

Solid Waste System Financing

Summary of Past Work and Options for Future Work



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What's the Issue?

In a nutshell:

- ▶ Much of Solid Waste System is funded by disposal.
- ▶ How do we fund the system if we are successful at reducing disposal?



Key Points

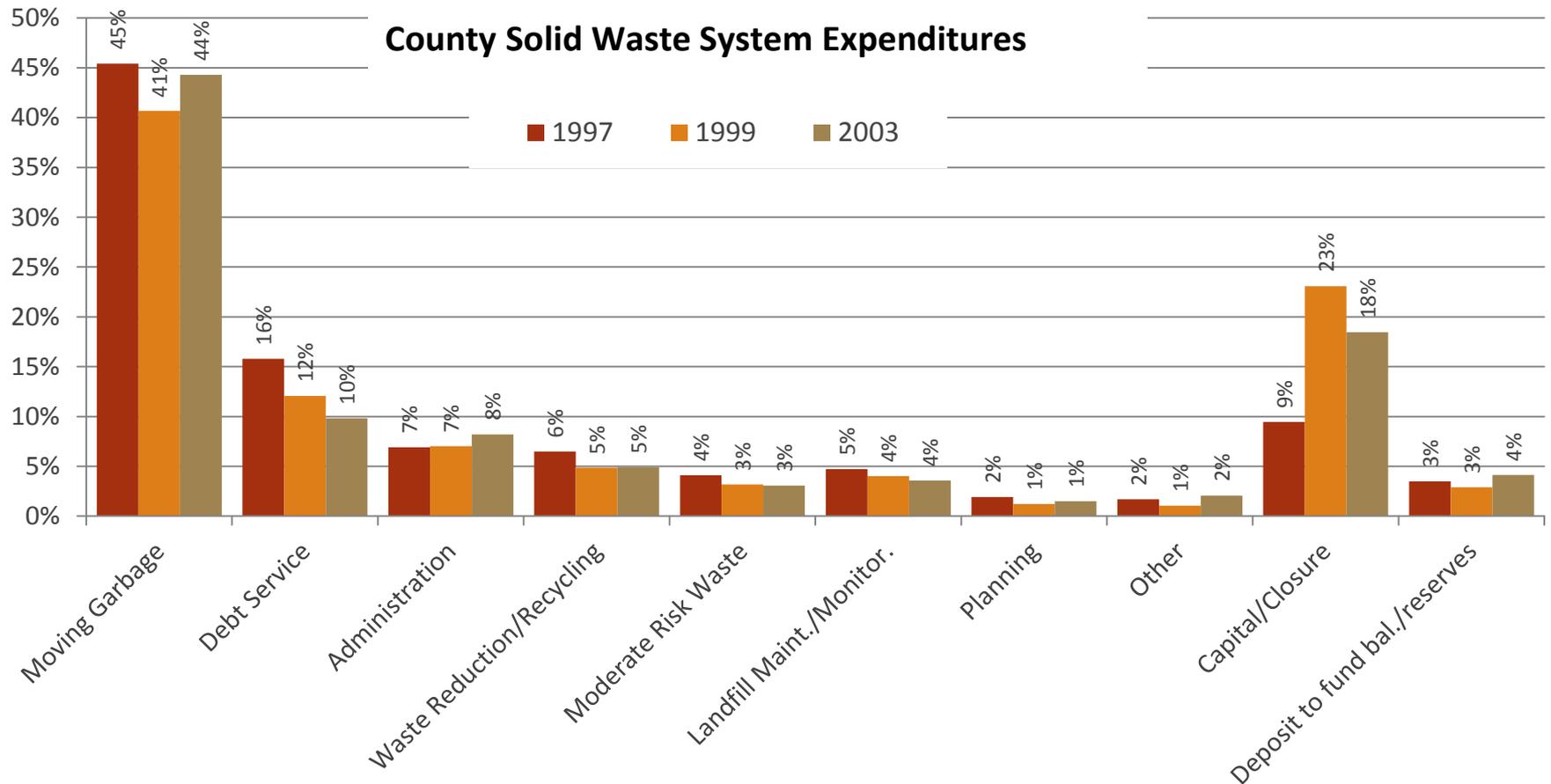
- Been a concern for many years ~20+
- Not just a solid waste issue - a utility issue
- Very complex issue -- no easy answers
- Some work done by Ecology and others
- Now: Another research opportunity:
What direction to take?

