

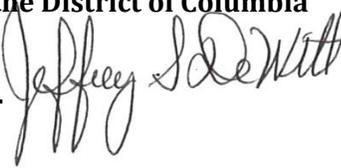
Government of the District of Columbia  
Office of the Chief Financial Officer



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** June 16, 2014

**SUBJECT:** Fiscal Impact Statement – Sustainable Solid Waste Management  
Amendment Act of 2014

**REFERENCE:** Bill 20-641, Draft Committee Print as Shared with the Office of Revenue  
Analysis on June 13, 2014

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**Conclusion**

Funds are not sufficient in the proposed FY 2015 through FY 2018 budget and financial plan to implement the bill.

Implementation of the bill will cost \$1 million in FY 2015 and approximately \$4.1 million over the four-year financial plan period. The Council has identified funds the necessary to implement the bill in the proposed budget, except for \$50,000 that would be required in FY 2016 for a composting program feasibility study. This provision of the bill is subject to its inclusion in a budget and financial plan. The rest of the bill can be implemented, if enacted.

**Background**

The bill establishes new goals for the management of solid waste programs and the separation, collection, and disposal of solid waste<sup>1</sup> by both the District of Columbia government and the private waste haulers that operate in the District.

First, the bill imposes mandatory source separation; that is when solid waste is discarded, it must be separated into trash, recyclable waste, and compostable waste. District properties that receive private solid waste collection services<sup>2</sup> will be required to provide their tenants with adequate

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<sup>1</sup> Solid waste includes trash and recyclable and compostable materials.

<sup>2</sup> This includes commercial buildings and residential buildings of four units or greater.

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waste collection mechanisms<sup>3</sup> that allow for source separation, and train their building staff to support the source separation requirements. The Mayor is required to publish a list of recyclable and compostable materials as guidance for the source separation programs. Currently, the Mayor is also responsible for producing a waste characterization study<sup>4</sup> every two years.<sup>5</sup> The bill expands the time frame to every four years beginning on January 31, 2018.

Private solid waste collectors will play a significant role in the new source separation requirements and will be subject to new District registration and reporting requirements. First, private collectors must ensure any waste collection receptacles that are provided to a private property owner are appropriately labeled or identified.<sup>6</sup> Second, private collectors must annually report to the Mayor the total tonnage of solid waste collected, the tonnage broken down by the source separation categories, and details about the location<sup>7</sup> where the solid waste was delivered and how much was delivered to those locations.<sup>8</sup> Third, collectors must annually register with the Office of Waste Diversion and Recovery created in this bill.

The District does not have a composting program. The bill requires the Mayor to do a feasibility study of a composting program by January 1, 2016. Until such a program is implemented, source separation properties that receive District collections are not required to separate compostable materials. However, the Mayor may require properties that receive private collection begin separating compostable materials sooner.

The bill also creates an Office of Waste Diversion and Recovery ("Office") to implement solid waste policies, source separation education and outreach, respond to citizen inquiries, interact with neighboring jurisdictions, register collectors, and make aggregate collection information publicly available. The Office will work with the newly created Interagency Waste Reduction Working Group ("Working Group"), which will review District policies and policies from other jurisdictions to provide guidance to the Office, establish education and outreach programs for the Office to implement, and ensure that the collection reports required in the bill provided annually to the Council are accurate.<sup>9</sup> The Mayor must ensure that the District's solid waste enforcement group is trained on the policies developed by the Working Group.

The bill authorizes, but does not require, the Mayor to impose on property owners who receive public solid waste collection, a fee proportional to their waste generated. Prior to implementing this fee, typically known as "Pay-as-you-Throw," the Mayor would need to provide a feasibility and

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<sup>3</sup> This includes providing containers that are sufficient to capture projected source separated waste and to appropriately label containers based on the source of waste that should be deposited in each container.

<sup>4</sup> The study describes all waste generation and management activities in the District. The last one was produced in 2011.

<sup>5</sup> The Solid Waste Management and Multi-Material Recycling Act of 1988, effective March 16, 1989 (D.C. Law 7-226; D.C. Official Code § 8-1004).

<sup>6</sup> The Mayor can establish a color scheme for the receptacles for different streams of solid waste and building owners and solid waste haulers can adopt those colors as sufficient identification of how waste should be separated.

<sup>7</sup> This includes the name, location, and type of facility (recycling, composting, incineration, etc.) where the waste was delivered.

<sup>8</sup> This reporting must begin on October 1, 2016.

