

# **Assessment of Waste Disposal Alternatives Matlock Bend Landfill Loudon County, Tennessee**

Presented to:

**Lenoir City, Loudon City, and  
Loudon County Government Officials**

Presented by:

Loudon County Solid Waste Disposal Commission

Fifth Monday Presentation  
29 November 2004

# **Presentation Overview and Organization**

## **INTRODUCTION**

- Part I – Background on LCSWDC
- Part II - Summary of Financial Assessment
- Part III - Summary of Recent Meetings
- Part IV - Concepts for Future Operations
- Part V - LCSWDC's Next Steps

## **SUMMARY and Q&A**

## Part I – Background on LCSWDC

# What Is The Loudon County Solid Waste Disposal Commission (LCSWDC)?

- **Origin:** Government agency created under the Interlocal Cooperation Act on March 1, 1993 by agreement of Loudon County, Lenoir City, and Loudon City
- **Purpose:** Created to comply with new requirements of the Solid Waste Management Act of 1991 and to amend the parties' previous solid waste disposal agreement dated September 12, 1983

# What Is The LCSWDC (cont'd)

- **Structure:** Seven-member commission appointed for six-year terms:
  - 5 members appointed by Loudon County Mayor, approved by Loudon County Commission
  - 1 member appointed by Lenoir City Mayor, approved by Lenoir City Council
  - 1 member appointed by Loudon City Mayor, approved by Loudon City Council

## What Is The LCSWDC (cont'd)

- **Assets:** Own all its capital assets, including the landfill real estate, which are under jurisdiction of the commission
- **Character:** Required to operate as a governmental entity (e.g. open meetings and records, procurement requirements, annual audits, etc.)
- **Duration:** Continues until three governments agree to end. Any government may withdraw by forfeiting its rights to its share of any remaining assets.

# Who Are The LCSWDC Members?

- |  |                              |
|--|------------------------------|
| 1. Steve Field, Chairman (Geologist)       | Loudon County Representative |
| 2. Robert Harrison (Real Estate Developer) | Loudon City Representative   |
| 3. Aprell Patterson (Engineer)             | Loudon County Representative |
| 4. Bobby Phillips (Retail Management)      | Lenoir City Representative   |
| 5. Ted Sitzlar (Health Care)               | Loudon County Representative |
| 6. Bill Waldrop (Engineer)                 | Loudon County Representative |
| 7. John D. Watkins (Engineer)              | Loudon County Representative |