Work Done to Date

- **1997,1999,2003:** Solid Waste Policy Forum Survey Reports
- **2002** Issue paper: Solid Waste Costs and Barriers to Recycling
- **2004** Beyond Waste Plan Background Paper: Financing Solid Waste for the Future
- **2007** Solid Waste Management Cost Flows in Washington State Report
- **2011** UW Intern Report: How Washington State Residents Pay for Garbage, Recycling, and Organic Waste
- **2011** WSU Report: Revenue Sources to Fund Recycling, Reuse, and Waste Reduction Programs
- Also, work done by many others....

Solid Waste Policy Forum Data

- Survey of county finance information: 1997 & 1999
- Updated for 2003 but never published



Previous State Plans & Financing

- 2002 Issue Paper: Solid Waste Costs & Barriers to Recycling
 - full-cost accounting, internalizing external costs
- 2004 Background Paper for Beyond Waste: Financing Solid Waste for the Future
 - List of 23 current funding mechanisms; one added in 2009
- 2004 & 2009 State Plan Recommendation
 - Evaluate financing for the solid waste system....

Current Funding Mechanisms

User Fees, Rates, Surcharges

1. Cost-of-Service-Based Rates
2. Other Volume-Based Rates
3. "Fixed or flat" Per-Customer Rates
4. Solid Waste/Recycling Collection Rate Surcharges
5. Planning Fees
6. Weight or Volume Based Disposal Fees
7. "Fixed or flat" Per-Customer Disposal Fees
8. Disposal Surcharges

Taxes

9. Model Toxics Control Act Funds--Hazardous Substance Tax
10. State Litter Tax
11. Disposal District Excise Tax
12. Mandatory Collection
13. Franchise Fees/Gross Receipt Taxes

Specialized Fees

14. Advance Recovery Fees (Voluntary or Mandatory)
15. Permitting fees

Other

16. Enforcement Infractions/Fines/Penalties
17. Sales of Recyclable Materials
18. Fees/Charges for Recycling
19. Sales of Recovered Energy
20. Government-Collected Funds from Private Sector Activities
21. General Fund Revenue Sources
22. Bond Financing
23. Public Works Assistance Account
24. Producer-funded Programs (added in 2009)

2007 Report: Solid Waste Cost Flows in WA (2005 data)

➤ \$1.8 B spent on SW management

➤ Disposal = 39%

➤ WRR & Composting = 15%

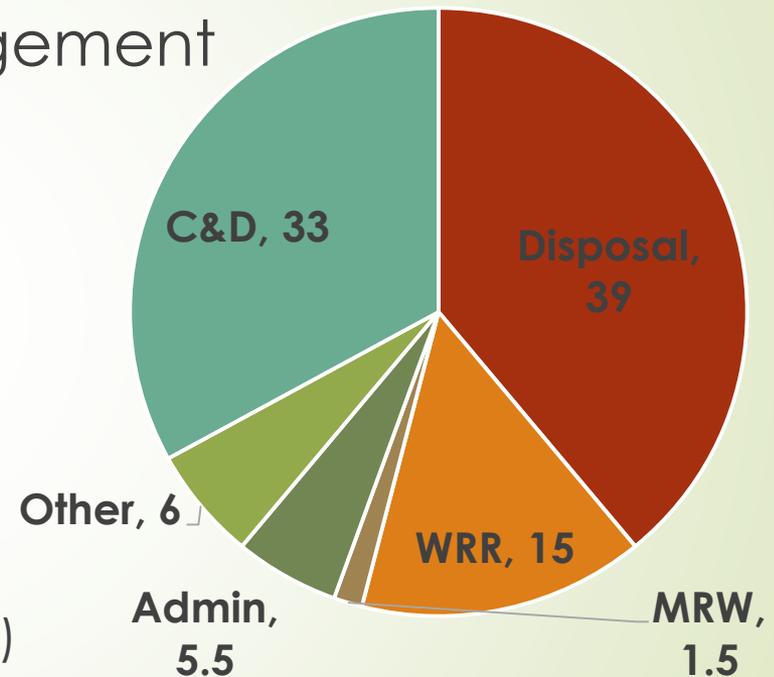
➤ MRW = 1.5%

➤ C&D = ~33%

➤ Admin = 5.5%

➤ Other = 6%

(Admin, litter, debt service, equip.)



