



**Committee:** T&E  
**Committee Review:** Completed  
**Staff:** Keith Levchenko, Senior Legislative Analyst  
**Purpose:** To make preliminary decisions – straw vote expected  
**Keywords:** #Solid Waste and Environmental Protection

AGENDA ITEM #49  
 May 10, 2023  
**Worksession**

**SUBJECT**

Department of Environmental Protection (DEP) Recycling and Resource Management FY24 Operating Budget (Solid Waste Collection Fund and Solid Waste Disposal Fund) and FY24 Solid Waste Charges

**EXPECTED ATTENDEES**

- Willie Wainer, Acting Director, Department of Environmental Protection (DEP)
- Vicky Wan, Acting Deputy Director, DEP
- Rich Harris, Fiscal and Policy Analyst, Office of Management and Budget

**FY24 COUNTY EXECUTIVE RECOMMENDATION**

| Department of Environmental Protection | FY23 Approved                              | FY24 CE Recommended                        | Change from FY23 Approved       |
|--|--|--|---------------------------------|
| <b>Solid Waste Collection Fund</b>     | <b>\$11,264,783</b>                        | <b>\$11,357,425</b>                        | <b>0.8%</b>                     |
| Personnel Costs                        | \$1,687,378<br>12.08 FTEs                  | \$1,783,817<br>12.08 FTEs                  | 5.7%<br>0.0 FTEs                |
| Operating Costs                        | \$9,577,405                                | \$9,573,608                                | 0.0%                            |
| <b>Solid Waste Disposal Fund</b>       | <b>\$131,373,112</b>                       | <b>\$131,308,279</b>                       | <b>0.0%</b>                     |
| Personnel Costs                        | \$11,706,220<br>101.53 FTEs                | \$12,970,652<br>104.52 FTEs                | 10.8%<br>2.99 FTEs              |
| Operating Costs                        | \$115,721,813                              | \$115,652,428                              | -0.1%                           |
| Capital Outlay                         | 3,945,079                                  | 2,685,199                                  | -31.9%                          |
| <b>Total Expenditures (All Funds)</b>  | <b>\$142,637,895</b><br><b>113.61 FTEs</b> | <b>\$142,665,704</b><br><b>116.60 FTEs</b> | <b>0.0%</b><br><b>2.99 FTEs</b> |

**COMMITTEE RECOMMENDATIONS**

- The T&E Committee recommends approval of the DEP Solid Waste Collection Fund and Solid Waste Disposal Fund budgets as transmitted by the County Executive.
- The T&E Committee recommends approval of the FY24 Solid Waste Charges as transmitted by the County Executive.

**This report contains:**

T&E Committee May 4, 2023 Staff Report

Pages 1-©32

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**Worksession**

**MEMORANDUM**

May 2, 2023

TO: Transportation & Environment Committee

FROM: Keith Levchenko, Senior Legislative Analyst

SUBJECT: **FY24 Operating Budget** – Department of Environmental Protection (DEP) - Recycling and Resource Management Division (RRMD) and FY24 Solid Waste Charges<sup>1</sup>

PURPOSE: Make Committee recommendations for Council Consideration

**Budget Highlights**

**Expenditures**

- Total FY24 Proposed Operating Budget for DEP-RRM is \$142.67 million, an increase of \$27,809 (or 0.0 percent) from the Approved FY23 Operating Budget of \$142.64 million
  - FY24 Solid Waste Collection Fund = \$11.36 million (+\$92,642, +0.8 percent)
    - All technical adjustments, including, Collection contract adjustments (+\$180,614)
    - Large increase in the Collection Charge to get Fund Balance positive in FY24 and meet the policy level of 10 to 15 percent by FY25.
  - FY24 Solid Waste Disposal Fund = \$131.3 million (-\$64,833, -0.0 percent)
    - Add new positions for Waste Reduction and Multi-Family Recycling (+\$386,899 and 3 FTEs)
    - All other adjustments are technical, such as:
      - Out of County Haul Costs (+\$1.72 million)
      - Yard Trim Program Costs (+1.16 million)
      - Elimination of one-time items from FY23 (-\$3.45 million)
      - RRF Revenue Offset (-\$1,85 million) (incl. +\$8.2m in electric sales revenue)

**Solid Waste Service Charges**

- Solid Waste Charges by Sector
  - Single-Family: 1.8 percent to 9.2 percent increases (depending on the services provided)
  - Multi-family: 1.2 percent to 1.8 percent increases
  - Non-Residential: 5.6 percent reduction
- Transfer Station Tipping Fee for refuse (>500 lbs.) to increase from \$60 to \$70 per ton
- Transfer Station Tipping Fee for refuse in open top containers to increase from \$76 to \$84 per ton

**Council Staff Recommendations**

- Approve the DEP-RRM budget as recommended by the County Executive
- Approve the FY24 Solid Waste Service Charges as recommended by the County Executive

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

Attachments to this Memorandum

- Solid Waste Services Excerpt from the County Executive’s FY24 Recommended Budget (©1-15)
- Vacuum Leaf Collection Fund Six-Year Fiscal Plan (©16)
- CE Transmittal and Resolution to Approve FY24 Solid Waste Service Charges (©17-21)
- CE Notification Letter of December 3, 2021 - Notification for County Council regarding Closing of Incinerator – Environmental and Waste Disposal Infrastructure (©22-23)
- Solid Waste System Disposal Fund, Rate Setting Methodology FY22 (©24)
- Base Rate Setting Methodology FY22 (©25)
- Incremental Charge Methodology FY22 (©26)
- Solid Waste Advisory Committee (SWAC) April 27, 2023 Letter to the Council (©27-32)

Participants Include:

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

**Summary of FY24 Recommended DEP-RRM Budget**

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

|                     | Actual<br>FY22     | Approved<br>FY23   | Estimated<br>FY23  | Rec<br>FY24        | Change from FY23 |             |
|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|
|                     |                    |                    |                    |                    | \$\$\$           | %           |
| Personnel Costs     | 12,740,662         | 13,393,598         | 12,726,710         | 14,754,469         | 1,360,871        | 10.2%       |
| Operating Expenses* | 129,495,627        | 125,299,218        | 124,499,218        | 125,226,036        | (73,182)         | -0.1%       |
| Capital Outlay      | 1,834,512          | 3,945,079          | 3,945,079          | 2,685,199          | (1,259,880)      | -31.9%      |
| <b>Total</b>        | <b>144,070,801</b> | <b>142,637,895</b> | <b>141,171,007</b> | <b>142,665,704</b> | <b>27,809</b>    | <b>0.0%</b> |
| Full-Time Positions | 83                 | 77                 | 77                 | 80                 | 3                | 3.9%        |
| Part-Time Positions | 2                  | 1                  | 1                  | 1                  | -                | n/a         |
| FTEs                | 112.04             | 113.61             | 113.61             | 116.60             | 2.99             | 2.6%        |

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

**Background**

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

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

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

Council Staff has noted later a number of major issues the Council should discuss after budget. However, the focus of this Staff Report is on the FY24 RRMD budget as recommended by the County Executive and the major changes assumed from the FY23 Approved Budget (by fund) and the recommended FY24 Solid Waste charges.

## TONNAGE AND RECYCLING ASSUMPTIONS

Below are some important assumptions that drive much of the Solid Waste budget. The rate model from which these projections are derived are based on population and employment data and do not assume any major programmatic changes (such as the potential closure of the RRF or the potential expansion of food waste composting and other diversion initiatives).

### Resource Recovery Facility

**Resource Recovery Facility (RRF) Throughput<sup>2</sup> for FY24: 593,200 tons** (slightly above the amount projected for FY23; 590,200). 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). FY22 actual tonnage throughput was 569,337. The increase from FY23 is primarily from a lower exportation rate assumed for waste outside the County and no processible waste assumed to be bypassed to landfills. In the outyears, DEP's modeling shows slight increases in RRF throughput, but the level remains within the policy level through FY29. The tipping fee for refuse loads greater than 500 pounds (discussed later) is recommended to increase in FY24 (from \$60 to \$70 per ton) to avoid additional waste imports from out of the county.

### Recycling Rate

Recycling data is submitted to the State on a calendar year basis. Calendar Year 2022 data is not ready yet.

The overall recycling rates reported to the State of Maryland for the past several calendar years have been:

- CY18: 56.91 percent
- CY19: 58.17 percent
- CY20: 58.94 percent
- CY21: 52.09 percent (includes 8 months of credit for reuse of incinerator ash)

Up until 2021, the State gave the County recycling credit for the reuse of ash generated at the RRF. The ash credit added approximately 13 percent to the County's recycling rate. The State changed its methodology effective during 2021, and for that year, ash generated and reused during the first 8 months of 2021 only was counted in the recycling rate. Starting with 2022, no credit is assumed for ash reuse.

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

The County’s yard trim composting efforts make the County eligible each year for a “diversion” credit from the State totaling 5.0 percent. Therefore, the County’s “diversion rate” for each of the above-noted years is 5.0 percent higher than the recycling rates shown.

Compost Facility

**Compost Facility Tonnage Projection for FY24: 55,368 tons** (an increase of 274 tons or 0.5 percent from the latest FY23 projection of 55,094 tons). These projections assume a steady state situation with no major weather or program variations. 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.

**Solid Waste Advisory Committee Budget Letter**

The budget letter from the Solid Waste Advisory Committee (SWAC) is attached on ©27-32. DEP staff will be available at the May 4 Committee worksession to comment on SWAC’s recommendations; especially regarding the additional staffing and zero waste information campaign suggested.

Council Staff suggests that several recommendations of the [Zero Waste Task Force](#) which SWAC also supported be discussed by the T&E Committee after the budget, including the potential consolidation of Subdistrict B into Subdistrict A, food waste diversion/capacity issues, and pay/save-as-you-throw.

**SOLID WASTE COLLECTION FUND EXPENDITURES**

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

|                     | Actual<br>FY22    | Approved<br>FY23  | Estimated<br>FY23 | Rec<br>FY24       | Change from FY23<br>\$\$\$ | %           |
|---------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|-------------|
| Personnel Costs     | 1,577,970         | 1,687,378         | 1,590,130         | 1,783,817         | 96,439                     | 5.7%        |
| Operating Expenses  | 8,719,422         | 9,577,405         | 9,507,405         | 9,573,608         | (3,797)                    | 0.0%        |
| Capital Outlay      |                   |                   |                   | -                 |                            |             |
| <b>Total</b>        | <b>10,297,392</b> | <b>11,264,783</b> | <b>11,097,535</b> | <b>11,357,425</b> | <b>92,642</b>              | <b>0.8%</b> |
| Full-Time Positions | 4                 | 4                 | 4                 | 4                 | -                          | 0.0%        |
| Part-Time Positions | -                 | -                 | -                 | -                 | -                          | n/a         |
| FTEs                | 11.78             | 12.08             | 12.08             | 12.08             | -                          | 0.0%        |

Solid Waste Collection Fund expenditures are recommended to increase slightly (\$92,642 or 0.8 percent) with no changes assumed in positions or FTEs. The bulk of costs in this fund (\$9.02 million in FY24) are for residential refuse collection within Subdistrict A<sup>3</sup> and personnel costs. The major changes assumed from FY23 are shown the Executive’s Recommended Operating Budget for RRM (see ©8-9).

Refuse collection contract costs are up 2.0 percent (+\$181,000) from FY23. DEP has noted that this increase “is due to an increase in costs in Areas 1-5 due to increases in unit prices and house counts

<sup>3</sup> The collection district is divided into two collection subdistricts for residential trash collection. In Subdistrict A, once per week trash collection for single-family residences and multi-family residences with six or fewer units is managed by the County, which contracts with haulers. In Subdistrict B, haulers contract directly with residents.

*and the addition of refuse collection for area 9. The increased costs were partially offset by a reduction in unit prices for areas 6 & 8, actual unit prices for these areas were lower than projected.”*

The other increases from FY23 are technical in nature and include:

- FY24 compensation adjustments (+\$62,114)
- Annualization of FY23 compensation increases (+\$56,324)
- Annualization of FY23 personnel costs (+\$659)
- Printing and Mail (+\$75)

There are also several technical reductions from FY23 assumed including:

- Retirement adjustment (\$1,566)
- Turnover of positions (-\$21,092)
- Decrease in administrative costs (\$8,456)
- Finance Chargeback (-\$40,680)
- Risk Management adjustment (-\$58,907)

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

This year’s Recommended Fiscal Plan (see ©12) assumes a significantly higher refuse collection charge in FY24 (\$160) than was projected for FY24 last year (\$137). As a result of the higher FY24 charge, no increases are recommended in FY25 or FY26 and modest increases are shown in FY27 and FY28.

The higher refuse collection charge for FY24 is in response to a performance audit of solid waste activities done by the Office of the Inspector General ([report available here](#)). This report noted that the Collection Fund was operating at a deficit and not in compliance with the fund’s fiscal policies and that the refuse collection charge should be increased sufficiently to eliminate the deficit and that future year-end net assets should be at sufficient levels to address the lost service of its largest contractor for six months.

This increased revenue provides for the Collection Fund to experience positive year-end net assets at the end of FY24 and exceed its policy level (10 to 15 percent of resources) by the end of FY25.

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

## SOLID WASTE DISPOSAL FUND EXPENDITURES

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

|                     | Actual<br>FY22     | Approved<br>FY23   | Estimated<br>FY23  | Rec<br>FY24        | Change from FY23<br>\$\$\$ | %           |
|---------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|-------------|
| Personnel Costs     | 11,162,692         | 11,706,220         | 11,136,580         | 12,970,652         | 1,264,432                  | 10.8%       |
| Operating Expenses* | 120,776,205        | 115,721,813        | 114,991,813        | 115,652,428        | (69,385)                   | -0.1%       |
| Capital Outlay      | 1,834,512          | 3,945,079          | 3,945,079          | 2,685,199          | (1,259,880)                | -31.9%      |
| <b>Total</b>        | <b>133,773,409</b> | <b>131,373,112</b> | <b>130,073,472</b> | <b>131,308,279</b> | <b>(64,833)</b>            | <b>0.0%</b> |
| Full-Time Positions | 79                 | 73                 | 73                 | 76                 | 3                          | 4.1%        |
| Part-Time Positions | 2                  | 1                  | 1                  | 1                  | -                          | 0.0%        |
| FTEs                | 100.26             | 101.53             | 101.53             | 104.52             | 2.99                       | 2.9%        |

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

Solid Waste Disposal Fund expenditures are recommended to remain essentially at FY23 levels (a slight increase of \$64,833) with an increase of 3 full-time positions. However, there are large increases and decreases in these various adjustments (as presented on ©7-8). The only major new initiative involves three new positions for waste reduction and multi-family recycling described below. Other major elements of the Disposal Fund are also described below.

