling Volunteers [Support for Recycling Volunteers]	2,543	0.00
Increase Cost: Other Miscellaneous Operating Costs	1,713	0.00
Increase Cost: Minor Operating Increases- Administration [Administration and Support]	1,021	0.00
Decrease Cost: Site 2 Landfill [Site 2]	(853)	0.00
Shift: Annualization of ESRI Enterprise Agreement - Shift to DTS	(3,400)	0.00
Decrease Cost: Minor Operating Expense Decreases in Dickerson Master Plan Program [Dickerson Master Plan Implementation]	(6,739)	0.00
Decrease Cost: Yard Trim Composting [Dickerson Compost Facility]	(16,741)	0.00
Decrease Cost: Elimination of One-time Organic Food Waste Capital Equipment Costs [Food Waste Organics Recycling]	(25,000)	0.00
Decrease Cost: OPEB Adjustment	(87,020)	0.00
Decrease Cost: Turnover Savings	(108,654)	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY19	(182,000)	0.00
Decrease Cost: Transfer Station Capital Equipment and Operating Expenses [Transfer Station]	(578,514)	0.00
FY20 RECOMMENDED	107,632,780	94.78

SOLID WASTE COLLECTION

FY19 ORIGINAL APPROPRIATION 9,247,348 11.46

Other Adjustments (with no service impacts)

Increase Cost: Increase in Refuse Collection Contract Costs [Residential Collection]	160,168	0.00
Increase Cost: Risk Management Adjustment	118,519	0.00
Increase Cost: FY20 Compensation Adjustment	42,789	0.00
Increase Cost: Annualization of FY19 Personnel Costs	14,374	0.00
Increase Cost: Motor Pool Adjustment	6,260	0.00
Increase Cost: Retirement Adjustment	2,542	0.00
Increase Cost: Increase Personnel Cost	1,215	0.00
Increase Cost: SWC Automation	850	0.00
Increase Cost: Increase in Finance Charge back - Property Tax Bills (Collection)	658	0.00
Decrease Cost: OPEB Adjustment	(4,730)	0.00
FY20 RECOMMENDED	9,589,993	11.46

PROGRAM SUMMARY

Program Name	FY19 APPR Expenditures	FY19 APPR FTEs	FY20 REC Expenditures	FY20 REC FTEs
Food Waste Organics Recycling	667,000	1.00	1,002,720	1.00
Administration and Support	3,552,879	20.02	3,807,695	20.02

PROGRAM SUMMARY

Program Name	FY19 APPR Expenditures	FY19 APPR FTEs	FY20 REC Expenditures	FY20 REC FTEs
Commercial Recycling	1,943,761	10.00	2,011,829	10.00
Enforcement	1,318,857	9.93	1,359,098	9.93
Dickerson Compost Facility	5,400,227	1.15	5,329,820	1.15
Dickerson Master Plan Implementation	150,787	0.51	84,582	0.51
Gude Landfill	708,733	1.00	755,720	1.00
Household & Small Quantity Hazardous Waste Management	1,089,626	0.00	1,179,946	0.00
Multi-Family Recycling	977,513	5.00	993,315	5.00
Oaks Landfill	1,772,535	1.23	2,142,232	1.23
Out Of County Refuse Disposal	12,883,686	1.00	13,904,003	1.00
Recycling Outreach And Education	578,100	2.00	590,870	2.00
Satellite Sites	244,490	1.70	248,667	1.70
Transfer Station	8,695,754	14.00	8,420,641	14.00
Yard Trim Reduction	75,504	0.00	75,504	0.00
Recycling Center	7,235,054	4.50	10,154,319	4.50
Residential Collection	35,412,972	29.00	36,035,459	29.00
Resource Recovery Facility & Related Waste Transfer	26,565,489	1.20	28,421,382	1.20
Site 2	159,036	0.40	159,439	0.40
Support for Recycling Volunteers	144,140	0.00	146,681	0.00
Waste System Planning	384,219	2.60	398,851	2.60
Total	109,960,362	106.24	117,222,773	106.24

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY19 Total\$	FY19 FTES	FY20 Total\$	FY20 FTES
SOLID WASTE DISPOSAL					
General Services	General Fund	251,749	0.00	254,618	0.00
Parking District Services	Bethesda Parking	69,558	0.00	68,959	0.00
Parking District Services	Silver Spring Parking	134,768	0.00	129,559	0.00
Parking District Services	Montgomery Hills Parking	0	0.00	0	0.00
Parking District Services	Wheaton Parking	13,042	0.00	12,538	0.00
Liquor Control	Liquor	19,649	0.00	20,069	0.00
Total		488,766	0.00	485,743	0.00

FUTURE FISCAL IMPACTS

CE RECOMMENDED (\$000S)

Title	FY20	FY21	FY22	FY23	FY24	FY25
SOLID WASTE DISPOSAL						

FUTURE FISCAL IMPACTS**CE RECOMMENDED (\$000S)**

Title	FY20	FY21	FY22	FY23	FY24	FY25
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EXPENDITURES

FY20 Recommended	107,633	107,633	107,633	107,633	107,633	107,633
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No inflation or compensation change is included in outyear projections.

