

CLOSURE, POSTCLOSURE MAINTENANCE, AND FINANCIAL ASSURANCE FEE WORKSHOP

1001 I Street
Coastal Hearing Room
October 11, 2010

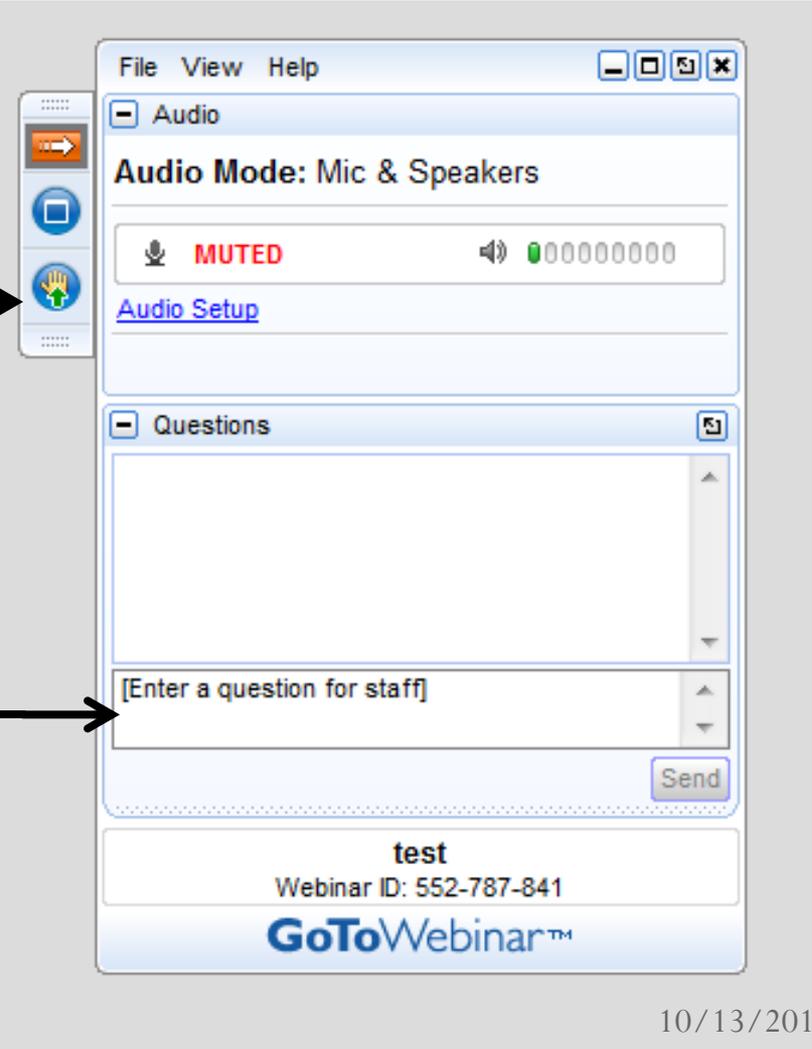
Ways to Participate

Raise Hand Button

Use this to vote, respond, etc. when moderator asks for “hands raised”

Type Questions Here

Moderators will answer your question during Q&A times during the training



AGENDA

- Introductions and General Overview
- Presentation of Draft Fee
- Discussion and Questions/Answers
- Wrap Up and Next Steps

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 percent 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

REGULATION GUIDING PRINCIPLES

- Straightforward, simplified
 - $\uparrow \text{complex} = \uparrow \text{costs} = \uparrow \text{fee}$
- Predictable
 - No/limited fluctuations in revenue for CalRecycle
 - No/limited fluctuations in fee Owner/Operator
- Objective Standard(s)
 - Not subject to various/different interpretations
- Repeatable
 - Different people will arrive at same answer

REGULATION CHANGES

- Minor regulatory language changes from initial draft
 - No substantive changes
 - Wording/representation changes only
 - More easily understood by all stakeholders
- § 23022 & 23023 – Switched ¶¶(a) & (b)
- § 23023 – Verbal description of maximum fee calculation rather than equation. *Detailed description and representative equation in ISOR.*
- § 23024 – Added decimal factors with percentage

Equation

$$\text{Maximum Annual Fee} = \text{Total Cost} / \sum_{n=1}^x (a_n b_n)$$

Where: $\sum_{n=1}^x (z_n)$ means $z_1 + z_2 + \dots + z_x$
x = number of disposal site size categories in §23024
a = number of disposal sites in each size category
b = maximum annual fee factor for the respective size category in §23024

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

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

LANDFILL CATEGORY CRITERIA

- Total Air Space (AS)
 - LF complexity/workload related to size
 - AS does not change unless LF geometry changes
 - Objective calculation
 - Already required in permit application form
 - 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)
- Factor
 - 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 (*Expect few changes unless expansion/design change*)
 - 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 (*Likely changes to PCM over time*)
 - 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 requests for PCM FA
 - Review/implementation of proactive monitoring programs
 - Enforcement/compliance
 - Remediation

FEE ASSUMPTION FACTORS

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

Landfill Size	Est. No.	Air Space Capacity (MCY)	Fee Factor
Very Small	29	< 0.25	0.40
Small	18	≥ 0.25 but < 0.5	0.55
Medium	190	≥ 0.5 but < 30	0.70
Large	37	≥ 30 but < 100	0.85
Very Large	14	≥ 100	1.00

FEE ASSUMPTION FACTORS (cont)

- Staff Costs
 - \$2.75 million - \$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 M0
 - Total
 - \$2.83 M

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

FEE SETTING OPTIONS

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

CAVEAT

- “Zero Sum Game”
 - If some disposal site(s) pay less, then some other disposal site(s) will pay more.
- Example - \$3,000,000 total cost & revised factors

Landfill Size	Fee Factor	Fee	Fee Factor	Fee
Very Small	0.40	\$6,000	0.20	\$3,515
Small	0.55	\$8,250	0.40	\$7,035
Medium	0.70	\$10,500	0.60	\$10,550
Large	0.85	\$12,750	0.80	\$14,070
Very Large	1.00	\$15,000	1.00	\$17,585

NEXT STEPS

- Regulation 45-day Start Late October
- Public Hearing Early-Mid December

E-MAIL NOTIFICATION

- CalRecycle listserv
 - <http://www.calrecycle.ca.gov/listservs/>
- CalRecycle e-mail
 - ClosureFee@CalRecycle.ca.gov

QUESTIONS/INPUT