### New positions for Waste Reduction Efforts and New Position for Multi-Family Recycling (+\$386,899, 3 FTEs)

DEP Staff provided the following details regarding these new positions:

*Two new positions (functionally a Zero Waste Planning Manager and a Zero Waste Coordinator) support a new program area called Zero Waste Planning of New Initiatives, within the Waste Reduction and Recycling Section. These two positions are technical staff members who will assist in the strategic design, planning, development, implementation, and management of new/additional Zero Waste activities, initiatives, and programs. The addition of these positions will further increase efforts to reduce waste, encourage reuse, and recycle more, aiming for Zero Waste.*

*The one new position for Multi-Family Recycling is a new second Multi-Family Recycling Investigator, performing code enforcement inspections of more than 730 multi-family properties along with the existing Multi-Family Investigator. This Investigator will address any compliance issues, resolve complaints, and discuss/meet with residents of multi-family properties, property owners, property managers, employees and representatives of these types of multi-family properties, collectors and haulers of recyclable materials and/or trash that service multi-family properties and transport materials, as well as processors and acceptance facilities of these materials to ensure compliance with County codes, laws, and regulations on solid waste and recycling. This new position also serves as a backup for Investigators focused on the commercial sector.*

**Council Staff is supportive of these new positions.**



Resource Recovery Facility (RRF) Cost Changes (\$-\$1,85 million)

The RRF has historically been the largest cost element within the Disposal Fund.<sup>4</sup> A breakdown of the costs (both Approve FY23 and Recommended FY24 is presented in Table #4 below.

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

|  | FY23              | FY24              | Change             |              |
|--|-------------------|-------------------|--------------------|--------------|
|  | Approved          | Rec               | \$                 | %            |
| NEA Direct Costs and Fees              | 772,633           | 949,773           | 177,140            | 22.9%        |
| Operating Charge (Covanta)             | 31,785,044        | 35,168,489        | 3,383,445          | 10.6%        |
| Non-Processible Waste                  | 637,344           | 1,210,737         | 573,393            | 90.0%        |
| Waste Processed >558,450 tons          | 1,679,165         | 1,295,136         | (384,029)          | -22.9%       |
| Rail Engine Service Fee and Refunds    | 4,775,143         | 4,989,548         | 214,405            | 4.5%         |
| Air: Emission Reagents                 | 3,191,523         | 4,026,967         | 835,444            | 26.2%        |
| Air: Emission Reagents, Testing, Fees  | 152,447           | 162,882           | 10,435             | 6.8%         |
| Ash Handling                           | (975,146)         | (994,361)         | (19,215)           | 2.0%         |
| Insurance, Utilities, Sales & Prop Tax | 1,050,656         | 1,150,286         | 99,630             | 9.5%         |
| Miscellaneous O&M                      | 1,566,418         | 1,774,495         | 208,077            | 13.3%        |
| Electric Sales Revenue                 | (14,402,679)      | (22,620,169)      | (8,217,490)        | 57.1%        |
| Covanta Electric Revenue Share         | 897,701           | 1,328,558         | 430,857            | 48.0%        |
| Recycled Ferrous Revenue               | -                 | (593,200)         | (593,200)          | #DIV/0!      |
| Capital Equipment Costs                | 1,215,000         | 1,414,355         | 199,355            | 16.4%        |
| <b>Operating Contract Total</b>        | <b>32,345,249</b> | <b>29,263,496</b> | <b>(3,081,753)</b> | <b>-9.5%</b> |
| Charges from Risk Management           | 1,991,392         | 3,226,555         | 1,235,163          | 62.0%        |
| Other various smaller OE items         | 82,737            | 89,903            | 7,166              | 8.7%         |
| <b>Totals</b>                          | <b>34,419,378</b> | <b>32,579,954</b> | <b>(1,839,424)</b> | <b>-5.3%</b> |

Overall, net costs are down about \$1.84 million (-5.3 percent). However, this reduction is entirely caused by higher projected electric sales revenue +\$8.2 million for FY24. Not counting this adjustment, overall costs are up a total of \$6.4 million. DEP staff have noted that,

*Major increases resulted from large increases in contract defined inflation adjusters. Higher replacement cost values, inflation, market, and industry conditions led to a large insurance premium increase. Electricity revenues increased dramatically, owing to a combination of global political events, local regulatory environment, and consumer demand for electricity. The cost increases are more than offset by the increases in electricity revenues.*

In December 2021, the County Executive transmitted a letter to the Council (see ©22-23) noting his intent to develop a plan to close the RRF within the next 12 to 18 months (by July 1, 2023). A “Request for Information (RFI) was issued to solicit proposals. More recently another solicitation process was initiated, a [“Request for Expressions of Interest” \(REOI\)](#). Responses to this are due on May 8. The stated goal as noted in the REOI announcement is to implement a new approach for the disposal of the County’s solid waste by April 1, 2026.

From a process standpoint, closing the RRF would require Council adoption of an amendment to the Comprehensive Solid Waste Management Plan (with approval by the Maryland Department of the Environment (MDE)). In October 2021, the Council approved the Comprehensive Solid Waste

<sup>4</sup> However, the recycling collection contracts surpassed this program’s cost in FY23.

Management Plan 2020-2029 (later approved by MDE) which includes the following text regarding the potential closure of the RRF:

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

A revisiting of the continued use of the RRF is timely since the RRF will require significant capital investments for maintenance and potential upgrades to extend its life another 20+ years. A comprehensive analysis, as called for in the Plan text noted above, will enable the Council to weigh the key issues involved in deciding upon a long-term disposal strategy for the County’s solid waste.

#### Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts (+\$4,997)

The County Executive is recommending three percent increases for non-profit contracts in County department budgets and the Council will likely make a global decision as to what non-profit contract increase to assume throughout the FY24 budget.

The FY24 Recommended Budget for the Disposal Fund includes one non-profit, “A Wider Circle,” with \$179,812 recommended for FY24 (after the 3 percent increase).

In FY13, the Solid Waste Fund began to provide funds to this organization through a non-competitive contract managed by the Department of Housing and Community Affairs (DHCA). These funds, which started at \$25,000 annually, were intended to offset a portion of the organization’s costs for the pick-up of household goods (such as furniture)

The nexus for A Wider Circle’s funding within the Solid Waste Disposal Fund is that it provides an alternative for households and businesses to disposal of these items in the solid waste system. However, this is not a primary purpose of A Wider Circle, and it is unclear what this overall benefit to the solid waste system is or how to value that benefit. Also, there are many other organizations serving Montgomery County that also accept and pick up used household goods upon request (some of whom may also receive community grant dollars). None of these other efforts are supported by the Solid Waste Fund.

During FY24, the Office of Grants Management will be reviewing legacy Community Grant contracts to non-profit organizations in County departments. A Wider Circle’s mission would seem more in line with the Departments of Housing and Community Affairs or Health and Human Services and Council Staff suggests that future grant funding for A Wider Circle be considered for potential consolidation in one or both of those departments.

#### Residential Recycling Collection Contracts

The total amount budgeted for residential recycling contracts for FY23 is \$35.7 million. The recommended FY24 amount is \$36.13 million (+427,521 or 1.2 percent). Substantial increases in these

contract costs have been experienced in recent years as contracts have come up for rebid after a long contract period. Several contracts are up for rebid in FY24 but would not take effect until late FY24.

DEP has 13 contracts for curbside recycling throughout the County, with eight of these contracts also including refuse collection within Subdistrict A. Currently, three haulers provide recycling collection services. The same three haulers also provide refuse collection services funded out of the Solid Waste Collection Fund

The new contract terms are 5 years (with two additional one-year extensions). The shorter contract period means up-front costs (such as truck purchases) are spread over fewer years, increasing the annual costs of the contracts. DEP has also noted that there are a limited number of qualified companies that offer hauling services that can meet the capacity and contractual requirements for Montgomery County.

### Save-as-you-Throw Pilot

The FY23 Approved Budget includes funding for a “Save as you Throw” pilot program. Also known as “pay as you throw,” these programs have proven to be effective in reducing per-capita waste generation and increasing recycling and organics recovery. In May 2020, the County’s Aiming for Zero Waste Task Force had recommended implementation of a pay-as-you-throw system.

DEP hired a consultant to study how to implement a “Save as you Throw” program in Montgomery County in the context of the County’s solid waste fee structure and its two collection subdistricts. A final report is expected within the next week. DEP expects to develop a pilot project based on the results of the study. The pilot project would inform DEP on the best approaches to broadly implementing such a program.

A key issue going forward is whether such a program can be successfully implemented in both Subdistrict A (where the County contracts for trash collection on behalf of County residents and residents pay a collection fee to the County through their property tax bills) and in Subdistrict B, where residents are responsible for contracting directly (or through an HOA) with haulers. Making a save-as-you-through program countywide would require different approaches in the two subdistricts. *NOTE: The Aiming for Zero Waste Task Force recommended consolidating Subdistrict B with Subdistrict A in order to have a uniform waste and recycling system in the county that optimizes recovery potential. Council Staff suggests the T&E Committee take up this subdistrict consolidation issue (and the associated [OLO Report 2019-17](#)) after budget.*

## **SOLID WASTE SERVICE CHARGES**

### **Summary of Recommended FY24 Solid Waste Service Charges**

- System Benefit Charges:
  - Single-Family: 1.8 percent to 9.2 percent increases (depending on the services provided).
  - Multi-family: 1.2 to 1.8 percent increases
  - Non-Residential: 5.6 percent decrease
- Transfer Station Tipping Fees for refuse loads greater than 500 pounds are recommended to increase from \$60 to \$70 per ton. Tipping fees for refuse in open top containers is also recommended to increase (from \$76 to \$84 per ton).

The County’s solid waste programs are primarily funded by various solid waste charges that support the dedicated Enterprise funds (see ©14 for descriptions of the different charges). Solid waste

charges are established through an annual Council resolution (attached on ©17-21). The Council acts on the solid waste charges in mid-May.

The FY23 Approved and FY24 County Executive Recommended charges are presented on the following table. The circled items present the total charges that appear on residential property tax bills, depending on the services provided to a property.

### Solid Waste Service Charges (FY23 and FY24)

| Charge   | Approved<br>FY23 | CE Rec<br>FY24 | % Change<br>From FY23 |
|--|------------------|----------------|-----------------------|
| <b>SINGLE FAMILY</b>   |                  |                |                       |
| Base Systems Benefit Charge  | \$40.15          | \$22.57        | -43.8%                |
| Incremental Systems Benefit Charge   | \$198.89         | \$210.80       | 6.0%                  |
| Disposal Fee   | \$49.16          | \$59.89        | 21.8%                 |
| Leaf Vacuuming Charge  | \$118.67         | \$123.67       | 4.2%                  |
| Refuse Collection Charge   | \$127.00         | \$160.00       | 26.0%                 |
| <b>Total Charges, Households Receiving:</b>                                  |                  |                |                       |
| Recycling Collection Only  | \$288.20         | \$293.26       | 1.8%                  |
| Recycling and Leaf Collection  | \$406.87         | \$416.93       | 2.5%                  |
| Recycling and Refuse Collection  | \$415.20         | \$453.26       | 9.2%                  |
| Recycling, Leaf and Refuse Collection  | \$533.87         | \$576.93       | 8.1%                  |
| <b>MULTI-FAMILY</b>  |                  |                |                       |
| Base Systems Benefit Charge  | \$6.23           | \$0.34         | -94.5%                |
| Incremental Systems Benefit Charge   | \$11.60          | \$17.70        | 52.6%                 |
| Leaf Vacuuming Charge  | \$4.43           | \$4.61         | 4.1%                  |
| <b>Total Charges</b>   |                  |                |                       |
| Units inside Leaf Vacuuming District   | \$22.26          | \$22.65        | 1.8%                  |
| Units outside Leaf Vacuuming District  | \$17.83          | \$18.04        | 1.2%                  |
| <b>NONRESIDENTIAL</b>  |                  |                |                       |
| <b>(by waste generation category per 2,000 sq. feet of gross floor area)</b> |                  |                |                       |
| Low  | \$132.94         | \$125.54       | -5.6%                 |
| Medium Low   | \$398.83         | \$376.61       | -5.6%                 |
| Medium   | \$664.71         | \$627.68       | -5.6%                 |
| Medium High  | \$0.00           | \$0.00         | n/a                   |
| High   | \$1,196.48       | \$1,129.82     | -5.6%                 |
| <b>TIPPING FEES</b>  |                  |                |                       |
| Refuse (weighing >500 lbs per load)  | \$60.00          | \$70.00        | 16.7%                 |
| Refuse (weighing 500 lbs per load or less)                                   | \$0.00           | \$0.00         | 0.0%                  |
| Refuse in Open Top Containers  | \$76.00          | \$84.00        | 10.5%                 |
| Concrete/Dirt Rubble material delivered for disposal                         | \$70.00          | \$70.00        | 0.0%                  |
| All Yard Trim (weighing >500 lbs per load)                                   | \$46.00          | \$46.00        | 0.0%                  |
| All Yard Trim (weighing 500 lbs per load or less)                            | \$0.00           | \$0.00         | 0.0%                  |
| Other Recyclables  | \$0.00           | \$0.00         | 0.0%                  |

The Solid Waste Disposal Fee and charges are developed through a complex rate model (see summary documents on ©24). DSWS calculates the necessary rates for each sector to cover both base and incremental costs. Rate smoothing/stabilization (both up and down) with excess cash reserves is also

done across a six-year projection period both at the global level and within each sector while maintaining positive cash balances over reserve and liability requirements in the Disposal Fund.<sup>5</sup>

## 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 FY24, base system costs are estimated at \$56.02 million (see ©25), which is a decrease of \$2.2 million (-3.8 percent) from the FY23 amount of \$58.5 million. This reduction is primarily from higher investment income and some other technical adjustments. These charges are further reduced because of the recommended increase in the Tipping Fee. A rate stabilization adjustment across all sectors is included (+\$3.7 million) to avoid the Base charge dropping even further (and risking larger rate increase requirements in future years). The Base Systems Benefit Charge appears 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 FY24, incremental system benefit costs are estimated at \$56.3 million (see ©26) which is an increase of \$6.4 million (+11.4 percent). Most of the increase is from changes from FY23 to FY24 in the rate stabilization adjustments done in each sector. Other increases, such as in the Compost Facility (equipment purchases) and Recycling Center are also contributing to the increase in the charge.

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

Depending on the services provided, for FY24, single-family properties would see increases ranging from 1.8 to 9.2 percent and multi-family properties would see increases ranging from 1.2 to 1.8 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 FY24 charges are recommended to decrease by 5.6 percent because of reduced Base System costs (due in part to large increases in investment income revenue and recommended increases in tipping fees. *NOTE: Currently no businesses’ land use codes are in the medium high generation category at this time. Therefore, the FY23 and FY24 fee schedule does not reflect any charges for the medium high generator category.*

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<sup>5</sup> DEP works to smooth overall impacts within the different rate categories (single-family, multi-family, and non-residential) across the six-year fiscal plan period. This stabilization effort is accomplished both globally (by using excess fund balance to reduce Base System costs and rate increases across all sectors) and stabilization by sector (with each sector borrowing and paying back excess cash reserves over a six-year period resulting in lower rate fluctuations by sector (up and down).

