

AGENDA

Commission for the Environment

April 8, 2013

7:30 p.m.

Southern Human Services Center
2501 Homestead Road, Chapel Hill

- | <u>Time</u> | <u>Item</u> | <u>Title</u> |
|--------------------|--------------------|--|
| 7:30 | I. | Call to Order |
| 7:32 | II. | Additions or Changes to Agenda |
| 7:35 | III. | Approval of Minutes – March 11 (Attachment 1) |
| 7:40 | IV. | Food Waste Collection and Composting Gayle Wilson (OC Solid Waste Mgmt. Director) and Cody Marshall (Recycling Programs Mgr.) will provide an overview of Orange County's food waste collection and recycling program. The CFE expressed interest in exploring ways to increase composting of food waste. (Attachment 2) |
| 8:10 | V. | Orange County Curbside Recycling Program CFE will discuss a recent announcement that Orange County is reconsidering its curbside recycling program for rural residents. The BOCC will have a work session on April 9 to look at all the options for how to proceed with the recycling program. (Attachments 3-6) |
| 8:30 | VI. | Committee Meetings The CFE will break out into its two standing committees (<i>Air and Energy & Water and Biological</i>) to discuss ongoing business. (Attachment 7) |
| 9:10 | VII. | Updates and Information Items Staff and/or CFE members will provide updates on the following items: <ul style="list-style-type: none">➤ CFE recruitment efforts➤ Orange County legislative agenda package 2013 (Attachment 8)➤ Potential repeal of solar tax credit (Attachment 9)➤ NC trust funds in Gov. McCrory budget (Attachment 10) |
| 9:30 | VIII. | Adjournment |

Next meeting: May 13 (Hillsborough)

**Orange County
Commission for the Environment**

DRAFT Meeting Summary

March 11, 2013

Environment and Agricultural Center, Hillsborough

MEMBERS PRESENT: David Neal (Chair), Jan Sassaman (Vice Chair), May Becker, Terri Buckner, Peter Cada, Loren Hintz, Bill Kaiser, Tom O'Dwyer, Gary Saunders

MEMBERS ABSENT: Lucy Adams, David Welch, Sam Yellen

STAFF: Rich Shaw, Tom Davis

GUESTS: Wayne Fenton, Kellem Agnew Emanuele

- I. **Call to Order** – Neal called the meeting to order at 7:30 pm.
- II. **Additions or Changes to Agenda** – Sassaman asked to add an Update item concerning potential changes to the County's recycling program. Neal agreed.
- III. **Approval of Minutes** – Sassaman motioned to approve the February 11 meeting summary with one correction; seconded by Kaiser. Motion approved unanimously.
- IV. **Energy and Fuel Use at Orange County Facilities** – Wayne Fenton (Assistant Director, Orange Co. Asset Mgmt. Services) provided an overview of the energy, water, and fuel use at Orange County buildings and facilities from 2010 to 2012. He showed a presentation given to the board of commissioners in late 2012.

Fenton showed the County's short-term goals for reducing energy, water and fuel consumption, and "scorecards" developed to gauge how well the County is meeting its goals and objectives. He noted the goals were in line with State conservation objectives.

Fenton listed energy reduction goals for the Town of Chapel Hill, Town of Carrboro, and Durham City/County. Fenton said the County established an energy bank (internal loan program) with \$50,000 set aside to pay for energy-saving retrofits on County buildings.

Fenton said new County buildings are constructed using high performance guidelines developed by Triangle J Council of Governments. He said the guidelines are effective and are modeled on LEED standards, but don't require the cost of LEED certification.

Fenton mentioned some of the current and planned initiatives, including the next phase of a community geothermal system (Old Courthouse, Jail, other buildings), digital control improvements at four buildings, and solar film evaluations. Other current initiatives include vending miser additions, lighting improvements, roof insulation, and the removal of some older buildings from County ownership. Future initiatives include geothermal at the Southern Campus, roof insulation upgrades, and potential solar technology.

Fenton answered questions from CFE members on various subjects, including lighting fixtures and improvements, collaboration with the school systems, air temperature in county buildings, his department's involvement in the planning and design of new buildings, and the estimated payback from various energy-saving measures.

Some ideas that were discussed for CFE consideration included adding an energy conservation page to the Orange County website, holding an energy fair (similar to one held in Hillsborough for county employees), and possibly recommending more aggressive goals and objectives for public buildings/facilities.

- V. **RENEW Group Proposal** – Neal recommended that further discussion of this proposal be tabled until the Air and Energy Resources Committee had discussed in committee.
- VI. **Committee Meetings** – The CFE broke out into its standing committees (*Air & Energy Resources* and *Water & Biological Resources*) to discuss ongoing business. Shaw noted he had prepared a new list of tasks and priorities for the reformulated committees.
- VII. **Updates and Information Items** –
Sassaman reported that the County is considering eliminating its curbside recycling program for residents in certain unincorporated sections of the county. He said somebody had threatened to sue the County because it does not authority to charge a fee to rural residents that are eligible to participate in this program. A new proposal would privatize rural curbside collections through a franchise contract, leaving towns to pick up urban recycling. Sassaman said he provided oral comments on this subject at the March 7 board of commissioners meeting.
- Neal asked whether CFE members wished to consider this topic and possibly submit comments to the BOCC. Members agreed to place this matter on the April agenda. Neal asked Sassaman to prepare a draft memo for CFE consideration.
- There was no discussion of the other update items listed on the agenda. Staff had provided information on the following issues: a) CFE recruitment efforts, b) NC fracking legislation update, c) OWASA newsletter, d) UNC Sustainability newsletter, e) Pete Street Home Energy-Savings Program, f) Hillsborough stormwater capture/reuse project, and a new photographic exhibit at the NC Botanical Garden.
- VIII. **Adjournment** – Neal adjourned the meeting at approximately 9:40 pm.

Summary by Rich Shaw, DEAPR Staff

From the Orange County Solid Waste Management Dept. website:

The Orange County Solid Waste Management Department is responsible for operating the Orange County Landfill, Orange County Solid Waste Convenience Centers and Orange Community Recycling Programs. <http://orangecountync.gov/recycling/index.asp>

Commercial Recycling

Orange County operates recycling programs for the commercial sector, however these services have limited coverage. Where available, Commercial Recycling services are provided at no direct cost to participating businesses. Call (919) 968-2788 or email us to find out if your business is eligible for the commercial recycling program or food waste collection program described below.

Commercial Food Waste Collection

Orange County Solid Waste Management operates an Organics Recycling Program that diverts nearly 2,000 tons of food waste and other compostable organic material from landfill disposal each year. Collection and composting service is performed by our contractor, Brooks Contracting. This program accepts source separated organic materials such as kitchen and produce department prep waste, post-consumer plate waste, and other compostable organic materials from local restaurants, grocery stores, and food service establishments for composting. The finished compost is available to purchase locally at the Orange County Landfill and Southern States in Carrboro.

Solid Waste Management Education and Outreach Services

Orange County Solid Waste Management (OCSWM) offers education services to schools, businesses, not-for-profits, faith-based organizations, civic groups, governmental organizations, and the public. Services include landfill tours, compost education and compost bins for sale, waste assessments, information and display at special events, newsletters, and regular columns and advertisements in local media.

If you would like to receive our monthly e-newsletter for up to date information about special events, schedule changes and other timely recycling and solid waste related issues, click [here](#) to subscribe.

OCSWM provides printed outreach material that describes our programs and services, and access to our extensive library of solid waste publications, local and national article archives and videos.

