

# A Critical Look at the Harrisburg Incinerator Project Finances

November 5<sup>th</sup>, 2003

Coalition Against the Incinerator

[www.StopTheBurn.com](http://www.StopTheBurn.com)

## Financial Optimism

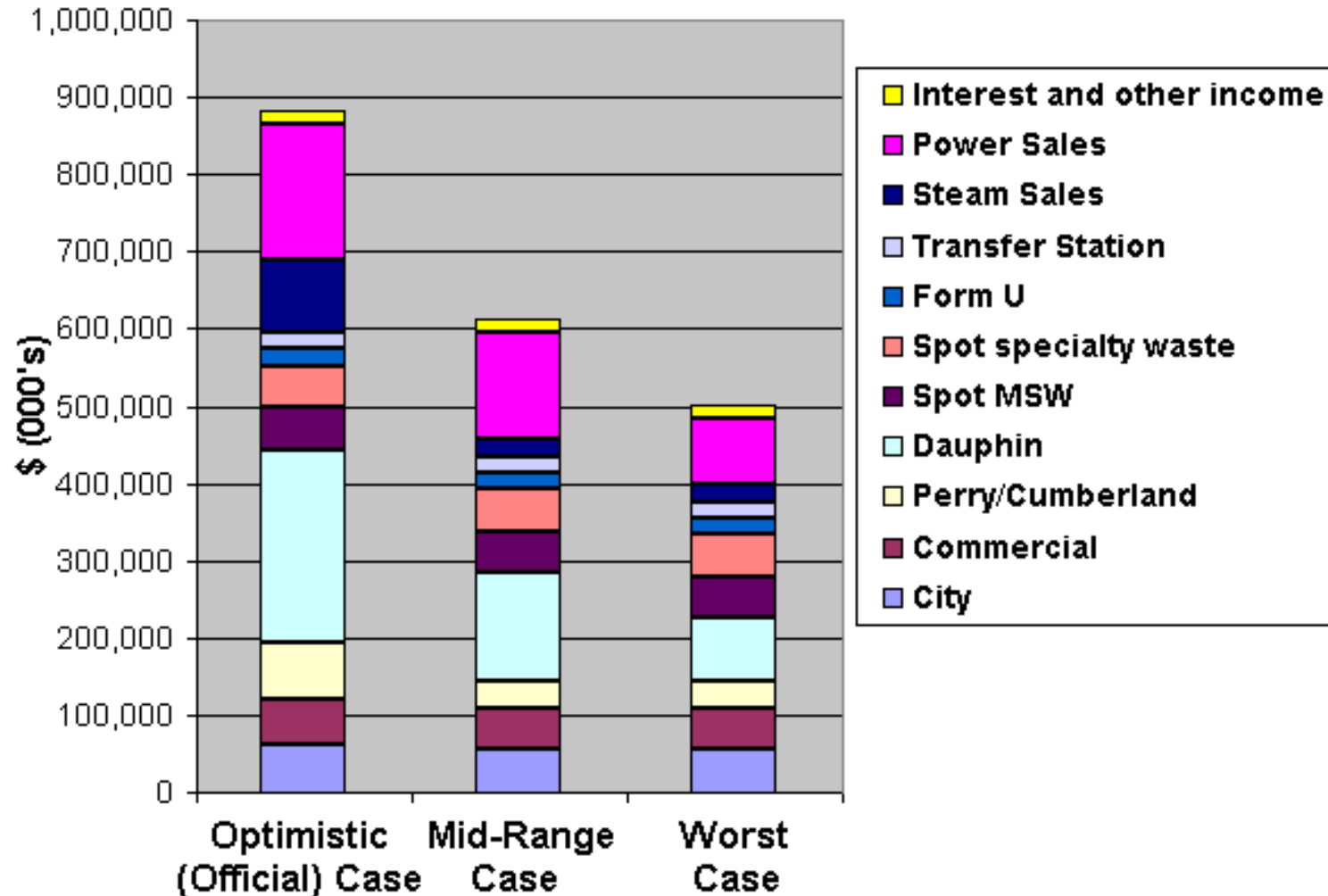
**“The City has updated a financial evaluation that summarizes expected cash flow for the project. The assumptions inherent in that evaluation are relatively optimistic.”**