### 3. Refuse Disposal Tipping Fees

The tipping fee is the per ton fee charged to businesses, institutions, and residents at the County's Transfer Station. The Executive is recommending increasing the tipping fee for refuse loads greater than 500 pounds from \$60 to \$70 per ton. Tipping fees for refuse in open top containers is also recommended to increase (from \$46 to \$54 per ton). DEP has noted that,

*The Shady Grove Transfer Station's tipping fees are falling far behind the rates for alternative facilities in our geographical area. This creates an incentive for loads generated outside of Montgomery County to end up at our Transfer Station and negatively impact our zero waste goals. In the case of Construction and Demolition (C&D) brought in open top containers, these are materials that for the most part cannot be processed at the Resource Recovery Facility and are being transported to a C&D landfill. By increasing the tipping fee rate somewhat higher than a C&D recycling facility in Germantown, we may be able to divert a good portion of the incoming material to that location.*

### 4. Recycling Tipping 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

Refuse collection charges (for Subdistrict A, where the County contracts directly with haulers to provide once-per-week refuse collection) support the Solid Waste Collection Fund and are set with a policy goal of keeping retained earnings at a level of 10 to 15 percent of resources across the six-year fiscal period. However, as noted earlier, the Collection Fund has been strained in recent years by collection contract cost increases and had to borrow from the Disposal Fund and has been running deficits since FY18 despite significant increases in the collection charge in recent years. An Office of Inspector General performance audit recommended increasing the collection charge further to bring the fund balance back to its policy level range of 10 to 15 percent of resources. **For FY24, the Executive recommends an increase in the charge from \$127 to \$160 to bring the fund balance to a positive level by the end of FY24 and to meet its fiscal policy level by FY25. This impact on residential properties in Subdistrict A which are subject to this large increase is partially offset by reductions in the Based Systems Benefit Charge discussed earlier.**

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

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

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

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

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

For FY24, increases in the single-family charge (from \$118.67 to \$123.67 or 4.2 percent) and in the multi-family charge (from \$4.43 to \$4.61 or 4.0 percent) are assumed.

Council Staff Recommendation

**Council Staff supports the FY24 Solid Waste charges as recommended by the Executive.** *A resolution approving the FY24 Solid Waste charges will be acted on by the Council in mid-May.*

**NOTE:** *In tandem with the Solid Waste charges resolution, the Executive transmits an Executive Regulation (ER) each year, setting residential waste estimates. This year’s regulation, ER 8-23) for FY24 was advertised in the April register and will be acted upon by the Council in Mid-May.*

Issues for Discussion After Budget

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

**SUMMARY OF COUNCIL STAFF RECOMMENDATIONS**

- **Approve the FY24 Solid Waste Collection Fund and Solid Waste Disposal Fund budgets as recommended by the County Executive**
- **Approve the FY24 Solid Waste Charges as recommended by the County Executive.**





# Recycling and Resource Management

**RECOMMENDED FY24 BUDGET**

\$142,665,704

**FULL TIME EQUIVALENTS**

116.60

ADRIANA HOCHBERG, ACTING DIRECTOR

## MISSION STATEMENT

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

## BUDGET OVERVIEW

The total recommended FY24 Operating Budget for the Recycling and Resource Management is \$142,665,704, an increase of \$27,809 or 0.02 percent from the FY23 Approved Budget of \$142,637,895. Personnel Costs comprise 10.34 percent of the budget for 80 full-time position(s) and one part-time position(s), and a total of 116.60 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 89.66 percent of the FY24 budget.

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

## COUNTY PRIORITY OUTCOMES

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

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

## INITIATIVES

- Add new positions to accelerate the County's waste reduction efforts, including new reuse initiatives, adding to the kinds of materials that can be recycled, and increasing recycling at multi-family properties.
- Expand the residential curbside food scraps collection pilot project with additional homes in the Potomac and Montgomery Village areas, and expand the residential backyard and commercial food scraps recycling programs by adding more partners. Continue to increase edible food donations and channel edible food to residents with needs via a food recovery organization.

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- ★ Finalize the Save as You Throw program feasibility study for a Unit-based pricing for County-Provided Residential Solid Waste Collection Services, and analyze a unit-based pricing structure for a Save-as-You-Throw pilot program (charge customers based on the amount of waste they generate) for single-family homes in subdistricts A and B).
  - ★ Develop and issue a Request for Proposal (RFP) for the Development of a Plan for Organics Management, including siting, technology, and capacity planning.

## INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Develop RFP for solid waste collection contracts for areas 6 and 8 to incorporate e-waste (electronics) in the new curbside collection contract, incorporate the replacement of the small blue bins with 32-gallon wheeled carts, and study the possibility of using smaller non-CDL vehicles to collect commingled materials.
- ★ Continue the Recycle Right program to reduce contamination in the recycling bins and show a reduction of rejected bins between the start of enforcement in an area until its completion.

## PROGRAM CONTACTS

Contact Vicky Wan of the Recycling and Resource Management at 240.777.7722 or Richard H. Harris of the Office of Management and Budget at 240.777.2795 for more information regarding this department's operating budget.

## PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY23 estimates reflect funding based on the FY23 Approved Budget. The FY24 and FY25 figures are performance targets based on the FY24 Recommended Budget and funding for comparable service levels in FY25.

## PROGRAM DESCRIPTIONS

### ★ Administration and Support

Administration and Support program provides support to the Department of Environmental Protection's operations, programs, mission and policy directives. This program is responsible for operating and capital budget development and overall financial management. DEP's programs and operations are funded through the General Fund, the Water Quality Protection Fund and the Solid Waste Enterprise Funds.

The work of the program includes the following focus areas:

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

- Collaborate with organization stakeholders using metrics that assess the strategic health of the business, the alignment of programs with the business strategy, and the balance of the program relative to business needs.
- Use quantitative and financial models and forecasting tools to analyze the fiscal impact of proposed strategic changes.
- Assist with execution of procurement actions on a timely basis and at the best possible value.
- Facilitate funding for the maintenance of computer/automation equipment, and related technologies in a cost-effective and efficient manner.
- The DEP Communications team is responsible for increasing media hits, growing our social media audience, improving the DEP web experience, and reaching new and diverse audiences through public engagement.

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

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

| FY24 Recommended Changes  | Expenditures     | FTEs         |
|---|------------------|--------------|
| <b>FY23 Approved</b>  | <b>9,668,524</b> | <b>40.81</b> |
| Increase Cost: Automation Efforts   | 118,945          | 0.00         |
| Increase Cost: Adjustment of Position Salaries  | 37,529           | 0.00         |
| Decrease Cost: Reallocation of Position Based on Actual Work Activities   | (1,059)          | (0.01)       |
| Decrease Cost: Turnover of Positions  | (6,725)          | 0.00         |
| Decrease Cost: Decrease in Administrative Costs   | (8,456)          | 0.00         |
| Decrease Cost: Finance Chargeback (Collection Fund)   | (40,680)         | 0.00         |
| Decrease Cost: Finance Chargeback (Disposal Fund)   | (67,420)         | 0.00         |
| Decrease Cost: Revenue Analysis and System Evaluation   | (416,910)        | 0.00         |
| Decrease Cost: Debt Service Payment Delay   | (1,629,474)      | 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. | 759,465          | 0.00         |
| <b>FY24 Recommended</b>   | <b>8,413,739</b> | <b>40.80</b> |

## Disposal

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

In addition, the program provides for the rail shipment of ash residue from the RRF to Fulton Rail Yard near Richmond, Virginia, where it is unloaded and transported by truck to the Old Dominion Landfill, a contracted landfill where the ash is processed for further metals removal and recycling. Ash is beneficially reused as alternate daily cover and road base within the lined areas of the

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

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

| Program Performance Measures  | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of tons of County-wide yard trim and leaves collected  | 175,821     | 155,966     | 179,622        | 181,419     | 183,233     |
| Number of tons of County-wide Commingled Recycling collected  | 40,136      | 33,821      | 34,049         | 34,390      | 34,734      |
| Number of tons of County-wide Mixed Paper collected   | 98,788      | 107,310     | 106,879        | 107,947     | 109,027     |
| Number of tons of County-wide Food Waste collected  | 3,269       | 4,386       | 8,400          | 14,200      | 20,000      |
| Number of tons of County-wide Household Hazardous Waste collected   | 3,083       | 3,598       | 2,942          | 2,972       | 3,002       |
| Number of tons of Municipal Solid Waste accepted at the Transfer Station: Residential, single family, and townhouse communities | 208,462     | 210,791     | 213,606        | 215,742     | 217,899     |

| FY24 Recommended Changes  | Expenditures      | FTEs         |
|---|-------------------|--------------|
| <b>FY23 Approved</b>  | <b>63,307,875</b> | <b>21.65</b> |
| Increase Cost: Out-of-County Haul   | 1,723,463         | 0.00         |
| Increase Cost: Oaks Landfill Improvements   | 887,316           | 0.00         |
| Increase Cost: Transfer Station Operations  | 743,918           | 0.00         |
| Increase Cost: Dickerson Master Plan Environmental Assessments  | 333,802           | 0.00         |
| Increase Cost: Household Hazardous Waste  | 152,758           | 0.00         |
| Increase Cost: Site 2 Building Maintenance and Facilities Costs   | 56,010            | 0.00         |
| Increase Cost: Gude Landfill  | 34,122            | 0.00         |
| Increase Cost: Adjustment of Position Salaries  | 15,029            | 0.00         |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts   | 4,997             | 0.00         |
| Decrease Cost: Resource Recovery Facility Revenue Operating Offset  | (1,846,591)       | 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. | (3,227,420)       | 0.00         |
| <b>FY24 Recommended</b>   | <b>62,185,279</b> | <b>21.65</b> |

## Materials and Collection

This program provides for collection of refuse from single family residences in the southern parts of the County (Subdistrict A) and the funds to secure, administer, monitor, and enforce contracts with private collectors for collection of residential recyclables for the entire County. It also responds to the residents' service needs.

In addition, the program enforces the County's recycling regulations as they apply to single-family residences and other waste

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

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

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

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

| Program Performance Measures  | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of tons of Municipal Solid Waste accepted at the Transfer Station: Commercial and multi-family buildings                     | 202,671     | 257,706     | 221,224        | 223,436     | 225,670     |
| Number of business site visits to provide guidance and recycling support  | 413         | 3,144       | 5,000          | 10,000      | 10,000      |
| Number of Multi-Family Building site visits to provide guidance and recycling support   | 461         | 1,038       | 1,700          | 2,500       | 2,500       |
| Recycling Reports compliance rate for businesses: % of businesses required to submit a report and plan that have done so            | 100%        | 100%        | 100%           | 100%        | 100%        |
| Recycling Reports compliance rate for multi-family buildings: % of buildings required to submit a report and plan that have done so | 100%        | 100%        | 100%           | 100%        | 100%        |
| Average number of refuse collections missed per week, not picked up within 24 hours   | 9           | 13          | 10             | 10          | 10          |
| Average number of recycling collections missed per week, not picked up within 24 hours <sup>1</sup>                                 | 51          | 58          | 15             | 15          | 15          |

<sup>1</sup> Recycling misses were higher in FY22 because a new contractor took over five areas, resulting in a temporary spike in misses.

| FY24 Recommended Changes  | Expenditures      | FTEs         |
|---|-------------------|--------------|
| <b>FY23 Approved</b>  | <b>69,661,496</b> | <b>51.15</b> |
| Increase Cost: Yard Trim Program  | 1,156,084         | 0.00         |
| Increase Cost: Residential, Commercial, and Multi-family Recycling Programs   | 539,767           | 0.00         |
| Add: New Positions for Waste Reduction Efforts (Environmental Planning Policy Analyst & Senior Planning Specialist) | 258,606           | 2.00         |
| Increase Cost: Residential Refuse Collection Program  | 180,614           | 0.00         |
| Increase Cost: Paper Recycling  | 175,537           | 0.00         |
| Add: New Position for Multi-family Recycling (Program Specialist II)  | 128,293           | 1.00         |
| Increase Cost: Food Waste Organics Program  | 97,062            | 0.00         |
| Increase Cost: Adjustment of Position Salaries  | 37,238            | 0.00         |
| Increase Cost: Waste System Program Development   | 479               | 0.00         |

| FY24 Recommended Changes  | Expenditures      | FTEs         |
|---|-------------------|--------------|
| Decrease Cost: Turnover of Positions  | (14,367)          | 0.00         |
| Decrease Cost: Recycling Outreach, Education, and Volunteers  | (14,770)          | 0.00         |
| Decrease Cost: Recycling Center Bypass Reduction  | (650,069)         | 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. | 510,716           | 0.00         |
| <b>FY24 Recommended</b>   | <b>72,066,686</b> | <b>54.15</b> |

## BUDGET SUMMARY

|  | Actual<br>FY22     | Budget<br>FY23     | Estimate<br>FY23   | Recommended<br>FY24 | %Chg<br>Bud/Rec |
|--|--------------------|--------------------|--------------------|---------------------|-----------------|
| <b>SOLID WASTE DISPOSAL</b>                  |                    |                    |                    |                     |                 |
| <b>EXPENDITURES</b>                          |                    |                    |                    |                     |                 |
| Salaries and Wages                           | 8,807,400          | 9,104,945          | 8,662,679          | 10,089,242          | 10.8 %          |
| Employee Benefits                            | 2,355,292          | 2,601,275          | 2,473,901          | 2,881,410           | 10.8 %          |
| <b>Solid Waste Disposal Personnel Costs</b>  | <b>11,162,692</b>  | <b>11,706,220</b>  | <b>11,136,580</b>  | <b>12,970,652</b>   | <b>10.8 %</b>   |
| Operating Expenses                           | 120,776,205        | 115,721,813        | 114,991,813        | 115,652,428         | -0.1 %          |
| Capital Outlay                               | 1,834,512          | 2,315,605          | 2,315,605          | 2,685,199           | 16.0 %          |
| Debt Service Other                           | 0                  | 1,629,474          | 1,629,474          | 0                   | -100.0 %        |
| <b>Solid Waste Disposal Expenditures</b>     | <b>133,773,409</b> | <b>131,373,112</b> | <b>130,073,472</b> | <b>131,308,279</b>  | <b>—</b>        |
| <b>PERSONNEL</b>                             |                    |                    |                    |                     |                 |
| Full-Time                                    | 79                 | 73                 | 73                 | 76                  | 4.1 %           |
| Part-Time                                    | 2                  | 1                  | 1                  | 1                   | —               |
| FTEs   | 100.28             | 101.53             | 101.53             | 104.52              | 2.9 %           |
| <b>REVENUES</b>                              |                    |                    |                    |                     |                 |
| Other Licenses/Permits                       | 14,129             | 10,111             | 14,129             | 14,129              | 39.7 %          |
| Other Charges/Fees                           | 155,994            | 209,242            | 155,994            | 155,994             | -25.4 %         |
| Sale of Recycled Materials                   | 10,764,407         | 4,961,166          | 7,238,624          | 6,566,067           | 32.3 %          |
| Solid Waste Disposal Fees/Operating Revenues | 26,742,456         | 30,497,324         | 27,819,471         | 34,454,679          | 13.0 %          |
| Systems Benefit Charge                       | 77,478,925         | 89,053,430         | 88,359,985         | 88,528,968          | -0.6 %          |
| Other Fines/Forfeitures                      | 43,195             | 30,090             | 43,195             | 43,195              | 43.6 %          |
| Miscellaneous Revenues                       | 6,016,715          | 55,000             | 103,913            | 103,913             | 88.9 %          |
| Property Rentals                             | 1,128              | 10,198             | 1,128              | 1,128               | -88.9 %         |
| Investment Income                            | 135,850            | 592,670            | 3,193,360          | 5,045,640           | 751.3 %         |
| <b>Solid Waste Disposal Revenues</b>         | <b>121,352,799</b> | <b>125,419,231</b> | <b>126,929,799</b> | <b>134,913,713</b>  | <b>7.6 %</b>    |

