

PROP Testifies to Joint Conservation Committee on Reauthorization. (April 11th, 2002)

Mr. Chairman, Members of the Committee, good afternoon. My name is Ted Onufrak, Executive Director of the Centre County Solid Waste Authority, and with me today is Joanne Shafer, the Authority's Recycling Coordinator. Thank you for the opportunity to discuss the various legislative initiatives for reauthorization of the recycling fee, and I would be remiss if I didn't express to you, on behalf of many of us in the recycling business, how gratifying it is to see the current legislative interest and support in Pennsylvania's recycling programs. It's been over ten years since the implementation of Act 101, yet the same exuberance exhibited by those of you then, still is alive and well today. Thank you.

The Centre County Solid Waste Authority was created in 1972 for the purpose of constructing a transfer station to service haulers in the State College/Bellefonte area. Municipal waste was transported via tractor-trailers approximately 24 miles (one way) to a privately owned landfill in northern Centre County. Today, the Authority continues to operate a transfer station, processing nearly 100,000 tons of municipal waste annually, which is transported 102 miles (one way) to a private sector landfill in Somerset County. In addition, and due to the implementation of Act 101 of 1988, the Authority provides curbside recycling collection services to over 17,000 households and 500 businesses. We have over 100 drop-off boxes throughout the county, and operate a materials processing facility, which processes and markets 11,000 tons of recyclables annually. Our facility also accepts recyclables from private-sector haulers; we are under contract with private haulers to provide both residential and commercial recycling services within the County; and we process recyclables from five counties. We currently employ 51 individuals and have an annual operating budget of \$7 million.

Working with our local municipalities, local haulers and most importantly, staff from the Department of Environmental Protection, we have built a recycling program in our County which has consistently been ranked as one of the top five counties in the Commonwealth with respect to recycling rates. Since 1990, our Authority, through Centre County Government, has been the recipient of over \$7 million in grants from the recycling fund. From equipment to planning to recycling coordinator salaries, we believe we have built a program that was and continues to be, a program consistent with the legislative intent of Act 101. And although we have received substantial financial support from the DEP, we do assess a user fee for our recycling services and have contracted with the private sector as well as local municipalities, in an attempt to establish a program not entirely dependent on outside income, such as grants. It has been our goal to try and provide municipal waste disposal and recycling services at an economical cost to our county residents and to maximize the amount of waste that can be recycled and diverted from our landfills.

As you know, costs of services are always of paramount concern to our constituents. Our Authority does set aside a portion of those fees for replacement capital costs, but the availability of moneys from the Recycling Fund has been instrumental in assisting us with keeping those costs down, especially with respect to interest payments on loans for such capital costs. Obviously, we strongly support reauthorization of the Recycling Fund since we believe it has been extremely important to the success of recycling efforts in the Commonwealth. However, some existing legislative proposals for reauthorizing the recycling fund do cause us some concern with respect to the impact increased costs for our services will have on our ability to provide those services, as well as the fair and equitable implementation of some of the new programs being proposed. Prior to sharing these concerns with you, let me preface my remarks by emphasizing that although some comments may appear critical of the DEP, they are not intended to disparage the Department, but rather to bring to your attention what we perceive as inequities in the distribution of moneys from the same pot. Recycling today would not be as successful without the cooperation extended to all of us by the DEP. We've worked with their staff at both the regional and state

level, and believe me; they are as exuberant and committed as I believe you are. So please keep that in mind.