-Buchart-Horn Report to City Council  
(9/18/2003)

# Existing Debt vs. Incinerator Project Possibilities

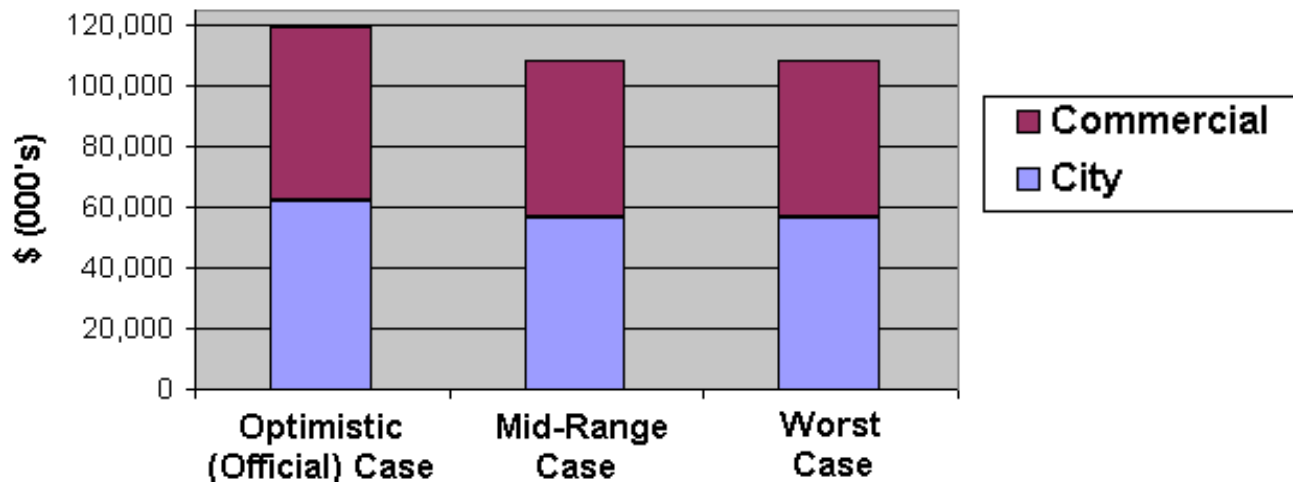


# Lifetime Costs of Incinerator Project Income



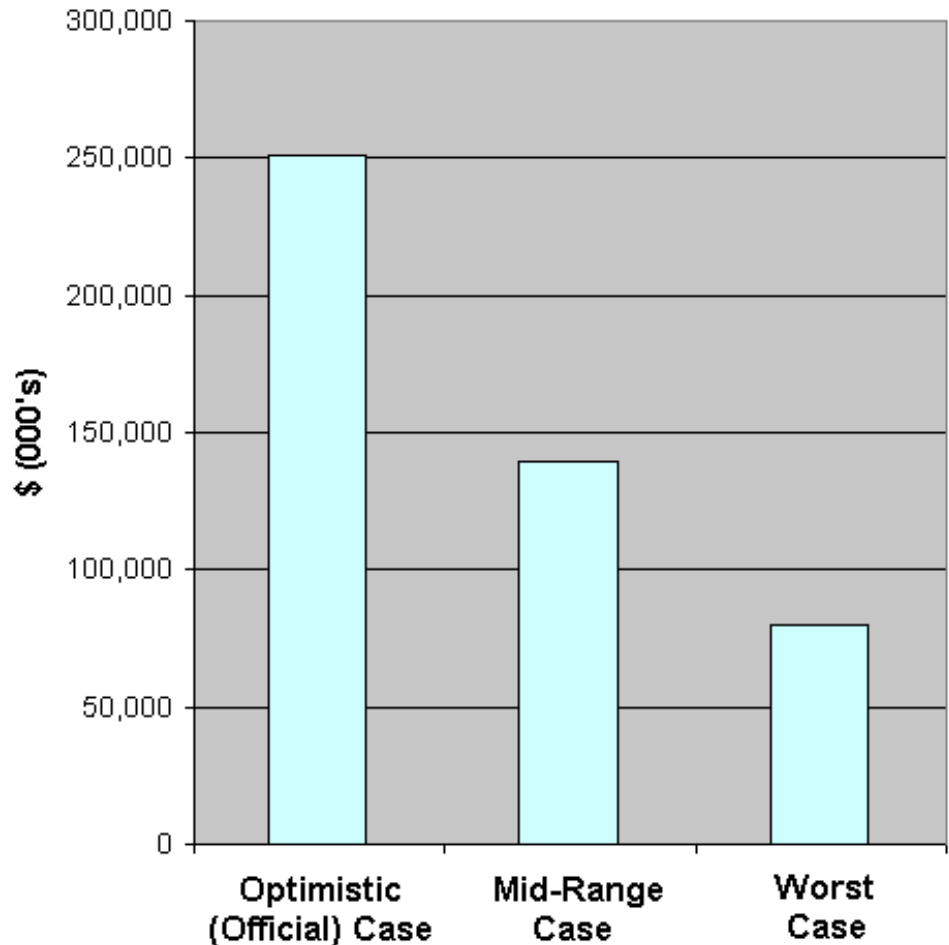
# City Waste

- \$50/ton for City Residents and Businesses
- Mid-Range and Worst Case assume a 10% waste reduction starting in 2008
- Incineration DOES compete with recycling
