

SOLID WASTE MARKETING & PLANNING ISSUES

DRAFT NOTES FROM STAKEHOLDER MEETING #3 –April 23, 2012

The Workgroup reviewed the draft meeting notes from April 2nd and revisions have been made, with draft recommendations reflecting the general consensus of the workgroup.

Regionalized Collection

-Another factor inhibiting the coordination of private collection services on the same street is that there is precedence in NJ for a town having to reimburse a collector if a town puts a limit on the number of collectors that may operate on the same street.

NEW TECHNOLOGIES

-Use of LNG or CNG may be preferable, especially in air non-attainment areas (i.e. areas with air quality issues).

-There's a LNG fuel station in Camden that is open to public, but there are only two users (Temple University buses and a solid waste company). More dispensing facilities are needed but are difficult to site.

-Using landfills to generate fuel has potential in NJ, but there's concern about eliminating organics going to landfills, which will reduce revenues, and increase debt.

-There are other uses, not just landfills, to create fuel that may be more efficient such as anaerobic digesters.

-NJ's Green energy goals may direct organic waste out of landfills.

SOLID WASTE MARKETS

-Recently a couple of towns have been in the newspapers about dropping municipal solid waste collection services and force residents to pick up a private collector as they identify ways to stay below the 2% budget cap. There is a draft bill by Senator Sweeney to prohibit towns from passing solid waste costs to residents outside of the 2% cap, unless the town forms a utility to do so.

-Recycling markets are creating an incentive to increase recycling, which helps lower disposal costs.

The world is moving away from using landfills and industry is seeking ways to minimize waste going to landfills; however, there will be a need for landfills to dispose of waste that cannot go anywhere else.

-Need to conserve landfill space for materials that can't go anywhere else, especially construction waste.

-Costs to collect and transport waste exceed the cost of disposal. We should be looking at ways to increase the collection of organic wastes to create fuel through regionalization.

-Once the solid waste truck is full, the economies of scale end.

-In the US, the ratio of private versus government operators of solid waste facilities is about 75:25.

-There are brokers operating in NJ without A-901 approvals, which represent a large, hidden group. NJDEP needs to strengthen its monitoring to catch them since they're stealing work from licensed utilities.

-Tip rates vary widely, with the widespread application of discounts that are not identified in the tariff. Not all customers within a certain class may be offered a discount, frustrating fair and effective competition and providing undue preferences contrary to NJ utility laws.

Recommendation: Tariffs should be amended to include all discounts that may be offered to different classes of customers (e.g. based on volume, paying upfront, pre-processed, etc.) and the methodology used by a utility to provide discounts so that it's fairly applied to all eligible customer classes.

-NJDEP will share a new draft tariff format with the Workgroup.

-Transparent process by NJDEP to review debt and rates will provide more equilibrium in the solid waste market.

-Solid waste is driven by waste market sheds yet county boundaries interfere, especially when waste flow control is imposed.

SOLID WASTE DEBT/ECONOMICS

-Concern that the State of NJ is making decisions based on debt, not on the most environmentally sound. Debt is stopping change in NJ.

-Cape May County is already making the best use of its waste stream. The economics in each county should drive decisions and technologies.

-Before a county incurs more debt, the State should require an analysis on why the facility is needed, if there's available capacity nearby.

- A change in administration may mean that counties will begin to receive stranded debt payments again.

-Waste flow control causes solid waste vehicles to travel further without regards to fuel savings, time, and pollution.

Recommendation: Prior to approving new or refinanced debt, NJDEP should review a county's entire solid waste management system (debt, disposal, recycling rates, household hazardous waste program, disposal rates, debt pay down, escrow accounts, etc.) to ensure that the incurrence of new debt is necessary and financially sound. NJDEP should ensure that the revenues are sufficient to make debt payments.

Recommendation: DEP and DCA should develop guidance and criteria for counties to consider when contemplating new debt and the county should provide a full cost accounting of its solid waste operations with any request for State approval to incur new debt or to refinance old debt.

Recommendation: Each county with debt should have a reserve fund to use when revenues fall short, based on the specific needs of each county (used to be called Rate Stabilization Fund).

NOTE: There was an apparent law change that allows a county to access the reserve of a utility authority about 2-3 years ago, and they may take 5-10% of the reserve, which undermines the financial stability and long-term planning of a utility authority.

Proposed Recommendation-If a county has waste flow control, there should be a capital investment fund established to pay for new technologies and facility improvements to keep future borrowing at a minimum.

Proposed Recommendation-For counties with debt that exceeds the expected life of the solid waste facility, they should be required to dedicate a portion of their revenues starting now to pay the debt that remains following when the facility is closed, or to pay off the debt prior to the facility closing if there is no pre-payment penalty. New financing petitions to cover old county solid waste debt to be paid over a longer time period should be discouraged.

Proposed Recommendation-If a county has no debt, waste flow control should not be approved.

Proposed Recommendation-Recycling revenues collected by counties should only be used to reinvest in its solid waste management system and to offset tip rates.

Proposed Recommendation-Every user of a solid waste facility with public debt must contribute towards paying this debt as part of the tip rate.

NEXT MEETING: Monday May 7th 9:30am-noon
NEW LOCATION! 22 South Clinton Avenue, Conference Room B

DRAFT AGENDA:

-Review meeting #3 notes & recommendations; comments on draft Tariff form

-County Planning & Siting Criteria for new or expanded solid waste facilities; what issues should NJ consider when reviewing requests for a new or expanded facility? Is there anything that NJ isn't considering when conducting its current reviews?

-Regionalized vs. county planning & capacity. Currently NJ has a planning system whereby each county develops a comprehensive solid waste management plan to manage its waste. Is it appropriate to transition to regional planning? What are pros and cons to a regional approach?

Why shouldn't NJDEP consider regional capacity when making decisions on new or expanded facilities?

-In environmentally overburdened communities, what opportunities and challenges exist to properly manage solid waste and recycling? Are there closed landfills or dumps in these communities that can be addressed and in what way(s)?