

This article is from 1997. It illustrates how Montgomery County and other counties have suffered financially right off the bat with their wte facilities--and how wte clearly competes with recycling:

Trash Shortage Could Lay Waste to Area Budgets

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After years of public efforts to increase recycling and cut the amount of trash headed for landfills, an entirely different crisis now confronts Washington area governments: a trash shortage.

There simply isn't enough trash available to pay the bills at publicly owned landfills and incinerators, waste managers say, thanks to successful recycling programs, more efficient waste-management practices and competition from huge international firms that are opening private dumps in Maryland and Virginia.

The complex economics of trash are playing havoc with county and city budgets, putting bond ratings at risk and causing tax increases for area residents, said Joan Rohlf, principal environmental planner for the Metropolitan Washington Council of Governments. Trash tipping fees - which jurisdictions charge to dump a truckload of trash at their incinerators and landfills -- have become cherished sources of revenue. When the amount of trash drops off, so does revenue, sometimes by millions of dollars. In some cases, counties depend on the money to repay debt incurred to build huge trash-burners or dumps.

The need for trash has Fairfax County importing it from outside the state and has Montgomery, Prince William and other counties competing for refuse by cutting tipping fees.

It also has elicited criticism from those who favor expanding recycling efforts. They argue that local governments invested too heavily in incinerators and landfills, making them reluctant to recycle more trash because it means they won't have enough to burn or bury.

In Fairfax, 12 of 18 members of a citizens' advisory committee on solid waste quit in protest last month, forcing the group to disband. They said the county Board of Supervisors ignored warnings years ago that Fairfax would have difficulty repaying the \$250 million in bonds it sold to build the incinerator at Lorton.

The committee members also complained that the incinerator -- and Fairfax's need to deliver a daily quota of 3,000 tons of trash to it -- has made officials reluctant to increase the trash the county recycles.

"We felt there should have been a plan for something like this," said David N. Petersen, a Fairfax County school administrator and a member of the advisory committee.

"We wanted vision, and politicians don't deal in vision unless it's an election year," said Petersen, who didn't resign but said he supported those who did. "Now the county is having to be in competition with people who do this as a business, but they don't have the same kind of latitude that private industry has. . . . It raises one of the questions I think we should be asking: Why is Fairfax County in the trash business to begin with?"

County officials acknowledge that the overcapacity of disposal sites makes it tougher for Fairfax to find enough trash, but they say local governments have always had a responsibility to collect trash. Besides, they say, now that the incinerator has opened, the county has to operate it.

The trash shortage arose in part because of a 1994 Supreme Court decision that ended local government monopolies over disposing of the waste their communities generate. Now local governments must compete against huge private waste-management companies for the privilege of hauling, burying and incinerating trash.

The stiff competition led to a "tipping-fee war" last summer at area dumps and incinerators as governments cut dumping prices to keep customers and find new ones.

"It's happening across the region," Rohlf said. "Everyone's lowered their tipping fee in this competitive market."

As the fee war escalated, Prince William lowered its charge from \$55 to \$45 a ton. Loudoun County followed suit but then decided to opt out of the competition and reinstated its old fee of \$55.

In Southern Maryland, Calvert County slashed its fee from \$69 to \$39, just \$1 below the price charged by neighboring St. Mary's County. The problem is most acute in Fairfax, where investors are nervously eyeing the rating on a \$250 million bond that paid for the seven-year-old

Lorton incinerator. The incinerator operation's ability to cover the bond payments came into question last year when Fairfax forecast a \$2.1 million drop in incinerator revenue because it had to decrease its tipping fee by a mere \$3 per ton.

"There's been a lot of nervousness after Orange County [Calif.] went bankrupt," said Joyce Doughty, director of solid waste management for Fairfax County. "When you have less security, you have more nervousness on the part of bondholders that there is perhaps less of a commitment on the part of Fairfax County" to cover its obligations.

To meet the incinerator's costs of \$37.6 million a year, Fairfax has resorted to importing trash from the District, Maryland and Prince William.

The county is also scouring the Eastern Seaboard for potential dumpers, Doughty said. Fairfax has opened its incinerator to mountains of discarded tires from Virginia and Maryland, debris from oil spills, out-of-date pharmaceuticals and drugs seized by U.S. narcotics agents.

Montgomery County does not have that luxury, although it's under the same pressures. The County Council has banned the importation of refuse from other jurisdictions, reasoning that Montgomery residents do not want their county to become a regional dumping ground. But Montgomery still had to cut its tipping fee from \$59 to \$44 last spring to avoid losing business to neighboring counties and private dumps. It has had difficulty meeting a 1,200-ton daily trash target for its \$360 million incinerator, which opened last summer.

The cut in the tipping fee helped the county boost its daily trash tonnage by 13 percent, said Robert Merryman, deputy director of public works and transportation.

But he warned that Montgomery's problems are far from over, because residents and businesses are recycling 35 percent of all waste, and the county plans to increase that to 50 percent by 2000. Added recycling has already helped prompt Montgomery to start cutting trash pickup from twice to once a week. Merryman said plans for even more recycling will make it tougher to stoke the incinerator.

Last year, Montgomery increased its annual trash collection fee for homeowners and businesses from \$191 to \$196. Merryman warned that if tipping fees don't continue to cover costs, further increases in the tax -- called the systems benefit charge -- are possible.

Fairfax is recycling 36 percent of refuse it collects. That's more than the 25 percent required by the state, but former members of the advisory committee want Fairfax to follow Montgomery and increase it further.

Fairfax officials, however, say they plan to hold the line at 36 percent, because they can't afford to divert any more burnable trash to recycling and they are afraid they wouldn't be able to find markets for more recycled material.

"You hate to be in a position of setting a goal of recycling a certain amount and then having to pay to get it off our hands because we can't sell it," said Supervisor Sharon S. Bulova (D-Braddock). "If there is too much recycling, you raise the possibility of having to raise taxes for getting it off our hands."

Bulova said the board never considered getting out of trash disposal, because "that has always been a traditional responsibility of government."

Meanwhile, companies such as Browning-Ferris Industries and Waste Management Inc. have intensified competition among governments. In 1995, Waste Management undercut Prince William County and won a contract to handle 400 tons of waste a day from Manassas. A 4,000-ton-per-day private landfill opened in December near Fredericksburg, Va.

Area waste managers fear the additional capacity could spur a new fee war, and so could the District's plans to seek cheaper waste-management outlets than the one in Fairfax.

Doughty said the 216,000 tons of trash from the District each year are crucial in helping Fairfax meet its 3,000-ton daily quota. Fairfax produces an average of only 1,960 tons of trash a day. If Fairfax doesn't hit its trash quota, it must make up the lost tipping-fee money.

Also, because Fairfax's incinerator generates electricity that it sells to Virginia Power Co., less trash means less power output -- and penalty charges for the county.

"If we don't reach our commitment, we have to pay the price," Doughty said.