



Emerald Waste Services

Presentation to Gainesville City Commission

April 15, 2010

Who is EWS?

A leading independent waste management company, serving the Gulf Coast and Central Florida

Local non-exclusive commercial waste hauler, and exclusive contract residential waste hauler for City of Gainesville and Alachua County

Local employer of 115 workers with pay range of \$40,000 to \$70,000 and \$6 million local payroll

First company to join “Business on the Look-Out” anti-crime program in Alachua County



Re-Analyze SW Policies

- Fiscally stressed County transfer station (built 1998)
- Problematic contract terms with regional landfill
- Public policy concerns
 - Favor out-of-county disposal
 - Favor investment in waste recycle/reuse industry

EWS advocates comprehensive solution to County's SWM fiscal dilemma – not stop-gap measure

BOCC April 13, 2010

Unanimous support to find broad solution

- Motion Synopsis:
 - Staff directed to examine exclusive franchise, non-exclusive franchise, public/private partnerships, and other available options
 - Analyze options' effect on 75% recycling goal, LBEP
 - Analyze effect on NRSWA contract
 - Retain outside counsel

Deferred exclusive commercial franchise

- Seeks discussion with elected city officials at 4/29/10 joint meeting
- Seeks written intent from NRSWA re: renegotiation
- Seeks comparative data and business models for sustainable facilities

“Bankrupt” transfer station

-- PW Director, 4-13-10

County Transfer Station Economics

\$51.10/ton – County tipping fee
\$52.14/ton – County total cost
(\$1.04/ton) – County operating
loss

\$36.19 to \$28.84/ton - Clay
County contract disposal rates,
depending on waste type

- Transfer Station operates at a loss
 - Non-fee revenue subsidy
 - Unused design capacity (1,200 TPD); highest use-627 TPD (2008); 634 TPD (2007)
 - EWS did not re-open its transfer station until January 25, 2010, taking 195 TPD to its facility
- EWS not responsible for fiscal stress, especially issues predating EWS' creation (2006)
 - From 2004-2008, County transfer station cleared operating profit one time (EWS reopened its station 1-25-10)
 - Problematic guaranteed minimum disposal cost would bind County – regardless of private sector decisions

County's Conundrum

- Insolvency of County transfer station put off 18 months, assuming cooperation of City and NRSWA
- Reduced waste volumes blamed
- County contractually required until 2018 to pay minimum fees to regional landfill, regardless of waste volume
- Statewide goal of 75% recycling from wastes incinerated/taken to landfills (1% of SW fee revenue now)
- Necessary result of meeting state goal will be lower waste volumes and higher per/ton landfill fees



**Alachua County Solid Waste Management
Financial Analysis
of the
New River Solid Waste Association's
Proposed Tipping Fee Structure Through 2020**

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Prepared by: Division of Solid Waste Management
Office of Engineering and Compliance Monitoring
August 19, 2009

Status Quo favors New River

- Alachua County pays 80.9% of NRSWA's tipping fees, but delivers only 71% of the wastes disposed at the regional landfill
- NRSWA is prospering...no debt, reserves have tripled to \$20m, total assets up 5-fold
- NRSWA seeking largest expansion yet; Alachua Co. fees will fund 2/3 of the project, but County will own no air rights – expansion not open before 2020
- Only landfill in recent years larger than proposed NRSWA 50-acre cell is a 64-ac Polk Co. landfill that takes 2X waste

(Source: 2009 PWD study of audited NRSWA reports)

Alachua County SWM Financial Analysis of NRSWA Proposed Tipping Fee (2009)”

“The (NRSWA) Rate Study omits a large revenue stream – interest on cash and investments (\$400,000/yr) – and this omission overstates the need for other revenues, which are almost completely derived from tipping fees.

“The Rate Study employed an unusual method of accounting for some costs. For example, in 2008, it listed ...costs of \$700,000 for work that was not performed in that year. JEA stated those were budget numbers that management requested be included in the Rate Study. Typically, rate studies only include actual or projected expenditures, not budget numbers. The effect here was to reduce Retained Earnings from \$1.1 million to \$417,000.”