<sup>9</sup> These reports are due annually beginning on February 28, 2016 and must include public collection data in addition to the data submitted by private collectors.

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economic impact study to the Council, and submit for approval any rules associated with implementation of the program.

Another significant component of the bill is to establish a manufacturer-directed electronic waste recycling program. Beginning January 1, 2016, no manufacturer of electronic devices may sell its products in the District unless it is registered each year. In addition to a report on the product brand names it sells, sales data of its products in the District, the estimated weight of products sold the previous year, the weight of products recycled the previous year, and information on the recyclers used, the manufacturers must detail their recycling programs and ensure that all materials are recycled appropriately,<sup>10</sup> and pay an annual registration fee of at least \$1,000.

Manufacturers must meet the minimum collection standards for weight of devices recycled relative to weight of sales in the District as follows: 25 percent by July 1, 2017, 50 percent by July 1, 2020, and 80 percent by July 1, 2022.<sup>11</sup>

Beginning on July 1, 2018, no person in the District will be allowed to dispose of a covered electronic device in the trash.

Lastly, the bill directs a number of conforming amendments and repeals a number of outdated D.C. Official Code references.

### **Financial Plan Impact**

Funds are not sufficient in the proposed FY 2015 through FY 2018 budget and financial plan to implement the bill. Implementation of the bill will cost \$1 million in FY 2015 and approximately \$4.1 million over the financial plan period.

The Department of Public Works (DPW) will be the main implementing agency of the source separation and waste management programs. The new Office of Waste Diversion and Recovery ("Office") will be located within DPW and accounts for most of the bill's costs. The Office will need six new personnel and additional funding for supplies, training, and the development of educational materials. This will cost \$715,000 in FY 2015 and \$2.9 million over the financial plan period.

DPW will need additional funding to evaluate the feasibility of and implement a composting program. DPW expects it could implement a drop-off composting program by FY 2017. Studies will begin in FY 2016 and total composting program costs are expected to be \$50,000 in FY 2016.<sup>12</sup> The Pay-as-you-Throw program is not required and DPW can absorb any other costs associated with the program, including the solid waste hauler registration requirements.

The District Department of the Environment (DDOE) will be mainly responsible for the covered electronic device program. DDOE will need to build a list of covered devices, register manufacturers, and inspect stores and recycling programs to ensure manufacturers are complying

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<sup>10</sup> Recycling programs must be certified under the e-Stewards Standard for Responsible Electronic Recycling and Reuse of Electronic Equipment program (<http://www.e-stewards.org/certification-overview/>).

<sup>11</sup> An item that is donated at no cost to a District public school or other organization that works with low-income children can count that product at twice its weight for purposes of the minimum collection standard.

<sup>12</sup> This is the only cost not funded in the budget and financial plan.

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with the bill's requirements. Management of this program will cost \$294,000 in FY 2015 and approximately \$1.1 million over the financial plan period.

DPW currently runs twice per month household hazardous waste and electronic recycling collections. It is likely that the manufacturer driven electronic recycling program will reduce the volume of that waste collected and disposed of by DPW, but the details of the program are not final. Thus, the Office of Revenue Analysis does not expect those savings to begin to manifest until FY 2018 and is not ready to recognize those savings at this time.

<b>Implementation Costs of the Waste Management Modernization Act of 2014</b>					
<b>Bill 20-641</b>					
<b>FY 2015 – FY 2018</b>					
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Total</b>
Office of Waste Diversion and Recovery <sup>a</sup>	\$715,000	\$723,000	\$748,000	\$755,000	\$2,941,000
Composting Program	\$0	\$50,000	\$0	\$0	\$50,000
Covered Electronic Device Program <sup>b</sup>	\$294,000	\$255,000	\$263,000	\$264,000	\$1,076,000
<b>Total</b>	<b>\$1,009,000</b>	<b>\$1,028,000</b>	<b>\$1,011,000</b>	<b>\$1,019,000</b>	<b>\$4,067,000</b>

**Table Notes**

<sup>a</sup> The Office of Waste Diversion and Recovery will require 6 new FTEs, training, supplies, and an educational and outreach program.

<sup>b</sup> The covered electronic device program will require 2.5 FTEs and other non-personnel costs.

All funds for the bill, except for the aforementioned feasibility study requirement have been incorporated into the proposed FY 2015 through FY 2018 budget and financial plan. If the bill is enacted, the feasibility study requirement will be implemented only after the required costs are incorporated in an approved budget and financial plan.