- **IMPACT: \$11.3 million**



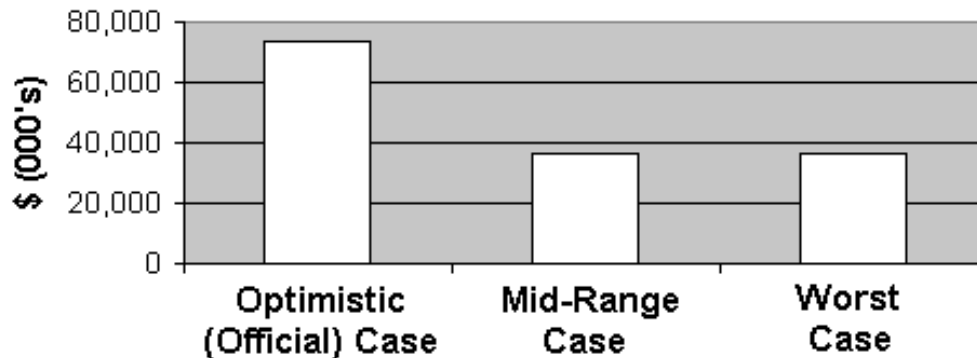
# Dauphin County

- Pennsylvania Waste Industries Association has an active legal appeal of the County's Solid Waste Plan, which directs county trash to the incinerator
- Such "flow control" is illegal and has been stricken down by the Supreme Court
- WMI's contract with the Authority leaves WMI with an option to sue over flow control
- **IMPACT: \$112 to 171 million**