Composting Education

According to the EPA, up to 70% of the municipal solid waste stream is made up of organic material including paper as well as food and yard waste and textiles. OCSWM encourages businesses, institutions, and individuals to 'starve the landfill and feed the soil' by composting their organic wastes including yard waste, kitchen scraps any wet paper like used paper towels. Visit the Composting Resources page for more information about home composting.



ORANGE COUNTY | NORTH CAROLINA

The Orange County Waste Reduction, Reuse and Recycling (3-R) Fee

The 3-R Fee finances our County's recycling and waste reduction programs. The 3-R Fee was implemented in 2004, and has been billed with each tax bill since implementation. Each improved property in Orange County receives a 3-R Fee for recycling services offered by the County. The list of questions below should help explain the 3-R Fee. Click on any question you are interested in. If you have further questions about the 3-R Fee, please call the Revenue Collection office at 919-245-2725 option 2 or email: revenue@orangecountync.gov.

If you have questions about public recycling efforts in Orange County, please call the Department of Solid Waste Management at 919-968-2788 or email: recycling@orangecountync.gov. Thank you.

1. [Introduction to the 3-R Fee and the cost of recycling in Orange County](#)
2. [Must I pay the 3-R Fee even if I don't recycle?](#)
3. [What services does the 3-R Fee pay for?](#)
4. [Why is the 3-R Fee necessary?](#)
5. [What is the fee for each sector?](#)
6. [How is the cost of the various 3-R Fees determined?](#)
7. [How does the County determine which 3-R Fees to assess to my property?](#)
8. [What if I cannot afford to pay the 3-R Fee?](#)
9. [What if I believe the fee is inaccurately assessed to my property and wish to appeal?](#)
10. [Is the 3-R Fee fair and equitable?](#)
11. [Who does not have to pay the fee?](#)
12. [How do I get a blue or orange recycling bin if I have been billed for curbside recycling but don't currently have a bin?](#)
13. [What if I live in an apartment complex or mobile home park \(MHP\) that does not now have recycling and want to get that started?](#)
14. [By what authority does Orange County charge the 3-R Fee?](#)

1. Introduction: The Cost of Recycling in Orange County

The Orange County Solid Waste Management Department is responsible for all public recycling efforts in Orange County, including those that serve the Towns of Carrboro, Chapel Hill, and Hillsborough plus the services for residents of unincorporated Orange County. The 3-R Fee (waste reduction, reuse and recycling fee) provides the vast majority of the funds used by Orange County to pay for the costs of these efforts, with the remaining funds coming from revenue from the sales of recyclable materials plus a subsidy from the Solid Waste enterprise fund with this money coming from landfill tip-fee revenue. The estimated annual budget for the Recycling Division for Fiscal Year 2010-2011 is shown below:

| Recycling Program Cost | Amount | Percent |
|--|-------------|---------|
| Direct recycling costs | \$3,532,502 | 83% |
| 40% of Solid Waste Admin. division attributed to recycling for program support, overhead, education and outreach | \$711,902 | 17% |
| Total cost | \$4,244,404 | |
| Recycling program revenue | | |
| 3-R fee | \$3,912,048 | 83% |

| | | |
|--|-------------|-----|
| Recycling material sales revenue and landfill tipping fees | \$829,996 | 17% |
| Total Revenue | \$4,742,044 | |

The 3-R Fee is a multi-part fee that is assessed annually and billed on the property tax bill. All improved properties in Orange County are subject to the Basic fee which pays for recycling services generally available to all, and then a separate collection service fee is assessed to all properties eligible to participate in the Multifamily recycling program (M fee), the Rural Curbside recycling program (R fee), or the Urban Curbside recycling program (U fee). For fiscal year 2010-2011 the Basic Fee is again set at a \$37 per unit per year, the Multifamily Fee is \$19 per unit per year, the Rural Curbside fee is \$38 per unit per year, and the Urban Curbside fee is \$52 per unit per year. A property with multiple units (whether those units are residential or commercial) will be assessed one fee for each unit. The owner of each property eligible for collection service will be assessed for the Basic fee plus the specific service fee (M, R, or U) regardless of whether the occupants choose to recycle or not.

2. Must I pay the fees if I don't recycle?

Yes, all owners of improved property in Orange County must pay the 3-R Fees that support the County's recycling, waste reduction and reuse programs. While participation in the County's recycling programs is voluntary, the fee is assessed to all eligible properties whether they use the services or not. Orange County encourages all residents and businesses to take full advantage of the various recycling and waste reduction services available to them.

3. What services does the fee pay for?

The 3-R Fee funds all public recycling efforts in Orange County except for those services for UNC Chapel Hill and for the two public school systems. The 3-R Fee has enabled the County to support and maintain its ambitious recycling and waste reduction efforts and has enable the County to expand its recycling programs to include the collection of corrugated cardboard by our curbside programs, f rigid plastics at our staffed convenience centers, and conversion to single stream recycling.

- Urban curbside weekly collection for 18,100 homes
- Rural curbside bi-weekly collection for 14,200 homes (approximately 65% of homes in the unincorporated area of the county)
- Multi-family recycling collection available to all apartment complexes containing over 16,000 apartments
- Household hazardous waste and commercial hazardous waste programs
- Electronics and fluorescent lamp recycling
- Recycling collection and maintenance services at five 24-hour recycling drop-off sites and all County Solid Waste Convenience Centers
- Recycling services for bars, restaurants, and other eligible businesses
- Recycling services for all government buildings in Orange County and its Towns
- Automotive waste recycling - motor oil, oil filters, antifreeze, batteries
- Full-time education and outreach
- Processing, transporting and marketing of recyclable materials
- Related indirect program-related administrative costs

4. Why is the 3-R Fee necessary?

The 3-R Fee was enacted in June 2004 by the Board of Orange County Commissioners to finance Orange County's recycling and waste reduction programs. The County began assessing the 3-R Fee with the 2004 tax bill. Each improved property in Orange County receives a 3-R Fee to pay for the recycling services offered by the County.

Prior to 2004, the Department of Solid Waste Management used landfill tipping fees to cover more than 90% of all of the solid waste enterprise fund expenses including the operational expenses of the Landfill and Recycling Divisions. The remaining revenue funding the department came from a combination of sale of recyclables and mulch, interest on reserve funds, state reimbursements for managing tires and white goods (large appliances including, washers, dryers, refrigerators, etc), and various state grants. Recycling revenues from marketing collected materials have never covered the cost of operating the recycling programs (see question 1), though the County's recycling efforts have preserved natural resources, reduced the toxicity of our waste stream by preventing the disposal of hazardous materials, helped reduce greenhouse gases, and have prevented the disposal of thousands of tons of materials in the Orange County Landfill.

In 2004 the County's solid waste enterprise fund had come to a point where it could no longer continue as a self-funding entity without an additional source of revenue other than landfill fees to cover the costs of waste reduction, reuse, and recycling efforts. To a significant degree this funding shortfall was due to our success in reducing the amount of waste disposed of in the landfill and thereby reducing the amount of landfill tip-fee revenue. To remedy that situation the Board of

County Commissioners adopted the 3-R Fee to finance public waste reduction and recycling programs and services in Orange County. The 3-R Fee is assessed to all owners of improved property in Orange County and is included on property tax bills.

Due to the continued success of our recycling programs, the amount of waste landfilled in Orange County has been reduced and hazardous materials are removed from our waste stream. These efforts along with other landfill space-saving measures have increased the life of our current landfill by fifteen years, from the originally projected closure date of 1997 to the current planned closure date of June 30, 2013. With the implementation of the 3-R Fee Orange County has been able to maintain its fiscal self-sufficiency in solid waste and achieve one of North Carolina's highest waste reduction rates. For Fiscal Year 2011 Orange County led state for the second year in a row with the highest per capita waste reduction rate of 56%. Orange County offers its citizens a broad range of recycling opportunities, and sustains a high level of environmental stewardship and the 3-R Fee is the primary funding source for these successful waste reduction efforts.

