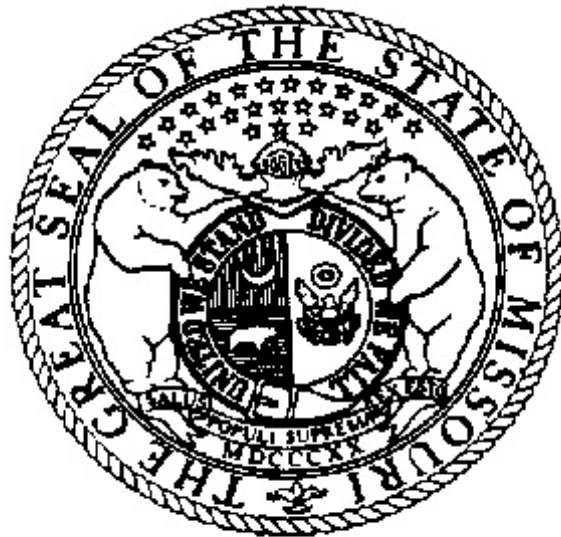


REPORT OF THE
JOINT COMMITTEE
ON
SOLID WASTE MANAGEMENT
DISTRICT OPERATIONS



December 9, 2013

Prepared by:

Kayla Crider, Missouri Senate, Division of Research

Sarah Garoutte, House Research

December 9, 2013

The Honorable Tom Dempsey

The Honorable Tim Jones

State Capitol

Jefferson City, Missouri 65101

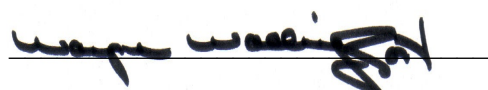
Dear Mr. President and Mr. Speaker:

The Joint Committee on Solid Waste Management District Operations, acting pursuant to the Senate Substitute for Senate Committee Substitute for House Committee Substitute for House Bill 28, gathered information from a variety of sources during the past few months examining solid waste management district operations, including but not limited to efficiency, efficacy, and reasonableness of costs and expenses of such districts to Missouri taxpayers. The Joint Committee heard testimony from the Department of Natural Resources, the Environmental Improvement and Energy Resources Authority, individuals, business owners, and various other interested parties during September and November 2013. Summaries of the testimony and supplemental information are included in this report.

There is widespread interest in solid waste management and recycling in this state. The Joint Committee expresses gratitude to the Department of Natural Resources, the Environmental Improvement and Energy Resources Authority, and to individuals and business owners who provided vital information to the Joint Committee during the hearings.

The undersigned members of the Joint Committee are pleased to submit the attached report.

For the Senate:



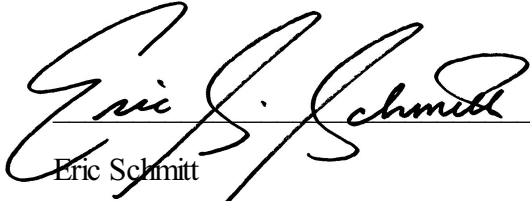
Wayne Wallingford, Chair

For the House of Representatives:



Lincoln Hough, Vice-Chair

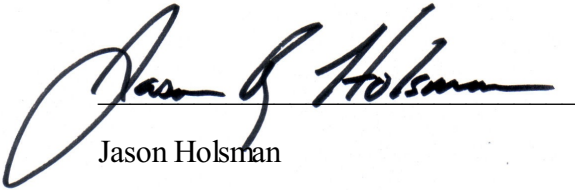
Kurt Schaefer



Eric Schmitt




Maria Chappelle-Nadal



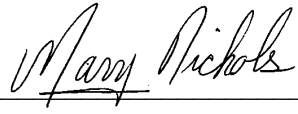
Jason Holsman




Robert Ross



Craig Redmon



Mary Nichols



Michele Kratky

Report

The Joint Committee on Solid Waste Management District Operations

Table of Contents

Introduction..... 4

Missouri Department of Natural Resources Testimony..... 8

Environmental Improvement and Energy Resources Authority Testimony..... 16

Summary of Individual Testimony..... 17

Recommendations..... 33

Introduction

The passage of House Bill 28 (HB 28, 2013) created the Joint Committee on Solid Waste Management District Operations. HB 28 (2013) charged the Joint Committee on Solid Waste Management District Operations with examining “solid waste management district operations, including but not limited to the efficiency, efficacy, and reasonableness of costs and expenses of such districts to Missouri taxpayers.” Further, HB 28 (2013) requires the Joint Committee on Solid Waste Management District Operations to “prepare a final report, together with its recommendations for any legislative action deemed necessary, for submission to the general assembly by December 31, 2013.” This report seeks to fulfill this statutory obligation.

The purpose of the Solid Waste Management Program is to ensure that solid waste is managed in such a way that protects both public health and the environment. Reducing the amount of solid waste generated remains the program’s primary goal. Towards the program goal’s ends, the Solid Waste Management Program receives money from the Solid Waste Management Fund. Currently, Missouri Revised Statute §260.335 dictates that each fiscal year, \$800,000 shall be made available to the Missouri Department of Natural Resources’ (MDNR) quasi-governmental entity Environmental Improvement and Energy Resources Authority (EIERA). Further, Missouri Revised Statute §260.335 dictates that each fiscal year up to \$200,000 of the Solid Waste Management Fund be used by the Missouri Department of Natural Resources for grants to Solid Waste Management Districts.

Of the remaining revenues in the Solid Waste Management Fund, state law dictates that 39% of fund moneys are to be distributed to the Missouri Department of Natural Resources for the elimination of illegal solid waste disposal, identification and prosecution of persons disposing of solid waste illegally, conducting solid waste permitting activities, administering grants, and performing other duties. The remaining 61% of fund moneys are to be distributed through grants to participating cities, counties and districts. Of the 61%, 40% shall be allocated based on the population of each Solid Waste Management District in the last decennial census, and 60% shall be allocated based on the amount of revenue generated within each Solid Waste Management District. State law dictates that each Solid Waste Management District shall receive a minimum of \$95,000 for grants and district operations. Further, no more than 50% of the revenue allocated to a Solid Waste Management District may be spent on district operations, while at least 50% must be allocated to the cities and counties of the Solid Waste Management District, or to persons or entities providing solid waste management, waste reduction, recycling, and related services in these cities and counties.

As required by state law, Table 1 demonstrates how the Solid Waste Management Program dispensed the Solid Waste Management Fund moneys for fiscal year 2013.

Each Solid Waste Management District is appropriated moneys depending upon the population and revenue generated by the Solid Waste Management District. However, each Solid Waste Management District is guaranteed \$95,000 annually. Table 2 details the population and funding amounts of each Solid Waste Management District for fiscal year 2013.

Table 2: Solid Waste Management District Population and Funding

SWMD	Population	% Population	FY 13 Funding
A	42,876	0.72%	\$95,000
B	97,635	1.63%	\$95,000
C	56,362	0.94%	\$107,151
D	140,127	2.34%	\$124,771
E	1,108,391	18.51%	\$767,062
F	172,112	2.87%	\$314,294
G	113,657	1.9%	\$253,464
H	365,723	6.11%	\$337,533
I	198,807	3.32%	\$95,000
J	91,791	1.53%	\$95,000
K	187,386	3.13%	\$238,469
L	1,897,466	31.68%	\$1,885,777
M	232,162	3.88%	\$428,539
N	165,991	2.77%	\$95,000
O	436,712	7.29%	\$298,350
P	127,592	2.14%	\$230,859
Q	83,376	1.39%	\$95,000
R	213,368	3.56%	\$108,760
S	152,722	2.55%	\$189,634
T	104,321	1.74%	\$95,000
Totals	5,988,927	100%	\$5,949,663

Source: Missouri Department of Natural Resources

Each Solid Waste Management District must spend at least 50% of their annual fiscal appropriation on district grants and may spend up to 50% of their annual fiscal appropriation on district operations. Currently, Missouri Revised Statutes does not define district operations. However, 10 CSR 80-9 requires that “all district operations costs must be specifically for the purpose of district operations...” According to 10 CSR 80-9, district operations eligible costs may include:

- Salaries and related fringe benefits of employees;
- Costs of materials and supplies acquired, consumed, or expended;
- Rental or leasing of office space;
- Office decorations costing less than five hundred dollars per year;
- Equipment and other capital expenditures;
- Travel expenses incurred;

- The costs of utilities, insurance, security, janitorial services, upkeep of grounds, normal repairs and alterations and the like to the extent that they keep property at an efficient operating condition, do not add to the permanent value of the property or appreciably prolong the intended life and are not otherwise included in rental or other charges for space;
- Contracted services for eligible costs acquired through a competitive bid process;
- Non-cash service awards which are reasonable in cost; and
- Legal costs for contract review and other costs directly related to the district grant administration.