## SOLID WASTE COLLECTION

|   |                  |                  |                  |                  |              |
|---|------------------|------------------|------------------|------------------|--------------|
| <b>EXPENDITURES</b>                           |                  |                  |                  |                  |              |
| Salaries and Wages                            | 1,286,067        | 1,329,210        | 1,251,062        | 1,405,341        | 5.7 %        |
| Employee Benefits                             | 291,903          | 358,168          | 339,068          | 378,476          | 5.7 %        |
| <b>Solid Waste Collection Personnel Costs</b> | <b>1,577,970</b> | <b>1,687,378</b> | <b>1,590,130</b> | <b>1,783,817</b> | <b>5.7 %</b> |
| Operating Expenses                            | 8,719,422        | 9,577,405        | 9,507,405        | 9,573,608        | —            |

## BUDGET SUMMARY

|  | Actual<br>FY22     | Budget<br>FY23     | Estimate<br>FY23   | Recommended<br>FY24 | %Chg<br>Bud/Rec |
|--|--------------------|--------------------|--------------------|---------------------|-----------------|
| <b>Solid Waste Collection Expenditures</b> | <b>10,297,392</b>  | <b>11,264,783</b>  | <b>11,097,535</b>  | <b>11,357,425</b>   | <b>0.8 %</b>    |
| <b>PERSONNEL</b>                           |                    |                    |                    |                     |                 |
| Full-Time                                  | 4                  | 4                  | 4                  | 4                   | —               |
| Part-Time                                  | 0                  | 0                  | 0                  | 0                   | —               |
| FTEs                                       | 11.78              | 12.08              | 12.08              | 12.08               | —               |
| <b>REVENUES</b>                            |                    |                    |                    |                     |                 |
| Other Charges/Fees                         | 17,708             | 0                  | 0                  | 0                   | —               |
| Systems Benefit Charge                     | 10,778,699         | 11,890,756         | 11,719,814         | 14,882,400          | 25.2 %          |
| Investment Income                          | (2,772)            | 24,770             | 65,160             | 102,960             | 315.7 %         |
| Miscellaneous Revenues                     | 0                  | 0                  | 15,000             | 0                   | —               |
| <b>Solid Waste Collection Revenues</b>     | <b>10,793,635</b>  | <b>11,915,526</b>  | <b>11,799,974</b>  | <b>14,985,360</b>   | <b>25.8 %</b>   |
| <b>DEPARTMENT TOTALS</b>                   |                    |                    |                    |                     |                 |
| <b>Total Expenditures</b>                  | <b>144,070,801</b> | <b>142,637,895</b> | <b>141,171,007</b> | <b>142,665,704</b>  | <b>—</b>        |
| <b>Total Full-Time Positions</b>           | <b>83</b>          | <b>77</b>          | <b>77</b>          | <b>80</b>           | <b>3.9 %</b>    |
| <b>Total Part-Time Positions</b>           | <b>2</b>           | <b>1</b>           | <b>1</b>           | <b>1</b>            | <b>—</b>        |
| <b>Total FTEs</b>                          | <b>112.06</b>      | <b>113.61</b>      | <b>113.61</b>      | <b>116.60</b>       | <b>2.6 %</b>    |
| <b>Total Revenues</b>                      | <b>132,146,434</b> | <b>137,334,757</b> | <b>138,729,773</b> | <b>149,899,073</b>  | <b>9.1 %</b>    |

### FY24 RECOMMENDED CHANGES

|  | Expenditures                       | FTEs                      |
|--|------------------------------------|---------------------------|
| <b>SOLID WASTE DISPOSAL</b>  |                                    |                           |
|  | <b>FY23 ORIGINAL APPROPRIATION</b> | <b>131,373,112 101.53</b> |
| <b><u>Changes (with service impacts)</u></b>   |                                    |                           |
| Add: New Positions for Waste Reduction Efforts (Environmental Planning Policy Analyst & Senior Planning Specialist) [Materials and Collection] | 258,606                            | 2.00                      |
| Add: New Position for Multi-family Recycling (Program Specialist II) [Materials and Collection]  | 128,293                            | 1.00                      |
| <b><u>Other Adjustments (with no service impacts)</u></b>  |                                    |                           |
| Increase Cost: Out-of-County Haul [Disposal]   | 1,723,463                          | 0.00                      |
| Increase Cost: Yard Trim Program [Materials and Collection]  | 1,156,084                          | 0.00                      |
| Increase Cost: Oaks Landfill Improvements [Disposal]   | 887,316                            | 0.00                      |
| Increase Cost: Transfer Station Operations [Disposal]  | 743,918                            | 0.00                      |
| Increase Cost: Residential, Commercial, and Multi-family Recycling Programs [Materials and Collection]   | 539,767                            | 0.00                      |
| Increase Cost: Annualization of FY23 Compensation Increases  | 470,626                            | 0.00                      |
| Increase Cost: FY24 Compensation Adjustment  | 455,142                            | 0.00                      |
| Increase Cost: Risk Management Adjustment  | 407,825                            | 0.00                      |
| Increase Cost: Dickerson Master Plan Environmental Assessments [Disposal]  | 333,802                            | 0.00                      |
| Increase Cost: Motor Pool Adjustment   | 196,490                            | 0.00                      |



**FY24 RECOMMENDED CHANGES**

|  | <b>Expenditures</b> | <b>FTEs</b>   |
|--|---------------------|---------------|
| Increase Cost: Paper Recycling [Materials and Collection]  | 175,537             | 0.00          |
| Increase Cost: Household Hazardous Waste [Disposal]  | 152,758             | 0.00          |
| Increase Cost: Automation Efforts [Administration and Support]   | 118,945             | 0.00          |
| Increase Cost: Food Waste Organics Program [Materials and Collection]                                    | 97,062              | 0.00          |
| Increase Cost: Site 2 Building Maintenance and Facilities Costs [Disposal]                               | 56,010              | 0.00          |
| Increase Cost: Adjustment of Position Salaries [Administration and Support]                              | 37,529              | 0.00          |
| Increase Cost: Adjustment of Position Salaries [Materials and Collection]                                | 37,238              | 0.00          |
| Increase Cost: Gude Landfill [Disposal]  | 34,122              | 0.00          |
| Increase Cost: Adjustment of Position Salaries [Disposal]  | 15,029              | 0.00          |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts [Disposal] | 4,997               | 0.00          |
| Increase Cost: Waste System Program Development [Materials and Collection]                               | 479                 | 0.00          |
| Increase Cost: Annualization of FY23 Personnel Costs   | 50                  | 0.00          |
| Decrease Cost: Reallocation of Position Based on Actual Work Activities [Administration and Support]     | (1,059)             | (0.01)        |
| Decrease Cost: Printing and Mail   | (2,606)             | 0.00          |
| Decrease Cost: Recycling Outreach, Education, and Volunteers [Materials and Collection]                  | (14,770)            | 0.00          |
| Decrease Cost: Retirement Adjustment   | (17,022)            | 0.00          |
| Decrease Cost: Finance Chargeback (Disposal Fund) [Administration and Support]                           | (67,420)            | 0.00          |
| Decrease Cost: Revenue Analysis and System Evaluation [Administration and Support]                       | (416,910)           | 0.00          |
| Decrease Cost: Recycling Center Bypass Reduction [Materials and Collection]                              | (650,069)           | 0.00          |
| Decrease Cost: Debt Service Payment Delay [Administration and Support]                                   | (1,629,474)         | 0.00          |
| Decrease Cost: Resource Recovery Facility Revenue Operating Offset [Disposal]                            | (1,846,591)         | 0.00          |
| Decrease Cost: Elimination of One-Time Items Approved in FY23  | (3,450,000)         | 0.00          |
| <b>FY24 RECOMMENDED</b>  | <b>131,308,279</b>  | <b>104.52</b> |

**SOLID WASTE COLLECTION**

|  | <b>FY23 ORIGINAL APPROPRIATION</b> | <b>11,264,783</b> | <b>12.08</b> |
|--|------------------------------------|-------------------|--------------|
| <b><u>Other Adjustments (with no service impacts)</u></b>                        |                                    |                   |              |
| Increase Cost: Residential Refuse Collection Program [Materials and Collection]  | 180,614                            | 0.00              |              |
| Increase Cost: FY24 Compensation Adjustment                                      | 62,114                             | 0.00              |              |
| Increase Cost: Annualization of FY23 Compensation Increases                      | 56,324                             | 0.00              |              |
| Increase Cost: Annualization of FY23 Personnel Costs                             | 659                                | 0.00              |              |
| Increase Cost: Printing and Mail   | 75                                 | 0.00              |              |
| Decrease Cost: Retirement Adjustment   | (1,566)                            | 0.00              |              |
| Decrease Cost: Turnover of Positions [Administration and Support]                | (6,725)                            | 0.00              |              |
| Decrease Cost: Decrease in Administrative Costs [Administration and Support]     | (8,456)                            | 0.00              |              |
| Decrease Cost: Turnover of Positions [Materials and Collection]                  | (14,367)                           | 0.00              |              |
| Decrease Cost: Finance Chargeback (Collection Fund) [Administration and Support] | (40,680)                           | 0.00              |              |
| Decrease Cost: Risk Management Adjustment  | (58,907)                           | 0.00              |              |



## FY24 RECOMMENDED CHANGES

|                                      | Expenditures      | FTEs         |
|--------------------------------------|-------------------|--------------|
| Decrease Cost: Motor Pool Adjustment | (76,443)          | 0.00         |
| <b>FY24 RECOMMENDED</b>              | <b>11,357,425</b> | <b>12.08</b> |

## PROGRAM SUMMARY

| Program Name               | FY23 APPR<br>Expenditures | FY23 APPR<br>FTEs | FY24 REC<br>Expenditures | FY24 REC<br>FTEs |
|----------------------------|---------------------------|-------------------|--------------------------|------------------|
| Administration and Support | 9,668,524                 | 40.81             | 8,413,739                | 40.80            |
| Disposal                   | 63,307,875                | 21.65             | 62,185,279               | 21.65            |
| Materials and Collection   | 69,661,496                | 51.15             | 72,066,686               | 54.15            |
| <b>Total</b>               | <b>142,637,895</b>        | <b>113.61</b>     | <b>142,665,704</b>       | <b>116.60</b>    |

## CHARGES TO OTHER DEPARTMENTS

| Charged Department          | Charged Fund          | FY23<br>Total\$ | FY23<br>FTEs | FY24<br>Total\$ | FY24<br>FTEs |
|-----------------------------|-----------------------|-----------------|--------------|-----------------|--------------|
| <b>SOLID WASTE DISPOSAL</b> |                       |                 |              |                 |              |
| General Services            | General Fund          | 322,697         | 0.00         | 389,899         | 0.00         |
| Parking District Services   | Bethesda Parking      | 70,046          | 0.00         | 75,299          | 0.00         |
| Parking District Services   | Silver Spring Parking | 135,714         | 0.00         | 145,893         | 0.00         |
| Parking District Services   | Wheaton Parking       | 13,134          | 0.00         | 14,119          | 0.00         |
| Alcohol Beverage Services   | Liquor                | 17,800          | 0.00         | 20,210          | 0.00         |
| <b>Total</b>                |                       | <b>559,391</b>  | <b>0.00</b>  | <b>645,420</b>  | <b>0.00</b>  |

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

| Title  | FY24           | FY25           | FY26           | FY27           | FY28           | FY29           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>SOLID WASTE DISPOSAL</b>  |                |                |                |                |                |                |
| <b>EXPENDITURES</b>  |                |                |                |                |                |                |
| <b>FY24 Recommended</b>  | <b>131,308</b> | <b>131,308</b> | <b>131,308</b> | <b>131,308</b> | <b>131,308</b> | <b>131,308</b> |
| No inflation or compensation change is included in outyear projections.  |                |                |                |                |                |                |
| <b>Annualization of Positions Recommended in FY24</b>  | <b>0</b>       | <b>88</b>      | <b>88</b>      | <b>88</b>      | <b>88</b>      | <b>88</b>      |
| New positions in the FY24 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears. |                |                |                |                |                |                |
| <b>Elimination of One-Time Items Recommended in FY24</b>   | <b>0</b>       | <b>(120)</b>   | <b>(120)</b>   | <b>(120)</b>   | <b>(120)</b>   | <b>(120)</b>   |
| Items recommended for one-time funding in FY24, including vehicles for new positions, will be eliminated from the base in the outyears.  |                |                |                |                |                |                |

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

| Title  | FY24           | FY25           | FY26           | FY27           | FY28           | FY29           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Labor Contracts</b>   | 0              | 426            | 426            | 426            | 426            | 426            |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. |                |                |                |                |                |                |
| <b>Subtotal Expenditures</b>   | <b>131,308</b> | <b>131,703</b> | <b>131,703</b> | <b>131,703</b> | <b>131,703</b> | <b>131,703</b> |

### SOLID WASTE COLLECTION

#### EXPENDITURES

|  |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>FY24 Recommended</b>  | <b>11,357</b> | <b>11,357</b> | <b>11,357</b> | <b>11,357</b> | <b>11,357</b> | <b>11,357</b> |
| No inflation or compensation change is included in outyear projections.  |               |               |               |               |               |               |
| <b>Labor Contracts</b>   | <b>0</b>      | <b>108</b>    | <b>108</b>    | <b>108</b>    | <b>108</b>    | <b>108</b>    |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. |               |               |               |               |               |               |
| <b>Subtotal Expenditures</b>   | <b>11,357</b> | <b>11,465</b> | <b>11,465</b> | <b>11,465</b> | <b>11,465</b> | <b>11,465</b> |

## ANNUALIZATION OF FULL PERSONNEL COSTS

|   | FY24 Recommended |             | FY25 Annualized |             |
|---|------------------|-------------|-----------------|-------------|
|   | Expenditures     | FTEs        | Expenditures    | FTEs        |
| New Position for Multi-family Recycling (Program Specialist II) | 78,293           | 1.00        | 103,713         | 1.00        |
| New Zero Waste Planner (Environmental Planning Policy Analyst ) | 97,888           | 1.00        | 130,695         | 1.00        |
| New Zero Waste Planning Position (Senior Planning Specialist)   | 90,718           | 1.00        | 120,822         | 1.00        |
| <b>Total</b>  | <b>266,899</b>   | <b>3.00</b> | <b>355,230</b>  | <b>3.00</b> |

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## SOLID WASTE ENTERPRISE FUND

### RATES AND FISCAL PROJECTIONS FOR FY24-29

#### Assumptions:

- In FY24, the County Executive recommends the following solid waste system service charges:

Single-Family: \$293.26  
Multi-Family: \$18.04  
Non-Residential: \$627.68  
(Medium category)