5. What is the fee for each sector?

Schedule of Fees 2012-2013

| Fee Type | Fee Description | Annual Fee |
|---|---|-----------------------|
| <p>B Basic Services Fee Charged to owners of all habitable units in Orange County and the portion of the Town of Chapel Hill in Durham County.</p> | <p>The Basic Fee covers costs of "universal" recycling and waste reduction services generally available to all residences and qualifying businesses throughout Orange County including drop-off recycling, waste audits, hazardous waste services, electronics recycling, automotive waste recycling, recycling drop-off sites, public education, and administration.</p> | <p>\$37/unit/year</p> |
| PLUS ONE OF THE FOLLOWING WHERE APPLICABLE | | |
| <p>M Multifamily Unit Recycling Service Fee Charged to owners of habitable apartment units, mobile home parks or other high density developments eligible for multifamily-style recycling service.</p> | <p>Fee covers the costs of the multifamily recycling collection program (including related indirect expenses). The multifamily recycling program collects recyclable materials in roll-carts from recycling sites established on the serviced property.</p> | <p>\$19/unit/year</p> |
| <p>R Rural Curbside Recycling Fee Charged to owners of all habitable units eligible for this every-other-week curbside recycling collection service.</p> | <p>Fee covers the costs of rural curbside recycling program (including related indirect expenses). The rural curbside recycling program collects recyclable materials in orange recycling bins every other week from eligible properties in unincorporated Orange County.</p> | <p>\$38/unit/year</p> |
| <p>U Urban Curbside Recycling Fee Charged to owners of all habitable units within Town limits eligible for this weekly curbside recycling collection service.</p> | <p>Fee covers the costs of urban curbside recycling program (including related indirect expenses). The urban curbside recycling program collects recyclable materials in blue recycling bins every week from eligible properties within the town limits of Carrboro, Chapel Hill, and Hillsborough</p> | <p>\$52/unit/year</p> |

6. How is the cost of the various 3-R Fees determined?

The dollar value of the various 3-R Fees is directly tied to the full cost of providing those services. As part of preparing the annual budget for the Recycling Division, the full cost of the various recycling programs is analyzed. The full cost of each service (Universal Services, Multifamily Collection, Rural Curbside Collection, and Urban Curbside Collection) is divided by the number of units *eligible* to receive the service, and this is the basis for determining the annual fee per unit. When the projected revenue from any one Fee category no longer covers the cost of service, then that fee could be increased accordingly. See question #1 above for background.

7. How does the County determine which 3-R Fees to assess to my property?

As noted in the schedule of fees table above, all improved properties in Orange County are subject to the 3-R Fee. Every improved property will be assessed the Basic Services Fee, and the Multifamily, Rural Curbside, and Urban Curbside Fees are assessed in addition to the Basic Services Fee if a residential property is eligible for recycling collection service.

In general, all single family residential units inside the town limits of Carrboro, Chapel Hill, or Hillsborough are eligible to receive Urban Curbside recycling services and are subject to the Urban Curbside Recycling Fee. A single-family, in-town residence pays \$52 per year for weekly curbside recycling plus the \$37 basic fee for universal services.

The County's Rural Curbside recycling program services approximately 65% of the unincorporated areas of Orange County. Rural residential units eligible for bi-weekly curbside service are subject to the Rural Curbside Recycling Fee. A single-family residence in the serviced area of unincorporated Orange County pays \$38 per year for their bi-weekly curbside recycling service plus the basic \$37 fee for universal services. Mobile homes in parks in rural areas may be subject to the rural curbside fee or the multifamily fee depending on whether service is available in the area and which service is technically the best fit for the property in question. The same is true for urban mobile home parks.

The owner of an apartment complex or other property eligible for multifamily type recycling service pays the multifamily recycling fee of \$19 per unit for cart-based recycling service available to their property plus the \$37 per unit basic services fee for universal services. If the Department of Solid Waste Management deems a particular high-density or multifamily-style property more effectively served by the single-family urban or rural curbside type service, each unit at that complex would pay for that type service instead of multifamily.

Owners of the parcel of land on which there are single-wide mobile homes or leaseholds on which there are double-wide homes or other habitable structures, will be assessed the 3-R Fee for the services that units on their property are eligible to receive. The total 3-R Fee will be determined by the number of structures or units located on that parcel of land.

The following will be assessed only the Basic Services Fee of \$37 per year:

- Single-family residences located in the portions of unincorporated Orange County that are not eligible to receive either rural curbside or multifamily recycling service. This includes properties on which there are single-wide mobile homes. The 3-R Fee will be assessed to the real property owner for each of the units on that property.
- Commercial/other non-residential/tax-exempt. At present these properties are subject only to the Basic (universal services) fee. This fee will be assessed based on the number of discrete businesses or other entities on the parcel. In the case of multi-tenant office buildings, the fee will be assessed based on the number of tenants ("front doors") counted in a field survey conducted by the Solid Waste Management Department. Shopping center owners will receive one fee for each tenant. All public buildings – schools, local governments, state government - except those owned and operated by UNC and served in their recycling program also pay the fee. If the Department of Solid Waste Management determines that a non-residential entity is eligible to receive Urban or Rural Curbside recycling collection, the owners of the property may be subject to this fee.

8. What if I cannot afford to pay the fee?

The Board of County Commissioners, in recognizing that there are citizens with limited income, has created a fund to assist those citizens. To qualify for assistance, the citizen must complete an application and provide financial documentation required. Maximum annual income level to qualify is \$27,100 per household in 2012, but the income limit increases in most years. Contact the Orange County Revenue Department at (919) 245-2725 press #2 or email revenue@orangecountync.gov if you wish to discuss the possibility of receiving assistance to pay the 3-R Fee. Visit the [Revenue Departments 3R Fee Assistance webpage](#) for the assistance form and other information.

9. What if I believe the fee is inaccurately assessed and wish to appeal?

The County has developed a formal appeals process for the fee. One must first complete an [appeals form](#). You may obtain an appeals form from this website and you can also request a form from the Revenue Collection Office 919-245-2725 option 2 or by mail:

Revenue Collection Office
Orange County
PO Box 8181 Hillsborough NC 27278
Attn: 3R Fee Appeal.

Follow the instructions on the form, sign and submit the form (paper original copy only) by mail to:
Orange County Solid Waste Management
PO Box 17177
Chapel Hill, NC 27516
Attn: Director

A review of the appeal will then be conducted by County Solid Waste staff utilizing information provided by County Land Records, the County Assessor's Office and Solid Waste Management. Appellants will receive written notification of the outcome of their appeal.

10. Is the 3-R Fee fair and equitable?

When contemplating how to fund recycling in Orange County, our leaders studied a variety of ways to generate revenue and they selected the present 3-R Fee structure because it allowed the County to create funding mechanism that was stable and predictable, allowed the County to target the Fee to the eligible users of the various programs, and also allowed for the value of the assessment to any one property to closely approximate the cost of service provided.

The Multifamily, Rural Curbside, and Urban Curbside 3-R Fees pay for the cost of those collection programs and the unit cost of the fee assessment is reasonable in relationship to the value of services provided. The 3-R Fee is equitable among the various classes of users because all units eligible for similar services are assessed the same fee. Further, the cost of residential recycling collection, whether rural or urban curbside service or multifamily service, is closely tied to the actual cost of providing that service. It costs the same amount per household to stop at each house, regardless of that house's size or that property's assessed tax value. No single financing mechanism is perfectly equitable, however when creating the 3-R Fee Orange County sought to create a reasonable and fair system to capture revenue to support public waste reduction and recycling efforts and to have the level of assessment closely approximate the value of services available.

