



***Benefit-Cost and Regulatory Flexibility Analyses:
Solid Waste Management at Lake Chelan National Recreation
Area***

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Introduction

This report presents the benefit-cost and regulatory flexibility analyses of the proposed regulatory action to authorize a solid waste transfer station near Stehekin, Washington, within the boundary of Lake Chelan National Recreation Area (LACH) that does not meet all regulatory siting criteria and accepts solid waste generated within the boundary of the recreation area from non-NPS activities. The proposed regulation would authorize this transfer station, notwithstanding certain restrictions found in the general regulations governing solid waste disposal sites in units of the National Park System. Quantitative analyses were not conducted due to a lack of available data, and because the additional cost of conducting quantitative analyses was not considered to be reasonably related to the expected increase in the quantity and/or quality of relevant information. The National Park Service (NPS) believes that these analyses provide an adequate assessment of all relevant costs and benefits associated with the regulatory action.

The results of the benefit-cost analysis indicate that the costs of the proposed regulatory action are justified by the associated benefits. Additionally, this proposed regulatory action will not have an annual economic effect of \$100 million, and will not adversely affect an economic sector, productivity, jobs, the environment, or other units of the federal government.

The results of the regulatory flexibility analysis indicate that there are no anticipated impacts on small businesses directly associated with the proposed regulatory action. Given those findings, the proposed regulatory action will not impose a significant economic impact on a substantial number of small entities. The proposed regulation will bring the NPS into compliance with 36 CFR Part 6 regulations regarding the management of solid waste thus allowing NPS to initiate compliance with Director's Order 35B by establishing the new fee structure to non-NPS users. Based on current transfer station use levels, three small businesses could incur total combined annual fees of up to \$57,000 depending upon the amount of solid waste generated (NPS 2014). Trash services are a typical component of general business operational costs. For Stehekin businesses, these costs are currently occurring but are being subsidized by the NPS (and federal taxpayers). Phased implementation of cost recovery is anticipated once the regulatory action goes into effect to ensure that non-NPS users would experience no more than a 10% rate increase per year, based on an initial or baseline rate calculation.

Benefit-Cost Analysis

Statement of Need for the Proposed Plan

Executive Order 12866 (58 FR 51735) directs Federal agencies to demonstrate the need for the regulations they promulgate. In general, regulations should be promulgated only when a "market failure" exists that cannot be resolved effectively through other means. A market failure exists when private markets fail to allocate resources in an economically efficient manner. A significant cause of market failure is an "externality," which occurs when the actions of one party impose uncompensated impacts on others.

Stehekin is a remote community of approximately 60-90 year-round plus 80 seasonal residents, located on privately owned land within the legislatively authorized boundary of LACH (NPS 2014). Stehekin is located at the head of 55-mile-long Lake Chelan and is accessible only by boat, float plane, or foot trail. Non-NPS services and facilities in Stehekin include seasonal lodging, food operations, and other small businesses that help support 35,000-45,000 park visitors annually. In 1977, the NPS closed the Stehekin dump to comply with federal law prohibiting open dumps. NPS and the Stehekin community had no alternative for solid waste disposal, so the NPS began operating a solid waste recycling, compaction, and transfer facility to handle NPS waste and waste from the Stehekin community. The existing NPS transfer station at LACH is located within the 100 year floodplain and is subject to frequent flooding which threatens public safety and natural resources and thus results in an inefficient allocation of park resources. Waste consolidated at the NPS transfer station is shipped by barge 55 miles down the lake for ultimate disposal.

In 1994, the NPS adopted the regulations codified at 36 CFR Part 6 to implement a statutory requirement of Public Law 98-506 (54 U.S.C. 100903) (Act), which was enacted in 1984. The Act prohibits the operation of a solid waste disposal site within the boundary of any unit of the National Park System except for those operating as of September 1, 1984, or those “used only for disposal of wastes generated within that unit of the park system so long as such site will not degrade any of the natural or cultural resources of such park unit.” 36 CFR Part 6 regulates both existing and new solid waste disposal sites within the boundaries of any unit of the National Park System to ensure that operation of such sites will not degrade the natural or cultural resources of the park unit. Transfer stations are included in the definition of “solid waste disposal site” in section 6.3 and are therefore subject to 36 CFR Part 6. Section 6.4(a) prohibits any person (including NPS) from operating a new solid waste disposal site within the boundaries of a park unit, unless the criteria in Section 6.4(a) are met. Section 6.4(a)(1) requires that the solid waste handled by the site is generated solely from “National Park Service activities,” defined in section 6.3 as “operations conducted by the National Park Service or a National Park Service contractor, concessionaire or commercial use licensee.” Section 6.4(a)(9) requires that “the site is not located within one mile of a National Park Service visitor center, campground, ranger station, entrance station, or similar public use facility, or residential area.” Section 6.4(a)(10) requires that the site is not detectable by public sight, sound, or odor from a scenic vista, a public use facility, a designated or proposed wilderness area, a site listed on (or eligible for listing on) the National Register of Historic Places, or a public road. Section 6.8(a) prohibits the NPS from accepting waste at an NPS operated solid waste disposal site, except for waste generated by NPS activities. Since the Act was passed in 1994, the NPS has continued to operate the waste transfer station at LACH and collect solid waste from the Stehekin community in spite of the regulation prohibiting this practice.