The remainder of this report details the testimony taken by the Joint Committee relating to solid waste management district operations and the recommendations by Joint Committee members on how to improve the Solid Waste Management Program.

Department of Natural Resources Testimony*

Jay Atkins, Legislative Director

Chris Nagel, Director, Solid Waste Management Program

Missouri Solid Waste Management Law

Prior to 1972, there was very little management and regulation of solid waste.

1965 – The federal Solid Waste Disposal Act provided funding for evaluation of solid waste disposal practices. The Missouri Division of Health conducted a statewide solid waste survey (1968 to 1970). The survey revealed disposal practices were unplanned and were causing serious threats to the public health and the environment. Most disposal areas were open burning waste.

1972 – MSWML was created under SB 387 which required state permits to operate a solid waste disposal area or processing facility and authorized the state to establish regulations for land disposal.

1974 – State reorganization shifted responsibility for solid waste management from the Division of Health to the Department of Natural Resources.

1986 – Substantial changes made by SB 475, including:

- Financial assurance was required for closure and post-closure
- Mandatory leachate collection systems
- Base groundwater data required prior to permit issuance
- Solid waste operator certification established
- Overall more stringent permit requirements established
- Mandates made to promote recycling and resource recovery

1988 – Changes made by SB 535, including:

- Department authority given to condition and enforce the terms and conditions of solid waste permits
- Infectious waste management requirements were established
- Habitual violator provisions created
- Provisions allowed for the denial of solid waste permits based on the violation history of an applicant

1989 – Missouri Policy on Resource Recovery (Governor Ashcroft) established a hierarchy of solid waste management by:

- Reducing the amount of solid waste that is created

* Written and verbal testimony included.

- Reusing, recycling or composting solid waste
- Recovering and using energy from solid waste and
- Incinerating or disposing of residual waste in a sanitary landfill

1990 – Changes made by SB 530, including:

- Created SW Management Regions, Districts, and Plans
- Established tonnage fee collection (\$1.50 SLF and \$1.00 DLF) and established an allocation formula
- Banned lead acid batteries, major appliances, waste oil, whole waste tires and yard waste from landfills
- Established a diversion goal of 40 percent of the waste stream from landfill disposal. (20 SW management districts were formed)
- Created the 50-cent fee on purchases of new tires sold at retail (for the first time scrap tires were regulated as a specific subset of the solid waste stream)

1992 – SB 1732 increased the post-closure care of landfills from 20 to 30 years.

1994 – Missouri received a determination of adequacy from USEPA for a Resource Conservation and Recovery Act Subtitle D permitting program for municipal waste landfills. With this approval the Department implemented new landfill regulations that mirrored the new federal Subtitle D standards. These requirements included siting restrictions for new landfills, tightened design and operating criteria, groundwater monitoring and corrective action, and closure and post-closure requirements, and increased cost of financial assurance. (Many landfills around the state chose to close rather than upgrade to the new standards, resulting in a reduction of the number of active landfills in the state to about 30. Conversely, the number of transfer stations increased substantially).

1995 – Changes made by SB 60 and SB 112, including:

- Amended permitting requirements and process for solid waste facilities.
- Extended 50-cent new tire fee to January 1, 2001
- Tire funding emphasis was shifted from market development to illegal waste tire site clean ups.
- Modified tonnage fee allocation formula percentages

1999 – Changes made by HB 603, including:

- Extended the 50-cent new tire fee to January 1, 2004 (SB 426 also extended fee)
- Landfill permit process modified to allow more citizen involvement.

2004 – The waste tire fee expired on January 1. 500,000 scrap tires illegally dumped during the expiration period. Further, SB 1040 made several changes including:

- Further modified the tonnage fee allocation formula percentages
- Established a joint committee to review proposals for fees, restructuring the distribution of fees and reporting recommendations to the governor and general assembly

2005 – Changes made by SB 225, including:

- Reinstated the 50-cent per new tire fee to January 1, 2010
- Solid Waste Tonnage Fee Cap created and in effect until October 1, 2009
- Further modification of the tonnage fee allocation formula percentages and created a provision for additional funds for districts receiving less under the new formula as compared to the one in place on 8/27/2004.
- Required all remaining unencumbered funds > than ¼ of the Department's previous fiscal year expense to be reallocated under the formula

2007 – Changes made by SB 54, including:

- Changed criminal provisions for illegal dumping
- Increased civil penalty in Section 260.240 to \$5,000 per day for violations associated with solid waste disposal areas and for violations associated with section 260.330 (tonnage fees and tonnage reports)
- Solid waste tonnage fee cap extended until October 1, 2014

2009 – HB 661 extended the new tire fee until January 1, 2015 and changed the fee distribution amounts

from: 5% Education, 5% Grants, 25% Administration (inspection, enforcement, permitting, etc.), and 65% Dump Cleanups

to: Up to 5% Education, Up to 45% Grants, Up to 50% Administration (inspection, enforcement, permitting, etc.) and all remaining monies may be used for scrap tire cleanup projects authorized in section 260.276.

The second significant change in the act allowed the Department to reimburse municipal and county governments for scrap tire cleanups conducted that are not incidental to normal government activities or resulting from tire collection events, much the same as the nonprofit organizations.

2011 – HB 578 allowed the state or any political subdivision or agency of the state to transfer possession and ownership of used tires, scrap tires, or tire shred to any in-state private entity to be lawfully disposed of or recycled if the tires or shred are not burned as fuel, except in a permitted facility, or disposed of in a landfill. The cost of transferring the tires or shred must be less than the cost the state, political subdivision, or agency would have otherwise incurred had it disposed of the tires or shred. The private entity must pay for the transportation of the used tires it receives.

2012 – Changes made by HB 1251, including:

- Extended the solid waste tonnage fee cap to October 1, 2017
- Included provisions clarifying the State Auditors Office's authority to audit solid waste management districts similar to state agencies.

2013 – Changes made by HB28, including:

- Modified provisions related to violation history disclosure reporting
- Established the Joint Committee on Solid Waste District Operations

Tonnage Fee is currently: \$2.11 SLF and \$1.40 DLF

Since the mid-1950s, Missouri has made a transition from unhealthy open dumps to today's engineered, permitted and regulated landfill sites. Integrated solid waste management planning, which recognizes that some "wastes" are actually resources, is widely practiced throughout the state.

The Solid Waste Management Program – Why We Do What We Do

Each year Missourians generate over 12.5 million tons of solid waste (almost 2 tons/person). When mismanaged it becomes rotten trash, attracting rodents, creating odors and can become a breeding ground for disease and a source of pollution for surface and ground water.

The program was created to ensure proper management of nonhazardous solid waste across the state. Examples include: household garbage, construction and demolition waste, infectious waste, scrap tires and nonhazardous industrial solid wastes. The program operates under state statutory authority with one exception, municipal waste landfill siting and permitting, which the USEPA has granted a delegation of authority to the program under 40 CFR Part 258 (RCRA Subtitle D).