11. Who does not have to pay the 3-R Fee?

In general all improved properties in Orange County are subject to the 3-R Fee. There are two exceptions: University of North Carolina properties that are served by the UNC Office of Waste Reduction and Recycling (a separate publicly funded recycling program servicing UNC-Chapel Hill Facilities); and those improved properties that do not have the capability to generate recyclable wastes (e.g. a paved parking lot that is listed as an improved property but that in and of itself does not generate recyclables).

Additionally, those property owners who qualify for the 3-R Fee payment assistance program (see FAQ # 8) may receive public assistance in paying the 3-R Fee.

12. How do I get a blue or orange recycling bin if I have been billed for curbside recycling but don't now have a bin?

Every household eligible for Urban or Rural Curbside recycling service is issued two recycling bins. The first two bins issued to each household are free and additional bins are sold for \$7.00 each. Recycling bins provided by the County remain property of the County, and we ask that as citizens move away they leave their bins at the house where they were issued. If your household does not have bins, or if the bins originally issued to your household have been damaged or stolen, the County will provide a replacement at no cost. Bins provided by Orange County Solid Waste must be picked-up at 1207 Eubanks Road as there is no delivery service.

There are two household recycling programs in Orange County, Rural Curbside and Urban Curbside. The Urban Curbside recycling program services all eligible residences within the corporate limits of Carrboro, Chapel Hill, or Hillsborough. The Rural Curbside recycling program services about 65% of all residences on rural recycling routes outside of town limits. To distinguish between the two programs, households on the urban curbside program are issued BLUE recycling bins, and households on the rural curbside program are issued ORANGE bins.

If you live within Town of Chapel Hill corporate limits and need a new bin or if you need to replace missing or stolen bins come to the Orange County Solid Waste Management Administrative Offices at 1207 Eubanks Road. Bins are available there from 8:00 am to 5:00 pm, Monday through Friday. If you live within Town of Carrboro, call the Carrboro Public Works Department at 919-918-7425 to request a replacement bin if your bin has been destroyed or stolen. Residents of new homes in Carrboro will automatically be supplied with two recycling bins when they purchase their roll out trashcan.

If you live within the Town of Hillsborough, call 919-732-2104 x222 or email via their webpage Public Works Department request form: <http://www.ci.hillsborough.nc.us/content/recycling-bins> a bin. Residents of new homes will receive a new recycling bin from the Town of Hillsborough when new roll out trashcans are issued.

If you live on one of the rural curbside recycling routes and need new or replacement ORANGE bins, Orange County Solid Waste Management Administrative Office in Chapel Hill located at 1207 Eubanks Road, and this office is open from 8:00 am to 5:00 pm, Monday through Friday (or other times by special arrangement).

To find out if you live in an area serviced by the rural curbside recycling program, please check our [list of serviced streets](#).

13. What if I live in an apartment complex, mobile home park (MHP), or other property that does not now have recycling service and I want to get recycling started?

Orange County expands recycling services to unserved properties as resources are available and when proper arrangements for service can be made. If you live at a multifamily property that does not currently have recycling service and you are a renter please request that your property owner or manager contact the Orange County Solid Waste Management Department at 919-968-2788 or [email us](#) to inquire about recycling service. If you are the owner or manager of an unserved property and are interested in recycling service, please contact us directly. Solid Waste staff will schedule a site visit and determine how and if the site can be added. If service can be established, collection receptacles will be provided and education, outreach and public collection service will commence.

14. By what authority does Orange County charge the 3-R Fee?

NCGS § 153A-102 (Commissioners to set fees) enables Counties to charge fees for services permitted or required by law. The Waste Reduction, Reuse and Recycling Fee (now known as the 3-R Fee) is used to finance reuse, recycling and waste reduction activities conducted by Orange County. This fee is not a solid waste fee. Thus it is applied to all properties whether those properties use County facilities for disposal or not. The services provided under the 3-R Fee do not depend on the use or availability of disposal facilities, only on reuse, recycling and waste reduction activities of the County in carrying out its responsibilities under the Orange County Solid Waste Management Plan, a Plan required by State law. Detailed information about the fee and the legal basis is available by reviewing the Board of Commissioners Agenda from April 13, 2004, available on line at [the County's website](#). Click on "Meeting Agendas" then navigate to the April 13 agenda item 9c. At pages 24-27 is a letter to Orange County staff from the County attorney addressing the County's authorization to charge a waste reduction, reuse and recycling fee.

Revised: 9/8/12

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Posted: Friday, 22 March 2013 1:00AM

Recent Ruling Leaves OC Recycling Program In Limbo

Elizabeth Friend Reporting

CHAPEL HILL- A recent court case is prompting Orange County to rethink how it recycles, meaning the longtime town and county [partnership](#) may be coming to an end.

“What a shame,” said Commissioner Penny Rich, speaking at Thursday’s [joint meeting](#) between the Chapel Hill Town Council and the Board of County Commissioners. “We have an amazing recycling system, we have an amazing group of folks that work for us, we’re known throughout the state for the good things we do. What a shame that we’re going through this.”

A decision last December by the North Carolina Supreme Court has put Orange County’s recycling program in jeopardy, as the ruling suggests the county has [no authority](#) to charge a fee for recycling services.

“Unless the legislature considers changes to the statutes, we have to find another methodology to fund recycling, especially curbside recycling,” said County Manager Frank Clifton.

Currently, the county provides [curbside recycling](#) pick-up to about 13,000 rural residents, as well as all single-family homes and apartments in Chapel Hill, Carrboro and Hillsborough.

The service is funded through a [series of fees](#) that are levied along with the county’s annual property tax bill. Those bills were due back in January, meaning the recycling program is fully funded for another year, but given the recent court ruling, the county will not levy the fee again unless granted permission by the General Assembly. That means all three towns and the county have until the end of the next fiscal year in June of 2014 to come up with other options.

One possibility is for the towns and county to go their separate ways and enter into franchise agreements with private haulers. But some elected officials worry that switching from a mandatory to voluntary recycling system will lead to lower recycling rates.

Chapel Hill Town Manager Roger Stancil said that Chapel Hill, Carrboro and Hillsborough are considering some type of municipal collaboration that would exclude Orange County.

“We were assuming we could get the same level of service for less cost because of our density and because of our ability to integrate the program with things like pay-as-you-throw and our other collections,” said Stancil. “For the towns now, solid waste is a big core service, so it’s a real way for us to gain some efficiency.”

Another possibility would be to create service districts and levy a countywide tax, similar to how fire districts are funded. County Manager Clifton said that’s the best option for continuing or expanding recycling services.

“The service district proposal grants the county the greatest number of options to continue all services in some form or another, and probably to justify the expansion of services that aren’t there now, because the tax would be countywide,” Clifton told elected officials. “But that would only occur if the towns opt into the process and participate. If the towns decide to do their own thing separately, then the towns wouldn’t be covered.”

A third possibility would be to create an independent solid waste authority, along the same lines as OWASA, to handle trash and recycling.

County Board Chair Barry Jacobs urged elected officials to look beyond the immediate issue and come together on a long-term solid waste plan.

“It seems like the towns and the county, although they’re speaking to one another, they’re not really planning together. And I’m really disappointed in that,” said Jacobs. “We’re talking, for instance, about a waste transfer station. Why isn’t the county part of that conversation? I don’t even think we’re welcome to be part of that conversation. Why is that? Why are we not as elected officials meeting to find solutions that are joint solutions? How are we going to have a comprehensive system if we’re meeting in separate realms? I don’t get it.”

But Mayor Mark Kleinschmidt said while a shared solution sounds good, it’s in the best interest of Chapel Hill taxpayers to explore all options.