The NPS seeks to build a new transfer station at the site of the new maintenance facility in a more environmentally suitable location within LACH that is outside the 100 year floodplain. The NPS has determined that there is no available or suitable nonfederal land, and a limited amount of buildable federal land, outside the floodplain in the lower Stehekin River valley. The NPS has also determined that there are no suitable locations for the new transfer station that comply with the site location requirements in Sections 6.4(a)(9) and (10).

The NPS has determined that in these unique circumstances, it will best protect park resources to allow the NPS transfer station, whether at the existing or proposed location, to accept waste generated by the community of Stehekin, notwithstanding the prohibition on accepting non-NPS waste in sections 6.4(a)(1) and section 6.8 and the siting criteria in section 6.4(a)(9) and (10). The NPS is proposing to promulgate this special regulatory action because the geographically remote area presently lacks waste disposal services provided by Chelan County or private parties. Lack of waste disposal services precludes private residents and businesses in Stehekin from reasonably disposing of solid waste elsewhere in the area. The NPS believes that the lack of feasible alternatives for solid waste disposal would result in several negative externalities including trash burning, dumping, and other unacceptable nuisances for LACH and the Stehekin community.

The NPS has completed an Environmental Assessment (EA) in accordance with the requirements of the National Environmental Policy Act (NPS 2014). The EA includes an analysis of the potential effects associated with the approval of this proposed special regulation that would enable the NPS to continue to accept non-NPS generated solid waste and allow a new solid waste transfer station to be constructed in a more environmentally suitable location within Lake Chelan NRA. In this exceptional situation, accepting non-NPS-generated waste for transfer and ultimate disposal outside the park boundary poses significantly fewer environmental land use concerns than would other alternatives (NPS 2014).

Alternatives Considered in the Analysis

The *proposed regulation* would authorize an NPS transfer station on federal lands near Stehekin, Washington, within the boundary of LACH, that does not achieve all of the siting requirements in Part 6 and accepts non-NPS waste generated by the Stehekin community. The *proposed actions* evaluated in the EA addresses the broader issues of providing essential, cost-effective, and sustainable facilities for maintenance, fire operations, solid waste management, and staff housing outside of environmentally sensitive areas at LACH. Complete descriptions of all alternatives can be found in the Replacement of Administrative Facilities at Stehekin, Environmental Assessment (NPS 2014).

Due to the noncompliance with 36 CFR Part 6, the NPS has also been unable to comply with the NPS Director's Order 35B procedures for recovering costs associated with providing utility services, including solid waste and recycling services, to non-NPS users. As a result, the NPS (and federal taxpayers) have been subsidizing the waste transfer station costs of all non-NPS users. The NPS does not consider the current noncompliant situation to be a reasonably feasible regulatory alternative. Therefore, the alternatives evaluated in the EA assume the successful implementation of this proposed regulation to address these compliance issues. Under all EA Alternatives, including the no-action Alternative, the NPS would implement a new fee structure to charge non-NPS users for continued operation at the existing (or proposed) NPS transfer station in accordance with the guidelines of Director's Order 35B. The implementation of the fee to non-NPS users is not part of the proposed regulation. However, the proposed regulation will bring the NPS into compliance with 36 CFR Part 6 regulations regarding the management of solid waste thus allowing NPS to initiate compliance with Director's Order 35B by establishing the new fee structure to non-NPS users.

Alternative 1 - No Action: The No-Action Alternative is required by the National Environmental Policy Act for the purposes of providing comparison to alternatives considered. The Alternative 1 would largely continue existing NPS practices within the Stehekin Valley. The existing solid waste transfer station would continue to operate in its current location in the 100-year floodplain. Under the Alternative 1, the NPS would implement a new fee structure to charge non-NPS users for continued operation of the existing NPS transfer station in accordance with the guidelines of Director's Order 35B. The new fee structure would constitute a weight-based unit rate plus a fixed fee. Phased implementation of cost recovery is anticipated once the rule change goes into effect to ensure that non-NPS users would experience no more than a 10% rate increase per year, based on an initial or baseline rate calculation. Utility rates would be reviewed and updated annually to reflect the 10% increase until full cost recovery is achieved.

Action Alternatives 2 (proposed EA action), 3, and 4: Each action alternative would include a different layout for the new maintenance facility at the Stehekin Airstrip site, in combination with a different staff housing site within the Stehekin Valley. While the specific location of the new waste transfer station on the maintenance facility site varies amongst the action alternatives, the size, scale, operation, and cost of the transfer station would be the same for all action alternatives. The new transfer station would be located within a single building and would provide enclosed operations for sorting, processing, and storage of trash and recycled materials. The fee structure associated with the new solid waste facility would be the same fee structure as Alternative 1. This fee structure would be designed to recover capital investment over the estimated design life of the new facility through an amortization process, in addition to the ongoing O&M costs, as described in guidance documents associated with Director's Order 35B.

Defining the Baseline

The benefits and costs of a regulatory action are measured with respect to its baseline conditions. Guidance from Office of Management and Budget (OMB) for a regulatory analysis suggests that the baseline should represent the agency's best assessment of the way the world would look absent the proposed action. All costs and benefits included in the analysis are incremental to the baseline conditions. That is, any future impacts that would occur without the proposed action, as well as any past impacts that have already occurred, are not included in the analysis.

This analysis follows OMB guidance by defining the baseline as the current situation absent the proposed action. Absent the proposed action, the NPS would remain out of compliance with federal regulations regarding the management of solid waste (36 CFR Part 6) as well as NPS policy (Director's Order 35B) for recovering costs associated with providing services to non-NPS users. The new fee structure to charge non-NPS users for continued operation at the existing NPS transfer station would not be implemented under baseline conditions.

