RRS memo

COUNTY INITIATED FUNDING APPROACHES

The following can be initiated and managed by the County although some require local unit and/or voter approval.

Funding System/Description	Michigan County Use Examples	Best Uses and Least Preferred Uses
Act 185 County Public Works Assessment: This funding mechanism is used in water, sewer, refuse/recycling and related environmental projects by counties that have a organized an Act 185 Department of Public Works. Specific procedures must be followed to develop a project including an engineer's cost estimate and required public hearings and county/local approvals. This allows collection of a flat fee assessment for the project over a set time period. (Public Act 185, 1957, MCL 123.732)	Act 185 assessments are used in many counties across the state for a variety of projects. Washtenaw County uses the Act 185 fee process to fund the programs of the Western Washtenaw Resource Recovery Authority (WWRA) including MRF operation and recycling drop-off collections.	Best Used for: - Recycling/Waste Program Expenses (MRFs[1], drop-offs, cleanups, curbside) - Special Material Programs (HHW[2], e-Scrap, Batteries, etc.) Also Works for: - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion Can be used for trash system costs as well
Act 69 and Act 138 Surcharge Fees: With Act 69, through County and local unit resolutions, voters in each jurisdiction are asked to approve this resource recovery charge (up to $50) per household/business per year that can then be collected (if voters approve in that local unit) by the County as part of winter taxes. This is similar to a PA 138 fee that is limited to households only with a maximum of $25/year, but just requires approval by the elected officials of the local unit. (Act 69, 2005, Act 138, 1989, Urban Cooperation Act 7 of 1967, MCL 124.508a)	Leelanau County is the first to use an Act 69 fee with 10 of their 14 units approving in 2006. They previously used the Act 138 fee and have an active landfill surcharge. Act 138 is also used by Benzie County, Allegan County and Clinton County to fund local drop-off programs, HHW, etc. No other users in the state.	Best Used for: - Recycling Program Expenses (drop-offs, curbside) - Special Material Programs (HHW, e-Scrap, Batteries, etc.) Also Works for: - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion Cannot be used for trash system costs
Hauler License Resource Recovery Fee: Licensed haulers can be charged a "Resource Recovery Charge" for each household and commercial account and be required to pass through that charge as a line item to their customers. The charge would be set as part of the annual budgeting process to cover all costs for Resource Recovery Programs. Each hauler's share is then based on their percentage of the market.	Used in Eaton County for over 10 years ($9.60 hh/yr and $40/commercial account per year). No other known users of this approach in the state.	Best Used for: - Recycling Program Expenses (drop-offs, curbside) - Special Material Programs (HHW, e-Scrap, Batteries, etc.) Also Works for: - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion

[1] MRF is an acronym for Material Recovery Facility – a type of recycling processing facility
[2] HHW is an acronym for Household Hazardous Waste – a type of collection program for residentially generated hazardous wastes

COUNTY INITIATED FUNDING APPROACHES – CONTINUED

The following can be initiated and managed by the County although some require local unit and/or voter approval.

Funding System/Description	Michigan County Use Examples	Best Uses and Least Preferred Uses
Landfill Surcharge: A Resource Recovery Fee can be imposed by ordinance/licensing mechanism (e.g. Grand Traverse County), by contract (e.g. Clinton County) or as part of the budget of publicly owned facilities (like Wexford and Emmet). Applies to all incoming tons (residential and commercial) and varies with incoming waste volumes.	This is the most common approach used by Michigan Counties (Emmet, Wexford, Saginaw, Grand Traverse, Leelanau, Sanilac, Clinton, Genesee, Ottawa, Berrien, Macomb, Wayne, Washtenaw, Monroe, Kent, and more)	Best Used for: - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion Can Work for: - Special Material Programs (HHW, e-Scrap, Batteries, etc.) Least Suited for: - Recycling Program Expenses (drop-offs, curbside)
Voter Approved County-wide Millage: The majority of voters in the County can approve a millage to fund resource recovery programs, either for capital or operating costs. Majority approval of voters would implement this funding mechanism county-wide. Almost always has a sunset clause (e.g. 5 years) to require re-evaluation and re-voting by citizens.	Emmet County used a temporary millage for the capital costs of its original recycling program start-up. Charlevoix County (drop-offs and HHW). Chippewa County (drop-offs/MRF operated by disabled worker non-profit); Tuscola County (drop-offs, HHW and MRF operated by County w/corrections labor)	Best Used for: - Recycling Program Expenses (drop-offs, curbside) - Special Material Programs (HHW, e-Scrap, Batteries, etc.) - One Time Capital Costs (e.g. Building) Also Works for: - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion
Supplemental Fees for Service: Additional charges and supplemental fees are used by many municipalities to cover costs for value added services that some but not all citizens use and that citizens often expect to be provided by their municipality. Examples include curbside bulky waste pickup, curbside brush collection, tire drop-offs and drop-off /convenience center refuse and recycling services.	Washtenaw County's Drop-off Station, operated in conjunction with the City of Ann Arbor and Recycle Ann Arbor covers more than 80% of the costs of its refuse and recycling drop-off system with user fees for waste, construction debris and harder to recycle materials like tires and electronic waste.	Best Used for: - Services where Convenience Justifies a Premium (e.g. curbside bulky waste) - Special Materials Programs (e.g. tires, appliances, etc.) Least Suited for: - Recycling Programs - Routine Program costs - Admin Expenses (e.g. staff, planning)

LOCAL UNIT INITIATED FUNDING APPROACHES

The following can be initiated and managed by local units independent of the County.