➤ Also broken down by public and private revenues and expenditures

2011 UW Report “How WA State Residents Pay for Garbage, Recycling, & Organic Waste”

- Concern: message that “recycling is free”
 - Recycling funded through the UTC system must be shown on the bill
 - Cities can hide recycling cost in garbage bill
- UW Evan’s School of Public Policy graduate student studied how cities charge and pay for recycling
 - 86% of non-UTC cities hide the cost of recycling in their garbage bills

2011 WSU Report: “Revenue Sources to Fund Recycling, Reuse, & Waste Reduction Programs”

- WSU economists did initial survey of funding mechanisms for waste reduction/recycling (WRR)
- Assess if they meet criteria established in plan:
 - Provide long-term funding
 - Support high environmental standards
 - Incentivize desired behavior
 - Protect against clean-ups
 - Be fair, flexible and practical to implement; and
 - Provide feedback to manufacturers about product design when possible

2011 WSU Report Findings

- Discussed 17 mechanisms
- Initial I.D. of those most likely to meet criteria
- ***A palette of funding systems is needed***
- Further research discussed, but funding removed
 - WSU would be more theoretical than desired

Table 1: Summary of potential revenue instruments and their effectiveness criteria. The magnitude of effectiveness measures should be compared within a given column, not across columns.

Effectiveness criteria Revenue instrument	<i>Waste reduction incentive</i>	<i>Recycling & reuse incentive</i>	<i>Revenue generation capacity</i>	<i>Revenue sustainability</i>	<i>Low gov. admin. costs / complexity</i>
i. Extended Producer Resp.	👍👍👍	👍👍	👍	👍	👍👎
ii. Producer Product Type	👍👍	👍👍	👍👍	👍	👍👎
iii. Producer Product Char.	👍👍👍	👍👍	👍👍	👍	👍👎
iv. Advance Disposal Fees	👍👍	👍👍	👍👍	👍	👍👎
v. Other Fees - Purchasers	👍?	👍?	👍	👍	👍👎
vi. Other Rev. Purchasers	👍?👎	👍?	👍	👍	👍👎
vii. Flat Fee Waste-to-Landfill	👍	👎	👍👍👍	👍	👍👍👍
viii. Var. Fee Waste-to-Landfill	👍👍	👍	👍👍	👎	👍👍
ix. Flat Fee Recycling/Compost	👍	👎	👍👍👍	👍	👍👍
x. Var. Fee Recycling/Compost	👍👍	👎👎	👍👍	👍	👍
xi. Fine Illegal Dumping	👍	👍	👎	👎	👎👎👎
xii. Mandated Recycling	👍?👎	👍👍	NA	👍	👍👍
xiii. Var. Taxes Solid Waste	👍👍	👍	👍	👎	👍
xiv. Tax Private Disposal	👍👍	👍	👍👍	👎	👍👍
xv. Revenue Waste-to-Energy	👎	👎	👍	👎	👍👍
xvi. Revenue Sale Recyclables	👎	👍👍	👍	👍	👍👍
xvii. Tax Outside Waste Stream	👎	👎	👍?👍	👍?👎	👍👎



2015 State Plan & Financing

- One of the top items we heard about when updating the plan...
 - *“Research solid waste system finance options via universities, other states, and utility experts in the face of reduced waste and associated tip fees. With stakeholder input, explore current options as well as search for new ideas. Prepare financing recommendations from current knowledge while working toward finding long-term funding solutions.”*



What's next?

Let's hear your thoughts....

A few ideas...

- WSU Report next steps
- Update the existing finance mechanisms; add more details where needed
- List out system components and align with potential funding mechanisms; prioritize a few areas to address
- Research all taxes placed on solid waste by whom, and how used
- Update cost flow study or solid waste policy forum county data
- Look at other places and other utilities for new funding mechanism ideas



Thank You!

- ▶ Contact me with additional ideas:

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