Current Universe of Permitted Solid Waste Facilities

- 289 permitted landfills: 18 active sanitary landfills, 2 active demolition landfills, 7 utility waste landfills and 3 special waste landfills
- 3 Infectious waste processing facilities
- 17 Scrap tire processing facilities
- 58 Transfer stations

Structure and Functions of the Solid Waste Management Program

The Solid Waste Management Program is currently divided into three sections: Engineering, Compliance and Enforcement, and Operations. Activities for sections are as follows:

Engineering Section

- Reviews applications and modifications for permits for solid waste facilities (e.g., landfills and transfer stations)
- Holds public hearings related to solid waste facilities and their siting
- Reviews requests for beneficial use, exemptions, and composting
- Reviews groundwater monitoring and gas migration data to ensure public safety and protection of the environment
- Reviews closure and post-closure cost estimates and plans

Compliance/Enforcement Section

- Responsible for inspection and enforcement of permitted facilities including negotiating out-of-court settlements, preparing administrative actions and pursuit of litigation
- Oversees statewide scrap tire activities (i.e. hauler and processor permits, grants, dump investigations and cleanups, enforcement and cost recovery, and technical assistance for beneficial use)
- Investigates and pursues cleanup and enforcement action for illegal dumps
- Provides guidance on proper disposal or management of waste materials
- Provides landfill operator certification
- Technical assistance for proper disposal of infectious waste and pharmaceuticals

Operations Section

- Manages the Solid Waste Management Fund (0570), Scrap Tire Subaccount (0569), and Financial Assurance Instruments.
- Provides fiscal administration for the program including budget, performance measures, fiscal notes, program revenues and expenditures, public information and statistics (i.e., diversion and biennial airspace estimates.)
- Oversees effective use of solid waste management district grant funds including audits (approximately 500 sub-grants per year).
- Promotes recycling, composting and other alternatives to waste disposal.
- Develops, maintains and updates a statewide solid waste plan.

Additional solid waste work is carried out by the Departments' Regional Offices, the Missouri Geological Survey and the Environmental Services Program. The regional offices are the field arm of the program that conducts solid waste and scrap tire facility inspections and concern investigations as well as provide compliance and technical assistance at the local level. The

Missouri Geological Survey provides the geological and hydrologic expertise needed to properly site new landfills and to evaluate the potential impacts on sites proposing to beneficially reuse solid wastes such as fly ash. The Environmental Services Program provides groundwater and methane gas sampling as well as oversight of this type of sampling conducted by contractors. In addition, ESP provides the SWMP with general laboratory services for analyzing leachate and groundwater samples as well as emergency services should a facility have an event that impacts public health or safety (i.e. landfill fires, scrap tire fires, etc.).

SWMP works closely with many programs throughout the department and in other state and federal agencies (i.e.: MoDOT, State Fair Commission, DESE, USDA, EPA).

Examples of current stakeholder workgroups: methane gas migration, post closure release requirements for landfills, organics management, etc.

Beyond Federal Requirements – What State Law Covers

Demolition and Utility Waste Landfills: In light of a number of documented environmental problems, state statute and regulations were changed approximately 16 years ago to impose

standards intended to minimize the environmental impact from the operation of these necessary facilities.

Solid Waste Processing Facilities: Improper design/operation can cause significant local impacts, usually falling into the category of a public nuisance. Most problematic is odors, followed by vectors such as rats and litter. Local opposition to these types of facilities has grown considerably over the past several years.

Material Recovery Facilities: Currently exempted from solid waste permits. However, these facilities still create odor, litter and other nuisance issues related to these facilities' management of solid waste. Additionally, these facilities are prone to fires when stored materials accumulate without using adequate fire lanes and fire control measures.

Scrap Tire Program: The Scrap Tire Program is made possible by a state imposed scrap tire fee. The fee of \$.50 is collected at the point of sale of new tires by tire retailers and is used to conduct inspection, permitting, public assistance and enforcement activities related to the proper management of the estimated 6 million scrap tires generated by Missourians each year. In addition, the fee allows for the cleanup of scrap tire dumps, the awarding of grants to promote the use of scrap tire material, and for the conducting of environmental education related to solid waste management. Nearly 17 million scrap tires have been cleaned up since the fees inception in 1990.

Illegal Dumping Enforcement: The investigation and enforcement activities associated with pursuing the cleanup of illegal dumps is funded through the state's Solid Waste Tonnage Fee. The department conducts informal environmental assistance visits as well as formal civil enforcement actions to address the cleanup of illegal dumps. In addition, the department works with county prosecutors concerning illegal dumping of a criminal nature and works with local governments to address illegal dumping along roadsides and on public property through the use of a surveillance camera program.

Permitted Facility Inspection and Enforcement: The investigation of complaints, conducting of environmental assistance visits, conducting of inspection and enforcement activities associated with ensuring the proper management of solid waste at permitted solid waste disposal areas and processing facilities is funded through the state's Solid Waste Tonnage Fee. The department conducts routine inspections of permitted facilities to ensure compliance as well as responds to environmental concerns from the public. Enforcement actions ranging from negotiated settlements to formal legal actions are used to obtain compliance and to maintain a level playing field for the solid waste industry.

The Missouri Closed Landfill Technical Assistance Project: 1) Assessed the condition of some of Missouri's older, closed, rural landfills, which operated under less stringent standards than modern landfills, and 2) Provided technical assistance and training to counties, municipalities, and individuals throughout the state who own the old disposal areas. This guidance and training addresses landfill maintenance activities, buying and selling of property containing a landfill, and future use of the landfill property to ensure surrounding land and water resources are protected.

The project began in Oct. 2010, assessing 58 landfills throughout the state and was completed in December 2011. The goal of the project was for current owners of these properties to better understand the closed landfills they own and be prepared to manage the site with minimal, if any, environmental impact to the surrounding community.

Current Challenging Issues

1. Funding challenges – Current economy and shift in waste management to recycling and recovery
2. Siting and permitting utility waste landfills (i.e. Ameren proposed landfills at their Labadie, Sioux, Rush Island and Meramec facilities – drawing lots of public concern)
3. USEPA proposed rule on coal combustion residuals (regulation under RCRA C or D)
 - Impact on coal ash ponds?
 - Beneficial use impact?
4. Legacy sites (old landfills with no RP or inadequate financial assurance), 289 landfills, 550+ issued permits- landfills and processing facilities across the state)
5. Ensure appropriate post closure use of old landfills (avoid uses that impact the landfill cap or enclosed structures on the waste mass- methane dangers)
6. Continue cleanup of scrap tire dumps (big sites with 100s of thousands of tires are gone) (now addressing smaller sites through the Tire Dump Roundup, non-profit assistance, enforcement actions)
7. Coordinating with STAG to develop end uses for scrap tires through grants- drop in TDF use, expanding use for playgrounds and other surface materials, civil eng. projects (drainage layers, expansion joints, weed barriers, bumpers/safety railing, etc.)
8. Managing methane gas from landfills (challenging for all sites)
 - Encouraging methane to energy projects
 - Seeking correction of methane migration problems (settlement agreements with corrective action milestones)
9. Oversight of 20 SW Districts, promote projects to build jobs and increase recycling/recovering and processing infrastructure as well as to educate the next generation

Funding for the Solid Waste Management Program

Program funding is all fee based.

- SW Tonnage Fee (\$2.11/ton sanitary waste, \$1.40 demo waste, and \$2.00/infectious waste), Tire Fee (\$0.50/new tire sold at retail) and cost recovery for permit application review services (capped to \$10,000 for landfills and \$5,000 for processing facilities).

- To put this in perspective: 2012, Tonnage fees= \$11.3 million (83.2% of total revenue), Tire fees=\$2.2 (16.3% of total revenue) and permit application and review fees= (0.5% of total revenue).

