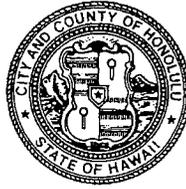


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KIRK CALDWELL
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

TIMOTHY A. HOUGHTON
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
DIR 15-026

July 21, 2015

The Honorable Ann H. Kobayashi, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Testimony on Bill 50 (2015)

The Department of Environmental Services (ENV) opposes Bill 50, Relating to Collection and Disposal Charges, which would reinstate a 65% reduction in refuse disposal fees for qualified recyclers, which was removed by the City Council effective July 1, 2013.

The proposed discounted tip fees would provide an annual estimated revenue loss of nearly \$1.5M per year, based on a 5-year average of disposal data from the seven largest recyclers (see Table 1). It is important to note that Bill 50 is proposed to be effective upon approval which would be inconsistent with the existing approved operating budget and would have a direct impact on the ability of the solid waste program to fulfill its requirements during the current fiscal year.

The purpose of the bill is to support and promote recycling activities. We are of an opinion that the proposed tipping fee discount for recycled residual will not significantly change the volume of recycle residue (see Graphs 1 to 5). Graph 5, in particular, shows a leveling off of recycled quantities starting from 2007. Fluctuations of recycle residual are anticipated, depending on market conditions, type of material being recycled, efficiencies of the recycler, etc.

Between fiscal years 2010 to 2014, various discounts were available. As Graphs 1 to 4 illustrate, the discounts (either provided or withdrawn) does not appear to have an effect on the volume of recycle residual being disposed from the top seven recyclers and recycling in general.

It is also important to understand that, based on the 5-year duration, 89% of the benefit of the reduced disposal fees for recyclers would be gained from one company with the next highest company receiving only 4% of the benefit.

In addition, Bill 50 would propose to add Sec 9-4.2 (c)(7), which did not exist in the previous ordinance. This would require recyclers to "be in compliance with all applicable permits and licenses." This would propose ENV track Hawaii Department of Health (DOH) permit/license-related actions and change fees depending on such pending actions. As long as the recycler has a valid DOH permit, they should not be treated differently even if they are working out compliance issues with DOH.

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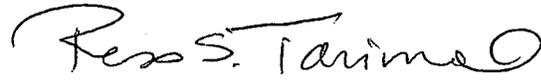
The Honorable Ann H. Kobayashi, Chair
and Members
July 21, 2015
Page 2

Lastly, we should not be providing a discount to landfill disposal. It is our policy to reduce the quantities disposed to the landfill.

Bill 50 should not be passed and the Council should stand by its decision on Bill 61-12 to remove all disposal charge subsidies for recyclers.

If you have any further questions, please contact Cyndy Aylett, Executive Assistant, at 768-3475.

Sincerely,



u Lori M.K. Kahikina, P.E.
Director

Attachments

APPROVED:



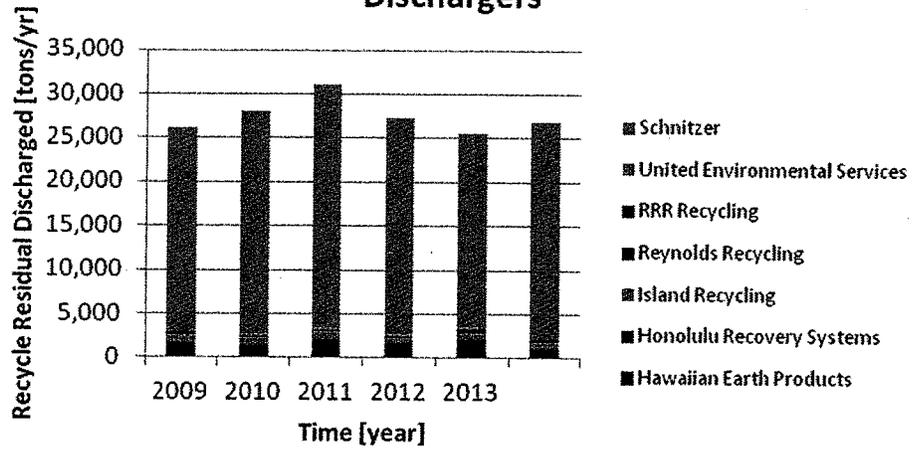
Roy K. Amemiya, Jr.
Managing Director

Table 1: DISPOSAL AND REVENUE FROM THE LARGEST RECYCLERS

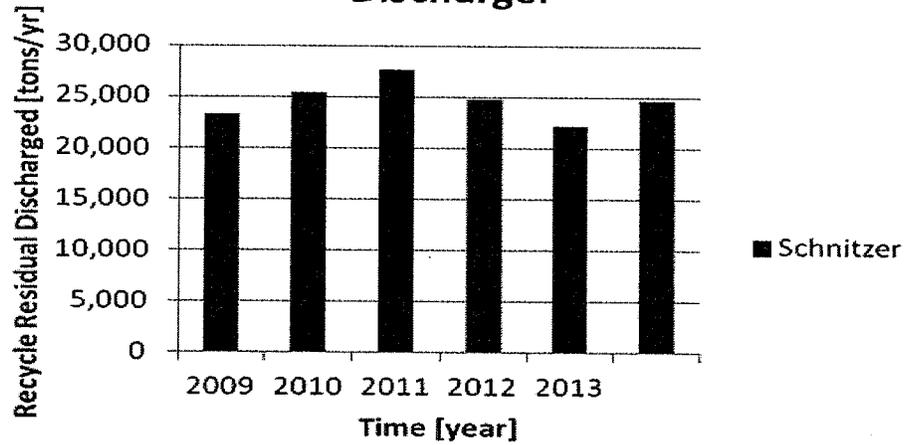
Tip fee \$81.00
Discounted Tip fee \$28.35