This analysis compares the baseline (current situation absent the proposed action) to the action Alternatives 2 (proposed EA action), 3, and 4. The baseline differs from the EA no-action alternative, Alternative 1, which assumes the successful implementation of this proposed regulation and the implementation a new fee structure to charge non-NPS users for continued operation at the existing NPS transfer station in accordance with the guidelines of Director's

Order 35B. While not a requisite for this regulatory analysis, a comparison of the baseline to Alternative 1 was also included in order to provide a comprehensive look at the full range of benefits and costs associated with all of the EA alternatives.

Benefit-Cost Analysis of the Proposed Regulation and EA Alternatives

This section evaluates the expected benefits and costs associated with the proposed regulation and EA Alternatives 1, 2 (proposed EA action), 3, and 4 compared to the current baseline conditions. The costs associated with the Alternatives were quantitatively analyzed in the EA. Benefits related to environmental protection, visitor values, and human health and safety are qualitatively analyzed. Quantitative analyses of the benefits were not conducted due to lack of available data, and because the additional cost of conducting quantitative analyses was not considered to be reasonably related to the expected increase in the quantity and/or quality of relevant information. Nevertheless, NPS believes this approach provides an appropriate means to characterize the relevant benefits and costs associated with this proposed regulatory action.

The purpose of this proposed regulatory action is to authorize a park-specific regulation in 36 CFR 7.62 to create a limited exception to the Part 6 requirements. The proposed regulation would authorize an NPS transfer station on federal lands, whether at the existing or proposed location, within the boundary of LACH that does not achieve all of the siting requirements in Part 6 and accepts non-NPS waste generated by the Stehekin community.

Benefits

Proposed Regulation: Authorization of the LACH Transfer Station and Non-NPS Generated Waste Collection

Under all Alternatives, the proposed regulation would officially authorize the LACH transfer station, notwithstanding certain restrictions found in the general regulations governing solid waste disposal sites in units of the National Park System and allow the continuation of accepting non-NPS waste. The benefits associated with the proposed regulation include the permanent establishment of a reliable transfer station which thereby reduces the potential for trash burning, illegal dumping on NPS lands, proliferation of small dumps on private lands, and other unacceptable nuisances for LACH and the Stehekin community.

Compliance with NPS Director's Order 35B: New Fee Structure – All EA Alternatives

Due to the noncompliance with 36 CFR Part 6, the NPS has also been unable to comply with the NPS Director's Order 35B procedures for recovering costs associated with providing utility services, including solid waste and recycling services, to non-NPS users. As previously discussed, the implementation of the fee to non-NPS users is not a component of the proposed regulation. However, the proposed regulation will bring the NPS into compliance with 36 CFR Part 6 regulations regarding the management of solid waste thus allowing NPS to initiate compliance with Director's Order 35B by establishing the non-NPS user fee. Therefore, the implications of the fee were included in this analysis.

Under current baseline conditions, the NPS (and federal taxpayers) are subsidizing the waste transfer station costs of all non-NPS users. Under all alternatives, the NPS would implement a new fee structure to charge non-NPS users for continued operation of the existing NPS transfer station in accordance with the guidelines of Director's Order 35B. The Stehekin community private businesses generate 23.5% and residents generate 34.6% of all waste produced in Lake Chelan NRA, and disposing of this waste costs the NPS approximately \$54,000 per year (NPS 2012a). The benefits associated with implementing the new fee structure include eliminating the subsidy of the NPS (and federal taxpayers) fully compensating the costs of private resident and businesses trash services.

Transfer Station Location— All EA Alternatives

Under baseline conditions, the existing NPS transfer station at LACH is located within the 100 year floodplain and is subject to frequent flooding which threatens public safety and natural resources. The solid waste facility was constructed in the 1980s and lacks sufficient infrastructure to support contemporary and efficient solid waste processing equipment.

Under Alternative 1, the existing solid waste transfer station would continue to operate in its current location in the 100-year floodplain same as baseline conditions.

Under Alternatives 2 (proposed EA action), 3, and 4 the new transfer station would be relocated within a single building and would provide enclosed operations for sorting, processing, and storage of trash and recycled materials. While the specific location of the new waste transfer station on the maintenance facility site varies amongst the action alternatives, the size, scale, operation, and cost of the transfer station would be the same for all action alternatives. Benefits associated with the relocation of the overall maintenance area (with the transfer station) include reducing threats to public safety and natural resources from frequent flooding and increasing the efficiency and cost effectiveness of NPS operations by consolidating all maintenance facilities in one area. The consolidation of facilities would allow NPS employees to access necessary equipment in a more timely fashion and coordinate and collaborate in a more efficient manner. A properly designed and constructed maintenance facility would result in decreased operational costs (at least \$71,600 annually) due to savings in snow removal, maintenance, and utility costs (NPS 2014). Construction of a new transfer station, including recycling and potential composting facilities, would minimize the solid waste stream and employ contemporary environmental methods for handling solid waste.

Additionally, Alternatives 2 (proposed EA action), 3, and 4, construction activities could also provide short-term local economic benefits by increasing employment and income during the two-year construction period. The cost to construct the proposed facilities is estimated at roughly \$20 million, a portion of which could be directed towards local Stehekin businesses or residents. The ten Stehekin businesses that provide construction services (barge, welding, carpentry, etc.) would directly benefit from construction of the proposed facilities. The use of local labor would be encouraged by NPS in the project contract documents (NPS 2014). All building supplies and non-resident construction workers would arrive through Stehekin. Non-resident construction workers would require housing and other accommodations, which could increase revenues for the lodging, food service, retail, and transportation businesses in the valley. The potential

increases in the construction workforce and revenues for local businesses generated from construction activities and workers would result in beneficial economic impacts.

