

Common Wealth

Resource Management Corporation

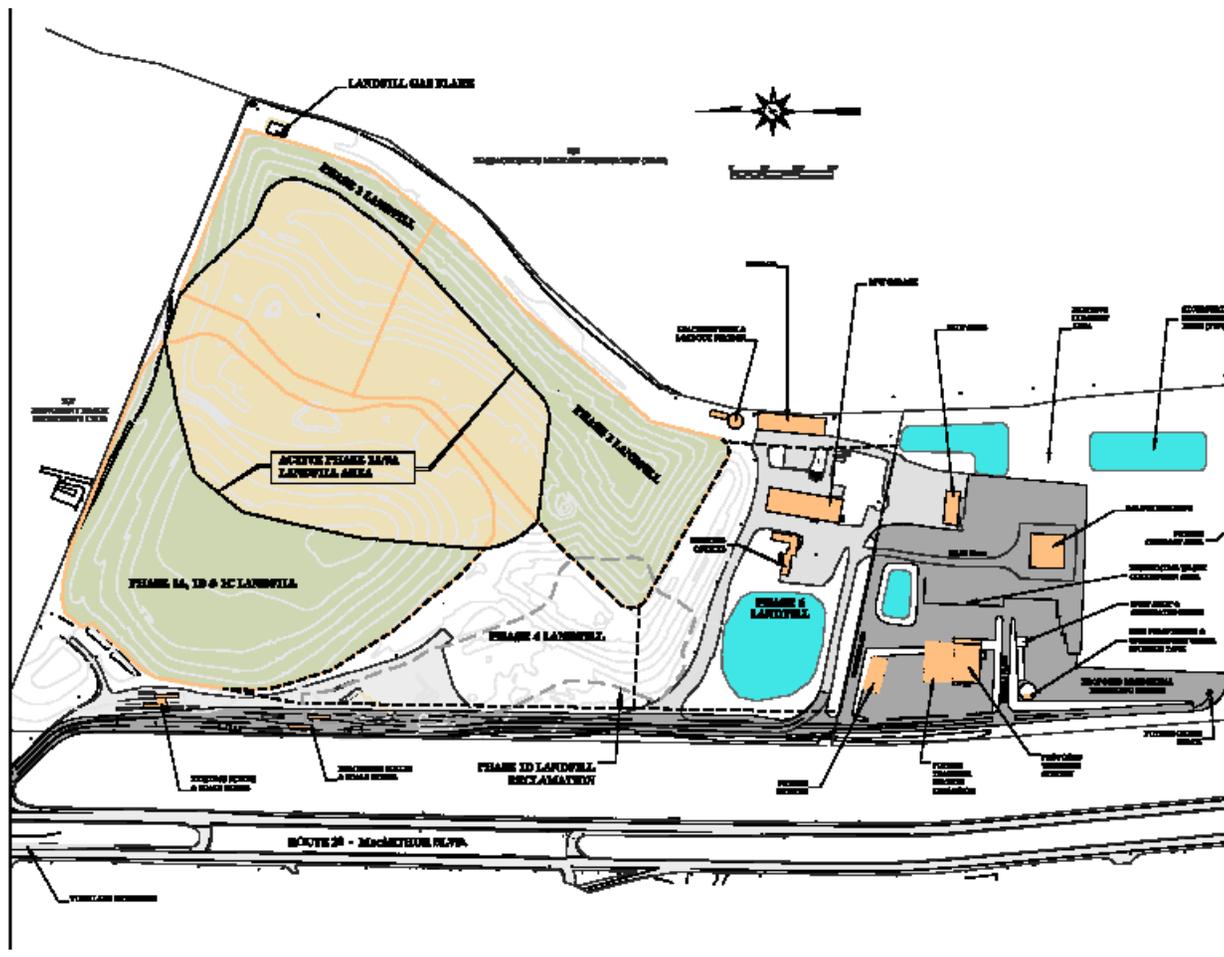
The ISWM Business Plan: Future Opportunities for Bourne's Integrated Solid Waste Management Facility Phase I: The Landfill Waste Acquisition Plan

