

Open Work Session

Legislative Bill 2016-10-Tipping Fee for State Permitted Construction and Demolition Facility

July 19, 2016

County Executive Bob Culver and Mr. Weston Young, Director of Public Works, came before Council. Mr. Young said this legislative bill is an attempt to create an incentive to recycle in the private sector. In this specific case, they looked at an area in the County where the Solid Waste Division of Public Works does not operate and that is the processing of construction and demolition debris. He said the processing of construction demolition is basically when you take down a building, they sort through all the material and look to pull out every available recyclable. As it currently stands, if the County demoed a building and did not send the material to processing entities, it would all go in the landfill. There are opportunities where recyclables can be optimized in terms of certain sectors. In this case, we are focusing on construction and demolition processing. He said what is left over after the recyclables are removed from a construction or demolition project is known as residuals. The residuals tend to be more densely compacted, and they work well in terms of obtaining a higher compaction rate. Mr. Young said this legislation allows state certified processing companies with construction and demolition debris to get a discount on their tipping fee of one-half of whatever the tipping fee is so, at the \$60 per ton, it would be \$30 per ton up to the amount they recycle per year. The County's recycling rate includes what businesses recycle and, in the case of a private business that handles this type of material, the tonnages they recycle count towards the County's recycling rate. By giving the company a discount on the residuals up to the recycle tonnage, can be an incentive for the company to recycle even more, if possible, as well as bringing it to the County's facility. Mr. Young said a private business in Wicomico can chose not to send residuals to our landfill. He said although the County is competitive, there are other options for companies. Mr. Young said currently there is only one business and that is Bennett Construction. They are a state certified construction demolition processing facility. Their residuals, at the time the legislation was being drafted, were not coming to County's landfill. He said if Bennett Construction uses our landfill the County, Solid Waste Division, would receive additional revenue. The legislation would encourage Bennett Construction to recycle more, so they could get a larger discount on the tonnage. Mr. Young continued he said, the landfill is highly regulated, and the scales are tested frequently to make sure they are accurate as possible. The County has to make sure it keeps extremely accurate records. A state certified processing facility is held to similar standards. Mr. Young said the values that they have seen so far is that Bennett Construction generates almost 9,000 tons of residuals each year and about 4,500 tons of recyclables each year. He said using those numbers, when Bennett Construction brings those 9,000 tons of residuals to the Newland Park Landfill, with this legislation, the first 4,500 tons, which is the number they recycle, they would get it at \$30 per ton. The remaining would be at the full amount, \$60 per ton. He said this is approximately \$390,000 to \$400,000 additional revenue. Mr. Young said the County would receive additional revenue and the increase in operating costs would be negligible because the County is already compacting and covering in the normal duties. The higher the recycling rate, the bigger the discount the company receives on the residual material they bring in. Mr. Culver said the state has mandates the County