- Refuse collection services are maintained at their current levels, with the annual collection charge increasing \$33.00 (25.98%) from \$127.00/ household in FY23 to \$160.00/household in FY24.
- The disposal fee for municipal solid waste received at the Transfer Station (known as the “Tipping Fee”) will increase to \$70 per ton. Construction and demolition material and waste material delivered in open-top roll-off boxes will increase to \$84 per ton. Tipping fees for concrete rubble known as DOT demolition material will remain at \$70 per ton.
- Expenditures for certain programs, such as the Resource Recovery Facility, Transfer Station, and Out-of-County Haul are Base Systems Costs and calculated based on waste generation estimates for each sector. Expenditures for programs such as the Recycling Center, Recycling Collection, and Dickerson Compost Facility are Incremental Costs and calculated based on the cost of the incremental services received by each sector. Other expenditures are increased by inflation, except where contract or scheduled costs apply.

| <b>FY24 - FY29 Solid Waste Refuse Collection: Net Asset Balance and Collection Charge Calculation</b> |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | FY23                | FY24                | FY25                | FY26                | FY27                | FY28                | FY29                |
|   | Estimate            | Projection          | Projection          | Projection          | Projection          | Projection          | Projection          |
| <b>ASSUMPTIONS</b>  |                     |                     |                     |                     |                     |                     |                     |
| Indirect Cost Rate  | 18.35%              | 17.96%              | 17.96%              | 17.96%              | 17.96%              | 17.96%              | 17.96%              |
| CPI (Fiscal Year)   | 3.04%               | 2.11%               | 2.18%               | 2.21%               | 2.23%               | 2.34%               | 2.33%               |
| Number of Households (mid-FY)   | 92,747              | 93,015              | 93,302              | 93,678              | 94,143              | 94,591              | 95,039              |
| <b>Charge Per Household</b>   | <b>\$ 127.00</b>    | <b>\$ 160.00</b>    | <b>\$ 160.00</b>    | <b>\$ 160.00</b>    | <b>\$ 165.00</b>    | <b>\$ 173.00</b>    | <b>\$ 175.00</b>    |
| Percent Rate Increase (Decrease)  | 8.55%               | 25.98%              | 0.00%               | 0.00%               | 3.13%               | 4.85%               | 1.16%               |
| <b>Beginning Cash</b>   | 1,934,765           | 1,446,805           | 3,949,366           | 5,470,371           | 4,584,211           | 3,639,773           | 3,848,798           |
| Revenues  | 11,734,814          | 14,985,360          | 15,010,690          | 15,060,550          | 15,595,365          | 16,416,063          | 16,683,995          |
| Expenses  | (11,108,140)        | (11,357,425)        | (12,350,920)        | (14,793,893)        | (15,372,274)        | (15,823,775)        | (16,280,722)        |
| Transfers   | (314,634)           | (325,374)           | (338,765)           | (352,817)           | (367,529)           | (383,263)           | (399,642)           |
| Loan Payoff   | (800,000)           | (800,000)           | (800,000)           | (800,000)           | (800,000)           |                     |                     |
| <b>Ending Cash Balance</b>  | 1,446,805           | 3,949,366           | 5,470,371           | 4,584,211           | 3,639,773           | 3,848,798           | 3,852,429           |
| <b>BEGINNING NET ASSETS</b>   | (2,892,579)         | (2,515,379)         | 787,182             | 3,108,187           | 3,022,027           | 2,877,589           | 3,086,614           |
| <b>REVENUES</b>   |                     |                     |                     |                     |                     |                     |                     |
| Charges for Services  | 11,719,814          | 14,882,400          | 14,928,320          | 14,988,480          | 15,533,595          | 16,364,243          | 16,631,825          |
| Investment Income (per Dept. of Finance)  | 65,160              | 102,960             | 82,370              | 72,070              | 61,770              | 51,820              | 52,170              |
| Miscellaneous   | 15,000              |                     |                     |                     |                     |                     |                     |
| <b>Subtotal Revenues</b>  | <b>11,799,974</b>   | <b>14,985,360</b>   | <b>15,010,690</b>   | <b>15,060,550</b>   | <b>15,595,365</b>   | <b>16,416,063</b>   | <b>16,683,995</b>   |
| <b>INTERFUND TRANSFERS (Net Non-CIP)</b>  | <b>(314,634)</b>    | <b>(325,374)</b>    | <b>(338,765)</b>    | <b>(352,817)</b>    | <b>(367,529)</b>    | <b>(383,263)</b>    | <b>(399,642)</b>    |
| <b>OMB Transfer Change</b>  | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL RESOURCES</b>  | <b>8,592,761</b>    | <b>12,144,607</b>   | <b>15,459,107</b>   | <b>17,815,920</b>   | <b>18,249,863</b>   | <b>18,910,389</b>   | <b>19,370,967</b>   |
| <b>OPERATING BUDGET APPROP/EXPENSES</b>   |                     |                     |                     |                     |                     |                     |                     |
| Personnel Costs   | (1,590,130)         | (1,783,817)         | (1,858,381)         | (1,936,618)         | (2,018,537)         | (2,106,142)         | (2,197,338)         |
| OMB Adjustments - Labor Adjustments   |                     |                     | (107,377)           | (107,377)           | (107,377)           | (107,377)           | (107,377)           |
| OMB Adjustments Labor Contracts other   |                     |                     | (690)               | (690)               | (690)               | (690)               | (690)               |
| Refuse Collection Contracts   | (9,507,405)         | (9,179,338)         | (9,982,169)         | (12,338,582)        | (12,826,461)        | (13,181,150)        | (13,537,519)        |
| Other Operating Costs   |                     | (394,270)           | (402,304)           | (410,626)           | (419,208)           | (428,415)           | (437,797)           |
| OMB Adjustments - OPEB  | (10,605)            |                     |                     |                     |                     |                     |                     |
| <b>Subtotal PSP Oper. Budget Approp / Exp.</b>  | <b>(11,108,140)</b> | <b>(11,357,425)</b> | <b>(12,350,920)</b> | <b>(14,793,893)</b> | <b>(15,372,274)</b> | <b>(15,823,775)</b> | <b>(16,280,722)</b> |
| <b>TOTAL USE OF RESOURCES</b>   | <b>(11,108,140)</b> | <b>(11,357,425)</b> | <b>(12,350,920)</b> | <b>(14,793,893)</b> | <b>(15,372,274)</b> | <b>(15,823,775)</b> | <b>(16,280,722)</b> |
| <b>YEAR END - NET ASSETS*</b>   | <b>(2,515,379)</b>  | <b>787,182</b>      | <b>3,108,187</b>    | <b>3,022,027</b>    | <b>2,877,589</b>    | <b>3,086,614</b>    | <b>3,090,245</b>    |
| <b>End-of-Year Net Assets as a % of Resources</b>   | <b>-29.3%</b>       | <b>6.5%</b>         | <b>20.1%</b>        | <b>17.0%</b>        | <b>15.8%</b>        | <b>16.3%</b>        | <b>16.0%</b>        |



**FY24-29 DIVISION OF RECYCLING AND RESOURCE MANAGEMENT**

| FISCAL PROJECTIONS                                | ESTIMATED<br>FY23 | PROJECTED<br>FY24 | PROJECTED<br>FY25 | PROJECTED<br>FY26 | PROJECTED<br>FY27 | PROJECTED<br>FY28 | PROJECTED<br>FY29 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Single-Family Charges (\$/Household)              | 288.20            | 293.26            | 307.53            | 325.28            | 344.58            | 362.65            | 379.16            |
| % change in rate from previous year               | 17.7%             | 1.8%              | 4.9%              | 5.8%              | 5.9%              | 5.2%              | 4.6%              |
| Multi-Family Charges (\$/ Dwelling Unit)          | 17.83             | 18.04             | 18.34             | 18.51             | 18.72             | 19.35             | 20.42             |
| % change in rate from previous year               | 3.1%              | 1.2%              | 1.7%              | 0.9%              | 1.1%              | 3.4%              | 5.5%              |
| Nonresidential Charges (medium "category" charge) | 664.76            | 627.68            | 611.11            | 618.97            | 628.02            | 670.72            | 721.88            |
| % change in rate from previous year               | 3.1%              | -5.6%             | -2.6%             | 1.3%              | 1.5%              | 6.8%              | 7.6%              |

**OPERATIONS CALCULATION**

|   |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>REVENUES</b>                                   |                      |                      |                      |                      |                      |                      |                      |
| Disposal Fees                                     | 27,912,822           | 36,036,643           | 36,030,768           | 35,880,515           | 35,725,150           | 35,565,349           | 35,331,365           |
| Charges for Services/SBC                          | 77,480,523           | 75,210,041           | 78,383,684           | 83,263,685           | 88,667,984           | 95,427,587           | 102,145,307          |
| Miscellaneous                                     | 18,343,094           | 18,621,389           | 19,188,068           | 19,476,207           | 19,769,768           | 20,068,393           | 20,372,377           |
| Investment Income                                 | 3,193,360            | 5,045,640            | 4,036,510            | 3,531,950            | 3,027,390            | 2,539,700            | 2,556,680            |
| <b>Subtotal Revenues</b>                          | <b>126,929,799</b>   | <b>134,913,713</b>   | <b>137,639,030</b>   | <b>142,152,357</b>   | <b>147,190,292</b>   | <b>153,601,029</b>   | <b>160,405,729</b>   |
| <b>INTERFUND TRANSFERS</b>                        | <b>(273,126)</b>     | <b>(121,216)</b>     | <b>(177,323)</b>     | <b>(94,864)</b>      | <b>(296,679)</b>     | <b>(319,182)</b>     | <b>7,254</b>         |
| <b>EXPENDITURES</b>                               |                      |                      |                      |                      |                      |                      |                      |
| Personnel Costs                                   | (11,136,580)         | (12,970,652)         | (13,512,825)         | (14,081,715)         | (14,677,372)         | (15,314,370)         | (15,977,482)         |
| Operating Expenses                                | (116,621,287)        | (115,652,427)        | (122,259,901)        | (134,199,097)        | (138,159,678)        | (144,702,472)        | (150,117,650)        |
| Capital Outlay                                    | (2,315,605)          | (2,685,199)          | (2,223,863)          | (2,120,043)          | (1,466,932)          | (1,276,795)          | (2,415,184)          |
| Other Expenditure Restrictions                    |                      |                      |                      |                      |                      |                      |                      |
| <b>Subtotal Expenditures</b>                      | <b>(130,073,472)</b> | <b>(131,308,279)</b> | <b>(137,996,589)</b> | <b>(150,400,855)</b> | <b>(154,303,982)</b> | <b>(161,293,637)</b> | <b>(168,510,315)</b> |
| <b>CURRENT RECEIPTS TO CIP</b>                    | <b>(21,300,907)</b>  | <b>(805,460)</b>     | -                    | -                    | -                    | -                    | -                    |
| <b>OTHER CLAIMS ON FUND BALANCE - LABOR CONT</b>  | -                    | -                    | (3,609)              | (3,609)              | (3,609)              | (3,609)              | (3,609)              |
| <b>REMOVAL OF ONE-TIME ITEMS</b>                  | -                    | -                    | 120,000              | 120,000              | 120,000              | 120,000              | 120,000              |
| <b>POTENTIAL FUTURE EXP. - LABOR CONTRACTS FF</b> | -                    | -                    | (422,823)            | (422,823)            | (422,823)            | (422,823)            | (422,823)            |
| <b>POTENTIAL FUTURE EXP. - OPEB</b>               | (84,842)             |                      |                      |                      |                      |                      |                      |
| <b>PAYOUT OF GUDE REMEDIATION</b>                 | 19,703,302           | 21,753,000           | 10,687,000           | 5,858,000            | 748,000              | -                    | -                    |
| <b>CY GUDE REMEDIATION</b>                        | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>PAYOUT OF CLOSURE COSTS (Non-CIP)</b>          | 2,290,056            | 2,334,284            | 2,387,585            | 2,442,864            | 2,499,960            | 2,561,190            | 2,623,715            |
| <b>CY ACCRUED CLOSURE COSTS</b>                   | (49,231)             | (50,582)             | (53,300)             | (55,280)             | (57,096)             | (61,230)             | (62,525)             |
| <b>SET-ASIDE: FUTURE NEEDS</b>                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>NET CHANGE</b>                                 | <b>(2,858,420)</b>   | <b>26,715,459</b>    | <b>12,179,970</b>    | <b>(404,209)</b>     | <b>(4,525,936)</b>   | <b>(5,818,262)</b>   | <b>(5,842,574)</b>   |

**CASH POSITION**

|   |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ENDING CASH &amp; INVESTMENTS</b>  |                     |                     |                     |                     |                     |                     |                     |
| Unrestricted Cash   | 47,631,249          | 48,084,585          | 38,611,317          | 29,365,239          | 20,118,971          | 13,372,150          | 9,742,963           |
| Restricted Cash   | 35,314,264          | 38,781,246          | 49,007,228          | 51,731,721          | 54,756,421          | 54,170,808          | 50,451,816          |
| <b>Subtotal Cash &amp; Investments</b>  | <b>82,945,513</b>   | <b>86,865,831</b>   | <b>87,618,545</b>   | <b>81,096,960</b>   | <b>74,875,392</b>   | <b>67,542,958</b>   | <b>60,194,779</b>   |
| <b>RESERVE &amp; LIABILITY REQUIREMENTS</b>   |                     |                     |                     |                     |                     |                     |                     |
| Management Reserve  | (27,355,891)        | (28,195,904)        | (30,116,584)        | (30,929,215)        | (32,385,028)        | (33,888,347)        | (34,914,779)        |
| Debt Service Reserve  | -                   | -                   | (5,843,750)         | (5,845,500)         | (5,846,250)         | (5,846,250)         | (5,846,250)         |
| Renewal & Replacement Reserve   | (5,050,692)         | (5,157,261)         | (5,269,689)         | (5,386,149)         | (5,506,260)         | (5,635,107)         | (5,766,405)         |
| Stability Reserve   | (2,907,681)         | (5,428,081)         | (7,777,205)         | (9,570,857)         | (11,018,883)        | (8,801,105)         | (3,924,382)         |
| <b>Subtotal Reserve Requirements</b>  | <b>(35,314,264)</b> | <b>(38,781,246)</b> | <b>(49,007,228)</b> | <b>(51,731,721)</b> | <b>(54,756,421)</b> | <b>(54,170,809)</b> | <b>(50,451,816)</b> |
| Closure/Postclosure Liability   | (16,015,737)        | (13,732,035)        | (11,397,750)        | (9,010,166)         | (6,567,301)         | (4,067,341)         | (1,506,151)         |
| Gude Remediation Liability  | (39,046,000)        | (17,293,000)        | (6,606,000)         | (748,000)           | -                   | -                   | -                   |
| <b>Subtotal Reserve &amp; Liability Requirements</b>                                | <b>(90,376,001)</b> | <b>(69,806,281)</b> | <b>(67,010,978)</b> | <b>(61,489,887)</b> | <b>(61,323,722)</b> | <b>(58,238,150)</b> | <b>(51,957,967)</b> |
| <b>CASH &amp; INVESTMENTS OVER/(UNDER)<br/>RESERVE &amp; LIABILITY REQUIREMENTS</b> | <b>(7,430,488)</b>  | <b>17,059,550</b>   | <b>20,607,567</b>   | <b>19,607,073</b>   | <b>13,551,670</b>   | <b>9,304,808</b>    | <b>8,236,812</b>    |

