

Memorandum

To: Solid Waste Advisory Board

From: Gayle Wilson, Solid Waste Management Director

Subject: Decision Points and Strategy for Developing Recommendations on the Solid Waste Plan

Date: September 3, 2009

This memo responds to the SWAB request at its August 6 meeting to provide further guidance on the type, timing and priority of recommendations needed to the Board of Orange County Commissioners on the Solid Waste Plan. The key staff recommendation is that the SWAB use its September meeting to focus on waste and recycling collection in the unincorporated areas and develop a suggested agenda and timetable for its subsequent joint meeting with the Solid Waste Plan Work Group to focus on this topic. The Work Group could then be ready to complete a set of recommendations on these issues for the Board of Orange County Commissioners.

While other elements of Solid Waste Plan development are important, the current situation regarding closing Bradshaw Quarry solid waste convenience center (SWCC) and reducing hours at the remaining centers, along with development of possible alternative sites for SWCC's (see attachment 1, memo to BOCC September 1, 2009) , suggests that the SWAB first advance the discussion specifically on the unincorporated area waste management and then work on the remaining issues needed for comprehensive plan recommendations.

Background

At the August 6 meeting, staff provided brief descriptions and summaries of the key areas for making recommendations to the BOCC based on past work by the Solid Waste Work Plan Group and concomitant analyses conducted by the staff with its consultants. From among the various plan elements previously covered, three key reports and a PowerPoint presentation are attached to this memo relevant only to waste management in the unincorporated areas (attachments 2, 3, 4 and 5). Using that information, staff has developed an annotated list of recommended decisions only for waste management in the unincorporated areas.

Past reports on waste management in the unincorporated areas included examination and analysis of franchising waste collection and alternative ways to finance and operate the SWCC's. One determination was made early in the course of conducting the technical analyses, not to pursue a publicly-owned and operated waste collection service in the unincorporated area, thus that option was eliminated early. There was a discussion by the Work Group members leading towards a recommendation to close the Bradshaw Quarry Road SWCC, but no formal recommendation was made by the Work Group to the BOCC

on that matter. BOCC has decided to close it this year for budgetary reasons. The Work Group also held some discussion of including Pay-As-You-Throw at SWCC's with discussion leaning towards a recommendation of including fees for bulky items but again, no formal or informal recommendations were made specifically on this or other matters related to unincorporated area waste and recyclables management.

Staff expects the SWAB and Work Group to focus primarily on larger scale planning and policy-oriented decision making and the remainder of the memo is structured accordingly. Some technical decisions that need to be addressed primarily by staff may arise in the course of the policy level recommendations, such as should the collection of recyclables switch from two-stream (paper in one bin, cans and bottles in the other) to single-stream? While SWAB and Work Group recommendations are not necessary for those technical decisions, they may provide some guidance.

A prioritized list of the remaining plan elements is included in the discussion below. Reports and past analyses on those other plan elements will be brought forward again as the SWAB and Work Group develop recommendations for those areas. The overall financial planning model will be presented after the Work Group addresses the elements already analyzed.

Discussion

The areas for recommendation-making are enumerated below. While the SWAB requested staff provide a suggested ranked order encompassing all the plans' decisions, the number and scope of decisions pertaining to only unincorporated area waste collection and the timing of those decisions point to a strategy of addressing only this plan element in detail now and simply setting a timetable for the others. Priorities among the unincorporated area decisions are all approximately equal and decisions are highly interactive.

Based on budget constraints, the BOCC determined that closing the Bradshaw Quarry Road SWCC and reducing hours at all four remaining centers was an effective way to reduce Solid Waste Management costs in 2009-10. These decisions have raised the concerns of waste and recycling collections in the unincorporated areas to what staff believes are the highest priorities for the Work Group recommendations. There are five components involved in managing waste in the unincorporated areas and recommendations on those areas by the Work Group should be made in light of the interactive nature of the elements including:

- Franchising residential waste collections,
- Including non-residential franchised waste collections with residential,
- Financing of the solid waste convenience centers and other unincorporated area programs and services,
- Modernizing, expanding services and re-locating convenience centers,
- Timing, extent and nature of expansion of curbside recycling expansion.

