

## **Chapter 6     Budget**

### **Purpose of Chapter 6**

Ohio Revised Code Section 3734.53(B) requires a solid waste management plan to present a budget. This budget accounts for how the SWMD will obtain money to pay for operating the SWMD and how the SWMD will spend that money. For revenue, the solid waste management plan identifies the sources of funding the SWMD will use to implement its approved solid waste management plan. The plan also provides estimates of how much revenue the SWMD expects to receive from each source. For expenses, the solid waste management plan identifies the programs the SWMD intends to fund during the planning period and estimates how much the SWMD will spend on each program. The plan must also demonstrate that planned expenses will be made in accordance with ten allowable uses that are prescribed in ORC Section 3734.57(G).

Ultimately, the solid waste management plan must demonstrate that the SWMD will have adequate money to implement the approved solid waste management plan. The plan does this by providing annual projections for revenues, expenses, and cash balances.

If projections show that the SWMD will not have enough money to pay for all planned expenses or if the SWMD has reason to believe that uncertain circumstances could change its future financial position, then the plan must demonstrate how the SWMD will balance its budget. This can be done by increasing revenues, decreasing expenses, or some combination of both.

This chapter of the solid waste management plan provides an overview of the SWMD's budget. Detailed information about the budget is provided in Appendix O.

### **A.     Overview of the SWMD's Budget**

Ohio law allows solid waste districts to fund their programs by collecting a fee on solid waste disposed in landfills and transfer stations. The Darke County Solid Waste District is funded by Contract Fees, also called Designation Fees as authorized by Ohio Revised Code Sections 343.02 and 343.03. The board of directors can enter into contracts with owners/operators of solid waste facilities or transporters of solid waste to collect generation or disposal fees on behalf of a SWMD.

An \$8 per ton generation fee that is charged on waste originating in Darke County. The fee is collected at any landfill or transfer station in Ohio and at out-of-state facilities where Darke County waste is taken.

In order to fund educational programs and special waste reduction projects, the district also seeks out and applies for grant funds. The district does not receive funding from the county general fund. Neither can district fees be used to support county activities. Fee revenue can

only be spent on the Solid Waste District's activities as described in the District Solid Waste Management Plan. .

This Chapter and APPENDIX O provide more detailed information about the District's funding and expenditures.

## **B. Revenue**

### **Overview of How Solid Waste Management Districts Earn Revenue**

There are a number of mechanisms SWMDs can use to raise the revenue necessary to finance their solid waste management plans. Two of the most commonly used mechanisms are disposal fees and generation fees.

Before a SWMD can collect a generation or disposal fee it must first obtain approval from local communities through a ratification process. Ratification allows communities in the SWMD to vote on whether they support levying the proposed fee.

#### Disposal Fees (See Ohio Revised Code Section 3734.57(B))

Disposal fees are collected on each ton of solid waste that is disposed at landfills in the levying SWMD. There are three components, or tiers, to the fee. The tiers correspond to where waste came from – in-district, out-of-district, and out-of-state. In-district waste is solid waste generated by counties within the SWMD and disposed at landfills in that SWMD. Out-of-district waste is solid waste generated in Ohio counties that are not part of the SWMD and disposed at landfills in the SWMD. Out-of-state waste is solid waste generated in other states and disposed at landfills in the SWMD.

Ohio's law prescribes the following limits on disposal fees:

- The in-district fee must be at least \$1.00 and no more than \$2.00;
- The out-of-district fee must be at least \$2.00 and no more than \$4.00; and
- The out-of-state fee must be equal to the in-district fee.

#### Generation fees (see Ohio Revised Code Section 3734.573)

Generation Fees are collected on each ton of solid waste that is generated within the levying SWMD and accepted at either a transfer facility or landfill located in Ohio. The fee is collected at the first facility that accepts the SWMD's waste. There are no minimum or maximum limits on the per ton amount for generation fees.

#### Rates and Charges (see Ohio Revised Code Section 343.08)

The board of directors can collect money for a SWMD through what are called rates and charges. The board can require anyone that receives solid waste services from the SWMD to pay for those services.

*Contracts* (see Ohio Revised Code Sections 343.02 and 343.03)

The board of directors can enter into contracts with owners/operators of solid waste facilities or transporters of solid waste to collect generation or disposal fees on behalf of a SWMD.