**Presented to the
Town of Bourne
Board of Selectmen**

11 May 2010

The ISWM Business Plan: Future Opportunities for Bourne's Integrated Solid Waste Management Facility

ISWM today: a **solid waste enterprise** providing \$ for the Town



ISWM Facilities

1. Landfill permitted for disposal of 219,000 tons/year (tpy)
2. Transfer station to handle C&D waste
3. Recycling center with baling facility
4. Compost/organics processing area
5. Landfill gas available for beneficial use
6. Infrastructure and space for more development

The ISWM Business Plan: Future Opportunities for Bourne's Integrated Solid Waste Management Facility

ISWM today: a solid waste enterprise **providing \$** for the Town



**Waste in:
Dollars out !**

Value of ISWM to the Town

- \$ 400k+ in host fees (\$3.15 per ton in 2010)
- \$ 986k admin fees net of ISWM fringe (mostly collection)
- \$1,386k value: 20+ Town FTEs (at \$65k wage + fringe)
- \$ ~600k+ disposal value (6,000 tons MSW, 2,200 tons C&D/DTM)

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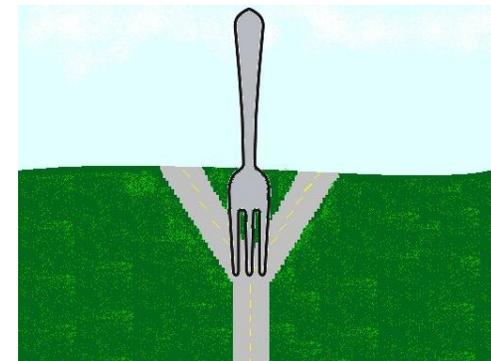
ISWM tomorrow: depends on choices made (or not made) today