In recent months, legislation has been introduced to reauthorize the recycling fund of \$2 per ton; to add \$5 per ton to fund other programs; to initiate DEP licensing of certain waste transport vehicles, including transfer trailers; to allow host municipalities to negotiate their own per ton host fees; to require transfer stations to have host municipality agreements; and to allow host municipalities to access the Recycling Fund for up to \$50,000 for costs of negotiating host agreements. All of these proposals serve to increase our operating costs and that concerns us for the following reasons:

- Past programs dealing with tire remediation, forest beautification and the Growing Greener program, have all been funded from the Recycling Fund. This has resulted in considerable dollars being diverted from recycling, the original intent of the fund. Now we have additional proposals, such as allowing host municipalities to utilize the fund for negotiation costs, which will further deplete the fund. On top of that, I believe all the proposals are only supporting the reauthorization of \$2/ton, even though that \$2 per ton in today's dollars is worth significantly less than the same \$2 in 1990.
- The DEP continues to promote to us the need to implement additional programs such as Waste Cap, for commercial recycling, household hazardous waste collections, electronics recycling and increasing our educational efforts. There is a substantial need for additional funding for such programs, as well as additional staff at both the local and state level. In 1990, I worked for a conservation district. At the time the Department funded a portion of the salaries for the District Manager and one Technician. Today, they provide higher percentages of funding for those same positions; funding for additional technicians for not only erosion control, but also nutrient management, stormwater management and other Chesapeake Bay initiatives; and funding for programs such as Chapter 105 and watershed groups. Unfortunately, funding for recycling programs has remained constant, or perhaps stagnant is a better word. There is much that remains to be done, especially in the commercial sector. Not only does the recycling fund need to be reauthorized, but also it is our hope that the legislative intent of this reauthorization will include a directive to expand existing programs, launch new ones and provide adequate funding.
- Many of us have to remain competitive with neighboring facilities. That is extremely difficult considering the impact these mandatory rate increases may cause. There are numerous municipal facilities in competition with facilities in adjoining states such as New York and Maryland. Significant rate increases may cause them to lose waste to out of state facilities, which on the surface may appear to be a good thing, but in fact, will increase rates for Commonwealth residents that continue to use in state facilities. Ironically, in some areas, that lost waste may be replaced with out-of-state waste from eastern New York and northern New Jersey in an effort to keep costs and average daily volumes level.
- Although discussion currently seems to be focused on reauthorization, please keep in mind the numerous other legislative proposals being discussed, and the potential impact of those proposals, should they pass, on tipping fees. Currently, my Authority charges a municipal waste tipping fee of \$48 per ton. It is not inconceivable that if current pending legislative proposals all become law, that rate could rise almost 30%. (\$5 per ton (HB 2345), perhaps an equal amount or greater for municipal host fees for transfer stations, and possibly \$1 or \$2 per ton to license our transfer trailers.)
- Numbers have been bantered about concerning the actual impact on household collection rates should tipping fees be raised. In a controlled environment, where a municipality has competitively bid waste collection services or mandates waste collection, increases may be minimal. However, where private haulers are allowed to set their own rates, absent of competitive bidding, there exist a potential for homeowners to be significantly overcharged. If that occurs, more households could quit paying for collection services, and illegal dumping, especially in the

rural areas, could rise considerably. Do we then take more money out of the recycling fund for programs for illegal dumping? In those municipalities that fund garbage collection costs through local taxes, those local elected officials may be forced to increase local taxes to pay for higher tipping fees.