“It would be, I think, unwise for us to not at least know what the opportunity cost would be and what the trade-off would be, if we were going to continue to look at things like solid waste and recycling on a countywide basis,” said Kleinschmidt.

County commissioners will hear a full report from staff on options for future recycling funding on April 9. Both the county board and the town council agreed to reconvene a joint meeting before making any final decisions.

Filed Under :

Topics : [BoCC](#), [Chapel Hill Town Council](#), [Recycling](#), [Solid Waste](#)

Locations : [Carrboro](#), [Chapel Hill](#), [Hillsborough](#), [Orange County](#)

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Future of our trash is now

With the landfill finally closing, Orange County is taking a needed look at its entire solid waste and recycling operation. It starts by thanking the commissioners for bravely deciding to close the landfill. It's the right thing to do – even though all the implications are not fully imagined. Our trash and recycling systems will change – and it's time to plan new systems that build on successes from the past.

With a nearby landfill, the county could afford an elaborate process of materials separation and disposal. For decades, county landfill workers sifted through the trash to pull out recyclables and move the county toward its impressive 59 percent waste-reduction rate. Landfill fees subsidized recycling, recycling extended the landfill capacity, and everyone was happy (except the Rogers Road community which was forced to endure the stench, traffic and other offenses).

Citizens did their part – separating green, brown and clear bottles, and keeping magazines separate from newspapers. In this way, we helped the county garner premium prices from the sale of recyclables. Over the years, we developed good recycling habits, and today, residential waste streams are generally free of recyclables. The county has turned its attention to schools, churches and multi-family properties to further improve waste-reduction rates.

A few years ago, things started to change.

With the prospect of closing the landfill, staff reallocated monies to eliminate the cross subsidies. The economics revealed that the county was spending \$3.7 million on recycling. Much of these costs were recovered from the sale of materials.

When the economy tanked, the prices for recyclable materials dropped, and the county's recycling



Commentary
Bonnie Hauser

costs were barely offset at all. At the same time, hauling costs were increasing, so the county started to combine materials – ultimately ending up in today's single-stream process where all the recyclables go on one truck and are separated at the destination. Residents continued to separate out recyclables, and many have added composting to our daily routine.

Orange County families pay two recycling fees, a base fee and a curbside collection fee. These fees are in addition to fees and taxes for convenience centers. Costs for trash collection are additional. It's expensive and confusing, and few people understand it.

Things got more complicated when the county learned that its curbside recycling collection program doesn't comply with state statute. Now they want to end it. This decision has no impact on the base recycling program which funds recycling planning, education, services to schools and other services. Curbside recycling collection may change – possibly for the better.

Chapel Hill is looking into taking over the urban curbside recycling program, to save money and improve service. Plus they plan to build a small transfer station which may also serve Carrboro and UNC. Added to the landfill closing, this leaves little for the county's \$12 million solid waste system.

The rural community relies primarily on the county's five convenience centers for trash and recycling (44 percent of the county's recyclables are collected at drop sites). Households near town hire private haulers – such as Waste Industries or Efland Trash Service. For these families, the county is exploring options including

voluntary franchises, where residents would use haulers selected by the county for trash and/or recycling.

There are other changes. The county has begun to upgrade its convenience centers. Paving the centers and adding compactors will improve hauling efficiencies for trash and recyclables. It's the right idea – but the \$4 million to \$5 million price tag seems high.

These changes require new skills and equipment, and most of the county's infrastructure will no longer be needed – especially if over half of the revenues go away. If the towns and county ever come back together, the system will look nothing like it does today.

This is the perfect time for the county to examine its entire service and fee structure, and explore options to move forward. Privatizing all of it may be an option, and offers the potential to provide flexible, cost-effective service, and accelerate the transition to compaction and out-of-county hauling. Of course, questions need to be answered about services and costs, and how to ensure employment, living wages and benefits for county employees. No matter what, fees need to be simpler and, it might help to benchmark services vs other counties (that's in addition to waste-reduction rates).

This is the time for the public to engage and express their needs and priorities for service. At the same time, we need the county to be fully transparent about services, fees and alternatives. The commissioners have opened a platform for discussion with an information session on April 9 followed by a public hearing on April 23. For meeting information, go to orangecountync.gov/OCCLERKS/agenmenu.asp

Bonnie Hauser is the president of Orange County Voice (www.OrangeCountyVoice.org)

The Chapel Hill News

Commentary:

Published: Mar 16, 2013

Rescinding the 3 R's

BY TERRI BUCKNER

Orange County takes great pride in our recycling program. Annually, due to the dedication of our knowledgeable staff and dedicated populace, we deflect about 16,000 tons from the landfill into productive uses through recycling and composting.

When the program started in Chapel Hill in 1987, residents had to separate glass, cans, and newspaper and take them to drop-off centers. Within two years, citizen participation had become entrenched and curbside pick up began. Over the years, the program has expanded to include Carrboro and all of Orange County.

Recycling isn't unique to Orange County. North Carolina imposes disposal bans on electronics, plastic bottles, aluminum cans, batteries, white goods, yard waste, and oyster shells, in every county. But Orange County has led the state, not just in the amount we recycle, but in our policies and the variety of materials staff has found useful markets for.

So why are we changing a successful system?

In August 2012, a court case in Cabarrus County challenged their adequate public facilities ordinance. The court ruled that the county was not authorized by the state to apply that zoning restriction. Since then, other aspects of local control have been threatened, including how local services are being paid for.

In Orange County, we pay for recycling with the 3R fee. That fee has two components. The 3R Basic is a \$37 fee charged to every residence (single family and multifamily, urban and rural) in the county. The second half of the assessment covers collections and is charged depending on location (rural, urban or multifamily). Since counties can't assign a collection fee to anyone who doesn't use the service, this portion of the 3R assessment leaves the county vulnerable to a legal challenge. So the county attorney has recommended that it be discontinued. That portion of the 3R assessment currently generates about \$1.7M/year for operations of the recycling program.

Some will say that since the county has already privatized recycling in the urban areas, this proposed expansion to county residents should not create any concerns. But if all recycling in Orange County is privatized, the current system is effectually dead, including all the outreach and education, the goodwill recycling and composting at public events like Hog Day, the dedicated staff constantly seeking new markets, and the service to both school systems that has always been handled

by the county. In other words, we'll be left with the same kind of recycling program that everyone else in the state has.

In 1997 as part of the state's required plan, we adopted a goal of 61 percent waste reduction. We're just a smidgeon away from achieving that goal (59 percent). We've accomplished something amazing, something worth fighting to protect.

For those of you who have been following county politics, our own schools for public facilities ordinance (SAPFO) is also being reviewed in response to the same court case. But that's a different (but related) column.

The county staff will be presenting a menu of options for the 3R assessment, including privatization, to the county commissioners of April 9. Citizen input will be taken at that meeting. I know I am not the only person who feels passionately about this program. If you value it as I do, please show up and speak out against dismantling a program that serves as a model across North Carolina and beyond.