Solid Waste Tonnage fees are distributed according to a formula:

- \$200,000 set aside for districts negatively impacted by the previous formula change
- \$800,000 to EIERA for Market Development Program
- Remaining amount is split with 20 solid waste districts (61% to districts and 39% to program of operational costs)

Environmental Improvement and Energy Resources Authority (EI ERA)

Testimony*

Karen Massey, Director

The Environmental Improvement and Energy Resources Authority (EI ERA) is a quasi-governmental environmental finance agency that is administratively assigned to the Department of Natural Resources. The EI ERA administers the Missouri Market Development Program (MMDP) that was established in 1990 by Senate Bill 530. The MMDP was established to fund activities that promote the development of markets for recovered materials and recycled content products throughout Missouri by providing businesses, governments, and other organizations with financial and technical assistance and information services. The EI ERA also compiles and provides to the public a directory for different waste streams. The EI ERA is advised by a bipartisan board that receives applications for funding and makes grantee funding allocation decisions.

Currently, the MMDP receives \$800,000 in annual funding from the Solid Waste Management Fund. Through 2012, MMDP grantees could receive a maximum award of \$50,000. In 2013, the maximum award a grantee could receive was increased to \$250,000 for end market selling of upcycled products. To date, the EI ERA has helped 150 companies produce useful products from recycled materials.

* Written and verbal testimony included.

Summary of Individual Testimony

September 24, 2013

1. Lynden Lawson, Operations Manager, City of Joplin

The City of Joplin is a member of Region M Solid Waste Management District. Mr. Lawson argues that there will be no guarantee of grant moneys for their District if 100% of the funding is given to the Department of Natural Resources for grant distribution. Local communities are well equipped to know how their fund money is spent most efficiently.

2. Tye Parsons, Regional Director, MACOG*

Missouri's Solid Waste Management Districts (SWMDs) have played a key role in meeting the State's mandate to reduce Missouri's waste stream going into landfills. With their oversight agency, the Missouri Department of Natural Resources (MDNR), and partnering agencies including the Environmental Improvement and Energy Resources Authority (EIERA), the SWMDs have supported local and regional efforts throughout the State to recycle, reuse and otherwise limit the production of waste products that in the past would have simply been deposited in a landfill or illegal dumpsite. Where market barriers exist, the SWMDs have often provided the only opportunity to the general public for the safe and environmentally responsible disposal of tires, household hazardous waste, electronics, and other items not appropriate to add to limited landfill space.

Past Success

In FY2011, Missouri diverted nearly 7 million tons from landfilling through reuse, recycling and composting, much of this due to SWMD programs. But waste diversion is more than tons diverted from landfill disposal. It is also good for economic development in Missouri. The process of turning collected materials into new products creates a chain of economic activity that results in business expansion, new jobs, increased tax revenue, and other economic growth. The Missouri Recycling Economic Information Study conducted by EIERA found that in 2005, Missouri-based recycling programs, many supported by SWMDs, provided over 80,000 direct and indirect jobs with an annual payroll of more than \$1.7 billion.

The cornerstone of the Missouri Solid Waste Management Program is the relationship between the regional solid waste management districts and the elected officials, private businesses, recycling stakeholders, and individual citizens they serve. These relationships ensure scarce public resources are fairly invested in projects in a region that benefit the most people at the least cost. Local control of the SWMDs, however, is eroded or lost altogether as districts are consolidated and daily management increasingly coalesces within Jefferson City.

* Written and verbal testimony included.

The grant program is considered by many to be the most successful element of the Solid Waste Management Program. All grant activities, except for dollars coordinated through EIARA, are scored, awarded, and administered at the local level through the SWMDs. During the past four fiscal years, nearly \$19 million in grant funds have been provided by SWMDs for waste reduction, recycling, composting, market development, and education projects.

One of the most prominent areas where SWMDs fill a gap left by the private sector is regarding special collections. Missouri's SWMDs have a long history of providing banned items collections – including tires, household hazardous waste, and electronics waste – for materials that would otherwise be improperly disposed. Items that are banned by Missouri landfills are costly and cumbersome to dispose of, and private solid waste companies are typically reluctant to engage in this relatively low-return activity. Other priorities of waste reduction, including single-stream recycling, composting, and organics reuse are strongly supported by Missouri's solid waste districts.

Current Challenges

Missouri's Solid Waste Management Districts, like many other public agencies, are consistently being asked to do more with less. As the districts continue to have success and recycling rates increase across the state, the total amount of revenue available for waste reduction projects decreases. In addition, the current funding formula is primarily based on an outdated process of awarding funding to those districts that have an active landfill. With significant regulatory pressure during the mid-1990s, many landfills in the state closed, creating an imbalance in the distribution of solid waste funds (see Figure 2). Reforms to the solid waste program in 2005 added considerations for population and minimum funding levels, but the distribution remains largely tied to waste revenues generated within a region, leaving many rural areas of the state with inadequate infrastructure and waste reduction resources. While available funding steadily decreases, the administrative and reporting requirements of MDNR grows every year. Largely as a result of increased transparency and federal environmental requirements, those administrative burdens are passed down unimpeded to the SWMDs, decreasing overall efficiency and taking time, energy, and resources away from the core mission of waste reduction. The eight “core priorities” of solid waste reform listed below seek to address these challenges and create a revitalized, effective recycling and waste reduction program in the state of Missouri.

Eight Core Priorities to Enhancing Success and Efficiency in the Missouri Solid Waste Management Program

- Missouri will be divided into reorganized solid waste regions using the boundaries of existing Regional Planning Commissions.
Justification: Restructuring the solid waste districts along regional planning commission (RPC) boundaries will ensure unique regional concerns are captured and addressed. Currently, 15 of the 20 SWMDs are administered by RPCs, and reorganizing the borders will decrease administrative complexity. In addition, aligning SWMD districts in this manner will eliminate at least one district, with the potential for further consolidation as necessary. The Missouri Department of Transportation recently restructured

transportation districts along RPC boundaries as a part of the Bolder Five Year Direction for similar reasons.

- Solid Waste Management Districts shall have the option to merge with an existing Regional Planning Commission.

Justification: Fifteen of the 20 existing solid waste management districts are currently administered by Regional Planning Commissions (RPCs). Since the inception of the solid waste program, Missouri's RPCs have efficiently and effectively managed the waste reduction activities of those regions. Gains in efficiency will be realized by utilizing the RPCs' current audit, insurance, and other administrative services.

- Every region shall maintain a recycling and waste reduction plan that will guide the decisions of the region. Justification: Planning is the key element of effective fund distribution. As each solid waste region in the state is unique, so too should be the recycling and waste reduction plans that define the priorities of each region.
- Of the total solid waste funds made available from tipping fees, 5% of the total will be used to fund EIARA. Of the remaining, MDNR will retain up to 39% to carry out landfill monitoring and related tasks, and at least 61% will be distributed to the solid waste regions.

Justification: As tonnages and associated tipping fees decrease, all funding should be distributed on a percentage basis. EIARA is currently funded at \$800,000 annually. However, as waste reduction rates increase and tipping fee revenue falls, this amount becomes a larger overall percentage of the total each year. MDNR should modify its current fee structure for inspection, certification, monitoring, and sanction of landfills (i.e. tipping fees at monofill landfills) in the state to close any funding gaps associated with those activities. Mandating "up to" 39% for MDNR represents a return to previous solid waste policy, and will ensure excess funds are used to support recycling and waste reduction efforts.

- Solid Waste Management Districts may use up to 25 percent of the annual solid waste management funds for administration. Administration is designated as only those costs required to meet MDNR regulations and support the district. Solid Waste Management Districts may also use up to 25 percent of the annual solid waste management funds for district operations, including plan development, education and outreach, and technical assistance to achieve state and district solid waste management objectives. Solid Waste Management Districts will use at least 50 percent of the annual solid waste management funds for grants and special projects to achieve state and district solid waste management objectives.

