

March 2020

More Funds for Growing Waste Export Budget And Organics Processing Capacity

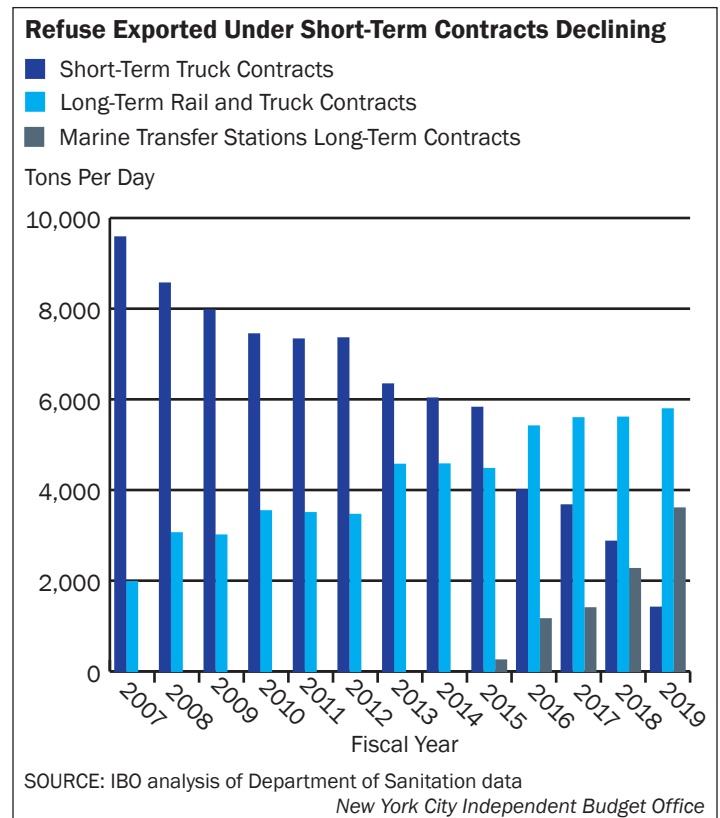
After years of planning, in March 2019, the Department of Sanitation opened its fourth new marine transfer station (MTS) in Manhattan’s Yorkville neighborhood. All four MTS facilities—Yorkville, Gowanus, Gravesend, and Flushing—are now operating under long-term waste export contracts, but costs under the agreements continue to be higher than budgeted.

The Mayor’s Preliminary Budget adds \$22 million to the 2020 waste export budget (all years refer to city fiscal years). This is in addition to \$26 million previously added to the 2020 budget back in 2018. The waste export budget for 2020 now stands at \$432 million, up from \$410 million in 2019.

The Mayor’s Preliminary Budget allocates \$421 million for 2021 and each of the out-years of the financial plan, \$11 million less than budgeted for 2020. The city’s waste export budget only covers refuse headed to landfills or incinerators; recycling and organics, which are processed separately from refuse, are budgeted separately by the department.

Increasing Use of Marine Transfer Stations. The city’s Solid Waste Management Plan (SWMP) calls for increased use of MTS barge export and long-term rail and truck export contracts, replacing the truck-only, short-term export contracts the city has historically relied upon. The goal of the city’s long-planned shift to rail and barge is to reduce the negative environmental and equity impacts of truck traffic, guarantee the ongoing availability of landfill space, and introduce long-term contracts as an alternative to short-term contracts with their greater exposure to rising costs. Long-term contracts extend for 20 years, with an option to renew for two additional five-year terms, providing the city with greater cost certainty over a longer period than short-term contracts.

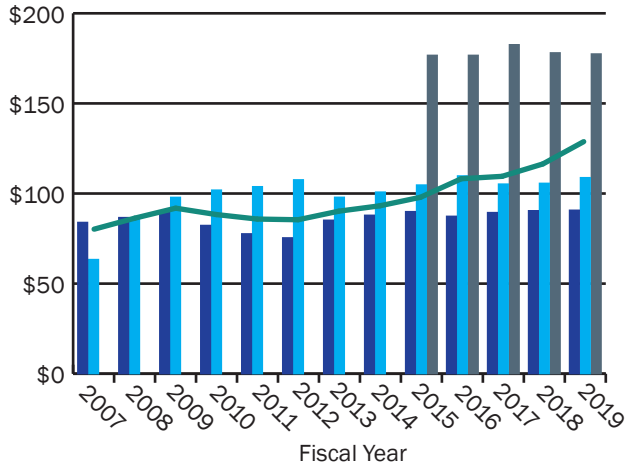
Waste export under long-term contracts by rail and truck has increased over the years, with the current contracts coming into full effect in 2016; refuse exported under long-term rail and truck contracts grew to an average of nearly 6,000 tons per day last year, over half of all waste exported. Although delayed from their anticipated start dates, all four of the planned MTS facilities are now operational and the amount of refuse “tipped” at the stations is steadily increasing. Barge export via the MTS facilities—which are entirely under long-term contracts—accounted for more than 3,600 tons of refuse per day in 2019, one-third of all waste exports. Last year the quantity of waste exported by barge surpassed the quantity exported via short-term truck contracts for the first time. Exports by trucks under short-



Marine Transfer Station Contracts for Refuse More Expensive

- Short-Term Truck Contracts
- Long-Term Rail and Truck Contracts
- Marine Transfer Stations Long-Term Contracts
- Average

Cost-per-Ton



SOURCE: IBO analysis of Department of Sanitation data
New York City Independent Budget Office

term contracts dipped below 1,500 tons per day in 2019 and accounted for roughly 13 percent of all waste exports. All short-term contracts are for truck-based export.

Increasing Waste Export Costs. Waste export via MTS long-term contracts is currently more expensive than export via conventional short- or long-term land-based contracts. MTS export costs per ton averaged \$177 in 2019, while the city’s short-term truck contracts averaged \$91 per ton and the rail and truck long-term contracts averaged \$109 per ton. As the city shifts more waste from the short-term land contracts to barge export contracts in accordance

with the SWMP, the city’s average cost per ton has increased, reaching a high of \$129 per ton in 2019. Should the Department of Sanitation continue shifting tonnage to barge export, and barring the department finding substantial cost efficiencies, additional city dollars would be required in future years to fund waste export.

Getting Beyond Garbage Collection with Organics Processing

Processing. Beyond its investment in marine transport, the city is trying to transition to a more sustainable waste model, including organics collection and processing. Last year the city spent \$32 million on the organics program. The January 2020 Financial Plan added \$19 million in the capital budget for expansion of the only city-owned composting facility, located on Staten Island. The facility will be installing aerated static pile technology, a system that uses forced airflow on mixed organics to reduce the time required to process the material. The upgraded facility will be able to handle more organics without requiring any additional space.

The volume of DSNY organics collections has grown year-over-year, increasing from 3 tons per day collected in 2013 to 151 tons per day in 2019, although organics remains a very small portion of citywide waste collection. While the citywide expansion of the curbside organics recycling program stalled in 2018, collection in existing service areas, schools and at drop-off sites continues. If curbside organics collection expands to other parts of the city or becomes mandatory rather than optional, subsequent increases in tonnage will require additional processing capacity.

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