

**Solid Waste Advisory Committee (SWAC)
Meeting Summary
October 23, 2009**

Participants		
Barry Cargill	Barry Cargill Associates	barry@barrycargill.com
Bill Lobenherz	Michigan Soft Drink Association-MRP	msda@voyager.net
Cara Clore	Clinton County	clorec@clinton-county.org
Chip Shaw	Landfill Management	cshaw@landfillmanagement.com
Chris Hackbarth	MI Municipal League	chackbarth@mml.org
Don Pyle	UPRC Delta County	dswma@hughes.net
James Clift	Michigan Environmental Council	james@environmentalcouncil.org
Jim Frey	Resource Recycling	frey@recycle.com
John Menna	Riverview Landfill	jmenna@cityofriverview.com
Mike Csapo	RRRASOC	mcsapo@rrrasoc.com
Terry Guerin	Landfill Management	tguerin@hrtc.net
DEQ Staff		
Becky Beauregard	DEQ-WHMD	beauregardb@michigan.gov
Christina Miller	DEQ-WHMD	millerc1@michigan.gov
Duane Roskoskey	DEQ- WHMD	roskoskeyd@michigan.gov
George Bruchmann	DEQ-WHMD	bruchmannq@michigan.gov
Liane Shekter Smith	DEQ-WHMD	shekterl@michigan.gov
Lonnie Lee	DEQ-WHMD	leel@michigan.gov
Maggie Fields	DEQ- OPPCA	fieldsm@michigan.gov
Matt Flechter	DEQ-WHMD	flechterm@michigan.gov
Rhonda Oyer Zimmerman	DEQ-WHMD	oyerr@michigan.gov
Steve Sliver	DEQ-WHMD	slivers@michigan.gov
Other State Agency staff		
Jackie Langwith	LSB Research	jangwith@legislature.mi.gov
Lucy Doroshko	DELEG	doroshkol@michigan.gov

1) Welcome and introductions.

Overview of agenda

- Handouts:
 - Agenda
 - Copy of Power Point Presentation: Solid Waste Program Funding Options

- 2) Approve draft meeting summary.

No changes were made to the September 11, 2009 meeting summary. The DRAFT heading will be removed from the summary on the Web site.

- 3) Solid Waste Funding Options: Steve Sliver gave a presentation on Solid Waste Program and Funding Options. The presentation can be found on the website http://www.michigan.gov/documents/deq/DEQ-WHMD-STSW-SW_Funding_9-09_291866_7.pdf The presentation was used as a discussion guide. General notes on comments and discussion are as follows:

- The point was made that some committee members consciously chose to not complete the “criteria checklist” exercise which determined the top five funding options that would be further explored by the committee. The reason given for not completing the checklist was the need to take a step back and wait to see how things shake out. The process was discussed and it was brought up that the outcome of this exercise may not be a consensus, but it is still important to participate and attempt to come to a consensus.
- When the list of top five funding options was reviewed it was noted that many of the DEQ fee increases were just short of being in the top five. Although these fee increases will not bring in enough money to fund the Program, they might be something to look at to bring us in line with other states.
- Many of the funding options on the list are related to economics. The committee asked if the Department has given thought to a “retrenchment plan” in case revenue cannot be raised. The Department does have a plan if no revenue is raised, as well as a minimum staffing level (core program) and an ideal staffing level. If no revenue is raised the priority exercise completed by SWAC and Solid Waste staff will help determine which programs are cut.
- The state needs to have a long-term vision that will help implement the goals of the Solid Waste Policy. It was also noted that properly handling the waste stream should not be “pie-in-the-sky” or a fairy-tale idea (other states are doing these activities, why can’t we).
- In order to discuss the top five funding options as determined by the “criteria checklist” exercise, the committee was asked if they agreed to these top five, or if any other funding options should be included? Many stakeholders agreed application fee increases should be discussed along with the top five (Review fees, Increased Application fees, Inspection fees, Land application fees, Beneficial reuse

application fees, DEQ consulting fees) These should be lumped together into a “user fee” structure.