*Omission skewed need for fee hike
“Unusual” accounting method*

NRSWA: Issues of Public Trust

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PRESS RELEASE

For Immediate Release
December 9, 2009

CONTACT PERSON:
Cheryl Forchilli

May be accessed on the Internet at:
TALLAHASSEE—December 9, 2009
meeting in Tallahassee on December 4”,
public officers and one former public officer.
Chairwoman Cheryl Forchilli announced to
determination that a violation has occurred.
full evidentiary hearing on the charges.

For complaints against the Lieutenant
Financial Officer ALEX SINK and Attorney
of interest of the Ethics Advocate who is an
office. The Commission selected Craig B. I
Commission Advocate and Assistant Attorney

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Alachua County SWM Financial Analysis of NRSWA Proposed Tipping Fee (2009)

“DDF CPA Group, the auditors for NRSWA, noted in its 2008 Audit an irregularity in the member counties’ payments of the nominal \$24/ton charge and the “surcharge” or re-imburements, see page 23: ‘We noted during our audit that the Association has been applying the surcharge rate to tons for which no charge had been applied, the result of which is an overpayment of the surcharge amounts to the participating member counties. Further, surcharge amounts are paid before the counties have had a chance to review their billings and make payment. It is not economically equitable for either the Association or the non-participating member county to continue this practice of paying surcharges on tonnage for which there has been no charge. We recommend that the Board and management develop procedures for staff to implement.”

“Irregularity”: member payments
“Overpayment”: member reimbursements

NRSWA: Issues of Public Trust

- New River funds capital projects by accumulating “significant amount of reserves before the project is constructed”
- Potentially shift future user’s cost onto current user, according to staff consultant
- “In the (NRSWA) Rate Study...the Association is proposing a large scale expansion for which Alachua County will receive no benefits -- the proposed 50-acre mega-landfill cell.”
 - 2/3 of this \$16 million project will be borne by Alachua and Gilchrist County ratepayers
 - no rights to airspace
 - “obvious inequity”

FACTS:

In 2008, New River paid \$625,000 in dividends and “host fees” to its 3 member counties. Their real, combined disposal rate: \$10.65/ton

Union County paid \$4.85/ton- US lowest Alachua County paid >\$28/ton

Net income to New River exceeded \$2 million in all but 2 of the past 10 years

Net operating income to Alachua County’s transfer station has yet to break \$200,000/year

NRSWA Cash reserves/assets rose in 10 years from \$4.4. million to \$14.6 million – due largely to Alachua County fees

- Having options and competition ensures taxpayers get the best deal
 - Garbage monopoly by government does not protect or benefit taxpayers in Alachua County
- New River will continue to pay high dividends to members, increase fees, levy surcharges when waste streams decline
 - 10 years of rate increases
 - County study: drop rate \$2.50/ton, roll back \$2.35 hike
- New River will continue to urge capture of all waste and delivery to its burgeoning facility

SOLUTIONS?

- Business models differ
 - See: June 2009 “Local Gov’t SWM Survey” by Florida Legislative Committee on Intergovernmental Relations
 - Regional approaches can work
 - “biggest hurdles” can be overcoming parochial interests (minutes, 12-1-06 regional SW meeting, 11 gov’ts attending, at Marion Co. landfill)
 - Private partners advisable
 - Clay County: consultant recommended public-private partnership (2009)
 - Waste now goes to Chesser Island Road landfill in Folkston, GA (near Nassau Co.)
 - Clay County seeking private firm to build/operate new landfill to save costs (April 13, 2010 Fla. Times-Union)

Recommendations...