**Net Assets**

|   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>ENDING NET ASSETS</b>                                | 65,721,994        | 95,446,322        | 110,677,048       | 113,760,877       | 111,480,432       | 108,020,756       | 105,669,060       |
| Less: Reserve Requirements                              | (35,314,264)      | (38,781,246)      | (49,007,228)      | (51,731,721)      | (54,756,421)      | (54,170,809)      | (50,451,816)      |
| <b>NET ASSETS OVER/(UNDER)<br/>RESERVE REQUIREMENTS</b> | <b>30,407,730</b> | <b>56,665,076</b> | <b>61,669,820</b> | <b>62,029,156</b> | <b>56,724,011</b> | <b>53,849,947</b> | <b>55,217,244</b> |

## FY24 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 Charge | Incremental Systems Benefit Charge | 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                 |

| FY24 SOLID WASTE SERVICE CHARGES TO BE COLLECTED VIA REAL PROPERTY ACCOUNT BILLING   |                         |  |                 |                             |                                    |                          |                       |             |  |
|--|-------------------------|--|-----------------|-----------------------------|------------------------------------|--------------------------|-----------------------|-------------|--|
|  | Base Charge (\$/ton)    | Billing Rate x (tons/HH)   | Disposal Charge | Base Systems Benefit Charge | Incremental Systems Benefit Charge | Refuse Collection Charge | Leaf Vacuuming Charge | Total Bill  |  |
| Code Reference   | 48-32(a)(1)             |  | 48-32(c)(2)     | 48-8A(b)(2)(A)              | 48-8A(b)(2)(B)                     | 48-29                    | 48-47                 |             |  |
| <b>SUBDISTRICT A (Refuse Collection District)*</b>   |                         |  |                 |                             |                                    |                          |                       |             |  |
| Inside Leaf Vacuuming District   | \$ 70.00                | 0.85550  | \$ 59.89        | \$ 22.57                    | \$ 210.80                          | \$ 160.00                | \$ 123.67             | \$ 576.93   |  |
| Outside Leaf Vacuuming District  | \$ 70.00                | 0.85550  | \$ 59.89        | \$ 22.57                    | \$ 210.80                          | \$ 160.00                |                       | \$ 453.26   |  |
| Incorporated   |                         |  |                 | \$ 22.57                    |                                    |                          |                       | \$ 22.57    |  |
| <b>SUBDISTRICT B SINGLE-FAMILY**</b>   |                         |  |                 |                             |                                    |                          |                       |             |  |
| Incorporated   |                         |  |                 | \$ 22.57                    |                                    |                          |                       | \$ 22.57    |  |
| Inside Leaf Vacuuming District   |                         |  |                 |                             |                                    |                          |                       |             |  |
| Unincorporated   | \$ 70.00                | 0.85550  | \$ 59.89        | \$ 22.57                    | \$ 210.80                          |                          | \$ 123.67             | \$ 416.93   |  |
| Outside Leaf Vacuuming District  |                         |  |                 |                             |                                    |                          |                       |             |  |
| Unincorporated   | \$ 70.00                | 0.85550  | \$ 59.89        | \$ 22.57                    | \$ 210.80                          |                          |                       | \$ 293.26   |  |
| <b>MULTI-FAMILY RESIDENTIAL**</b>  |                         |  |                 |                             |                                    |                          |                       |             |  |
| Incorporated   |                         |  |                 | \$ 0.34                     | \$ 17.70                           |                          |                       | \$ 18.04    |  |
| Unincorporated   |                         |  |                 |                             |                                    |                          |                       |             |  |
| Outside Leaf Vacuuming District  |                         |  |                 | \$ 0.34                     | \$ 17.70                           |                          |                       | \$ 18.04    |  |
| Inside Leaf Vacuuming District   |                         |  |                 | \$ 0.34                     | \$ 17.70                           |                          | \$ 4.61               | \$ 22.65    |  |
| <b>NONRESIDENTIAL - \$/2,000 SQ. FT. ***</b>   |                         |  |                 |                             |                                    |                          |                       |             |  |
| <b>Code Reference</b>  |                         |  |                 |                             |                                    |                          |                       |             |  |
| Waste Generation Categories  |                         |  |                 |                             |                                    |                          |                       |             |  |
| Low  |                         |  |                 | \$ 82.99                    | \$ 42.55                           |                          |                       | \$ 125.54   |  |
| Medium Low   |                         |  |                 | \$ 248.97                   | \$ 127.64                          |                          |                       | \$ 376.61   |  |
| Medium   |                         |  |                 | \$ 414.95                   | \$ 212.73                          |                          |                       | \$ 627.68   |  |
| Medium High  |                         |  |                 | \$ -                        | \$ -                               |                          |                       | \$ -        |  |
| High   |                         |  |                 | \$ 746.91                   | \$ 382.91                          |                          |                       | \$ 1,129.82 |  |
| <b>OTHER FY24 SOLID WASTE FEES</b>   |                         |  |                 |                             |                                    |                          |                       |             |  |
| Base Solid Waste Charge under Section 48-32(a)(1):<br>(This is known as the "Tipping Fee")   | \$ 70.00 / disposal ton | Waste delivered to DOT Pad (Non-Processible)   |                 | \$70 / disposal ton         |                                    |                          |                       |             |  |
| Waste delivered for disposal <500 lb loads in privately owned and operated vehicles or trailers <1,000 capacity per Section 48-32(c)(2): \$0.00/disposal ton |                         | Solid Waste Service Charges (Section 48-32(a)(2)):<br>Paper and Commingled Containers  |                 | \$0.00 / ton                |                                    |                          |                       |             |  |
|  |                         | Solid Waste Service Charges (Section 48-32(b)(2)):<br>All Yard Trim received at the Transfer Station<br>(weighing > 500 pounds/load) |                 | \$46.00 / ton               |                                    |                          |                       |             |  |
| Waste delivered in open-top roll-off box and declared C&D  | \$ 84.00 / disposal ton | Miscellaneous (48-31(f)):  |                 | Compost Bins                |                                    | \$0.00 each              |                       |             |  |

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

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

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



**FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN**

**Leaf Vacuuming Fund**

| FISCAL PROJECTIONS                                 | FY23<br>ESTIMATE   | FY24<br>REC        | FY25<br>PROJECTION | FY26<br>PROJECTION | FY27<br>PROJECTION | FY28<br>PROJECTION | FY29<br>PROJECTION |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>ASSUMPTIONS</b>                                 |                    |                    |                    |                    |                    |                    |                    |
| Indirect Cost Rate                                 | 18.35%             | 17.96%             | 17.96%             | 17.96%             | 17.96%             | 17.96%             | 17.96%             |
| CPI (Fiscal Year)                                  | 2.9%               | 2.1%               | 2.2%               | 2.2%               | 2.2%               | 2.3%               | 2.3%               |
| Investment Income Yield                            | 3.3%               | 5.0%               | 4.0%               | 3.5%               | 3.0%               | 2.5%               | 2.5%               |
| Charge per single-family Households                | 118.67             | 123.67             | 128.67             | 133.67             | 139.67             | 145.66             | 154.42             |
| % of Leaves Attributed to Single-Family Households | 97.2%              | 97.2%              | 97.2%              | 97.2%              | 97.2%              | 97.2%              | 97.2%              |
| % of Leaves Attributed to Multi-Family Households  | 2.8%               | 2.8%               | 2.8%               | 2.8%               | 2.8%               | 2.8%               | 2.8%               |
| <b>BEGINNING FUND BALANCE</b>                      | <b>1,105,605</b>   | <b>1,500,193</b>   | <b>1,133,281</b>   | <b>848,805</b>     | <b>511,534</b>     | <b>465,247</b>     | <b>506,426</b>     |
| <b>REVENUES</b>                                    |                    |                    |                    |                    |                    |                    |                    |
| Charges For Services                               | 8,739,229          | 9,112,500          | 9,481,060          | 9,849,528          | 10,291,689         | 10,733,512         | 11,378,596         |
| Miscellaneous                                      | 113,080            | 178,670            | 142,940            | 125,070            | 107,200            | 89,930             | 90,530             |
| <b>Subtotal Revenues</b>                           | <b>8,852,309</b>   | <b>9,291,170</b>   | <b>9,624,000</b>   | <b>9,974,598</b>   | <b>10,398,889</b>  | <b>10,823,442</b>  | <b>11,469,126</b>  |
| <b>INTERFUND TRANSFERS (Net Non-CIP)</b>           |                    |                    |                    |                    |                    |                    |                    |
| Transfers To The General Fund                      | (2,001,142)        | (2,355,426)        | (2,374,623)        | (2,536,515)        | (2,418,260)        | (2,486,042)        | (2,906,733)        |
| Indirect Costs                                     | (613,300)          | (646,546)          | (646,546)          | (646,546)          | (646,546)          | (646,546)          | (646,546)          |
| Transfers To Special Fds: Non-Tax + ISF            | (1,387,842)        | (1,708,880)        | (1,728,077)        | (1,889,969)        | (1,771,714)        | (1,839,496)        | (2,260,187)        |
| To Solid Waste Disposal Fund                       | (1,387,842)        | (1,708,880)        | (1,728,077)        | (1,889,969)        | (1,771,714)        | (1,839,496)        | (2,260,187)        |
| <b>TOTAL RESOURCES</b>                             | <b>7,956,772</b>   | <b>8,435,937</b>   | <b>8,382,658</b>   | <b>8,286,889</b>   | <b>8,492,163</b>   | <b>8,802,647</b>   | <b>9,068,818</b>   |
| <b>PSP OPER. BUDGET APPROP/ EXP'S.</b>             |                    |                    |                    |                    |                    |                    |                    |
| Operating Budget                                   | (6,456,579)        | (7,302,656)        | (7,533,853)        | (7,775,355)        | (8,026,916)        | (8,296,221)        | (8,574,534)        |
| <b>Subtotal PSP Oper Budget Approp / Exp's</b>     | <b>(6,456,579)</b> | <b>(7,302,656)</b> | <b>(7,533,853)</b> | <b>(7,775,355)</b> | <b>(8,026,916)</b> | <b>(8,296,221)</b> | <b>(8,574,534)</b> |
| <b>TOTAL USE OF RESOURCES</b>                      | <b>(6,456,579)</b> | <b>(7,302,656)</b> | <b>(7,533,853)</b> | <b>(7,775,355)</b> | <b>(8,026,916)</b> | <b>(8,296,221)</b> | <b>(8,574,534)</b> |
| <b>YEAR END FUND BALANCE</b>                       | <b>1,500,193</b>   | <b>1,133,281</b>   | <b>848,805</b>     | <b>511,534</b>     | <b>465,247</b>     | <b>506,426</b>     | <b>494,284</b>     |
| <b>END-OF-YEAR RESERVES AS A</b>                   |                    |                    |                    |                    |                    |                    |                    |
| <b>PERCENT OF RESOURCES</b>                        | <b>18.9%</b>       | <b>13.4%</b>       | <b>10.1%</b>       | <b>6.2%</b>        | <b>5.5%</b>        | <b>5.8%</b>        | <b>5.5%</b>        |

**Assumptions:**

1. The Leaf Vacuuming rates are adjusted to achieve cost recovery.
2. The Vacuum Leaf Collection fund balance policy target is \$250,000. The assumptions included in the fiscal plan maintain a fund balance closer to \$500,000, which more effectively addresses operational costs when the leaf vacuuming process is impacted by weather events. In the future years, rates will be adjusted annually to fund the approved service program and to maintain the appropriate ending balance.





OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

MEMORANDUM

March 15, 2023

TO: Evan Glass, President  
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: FY24 Solid Waste Services Charges

The purpose of this memorandum is to transmit the proposed resolution for FY24 Solid Waste Services Charges. The proposed charges are consistent with my FY24 Recommended Operating Budget. I recommend that the Council adopt this resolution as part of its deliberations on the FY24 Operating Budget.

ME: as

Enclosed: Resolution – FY24 Solid Waste Services Charges

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

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

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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By: Council President at the request of the County Executive

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SUBJECT: FY24 Solid Waste Service Charges

Background

1. Under County Code Section 48-31, each fiscal year, the County Council must, by resolution, set the base solid waste charges, the residential systems benefit charge, and the nonresidential systems benefit charge, and all other solid waste services, collection, and disposal charges and fees.
2. Under County Code Section 48-8A(b)(1), the County Council must set, each fiscal year, by resolution, the rates for the residential and nonresidential systems benefit charges.
3. Under County Code Section 48-47(c)(1) and (2), the County has established a Leaf Recycling Service Area in which special fees are charged for leaf recycling services.
4. On March 15, 2023, the County Executive recommended, effective July 1, 2023, solid waste charges including the residential Base Systems Benefit Charge which when multiplied by the generation rates (set by Executive Regulation 8-23) yield household charges for Fiscal Year 2024:

**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 \$160.00 / 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 = \$59.89/Household

Disposal fee (Tip Fee x Tons Disposed per Household):  
 $\$70.00 \times 0.85550 = \$59.89 / \text{Household}$

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

Base Systems Benefit Charge = \$22.57/Household

Base Cost / Ton x Generation / Household - Offset from Disposal Fees:  
 $\$44.02294 / \text{Ton} \times 1.8730 \text{ Ton} / \text{Household (ER 8-23)} - \$59.89 / \text{Household} =$   
 $\$22.57 / \text{Household}$

Incremental Systems Benefit Charge = \$210.80/Household

Charge Rate (\$ / Ton Waste Generated) x Generation / Household:  
 $\$112.5521 \times 1.8730 = \$210.80 / \text{Household}$

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

Base Systems Benefit Charge = \$0.34/Dwelling

Base Cost / Ton x Tons Generated / Dwelling - Tip Fee Offsets:  
 $\$44.0229 / \text{Ton} \times 0.8567 \text{ Ton} / \text{Dwelling (ER 8-23)} - \$37.37 / \text{Dwelling} =$   
 $\$0.34 / \text{Dwelling}$

Incremental Systems Benefit Charge = \$17.70/Dwelling

Charge Rate (\$/Ton Waste Generated) x Generation / Dwelling:  
 $20.6562 \times 0.8567 = \$17.70 / \text{Dwelling}$

Total multi-family Systems Benefit Charge on property bill \$ 18.04 / 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<br/>(\$/GFA Unit)</u> | <u>Incremental<br/>(\$/GFA Unit)</u> | <u>Total<br/>(\$/GFA Unit)</u> |
|---------------------------|-------------------------------|--------------------------------------|--------------------------------|
| Low                       | \$ 82.99                      | \$ 42.55                             | \$ 125.54                      |
| Medium Low                | \$ 248.97                     | \$ 127.64                            | \$ 376.61                      |
| Medium                    | \$ 414.95                     | \$ 212.73                            | \$ 627.68                      |
| Medium High               | \$ 0.00                       | \$ 0.00                              | \$ 0.00                        |
| High                      | \$ 746.91                     | \$ 382.91                            | \$1,129.82                     |

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

|   |          |
|---|----------|
| Refuse received at the Transfer Station (weighing > = 500 lb/load)  | \$ 70.00 |
| Refuse received at the Transfer Station (weighing < 500 lb/load)  | \$ 0.00  |
| Construction and Demolition material and waste material delivered for disposal in open-top roll-off boxes | \$ 84.00 |
| Concrete/Dirt Rubble material delivered for disposal  | \$ 70.00 |
| All Yard Trim received at the Transfer Station (weighing > 500 pounds/load)                               | \$ 46.00 |
| Scrap metal delivered to the Transfer Station   | \$ 0.00  |
| Recyclable paper received at the County's Recycling Center  | \$ 0.00  |
| Commingled containers received at the County's Recycling Center   | \$ 0.00  |
| Source separated recyclable materials dropped off at the recycling drop-off area of the Transfer Station  | \$ 0.00  |

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

|                               |           |
|-------------------------------|-----------|
| Single-family Household       | \$ 123.67 |
| Multi-family Residential Unit | \$ 4.61   |

Resolution No.:

Action

The County Council approves the above solid waste charges, effective July 1, 2023.