- A surcharge increase may be suitable to meet short term needs, however the committee should examine long-term solutions with one of the top five funding options:
 - Penny plan discussion: this is not done anywhere else in the country. A distribution formula would need to be addressed, as the bill was not originally intended to fund the department. It has been estimated that the penny plan could raise around \$50 million- what would the rest of the money go to after funding the Solid Waste Management Program? The Penny Plan would be the option that would probably get the most support among stakeholders. Regardless of the funding mechanism used, a constitutional amendment should be considered to protect recycling funds from being raided. The solid waste industry has supported the Penny Plan in the past, but cannot commit to supporting the revised version to fund the program. The environmental community would not support the Penny Plan if the provision remains that it would end if the bottle bill is expanded. Questions were raised of the cost to businesses to reprogram computers to collect the penny on each transaction. The committee seemed to agree that there would be value to amending the constitution to protect recycling funding. It was suggested that a fund be created in the constitution, and then the source of funding be decided at a later time.
 - Solid Waste Surcharge discussion: The committee agreed that solid waste incinerators should have to pay the surcharge too. Funding the program with the surcharge is not dependable, as waste fluctuates so will funding. The surcharge is not a long-term solution but it should be part of the short term portfolio. Type III surcharge would also increase, as well as move from cubic yards to tons which in some cases may triple fees at Type III facilities (where materials have a 1:1 conversion). There was concern raised that municipalities would need at least 25% of an increased surcharge (such as a \$7.50 surcharge) just to break even. Some committee members see this as just passing the problem downstream.
 - Expanded half-back deposit discussion: Some committee members expressed that this is product stewardship at its best. It was recommended that this option be put before a

focus group or have polling done to get public opinion. It was also suggested that the current deposit be raised and less than half be given back.

- Generation fee discussion: There is already a collection system in place at landfills, why would we create a new system? Many municipalities collect a similar “generation fee” and that a new fee will burden those at the local level. It was suggested that this fee could be “piggybacked” on a current system to help collection. Some committee members were worried that fees could be paid over and over on the same material.
- Expanded Surcharge discussion: The expanded surcharge would be applied to incinerators, MRFs, compost facilities in order to “chase the waste.” It was suggested that a different (smaller) fee be assessed on materials at MRFs and compost facilities although this may cause tracking and reporting issues.
- Increased Application/User fee discussion (slides added to presentation during meeting- not on handouts): This is something that should be included for the short term plan. The committee expressed interest in the total cost for staff to conduct reviews, etc. This amount varies based on the complexity of the application. Staff agreed to look into amount of time spent on these activities and the corresponding annual cost using the list of activities from the priority exercise. Committee members expressed concern over keeping fees from denied applications- would that increase the number of denials?
- Discussion of staff levels and activities: Much focus was put on looking at staffing levels and their activities throughout all of the discussion. Staff agreed to evaluate how time was spent by surveying all program staff to determine how much time is spent on each activity in the priority exercise. The committee reached consensus that there is a goal to fund 42 FTEs (current 39 FTEs)

The above discussion resulted in the committee agreeing a proposal should be forwarded addressing short-term funding needs through a modest increase in the surcharge and “user fees.” The committee also agreed that the surcharge should be expanded to include MRFs and compost facilities, although concern was expressed that this would set precedent. The committee would also like a paragraph in the proposal to reflect the discussion of the need for a new long-term

funding mechanism that includes some sort of “generation fee” which could be a penny plan, expanded half-back deposit system, or a flat fee for handling materials (all of which need to be explored further). The idea of a constitutionally protected recycling fund should also be included.

Deliverables to committee:

- **results of staff survey of activities**
- **proposal advanced for short and long term funding (Due Nov. 6)**

- 4) Next Meeting Date: Friday, November 6, 2009 from 9:30-3 (NOTE: this meeting was cancelled as sufficient information was gathered to draft the proposal- proposal will be shared with the committee)**

FY 2010 Meeting dates:

January 8, March 5, May 7, July 9, September 10, November 12 from 9:00am – 12:00pm