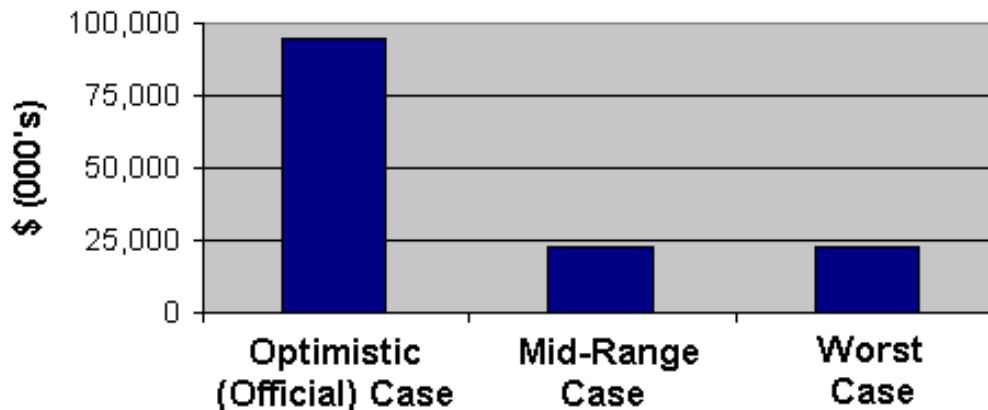
# Cumberland and Perry Counties

- Perry County contract expires mid-2005, before incinerator would even open
- Cumberland County contract doesn't last for more than half the life of the incinerator
- Perry and Cumberland contracts provide no guaranteed minimum amount of waste
- **IMPACT: \$37 million**



# Steam Sales

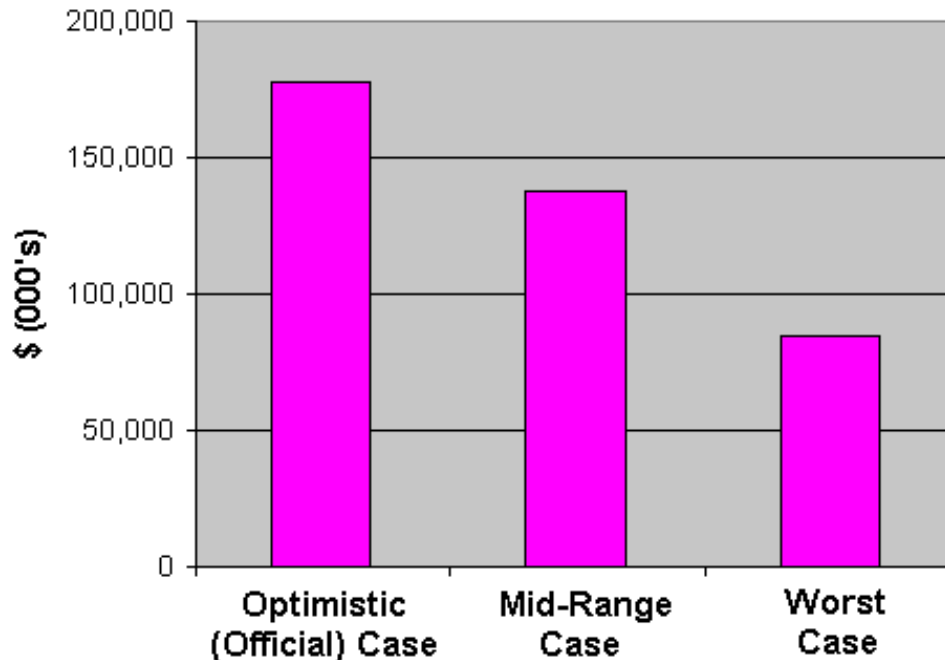
- NRG contract assures **no** minimum steam purchase
- Sales price in NRG contract is variable
- City hopes to sell steam for 69% more than Barlow estimates
- The City estimates steam generation 2.5 times higher than Barlow – the incinerator designer – projects
- City expects to make \$3.2 million/year (Barlow projects \$788,000), yet sales only exceeded \$200,000 once since 1995
- **IMPACT: \$72 million**