Retiree Health Insurance Pre-funding	0	(1)	(4)	(26)	(42)	(54)
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Labor Contracts	0	67	67	67	67	67
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These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.

Subtotal Expenditures	107,633	107,699	107,696	107,674	107,658	107,646
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SOLID WASTE COLLECTION**EXPENDITURES**

FY20 Recommended	9,590	9,590	9,590	9,590	9,590	9,590
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No inflation or compensation change is included in outyear projections.

Retiree Health Insurance Pre-funding	0	0	0	(1)	(2)	(3)
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Labor Contracts	0	10	10	10	10	10
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These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.

Subtotal Expenditures	9,590	9,601	9,601	9,600	9,599	9,598
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SOLID WASTE ENTERPRISE FUND RATES AND FISCAL PROJECTIONS FOR FY20-25

Assumptions:

- In FY20, the County Executive recommends the following solid waste system service charges:
 - Single-Family: \$213.26
 - Multi-Family: \$16.06
 - Non-Residential: \$596.13
(medium category)
- Refuse collection services are maintained at their current levels, with the annual collection charge increasing \$18.00 (23%) from \$77.00/household in FY19 to \$95.00/household in FY20.
- The disposal fee for municipal solid waste received at the Transfer Station (known as the "Tipping Fee") and waste delivered in open-top roll-off boxes is unchanged at \$60 per ton and \$70 per ton, respectively.
- Expenditures for certain programs, such as the Resource Recovery Facility, Transfer Station, and Out-of-County Haul, are Base Systems Costs and are 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 are 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.

FY20-25 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Solid Waste Collection

FISCAL PROJECTIONS	FY19 ESTIMATE	FY20 REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.23%	20.45%	20.45%	20.45%	20.45%	20.45%	20.45%
CPI (Fiscal Year)	2.2%	2.3%	2.5%	2.7%	2.7%	2.7%	2.7%
Investment Income Yield	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Number of Households	92,057	92,830	93,519	94,207	94,895	95,584	96,272
Charge per Household (once-weekly refuse collection)	\$ 77.00	\$ 95.00	\$ 112.00	\$ 130.00	\$ 130.00	\$ 130.00	\$ 130.00
Percentage Rate Increase (Decrease)	0.0%	23.4%	17.9%	16.1%	0.0%	0.0%	0.0%
BEGINNING FUND BALANCE	(140,204)	(2,348,402)	(3,396,516)	(3,102,260)	(1,375,770)	20,871	1,174,574
REVENUES							
Charges For Services	7,086,460	8,818,850	10,474,128	12,246,910	12,336,350	12,425,920	12,515,360
Miscellaneous	61,530	65,540	65,540	65,540	65,540	65,540	65,540
Subtotal Revenues	7,147,990	8,884,390	10,539,668	12,312,450	12,401,890	12,491,460	12,580,900
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(286,394)	(331,905)	(345,635)	(360,282)	(375,844)	(382,272)	(409,428)
Indirect Costs	(281,394)	(326,905)	(340,635)	(360,282)	(375,844)	(382,272)	(404,428)
DCM	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
TOTAL RESOURCES	6,721,392	6,204,083	6,797,518	6,849,908	10,660,276	12,120,059	13,346,046
CIP CURRENT REVENUE APPROP.							
PSP OPER. BUDGET APPROP/ EXP'S	0	0	0	0	0	0	0
Operating Budget	(9,059,189)	(9,589,993)	(9,878,776)	(10,204,815)	(10,600,703)	(10,937,208)	(11,362,207)
Labor Contracts	n/a	n/a	(12,702)	(12,702)	(12,702)	(12,702)	(12,702)
Labor Contracts Other	n/a	n/a	2,245	2,245	2,245	2,245	2,245
Retiree Health Insurance Pre-Funding	n/a	n/a	60	200	1,360	2,180	2,770
Subtotal PSP Oper Budget Approp / Exp's	(9,059,189)	(9,689,993)	(9,889,173)	(10,215,072)	(10,618,800)	(10,945,485)	(11,369,894)
OTHER CLAIMS ON FUND BALANCE							
	(10,605)	(10,605)	(10,605)	(10,605)	(10,605)	0	0
TOTAL USE OF RESOURCES	(9,069,794)	(9,600,608)	(9,899,778)	(10,225,677)	(10,629,405)	(10,945,485)	(11,369,894)
YEAR END FUND BALANCE	(2,348,402)	(3,396,516)	(3,102,260)	(1,375,770)	20,871	1,174,574	1,976,152
YEAR END CASH BALANCE	2,673,081	1,624,968	1,919,223	2,845,713	3,442,354	3,796,057	3,797,635
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	-34.9%	-54.7%	-45.6%	-15.5%	0.2%	9.7%	14.8%