Funding System/Description	Michigan Local Unit Use Examples	Best Uses and Least Preferred Uses
Legislatively Authorized Millages: Cities and villages are authorized by Act 298 of 1917 (MCL 123.261) to collect up to 3 mils for refuse and recycling programs. The elected body approves the "annual garbage tax" as part of their annual budgeting process, with the funds being collected as part of the next tax cycle. Charter Townships are authorized to collect up to 2 mils.	This is the most common method of funding refuse and recycling programs in Michigan's cities and charter townships and is in use throughout the state. Good examples are the City of Royal Oak and the Charter Township of Ypsilanti	Works Well for: - Recycling/Waste Program Expenses (MRFs, drop-offs, cleanups, curbside) - Special Material Programs (HHW, e-Scrap, Batteries, etc.) - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion
Municipal Utility/Service Fees: A local unit can establish an exclusive service provision (e.g. waste collection) and charge for that service through a utility billing system or other user fee system. This is a common method when a local unit already has other utility billing systems in place (water, sewer, electricity). The fee system can include pay per volume features (aka "pay-as-you-throw" or PAYT) - an incentive for waste reduction and recycling.	This is the second most common method of funding refuse and recycling programs in Michigan's cities, villages and townships and is in use throughout the state. Grand Rapids and Lansing are two larger cities that use a fee based approach. Coldwater is an example of a smaller community using this approach.	Works Well for: - Recycling/Waste Program Expenses (curbside, MRFs, drop-offs, cleanups) - Special Material Programs (HHW, e-Scrap, Batteries, etc.) - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion
Special Assessment Districts: Michigan Townships (Public Act 188, 1954 MCL, 41.721) and Villages (Public Act 116, 1923, MCL 41.411) can create special assessment districts for improvements that provide for waste and recycling services. Many of Michigan's townships and villages use this approach in contracting and paying for solid waste and recycling services.	This is the third most common method of funding waste and recycling programs in Michigan's local units, used by many of the townships that participate in the Mid-Michigan Solid Waste and Recycling Authority.	Works Well for: - Recycling/Waste Program Expenses (curbside, MRFs, drop-offs, cleanups) - Special Material Programs (HHW, e-Scrap, Batteries, etc.) - Admin Expenses (e.g. staff, planning) - Outreach/Education/Promotion
Hauler Franchise and Hauler Collected Fees: A local unit can award an exclusive hauler contract/franchise for the collection of waste from residential and/or commercial sources and bundle recycling services in with contract. The hauler is responsible for providing all services and collecting the fees from system users following a pricing schedule contained in their franchise/contract with the local unit.	Shelby Township in Macomb County is the best example to cite, with court decisions confirming the local units right to use this method. Superior Township in Washtenaw County is another good example.	Best Used for: - Bundled Refuse/Recycling/Yard Waste Collection Program - Limited Education and Outreach Least Suited for: - Admin Expenses (e.g. staff, planning) - Special Material Programs (HHW, e-Scrap, Batteries, etc.)

LOCAL UNIT INITIATED FUNDING APPROACHES - CONTINUED

The following can be initiated and managed by local units independent of the County.

Funding System/Description	Michigan Local Unit Use Examples	Best Uses and Least Preferred Uses
Voter Approved Program Millage: The majority of voters in the City can approve a millage to fund resource recovery programs, either for capital or operating costs. Majority approval of voters would implement this funding mechanism. These almost always have a sunset clause (e.g. 5 years) to require re-evaluation and re-voting by citizens. Some are temporary millages limited in scope to specific capital projects.	The City of Royal Oak uses a voter approved millage to supplement its legislatively authorized millage for solid waste and recycling programs - first used to secure voter approval of the City's original curbside recycling program. City of Ann Arbor voters approved a temporary millage to close its landfill, build a MRF and expand multi-family recycling	Best Used for: - New Program Initiatives - One Time Program Expansions - Special Material Programs (HHW, e-Scrap, Batteries, etc.) Least Suited for: - Routine Program costs - Admin Expenses (e.g. staff, planning)
General Fund: Some local units have managed to cover resource recovery program costs out of their general fund, most often when the program offerings are limited in scope (e.g. spring/fall cleanups) or are provided jointly through a larger inter-governmental project (e.g. regional household hazardous waste services).	A number of townships participating in the Northern Oakland County NO-HAZ consortium household hazardous waste collection program cover their costs through general fund contributions.	Best Used for: - Limited Program Initiatives - Special Material Programs (HHW, e-Scrap, Batteries, etc.) Least Suited for: - Routine Program costs - Admin Expenses (e.g. staff, planning) -
Supplemental Fees for Service: Additional charges and supplemental fees are used by many municipalities to cover costs for value added services that some but not all citizens use and that citizens often expect to be provided by their municipality. Examples include curbside bulky waste pickup, curbside brush collection, tire drop-offs and drop-off /convenience center refuse and recycling services.	The City of Ann Arbor Drop-off Station, operated in conjunction with the Washtenaw County and Recycle Ann Arbor covers more than 80% of the costs of its refuse and recycling drop-off system with user fees for waste, construction debris and harder to recycle materials like tires and electronic waste.	Best Used for: - Services where Convenience Justifies a Premium (e.g. curbside bulky waste) - Special Materials Programs (e.g. tires, appliances, etc.) Least Suited for: - Recycling Programs - Routine Program costs - Admin Expenses (e.g. staff, planning)