This is a correct copy of Council action.

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Judy K. Rupp,  
Clerk of the Council




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

MEMORANDUM

December 3, 2021

TO: Tom Hucker, President  
County Council

FROM: Marc Elrich, County Executive 

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

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

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

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

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

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

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

December 3, 2021

Page 2 of 2

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

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

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

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

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

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

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

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

**Solid Waste System Disposal Fund, Rate Setting Methodology FY24**

| Item   | Amount               | Notes  |                        |                        |             |
|--|----------------------|--------|------------------------|------------------------|-------------|
| Total Budgetary Operating Costs for the Year                             | \$ 131,539,890       | a      |                        |                        |             |
| CIP Expen. (Current Receipts, Non-Closure)                               | -                    | b      |                        |                        |             |
| Contingency Funds  | -                    | c      |                        |                        |             |
| Closed landfill Expenses (inflation only)                                | 50,582               | d      |                        |                        |             |
| Material Sales Revenue   | (6,566,067)          | e      |                        |                        |             |
| Miscellaneous Revenues   | (12,055,322)         | f      |                        |                        |             |
| Investment Income  | (5,045,640)          | g      |                        |                        |             |
| Sector-Specific Stability Fund Contributions (Draw)                      | 620,400              | h      |                        |                        |             |
| Fund Balance Adjusting All Sectors Contribution (Draw)                   | 3,689,455            | i      |                        |                        |             |
| Transfer to Disposal Fund From Leaf Vacuuming Fund                       | (1,708,880)          | j      |                        |                        |             |
| Fund Contribution for Small Loads (e.g. <500 lbs)                        | 1,758,065            | k      |                        |                        |             |
| Net Revenues Required from Service Charges                               | \$ 112,282,484       |        |                        |                        |             |
| Incremental Systems Benefit Charges                                      | \$ (56,260,023)      | l      | FY23                   | change                 |             |
| <b>BASE SYSTEM COSTS</b>   | <b>56,022,461</b>    |        | <b>\$ (58,502,864)</b> | <b>2,242,841</b>       | <b>3.8%</b> |
| <b>BASE SYSTEM BENEFIT CHARGES</b>                                       |                      |        |                        |                        |             |
| Service Sector   |                      |        |                        |                        |             |
| Proportion of Total Waste Generation                                     | 38.6%                | m      | 9.8%                   | 51.7%                  | n           |
| Sector Share of Base Costs   | \$ 21,605,489        | o      | \$ 5,464,640           | \$ 28,952,332          | o           |
| Offsets from Refuse Disposal Fees Tipping Fees                           | (15,691,548)         | p      | (5,415,111)            | (15,665,784)           | p           |
| Base Costs to Collect on Property Levy                                   | \$ 5,913,941         |        | \$ 49,528              | \$ 13,286,548          |             |
| Households (HH) or Commercial Gross Floor Area Units (GFAU)              | 262,027              | q      | 144,887                | 92,123                 | r           |
| Base System Benefit Charge on Property Levy (\$/HH. \$/GFAU)             | <b>\$ 22.57</b> /HH  |        | <b>\$ 0.34</b> /HH     | <b>\$ 144.23</b> /GFAU |             |
| <b>INCREMENTAL SYSTEM BENEFIT CHARGES (ISCB)</b>                         |                      |        |                        |                        |             |
| Recycling  | \$ 45,690,383        | s      | \$ 1,458,148           | \$ 2,923,767           | u           |
| Satellite Sites  | 296,080              |        | 6,912                  |                        |             |
| Studies Specifics to the Nonresidential Sector                           |                      |        |                        |                        |             |
| Organics - Food Waste  | 524,528              |        | -                      | 1,386,875              |             |
| Stabilization  | (1,900,000)          | v      | 1,061,000              | 1,459,400              | v           |
| Composting   | 2,273,514            | w      | 37,999                 | 1,041,417              | w           |
| Total  | \$ 46,884,504        |        | \$ 2,564,059           | \$ 6,811,459           |             |
| Households (HH) or Commercial Gross Floor Area Units (GFAU)              | 222,407              | x      | 144,887                | 92,123                 | r           |
| ISCB to be Charged on Property Levy                                      | <b>\$ 210.80</b> /HH |        | <b>\$ 17.70</b> /HH    | <b>\$ 73.94</b> /GFAU  |             |
| <b>DISPOSAL FEES (Charged on Property Levy (In-Lieu of Tipping Fee))</b> |                      |        |                        |                        |             |
| Tons of Refuse Disposed by Subdistrict A & B Households                  | 190,270              | tons   | NA                     | NA                     |             |
| Single-Family Households in Sub-Districts A & B (Non-Municipal)          | 222,407              | HH     | NA                     | NA                     |             |
| Disposal Tons Per Household  | 0.8555               | ton/HH | NA                     | NA                     |             |
| County Tipping Fee for Accepting Refuse at its Transfer Station          | \$ 70.00             | \$/ton | NA                     | NA                     |             |
| Disposal Fee Levied on Subdistrict A & B Households on Tax Bill          | <b>\$ 59.89</b> /HH  |        | NA                     | NA                     |             |
| <b>Total System Benefit Charges Levied on Tax Bill</b>                   |                      |        |                        |                        |             |
| <b>Non-Municipal Single-Family Homes</b>                                 | <b>\$ 293.26</b> /HH |        |                        |                        |             |
| Municipal Single-Family Homes  | \$ 22.57 /HH         |        |                        |                        |             |
| <b>Multi-Family Dwellings</b>  |                      |        | <b>\$ 18.039</b> /HH   | <b>\$ 218.17</b> /GFAU |             |

a Does not include cost of maintaining closed landfill, which costs are paid from Landfill Post Closure Reserves (GASB18)

b Current Receipts to fund solid waste projects financed by County's Long Term Capital Improvements Program (CIP)

c Toward unplanned research and capital needs contingencies

d Amount that GASB 18 does not permit to be reserved for landfill post closure costs (inflation).

e Revenue from recyclables materials sold into secondary markets

f From fees charged to accept yard trim, waste delivered in open top roll-off boxes, licence fees & rent, and misc. revenue

g Pooled and non-pooled investment income as determined by the County Department of Finance

h Sum of sector-specific rate stabilization contributions (see also note v)

i Non-sector-specific contribution to (draw) to adjust overall fund balance

j To pay for composting leaves collected by leaf vacuuming services (separate sub-fund)

k Charge to fund balance to account for non-chargable refuse deliveries (e.g. <500 lb loads per SS 48-32(c)(2) & MRF residue)

l Revenue from Incremental System Benefit Charges

m Single-family detached, townhouse, and multifamily dwellings in buildings comprised of 6 or fewer dwellings

n Based on County's annual materials flow analysis.

o (n) x (BASE SYSTEM COSTS)

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)            | 233,851        | 80,219         | 237,963         |
| Non-Charged Loads (<500 lbs, PUF, Beauty-Spots, MRF Residue)                 | (9,686)        | (2,450)        | (12,980)        |
| Off-Setting Tonnage  | 224,165        | 77,769         | 224,983         |
| Tipping Fee  | \$ 70.00 / ton | \$ 70.00 / ton | \$ 70.00 / ton  |
| Sector Off-Sets for Refuse Disposal Fees and Tipping Fees (Pre-Credit Card)  | \$ 15,691,548  | \$ 5,443,810   | \$ 15,748,810   |
| Credit Card Fees   |                | \$ (28,699)    | \$ (83,026)     |
| Sector Off-Sets for Refuse Disposal Fees and Tipping Fees (Net -Credit Card) | \$ 15,691,548  | \$ 5,415,111   | \$ 15,665,784   |



**Solid Waste System Disposal Fund, Base Rate Setting Methodology FY24**

| Items  | Amount               | Notes |                   |                        |
|--|----------------------|-------|-------------------|------------------------|
| Administration   | 4,345,741            |       |                   |                        |
| Communication & Public Engagement                            | 75,000               |       |                   |                        |
| Solid Waste Enforcement                                      | 1,373,088            |       |                   |                        |
| Debt Service   | -                    |       |                   |                        |
| Automation Disposal Fund                                     | 1,147,083            |       |                   |                        |
| Revenue Analysis & System Evaluation                         | 218,725              |       |                   |                        |
| Dickerson Facilities Master Plan                             | 416,459              |       |                   |                        |
| Waste System Program Development                             | 552,272              |       |                   |                        |
| Solid Waste Transfer Station                                 | 7,247,191            |       |                   |                        |
| Oaks Landfill (excludes Landfill Closure Expenses)           | 887,528              |       |                   |                        |
| Site 2 Landfill  | 266,671              |       |                   |                        |
| Beantown Dump  | 250,000              |       |                   |                        |
| Resource Recovery Facility                                   | 32,793,992           |       |                   |                        |
| Gude Landfill (excludes Pollution Remediation)               | 826,738              |       |                   |                        |
| Out-Of-County Haul   | 15,360,485           |       |                   | Check                  |
| <b>Total Budget</b>  |                      |       | <b>65,760,972</b> | <b>65,760,972</b>      |
| Budget Transfers - Out (Expenses)                            | 1,540,315            |       |                   |                        |
| CIP Expen. (Current Receipts, Non-Closure)                   | -                    |       |                   |                        |
| Contingency Funds  | -                    |       |                   |                        |
| Closed landfill Expenses (inflation only)                    | 50,582               |       |                   |                        |
| Material Sales Revenue                                       | (863,525)            |       |                   |                        |
| Miscellaneous Revenues                                       | (10,867,764)         |       |                   |                        |
| Investment Income  | (5,045,640)          |       |                   |                        |
| Fund Balance Adjusting Contribution (Draw)                   | 3,689,455            |       |                   |                        |
| Fund Contribution for Small Loads (e.g. <500 lbs)            | 1,758,065            |       | Check             | Variance               |
| <b>Net Revenues Required from Service Charges</b>            | <b>\$ 56,022,461</b> |       | <b>56,022,461</b> | <b>-</b>               |
|  |                      |       | FY23              |                        |
| <b>BASE SYSTEM COSTS</b>                                     | <b>56,022,461</b>    |       | <b>58,502,854</b> | <b>(2,480,393.60)</b>  |
|  |                      |       |                   | <b>-4.2%</b>           |
| <b>BASE SYSTEM BENEFIT CHARGES</b>                           |                      |       |                   |                        |
| Service Sector   |                      |       |                   |                        |
| Proportion of Total Waste Generation                         | 38.6%                | m     | 9.8%              | n                      |
| Sector Share of Base Costs                                   | \$ 21,605,489        | o     | \$ 5,464,640      | o                      |
| Offsets from Refuse Disposal Fees Tipping Fees               | (15,691,548)         | p     | (5,415,111)       | p                      |
| Base Costs to Collect on Property Levy                       | \$ 5,913,941         |       | \$ 49,528         |                        |
| Households (HH) or Commercial Gross Floor Area Units (GFAU)  | 262,027              | q     | 144,887           | q                      |
| Base System Benefit Charge on Property Levy (\$/HH. \$/GFAU) | <b>\$ 22.57</b>      | /HH   | <b>\$ 0.34</b>    | /HH                    |
|  |                      |       |                   | <b>\$ 144.23</b> /GFAU |
| <br>   |                      |       |                   |                        |
| Check Sector Totals  | \$ 5,913,941         |       | \$ 49,528         | \$ 13,286,548          |
| Sector Variance  | (0)                  |       | (0)               | -                      |
| Check Total Base Expenses                                    | \$ 56,022,461        |       |                   |                        |
| Total Variance   | -                    |       |                   |                        |

**Solid Waste System Disposal Fund, Incremental Rate Setting Methodology FY24**

| Item  | Amount               | Notes      |                   |              |
|---|----------------------|------------|-------------------|--------------|
| Residential Recycling Collection                    | \$ 39,926,158        |            |                   |              |
| Recycling Center                                    | 8,689,022            |            |                   |              |
| Dickerson Composting Facility                       | 6,215,080            |            |                   |              |
| Satellite Sites                                     | 276,501              |            |                   |              |
| Volunteer Coordination/Public Outreach              | 735,626              |            |                   |              |
| Support For Recycling Volunteers                    | 157,136              |            |                   |              |
| Yard Trim Reduction                                 | 227,762              |            |                   |              |
| Multi-Family Recycling                              | 1,211,526            |            |                   |              |
| Commercial Recycling                                | 2,362,124            |            |                   |              |
| Household and Small Quantity HH Hazardous Materials | 1,525,429            |            |                   |              |
| Organics Food Waste                                 | 1,886,658            |            | Check             | Variance     |
| <b>Total Incremental Program Expenses</b>           | <b>\$ 63,213,022</b> |            | <b>63,213,022</b> | <b>-</b>     |
| Indirect Costs                                      | 1,025,582            |            |                   |              |
| <b>Total Incremental Expenses</b>                   | <b>64,238,603</b>    |            |                   |              |
| Recycling Center Revenue                            | (5,702,542)          |            |                   |              |
| Yard Trim Tip Fee Revenue                           | (1,187,558)          | FY23       |                   | Change       |
| Leaf Vacuum Transfer                                | (1,708,880)          | 49,840,000 |                   | 6,420,023    |
| <b>Net Incremental Expenses</b>                     | <b>55,639,623</b>    |            |                   | <b>11.4%</b> |
| Stabilization Net                                   | 620,400              |            | Check             | Variance     |
| <b>Incremental Expenses Allocated</b>               | <b>\$ 56,260,023</b> |            | <b>56,260,023</b> | <b>-</b>     |

|  | Single-Family        | Multi-Family | Non-Residential     |
|--|----------------------|--------------|---------------------|
| Residential Recycling Collection   | 40,331,821           | a            | -                   |
| Recycling Center   | 3,010,402            | b            | 25,690              |
| Dickerson Composting Facility  | 2,273,514            | c            | 37,999              |
| Satellite Sites  | 296,080              | d            | 6,912               |
| Volunteer Coordination/Public Outreach                                       | 563,611              | e            | 92,222              |
| Support For Recycling Volunteers   | 157,136              | f            | -                   |
| Yard Trim Reduction  | 154,438              | g            | 2,581               |
| Multi-Family Recycling   | -                    | h            | 1,337,655           |
| Commercial Recycling   | -                    | i            | -                   |
| Household and Small Quantity HH Hazardous Materials                          | 1,472,975            | j            | -                   |
| Organics Food Waste  | 524,528              | k            | -                   |
| Sector Specific Waste Studies  | -                    | l            | -                   |
| Stabilization  | (1,900,000)          |              | 1,061,000           |
| <b>Total Allocated Incremental Expenses (Collected on Property Tax Bill)</b> | <b>\$ 46,884,505</b> |              | <b>\$ 2,564,059</b> |

|  | 222,407   | HHs | 144,887  | HHs | 92,123   | GFAUs        |
|--|-----------|-----|----------|-----|----------|--------------|
| Household Units / NR GFAUs                       |           |     |          |     |          |              |
| Charge/Unit to be collected on property tax bill | \$ 210.80 | /HH | \$ 17.70 | /HH | \$ 73.94 | /GFAU (Avg.) |

|                                   |            |           |           |
|-----------------------------------|------------|-----------|-----------|
| Check: Sector Totals              | 46,884,505 | 2,564,059 | 6,811,460 |
| Check: Total Incremental Expenses | 56,260,023 |           |           |
| Variance: Per Sector              | -          | -         | -         |

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



## Solid Waste Advisory Committee to Montgomery County, Maryland

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

April 27, 2023

The Honorable Council President Glass  
Montgomery County Council  
100 Maryland Avenue  
Rockville MD 20950

Dear Council President Glass:

The members of the Montgomery County Solid Waste Advisory Committee (SWAC) support the County Executive's Recommended FY2024 Operating Budget and FY2024-29 Capital Improvements Program (CIP) Amendments for the Recycling and Resource Management Division (RRMD) of the Department of Environmental Protection (DEP) as a baseline. To expedite implementation of cost-saving and revenue-enhancing zero waste programs, we recommend that two additional staff positions be allocated to RRMD beyond the three requested in the County Executive's budget.