Notes:

1. The refuse collection charge is adjusted annually to fund the approved service program and to maintain an ending net asset balance between 10 percent and 15 percent of resources at the end of the six-year planning period. Year end fund balances in FY21-25 are projections only and will change with the change in the underlying assumptions (i.e. growth in house counts, CPI, investment income yield) in future fiscal years.
2. These projections are based on the Executive's recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. The fund balance is negative from FY19-22 because of a \$4 million liability that results from a FY18 loan from the Disposal fund. This \$4 million loan was executed in FY18 to more gradually phase in the rate increases needed to cover substantial increases in collection contract costs. The cash balance of the fund remains positive across the six-year period. Refuse collection charges will be adjusted annually to achieve cost recovery, pay back the loan, and progress towards the fund balance policy target of 10 percent to 15 percent.

FY20-25 DIVISION OF SOLID WASTE SERVICES

FISCAL PROJECTIONS	ESTIMATED FY19	PROJECTED FY20	PROJECTED FY21	PROJECTED FY22	PROJECTED FY23	PROJECTED FY24	PROJECTED FY25
Single-Family Charges (\$/Household)	205.11	213.28	227.70	245.63	264.08	285.74	310.05
% change in rate from previous year	0.0%	4.0%	6.8%	7.9%	7.9%	7.8%	8.8%
Multi-Family Charges (\$/Dwelling Unit)	18.08	18.00	15.71	15.08	14.32	13.61	12.81
% change in rate from previous year	0.0%	0.0%	-2.2%	-4.1%	-4.9%	-5.0%	-5.8%
Nonresidential Charges (medium "category" charge)	508.13	508.13	572.42	539.51	492.02	462.38	428.22
% change in rate from previous year	0.0%	0.0%	-4.0%	-5.7%	-7.5%	-7.3%	-7.4%

OPERATIONS CALCULATION

REVENUES							
Disposal Fees	34,579,008	34,410,364	35,168,478	36,100,316	36,899,619	37,733,592	38,949,843
Charges for Services/SBC	54,990,401	57,890,730	59,995,000	63,388,657	67,162,352	71,495,199	76,228,448
Miscellaneous	12,537,747	12,525,359	12,606,496	12,750,202	12,889,810	13,032,283	13,177,631
Investment Income	1,614,540	1,719,840	1,719,840	1,719,840	1,719,840	1,719,840	1,719,840
Subtotal Revenues	103,730,696	105,746,293	109,489,804	113,958,915	118,671,621	123,980,914	130,075,760
INTERFUND TRANSFERS	(7,557,587)	(600,946)	609,582	650,979	537,207	416,420	354,851
EXPENDITURES							
Personnel Costs	(9,750,539)	(10,844,281)	(11,338,982)	(11,826,538)	(12,344,540)	(12,891,403)	(13,324,180)
Operating Expenses	(83,321,778)	(81,809,283)	(86,813,139)	(103,680,009)	(111,707,814)	(117,879,034)	(123,766,911)
Capital Outlay	(5,208,697)	(4,979,216)	(7,314,900)	(2,415,566)	(783,613)	(807,452)	(560,452)
Other Expenditure Restrictions	-	-	-	-	-	-	-
Subtotal Expenditures	(98,280,014)	(107,632,780)	(115,267,001)	(117,922,113)	(124,835,967)	(131,377,889)	(137,651,523)
CURRENT RECEIPTS TO CIP	(1,330,853)	(8,400,000)	(12,300,000)	(6,500,000)	-	-	-
OTHER CLAIMS ON FUND BALANCE - OPEB	(84,842)	(84,842)	(84,842)	(84,842)	(84,842)	-	-
POTENTIAL FUTURE EXPENDITURES	-	-	-	-	-	-	-
PAYOUT OF GUDE REMEDIATION	1,330,853	8,400,000	12,300,000	6,500,000	-	-	-
CY GUDE REMEDIATION	-	-	-	-	-	-	-
PAYOUT OF CLOSURE COSTS (Non-CIP)	1,796,854	1,815,811	1,910,981	1,906,652	1,955,020	2,005,649	2,057,646
CY ACCRUED CLOSURE COSTS	(29,329)	(37,937)	(42,699)	(46,820)	(48,369)	(50,628)	(51,897)
NET CHANGE	(522,222)	(794,801)	(3,384,875)	(1,537,229)	(3,805,330)	(5,025,534)	(6,215,263)