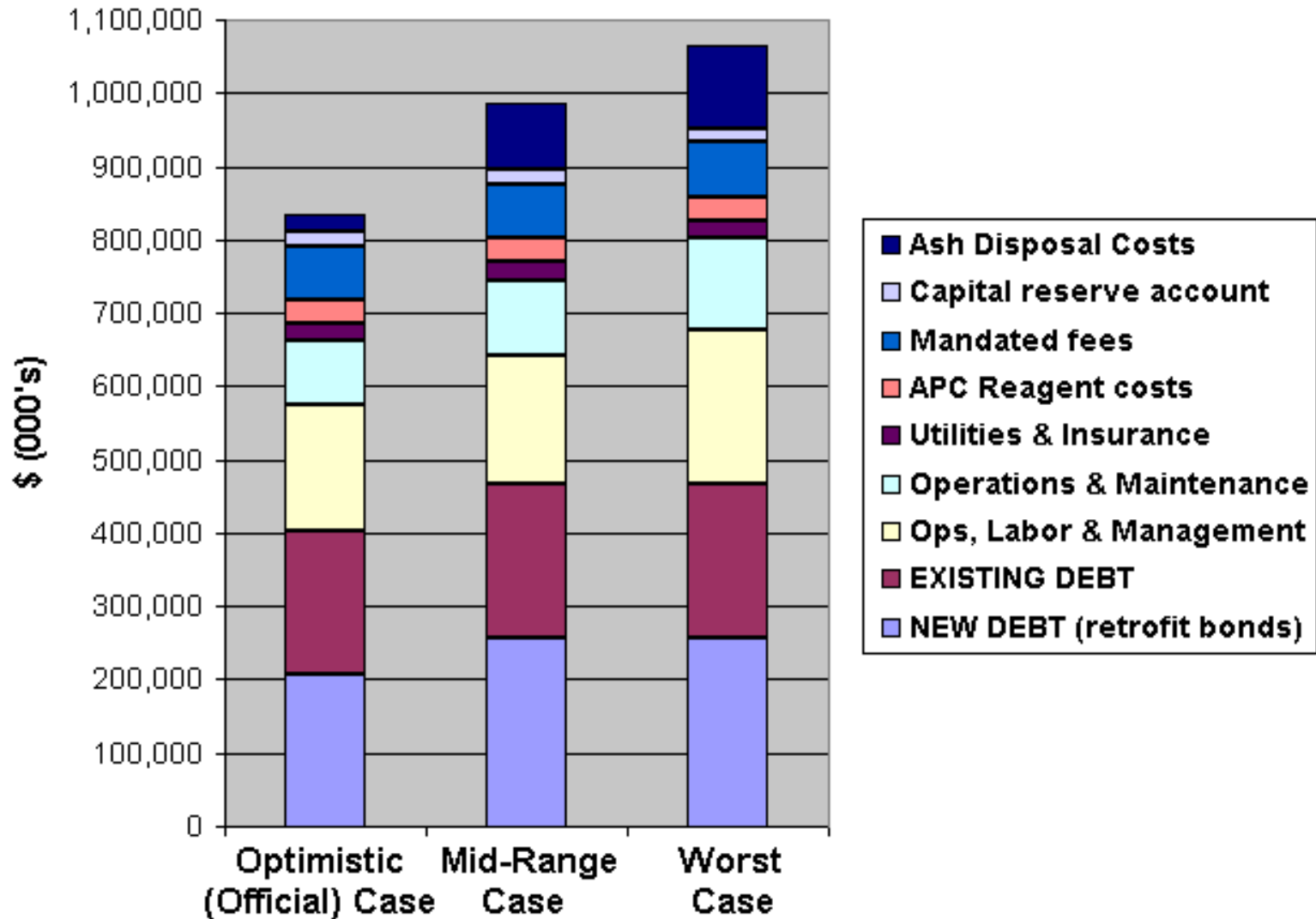


# Power Sales

- Buchart-Horn: “The quantity of power exported (13 MW) and the price paid for that (6¢ per kWh) are both optimistic.”
- Contract ends 1/1/2010
- City assumes 5.5¢/kWh after 2009
- Mid-Range Case (4¢/kWh); Worst Case (2¢/kWh)
- **IMPACT: \$40 to 93 million**