Justification: This allocation formula ensures that all districts limit overhead costs while retaining sufficient ability to conduct core operations. Administration of the districts is strictly limited to: grant and project management; accounting and financial operations; MDNR reporting; board management; and related overhead, including office space, insurance, and performance/fiscal audit(s). The districts provide important, substantive services to their respective regions, such as the collection and safe disposal of household hazardous wastes, technical assistance to area local governments and businesses, and waste reduction and recycling education and outreach. Continued investment in these services is essential for growth of Missouri's recycling programs and infrastructure. Districts should be allowed to fund these value-added services at a level of up to 25 percent of annual funds. Finally, the grant program is a recognized asset and should be

preserved. The remaining 50 percent of available annual funds will be used by districts to continue this program.

- Local decision-making is a key tenant of the solid waste management program, and the SWMD must solely be responsible for the implementation of the regional recycling and waste reduction plan. The Missouri Department of Natural Resources will have oversight authority of the solid waste management program and determine the eligibility of the regions' expenditures as defined by statute. Justification: The primary benefit of solid waste regions is the ability of local officials to prioritize projects, based on an adopted recycling and waste reduction plan, to capture and address the unique challenges to waste reduction and recycling in different parts of the state. MDNR should exist in an oversight capacity only, which includes approving annual work programs, determining project eligibility and legality, and financial and performance monitoring of the regions. Day-to-day operation, including the award of project dollars, must be left to the regions.
- Ensure adequate and stable solid waste management resources by maintaining the current tipping fee. Justification: The current Missouri tipping fee of \$2.11 per ton, one of the lowest in the nation, is a sustainable commitment that funds the recycling and waste reduction activities of the SWMDs. However, only \$1.28 of the tipping fee is currently available to support the recycling and waste reduction efforts of the state, with the remaining going towards regulation and enforcement activities of MDNR. A strong, continuing investment in solid waste priorities is critical to our state, and multiple, regular financial audits have demonstrated that Missouri's SWMDs are effective and efficient stewards of these dollars. One method of maintaining the purchasing power of solid waste funds would be to index the tipping fee to the Consumer Price Index. This action, which would represent a return to previous solid waste policy, will provide the districts and MDNR with a hedge against inflation and rising operation expenses.
- The total solid waste funds available to regions should be distributed to ensure that every SWMD has adequate resources to implement an effective recycling and waste reduction plan.

Justification: Many districts remain significantly underfunded at the "minimum level." Modest changes in funding can be implemented over time to provide adequate resources to all districts. An increase in the minimal funding level can be implemented to ensure that smaller districts have the ability to operate and fund programs and grants to achieve state and district solid waste management objectives without unduly impacting larger regions. In addition, future increases in solid waste funds can be allocated in a manner to encourage uniform capacity among solid waste management districts, both rural and urban, to achieve meaningful progress toward solid waste management goals across the state by using factors such as population, geographic area covered, as well as tonnage fee revenue generated. Growth in fund revenue, by uncapping the tonnage fee and allowing growth consistent with inflation, will ensure that progress can continue in all areas of the state.

1. Steve Harter, Do Co, Inc., Ava

Do Co, Inc., has recycled over 800 tons of material. The company has also had tremendous success in receiving grants from the solid waste management district in amounts up to \$15,000. Mr. Harter advocates local decision making arguing that centralizing the grant

distribution process for efficiency purposes does not mean that the program will be as effective as local grant distribution.

2. Debbie Roach, Solid Waste Management District A

Ms. Roach states that half of all dollars provided to Solid Waste Management District A are distributed to grant recipients. Such grant recipients provide critical waste recycling to their rural areas. Ms. Roach argues that an increasing amount of the funding provided to District A is required to be spent on audits, even though District A has never had an audit “finding.” Each audit costs District A approximately \$4000, and an audit must occur every two years.

Furthermore, Ms. Roach notes that the Department of Natural Resources scrap tire program is not effective. Ms. Roach argues that because the “Recycling Roundup” portion can only be used once per year, many tires go unrecycled.

3. John Viau, Sustainability Coordinator, Northwest Missouri State University*

Northwest Missouri State University has been fully engaged in recycling for more than 30 years, implementing one of the State’s most successful alternative fuel energy programs in 1982. Northwest converted its main power plant boiler to use wood chips, and developed a collection system that gathers waste wood and pallets from across the region. This program has resulted in the savings of millions of dollars in energy production for the University and has diverted millions of pounds of material from regional landfills. Despite changes in the market value of manufacturer wood scrap and pallets, and the drastic reductions in natural gas prices, this program continues to positively impact University energy costs.

In 1992, in response to new legislation and the establishment of Missouri’s 40% state waste diversion goal, a partnership was established with the City of Maryville and surrounding communities to remove paper and cardboard from the waste stream. Significant improvements were made to the boiler plant and another boiler was converted to accommodate the use of fuel pellets derived from waste paper. With the help of significant matching energy grants, the University Pellet Plant was built and went into production; carefully weighing and tracking all processed materials. In 2011, the Pellet Plant processed over 3 million lbs. of material.

Northwest has also made significant infrastructure investments to support recycling, installing more than 200 recycling stations throughout campus. Since 2010, solid waste management district grants have assisted the University in educating our community, revitalizing collection efforts, and have helped us transform the additional costs of recycling into a viable source of revenue to off-set our tipping fees.

By 2005, budget issues had forced the closure of the city’s recycling operation, not only making it necessary for Northwest to step up collection efforts to support the pellet program, but essentially cutting off the community from recycling. The Community continued to support our program through paper drop –off, and the University was able to offer limited

* Written and verbal testimony included.

paper collection to local schools, industries, and the hospital; however, increased cost and inconvenience forced many citizens to simply surrender their other recyclables to the landfill.

The Solid Waste Management District Region A has contributed significantly to the revitalization of recycling in our area through education and outreach by targeting grant funding toward local needs. The people of northwest Missouri have been able to actively participate in the burgeoning green economy, continue the tradition of caring for their communities, and work to protect the natural resources that have sustained this area for generations. Local influence and control means effectively meeting the needs of citizens so far removed from our State's population centers. For example; the options for disposing of household hazardous waste and tires is very limited in this region and cannot be adequately addressed by a "one size fits all" methodology that assumes access to the types of infrastructure available in our main population centers. What may appear as unimportant or ineffectual to a centralized board of dedicated volunteers or a small group of hard working state employees struggling to manage a vast area of responsibility, may very well be a program that is needed to help a community reach its recycling and larger environmental stewardship goals.

In 2010 and 2011, Maryville and Northwest established community recycling bins to collect glass and mixed paper and cardboard. Although glass at that time was worthless due to high transportation costs, the University began to grind glass for use as paving underlayment and an ice melt supplement to reduce the use of chemicals at the Arboretum. The paper collection provided an additional return to offset glass processing costs. That program diverted over 17 Tons of recyclables in 2011 alone.

In 2012 and 2013, Northwest received a matching grant from Region A for a mixed materials baler that reduced recycling commodity transport costs from \$133 per ton to less than \$25. With transportation costs addressed, recycling revenue for FY13 equaled more than 60% of University tipping fees at the transfer station. The Hardscape and Recycling team built a sorting system entirely from repurposed materials, using the baler to explore to a modified single source Event Recycling program.

Suggestions for program improvement:

- Current funding should be maintained or increased to promote business, bolster recycling, and protect Missouri's natural resources.
- Clearly define administrative costs and provide operational guidelines based on audit findings and recognized best practices.
- Require SWMD business to comply with state OA and Purchasing guidelines.
- Differentiate outreach and education from actual administration for use of funds.
- Require SWMD's to develop, conduct, and maintain a regional solid waste assessment for MDNR that outlines local needs.
- Provide technical assistance for municipalities to develop and maintain a solid waste management plan (replacing oversight function).
- Provide technical assistance to local businesses to help them improve recycling and diversion by making waste management part of their business plan.