CASH POSITION

ENDING CASH & INVESTMENTS							
Unrestricted Cash	84,034,107	52,519,350	33,401,117	20,858,360	18,286,498	13,029,894	6,793,430
Restricted Cash	27,438,338	29,485,258	32,477,690	36,181,876	36,481,512	34,215,474	34,713,490
Subtotal Cash & Investments	111,472,445	82,004,608	65,878,807	57,040,236	54,768,010	47,245,368	41,506,920
RESERVE & LIABILITY REQUIREMENTS							
Management Reserve	(22,044,954)	(23,835,417)	(24,188,565)	(25,828,951)	(26,991,852)	(28,208,859)	(28,677,401)
Debt Service Reserve	-	-	-	-	-	-	-
Future System Contingency Reserve	-	-	-	-	-	-	-
Research & Development Reserve	-	-	-	-	-	-	-
Renewal & Replacement Reserve	(4,303,385)	(4,484,328)	(4,582,983)	(4,688,392)	(4,799,977)	(4,916,615)	(5,036,089)
Stability Reserve	(1,000,000)	(1,385,513)	(3,706,142)	(5,804,533)	(4,689,683)	(1,000,000)	(1,000,000)
Subtotal Reserve Requirements	(27,438,338)	(29,485,258)	(32,477,690)	(36,181,876)	(36,481,512)	(34,215,474)	(34,713,490)
Closure/Postclosure Liability	(13,993,780)	(12,215,908)	(10,347,624)	(8,487,792)	(6,642,066)	(4,747,976)	(2,803,256)
Guide Remediation Liability	(27,200,000)	(18,800,000)	(9,500,000)	-	-	-	-
Current Liabilities Not Including Debt/Closure	(10,000,000)	(7,000,000)	(4,000,000)	(4,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Subtotal Reserve & Liability Requirements	(78,632,118)	(67,501,164)	(53,325,314)	(48,669,668)	(45,123,581)	(40,963,450)	(39,516,746)
CASH & INVESTMENTS OVER/(UNDER)							
RESERVE & LIABILITY REQUIREMENTS	12,840,327	14,503,444	12,553,493	8,370,568	7,644,340	6,281,918	1,990,174
Net Assets							
ENDING NET ASSETS	87,036,802	86,422,359	89,320,332	87,124,373	81,518,332	74,540,007	67,364,549
Less: Reserve Requirements	(27,438,338)	(29,485,258)	(32,477,690)	(36,181,876)	(36,481,512)	(34,215,474)	(34,713,490)
NET ASSETS OVER/(UNDER)							
RESERVE REQUIREMENTS	59,598,464	58,937,101	56,842,642	50,942,497	45,036,820	40,330,533	32,651,059

FY20 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:

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

FY20 SOLID WASTE SERVICE CHARGES TO BE COLLECTED VIA REAL PROPERTY ACCOUNT BILLING

Code Reference	Base Charge (\$/ton) 48-32(a)(1)	x	Billing Rate (tons/H-H) = Charge	48-32(c)(2)	+	Disposal Charge	+	Base Systems Benefit Charge 48-8A(b)(2)(A)	+	Incremental Systems Benefit Charge 48-8A(b)(2)(B)	+	Refuse Collection Charge 48-29	+	Leaf Vacuuming Charge 48-47	=	Total Bill
SUBDISTRICT A (Refuse Collection District)*																
Inside Leaf Vacuuming District	\$ 60.00		0.85867	\$ 51.52	\$	20.97	\$	140.77	\$	95.00	\$	108.16	\$		\$	416.42
Outside Leaf Vacuuming District Incorporated	\$ 60.00		0.85867	\$ 51.52	\$	20.97	\$	140.77	\$	95.00	\$		\$		\$	308.26
					\$	20.97									\$	20.97
SUBDISTRICT B SINGLE-FAMILY**																
Incorporated					\$	20.97									\$	20.97
Inside Leaf Vacuuming District Unincorporated	\$ 60.00		0.85867	\$ 51.52	\$	20.97	\$	140.77					\$	108.16	\$	321.42
Outside Leaf Vacuuming District Unincorporated	\$ 60.00		0.85867	\$ 51.52	\$	20.97	\$	140.77							\$	213.26
MULTI-FAMILY RESIDENTIAL**																
Incorporated					\$	4.39	\$	11.67							\$	16.06
Unincorporated					\$	4.39	\$	11.67							\$	16.06
Outside Leaf Vacuuming District					\$	4.39	\$	11.67					\$	4.26	\$	20.32
Inside Leaf Vacuuming District					\$	4.39	\$	11.67							\$	20.32
NONRESIDENTIAL - \$/2,000 SQ. FT. ***																
Code Reference																
Waste Generation Categories																
Low					\$	68.27	\$	50.96							\$	119.23
Medium Low					\$	204.80	\$	152.87							\$	357.67
Medium					\$	341.34	\$	254.79							\$	596.13
Medium High					\$	-	\$	-							\$	-
High					\$	614.41	\$	458.61							\$	1,073.02
OTHER FY20 SOLID WASTE FEES																
Base Solid Waste Charge under Section 48-32(a)(1): (This is known as the "Tipping Fee")	\$ 60.00	/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):	\$ 60.00	/disposal ton														
								Solid Waste Service Charges (Section 48-32(a)(2):								
								Paper and Corrugated Containers						\$ 50.00	/ton	
								Solid Waste Service Charges (Section 48-32(b)(2):								
								All Yard Trim received at the Transfer Station								
								(weighing > 500 pounds/load)						\$ 45.00	/ton	
Waste delivered in open-top roll-off box	\$ 70.00	/disposal ton						Miscellaneous (48-31(f)):						\$ 50.00	each	
								Compost Bins								

* 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.