Summary of Benefits

The direct benefits associated with the proposed regulation to authorize the LACH transfer station and allow the continuation of non-NPS waste include the permanent establishment of a reliable transfer station which reduces the potential for trash burning, illegal dumping on NPS lands, proliferation of small dumps on private lands, and other unacceptable nuisances for LACH and the Stehekin community. While not directly associated with the proposed regulation, the benefits associated with implementing the new fee structure under all EA Alternatives include eliminating the subsidy of the NPS (and federal taxpayers) fully compensating the costs of private resident and businesses trash services. The additional benefits associated with relocation of the transfer station under Alternatives 2 (proposed EA action), 3, and 4, include reducing threats to public safety and natural resources from frequent flooding, increasing the efficiency and cost effectiveness of NPS operations by consolidating all maintenance facilities in one area, and potential short-term increases in workforce and revenues for local businesses generated from construction activities.

Costs

Proposed Regulation: Authorization of the LACH Transfer Station and Non-NPS Generated Waste Collection

Under all Alternatives, the proposed regulation would officially authorize the LACH transfer station, notwithstanding certain restrictions found in the general regulations governing solid waste disposal sites in units of the National Park System and allow the continuation of accepting non-NPS waste. Compared to baseline conditions, there are no anticipated costs to visitors, businesses, or the local community directly associated with the proposed regulation.

Compliance with NPS Director's Order 35B (New Fee Structure – All Alternatives)

Due to the noncompliance with 36 CFR Part 6, the NPS has also been unable to comply with the NPS Director's Order 35B procedures for recovering costs associated with providing utility services, including solid waste and recycling services, to non-NPS users. As previously discussed, the implementation of the fee to non-NPS users is not a component of the proposed regulation. However, the proposed regulation will bring the NPS into compliance with 36 CFR Part 6 regulations regarding the management of solid waste thus allowing NPS to initiate compliance with Director's Order 35B by establishing the non-NPS user fee. Therefore, the implications of the fee are included in this analysis.

Under all Alternatives, changes to the solid waste processing fee structure would require NPS to set up and administer a fee collection and billing system, and maintain staffed operating hours at the existing transfer station. The logistics and staffing associated with the new fee structure would result in a minor cost increase to park operations. Solid waste handling/cleanup and law enforcement associated with potential increases in illegal dumping of trash due to fee implementation could also result in adverse impacts to park operations.

In order to accommodate the new fee structure, NPS staff would weigh and record drop-off quantities during designated drop-off times. Rates would be charged by weight units (pounds) of trash, measured at the time of drop-off. Billing would likely occur monthly based upon the total weight of trash dropped off during the month plus a fixed monthly fee. The weight-based fee for trash would cover the disposal costs for trash. The fixed fee would be charged to all customers and would cover the costs associated with recycled materials processing, transportation, and drop-off at the Chelan County Recycling Center. Fixed fees would be determined by the NPS based upon user groups (residential vs. commercial, year-round vs. seasonal, etc.). In 2013, approximately 18% of total O&M costs were spent on recycling transportation and disposal. This would equate to \$18,490.48 in fixed fees distributed to the various user groups. The final distribution of fixed fees amongst user groups has not yet been determined. Establishment of the non-NPS user fee would eliminate the benefit of subsidized trash costs for local businesses and residents which is currently happening under baseline conditions.

Under Alternative 1, the new fee structure would be implemented at the existing solid waste facility to cover the costs of providing non-NPS waste management services. As described above, the new fee structure would constitute a weight-based unit rate plus a fixed fee. Under Alternative 1, the conceptual unit rate for full cost recovery of the existing operation in fiscal year 2014 is \$815.28 per ton (\$0.41 per pound). As dictated in Director's Order 35B, this rate would fluctuate annually based upon tracking the previous year's operations and maintenance (O&M) cost and tonnage. The rate model allows for an annual inflation rate that can be adjusted based on actual inflation. The conceptual rate evaluated in the EA was based upon 2013 O&M costs at the existing solid waste facility and annual units of solid waste produced (NPS 2014). Since the new fee structure is largely weight-based, the greatest costs would be incurred by those that produce the greatest amount of waste. Based on current use levels, local businesses could incur total combined annual fees of nearly \$50,000 under Alternative 1, depending upon the amount of solid waste generated (NPS 2014). The fees will be reflective of the volume of trash being generated by each business and the high cost of providing solid waste management services to the Stehekin community. Based on current use levels, the estimated combined or total annual fee for private residents under Alternative 1 would be approximately \$35,500. This would be distributed amongst Stehekin's 75 year-round and 80 seasonal residents. The fee distribution has not yet been determined by the NPS.