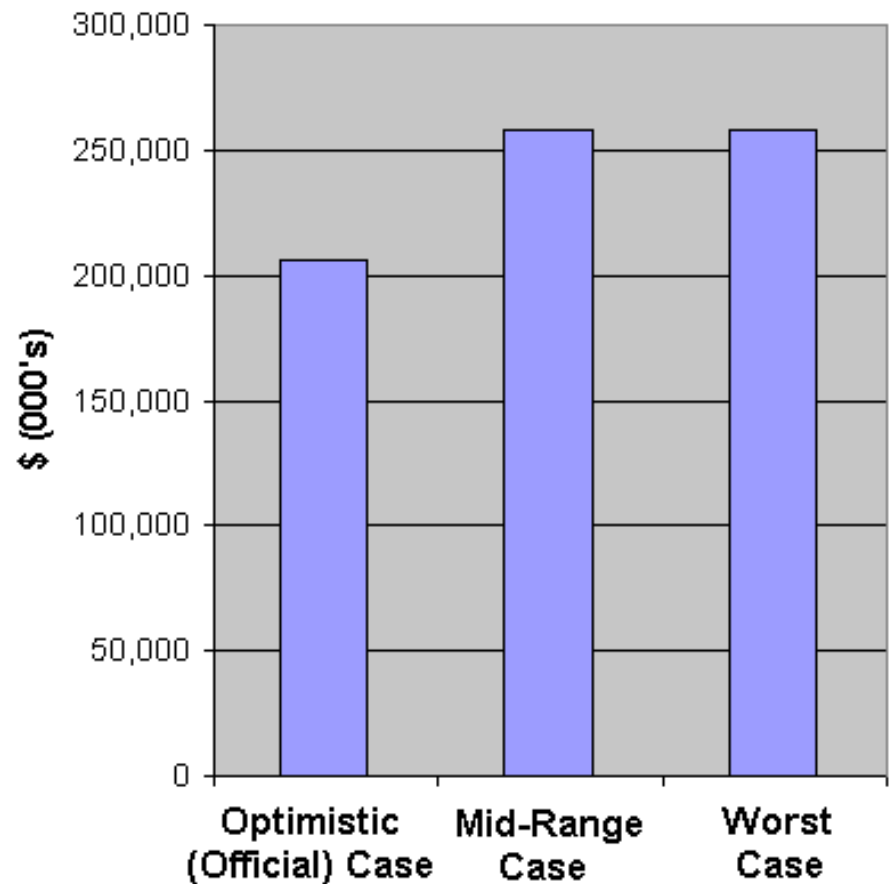


# Lifetime Costs of Incinerator Project Expenses



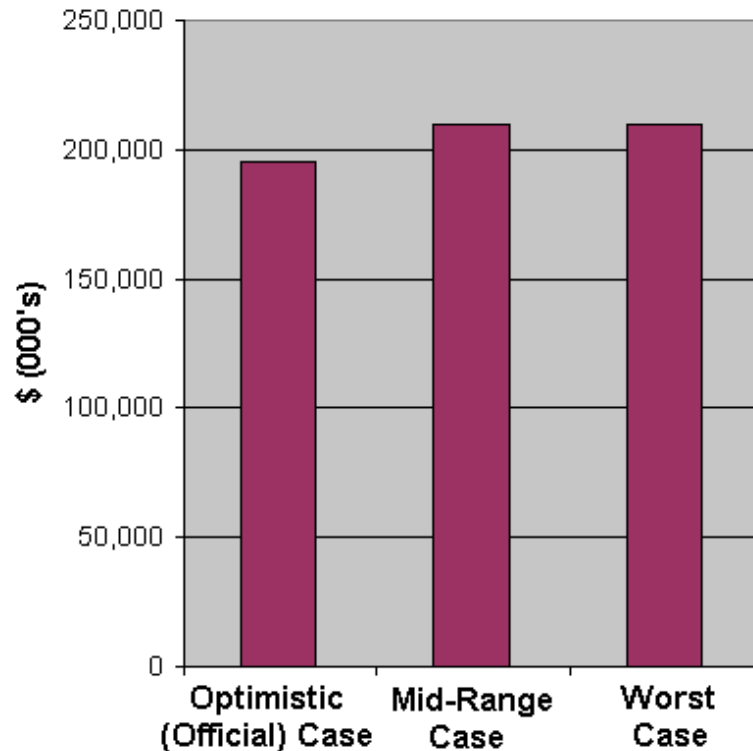
# New Debt

- RBC Dain Rauscher's new numbers (presented to Council on Oct. 6<sup>th</sup>) differ from the original financial projections presented by the City, offering a \$51 