FY20-25 PUBLIC SERVICES PROGRAM: FISCAL PLAN

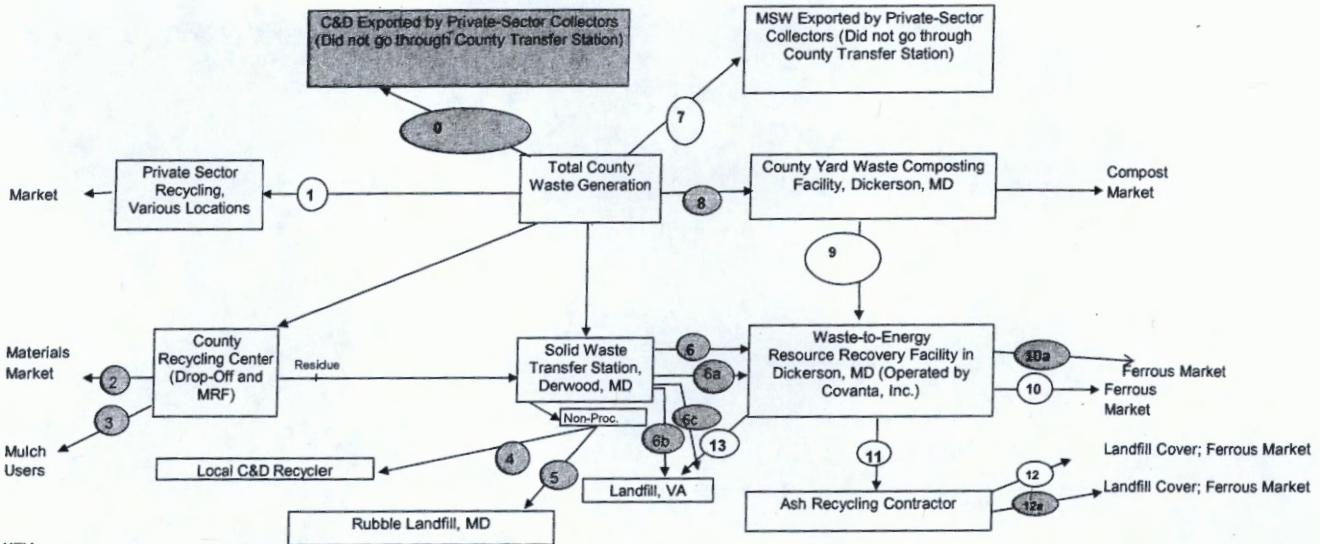
Vacuum Leaf Collection

FISCAL PROJECTIONS	FY19 ESTIMATE	FY20 REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.23%	20.45%	20.45%	20.45%	20.45%	20.45%	20.45%
CPI (Fiscal Year)	2.2%	2.3%	2.5%	2.7%	2.7%	2.7%	2.7%
Investment Income Yield	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
% of leaves attributed to single-family households	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%
% of leave attributed to multi-family units and townhome un	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Charges per single-family household	\$ 102.93	\$ 108.16	\$ 120.31	\$ 124.09	\$ 127.10	\$ 129.64	\$ 132.74
BEGINNING FUND BALANCE	356,062	393,534	214,601	246,779	238,672	270,565	302,458
REVENUES							
Charges For Services	7,595,788	7,988,714	8,886,176	9,165,350	9,387,871	9,575,176	9,804,922
Miscellaneous	20,750	26,850	32,950	39,050	39,050	39,050	39,050
Subtotal Revenues	7,616,538	8,015,564	8,919,126	9,204,400	9,426,921	9,614,226	9,843,972
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(1,376,852)	(1,655,833)	(2,379,182)	(2,515,985)	(2,504,307)	(2,491,781)	(2,515,311)
Indirect Costs	(621,852)	(725,833)	(751,862)	(773,459)	(795,681)	(818,549)	(842,079)
Transfers To Special Fds: Non-Tax + ISF	(755,000)	(930,000)	(1,627,290)	(1,742,526)	(1,708,626)	(1,673,232)	(1,673,232)
To Solid Waste Disposal Fund	(755,000)	(930,000)	(1,627,290)	(1,742,526)	(1,708,626)	(1,673,232)	(1,673,232)
TOTAL RESOURCES	6,595,748	6,753,265	6,754,575	6,935,194	7,161,286	7,393,010	7,631,119
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(6,202,214)	(6,538,664)	(6,472,798)	(6,661,524)	(6,855,723)	(7,055,554)	(7,261,180)
Labor Agreement	n/a	0	(34,998)	(34,998)	(34,998)	(34,998)	(34,998)
Subtotal PSP Oper Budget Approp / Exp's	(6,202,214)	(6,538,664)	(6,507,796)	(6,696,522)	(6,890,721)	(7,090,552)	(7,296,178)
TOTAL USE OF RESOURCES	(6,202,214)	(6,538,664)	(6,507,796)	(6,696,522)	(6,890,721)	(7,090,552)	(7,296,178)
YEAR END FUND BALANCE	393,534	214,601	246,779	238,672	270,565	302,458	334,941
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	6.0%	3.2%	3.7%	3.4%	3.8%	4.1%	4.4%