Under Alternatives 2 (proposed EA action), 3, and 4 the fee structure associated with the new solid waste facility would be the same fee structure as described for Alternative 1 — a weight-based unit rate plus a fixed fee to cover the costs of providing non-NPS waste management services. This fee structure would be designed to recover capital investment over the estimated design life of the new facility through an amortization process, in addition to the ongoing O&M costs. According to the EA analysis, total 2014 net cost of construction for the solid waste facility was estimated at \$1,662,659 (NPS 2014). Based upon the annual capital recovery rate calculated to recover the cost of relocation and construction of the new solid waste facility and an annual inflation rate of 4%, the unit rate at the new solid waste facility is projected to be 21% higher than Alternative 1. The EA analysis assumed that the new facility was constructed in 2014 and estimated \$1,023.83 per ton as the conceptual unit rate at the new solid waste facility in fiscal year 2015 (NPS 2014). Fixed fees would be determined by the NPS based upon the previous year's recycling costs and would be distributed amongst user groups (residential vs. commercial, year-round vs. seasonal, etc.). The EA analysis assumed an inflation rate of 4% for

O&M costs and projected annual fixed fees of \$19,230.10 (18% of total O&M costs) for all user groups in fiscal year 2015 (NPS 2014). Based on current use levels, local businesses could incur total combined annual fees of nearly \$57,000 under Alternatives 2, 3, and 4, depending upon the amount of solid waste generated (NPS 2014). The fees being passed on to these businesses are reflective of the volume of trash being generated by each business and the high cost of providing solid waste management services to the Stehekin community. Based on current use levels, the estimated combined or total annual fee for private residents under Alternatives 2, 3, and 4 would be approximately \$43,000. This would be distributed amongst Stehekin's 75 year-round and 80 seasonal residents. The fee distribution has not yet been determined by the NPS.

Under all Alternatives, the volume of solid waste being produced within the valley and the cost associated with managing that waste has been somewhat consistent over the last few years. However, both factors are expected to change dramatically under all Alternatives once the new fee structure is implemented because of the monetary incentive to divert waste from the landfill (i.e., reduce, reuse, or recycle). As such, the fees estimated in the EA for all Alternatives were conceptual based upon current tonnage and costs, but are expected to change (and likely decrease) once a more stable equilibrium has been reached (NPS 2014). Furthermore under all Alternatives, phased implementation of cost recovery is anticipated once the regulatory action goes into effect to ensure that non-NPS users would experience no more than a 10% rate increase per year, based on an initial or baseline rate calculation. Utility rates would be reviewed and updated annually to reflect the 10% increase until full cost recovery is achieved.

Transfer Station Location

Under baseline conditions, the existing NPS transfer station at LACH is located within the 100 year floodplain and is subject to frequent flooding which threatens public safety and natural resources. The solid waste facility was constructed in the 1980s and lacks sufficient infrastructure to support contemporary and efficient solid waste processing equipment.

Under Alternative 1, the existing solid waste transfer station would continue to operate in its current location in the 100-year floodplain. Therefore, baseline conditions of costs associated with frequent flooding, threats to public safety and natural resources, and inefficient and costly facilities would still occur under Alternative 1.

Under Alternatives 2, 3, and 4 the new transfer station would be relocated within a single building and would provide enclosed operations for sorting, processing, and storage of trash and recycled materials. While the specific location of the new waste transfer station on the maintenance facility site varies amongst the action alternatives, the size, scale, operation, and cost of the transfer station would be the same for all action alternatives. The costs of relocating the transfer station and the non-user fee structure associated with the new solid waste facility for Alternatives 2, 3, and 4 are described in the previous section titled "Compliance with NPS Director's Order 35B (New Fee Structure- All Alternatives)". In addition, construction of the new facilities would include ground-disturbing activities that would affect previously disturbed and undisturbed soils and landforms, and would result in the removal of vegetation, potentially including the loss of some mature or old growth trees. Ground disturbance and vegetation removal could spread or introduce invasive plant species and adversely affect water quality in the Stehekin River.

Residents, construction workers, and visitors to Stehekin could also experience temporary adverse impacts from noise and dust due to construction activities.

Summary of Costs

There are no direct costs anticipated with the proposed regulation to authorize the LACH transfer station and allow the continuation of accepting non-NPS waste. The logistics and staffing associated with the new fee structure would result in minor cost increases to park operations. Solid waste handling/cleanup and law enforcement associated with potential increases in illegal dumping of trash due to fee implementation could also result in adverse impacts to park operations.

While not directly associated with the proposed regulation, the costs associated with implementing the new fee structure to cover the costs of providing non-NPS waste management services under all EA the Alternatives will include a weight-based fee for the disposal costs for trash and a fixed fee to cover the costs associated with recycled materials processing, transportation, and drop-off at the Chelan County Recycling Center. Based on current use levels, local businesses could incur total combined annual fees of nearly \$50,000 and the estimated combined or total annual fee for private residents would be approximately \$35,500 under Alternative 1, depending upon the amount of solid waste generated (NPS 2014). The fees will be reflective of the quantity of trash being generated by each business and the high cost of providing solid waste management services to the Stehekin community. The residential fee distribution has not yet been determined by the NPS. Under Alternatives 2 (proposed EA action), 3, and 4 the fee structure associated with the new solid waste facility would be the same fee structure as Alternative 1 with the addition of the capital investment recovery over the estimated design life of the new facility through an amortization process. The unit rate at the new solid waste facility is projected to be 21% higher than Alternative 1. While the fee would result in newly imposed costs to non-NPS users, these are costs that are currently being subsidized by the NPS (and federal taxpayers) therefore resulting in a redistribution of costs and benefits.