1. Glenn Eagen, Presiding Commissioner, Shelby County*

Mr. Eagan offered testimony in support of the Mark Twain Solid Waste Management District in northwest Missouri. In 2009, Shelby County applied for a grant through the Mark Twain Solid Waste Management District and the Department of Natural Resources to purchase five enclosed trailers to be used for recycling. The County was approved for a grant of \$24,774. The trailers were placed in Shelbyville, Clarence, Shelbina, and at South Shelby High School. The residents immediately began filling the trailers with recyclables.

Through the Solid Waste Management Program in Shelby County, 5-7 tons of material are diverted from landfills weekly and are delivered to the Monroe City Sheltered Workshop. Their recycling program employs many disabled workers, whose jobs are to separate the products and place them in the proper bins. Therefore, these grants not only reduce the amount of waste in landfills, but also much needed employment for disabled citizens.

The program has been so successful during the last five years that we decided to apply for additional, larger trailers to better serve the citizens of Shelby County. We recently received confirmation of approval for a \$38,945 grant for these trailers. The larger trailers will replace the original trailers from the 2009 grant, and the smaller trailers will be relocated to smaller communities in the county. The county will now have a total of 10 trailers in the recycling program.

Due to MDNR and EPA regulations, the cost of building landfills is very prohibitive. It is becoming more imperative that we preserve our present landfills for as long as possible by increasing recycling programs.

Mark Twain Regional Council of Governments and the Solid Waste Management District have been very instrumental in several very beneficial recycling programs in our area. If this program becomes state operated, it would be difficult for our small communities to compete against larger cities for grant moneys. It would also make communication and paperwork more difficult for applicants. Mr. Eagan feels strongly that the structure of the program currently in place is the best for serving the citizens of Northeast Missouri, and it is recommended that the Committee support leaving the Solid Waste Management Districts as they are presently.

2. Jim Von Behren, Owner, Greenway Recycling, Inc.

Mr. Von Behren owns 3 recycling facilities and actively works with Solid Waste Management District O. Greenway Recycling, Inc., has received over \$150,000 in grants from Region O as a processing buyer. Greenway Recycling, Inc. employs 26 workers, has 10 trucks, and owns multiple trailers. Mr. Von Behren argues that the system is not broken, and if anything, the \$2.11 tonnage fee is too small and should be increased to fund grants for recycling efforts.

* Written and verbal testimony included.

3. Kit Brewer, Recycling Manager, Boonslick Industries, Boonville*

Boonslick Industries is a sheltered workshop that acts as a hauler, processor, and seller of recyclable materials. Monthly, Boonslick Industries sells \$14,000 in commodities and spends \$9,000 in salaries. Mr. Brewer argues that when equipment repairs are needed, he is often in a break-even situation. Mr. Brewer argues that through local control of grant moneys, Boonslick Industries benefits by being able to replace or repair their equipment in a more financially feasible manner.

4. David Robnak, President, Central Paper Stock

Mr. Robnak fears that small businesses and sheltered workshops will be overlooked if grant distribution is centralized by the Department of Natural Resources. Currently, the Department is still involved in the grant program, but should not be the party distributing grant moneys.

5. Dr. Joseph Martinich, Professor, University of Missouri – St. Louis*

Dr. Martinich spoke in support of the Solid Waste Management Districts' Waste Diversion Grants and Technical Assistance programs. Recycling, Reuse, and Re-Manufacturing (RRR) are excellent State and regional job-creating industries. From an economic perspective, commercial recycling is nearly 100% value-adding, taking materials that have no value, or even a negative economic value, and turning them into resources worth hundreds or thousands of dollars per ton. In addition, almost all of the output of recycling businesses are regional exports: either the output is sold to customers in other states/countries, or when purchased by Missouri companies, the recycled material substitutes for imports from other states/countries thereby keeping money within the State. This means the jobs created or retained by recycling activities are jobs that truly would not exist in Missouri without these activities. It is important to understand that commercial recycling activities are essentially substitutes for resource extraction and primary resource processing, such as mining, smelting, lumber production, oil and natural gas extraction, and primary chemical manufacturing. In addition, almost all of these "primary" resource industries, and their associated jobs, are located outside Missouri, so commercial recycling, in effect, transfers those jobs into Missouri. Similarly, commercial re-use and re-manufacturing activities are substitutes for a wide range of manufacturing activities, such as electronics, furniture, and clothing manufacturing, which, in effect, moves those jobs into Missouri.

I first became familiar with Solid Waste Management Districts a little over a decade ago. My main interest was not environmental, but rather economic development, and especially identifying industries and public policies that are effective and efficient at creating jobs and economic health. As I studied RRR industries several things struck me. First, I was impressed with how large this sector is in terms of jobs supported and economic value created. In my most recent study of recycling industries in Missouri (2011), I estimated there were almost 25,000 jobs directly supported by RRR activities, and approximately 55,000 total jobs supported by these activities, including indirect and induced jobs. These jobs

* Written and verbal testimony included.

generated almost \$250 million in State and local tax and fee revenue. Second, I was surprised by how hidden and unobtrusive the sector is; few people outside these industries know about all the companies that are involved in RRR activities commercially. Third, recycling businesses are predominantly small to medium size businesses, with many organizations having fewer than 10 or 20 employees; and related to this, these industries are filled with very entrepreneurial people. Fourth and finally, the business owners are willing to work hard and risk their own resources, but for them to expand and improve their operations, and create new jobs, they often need financial and technical assistance.

This is where I have seen the St. Louis-Jefferson SWMD play an important role, and I assume other SWMD's do as well. In 2008 the St. Louis-Jefferson SWMD commissioned me to study the effectiveness of their waste diversion grant program. That study involved two major parts: understanding recycling "technologies" and economic impacts of RRR activities (e.g., if 100 tons of aluminum cans or 100 tons of PET are recycled in Missouri, how many jobs does that create?), and determining how many jobs were being created or retained by grants that had been awarded, and how many dollars per job it cost; i.e., were the grants cost-effective? A key finding was that using extremely conservative assumptions the grant program was generating jobs at an average cost of approximately \$25,000-30,000 per job, about half the cost of typical job incentive programs (and this included grants such as special event grants that were not intended to create jobs).

I want to emphasize a few things:

1. These are real jobs that would not have been created or retained without the projects funded by the grants.
2. Most of these are long-term or permanent jobs
3. These are net jobs created, and this takes into account any job losses or shifts from other businesses that would occur (e.g., loss of jobs at landfills when materials are recycled),
4. This is in contrast to standard economic impact studies which generally count gross jobs for a specific project and ignore job losses and shifts. For example, most, if not all, jobs that result from grants or tax credits to retail store projects, simply move jobs from existing nearby retailers to the new retailer, and the net job gain for the region is small at best.

Throughout the country states and local governments provide billions of dollars annually as job creation incentives, and although there is considerable variation in the amount of money spent; my research suggests that the typical government incentive package to create/retain a job is typically in the range of \$45,000 - \$50,000, and I must emphasize again that many of the jobs from these other incentive programs are not really new net jobs, but rather jobs shifted around in the same region, and many of these jobs never materialize as planned.

I would like to make one comment about my experiences with the St. Louis - Jefferson SWMD with respect to their administration of this last point. I am not in regular contact with the SWMD and do not know its inner workings, but simply as part of my research work with it, I have been impressed with how much they follow up with the recipients of their grants and monitor whether expected outcomes have, in fact, been achieved. At a very tangible level, my understanding is that whenever grant funds are used to buy tangible equipment, the SWMD retains ownership rights of that equipment for five years, and personnel from the District physically visit the grantee site annually to make sure the equipment exists and is

being used for project purposes. If it is not, the equipment goes back to the SWMD. Many job subsidy programs throughout the country do not have this level of oversight. And just my own perception is that this level of oversight is only possible if there are people locally who know the business and equipment to make site visits, and to follow up on grant activities regularly by phone or email.

