

CLOSURE, POSTCLOSURE MAINTENANCE, AND FINANCIAL ASSURANCE FEE

1001 I Street
Coastal Hearing Room
September 13, 2010

AUTHORITY

- PRC 43508
 - Department may recover costs in meeting requirements

“The board or the enforcement agency may recover any costs incurred in meeting the requirements of this article by charging a fee pursuant to Chapter 8 (commencing with section 41900) of Part 2.”

Applicability

- Landfills operated on or after 1-1-88
 - Landfills subject to:
 - Closure and postclosure maintenance plans
 - Financial assurance requirements
- 288 Landfills currently subject to financial assurance requirements

WHY NOW

- Authority for fee for 20 years
- Current/projected CalRecycle budget deficit
 - IWMA revenue decrease of approx. 30% since FY 2005/6
 - No increase in tipping fee for eight years
 - Additional programs added without additional funding
 - Minimum Content Regulatory Programs
 - Landfill Closure Loan Program
 - Environmental Education Program
 - Long-term Threats to Solid Waste Landfills
 - Program resources scaled back with only critical programs funded
 - Over half of the landfills (closed) that utilize the program do not pay disposal fees

PROPOSAL

- Annual Regulatory Fee
 - Consistent with Water Board and Toxics
- Fee based on landfill air space
 - Air space = from bottom of excavation to top of final cover (permit app)
 - Active sites – permitted air space
 - Closed sites – final air space
- Five (5) levels of fees
 - Very small, small, medium, large, very large
 - Based on FA study which categorized landfills by size
 - Split outliers into very small and very large
- No differentiation of fee for active/closing/closed

FEE PROVISIONS

- Annual Fee based on Enacted Budget
 - Tentative Annual Fee schedule posted on website
 - After January Proposed Budget submitted
 - Adjusted per May Revised Budget
- Annual Fee invoice mailed to operator on or about 30 days after budget becomes law
- Annual Fee due 30 days from invoice

FEE ASSUMPTION FACTORS

- Staff Costs
 - \$2.75 - \$3.0 million staff costs per year
 - Personal Services (includes salary savings and benefits)
 - \$1.85 M
 - Operating Expense and Equipment
 - \$0.33 M
 - Indirect Costs
 - \$0.65 M
 - Total
 - \$2.83 M

FEE ASSUMPTION FACTORS (cont)

- Solid Waste Facilities
 - 288 solid waste disposal sites subject to fee

Landfill Size	Est. No.	Air Space Capacity (MCY)	% Annual Fee
Very Small	29	< 0.25	40
Small	18	≥ 0.25 but < 0.5	55
Medium	190	≥ 0.5 but < 30	70
Large	37	≥ 30 but < 100	85
Very Large	14	≥ 100	100

ESTIMATED FEES

All estimated fees are an annual charge to operators based on facility size

Landfill Size	\$2.75 M Annual Staff Cost	\$3.0 M Annual Staff Cost
Very Small	\$5,500	\$6,000
Small	\$7,560	\$8,250
Medium	\$9,625	\$10,500
Large	\$11,725	\$12,750
Very Large	\$13,750	\$15,000

ANNUAL REGULATORY FEE – WHY?

- Predictable revenue to CalRecycle
- Predictable cost to operator
- Annualizes costs that will vary widely over a 5-year period
- Consistent with Water Board and Toxics Fees
- Addresses expected CalRecycle costs
- Simpler administrative processing than alternatives
- Less costly to operators than alternatives
- Incentive to submit documents in a timely manner

OTHER FEE TYPE OPTIONS

- Activity Fee
 - Charge per submittal(s) (e.g., closure/PCM plans, FA demonstration)
- Hourly Fee
 - Charge per hour staff working on particular LF item

WHY NOT CHOSEN

- Unpredictable revenue for CalRecycle
- Unpredictable cost for operators
- Inconsistent with Water Board and Toxics
 - Toxics has “add-on” activity fee for permit application
- May not addresses expected CalRecycle costs due to fluctuating annual submittals
- More difficult administrative processing
 - Capturing general program costs
 - More billing and cost tracking
- Not all tasks amenable to activity fee and/or hourly (site specific) fee

WHY NOT CHOSEN - Continued

- More costly to operators than proposed alternative
- Incentive to not submit documents
 - No submittal – no costs
 - Although w/hourly fee there may be incentive to submit better documents
- Longer review period
 - Less program staff time devoted to reviewing documents
 - Staff resources needed to track time
- Higher probability of billing disputes

FEE SETTING OPTIONS

- Alternative Landfill Category Criteria
- Number of Landfill Size Categories
- Breakdown of Size Categories
- Percentage Assigned to Categories
- Costs for Closed vs. Active Sites

LANDFILL CATEGORY CRITERIA

- Total Air Space (AS)
 - LF complexity/workload related to size
 - AS does not change unless LF geometry changes
 - Objective calculation
 - AS under control of LF operator

LANDFILL SIZE CATEGORIES

- Number
 - Used Financial Assurance Study (FAS) but added very small and very large for outliers
- Size
 - Used FAS breakdown but split out outliers
 - (< 0.25 MCY and ≥ 100 MCY)
- Percentage
 - Baseline costs
 - Even breakdown between size categories
 - Very Large = 2.5 Very Small

ACTIVE VS. CLOSED

- Workload approximately the same
 - Active
 - Updated plans every 5 years
 - Partial Final Plans
 - Final Plans
 - Inspection of closure construction (partial and full final)
 - Periodic inspections of partial closed areas
 - Annual update of Financial Assurance
 - Closed
 - Updated plans every 5 years
 - Postclosure Land Use (revision of final plans)
 - Inspection of postclosure land use construction
 - Periodic inspections
 - Annual update of Financial Assurance
 - Review of drawdown/step-down
 - Enforcement

NEXT STEPS

- Workshop Notice September 13/14
- Regulation Webpage Live September 14
- Draft Regulations Available September 14
- Public Workshop October 11
- Regulation 45-day Start Late October

E-MAIL NOTIFICATION

- CalRecycle listserv
 - <http://www.calrecycle.ca.gov/listservs/>

Note: 2-step process

- Subscribe
- Confirm

QUESTIONS