Phase I: The Landfill Waste Acquisition Plan

1. Acquire waste at tip fees that
 - Generate cash to meet targets
 - Maximize airspace value
2. Manage business risks

Phase II: The Long-Term Site Development Plan

1. Manage Town waste after Landfill closes
2. Provide ongoing value for the Town

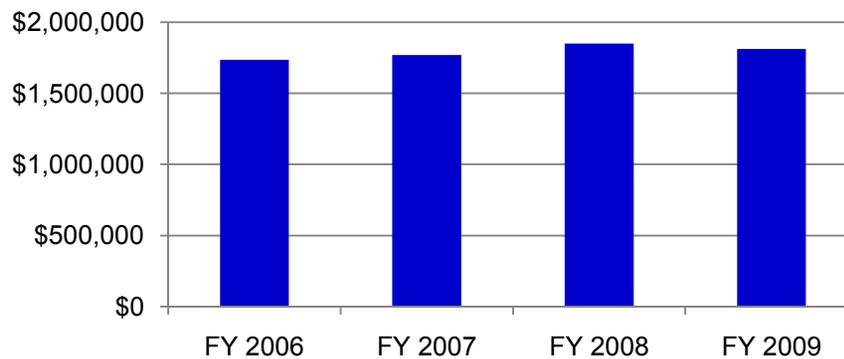


**ISWM at
the fork in the road**

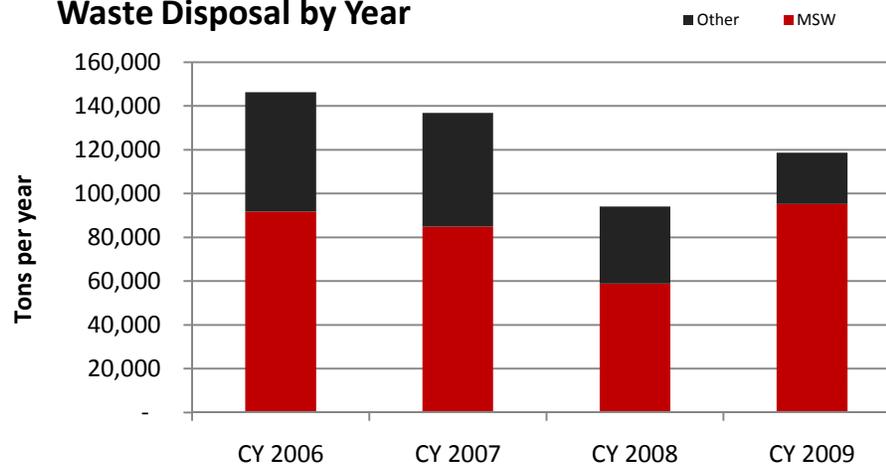
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Recent trends: waste disposal and value to the Town

ISWM value to the Town



Waste Disposal by Year



From 2006 to 2009:

- Stable value to the Town
- Competitive disposal market
- Decline in tons to Landfill (well below 219,000 tpy permit limit)
- Declines in revenues
- ISWM staff scrambled as market prices declined
- Lower tip fees preserved the customers vs. competition

ISWM withdrew \$1.7M from Net Assets in FY2009



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**ISWM revenues and value to the Town
remain at risk due to**

- **Reliance on a few large customers**
- **Competition from other facilities**
- **Volatile disposal markets**



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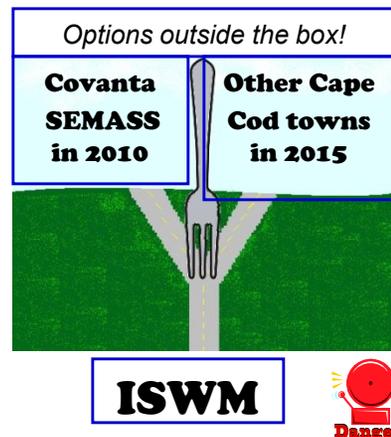
Q: How can ISWM stabilize revenues?

A: Either diversify the customer base or enter into long-term waste commitments with stable suppliers.

Q: Where can ISWM get stable long-term contracts for waste?

A: Two nearby stable sources:

- Processed bottom ash (PBA) from Covanta (SEMASS)
- MSW from other Cape Cod towns after 2015



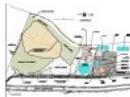
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Q: *Which option is best?*



A: Does the Town prefer apples or oranges? Consider:

1. Landfill type:



Benefits and costs of an MSW landfill vs. a “dirt landfill”.

2. Facility life:



Landfill life, which depends on the fill rate.
Site activity after the Landfill closes.

3. Financial goals:



ISWM revenue to meet expenses and reserves
Town goals for host and admin fees
Landfill type and life affect financial results