- Many of us also have concerns about the implementation of existing programs funded from the Recycling Fund. The Department currently has an extensive procedure with respect to applying for, expending and auditing grant moneys distributed for recycling programs. Additionally, we have to put the money up front and then wait for reimbursement. Will these additional programs, to be funded from the \$5, have to endure the same detailed processes? For example, it is our understanding that the current Growing Greener grant applications are one page, while our most recent recycling grant application weighed in excess of 50 pounds. Furthermore, we are required to advertise our intent to purchase equipment in local newspapers so as not to duplicate efforts with the private sector; we must purchase U.S. made steel; we are unable to sell outright any used equipment or lease it to the private sector; and most recently, our municipality of residence for our facility must have a burning ordinance prohibiting the burning of recyclables (particularly leaves), otherwise, we are ineligible for any grant moneys. Will these other recipients be required to follow similar procedures? To us, it is simply an issue of fairness.
- Many legislators have indicated that their intent of raising tipping fees is to discourage the importation of waste from out-of-state. If you are successful, the Recycling Fund could lose \$25 million per year. These new programs to be funded won't feel the impact since this will be "new" money for them; however, many of us have invested heavily in establishing excellent recycling programs, often due to state mandates, and have become dependent upon a stable flow of grant money to maintain our programs. We are concerned that besides only having the same \$2 we had in 1990, we may even end up with less. And with the recent release of the 2000 census, there will be more municipalities that now fall under the state mandate for curbside recycling, which will increase competition for that same \$2. Additionally, after 10 years, many of us are in need of replacing equipment and upgrading facilities. The most recent Section 902 grant round offered by the Department had \$45 million worth of requests, but only \$20 million is available. We believe the original intent of Act 101 was to fund all programs that qualified; instead, it has now become a competitive process that has resulted in unfunded mandates for some municipalities. Although we have many successful programs around the state, there is still a need and a demand for a stable, viable grant program. To alleviate any loss of revenue to the Recycling Fund from a potential drop in out-of-state waste, would it be possible to provide the Fund with \$4 (of the \$5 fee) per ton from in-state waste and a lesser amount from out-of-state waste? The remainder could then go to these other initiatives.
- We are also concerned about the potential for increased illegal dumping and the burning of household refuse, which can lead to other problems, such as wildfires. Is it possible to include a mandate for garbage collection, similar to the mandate in Act 101 for curbside recycling collection? I have always found it ironic that the Commonwealth has mandated that aluminum cans be picked up at the curb, but not dirty diapers. Currently, garbage collection is a municipal responsibility. State mandates for higher tipping fees are comparable to raising our state income tax but making payment voluntary. I would also like to point out here that solid waste authorities are different from water and sewer authorities when it comes to providing services and collecting fees for those services. Those of us (and there are many) that do not provide waste collection services typically deal with the haulers, not the homeowners. Our haulers have a difficult time collecting delinquent payments, and we similarly have a difficult time collecting from delinquent haulers. We are unable to place liens on homes, or have water or sewer service shut off. Although I understand this may be a difficult problem to solve, we would like to see legislation, which would provide our haulers and us some assistance in collecting delinquent payments.
- Remember, the goal of our recycling programs is to attain the highest diversion from the waste stream as possible. We need assistance with developing and strengthening markets for recyclable

material. Any programs receiving funding from whatever tipping fee increase you might mandate should be required to purchase and use recycled material whenever possible.

- We understand the inability to charge differential fees to out-of-state waste haulers. However, can we perhaps base tipping fee increases on a county or state's performance with respect to recycling rates? If our goal is 35% in Pennsylvania, can we allow a discount for those counties meeting that goal? And if other states aren't meeting a similar target, can rates be increased proportionately? We need to provide incentives to those who are doing their best to conserve landfill space.

In closing, we recognize the merits of those programs that desire to be funded through tipping fee increases, however we have concerns about the impacts on established programs that we have implemented based on the original intent of the Recycling Fund. Act 101 also significantly reduced the number of landfills in the Commonwealth, and many counties, including Centre, found it economically unfeasible to provide its residents with an in county landfill. Therefore, we upgraded our transfer station knowing that we would have to utilize some other facility. My Authority, and many others, expended significant time and money to develop waste disposal and recycling programs that met the intent of Act 101, and now this recent plethora of proposed legislation appears to be penalizing us for trucking long distances; is making us less competitive by increasing our costs; and may further reduce a grant program which has already had \$25 million per year diverted from it. We have some very serious concerns, and rightfully so, but we are committed to working with you in an effort to find solutions to the many problems we both face in today's waste management field. Again, thank you for the opportunity to share our thoughts with you, and we'd be glad to answer any questions you may have.

The Professional Recyclers of Pennsylvania (PROP) is a 501 (c) (3) organization headquartered in Bellwood, PA. Our address is P.O. Box 25, Bellwood, PA 16617. We can be reached electronically at prop@proprecycles.org or on the World Wide Web at <http://www.proprecycles.org>. Our phone number is (814) 742- 7777 and our fax number is (814) 742-8838.