



THE CITY OF NEW YORK  
INDEPENDENT BUDGET OFFICE

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May 27, 2005

The Hon. Michael E. McMahon  
Council of the City of New York  
250 Broadway  
New York, NY 10007

Dear Council Member McMahon:

At your request we have evaluated the costs of alternatives to the East 91<sup>st</sup> Street marine transfer station (MTS) for the acceptance of refuse under the twenty-year Solid Waste Management Plan (SWMP). We estimated the costs of the East 91<sup>st</sup> Street option and of three alternatives: two private facilities and the West 59<sup>th</sup> Street MTS. The four options are discussed below and summarized in the attached table. While the private facilities offer lower-cost alternatives, each option raises other issues that must be reconciled with the administration and Council's objectives in designing a long-term solution to solid waste management. These objectives include inter-borough equity in handling both DSNY-managed residential and privately-carted commercial waste, mitigating environmental impacts, including traffic impacts, and maintaining city control of the solid waste infrastructure.

*East 91<sup>st</sup> Street MTS Wasteshed and Estimated Costs.* The East 91<sup>st</sup> Street MTS wasteshed consists of Manhattan Sanitation Districts 5, 6, 8, and 11. Although recent tonnage generated in these districts has been under 600 tons per day (tpd),\* DSNY projects in the SWMP that the facility would accept 720 tons of residential waste per day, on average, with peak load days 20 percent greater. In addition, the East 91<sup>st</sup> Street MTS would accept up to 780 tons per day of commercial waste.

There are three components to the total cost of using the East 91<sup>st</sup> Street MTS. The cost of reconstructing the facility is estimated by the Department at \$83.8 million, resulting in yearly debt service in the amount of \$4.9 million for 30 years. Operating and maintaining the facility would cost about \$4.8 million annually, as reported by the Department. The third cost component is the vendor fee, or the price the city must pay haulers to transport the filled containers from the MTS via barge—and possibly rail—and dispose of the waste outside the city. Ongoing contract negotiations preclude DSNY from disclosing details of the contract bids at this time, but the Department recently reported an initial average vendor fee before negotiations under the previous long-term

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\* In fiscal year 2005 through January, average waste generation in these four districts was 564.6 tons per day. In 2002 (the last year before the recycling suspension), average waste generation was 536.9 tpd.

plan based on 8 city-owned marine transfer stations of \$109 per ton. IBO assumes that this represents the current vendor bid for East 91<sup>st</sup> Street MTS tonnage, resulting in an annual vendor fee of \$23.7 million. IBO therefore estimates that the total yearly cost of reconstructing and utilizing the East 91<sup>st</sup> Street MTS would be \$33.4 million, or \$154 per ton.

*Private Alternatives.* Waste Management's Harlem River Yard truck-to-rail transfer station in the Bronx, and the same company's facility at 864 Julia Street, in Elizabeth, New Jersey, are potential alternatives to the East 91<sup>st</sup> Street MTS. Both facilities containerize waste for transport by rail for landfill disposal out-of-state and both currently accept some portion of the city's residential waste under the Interim Export system (the Julia Street facility does not have an onsite rail spur, but containers are driven only a short distance from the facility for rail connection). Harlem River Yard is included in the SWMP as a potential facility for acceptance of Bronx refuse.

Using either facility as an alternative to East 91<sup>st</sup> Street could mean that there would be no transfer station, public or private, in Manhattan. Moreover, the total city-owned and operated capacity would be reduced below the level contemplated in the SWMP.

*Harlem River Yard.* Waste Management's Harlem River Yard has a permitted capacity of 4,000 tpd of putrescible waste. The SWMP reserves capacity at the facility for 2,337 tpd of DSNY-managed waste (average peak day). If the principle of borough self-sufficiency were relaxed to accommodate the transport of 720 tpd of residential waste from the East 91<sup>st</sup> Street MTS wastashed, there would be more than ample space for this refuse at Harlem River Yard.

The city is currently charged \$54 per ton to bring refuse to Harlem River Yard; this price will rise by \$1 per ton in each of the next two fiscal years, until the contract expires. However, private haulers including Waste Management have recently raised their prices between 15 and 20 percent when existing contracts have been rebid. If the 20-year contract price for Harlem River Yard were \$66 per ton—20 percent higher than the 2006 price of \$55 per ton—then the total yearly cost of using the facility for the East 91<sup>st</sup> Street wastashed would be \$14.4 million. There would be no additional cost to the city for debt service or transfer station operations, nor would the extra distance traveled to Harlem River Yard by DSNY collection vehicles add significant mileage to their routes.