*Other Sources of Revenue*

There are a variety of other sources that SWMDs can use to earn revenue. Some of these sources include:

- Revenue from the sale of recyclable materials.
- User fees (such as fees charged to participate in scrap tire and appliance collections).
- County contributions (such as from the general revenue fund or revenues from publicly operated solid waste facilities (i.e. landfills, transfer facilities));
- Interest earned on cash balances.
- Grants.
- Debt; and
- Bonds.

*1. Fees Collected via Designation Agreements (Contracts)*

The funding mechanism for the Darke County SWMD is a tonnage fee which is remitted to the District as a condition of the contracts or designation agreements between the District and the disposal facilities which are designated to accept solid waste generated in the District. The statement authorizing the District Board of Directors to establish and to continue existing facility designations in accordance with Section 343.014 of the ORC and a list of designated facilities is included in the plan as Appendix P.

The designation (contract) fee was selected as the funding mechanism for the District when the first District Plan was written and approved because it was decided that the contract fee was the only choice of the three available alternatives that was a dependable source of funding for the District. The disposal fee was not applicable because there are no landfills in the District. The generation fee was not reliable because it can only be enforced on facilities in Ohio. Since Darke County borders on Indiana, it was highly likely that substantial amounts of waste would be taken out of Ohio for disposal. That has proved to be true. So, the designation fee has proven to be a stable funding mechanism for the District.

The \$2.00 increase in the designation fee was planned to go into effect on January 1, 2016. The increase was timely because by the end of 2015, the District's fund reserve had definitely declined. The income for 2016 through 2019 is based on the actual amount of waste received by disposal facilities in Ohio and Indiana. The fees for 2020 on are based on the projected amount of disposal. The formula for funds generated is projected tons disposed from Table D-6 in Appendix D multiplied by \$8 per ton equals the designation revenue amount.

(tons generated x \$ per ton = \$ revenue)

In the seventh year of the planning period there is a \$1 increase to \$9 per ton. By the time, the increase will occur in 2028, the next plan update will have been prepared. If the increase is not required, it does not need to be included in the next plan update.

## 2. *Other Funding Mechanisms*

*Grants:* In most years, the District applies for and receives grants from Ohio EPA to support specific programs and activities. The last grant received by the District was in 2018. The District received \$15,000 to support the tire collection/recycling program and the annual Trash Bash volunteer clean-up event. The District will continue to look for opportunities to apply for grants to support District initiatives. Grant funding is included in the revenue projections. Since there is no guarantee that a grant will be available at any specific time or in a specified amount, the grant funds projected are less than the amounts of past grants and are not included every year.

*Miscellaneous:* From time to time, the District receives donations. Usually, the donation is in-kind. Materials or services are donated to support a specific project or event. Donations during the planning period are based on the average cash amount received in previous years. Donations are appreciated, but do not provide a significant amount of the District budget and are not predictable.

## 3.. *Summary of Revenue*

**Table 6-1 Summary of Revenue**

Year	Revenue	Expenses	Annual Surplus/Deficit (\$)	Balance (\$)
2013	Ending Balance			\$274,311
2014	\$222,252	\$343,288	-\$121,036	\$153,275
2015	\$247,628	\$296,516	-\$48,888	\$104,387
2016	\$296,013	\$324,364	-\$28,351	\$76,036
2017	\$341,140	\$320,194	\$20,946	\$96,982
<b>2018</b>	\$362,533	<b>\$290,471</b>	<b>\$72,062</b>	<b>\$210,397</b>
2019	\$350,929	\$303,767	\$47,162	\$257,559
2020	\$419,141	\$318,140	\$101,001	\$358,560
2021	\$382,119	\$323,261	\$58,858	\$417,418
2022	\$383,845	\$327,958	\$55,887	\$473,305
2023	\$375,712	\$333,608	\$42,104	\$515,409
2024	\$375,243	\$345,878	\$29,365	\$544,773
2025	\$354,984	\$351,761	\$3,223	\$547,996

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Year	Revenue	Expenses	Annual Surplus/Deficit (\$)	Balance (\$)
2026	\$355,306	\$356,898	-\$1,592	\$546,404
2027	\$355,839	\$356,218	-\$379	\$546,025
2028	\$356,618	\$362,185	-\$5,567	\$540,457
2029	\$398,898	\$377,463	\$21,435	\$561,892
2030	\$396,813	\$383,238	\$13,575	\$575,468
2031	\$394,720	\$383,239	\$11,481	\$586,949
2032	\$392,635	\$376,239	\$16,396	\$603,345
2033	\$390,550	\$376,239	\$14,311	\$617,656
2034	\$388,458	\$383,239	\$5,219	\$622,875
2035	\$386,372	\$383,239	\$3,133	\$626,008
2036	\$385,471	\$383,239	\$2,232	\$628,241