CFE Committee Priorities

(Updated March 2013)

Air and Energy Resources Committee

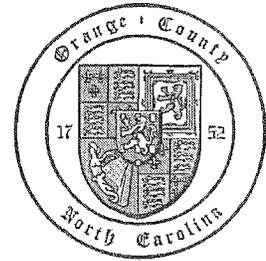
(David Neal, Jan Sassaman, May Becker, Tom O'Dwyer, Gary Saunders, Lucy Adams)

1. Recommend a variety of strategies to the BOCC that would encourage energy efficiency in new construction and existing buildings, and recommend requirements for preserving Renewable Energy sights on new land development.
2. Create a countywide composting initiative that would help reduce solid waste disposal.
3. Examine solid waste issues and collaborate with the Solid Waste Advisory Board (SWAB) on charting a course for the future with a focus on conservation and energy reduction.
4. Research and recommend appropriate use of biofuels and look into UNC's planned use of wood to replace coal at its cogeneration plant.
5. Assist in evaluating the County's carbon footprint as follow-up to the 2005 GHG inventory.
6. Help implement the County's goal of Environmental Responsibility in County Government.
7. Monitor upcoming statewide air quality standards (O_3 75 ppb in 8-hour period; Hg 85%-90% control; $PM < 2.5 \mu m$), which could require additional controls on emissions from private and public sources.

Water and Biological Resources Committee

(Peter Cada, Loren Hintz, David Welch, Bill Kaiser, Sam Yelton)

1. Develop and implement a monitoring plan and associated Quality Assurance Protection Plan (QAPP) for more frequent monitoring at existing State sampling locations; identify and initiate monitoring at other locations to support State water quality objectives under the Clean Water Act. Collaborate with other entities that may support these efforts (e.g., Eno River Association).
2. Explore and pursue funding sources to increase funding for the County's groundwater observation well network program (Orange Well Net).
3. Initiate efforts to create a detailed Water Budget for Orange County.
4. Revitalize the effort to eliminate herbicides to manage vegetation in utility right of ways.
5. Help implement the development of a comprehensive conservation plan.
6. Educate the public about ways to promote biodiversity.



ORANGE COUNTY BOARD OF COMMISSIONERS
Post Office Box 8181
200 SOUTH CAMERON STREET
HILLSBOROUGH, NORTH CAROLINA 27278

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RENEE PRICE
PENNY RICH

February 25, 2013

Senator Ellie Kinnaird
Representative Verla Insko
Representative Valerie Foushee

Dear Senator Kinnaird and Representatives Insko and Foushee:

I write on behalf of the Board of Commissioners first to express Orange County's gratitude for your support and assistance with legislative initiatives of importance to the Orange County Board of Commissioners. We appreciate the effort and time you invest on our behalf and trust that the 2013 legislative session will afford opportunities to further that support.

Please find enclosed materials outlining Orange County's legislative agenda package for the 2013 General Assembly session. These documents, which were approved following the Board's February 19, 2013 public hearing on legislative issues, address the Board's positions on issues of importance to the Board and County residents. The package includes:

- 1) A "Topics for Priority Discussion" document for our March 11, 2013 Legislative Breakfast;
- 2) One Resolution and a related exhibit addressing Statewide Issues;
- 3) One Resolution supporting funding for the Clean Water Management Trust Fund; and
- 4) For reference purposes, the North Carolina Association of County Commissioners (NCACC) 2013-2014 Legislative Goals document.

We appreciate the opportunity to share this package with you and look forward to your support of these items. Please contact me or other Board members directly for any additional information. We can also be reached through Donna Baker, the Clerk to the Board, at her office in Hillsborough at (919) 245-2130.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Jacobs", is written over a large, stylized signature graphic that resembles a large "B" or a similar symbol.

Barry Jacobs, Chair
Orange County Board of Commissioners

Enclosures

www.co.orange.nc.us

Protecting and preserving – People, Resources, Quality of Life
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projects to county governments. However, if the responsibility or the sharing of responsibility for secondary road improvements and/or the maintenance of roads is required of county governments, then Orange County requests that counties also be given the authority to levy fees, tolls, and other charges as may be necessary to provide funding to address this new responsibility. A new responsibility should include new revenue opportunities to accomplish the identified needs;

- 3) *** Bio-solids Disposal** - Support legislation which provides county governments some opportunity to regulate and/or have input into, but not prohibit, bio-solids application activities, including the acceptable "classes" of bio-solids for application and the prohibition of bio-solids application in certain environmentally sensitive areas such as critical watersheds. The appropriate application of bio-solids for agricultural use should be allowed with counties playing a role in the process;

- 4) **Energy Efficiency Standards in Local Building Codes** - Support changes in State law to allow local governments to include standards for energy efficiency in local

building codes that are higher than those contained in the State Building Code;

- 5) **Broadband** - Support legislation, funding, and other efforts to expand broadband capability to the un-served and under-served areas of the State to enhance quality of life as well as expand opportunities for jobs creation, small business development, and growth in farm enterprises. Orange County opposes legislation limiting local governments' efforts to provide broadband and supports legislation and regulations that would preserve local option and authority where needed to deploy community broadband systems and ensure community access to critical broadband services;

- 6) *** Sales Tax Exemption** - Support legislation to exempt counties, cities, school boards, community colleges, and the Orange Water & Sewer Authority from payment of state and local sales taxes on purchases within North Carolina. The legislation should contain a provision permitting the state to repay the last refund over a multi-year period to minimize state budget impacts. Alternatively, Orange County supports legislation to fully restore public schools' access to sales tax refunds;

jails and increasing the reimbursement rate for state inmates awaiting post-trial prison transfer. The County appreciates past efforts, in particular the establishment of a Statewide Misdemeanor Confinement Program to provide housing for misdemeanants serving periods of confinement of more than 90 days and up to 180 days. Orange County does not participate in the program due to limited space in the County Jail. The Program which houses misdemeanants serving periods of confinement of more than 90 days and up to 180 days is working, with Orange County inmates routinely transferred out of Orange County to other facilities;

- 9) **Agriculture/Solar Energy** - Orange County supports renewable energy initiatives such as House Bill 495/Senate Bill 473 (2011) and Senate Bill 694 (2011) to create a market for agricultural-sourced energy credits. Both provide incentives for farmers to produce renewable energy, which will become increasingly important to preserving and strengthening the agricultural economy and rural infrastructure as well as maintaining Orange County's rural heritage and culture. The lack of continued effective solar energy incentives is a lost opportunity for all North Carolinians, but this is especially true for the

agricultural sector. Farmers use a lot of electrical power and are uniquely positioned to become energy producers. Every south-facing barn roof is a candidate for a photo-voltaic (PV) array, and farms usually have open acreage that can support a stand-alone PV array;

- 10) Authority to Amend the Orange County Civil Rights Ordinance - Orange County seeks legislative action to provide the County the authority to include sexual orientation and sexual identity as protected classes. The Board of Commissioners adopted the Orange County Civil Rights Ordinance in 1994 with the purpose and policy to promote the equal treatment of all individuals. In subsequent years, the County has requested, to no avail, additional legislative authority to amend the Ordinance to include additional protected classes. The Orange County Human Relations Commission formally acted in October 2011 requesting that the Board of Commissioners take the appropriate steps to amend the Orange County Civil Rights Ordinance to include sexual orientation and sexual identity as protected classes. Approximately 89% of Fortune 500 companies prohibit discrimination based on sexual orientation, including Bank of America, Lowe's, Duke Energy, Branch Banking and Trust (BB&T), and Reynolds

- 13) Land, Water and Agricultural Preservation Funding - Orange County supports Park, Agricultural Preservation, Clean Water and other existing trust funds established for the protection of the State's land, water, biological resources, agriculture, and special places before they are irreversibly lost, and requests that these funds receive additional funding. (See also RES-2013-015 regarding funding for the Clean Water Management Trust Fund);
- 14) * Agriculture - Support Conservation of Working Lands and Farmland Preservation - Orange County supports a conservation option under the Use Value Program and a revision to the revenue and acreage requirements of the Use Value Program to address operations that meet the revenue requirements, but do not meet the minimum ten acres threshold for agricultural operations;
- 15) Sustainable Communities - Orange County appreciates efforts during the 2010 General Assembly Session to establish the North Carolina Sustainable Communities Task Force and associated Grant Fund and supports future efforts to move these initiatives forward;

hearing within 10 days of the filing of objections" to a potentially dangerous dog declaration. The 10-day timetable to convene a hearing presents a significant challenge. Members of appeals bodies are community residents with many obligations and it is often a struggle to schedule meetings within the mandated 10-day timeframe. It would be a significant improvement to amend the statute to state "within 14 days of the filing of objections";