In conclusion, I not only would like to express my support for local SWMD's, but to encourage the Legislature to take advantage of the infrastructure and wealth of knowledge of District personnel to expand the funds available for their grant programs. In my opinion additional grant funding could play an instrumental, and very cost-effective role, in creating additional jobs in recycling, especially in downstream recycling businesses, such as processors and users of recycled materials, and in re-manufacturing. The local SWMD's, in my opinion, have the best understanding of the businesses and entrepreneurs in their region, and what businesses and projects would have the highest chance for success and provide the greatest payoff per dollar in terms of job creation. And based on some of my recent study of tipping fees, the Missouri tipping fee of \$2.11 per ton, which funds the SWMD grant programs, is below the average state and local tipping fees of other Midwestern and neighboring states. In my opinion, this fee could be increased modestly without any competitive disadvantage.

6. Ray Schwartze, Presiding Commissioner, Maries County

Mr. Schwartze argues that we should maintain and expand local control, input, and decision making on solid waste management. Solid waste management is a responsibility of local government. The determination of local needs and the decision-making on what needs to be done to meet those needs should be at the local level as well.

Local officials/citizens/organizations know best what the issues are and what will work to address those issues in their areas. That background knowledge is not available at the state level. If control of the grant funds is moved to MDNR, small, but effective programs will disappear. A statewide grant program would fund fewer, larger projects, most likely in urban areas, not the smaller grants of \$10,000 or less that make such a big impact in rural areas.

A good example is the Maries County Clean Roads and Waterways project. This program has cleaned up all of the illegal dump sites in Maries County and takes care of any new dumpsites that crop up, as well as litter along county roads.

7. Denise Bennett, Economic Development, Macon County

Macon County has been given a \$25,000 grant to begin a recycling program. The curbside recycling program is to begin in 2014.

8. John Murrell, Solid Waste Management District P

Mr. Murrell advocates local level control of grant moneys. Mr. Murrell acknowledges that District P has had possible poor previous audits.

9. Linda Glaus, Sonny's Solid Waste, Inc., Sikeston

Sonny's Solid Waste Inc., started a transfer station and hauled waste to Dexter or Poplar Bluff. Currently, Sonny's operates in 4 counties.

10. Chris Bussen, Mid-America Solid Waste Management District, Region E*

The Mid-America Solid Waste Management District serves 54 communities in Cass, Clay, Jackson, Platte, and Ray Counties in the Kansas City metropolitan area. Because the district is located on the Missouri-Kansas border, we also work closely with several Kansas-side counties. Our strong local leadership and community partnerships have resulted in an impressive record of accomplishments and we believe merits long-term support.

With strong support from the community, the district has embraced an ambitious goal to divert 80% of waste from area landfills by 2023. To meet this goal, we created a regional plan that helps local governments reduce waste, improve their recycling programs, and adopt policies that will increase waste diversion and preserve existing landfill space. We also work directly with the community. Each year, our Regional Household Hazardous Waste Collection program collects half a million pounds of hazardous waste for safe disposal, serving residents in 33 participating communities. We also manage a robust public education program and provide technical assistance to local governments and businesses.

Since 1992, all of Missouri's districts have helped establish sustainable waste reduction and recycling programs that have resulted in significant waste diversion. The districts helped create the local recycling support infrastructure that the Missouri legislature envisioned. We do much more than administer grants. Our "overhead and administrative" funds are used to provide critical leadership, foster regional collaboration and planning, offer local expertise and technical assistance, and provide education and outreach. Without district support, our communities, and indeed our state, would not be where we are today.

The districts understand local solid waste management needs, which vary dramatically across the state. The districts are perfectly positioned to address the specific priorities of the regions they serve. Districts can identify gaps in local services, and provide the funding or technical assistance necessary to close those gaps. Our solid waste management district has an impressive track record of developing targeted programs that address the unique needs of our region.

To effectively accomplish their purpose, districts engage in a multitude of activities that require continuing investment and adequate resources. Currently, the districts receive only \$1.28 of the fee that MDNR charges for each ton of waste sent for disposal. We suggest that the legislature evaluate other options to provide MDNR with the stable funding stream it needs to fulfill its essential permitting, enforcement, and regulatory functions. This is especially important because the revenue generated by tonnage fees will continue to decline as the amount of waste going to landfills decreases.

* Written and verbal testimony included.

My district believes that the funding currently received by the districts is too low, but we recognize that an increase may not be possible at this time. At a minimum, we suggest that the current tonnage fee should be maintained. Our view contrasts with that of the state auditor, who concluded, based on limited research, that Missouri's tonnage fee was too high compared to other states and should be reduced. The auditor's report failed to fully examine two key points. First, other revenue sources are often used to support similar solid waste permitting and enforcement agencies. For example, many states charge annual permit fees in addition to the fees required to obtain a new permit or change an existing permit. Any many other states use general revenue funds to support their solid waste permitting and enforcement programs. Missouri does neither. Second, the types of activities supported by the tonnage fees vary among states. For example, Kansas, with a \$1.00 per ton fee, has no funds to support a recycling or waste reduction grant program – the cornerstone of Missouri's solid waste management success. Other states use tonnage fees to provide strong recycling and solid waste planning leadership.

11. Stan Salva, Former Mayor, Sugar Creek

Mr. Salva stated that the key in diverting waste is setting a goal and then getting people interested in recycling efforts by trying to reach the goal.

12. Brady Wilson, Director of Environmental Services, Region K SWMD, City of Rolla*

Region K is not subsidized by any city revenue, but is a public solid waste entity. The City of Rolla has been a SWMD grant recipient and has diverted over 60,000 points of household hazardous waste through their new program. P private industry is not likely to take over this function.

The Missouri SWMD program, designed to expand recycling and improve waste management practices at the community level, has been one of the most successful programs Missouri has ever undertaken. The return on investment for this program has been tremendous. Investments in recycling through local districts have led to the creation of 25,000 Missouri jobs, generated tens of millions in state and local tax revenues, diverted millions of tons of waste from landfills, and created cleaner, healthier communities all across the state. Districts provide financial assistance, conduct programs and provide services, order technical assistance, and deliver education and information at the local level where it is most effective.

There is also significant potential for additional growth. Continuing to invest in recycling will yield additional returns that strengthen our economy, protect our environment and improve our communities. The districts are in a prime position to facilitate and contribute to future recycling growth in Missouri.

Even with the success achieved to date, evolving needs and resources create an opportunity to examine the district structure and identify ways to strengthen the program. With this in

* Written and verbal testimony included.

mind, the districts have developed four principles to share with the Committee. These principles include a combination of legislative, regulatory, and administrative changes that will expand recycling, respond to local needs, strengthen districts, increase resources for both the districts and the MDNR., and improve district operating efficiency. While the districts are in general agreement on these four principles, they have divergent views as to how to achieve them.

The first principle is local decision making and authority. Missouri's 20 districts have had great success leading the growth of recycling in Missouri. Districts are local, non-regulatory, grassroots type organizations that constitute an effective and innovative approach to solid waste management for Missouri. These local organizations maximize local participation through new and existing relationships; they understand local needs, issues, and priorities. They also leverage local investment in recycling by understanding the local business climate and recycling markets.

The second principle is consolidation and realignment of district boundaries. The intent of SB 530 (1990) was to encourage regional solid waste planning. MDNR set the initial boundaries for the 20 districts in consultation with county governing bodies, and with public input through the hearing process. Provisions in the law allow for the realignment of district boundaries every three years. The next opportunity for realignment of district boundaries within the framework of the existing law is 2015.

The districts propose to initiate a self-governed review and examination process in 2014 to assess voluntary opportunities to realign counties and change boundaries, merge districts, or join Regional Planning Commissions. This process would be carried out in a manner that is consistent with the principles of local control and efficient district management and administration. Districts propose that a self-examination process occur at regular intervals to consider voluntary boundary changes as allowed by law, and to react to future changes in local needs and priorities.