While the volume of solid waste being produced within the valley and the cost associated with managing that waste has been somewhat consistent over the last few years, both factors are expected to change dramatically under all Alternatives once the new fee structure is implemented because of the monetary incentive to divert waste from the landfill (i.e., reduce, reuse, or recycle). Under all Alternatives, phased implementation of cost recovery is anticipated once the regulatory action goes into effect to ensure that non-NPS users would experience no more than a 10% rate increase per year, based on an initial or baseline rate calculation. Utility rates would be reviewed and updated annually to reflect the 10% increase until full cost recovery is achieved.

The additional minor costs associated with the relocation of the transfer station under Alternatives 2 (proposed EA action), 3, and 4, include ground-disturbing activities at the building site that could spread or introduce invasive plant species and adversely affect water quality in the Stehekin River. Residents, construction workers, and visitors to Stehekin could also experience temporary adverse impacts from noise and dust due to construction activities.

Total Economic Value

To estimate the total economic value generated by the proposed regulatory action, the resulting change in value experienced by visitors, businesses, and the local community would require more intensive research and study. The data required to estimate these factors are not available. Therefore, the NPS was not able to estimate the total change in net economic value generated by this action. Since this action will generate negligible benefits and costs, total change in net economic value generated by this action is anticipated to be close to zero. It is anticipated that overall positive benefits are generated by the permanent establishment of a reliable transfer station for the Stehekin community.

Uncertainty

While the volume of solid waste being produced within the valley and the cost associated with managing that waste has been somewhat consistent over the last few years, both factors are expected to change dramatically under all Alternatives once the new fee structure is implemented because of the monetary incentive to divert waste from the landfill (i.e., reduce, reuse, or recycle). As such, the fees estimated in the EA for all Alternatives were conceptual based upon current tonnage and costs, but are expected to change (and likely decrease) once a more stable equilibrium has been reached (NPS 2014). Therefore, the total costs and benefits generated by this action cannot be estimated. Nevertheless, it is anticipated that zero to potentially positive benefits could be generated. NPS is not aware of any other sources of uncertainty.

Summary

The results of this cost-benefit analysis indicate that the total change in net economic value generated by the proposed regulation and the EA Alternatives are anticipated to be close to zero and that potentially positive benefits could be generated. Compared to baseline conditions, there are no anticipated costs to visitors, businesses, or the local community directly associated with the proposed regulation of authorizing the LACH transfer station and allowing the continuation of non-NPS waste. Economic efficiency will be improved with the permanent establishment of a reliable transfer station and thereby reducing the potential for trash burning, illegal dumping on NPS lands, proliferation of small dumps on private lands, and other unacceptable nuisances for LACH and the Stehekin community. The additional long-term benefits associated with the relocation of the transfer station under Alternatives 2 (proposed EA action), 3, and 4, include reducing threats to public safety and natural resources from frequent flooding, increasing the efficiency and cost effectiveness of NPS operations by consolidating all maintenance facilities. Under the EA alternatives, the NPS would implement a new fee structure to charge non-NPS users for continued operation of the NPS transfer station in accordance with the guidelines of Director's Order 35B. While the fee would result in newly imposed costs on non-NPS users, these are costs that are currently being subsidized by the NPS (and federal taxpayers) therefore resulting in a redistribution of costs and benefits. This proposed regulatory action is not expected to have an annual economic effect of \$100 million, or to adversely affect an economic sector, productivity, jobs, the environment, or other units of government.

Regulatory Flexibility Analysis

This analysis concerns the proposed regulatory action to authorize a solid waste transfer station near Stehekin, Washington, within the boundary of Lake Chelan National Recreation Area (LACH) that does not meet all regulatory siting criteria and accepts solid waste generated within the boundary of the recreation area from non-NPS activities. The intent of this analysis is to satisfy the requirements of the Small Business and Regulatory Flexibility Act (SBRFA) which requires agencies to analyze impacts of regulatory actions on small entities (businesses, non-profit organizations, and governments), and to consider alternatives that minimize such impacts while achieving regulatory objectives.

SBRFA requires agencies to analyze the impact of regulatory actions on small entities, and to prepare and publish an Initial Regulatory Flexibility Analysis (IRFA) when proposing a regulation. In addition, when a final rule is to be issued, SBRFA requires a final analysis for each rule that will have a significant economic impact on a substantial number of small entities¹. The purpose of the IRFA is to estimate the number of entities potentially impacted and the magnitude of the impacts, to summarize the significant issues raised in public comment on the proposed regulation, and to identify the steps the agency has taken to minimize the significant economic impact on small entities, consistent with the stated objectives of the applicable statutes.

Under Section 603(b) of the RFA (as amended), each initial regulatory flexibility analysis is required to address the following points:

- A description of the reasons why the action by the agency is being considered;
- A succinct statement of the objectives of, and legal basis for, the proposed rule;
- A description—and, where feasible, an estimate of the number—of small entities to which the proposed rule will apply;
- A description of the projected reporting, recordkeeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirement and the types of professional skills necessary for preparation of the report or record; and
- An identification, to the extent practicable, of all relevant federal rules that may duplicate, overlap, or conflict with the proposed rule.

In addition, Section 603(c) requires a description of any significant alternatives that may reduce the regulatory burden on affected small entities. These requirements are addressed in this analysis.