million difference between their average case and their high-end case.
- **IMPACT: \$51 million**



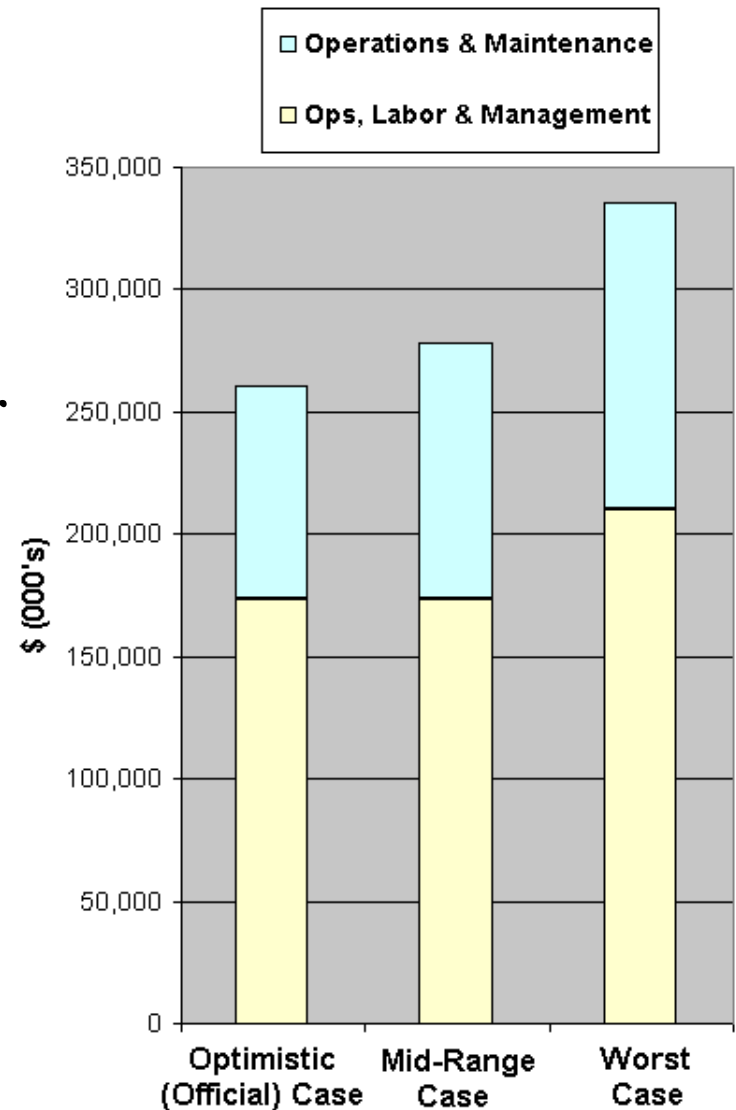
# Existing Debt

- 2003 Bonds Official Statement shows existing debt to be \$14 million higher than the financial projections presented by the City
- **IMPACT: \$14 million**