	FISCAL YEAR	Hawaiian Earth Products	Honolulu Recovery Systems	Island Recycling	Reynolds Recycling	RRR Recycling	Schnitzer	United Environmental Services	Total by Fiscal Year
Recycling Residual [tons/yr]	2009	433	1,321	869	120	119	23,271	0	26,133
Recycling Residual [tons/yr]	2010	522	946	839	70	138	25,350	150	28,015
Recycling Residual [tons/yr]	2011	919	1,284	838	48	162	27,701	80	31,032
Recycling Residual [tons/yr]	2012	984	761	584	49	123	24,730	71	
Recycling Residual [tons/yr]	2013	892	1,292	768	38	286	22,175	134	25,585
Average Recycling Residual [ton/yr]		750	1,121	780	65	166	24,645	87	27,613
									Total
Averaged revenue w/out discount		\$60,750	\$90,785	\$63,148	\$5,265	\$13,414	\$1,996,277	\$7,047	\$2,236,685
Average revenue with discount		\$21,263	\$31,775	\$22,102	\$1,843	\$4,695	\$698,697	\$2,466	\$782,840
Loss of revenue to associated with discount		\$39,488	\$59,010	\$41,046	\$3,422	\$8,719	\$1,297,580	\$4,581	\$1,453,846

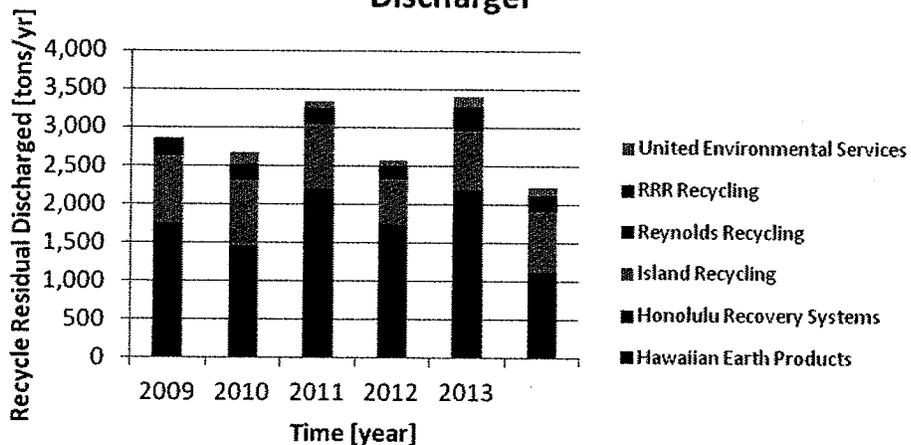
Graph 1: Seven Largest Recycle Residual Dischargers



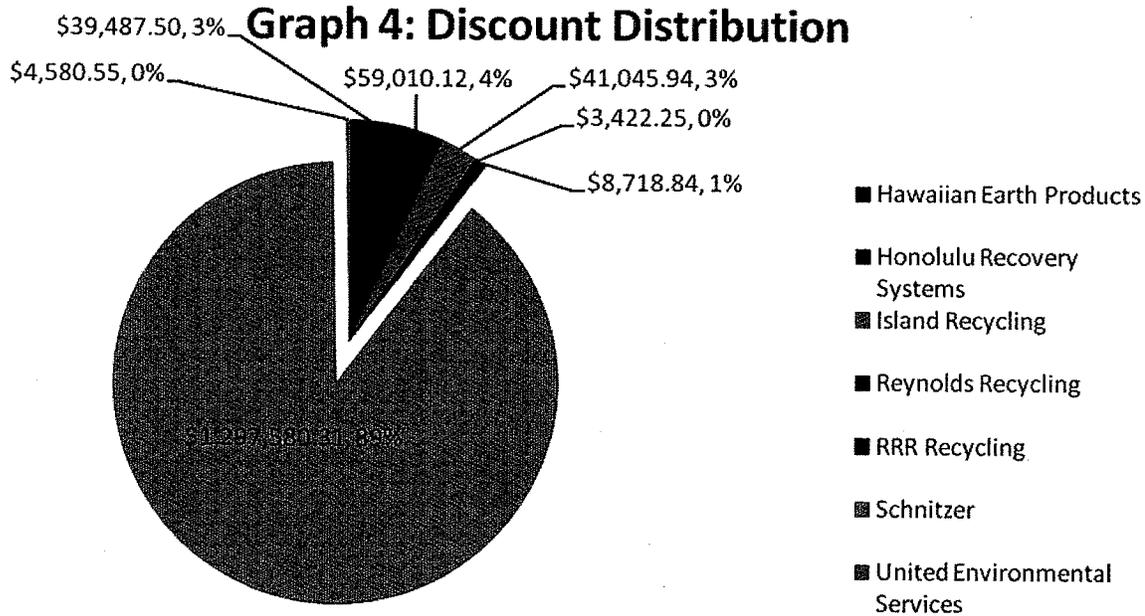
Graph 2: Largest Recycle Residual Discharger



Graph 3: Next Six Largest Recycle Residue Discharger



Graph 4: Discount Distribution



Graph 5: General Material Recycling vs Time