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## **Expenses**

### **Overview of How Solid Waste Management Districts Spend Money**

Ohio's law authorizes SWMDs to spend revenue on 10 specified purposes (often referred to as the 10 allowable uses). All of the uses are directly related to managing solid waste or for dealing with the effects of hosting a solid waste facility. The 10 uses are as follows:

1. Preparing, monitoring, and reviewing implementation of a solid waste management plan.
2. Implementing the approved solid waste management plan.
3. Financial assistance to approved boards of health to enforce Ohio's solid waste laws and regulations.
4. Financial assistance to counties for the added costs of hosting a solid waste facility.
5. Sampling public or private wells on properties adjacent to a solid waste facility.
6. Inspecting solid wastes generated outside of Ohio and disposed within the SWMD.
7. Financial assistance to boards of health for enforcing open burning and open dumping laws, and to law enforcement agencies for enforcing anti-littering laws and ordinances.
8. Financial assistance to approved boards of health for operator certification training.
9. Financial assistance to municipal corporations and townships for the added costs of hosting a solid waste facility that is not a landfill.
10. Financial assistance to communities adjacent to and affected by a publicly owned landfill when those communities are not located within the SWMD or do not host the landfill.

In most cases, the majority of a SWMD's budget is used to implement the approved solid waste management plan (allowable use 2). There are many types of expenses that a solid waste management district incurs to implement a solid waste management plan. Examples include:

- salaries and benefits.
- purchasing and operating equipment (such as collection vehicles and drop-off containers);
- operating facilities (such as recycling centers, solid waste transfer facilities, and composting facilities);
- offering collection programs (such as for yard waste and scrap tires);
- providing outreach and education;
- providing services (such as curbside recycling services); and
- paying for community clean-up programs.

**Table 6-2 Summary of Expenses**

Expense Category	Reference	First 6 years of the planning period					
	2018	2022	2023	2024	2025	2026	2027
Plan Monitoring and Preparation	\$0	\$1,500	\$1,500	\$8,000	\$8,000	\$8,000	\$1,500
District Administration	\$150,336	\$205,824	\$209,941	\$214,140	\$218,423	\$222,791	\$227,247
Recycling Collection	\$34,017	\$43,978	\$44,858	\$45,755	\$46,670	\$47,603	\$48,555
Special Collections: Tires, HHW, etc.	\$34,048	\$33,997	\$34,507	\$35,025	\$35,550	\$35,224	\$35,470
Education and Awareness	\$3,608	\$6,120	\$6,242	\$6,367	\$6,495	\$6,624	\$6,757
Recycling Market Development	\$944						
Health Department	\$65,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Open Dump/Litter Law Enforcement	\$2,518	\$1,530	\$1,561	\$1,592	\$1,624	\$1,656	\$1,689
Emergency Debris Management (\$25,000 amount in reserve for possible occurrence)							
<b>Total Expenses</b>	\$290,471	\$327,958	\$333,609	\$345,879	\$351,762	\$356,898	\$356,218

*Plan monitoring and preparation:* Expenses for preparing the 5-year District plan update and for research and data collection for collecting data for annual reviews and reports. Amount includes consulting services. Planning cost is usually spread over several years.

*District administration:* Includes expenses for 2 full-time and one part-time staff, office rental, office supplies, equipment including office equipment, general supplies for event management and education.

*Recycling collection:* Expenses for all drop-off recycling locations provided by the District.

*Special collection events:* Primarily: The Tire collection events, Household Hazardous Waste Collection

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*Education and awareness:* Cost of supplies, materials, and promotional activities, and social media use for education and marketing for residential, commercial, and industrial waste generators and school age youth.

*Recycling market development:* Activities to promote buying recycled content products, and encouraging businesses and industry to Include recycled content in product production.

*Health department:* Support for Darke County Health Department inspection, monitoring, and enforcement related to solid waste management and disposal.

*Open Dump/Litter Law Enforcement:* Reimbursing for law enforcement assistance in enforcement of litter laws and event management.

*Emergency Debris Management :* \$25,000 will be reserved to be available for a natural disaster occurrence requiring emergency cleanup of debris.

**Additional and more detailed, descriptions of revenue and expenses available in APPENDIX O.**