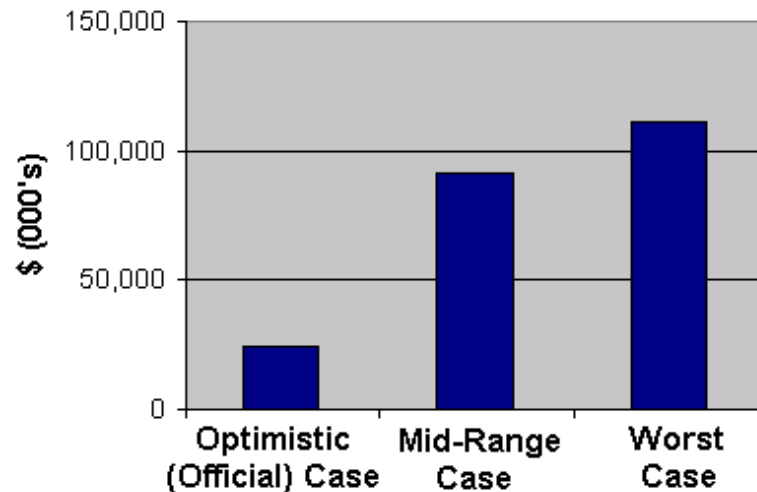
# Operations Cost Under Privatization

- Changing the design from 2 to 3 boilers could increase maintenance costs
- If Barlow gets an operating contract to manage the incinerator operations, labor and operations costs would increase substantially. (Barlow Report, 2001)
- Privatizing the incinerator may be the reason behind repeated attempts to make the property tax-exempt.
- **IMPACT: \$17 to 75 million**



# Ash Disposal

- Bucharth-Horn: “If full landfill pricing is allocated for this material, the cost increase is much higher.”
- WMI contract with Harrisburg Authority no longer promises to accept all of the incinerator's ash
- Agreement with WMI for nearly-free ash disposal ends in 2015, if contract is not canceled sooner
- **IMPACT: \$67 to 87 million**



# Existing Debt vs. Incinerator Project Possibilities



# Financial Abuse of City Residents

- City residents are the only completely captive source of waste to feed the incinerator.
- Earlier reports have projected charging city residents \$76/ton, rather than \$50/ton.
- Once again, City residents will subsidize cheap dumping for others.
- City's incinerator budget already projects 30% and 33% rate increases in 2015 and 2020.



## Barlow's No-Bid Process

- Barlow sought and received a sole-source, no bid contract.
- Vendors with other incineration and non-incineration technologies have expressed interest, but have been turned away.
- Last month, Humboldt County, CA rejected their incinerator proposal due to lack of an open bidding process.

# Air Pollution Permit – Starting Over

“The plan approval authorizes construction of two municipal solid waste (MSW) combustion units with a nominal combined capacity of 800 MSW tons per day. It does not authorize construction of more, smaller combustions units aggregating 800 tons per day. The approval is specific to the combustion units and ancillary equipment in the Harrisburg Authority's application. A change in the number of units would require a new application from the authority and a new authorization from the Department.”

# Air Pollution Permit – Civil Rights Appeal

- Title VI of the Civil Rights Act of 1964 requires the DEP to prevent racial discrimination.
- DEP recognizes Harrisburg as a low-income and minority community.
- DEP failed to conduct a Civil Rights investigation before granting the air pollution permit.
- The permit has been appealed to the Environmental Hearing Board.

# The “Landfill Crisis”

- Evergreen Environmental’s “Waste Market Analysis” report (August 2003) falsely assumes that landfills are filling up as quickly as they’re allowed to and that DEP will stop granting landfill expansion permits.

- In fact...
  - Landfills are filling up only half as fast as they’re permitted to
  - DEP has only denied landfill expansion permits in some cases where there has been highly organized local opposition



## Even if...

- Harrisburg never sent its waste out of the southcentral or southwest regions of the state, and
- No landfill expansions were granted after 2006, and
- Out-of-state waste continued to fill up these landfills and incinerators at the current rate, and
- No gains are made in source reduction, recycling and composting...

...there would still be space for Harrisburg waste for the next 31 years

no more debt for  
environmental injustice

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