Hearing on Waste-to-Energy Technologies  
Committee on Sanitation and Solid Waste Management  
New York City Council  
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Good afternoon and thank you for the opportunity to testify. I am Carol Kellermann, President of the Citizens Budget Commission. The Citizens Budget Commission, founded in 1932, is a non-partisan, nonprofit civic organization whose mission is to achieve constructive change in the finances and services of New York City and New York State government.

We are not environmental scientists. I am here because CBC has some knowledge about the fiscal implications of waste management, and we want to share some basic facts and figures with you that are important to know as you consider the City’s policy in this area. In April 2011, we reviewed the environmental and economic impact of city policy, including solid waste management, in New York’s Green Policies: Too Much or Too Little, A Competitive Perspective.

New York is being wasteful in its waste management practices. We could save tens of millions, perhaps even hundreds of millions, of dollars without harming the environment by more sensibly managing New Yorkers’ solid waste. An improved system for waste collection and disposal could prevent further reductions in education and other essential services in coming budgets. Simply put, by cleaning up our act with respect to waste management, New Yorkers can put their money in better places than trash cans.

In support of this basic theme, I put forth four essential points:

1. **First, waste management is an important and expensive activity.** Its importance is self-evident; no one wants trash piling up on the streets and creating health hazards. We cannot do without a government organized system for waste management.

But the large expense attached to this activity is typically not so well understood. In round numbers, solid waste management is costing New Yorkers about $4 billion annually.

That sum is divided nearly evenly between the $2 billion in fees paid by commercial enterprises to have their trash taken away by private haulers and the $2 billion of taxpayer funds allocated to the municipal Department of Sanitation (or DSNY) to remove waste generated by residents in their homes and by certain public and nonprofit institutions such as schools and hospitals. The fees of private haulers are regulated and currently capped at $208 per ton. The average cost of collecting and disposing of waste by the DSNY is more than double that -- $440 per ton. The $2 billion of taxpayer funds is more than $600 annually or about $50 monthly per household to get rid of garbage. That is a large bill for a basic, low-tech service.
2. **Second, the best way to save money in waste management is to generate less of it.** Garbage collection and modern medicine have much in common. In medicine, an ounce of prevention is worth a pound of cure; in waste management in New York a ton of waste avoided could be worth $160,600 annually (that is $440 per ton times 365 days).

New Yorkers are a competitive lot, but when it comes to producing garbage we excel in the wrong direction. Among the ten largest cities in the nation, only Chicago and San Francisco generate more waste per capita than New York, and on a per job basis only Chicago produces more waste. A 10 percent reduction in the amount of waste we generate would still leave us near the middle of the pack for large cities, but that 10 percent reduction could save about $205 million annually.

A significant reduction in waste will not happen spontaneously. Some combination of new regulations and incentives likely will be necessary. Among the ideas used elsewhere that New York City should test for their effectiveness here are “pay to throw” fees for collection and the tax on plastic bags considered by the Council in 2008. Such policies would signal the fiscal and environmental cost of waste collection and disposal.

3. **Third, in New York City recycling is more expensive than refuse – paradoxically, that means we have to do more recycling, not less, in order to save money.** The cost for handling recycled material is $575 per ton; the cost for collection and disposal of non-recycled materials is $392 per ton. The difference is attributable to the much higher collection (as opposed to disposal) cost for recycling - $548 versus $241 per ton.

Recycling can and should be cost-effective. The way to make recycling cost-effective is to get the collection costs down, and an important way to get the collection costs down is to achieve greater economies of scale. The DSNY’s regular refuse collection trucks average 10.0 tons per shift; recycling trucks average just 5.2 tons per shift. We need to be getting more material into those recycling trucks.

New Yorkers have a poor record in recycling. We recycle about 15.4 percent of our residential waste; the current rate puts us 14th of 26 large international cities studied by PricewaterhouseCoopers. The DSNY has estimated a feasible target recycling rate is 35 percent; that would cut the collection cost per ton more than in half and make it more cost-effective than handling refuse.

4. **Fourth, New York City disposes of the material it does not recycle in what is possibly the most expensive and environmentally destructive manner imaginable; better and cheaper options are available.** Since the closing of the Fresh Kills landfill on Staten Island in 2001, the DOS has had to find a final resting place for about 3.4 million tons of garbage annually. What do they do with it?

About 42 percent of waste is sent to landfills in Virginia, Ohio and Pennsylvania on large, long-haul trucks. These trucks will log about 20 million miles this year, emitting greenhouse gases and clogging the roads the whole way. Another 44 percent of city garbage is loaded onto railcars and shipped 689 miles to Waverly, Virginia or 953 miles to Bishopville, South Carolina. The City has sought long-term contracts for railcar export to reduce truck usage and to achieve price stability. These goals are laudable, but because such waste haulers must use landfills with rail access and long-term capacity, these contracts are expensive. Current contract prices range from $92 to $130 per ton.
There is a better way. About 408,000 tons of city garbage travels only a short distance to resource recovery facilities in Newark, New Jersey and Hempstead, Long Island. These facilities use proven and clean technologies to convert waste to energy, and they sell the electricity to local utilities and customers. The facility in Newark processes over half of Manhattan’s municipal waste and charges the City $65 per ton. Because, unlike landfills, such disposal facilities have the same capacity each year, their fees are relatively stable, increasing at about the rate of inflation. Other nearby resource recovery facilities include six in Connecticut, with fees ranging from $60 to $69 per ton. The fee for a plant in Bristol, Connecticut has increased only $9.50, or 1 percent annually, since 1994, reaching $64.50 this year. Lowering the average disposal cost of 2 million tons of garbage from about $90 to $65 per ton would achieve a savings of about $50 million annually. That is the equivalent of 507 teachers or 305 police officers.

Beyond cost savings, modern resource recovery facilities offer environmental benefits, including reduced reliance on fossil fuels and avoided emissions from long-distance transport and decomposition in landfills. Ten plants in New York State operate within strict air emission permits and generate 300 megawatts of electric power annually while lowering state greenhouse gas emissions by 4 million tons. The dual benefits of budgetary savings and environmental improvements make greater reliance on waste-to-energy plants a goal worth pursuing. The DSNY should aggressively pursue new options to send our garbage to expanded or newly constructed facilities within the city or region.

Greater use of waste-to-energy plants is a clear win-win situation for taxpayers and the environment, and it ought to be a high priority goal in coming years. However, it is worth noting that the collection stage of solid waste management also warrants attention for greater efficiency. More than half of each household’s $50 monthly bill is going for collection rather than disposal, at a collection cost of $241 per ton of refuse. That cost has been rising steadily in recent years. It is up 56 percent from $154 per ton in 2005. The DSNY management should work cooperatively with the Uniformed Sanitationmen’s Association to reverse this troublesome trend.

I will conclude where I started – New York should end its wasteful waste management practices. Generating less garbage, recycling more of it, collecting it more efficiently, and disposing of it in cheaper and more environmentally friendly ways are priority policy directions to pursue. There are much better ways to use our valued tax dollars than to literally throw them in the trash can.