- 18) *** Solid Waste Management Plan Requirements** - Orange County supports the streamlining of provisions requiring units of local government to prepare 10-year solid waste management plans in order to simplify the process, reduce State and local government costs, and produce results more relevant for local governments and State government. Currently a plan and any changes to it, including three year mandated updates, must often be approved unnecessarily by multiple units of government, even those that may not utilize local waste disposal facilities. Additionally, a primary reason for requiring 10-year plans was to measure remaining landfill space to ensure the future space availability. Other State rules require an annual survey of all landfill facilities to calculate remaining space, and

with modern Geographical Information Systems, there is no need for the 10 year plan to duplicate this effort;

- 19) Machinery Act - Orange County believes that local governments need more flexibility to remedy measurement and/or condition property appraisal errors related to local property tax functions. North Carolina property tax law substantially limits the ability of local governments to address property tax discrepancies, such as prohibiting the refund of prior years' taxes paid after a measurement and/or condition property appraisal error is discovered. Just as local governments can recoup prior years' property taxes from owners for "discoveries", local governments should likewise be authorized to refund prior years' taxes paid when situations such as measurement and/or condition property appraisal errors are discovered;

- 20) Homestead Exemption - Support revisions to the Homestead Exemption provisions of the Machinery Act to
- a) provide greater opportunities for low-income seniors to remain in their homes and not be displaced due to property tax burdens by approving a one-time ten percent (10%) increase in the income qualification standard; and

judicial facilities as well as the on-going annual facility operation and maintenance;

22) Open Burning/Burning Permits - Orange County believes the statutes related to open burning (Chapter 106 Article 78) should be amended to grant authority to local governments to regulate and prohibit open burning during periods of hazardous forest fire conditions, drought periods, or periods of excessive air pollution. Local fire authorities are best suited to assess local conditions and determine whether those conditions pose a threat to the public health, safety, and general welfare;

23) Herbicide Use Limitations for Right of Way Maintenance - Orange County supports legislation that would further regulate or prohibit the use of herbicides for the clearing and maintenance of easements and rights of way by utilities. North Carolina and specifically Orange County benefit substantially from organic agriculture. The use of herbicides has a significant negative impact on organic agriculture;

24) Bond Referendum for Education - Orange County supports a statewide bond referendum to provide State assistance

- 28) * River Basin Protection - Orange County supports legislation to enhance State monitoring for all river basins in North Carolina and to review the rule-making process to enhance regional cooperation and consistency statewide;
- 29) Local Government Regulation of Development - Support legislation nullifying the effect on local governments of the recent Supreme Court decision in *Lanvale Properties, LLC and Cabarrus County Building Industry Association v. County of Cabarrus and City of Locust*, 731 S.E. 2d 800 (2012) ("Lanvale"). The decision of the Supreme Court in Lanvale significantly impedes the authority of local governments to regulate activities associated with development. Counties in particular must ensure there is adequate school capacity to support new residential development. The Lanvale ruling prohibits counties from enacting ordinances to delay development to allow a reasonable time during which a lack of adequate school facilities may be addressed. Providing for this limited authorization to delay development to address capacity issues would help ensure newly arrived resident children have adequate

Possible tax credit repeal could threaten N.C. solar

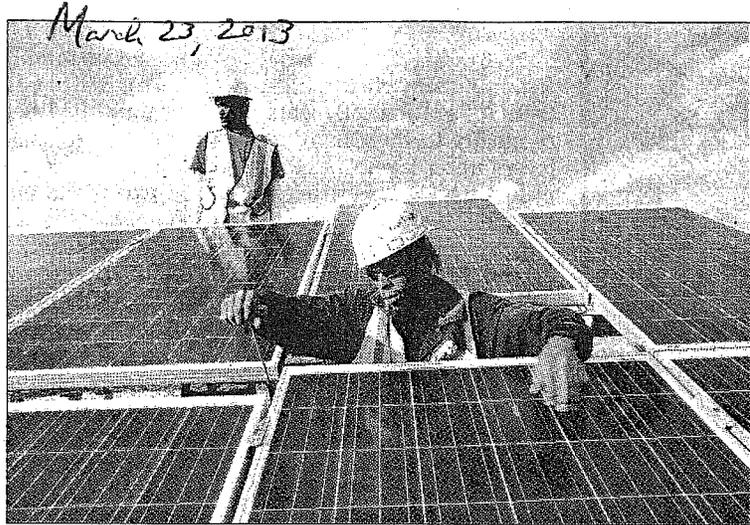
Nascent industry has been making big strides toward cost-efficiency

By JOHN MURAWSKI
jmurawski@newsobserver.com

To appreciate the explosive growth of solar power in North Carolina, consider the state of the solar industry six years ago: Solar energy was so unusual that most residents had never seen a photovoltaic panel here.

Today, North Carolina ranks fifth in the nation for solar energy production, and the state is projected by the Solar Energy Industries Association to move up to fourth place this year. Giant solar farms are sprouting or planned all over the state, including the biggest proposed to date: a 75-megawatt project in Duplin County.

But the industry's continued success in North Carolina is now in



2012 NEWS & OBSERVER FILE PHOTO

A Strata Solar crew installs panels last year in Chatham County. The company has installed 100 megawatts of solar power in N.C.

jeopardy. The state's 2007 energy law, intended to establish alternatives to building power plants, is

one of the Democratic-era policies eyed for elimination by some in the Republican majority in the state.

legislature.

Critics have long had their knives out for the state's renewables policy, which they say is a boondoggle that subsidizes energy resources that will never compete on their own.

What's more, Republicans are leading an overhaul of the state's tax code. Such a change would reduce or eliminate a state tax credit that dates to 1977 and lowers costs for a range of alternative energy investments. The tax credit is worth up to \$2.5 million per project and is a major selling point for Wall Street investors to underwrite North Carolina solar farms.

"It's a power plant, and we have to go to the capital markets in order to be able to build these things," said John Morrison, chief operating officer of Strata Solar, a Chapel Hill developer. "The result will be these investment dollars will go elsewhere to other states."

Still, solar power has defied the expectations of even its most ardent boosters.

Thanks to plummeting global costs of silicon crystals, North Carolina's solar industry has virtually weaned itself off the subsidy created by the 2007 energy law that launched a solar renaissance here.

The state's solar phenomenon is attracting wider attention, House Speaker Thom Tillis told Wilmington talk radio host Chad Adams on Friday.

"Just heard something this week, Chad: Investor-owned utilities saying that at this point they're beginning to see a decrease in their cost of power for solar," Tillis said. "Now, we're trying to figure out ... if (solar) is of itself reaching the right

SEE SOLAR, PAGE 3E

Inside

Find out how 'subsidy' became a dirty word. 3E

SOLAR

CONTINUED FROM PAGE 1E

place on the cost curve.”

Just this week, Duke Energy notified the N.C. Utilities Commission that it plans to slash its 22-cent monthly charge to customers, a fee collected in utility bills to cover the cost of renewables. Instead of levying a charge to cover the cost of its renewable energy portfolio, the Charlotte-based utility is proposing a monthly bill credit of one penny a month. In part, the monthly credit would account for previously overestimated costs of projects that were not built and replaced with cheaper solar farms.