Assumptions:

1. Leaf Vacuuming rates are adjusted to achieve cost recovery.
2. The Vacuum Leaf Collection fund balance policy target is \$250,000. In future years, rates will be adjusted annually to fund the approved service program and to maintain the appropriate ending balance.

**MATERIAL FLOW DIAGRAM
Calendar Year 2017**



KEY:

1, 7	Audited or otherwise documented. Often based on truck scales of others.
	Data is from State-certified County truck scales Owned by County.
	Data is from State-certified truck scales, privately operated under contract to County.
	This color indicates C&D waste, which is not MSW, not eligible for recycling and is not to be included in recycling rate calculation.*

Total Waste Generation, Including C&D Exported by Private Sector	1,378,396
County-Managed Waste (CMW) = 1 + 2 + 3 + 4 + 5 + 6 + 6a + 6b + 6c + 7 + 8	1,236,740
MSW Generated (above less streams 4, 5, 6a and 6c)	1,103,051

Stream No.	Material Description	Sources of Data	Total (tons/yr)	Comments
0	Construction & Demo Debris Private Export* (Recycled & Landfilled)	Licensed Collector Reports under ER 5-13AM	141,656	Not County-managed, includes both disposed and recycled C & D
1	Recycled via non-County Facilities	Collector, Processor, Business & Self-Hauler Rpts	290,633	Filtered to avoid double-counting
2	County Recycling Facility Material Sales	County TS & MRF Scales, Outbound	78,492	Outgoing to market from County Recycling Center & Penn Waste
3	Mulch Loaded Out From TS	County Transfer Station (TS) Scale Records	29,009	Scaled out as taken to County Mulch Contractor & Preserve Locations
4	Non-Processibles Recycled**	County TS Scale Out Records	41,584	Not included in MRA recycling calculation
5	Non-Processibles Landfilled**	County Trans. Stat'n. & Covanta Scale Records	14,937	Not included in MRA recycling calculation
6	Loaded on Rail to RRF (MSW burned)	Covanta Scales as Loaded	502,199	Total tons loaded on rail to RRF Net of 6a
6a	By-pass (Accepted Processible Landfilled) C&D	County Transfer Station (TS) Scale Records	72,963	In-Bound C&D less Outbound Non-Processibles Landfilled or Recycled
6b	By-pass (Accepted Processible Landfilled) C&D	County TS Scale Out Records	28,942	MSW shipped to landfill
6c	By-pass (Accepted Processible Landfilled) C&D	County Transfer Station (TS) Scale Records	4,205	In-Bound C&D less Outbound Non-Processibles Landfilled or Recycled
7	Refuse Disposed Out of County	Audited 6-Mo. Hauler Reports	118,296	Private Sector MSW Collection not delivered to County TS
8	All Incoming Leaves and Grass	Compost Facility & TS Scale Records	55,480	Includes 0 to Backup Composters
9	Composting Residue to RRF	MES Scale Records	-	Reported by Compost Facility Manager
10	Ferrous recovered at RRF	Covanta Scale Records	7,039	Recovered from ash at County Facility
10a	Ferrous recovered at RRF (C&D Residue)	Internal Calculation	1,023	Not included in MRA recycling calculation
11	Ash Loaded to Ash Recycling Contractor	Republic Monthly Report	178,756	Total ash (includes 12, 12a, and 13)
12	Ash outgoing from Ash Recycler	Republic Monthly Report	156,080	Included in MRA recycling calculation
12a	Ash outgoing from Ash Recycler (C&D Residue)	Internal Calculation	22,676	Not included in MRA recycling calculation
13	All Ash not recycled	Covanta Scale Records	-	

Montgomery County Recycling Rate and Waste Diversion Rate Calculations (MRA Method)		Numerator	Denominator	Rate
Recycling Rate	$(1 + 2 + 3 + 8 - 9 + 10 + 12) / (CMW - 4 - 5 - 6a - 6c)$	616,733	1,103,051	55.91%
Waste Diversion Rate ***	$((1 + 2 + 3 + 8 - 9 + 10 + 12) / (CMW - 4 - 5 - 6a - 6c)) + 5.0\%$	616,733	1,103,051	60.91%