Reasons Why the NPS is Considering the Proposed Regulation

Stehekin is a remote community of approximately 60-90 year-round plus 80 seasonal residents, located on privately owned land within the legislatively authorized boundary of LACH. Stehekin is located at the head of 55-mile-long Lake Chelan and is accessible only by boat, float plane, or foot trail. Non-NPS services and facilities in Stehekin include seasonal lodging, food operations,

¹ Preparing an Initial RFA for a proposed rule does not legally foreclose certifying that the final rule will have no significant impact on a substantial number of small entities. Furthermore, certifying that the proposed rule will have no significant economic impact on a substantial number of small entities does not legally foreclose preparing a Final RFA.

and other small businesses that help support 35,000-45,000 park visitors annually. NPS operates the only facility in the Stehekin Valley for the management of solid waste. Waste consolidated at the NPS transfer station is shipped by barge 55 miles down the lake for ultimate disposal. Geographically isolated private residents and businesses in Stehekin have no feasible method of properly disposing of solid waste other than the NPS transfer station. Consequently, NPS has for many years accepted Stehekin community waste in its transfer station to deter small dumps on private lands and illegal dumping on public lands. Although the Act does not prohibit NPS from receiving Stehekin waste, this waste does not qualify as waste generated from “National Park Service activities” under the existing regulations, so the current practice of accepting waste from Stehekin at the existing NPS transfer station conflicts with section 6.4(a)(1) and section 6.8(a) of 36 CFR Part 6.

The existing NPS transfer station is located within the 100 year floodplain and is part of a larger maintenance facility that is being relocated outside of the Stehekin River floodplain due to frequent flooding. The NPS seeks to build a new transfer station at the site of the new maintenance facility in a more environmentally suitable location within LACH but outside the 100 year floodplain. The NPS has determined that there is no available or suitable nonfederal land, and a limited amount of buildable federal land, outside the floodplain in the lower Stehekin River valley. The NPS has also determined that, due to geographic constraints, there are no suitable locations for the new transfer station that comply with the site location requirements in Sections 6.4(a)(9) and (10). Specifically, like the existing maintenance facility and transfer station, the proposed site of the new transfer station: (i) is located within one mile of a campground and residential housing; (ii) will likely be visible from scenic vistas and off-trail areas in designated wilderness areas; (iii) may be heard from a campground; and (iv) may be detectable by sight, sound, or odor from a road open to public travel.

The NPS has determined that in these unique circumstances, it will best protect park resources to allow the NPS transfer station, whether at the existing or proposed location, to accept waste generated by the community of Stehekin, notwithstanding the prohibition on accepting non-NPS waste in sections 6.4(a)(1) and 6.8(a) and the siting criteria in section 6.4(a)(9) and (10).

Objectives and Legal Basis for the Proposed Regulation

The proposed rule is a necessary exception to the requirements in Part 6 to accommodate the exceptional and limited circumstances of the Stehekin community, which is located within the boundary of LACH. It is designed only to authorize the operation of the existing transfer station and the proposed transfer station at the location identified in the EA, which the NPS believes will best protect park resources based upon the analysis contained in the EA. All other requirements in Part 6 will remain in effect and apply to the existing and new NPS transfer station, including the requirement in Section 6.4(a)(3) that the site of the existing and new facility “will not degrade any of the natural or cultural resources” of LACH.

The Kind and Number of Small Entities to Which the Proposed Regulation Will Apply

There are no anticipated impacts on small businesses directly associated with the proposed regulatory action of authorizing a park-specific regulation in 36 CFR 7.62 to create a limited exception to the Part 6 requirements for authorizing an existing NPS transfer station within the

boundary of LACH that does not achieve all of the siting requirements in Part 6 and accepts non-NPS waste generated by the Stehekin community.

Due to the current noncompliance with 36 CFR Part 6, the NPS has also been unable to comply with the NPS Director's Order 35B procedures for recovering costs associated with providing utility services, including solid waste and recycling services, to non-NPS users. As a result, the NPS (and federal taxpayers) have been subsidizing the waste transfer station costs of all non-NPS users. The NPS does not consider the current noncompliant situation to be a reasonably feasible regulatory alternative. Therefore, the alternatives evaluated in the EA assume the successful implementation of this proposed regulation to address these compliance issues. Under all EA Alternatives, including the no-action Alternative, the NPS would implement a new fee structure to charge non-NPS users for continued operation at the existing (or proposed) NPS transfer station in accordance with the guidelines of Director's Order 35B. The implementation of the fee to non-NPS users is not part of the proposed regulation. However, the proposed regulation will bring the NPS into compliance with 36 CFR Part 6 regulations regarding the management of solid waste thus allowing NPS to initiate compliance with Director's Order 35B by establishing the new fee structure for non-NPS users.

Stehekin is a remote community of approximately 60-90 year-round plus 80 seasonal residents, accessible only by boat, float plane, or foot trail. Non-NPS services and facilities in Stehekin include seasonal lodging, food operations, and other small businesses that help support 35,000-45,000 park visitors annually. For the purposes of this analysis, all Stehekin businesses were considered to be small entities by the Small Business Administration standards. The new transfer station fee for businesses will be reflective of the quantity of trash being generated by each business and the high cost of providing solid waste management services to the Stehekin community (NPS 2014). Trash services are a typical component of general business operational costs. While the fee would result in newly imposed costs for Stehekin businesses, these are costs that are currently occurring but are being subsidized by the NPS (and federal taxpayers).