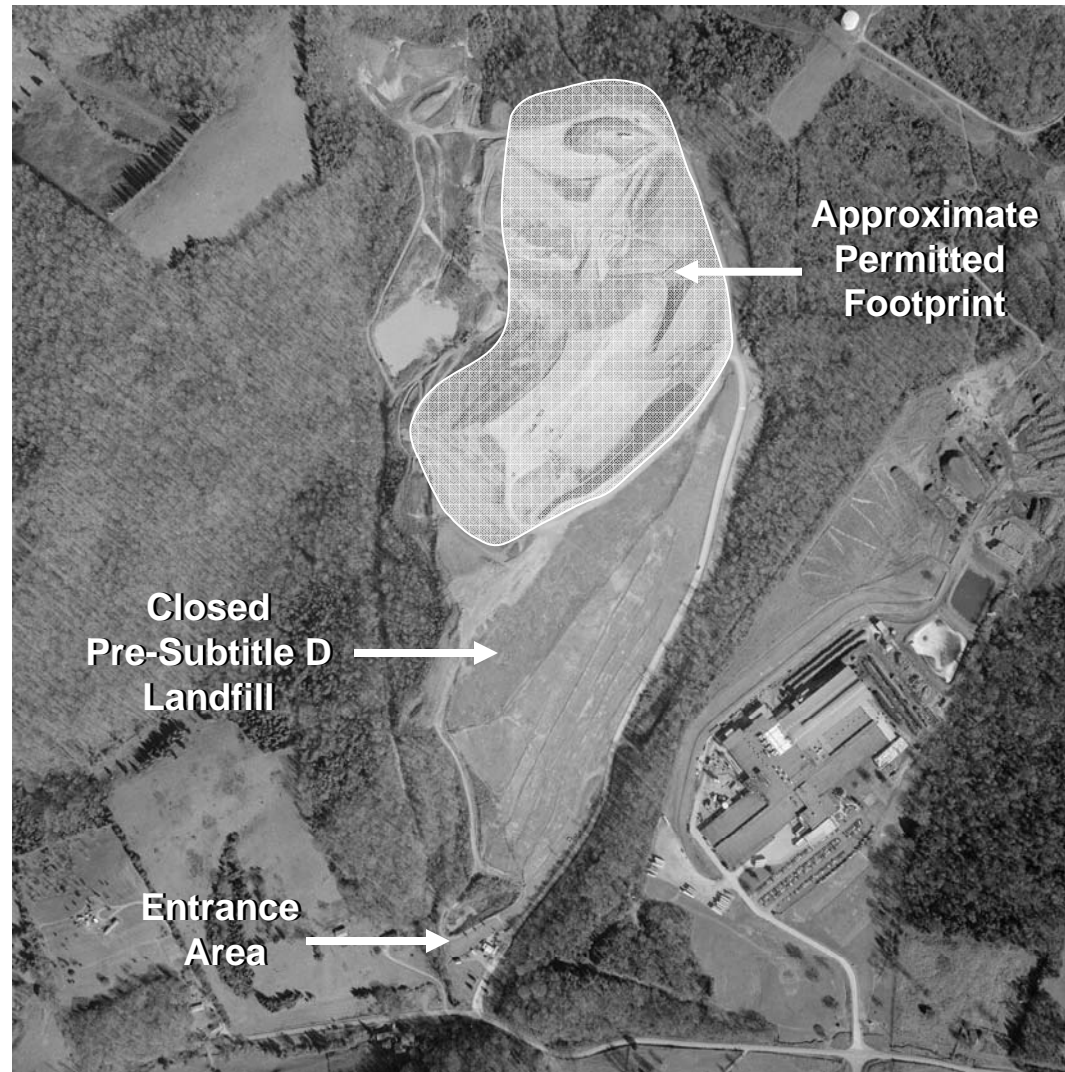
## **Advisors:**

- |   |                        |
|---|------------------------|
| • C. Coulter "Bud" Gilbert<br>Kennerly, Montgomery & Finley, P.C. | General Counsel        |
| • Dr. Robert Bachus<br>GeoSyntec Consultants                      | Solid Waste Consultant |