Decision one: Franchise residential waste collection in the unincorporated areas

Development of one or more franchises would ensure that all residents in the unincorporated area have access to waste collection services at their homes. Controlling and directing flow of MSW to the new transfer station could create valuable revenue and more environmentally sound management of that waste according to County regulations and policies. Utilization of the franchised hauler(s) could be mandatory or voluntary and there could be more than one franchisee in more than one geographic area. A franchise fee could provide an additional source of revenue. Franchising typically results in some loss of choice of haulers and elimination of some haulers from some areas. Flow control of waste could be examined in lieu of a franchise, but could be more complicated. We note that there is a statutory fifteen month waiting period from the time the BOCC decides to consider franchising until a franchise is actually implemented. Implementation before fifteen months would result in the requirement to compensate current haulers for the value of their foregone gross revenue.

Recommendations from the Work Group could include:

1. Franchise or continue with the current laissez-faire system of private waste collection.
2. Mandatory or voluntary franchise sign-up. Mandatory would require all residents to pay the franchise fees and all receive collection, as a corollary, collection of household waste at convenience centers might be eliminated or restricted as it would be superfluous.
3. Determine the number of franchise haulers in one or more districts. A single hauler for the whole county would eliminate choice and likely eliminate some small haulers, but likely provide the lowest costs due to economy of scale. More than one hauler in more than one district could provide choices and also spread the work around thus preserving more haulers but reducing economies of scale.
4. A number of smaller recommendations such as including variable volume fees (Pay-As-You-Throw) and inclusion of small non-residential customers (suitable for cart based collection, not dumpsters) on curbside routes could be also considered.

Decision Two: Include the non-residential entities in the unincorporated area in a franchise agreement

There are a small number -- 350 -- relative to number of houses ~20,000. Inclusion of this sector in the franchise would allow the capture of more waste; potentially 3,000 or more tons (staff est.). Extending the franchise in this sector could bring some economic-efficiency gains. Although prior technical analysis demonstrated no economic advantage to the customers, capturing more waste would be beneficial to transfer station economics and it would be more environmentally sound to use a single hauler. An alternative option addressed in a previous analysis of franchising was to include the non-residential entities

with an urban franchise such as the existing one in Hillsborough, so this may also be considered.

Recommendations from the Work Group could include:

1. Including all non-residential entities in the rural residential franchise service
2. Including only small businesses, churches, etc. that could be served with a limited number of roll carts, equivalent to residential type service
3. Continuing to seek a partnership with an urban franchise such as Hillsborough
4. Not providing franchised waste or recycling services through the County
We note that if any or all non-residential entities are included that the decisions enumerated above for residential service also apply.
5. Should flow control of non-residential waste be developed without a franchise being implemented? Flow control enforcement could be challenging without a franchise.

Decision three: Financing convenience centers using charges for managing some or all materials and/or using an annual per household availability/other fee (and consider other changes to convenience center operations and locations)

The convenience centers are financed predominantly from General Fund ad valorem taxes with enterprise fund monies used to collect recyclable paper, cans and bottles as well as electronics, automotive wastes and dry cell batteries. The general fund is under considerable constraint and unable to continue to fully fund SWCC operations at former levels, hence this year's cutbacks. At the same time, there is significant user pressure on the SWCC's, as the operation is perceived as a 'free good'.

Instituting user fees per bag or per unit (e.g. per item of furniture) could provide a new source of revenue while possibly cutting down on overuse of the centers or making more efficient use of them as users might avoid multiple trips. Per bag and per item user fees also create operational challenges in handling cash or other means of exchange like tags, stickers, credit cards, etc. Some judgment is called for in assessing fees to bulky items. User fees could enable a broader segment of the non-residential community to make use of the centers because they would pay, so it would not be necessary to restrict use to only residential wastes, provided that the added influx of materials could be managed. User fees of any kind would be highly likely to initially engender community disapproval, especially if tax rates were not lowered at all in compensation, but the fact is additional funds are needed now to operate the SWCC's at the expected high levels of service historically provided. Past consideration of user fees by the Work Group resulted in internal informal opposition to using them for bagged MSW, but that opposition did not necessarily extend to bulky non-MSW like furniture or even tires, white goods and yard waste. Previously, no consideration was given to instituting fees for yard waste, white goods, tires or other goods. Those fees may be effective ways to raise the necessary operational revenues, including the cost of administration/collection. While the concept of supporting convenience centers using availability (or other similar) fees levied annually on all households in the unincorporated areas is common throughout

North Carolina, including in Durham and Chatham Counties, it has not been given detailed consideration by Orange County. Given the current fiscal conditions, the SWAB may wish to revisit this option. Fee levels could vary depending on if the household had subscription waste collection, thus theoretically limiting their use of the centers to non-municipal waste. Chatham County uses a two tiered fee structure and tracks use of subscription haulers by the residents claiming the lower fee due to having a hauler. There are some administrative challenges in managing these type fees as well.