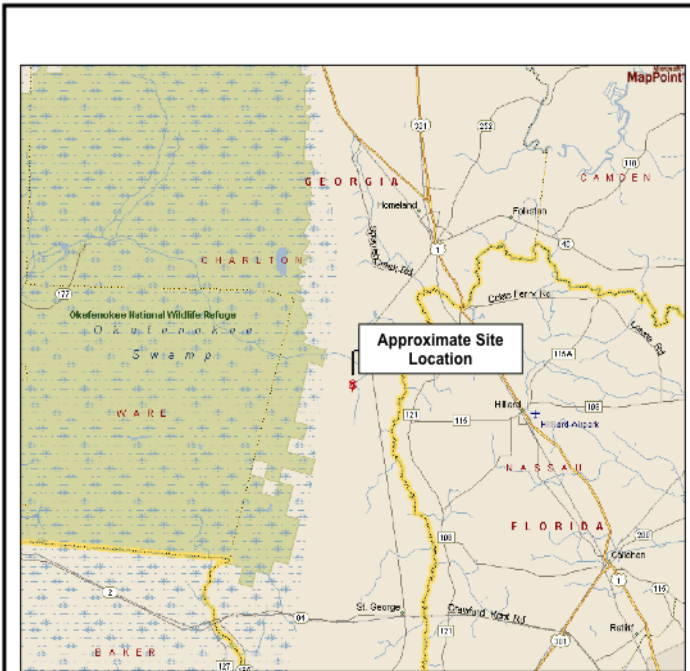
“Public-private partnerships should also be pursued...”

[EWS estimates \$7.35m taxpayer savings over 7 years if privatize Alachua Co. transfer station; EWS did not analyze entire SW system]



Location:

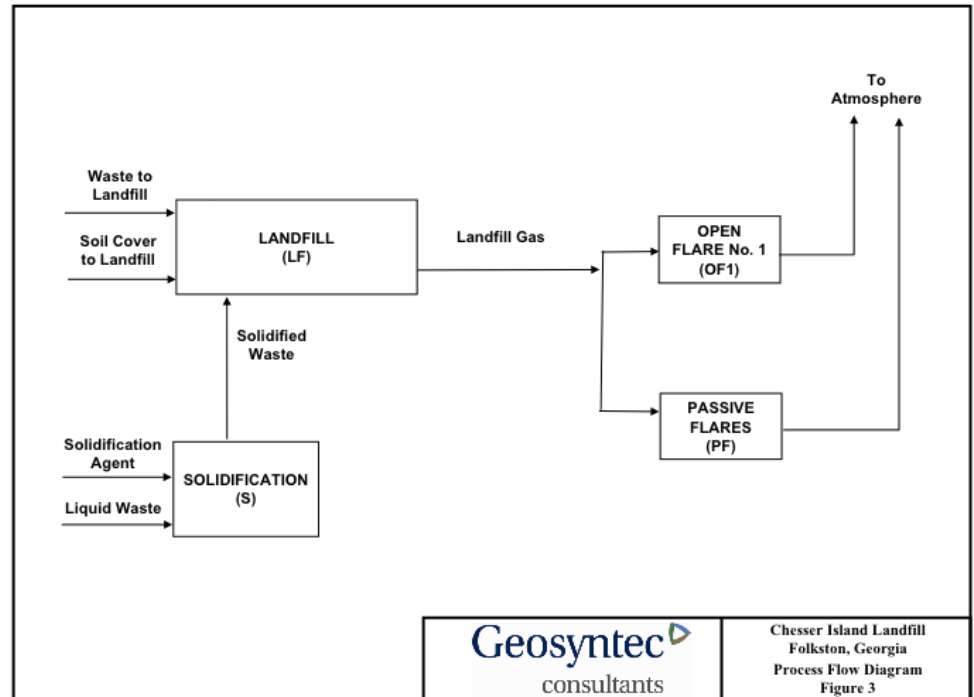
- Chesser Island Rd. Landfill
 - Owned by WMI
 - EPA Title V air permit
 - GA State permit; GA DRI
 - Lined, gas collection system



Geosyntec
consultants

Figure 1
Approximate Site Location

Chesser Island Landfill
Folkston, Georgia



Geosyntec
consultants

Chesser Island Landfill
Folkston, Georgia
Process Flow Diagram
Figure 3

“ ‘Faster’ is not necessarily the best course of action...”. *County Commissioner Rodney J. Long, 4-13-10*

- **RECOMMENDATIONS**
 - Continue close partnership with County Commission on SWM matters
 - Re-analyze current SWM business model; ID cost-effective adjustments
 - Implement public-private partnerships, as the IGCC suggests, where necessary