Notes: * Construction and Demolition waste (C&D) is waste identified by place of origin - construction or land clearing sites. C&D is reported on licensed hauler reports, but there may be additional C&D tons not reported and therefore not included in stream 0.
 ** Nonprocessibles are Construction & Demolition-type materials: not eligible for recycling credit, but are County-managed solid waste.
 *** Diversion Rate = Recycle Rate + 5.0% Source Reduction Credit

Nomenclature: "C&D" means "Construction and Demolition" waste, exclusive of MSW, traditionally managed by the private sector, but much now comes to County TS.
 "CMW" means "County Management Waste". It includes all MSW, whether or not exported by private sector collectors, but only C&D delivered to TS.
 "MSW" stands for "Municipal Solid Waste", and represents the waste eligible for recycling under the State recycling law, regulations and guidelines.
 "TS" stands for the County's "Transfer Station", located in Derwood, Maryland, just south of Gaithersburg.
 "MRF" stands for Material Recovery Facility
 "RRF" stands for Resource Recovery Facility

Solid Waste System Disposal Fund, Rate Setting Methodology FY20

Item	Amount	Notes
Total Budgetary Operating Costs for the Year	\$ 108,884,084	a
CIP Expen. (Current Receipts, Non-Closure)	-	b
Contingency Funds	-	c
Closed landfill Expenses (inflation only)	37,937	d
Material Sales Revenue	(8,149,327)	e
Miscellaneous Revenues	(6,376,031)	f
Investment Income	(1,719,840)	g
Sector-Specific Stability Fund Contributions (Draw)	(420,050)	h
Fund Balance Adjusting All Sectors Contribution (Draw)	(2,399,481)	i
Transfer to Disposal Fund From Leaf Vacuuming Fund	(930,000)	j
Fund Contribution for Small Loads (e.g. <500 lbs)	2,210,117	k
Net Revenues Required from Service Charges	\$ 93,137,409	
Incremental Systems Benefit Charges	\$ (40,524,363)	l
BASE SYSTEM COSTS	52,613,046	

BASE SYSTEM BENEFIT CHARGES	Single-Family	m	Multi-Family	m	Non-Residential	m
	35.7%	n	10.5%	n	53.8%	n
Service Sector						
Proportion of Total Waste Generation						
Sector Share of Base Costs	\$ 18,786,084	o	\$ 5,530,391	o	\$ 28,296,570	o
Offsets from Refuse Disposal Fees Tipping Fees	(13,351,241)	p	(4,935,898)	p	(17,659,395)	p
Base Costs to Collect on Property Levy	\$ 5,434,843		\$ 594,494		\$ 10,637,175	
Households (HH) or Commercial Gross Floor Area Units (GFAU)	259,141	q	135,293	q	88,445	r
Base System Benefit Charge on Property Levy (\$/HH, \$/GFAU)	\$ 20.97 /HH		\$ 4.39 /HH		\$ 120.27 /GFAU	

INCREMENTAL SYSTEM BENEFIT CHARGES (ISBC)	Single-Family	s	Multi-Family	t	Non-Residential	u
Recycling	\$ 32,968,432		\$ 1,227,220		\$ 2,476,271	
Satellite Sites	267,423		6,243			
Studies Specifics to the Nonresidential Sector						
Organics - Food Waste	-		-		1,002,720	
Stabilization	(4,062,800)	v	295,850	v	3,346,900	v
Composting	1,833,451	w	49,697	w	1,112,955	w
Total	\$ 31,006,507		\$ 1,579,010		\$ 7,938,846	
Households (HH) or Commercial Gross Floor Area Units (GFAU)	220,270	x	135,293	q	88,445	r
ISCB to be Charged on Property Levy	\$ 140.77 /HH		\$ 11.67 /HH		\$ 89.76 /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	189,143	tons	NA
Single-Family Households in Sub-Districts A & B (Non-Municipal)	220,270	HH	NA
Disposal Tons Per Household	0.8587	ton/HH	NA
County Tipping Fee for Accepting Refuse at its Transfer Station	\$ 60.00	\$/ton	NA
Disposal Fee Levied on Subdistrict A & B Households on Tax Bill	\$ 51.52	/HH	NA

Total System Benefit Charges Levied on Tax Bill	Single-Family	Multi-Family	Non-Residential
Non-Municipal Single-Family Homes	\$ 213.26 /HH		
Municipal Single-Family Homes	\$ 20.97 /HH		
Multi-Family Dwellings		\$ 16.07 /HH	
			\$ 210.03 /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-chargeable 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)
 - p 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) | 235,673 | 86,510 | 315,470 |
| Non-Charged Loads (<500 lbs, PUF, Beauty-Spots, MRF Residue) | (13,152) | (3,872) | (19,811) |
| Off-Setting Tonnage | 222,521 | 82,638 | 295,659 |
| Tipping Fee | \$ 60.00 / ton | \$ 60.00 / ton | \$ 60.00 / ton |
| Sector Off-Sets for Refuse Disposal Fees and Tipping Fees | \$ 13,351,241 | \$ 4,958,303 | \$ 17,739,555 |
| Credit Card Fees | \$ - | \$ (22,405) | \$ (80,161) |
| Net Sector Off-Sets for Refuse Disposal Fees and Tipping Fees | \$ 13,351,241 | \$ 4,935,898 | \$ 17,659,395 |
- 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