“It’s an extraordinary success story that there’s an industry that hardly existed several years ago,” said Michael Shore, CEO of FLS Energy in Asheville. “Solar prices are still dropping. We will get to a place where solar will be, without any incentive, a cost-effective part of any utility’s portfolio.”

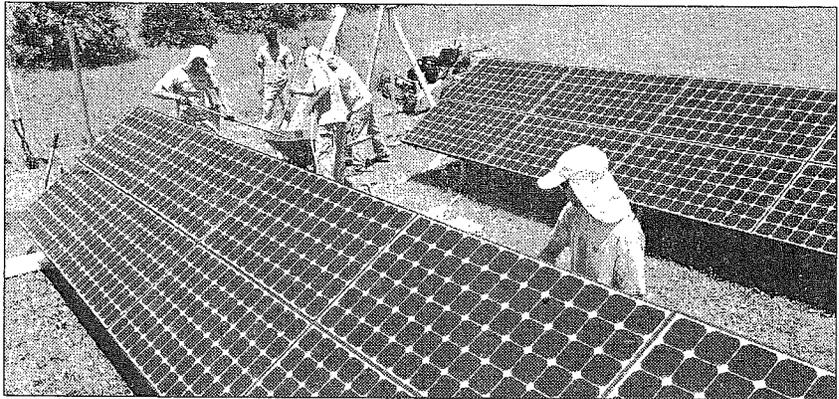
Meanwhile, electricity generated by wind as well as poultry and swine waste have made almost no progress here despite being eligible for the same subsidies that are available for solar power. Those renewables continue to face significant economic and technological obstacles.

Solar’s success in N.C.

North Carolina has 149 megawatts of operating solar farms, according to a February study commissioned by the N.C. Sustainable Energy Association, the renewables trade group in Raleigh. The growth – from an industry that had only produced a smattering of small rooftop solar arrays – represents nearly a 75,000-percent expansion of solar energy since the 2007 passage of Senate Bill 3, the legislation that mandated the use of renewables by the state’s power companies.

Equally telling are industry plans and projections. Since North Carolina’s energy policy became law, developers have proposed 1,274 megawatts in renewable projects, of which 1,068 megawatts was solar photovoltaic energy. That’s equivalent in power output to a nuclear power plant if all those panels were to generate electricity at the same time. Not all the renewable energy projects will be built, and some are still under development, but the figures show how solar energy has dominated the state’s alternative energy landscape.

Catapulting solar power into the forefront was the 2007 law, the first such policy in the South, that required power



JEFF WILLHELM - 2011 CHARLOTTE OBSERVER FILE PHOTO

A crew from Argand Energy Solutions installs hardware for solar arrays at an airport in Ellenboro in Rutherford County west of Charlotte.

companies to replace 12.5 percent of their retail electric sales by 2021 with a combination of renewables and energy efficiency. The law also allowed Duke Energy, Progress Energy, and rural and municipal utilities to charge customers for solar, biomass, landfill methane, even in cases when they cost more than building a coal-burning power plant or natural gas plant.

Thanks to the state’s renewables mandate, Strata Solar has emerged as the state’s biggest solar developer, with nearly 50 full-time employees and some 400 installer contractors. The company has installed 100 megawatts of solar power here and has 800 megawatts under development in North Carolina and five other states, including the 75-megawatt project in Duplin County.

Bills now pending in the state House and Senate would freeze that mandate to 3 percent, which is the level phased in for this year. The bills don’t roll back the mandate to zero because electric companies are bound by long-term contracts they have signed to purchase the output from solar farms and other projects, for which they will charge customers.

Tillis, the Republican House leader, said in his radio comments that the 2007 legislation was a complex bill negotiated with numerous compromises.

“We’ve got to take it slowly because it’s a complex bill,” Tillis said. “At the end of the day it’s going to take some time.”

Subsidies threatened

When the law was passed, solar energy was six times more expensive than it is today, said Morrison of Strata Solar. When power companies first purchased the output from solar farms around 2008, they paid a subsidy of 15 cents a kilowatt hour or more, more than twice

the amount they paid for the electricity itself.

Today, that subsidy is marginal, sometimes less than 1 cent a kilowatt hour on the largest solar farm projects, Morrison said. That means that utility-scale projects could potentially survive without the subsidy, especially if solar costs continue dropping as developers expect.

But it’s not clear the solar industry could withstand the combination of canceling the utility subsidy and the state’s alternative-energy tax credit, one of the most generous in the country. The state tax credit, coupled with a similar federal tax credit, reduce the cost of a multimillion dollar solar farm by more than half.

The amount of state tax credits taken for renewable projects soared from \$440,137 in 2007 to \$11.3 million in 2011, the last year for which data is available from the N.C. Department of Revenue. In 2007, the credit generated project investments of \$4.2 million; in 2011, renewables investments came to \$108.2 million.

Morrison said that uncertainties about the status of North Carolina’s tax credit are already spooking investors. Even if tax reform flounders and the tax credit survives, the benefits will be short-lived, as the credit is set to expire Dec. 31, 2015. Solar developers had expected to make up the difference from the loss of the credit with the utility subsidy allowed under the 2007 law.

But if that law is repealed, then solar energy would have no economic safety net and development could stall.

“If they make that leap, our financing will dry up,” Morrison said. “We’re talking about an investment community that’s really risk-averse.”



For Immediate Release:

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Governor's Proposed Budget Shortchanges Land Conservation
Reductions in Conservation Funding a Problem for Today and the Future

RALEIGH, NC – In his budget, released today, Governor Pat McCrory proposed significant cuts to land and water conservation funding. Conservation advocates say the proposed budget would have consequences for the state's continued economic recovery.

The governor's proposed budget:

- Cuts the Clean Water Management Trust Fund to \$6.75 million from \$10.75 million per year, a 37 percent cut. And only includes funding in the first year of the biennium.
- Reduces the Parks and Recreation Trust Fund to \$15.5 million, down from \$27.5 million, a 44 percent cut. And, it reduces the Natural Heritage Trust Fund to \$4.23 million from \$9.9 million, a 58 percent cut.
- Removes the dedicated source of funding in the current biennium for PARTF and NHTF, which leaves the state with no reliable way to conserve treasured lands.
- Maintains the current funding level of \$1.7 million per year for the Agricultural Development and Farmland Preservation Trust Fund.

“The creation and consistent funding of North Carolina’s conservation trust funds have been the result of bipartisan leadership over the past 25 years,” explained Katherine Skinner, executive director of The Nature Conservancy and a member of the Land for Tomorrow Steering Committee. “These land protection successes have played a major role in the state’s economy – boosting agriculture, the military, tourism, forestry, hunting, fishing and outdoor recreation. As our economy continues to recover, we need to continue a strong investment in these economic drivers. Governor McCrory’s proposed budget doesn’t reflect the level of investment needed to carry us forward.”

Conservation plays an important role in the state’s major economic drivers – agriculture, the military, tourism, hunting, fishing, and outdoor recreation. The state’s conservation trust funds have helped to:

- Protect 16 miles of Fort Bragg’s base boundary and 50,000 acres around Camp Lejeune;

- Create major new state parks, including Grandfather Mountain and Chimney Rock state parks;
- Create more than 250,000 acres of state game lands.

Skinner said conservationists look forward to working with the General Assembly to restore conservation funding in the final state budget.

[Land for Tomorrow](#) is a coalition of conservation, agriculture, wildlife, hunting and fishing groups along with businesses, local governments and concerned citizens. Its goal is to increase land and water conservation by boosting funding for the state's four conservation trust funds – Clean Water Management Trust Fund (CWMTF), Natural Heritage Trust Fund (NHTF), Parks and Recreation Trust Fund (PARTF) and the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF). Funding for these trusts is controlled by the North Carolina General Assembly.

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