Recommendations from the Work Group could include:

1. Charge user fees for any or all of the following items:
 - a. bulky goods like furniture
 - b. construction and demolition waste
 - c. tires (while disposal is covered by the Advanced Disposal Fee (ADF) managing the tires at convenience centers has a cost
 - d. white goods (same as tires, there is a handling cost although ultimate disposal is prepaid by the ADF)
 - e. bagged solid waste
 - f. yard waste
 - g. other materials
2. Determine if an annual household availability or other type fee is a useful tool

Decision Four: Modernization and redistribution of the convenience centers to achieve more geographic equity and operational efficiency

These activities could be part of a longer term plan that could include installing waste compactors and two-level disposal sites to make disposal physically easier and safer by separating the collection trucks from disposal activity by individuals, as well as more efficient by hauling more densely compacted waste. Geographic redistribution could include closing the Walnut Grove Church Road site and creating a new site integrated into the planned County park site on Mincey Road (near Hwy. 57) where land has been set aside. If the Hwy 54 site is chosen for a transfer station, then including a convenience center there and closing Ferguson Road along with closing the Bradshaw Quarry site would create a more geographically equitable site distribution too. One or more of the remote SWCC's could also house satellite hazardous waste collection operations and other possible services, thereby reducing driving time for HWW disposal, mulch sales, etc. Modernization of facilities could include the continued use of the facilities to focus on collecting and recycling specialty items that help us increase diversion and are not easily commingled with traditional recyclables that are collected by the collection programs.

Recommendations could include:

1. Determine if the current distribution and configuration of the SWCC's is adequate in both the near term and the long term.

2. Consider if changes are needed, determine if the number and distribution should change e.g. closure of Walnut Grove Church Road center and move to the Mincey/Schley Road planned park site. And, if Hwy 54 is transfer site, close the Ferguson Road center along with Bradshaw Quarry Road center and co-locate a new, modernized SWCC at new transfer site.
3. Determine timing, desired services and financing of moves and site redevelopment.

Decision five: Expansion of curbside recycling to more households

Historically curbside recycling in the unincorporated areas has been expanded incrementally, filling in those area of growth along and adjacent to existing routes and via staff-designed route expansions that responded to both public demand and opportunities to grow efficiently. This County operated program with ten bi-weekly routes now serve about 2/3 of rural households, 13,600. An average of about 40% of eligible households set out recycling each cycle. This program is fully financed using the 3-R fee. No major expansions were planned for FY 2009-10, only service expansion to houses built along existing routes was considered.

Recommendations could include

1. Continue to expand routes incrementally in response to demand and ability to add routes until the whole County is served
2. Expand in the short term (next ten months) to service as much as possible of the southwestern area of the County that was affected by closure of the Bradshaw Quarry SWCC to compensate for loss of the SWCC from their area.
3. Plan the expansion to all of the unincorporated areas in the next two years and execute it in 2011-12 possibly in conjunction with a franchise and PAYT at the SWCC's.
4. Consider cart-based automated service and other specialty services to provide services on smaller, private roads where feasible.

Other major planning issues for consideration and recommendations facing the SWAB include:

- Instituting broad-scale non-residential (commercial) recycling
- The need and extent to continue operation of unstaffed recycling drop-off sites
- Re-examination of residential recycling for potential improvements, changes or expansions
- Timing of move to phase two of processing/transferring recyclables
- Overall financing and financial plan of the overall solid waste management system

Staff recommends that the four items above be addressed in the order shown over its next three meetings as much of the analytical work has already been completed on the first three issues and the Work Group has previously considered those items in some detail. The financial plan details will be ready for consideration by the time recommendations on the other items are completed. Staff further recommends that the SWAB recommend

a timetable for meeting with rest of the members of the Work Group to address the issues detailed in this memo and use that meeting to develop its recommendation to the BOCC. Our ultimate goal is to construct long-term solid waste management system recommendations for consideration by the Board of Commissioners and the Towns.