*Julia Street.* An alternative to East 91<sup>st</sup> Street that preserves the borough self-sufficiency goal is the Waste Management facility at 864 Julia Street in Elizabeth, New Jersey. Currently, the city contracts with the facility to take up to 635 tpd of DSNY-managed waste. However, total permitted capacity at the facility is 1,950 tpd. Waste Management presently accepts Manhattan refuse at their Julia Street facility for a price of \$82.69 per ton. This price rose 23 percent—from \$67.22—in November 2004. DSNY recently received a bid of \$86.39 per ton to bring Queens refuse to the facility starting in February 2006. If refuse from the East 91<sup>st</sup> Street wastashed went to Julia Street at that price, the annual cost of the contract would be \$18.8 million. The Julia Street alternative, like Harlem River Yard, would have no additional debt service or operational costs.

Making up to 130 additional collection vehicle trips to and from the facility 15 miles southwest of the city would mean additional cost to the city compared with unloading DSNY trucks at East 91<sup>st</sup> Street, which we were unable to quantify. Moreover, the additional truck traffic on city streets would run counter to one of the plan's goals.

*West 59<sup>th</sup> Street MTS.* The MTS Environmental Evaluation performed in connection with the Commercial Waste Management Study determined that the West 59<sup>th</sup> Street facility could take a peak-day average of 880 tpd of residential waste, suggesting that it has adequate capacity to handle the East 91<sup>st</sup> Street wasteshed. However, there are no cost advantages compared with East 91<sup>st</sup> Street; traffic and other impacts would likely require a new environmental impact assessment; and the issue of how to deal with Manhattan's commercial waste would need to be addressed.

The total cost of reconstructing and operating the West 59<sup>th</sup> Street MTS would be nearly identical to that of the East 91<sup>st</sup> Street MTS. According to the Department of Sanitation, both would require 60 uniformed sanitation workers and other employees to operate, at a total cost of \$4.8 million per year. As at East 91<sup>st</sup> Street, the vendor fee is assumed to be \$109 per ton, or \$23.7 million total annually. Construction cost estimates for West 59<sup>th</sup> Street are not given by the Department, but are most likely comparable to those of the other two "small" MTSs—resulting in debt service of approximately \$5 million per year.

Although it would cost essentially the same as East 91<sup>st</sup> Street, this facility could accept more commercial tonnage on a daily basis. According to the MTS Environmental Evaluation, East 91<sup>st</sup> Street could accept 781 tpd of commercial waste. West 59<sup>th</sup> Street's excess capacity for commercial waste is 956 tpd (traffic-constrained).

By using West 59<sup>th</sup> Street for residential waste, however, commercial waste that the SWMP envisions sending there would now have to go elsewhere, most likely to existing private transfer facilities in other boroughs. This would run counter to the SWMP's stated goal of greater equity in the distribution of waste handling facilities citywide. Using West 59<sup>th</sup> Street for East 91<sup>st</sup> Street's residential wasteshed would mean that about 1,000 tpd of Manhattan commercial waste would be redirected to existing private transfer stations in other boroughs. This would still be an improvement compared to the current situation where none of Manhattan's 3,000 tons of average daily commercial waste is handled within the borough. These results are also summarized in the table on the following page. The table presents how much of Manhattan's commercial waste would be handled within the borough under each of these alternatives, assuming in the first instance that the West 59<sup>th</sup> Street MTS comes on-line for commercial waste as proposed in the SWMP, and in the second instance that it does not.

<b>East 91<sup>st</sup> Street and Alternatives: Summary of Cost Comparisons and Commercial Waste Impacts</b>				
	Manhattan Districts 5, 6, 8 and 11 residential waste transfer site:			
	East 91st St.	West 59th St.	Harlem River Yard	Julia Street
Total Annual Cost (millions)	\$33.4	\$33.5	\$14.4	\$18.8
Cost per Ton (720 tpd)	\$154	\$154	\$66	\$86
Manhattan commercial waste handled within borough (tpd and percent*):				
With West 59 <sup>th</sup> St. for commercial waste <sup>†</sup>	2,780 (88%)	956 (30%)	2,000 (63%)	2,000 (63%)
Without W. 59 <sup>th</sup> St.	780 (25%)	n.a.	0	0
SOURCE: IBO calculations, based on data from DSNY and 2004 Solid Waste Management Plan and Environmental Impact Study, and Commercial Waste Study.				
NOTES: *Based on 3,170 tons per day generated in Manhattan for disposal. †Assumes average daily capacity of 2,000 tpd of commercial waste at W. 59 <sup>th</sup> St except where it is also used for residential waste (second column).				

We would be happy to provide further information on this analysis. The IBO staff contact is Elisabeth Franklin.

Sincerely,

C. Preston Niblack

- c. J. Doherty
- K. Ascher