The third principle is efficient district management and administration. It is critical to note that districts do not spend 50% of their funds on administration. Districts were created to expand waste reduction and recycling throughout Missouri. To accomplish this purpose, districts engage in a multitude of activities as part of their ongoing administration and operations. We must begin by developing a better understanding and common definitions of "operation" and "administration." Administration of the districts generally includes the functions of grant and project management/oversight, accounting and financial operations, MDNR reporting, board management, and performance/fiscal audits. Eligible expenses to support these functions can include salaries and benefits, office space, office supplies and equipment, professional services, office overhead expenses, district insurance, training, and travel. A review of administrative costs among districts shows an average cost slightly higher than 25%.

Remaining funds are used by the districts to provide important, substantive services to their respective regions, such as the collection and safe disposal of household hazardous wastes, technical assistance to area local governments and businesses, planning and program development, waste reduction and recycling education and outreach, and other tasks

associate with the accomplishment of a district's mission and duties. Continued investment in these services is essential for the success of Missouri's recycling programs and infrastructure.

The districts agree that it is incumbent on all levels of government to be efficient, transparent stewards of public dollars, while also providing for the common good. The districts agree in principle that gains can be made in both the efficiency and efficacy of district administration.

The fourth principle is adequate resources. The Solid Waste Management Fund was created to support the expansion of recycling in Missouri. Funds were originally dedicated to support and establish local recycling programs, with minor allocations for MDNR to conduct administrative activities to support recycling.

The fund generates revenues through a very modest tonnage fee on waste disposed in Missouri landfills or exported out of state through transfer stations. The fund was initially set a \$1.50 per ton, with a CPI adjustment for inflation. By 2005, the fee had risen to \$2.11 per ton, but the CPI adjustment was frozen through additional legislation. If the tipping fee had been allowed to continue to adjust for inflation, it would currently be approximately \$2.60 per ton. However, when the allocation to MDNR is taken into account, the portion of the tonnage fee dedicated to recycling is now down to only \$1.28 per ton, instead of the full \$2.60 per ton as originally intended. This 50% reduction in resources has seriously impacted the ability of districts to foster the growth of recycling in Missouri.

The districts agree that that current tipping fee should be maintained, but also suggest that the state evaluate other solid waste and recycling program funding options. The districts propose a study to examine options for stable, long-term funding for MDNR's SWMP; investigate advance disposal fees for certain products through producer responsibility or consider applying the tipping fee to an expanded universe of facilities. Such an evaluation will ensure adequate resources for MDNR and district fundtions for years to come. Stable funding for MDNR and the districts will grow programs that strengthen our economy, protect our environment, and improve our communities.

In closing, the districts have been successful with their initial charge and have played a key role in meeting the state's mandate to reduce the amount of waste sent to Missouri landfills. A strong continuous investment in both state and local solid waste programs and district operations is critical to our state. The current Solid Waste Law has sufficient flexibility to respond to shifting priorities and does not require wholesale revision. It is possible to create change and efficiencies within the state's solid waste program with a thorough self-examination and review of additional funding options over the next several months.

13. Luke Westerman, Computer Recycling Center, Springfield

The Computer Recycling Center has 10 employees and is a member of Region O. The Computer Recycling Center has been a grant recipient and has also received technical assistance from Region O, and prefers local control of grant administration. Mr. Westerman argues that we should consider defining what should actually be placed in landfills, including

a ban on electronics similar to action in 28 other states. In addition, changing our mindset from “waste” to “resource” will help in recycling awareness and diversion efforts.

14. Nelson Heil, Presiding Commissioner, Carroll County

Carroll County is a member of Trenton County SWMD. The SWMD receives a minimum funding amount of \$95,000 annually and there are no landfills in the district. Each county has a list of banned items that are picked up every 18 months. Mr. Heil requests that current funding levels be maintained.

15. Jean Ponz, Vice Chair, Region L SWMD, City of St. Louis

Ms. Ponz recommends reducing quarterly reports from SWMD’s to MDNR and clarifying the definition of “administrative costs.” Further, Ms. Ponz argues that we should weight a fee versus a tax.

16. David Berger, Region L SWMD, St. Louis

Mr. Berger points out that one round of grants given by the SWMD generates 750 reports to MDNR. This many reports is not efficient or cost effective.

17. Ronda Long, Associate Planner, SWMD O

SWMD O has 2 full-time employees, is comprised of 5 counties, and serves 463,000 citizens. For every \$1 spent on solid waste, \$0.73 goes back to citizens in for form of grant moneys. Currently, there is a diversity of “administrative costs” across districts and programs. Of the 142 grants given by SWMD O, only 4 projects have closed and 126 are still in operation.

18. Evelyn Clemons, Clinco Industries, Inc., SWMD D

Local prisons have an effective recycling program. Further, Clinco Industries added styrofoam recycling this year. When Clinco receives grant moneys from SWMD D, Clinco usually uses the moneys to purchase new technologies and equipment.

19. Gary Gilliam, Executive Board SWMD Volunteer, Potosi

Grant authorities are volunteers at the local level. The benefits of recycling come from incentives and grant moneys offered from the SWMD. In order for businesses to recycle on a large level, incentives must be provided.

20. Tony McCullum, Vice Chair, SWMD B, Chariton County

SWMD B hosts recycling events to encourage recycling within the community. The SWMD gets the most return on its investment when giving grants to sheltered workshops. No taxpayer money is involved in this process. Increasing the tipping fee would provide more funding for increased recycling efforts.

Summary of Individual Testimony

November 7, 2013

1. Tracy Dyer, Chair, RPC Region F

Region F is comprised of 5 counties: Johnson, Lafayette, Morgan, Pettis, and Saline. The SWMP strongly affects the community, and we need to educate the community on the program. Region F actively engages in education activities at schools. It is difficult to provide enough resources/recycling containers because the counties are made up of many small communities. Without the resources from this program, the citizens from these small communities would have no other access to recycling programs. While the program is working, some improvements do need to be made including: setting diversion goals, need to promote reuse through business development, and we need to attempt to make sure that every citizen has access to recycling services at a reasonable rate. Currently, Region F spends 21-22% of its total budget on administrative costs.

2. Kris Franken, Presiding Commissioner, Camden County

The SWMP serves the area's needs. Currently, the SWMD is working on a foam recycling project with the area sheltered workshop. The SWMD has also worked with the area retailers on paint recycling and has begun doing electronic waste pickups at no cost to residents. The SWMD also utilizes the MDNR scrap tire recycling program. SWMD T is a minimally funded district that receives \$95,000 annually and is currently the most efficient district in the state with administrative costs averaging 15-17% of the overall budget. Grant administration is one of the largest administrative expenses that the SWMD incurs. Currently, the district does not offer curbside recycling. Offering curbside recycling would cost consumers an average of \$20-\$30 more per month.

Recommendations

After review and consideration of the testimony presented to the committee, the Joint Committee on Solid Waste Management District Operations recommends the following:

1. Requesting from all Solid Waste Management Districts a detailed list of district operations costs. Using the information from this request, the legislature should consider defining district operations costs.
2. Streamlining the number of audits required for the Solid Waste Management Districts.
3. Streamlining the number of grant administration and application reports required from the Solid Waste Management Districts to the Department of Natural Resources, and fund a grant to make all grant administration and application reports required by the Department of Natural Resources electronic and accessible in an on-line format.
4. Implementing solid waste diversion goals for each district, and then targeting grant funding in specific areas to help meet those goals.
5. Defining what Solid Waste Management Districts can and cannot do to compete with private industry solid waste services.
6. Streamlining the grant application process so that grant applications are all due at the same time every year.
7. Requiring that all grant recipients and all Solid Waste Management District board members sign a conflict of interest statement.
8. Establishing a new committee composed of two members from the House of Representatives, one democrat and one republican, two members of the Senate, one democrat and one republican, the Solid Waste Management District chair from every Solid Waste Management District or his or her designee, one administrative employee from every Solid Waste Management District, representatives from the Department of Natural Resources, and representatives from the Environmental Improvement and Energy Resources Authority that meets once annually to facilitate good communication.