### HIGHLIGHTS

- First and foremost, SWAC members support implementing the *Aiming for Zero Waste* Task Force recommendations. Successful implementation directly aids the County achieving Climate Action Plan and other sustainability goals and furthers Montgomery County's reputation as a national environmental leader.
- Zero waste programs reduce costs by increasing efficiencies and enhance revenues from resource recoveries. The savings are contributing to RRMD's ability to achieve a budget with a **0% increase** this year in nominal terms, which is a reduction of 5% in real terms based on the current CPI.
- We support the addition of a multifamily housing recycling compliance investigator; a new zero waste planning manager; and a new zero waste coordinator for RRMD to conduct program research, design, and implementation for zero waste programs. We urge the Council to add two additional zero waste positions for a total of five new positions, to accelerate the realization of greater cost savings and revenue enhancements.
- To create community engagement and enthusiasm in this early stage of implementation, we recommend the County mount a major public campaign in FY 2024 to communicate the *Aiming for Zero Waste* vision and explain how action items will make significant contributions to County goals of greenhouse gas (GHG) mitigation, resource conservation, and pollution reduction.

### THANK YOU FOR YOUR EFFORTS TO DATE

We applaud the actions DEP is taking to implement the *Aiming for Zero Waste* Task Force recommendations:

- Modernizing the existing Recycling Center Complex is critical to ensuring that the County can process *all* recycled materials received from residents and possibly to alleviate the burden on the County's incorporated municipalities. We look forward to the completion of this project.

- Promoting food waste prevention and recycling through multiple actions. These include the ongoing residential food waste pilot collection program; a demonstration food scraps composting project with more than 20 commercial generators; a food waste reduction public information campaign for County residents and a similar campaign for commercial generators (necessary to achieve compliance with Maryland’s new food scrap diversion mandate); and selection of a contractor (through Maryland Environmental Services) to recommend the best options for organics processing. These actions focus on the top waste-stream priority for expanding prevention and recycling. Food waste is the largest component of municipal solid waste, has the lowest recycling rate, and is responsible for 4% of total U.S. GHG emissions along the entire food supply chain.
- Developing a variable rate solid waste fee structure (or pay-as-you-throw, PAYT) system. RRMD has hired a nationally recognized contractor to recommend how to design such a system in the County, and its final report is due imminently. Such a system has been shown time and again to reduce waste and increase recycling in multiple jurisdictions large and small across the country.
- Increasing the scope of recycling and reuse programs through expanding durable medical equipment, electronics, scrap tires, textiles, and mattress recycling and awarding a contract for a preliminary design of a Resource Recovery Park.

Fully implementing these important initiatives requires adequate funding, additional staffing, and coordinated implementation. For example, it is important to expand the residential food scrap collection Countywide as quickly as possible by sending waste to acceptable processing facilities outside of the County until we have a permanent in-County site. If this system is in place when pay-as-you-throw is implemented, County residents who recycle their food scraps will pay a lower solid waste fee.

#### **SPECIFIC PROGRAMMATIC RECOMMENDATIONS**

1. **We recommend that these additional actions be prioritized for attention in FY2024 and FY2025 to hasten progress toward zero waste goals.**
  - **Develop new organics processing capacity in the County to support Countywide food scraps recycling, both residential and commercial.** About 1,600 Montgomery County commercial food scraps generators are potentially covered by the new state organics recycling and diversion mandate. The state mandate applies only if organics processing capacity is available within 30 miles. As a result, the County must have access to sufficient processing capacity. The small farm-based operations currently managing our organics will not meet the County’s growing needs. Meeting those needs requires multiple solutions such as commercial-scale composting, anaerobic digestion, and community composting.
  - **Develop and expand education, outreach, and entrepreneurial programs to promote source reduction through waste prevention and resource reuse.** To achieve the highest environmental benefits, we must move *beyond* the current focus on expanding recycling and *toward* promoting prevention of waste at its source and recovery and reuse of resources. For example, preventing a ton of food waste avoids over 10 times the GHG emissions that recycling avoids, in addition to saving the water, land, and energy resources embodied in wasted food. The County should prioritize education and outreach (such as food waste prevention education for households and businesses, FixIt/repair clinics, and tool sharing libraries) and also promote entrepreneurial activity that is popping up to promote reuse. Fostering innovative local businesses through grants, incubator programs, and new regulations will stimulate the circular economy at the County scale, thereby achieving “green” development goals as well.

- **Electrify trash and recycling fleets.** Governor Moore just signed the Maryland Clean Trucks Act of 2023, which will lower transportation emissions by requiring truck manufacturers to sell an increasing annual percentage of zero-emission trucks and school buses in Maryland beginning in model year 2027. Related new legislation will provide grant funding to purchase electric trucks and install charging equipment. We recommend that the County identify creative solutions for electrifying the private solid waste contractor truck fleet. We recognize the limited availability of electric solid waste trucks, particularly for small orders. The County could purchase electric trucks to serve all the collection areas and lease the trucks to contracted haulers.
2. **We recommend adding five new positions to conduct program research, design, and implementation for zero waste programs (4 positions) and a compliance investigator for multifamily housing recycling (1 position). This recommendation adds two zero waste positions beyond the recommendations in the proposed budget.**

On top of providing the high quality of solid waste services expected by County residents, RRMD has initiated a large number of new zero waste programs and policies – despite having level staffing through FY2023. (See the Appendix for the many programs in the Enhanced Plan of Action to reduce waste and increase recycling, in the County’s Comprehensive Solid Waste Management Plan 2020-29, approved by the County Council. Some of the programs are currently being developed or implemented – in part or in full – whereas others are awaiting additional staff time.) To advance additional zero-waste programs in the coming year, while providing high-quality solid waste services, RRMD requires additional staff to research, design, implement, and manage them. Further, as programs come online, they will require additional recycling inspectors to enforce them.

The investment in additional staff will both reduce costs by increasing efficiencies and enhance revenues by recovering resources. For example, the “Recycle Right” recycling education and enforcement program has generated cost savings of \$650,000: As a result of reducing curbside contamination by 50% to 60%, it has reduced the need to export material for costly external processing. In addition, it has increased production rates and increased competition for our recycled materials, which is translating into enhanced revenues.

3. **We recommend that the County mount a major public education campaign in FY2024 to create public acceptance and engagement in the vision of *Aiming for Zero Waste*.**

A top priority for inspiring community approval of new programs and subsequently eliciting participation is engaging the public in a shared vision of zero waste *now*, before the individual programs are fully designed and ready for launch Countywide. To this end, we recommend that the County create and share widely an inspirational campaign outlining an *Aiming for Zero Waste* vision. It should lay out the big picture: what the zero-waste goals are, how the Task Force–recommended actions can get us there, and what critical contributions they will make to County GHG and sustainability goals. And it should include hands-on training for residents in recycling do’s and don’ts, backyard composting, imaginative reuse, targeted shopping, and anything else that will help move us closer to zero waste. Research indicates that interactive education is most effective in changing behavior.

Thank you for the positive strides included in the County Executive’s Recommended FY2024 Operating Budget and FY2024-29 CIP and for considering our recommendations to expand and accelerate the progress of Montgomery County toward zero waste. All members of SWAC make these

recommendations in support of reduced waste generation, increased resource recovery and reuse, and ultimately better systems performance.

We are happy to answer any questions you may have.

Respectfully,

*Carol Adaire Jones*

Carol Adaire Jones  
Chair

*Robin A. Barr*

Robin Barr  
Vice Chair

CC:

- Andrew Friedson, Montgomery County Council Vice President
- Gabe Albornoz, Montgomery County Council Member
- Marilyn Balcombe, Montgomery County Council Member
- Natali Fani-González, Montgomery County Council Member
- Will Jawando, Montgomery County Council Member
- Sidney Katz, Montgomery County Council Member
- Dawn Luedtke, Montgomery County Council Member
- Kristin Mink, Montgomery County Council Member
- Laurie-Anne Sayles, Montgomery County Council Member
- Kate Stewart, Montgomery County Council Member
- Marc Elrich, Chief Executive, Montgomery County
- Willie Wainer, Acting Director, Montgomery County DEP and Director, Recycling and Resource Management Division, DEP

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**Appendix A**

**Comprehensive Solid Waste Management Plan (SWMP) 2020-29, Enhanced Plan of Action for Reducing Solid Waste Generated and Maximizing Recycling**

The following is a list of programs in Chapter 5 (Section 5.6) of the 10-Year SWMP approved by the County Council October 2021. (Ongoing activities are highlighted in **bold**). More staff are needed to complete these actions.

Reduction and Reuse

- **Food waste reduction campaigns**
- Community/neighborhood exchanges
- Fix-it/repair clinics
- Online portal for material exchange
- Sharing libraries
- **Ongoing education, outreach, and enforcement**
- Reuse events and targeted campaigns
- Reuse centers



### Regulatory Options

- Ban single-use plastic shopping bags and increase the fee for paper bags.
- Reduce single-use plastic water bottles in County facilities and install water refill stations.
- **Revisit ordinances to explore how to expand and include more materials (e.g., single-use foodware, Styrofoam®).**
- **Advocate for Extended Producer Responsibility of other materials and container deposit legislation.**
- **Ongoing education, outreach, enforcement, and targeted campaigns.**

### Recycling Other Materials

- Provide a second recycling cart to single-family residents in Subdistricts A&B.
- **Textile diversion awareness campaign and collection strategy.**
- **Mattress collection.**
- Carpet collection.
- Ongoing education, outreach, and enforcement, and targeted campaigns.

### Strategic Plan to Advance Composting, Compost Use, and Food Scraps Diversion

- Mandatory diversion of food scraps for businesses.
- **Pilot and full-scale organics collection for single-family residents in Subdistricts A&B.**
- **Pilot and full-scale organics collection for multifamily residents.**
- Community composting.
- **Backyard composting.**
- **Diversion of food scraps in schools.**
- **Ongoing education, outreach, enforcement, and targeted campaigns.**

### Construction & Demolition (C&D) Materials Management

- **Increase tipping fees for C&D materials at the Transfer Station.**
- Increase enforcement of International Green Construction Code requirements.
- Develop a new diversion ordinance or update existing ordinances to include deposit programs.
- **Stop accepting some or all C&D materials at the Shady Grove site.**
- Encourage the development of new markets for C&D materials if/when a Resource Recovery Park is established.
- Ongoing education, outreach and enforcement, and targeted campaigns.

### Incentives to Reduce Trash and Increase Recycling

- **Consider using a standard trash container with an allowance for excess trash (tags or specially marked bags as part of a PAYT system).**
- Consider reducing the number of items collected in the bulk trash curbside service.
- Consider reducing the amount of trash accepted at the Shady Grove site at no charge or implement a minimum fee.
- Consider the implementation of every-other-week trash collection once the Countywide residential curbside organics program is in place.
- **Continue with ongoing education, outreach, enforcement, and targeted campaigns.**

### Responsible Collection of Materials – Collection Enhancements

- **Consider providing trash collection services to Subdistrict B.**
- Convert to every-other-week collection of trash and recycling, alternating with organics collection.
- Reduce the number of collection areas and contracts.
- Consider franchising if the County requires more control over the waste collection from the multifamily and nonresidential sectors.
- **Mobile collection of household hazardous waste and electronics.**
- Ongoing education, outreach, enforcement, and targeted campaigns.
- **Enhanced recognition program to feature businesses that are implementing waste reduction or recycling initiatives.**
- Provide incentives such as grants to businesses for bins/carts to increase recycling.
- Develop intermunicipal partnerships or working groups to facilitate knowledge sharing, explore collaborative procurement opportunities, and harmonize programs so that residents who work, play, and live in the area all have access to similar programs.
- Continue to identify opportunities to enhance green procurement and support a circular economy.
- **Continue outreach, education, and training and reinforce with enforcement as necessary.**

### Supporting Waste Reduction, Reuse, and Recycling

- **Document the number of enforcement activities (e.g., fines, oops stickers) to measure the effectiveness of education, outreach, and enforcement activities.**
- Develop targeted campaigns for new programs and materials with low capture rates and look for new opportunities to inform residents/businesses about waste reduction, reuse, and recycling.
- Develop realistic and achievable performance metrics (e.g., waste disposal or generation rates) to monitor the success and performance of programs and identify areas for improvement.
- **Review the County DEP website for clarity, ease of use, and navigability on both computers and mobile devices, including tablets and cell phones.**
- Support the development of an app for cell phones to provide further information on County waste management programs and opportunities/locations to reuse or recycle materials.
- **Conduct regular waste audits** as well as pre/post program implementation to monitor the effectiveness of education and outreach, particularly if there are targeted campaigns, and to identify issues.
- **Enforce regulatory requirements of collectors and others delivering loads of waste to the Transfer Station that contain mandated recyclable materials.**
- **Utilize more workers in the Recycling Investigations Unit, specifically to investigate the sources of generated loads delivered to the Transfer Station, that contain recyclable materials mandated for recycling.**
- Enforce recycling through citations for single-family homes by incorporating a program similar to the one currently used for multifamily and commercial properties to teach residents the importance of recycling.
- Develop policies to address trucks arriving at the materials recovery facility with contaminated material.