4. Risks and rewards:



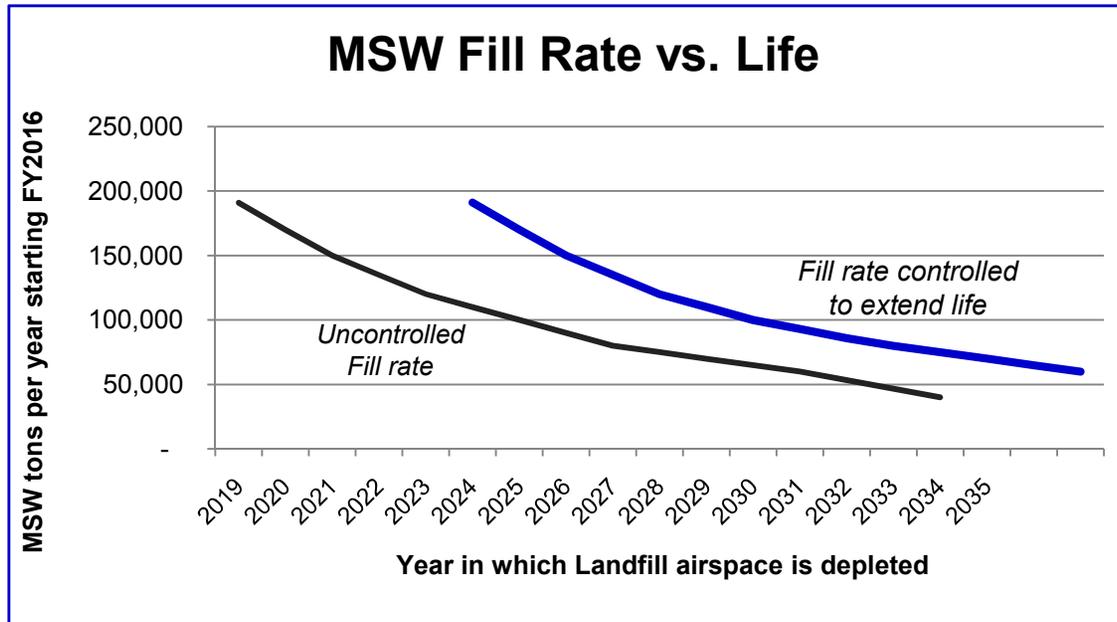
What would the Town risk for extra value?
What would the Town give up for stability?

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1. Landfill Type	MSW Landfill 	“Dirt” Landfill 
Definition	MSW and other wastes that decompose (organics)	Ash, soils, inorganics, mixed and inert materials
Impacts	Control gas, leachate, odors and vectors Less dense (~1250 lbs/cy)	Less gas and odors to control, less overall effort More dense (~2000 lbs/cy)
ISWM LF 2009	95,239 tons MSW 80% of disposal	23,448 tons non-MSW 20% of disposal
ISWM LF 2015	MSW from Cape Cod towns	PBA from Covanta SEMASS
Tip fees	\$70-\$80/t MSW \$95/t gate rate	<\$20/t for some materials >\$50/t for choice materials
Revenue from airspace	\$44-\$50/cy MSW \$60/cy gate rate	<\$20/cy for some materials >\$50/cy for choice materials

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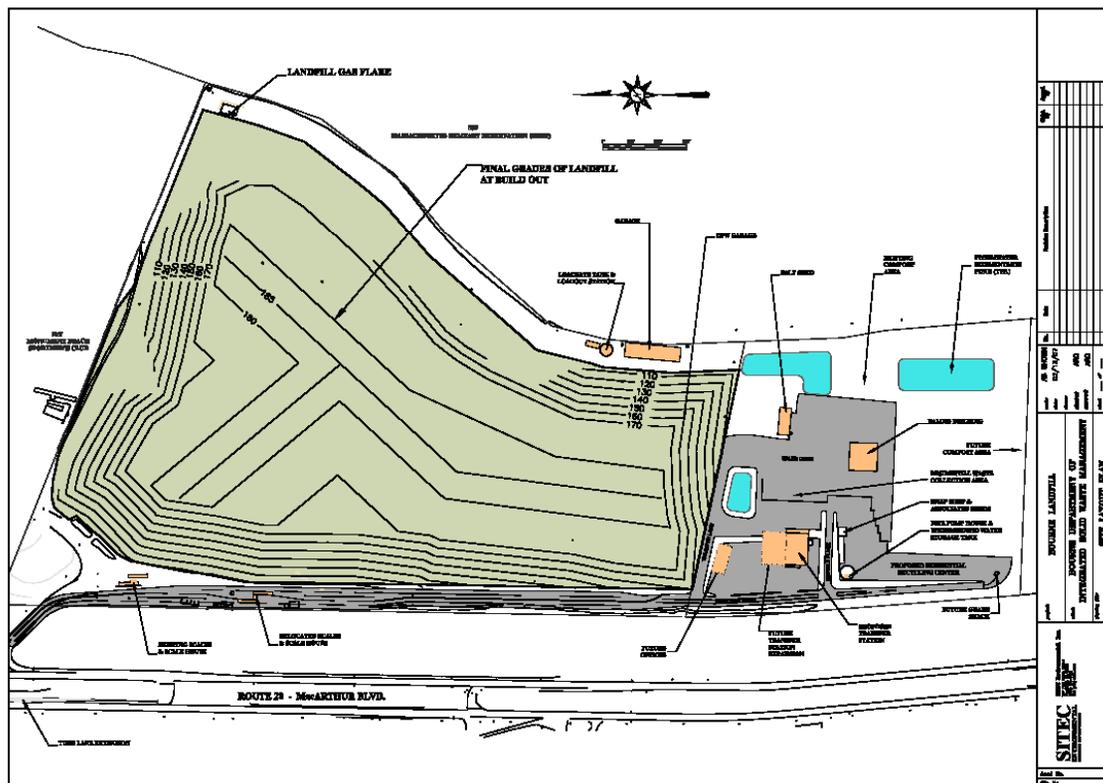
2. Landfill life: juggling dollars and time A faster fill rate means shorter life