Based on current transfer station use levels, local businesses could incur total combined annual fees of nearly \$57,000 under the proposed action (Alternative 2) depending upon the amount of solid waste generated (NPS 2014). Three businesses generated over 45% of the total trash in 2010 and would incur the highest fees. Stehekin Lodge and Resort (NPS concession) accounted for 22.1% of the total trash generated in 2010 followed by the Stehekin Pastry Company & Log Cabins accounting for 11.9% and the Stehekin Valley Ranch accounting for 11.6% of total trash generated (NPS 2014). Based off these percentages and current use levels, estimated annual fees would be \$27,500 (\$2,298 monthly) for Stehekin Lodge and Resort², \$14,418 (\$1,202 monthly) for Stehekin Valley Ranch, and \$14,418 (\$1,202 monthly) for the Stehekin Pastry Company & Log Cabins (NPS 2014). For these businesses, the transfer station fees would constitute additional operating costs that would reduce profit margins, resulting in an adverse financial impact. The level of impact on each business will largely depend on individual profit margins,

² In 2010, the NPS concession was operated under a short-term contract as the Stehekin Lodge and Resort. In 2012, Guest Services, Inc (GSI) was awarded a 10-year contract to operate as the North Cascades Lodge at Stehekin. Annual fees estimated from Stehekin Lodge and Resort 2010 data may not be representative of the North Cascades Lodge at Stehekin given changes in business practices and guest services.

the ability to absorb the additional cost (or pass it onto customers), and individual efforts to reduce fees by diverting waste or increasing recycling activities. The volume of solid waste being produced within the valley is expected to decrease dramatically once the new fee structure is implemented because of the monetary incentive to divert waste from the transfer station (i.e., reduce, reuse, or recycle). As such, the fees estimated for the EA were conceptual based upon current tonnage and costs but are expected to change (and likely decrease) once a more stable equilibrium has been reached (NPS 2014). Due to the uncertainty of future trash volumes and thus the associated fees and impacts on operating costs, the resulting level of impact on each business cannot be quantified.

Phased implementation of cost recovery is anticipated once the regulatory action goes into effect to ensure that non-NPS users would experience no more than a 10% rate increase per year, based on an initial or baseline rate calculation. Utility rates would be reviewed and updated annually to reflect the 10% increase until full cost recovery is achieved. Per the recommended mitigation listed in section 2.5.9 of the EA, the NPS could coordinate with Stehekin businesses to increase waste diversion and recycling activities in an effort to reduce fees and the intensity of economic impact to these businesses (NPS 2014).

Projected Requirements of Proposed Regulation

There are no reporting, record keeping, or other compliance requirements associated with the proposed regulation.

Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Regulation

The proposed regulation is consistent with the Act, which does not prohibit solid waste disposal sites from handling waste generated by non-NPS activities provided the waste is generated within a park unit and will not degrade any of the park unit's natural or cultural resources. The proposed regulation does not supersede or replace other requirements applicable to solid waste disposal sites, including the requirement in Director's Order #35B (Sale of National Park Service Produced Utilities) that NPS recover the cost of utilities (including the collection and disposal of solid waste) provided to non-NPS users.

Alternatives to Proposed Regulation

Due to its geographic isolation, the community of Stehekin has no environmentally responsible or practicable alternative for the disposal of its waste, much of which is generated by the provision of essential services to thousands of park visitors each year. Prohibiting this community from using the existing or proposed NPS transfer station may result in the illegal disposal of waste on park lands, or other disposal practices which would degrade the natural resources of LACH. In this exceptional situation, accepting non-NPS-generated waste for transfer and ultimate disposal outside the park boundary poses significantly fewer environmental land use concerns than would other alternatives. This determination is supported by the analysis contained in the November 2014 Replacement of Administrative Facilities at Stehekin Environmental Assessment (EA), which examines the environmental impacts of the continued operation of the existing NPS transfer station, and the construction and operation of the new transfer station, which will employ contemporary environmental methods for handling waste.

Conclusions

The NPS concludes that there are no anticipated impacts on small businesses directly associated with the proposed regulatory action of authorizing a park-specific regulation in 36 CFR 7.62 to create a limited exception to the Part 6 requirements for authorizing an existing NPS transfer station within the boundary of LACH that does not achieve all of the siting requirements in Part 6 and accepts non-NPS waste generated by the Stehekin community. This proposed regulatory action is not expected to have an annual economic effect of \$100 million, or to adversely affect an economic sector, productivity, jobs, the environment, or other units of government.

The proposed regulation will bring the NPS into compliance with 36 CFR Part 6 regulations regarding the management of solid waste thus allowing NPS to initiate compliance with Director's Order 35B by establishing the new fee structure to non-NPS users. Based on current transfer station use levels, three local small businesses could incur total combined annual fees of up to \$57,000 under the proposed action (Alternative 2) depending upon the amount of solid waste generated (NPS 2014). However, the volume of solid waste being produced within the valley is expected to decrease dramatically once the new fee structure is implemented because of the monetary incentive to divert waste from the transfer station (i.e., reduce, reuse, or recycle). Therefore it is anticipated that trash quantities and associated fees will be less than estimates based off current use levels. Trash services are a typical component of general business operational costs. While the fee would result in newly imposed costs for Stehekin businesses, these are costs that are currently occurring but are being subsidized by the NPS (and federal taxpayers). Phased implementation of cost recovery is anticipated once the regulatory action goes into effect to ensure that non-NPS users would experience no more than a 10% rate increase per year, based on an initial or baseline rate calculation.

References

- National Park Service. 2012 Stehekin River Corridor Implementation Plan and Final Environmental Impact Statement. North Cascades National Park Service Complex: Lake Chelan National Recreation Area. National Park Service, U.S. Department of the Interior.
- National Park Service. 2014. Replacement of Administrative Facilities at Stehekin, Public Review Environmental Assessment. September 2014.