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: Solid Waste Service Charges

Background

1. Each fiscal year and in accordance with County Code Section 48-31, the County Council must set, by resolution, 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. Each fiscal year and in accordance with County Code Section 48-8A(b)(1), the County Council must set, by resolution, the rates for the residential and nonresidential systems benefit charges.
3. Under County Code Sections 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, 2019, the County Executive recommended, effective July 1, 2019, solid waste charges including the residential Base Systems Benefit Charge which when multiplied by the generation rates (set by Executive Regulation 15-19) yield household charges for FY20:

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 \$95.00 / 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 (Tip Fee x Tons Disposed per Household) $\$60.00 \times 0.85867 =$
\$51.52 / Household

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

Base Systems Benefit Charge =

Base Cost / Ton x Generation / Household - Offset from Disposal Fees:
 $\$41.0073 / \text{Ton} \times 1.7678 \text{ Ton} / \text{Household (ER 15-19)} - \$51.52 / \text{Household} =$
 $\$20.97 / \text{Household}$

Incremental Systems Benefit Charge =

Charge Rate (\$ / Ton Waste Generated) x Generation / Household:
 $\$79.6300 \times 1.7678 = \$140.77 / \text{Household}$

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

Base Systems Benefit Charge =

Base Cost / Ton x Tons Generated / Dwelling - Tip Fee Offsets
 $\$41.0073 / \text{Ton} \times 0.9968 \text{ Ton} / \text{Dwelling (ER 15-19)} - \$36.48 / \text{Dwelling} =$
 $\$4.39 / \text{Dwelling}$

Incremental Systems Benefit Charge =

Charge Rate (\$/Ton Waste Generated) x Generation / Dwelling:
 $11.7085 \times 0.9968 = 11.67 / \text{Dwelling}$

Total multi-family Systems Benefit Charge on property bill \$ 16.06 / 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	\$ 68.27	\$ 50.96	\$ 119.23
Medium Low	\$ 204.80	\$ 152.87	\$ 357.67
Medium	\$ 341.34	\$ 254.79	\$ 596.13
Medium High	\$ 0.00	\$ 0.00	\$ 0.00
High	\$ 614.41	\$ 458.61	\$1,073.02

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
Materials delivered for disposal in open-top roll-off boxes	\$ 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	\$ 108.16
Multi-family Residential Unit	\$ 4.26

Action

The County Council approves the above solid waste charges, effective July 1, 2019.

This is a correct copy of Council action.

Megan Davey Limarzi, Esq.
Clerk of the Council

FY19 Approved Funding for A Wider Circle		
Department	Amount	Comments
CIP Cost Sharing Project (General Services) (Current Revenue)	\$ 100,000	Cost Sharing community grant provides for renovation of A Wider Circle headquarters. FY19 budget also provided an additional \$100,000 in carryover encumbrance.
Community Development Block Grant (Housing and Community Affairs)	\$ 45,000	Federal Community Development Block Grant supporting personalized support to adults seeking to enter or re-enter the workforce
Environmental Protection (Solid Waste Disposal Fund)	\$ 139,920	Noncompetitive contract through Disposal Fund providing for operating support and pick-up/delivery services of donated furniture and household items to needy families.
Housing and Community Affairs (General Fund)	\$ 225,000	Noncompetitive contract through the Housing Initiative Fund provides support for the Neighborhoods to Call Home program.
Community Grant (General Fund)	\$ 45,000	Community grant managed by DHCA provides for the Workforce Development Program.
Total	\$ 554,920	

FY20 Recommended Funding for A Wider Circle		
Department	Amount	Comments
CIP Cost Sharing Project (General Services) (Current Revenue)	\$ 100,000	Cost Sharing community grant provides for renovation of A Wider Circle headquarters. FY20 budget also provides an additional \$200,000 in carryover encumbrance.
Community Development Block Grant (Housing and Community Affairs)	\$ 34,103	Federal Community Development Block Grant supporting personalized support to adults seeking to enter or re-enter the workforce
Environmental Protection (Solid Waste Disposal Fund)	\$ 164,920	Noncompetitive contract through Disposal Fund providing for operating support and pick-up/delivery services of donated furniture and household items to needy families.
Housing and Community Affairs (General Fund)	\$ 225,000	Noncompetitive contract through the Housing Initiative Fund provides support for the Neighborhoods to Call Home program.
Community Grant (General Fund)	\$ 45,000	Community grant managed by DHCA provides for the Workforce Development Program.
Total	\$ 569,023	