***The Town can control the fill rate
to meet planned contract needs***

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2. Facility Life: The Landfill will close. The site can be active forever.



- Post-Closure Site Use**
1. Leverage the transfer station
 2. Add MSW processing
 3. Add facilities for source-separated organics
 4. Add landfill gas utilization facilities
 5. Others to be determined

|-----limited life-----|----forever----

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3. Financial goals



ISWM uses revenue to pay, in priority order

- Direct operating expenses (feed the cow first)
- Indirect expenses (host fees + curbside)
- Debt service (equipment and cell/site construction)
- Closure reserves
- Other reserves (working capital)
- Bonus payments to the Town



Town uses the ISWM assets to

- Control Town disposal costs for the long-term
- Generate host and administrative fees
- Create long-term value

Business plan goal: evaluate options and stabilize for the future

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3. Financial goals: three possible examples of disposal scenarios



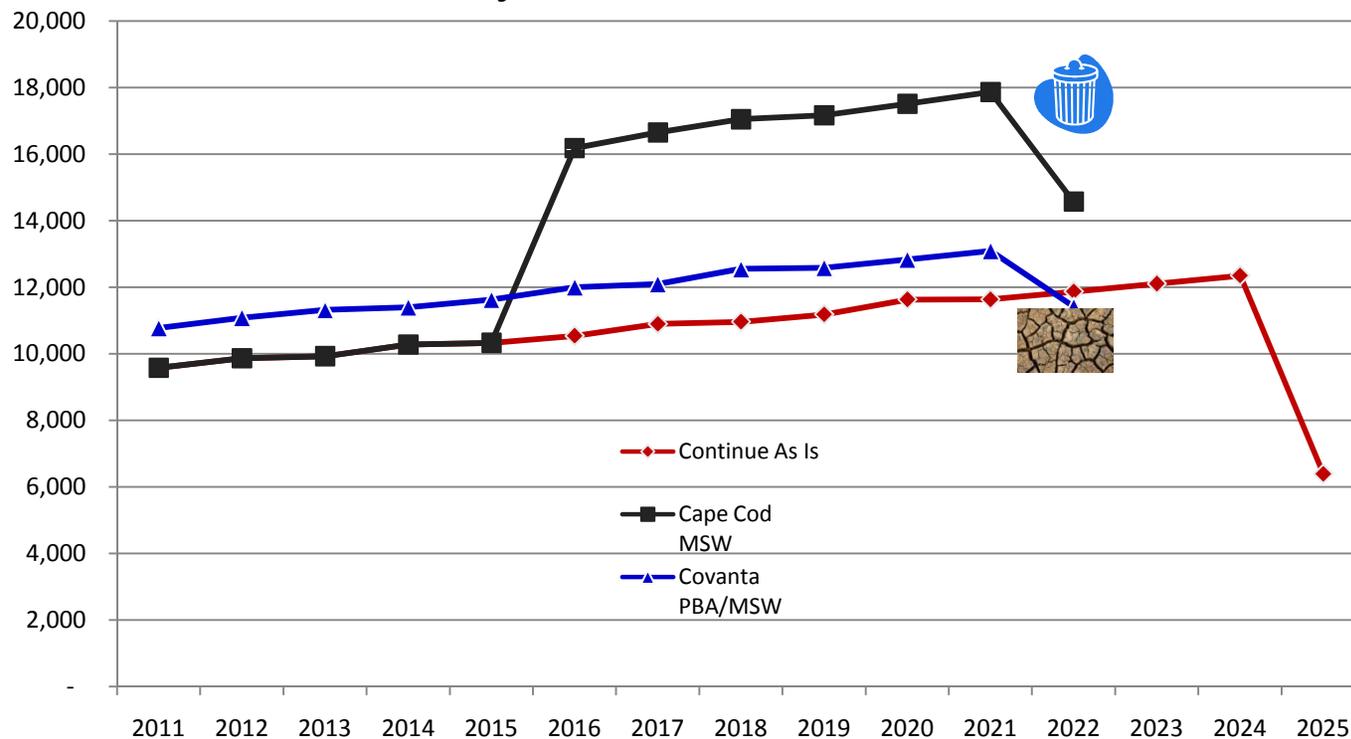
	Continue as is	Cape Cod MSW	Covanta PBA/MSW
Total tons accepted for disposal in period	128,000 tpy 1.85 M tons total	Up to 178,000 tpy 1.84 M tons total	219,000 tpy 2.59 M tons total
Type of Landfill	80/20 MSW/Dirt	Almost all MSW	Mostly "dirt"
Average density	1299 lbs/cy	1290 lbs/cy	1689 lbs/cy