has to hit. Right now Wicomico County is above the mandate but, in order to keep obtaining those goals, coming out ahead, they have tried to devise a plan and make it work for Wicomico County. The County will be guaranteed more money coming in, and the landfill has about 27 years left. If we can get more years out of the landfill, the better off the County will be. Mr. Culver said the residuals will come to the landfill in a compacted state rather than as a dump truck load of construction debris that the County has to try to compact. Mr. Culver said the final part of this program is a big thing for Wicomico County. Mr. Joe Holloway asked if the one company that is going to be utilizing this program is in full agreement. What happens if someone comes along with a better deal? Mr. Joe Holloway said someone could say bring your residuals to us. Mr. Young said if the company chose not to bring their residuals to the County, the County would take a hit in revenue, but any private company has that option right now. He said right now logistically the County is the best option. Mr. Joe Holloway clarified that the program will be an incentive for a company to recycle more by lowering their tipping fees, cutting it in half. He asked with the price of recycles at the all time low, scrap metal is worth nothing right now, how would this be an incentive for a business to recycle more. Mr. Young said what the program would say is instead of paying \$60 per ton, come to the County and the price will drop down to \$30 per ton up to the recyclable amount. For example, if the company has 9,000 tons of residuals and half of that is 4,500 and if they brought it up to 6,500, they would then save significantly more than what they are paying currently. Mr. Young said he does not know what the breakeven line is. Mr. Joe Holloway said they will figure that out pretty quickly. If they chose not to participate in this program, they can do so. Mr. Joe Holloway said hopefully this legislation will encourage them to participate. Mr. Kilmer asked if \$60 per ton is to recoup the cost the County has in providing the service. Where did the \$60 per ton come from? Mr. Young said the cost of the cell, by paying for a new cell, the costs for closure and post closure is a decent amount money, as well as to maintain it for at least 30 years after it has been closed. They have money that goes toward that, plus the operational costs. His calculations came to \$59.45 per ton. He said the operational costs fluctuate depending on what they have going on. Essentially, \$59.45 of the \$60 goes towards closure, post closure, paying for a cell or paying off a cell that was built previously. The bulk of that is covered, but there is a little margin, so as long as operations stay down, they are putting money in savings. That is assuming 100,000 tons annually. He said when the economy is doing well, the County tends to get more and when the economy is down, it is less. Mr. Kilmer asked, if the County allows this company to get \$30 per ton, is the County eating \$30 per ton in expenses. Mr. Young said operationally more trucks coming on the hill is very negligible so, if you take out the operational costs, which he calculated \$49.65 of the \$60 goes toward operations. If operations do not change, you are talking about \$10 per ton for what they call air space, so paying for a new cell or an old cell, closure or post closure, even at \$30 per ton, we can say we are making \$30 per ton and anything over that would cover the anticipated negligible operating increases. Mr. Joe Holloway said the County is not getting the \$60 per ton now, so we will get \$30 per ton. Mr. Kilmer said the County is not providing the service right now. He said his concern is that this program will be benefiting one company, and they are going to get a great reduction in their costs of getting rid of waste when they are already recycling, and the County gets the credit. He said the County is essentially giving them a reward for what they are already doing. We are saying come to our County to get \$30 off the bill, but that does not necessarily

incentivize anything. Mr. Kilmer said the County may get a marginal incentive with a little more recycling but, essentially, this is rewarding them for what they are already doing. He said the County is paying between \$10 to \$60 for providing the service. Mr. Kilmer said his concern is that money would be coming in, but it also costs money for providing the service. He would like to make sure the County is not providing this service at above cost to this company to give them a break for what they are already doing. Mr. Young said with residential trash, there is no real incentive for a person living in the County that has trash service to recycle. They are paying a flat rate and, in the future, if the County can make it such that waste management companies would encourage recycling at the homeowner level, then the County could increase the recycling rate, and they would have less of a tipping fee to pay. As it stands, there is one company that benefits from this program and, as he looked into this program, their residuals were not coming to Wicomico County. He said while it could be a negligible recycling rate increase, he thinks at the discount rate the County is offering, it should push up the recycling number. Then there is the additional revenue that would be coming in that the County does not currently have coming in. Mr. Culver said years ago, streamline recycling was introduced, and it is going to cost millions of dollars and this has been going on for years. By encouraging this company to bring their recyclables is going to help Wicomico County meet the goal of 2020 in which they are shooting for the goal of zero waste, which is going to be tough, if not impossible to meet. They are trying to do what they can to encourage more recycling and there may be another company, Eagle, on West Road. Right now the County is focusing on construction debris, which is what Mr. Bennett brings in, and they may be able to enlarge the program to reach out to other facilities. Mr. Kilmer said he understands the zero waste, which he thinks is completely unrealistic, but the County has to deal with it. He said the County gets credit already when private companies recycle even if they do not bring it to the landfill. He just wants to make sure the County is not losing money by essentially increasing operating expenses and giving such a steep discount. He asked was a lower discount considered; maybe charge 75% of the fee. Mr. Young said, at the current rates where the recycling tonnage is about half of the total residuals that averages to about $\frac{3}{4}$ or \$45 per ton. Those numbers fluctuate depending on how much is being demoed in a certain year. Mr. Young said another reason they are pushing for this program is because construction demolition processing is a service that the County is not providing, but the private sector is. Mr. Joe Holloway asked how much of the construction waste, percentage wise, goes to Bennett Construction rather than the landfill? He then asked if the County would still get some bulk, to which Mr. Young responded the County will still get some things, but he is not sure in terms in percentages. Mr. Joe Holloway then asked if Mr. Young has discussed this program with Mr. Bennett to see if this is a workable number for them, to which Mr. Young said they already had the numbers for their recyclables and residuals. They are held to very similar regulations as the County. They did, however, get some numbers from the company directly to see if the program would work. Mr. Culver said another thing to consider is how much less our landfill will be taking up by the company bringing their residuals. One of the big costs is the cell, which is going to cost \$8 million dollars to build because of all the regulations. Mr. Joe Holloway said due to the price of recyclables right now, they are at the all time low, if the Council passed the legislation, he would like to suggest that what the company brings to the County gets monitored heavily. It must be less costly for the company to bring the waste to the County than to recycle it.