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3. Financial goals: three possible examples of revenue scenarios



Projected ISWM Revenues



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3. Financial goals: three possible examples of disposal scenarios

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Capacity used in Cells 2A/3A, 4 and 6	2025 to 2028	2022 to 2025	2022 to 2025
Period increase in ISWM Fund balance	\$8 to \$9M Most market risk	\$30M to \$45 M Hardest path, most reward	\$10M to \$12M Most stable, least risk

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4. Risks and rewards: findings

- MSW from Cape Cod towns offers the largest potential financial reward
 - Not available until 2015
 - Need interim strategy and long-term commitment (15 years)
 - Need strategy to provide service over full term
- Covanta PBA offers stability at reduced value
 - Need long-term commitment (10+ years)
- Planning horizons exceed five years
 - Leverage authorization for Town to negotiate 15-year contracts
 - Long-term considerations drive short-term plans
- Decision time is limited
- Leverage declines as the Landfill fills

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4. Risks and rewards: development opportunities

- Hybrid deal with Covanta and the Cape towns
 - Inter-municipal agreements with Towns, multi-service agreement with Covanta (MSW bypass, leachate, etc.)
 - Take extra MSW in summer, Covanta PBA in winter
 - Leverage the transfer station
 - Involve the Cape Light Compact for Covanta's electric output
- Develop remaining area on the ISWM site
 - Process mixed MSW
 - Process source-separated organics (AD, compost, etc.)
 - Develop other facilities
- Develop post-closure use of the Landfill
 - Solar PV electrical facility
 - Recreation or other

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Next steps toward a decision

- Set goals, preferences and priorities
 - MSW vs. “dirt” landfill
 - Landfill life and site use plan (use the transfer station wisely!)
 - Financial goals
 - Risks and rewards
- ISWM to engage timely Covanta and the Cape Cod towns
 - Design a path for oversight and approval
- Town professionals to negotiate 15-year agreements subject to approval
- Refine a 5-year plan to achieve goals
- Control and keep with the process (suspend review of unsolicited bids)