At some point in time, when the prices get down low enough, recycling does not pay. Mr. Dodd said he assumes the County's landfill does not have one of the large compact shredders that will grind up refrigerators. Mr. Young said they do not have one yet, but he has done some of the preliminary investigations for bulk stuff such as mattresses and bigger products that could be grinded up, which would help with compaction. The landfill consultants, however, make recommendations from a capital and maintenance standpoint. Similar to the County's tub grinder that grinds the brush that citizens drop, if a sledgehammer is thrown in the tub grinder that is a \$10,000 bill or, if someone threw a metal chain, and they did not catch it that could cause tens of thousands of dollars in repairs. He said you need the right person monitoring what goes in. He said it is something he is considering because from a tire standpoint, he thinks they can shred tires. Right now, the County has to pay to send the tires out. The bigger items or even the agriculture waste, such as the plastic used for tomatoes is something that if it does not get cut up, it can cause leachate issues in the landfill, so that is another item that would be beneficial to shred. Mr. Young said they have looked at purchasing a large compact shredder, but the consultant has advised against it, so he put it on the back burner. He thinks, however, with the right application and, if they can find the right operator, it would be a benefit. Mr. Dodd said with a larger shredder you can separate the metals. Mr. Cannon asked Mr. Baker if the wording in section I that says, "a processing facility located in Wicomico County" is sufficient. Mr. Baker said he thinks it means that the actual processing facility has to be in Wicomico County. Mr. Cannon clarified that they are talking about the actual brick and mortar, and not just the LLC established in Wicomico County, to which Mr. Baker responded, yes. Mr. Cannon then asked how do you know all the construction demo waste will be going to the landfill. Mr. Young said they have the company's numbers from 2012, and they could ask for their numbers going back further, then they can check to see if there are any discrepancies. Mr. Young said they intend to monitor the program to make sure the system is not being abused and, if it is, he will come back before Council and say this pilot program did not work. Mr. Cannon said the projects will change annually, it will not be consistent, to which Mr. Young agreed. Mr. Kilmer asked how long the pilot program will last. Mr. Young said there is no intention to have a sunset date. If the program works, they will continue it and, if not, they will come back before Council. Mr. Kilmer asked how long do you think it will take before you know if the program is working, to which Mr. Young responded, at least a year. Mr. Young said they would like to run the program on a calendar year basis and prorate the numbers. Mr. Kilmer asked what kind of numbers are you looking at to see if the program is working. Mr. Young said if the operation costs are negligibly increased, the County is still netting a profit that it is not getting now. The County will see additional revenue. Looking at the estimates from the past, the County is looking at \$400,000 additional revenue. Mr. Joe Holloway asked if the County is under any contractual obligation to the company, to which Mr. Young responded, no. Mr. Joe Holloway then asked if the County will have any outlays for additional equipment, to which Mr. Young responded, no. Mr. Culver said the operational costs will not go up because the County already has the manpower and bulldozers in place. Mr. Young said the scales may be a bit busier. Mr. Kilmer clarified this program will extend the life of the landfill, to which Mr. Young said yes, about 8% to 9%.

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John T. Cannon, President

Absent

Matt Holloway, Vice President




Ernest F. Davis, District 1



Marc Kilmer, District 2



Larry W. Dodd, District 3



John B. Hall, District 4



Joe Holloway, District 5



Matthew E. Creamer, Council Administrator