# What are LCSWDC's Responsibilities?

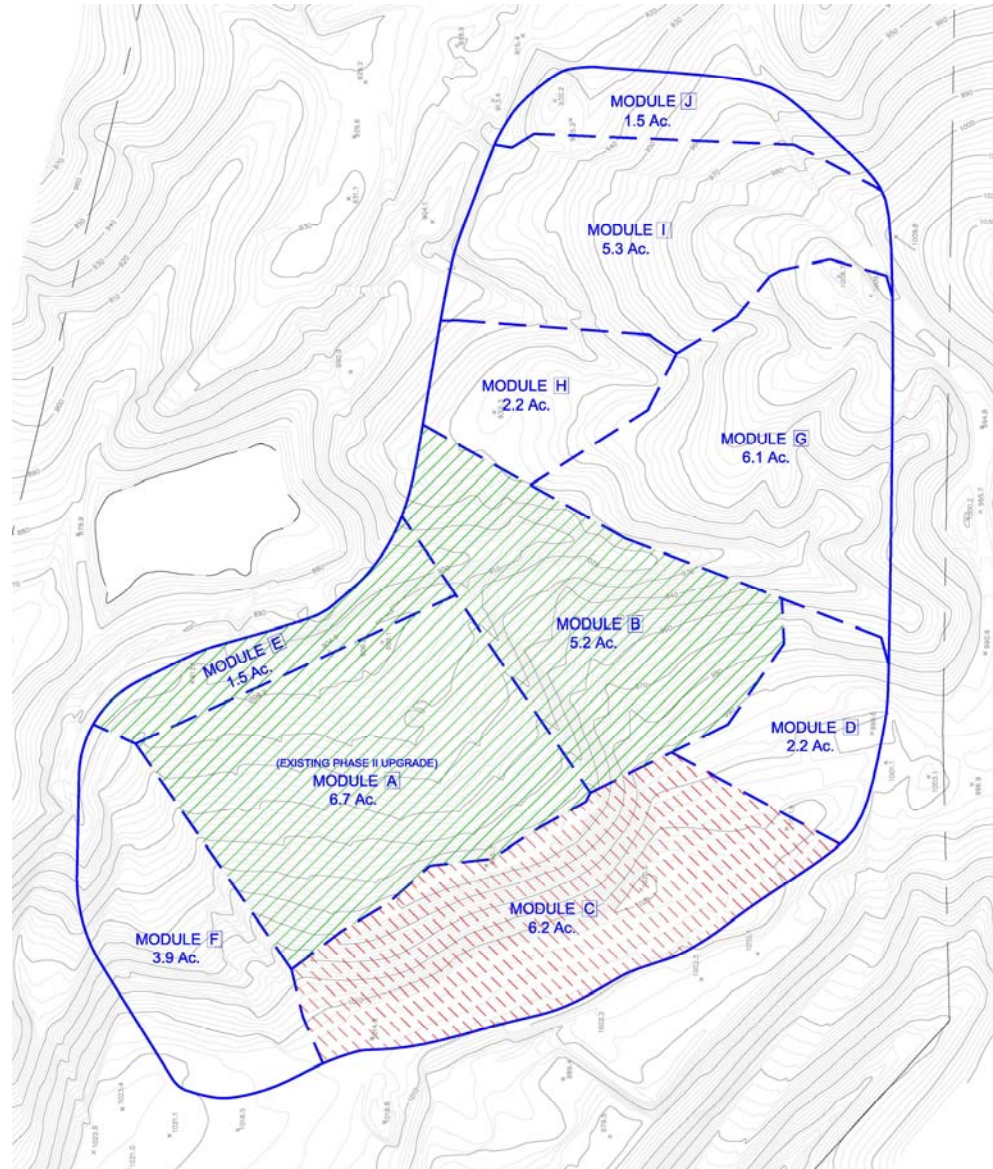
- Ownership and management of Matlock Bend Landfill
- Setting tipping fees and charges
- Controlling users and uses of landfill and any other operated disposal facilities
- Periodic review and study of the solid waste disposal problems/needs in Loudon County and recommendation to the participating governments
- Funding capital expenditures for operating and maintaining landfill
- All state mandated planning functions (as a "Municipal Solid Waste Region Board") required under the Solid Waste Management Act of 1991

# Aerial Photograph of Matlock Bend Landfill





# Plan View of Permitted Landfill



# Matlock Bend Landfill

- Modern Subtitle-D Landfill permitted to accept municipal solid waste located on Highway 72 approximately 1 mile north of I-75
  - Total permitted footprint: 40 acres
  - Total permitted acreage in use: 18 acres (Cells 1, 2 & 3)
  - Total contiguous land: 152 acres
- Currently placing waste in Cell 3 of 10 permitted cells. Anticipated current cell life of 3 years and anticipated permitted site life of >30 years (at current disposal volumes)
- Approximately 12 percent of current waste stream generated outside of Loudon County
- Approximately 29 percent of current waste stream is generated by the three government stakeholders

# Matlock Bend Landfill

## Top Ten Customers 11/03 thru 10/04

	CUSTOMER	TOTAL (tons)	AVERAGE (tons/month)
1	WASTE SERVICES	20,672	1,723
2	WASTE CONNECTIONS	10,607	884
3	LENOIR CITY	8,251	688
4	KIMBERLY CLARK	6,422	535
5	LOUDON COUNTY	5,032	419
6	CITY LOUDON	4,739	395
7	A E STALEY	3,037	253
8	STRONGWELL	1,872	156
9	FAY PORTABLES	679	57
10	LENOIR CITY UTILITY	405	34
		<b>(96%) 61,715</b>	<b>5,143</b>
	FACILITY TOTAL	64,560	5,380

## Part II – Summary of Financial Assessment

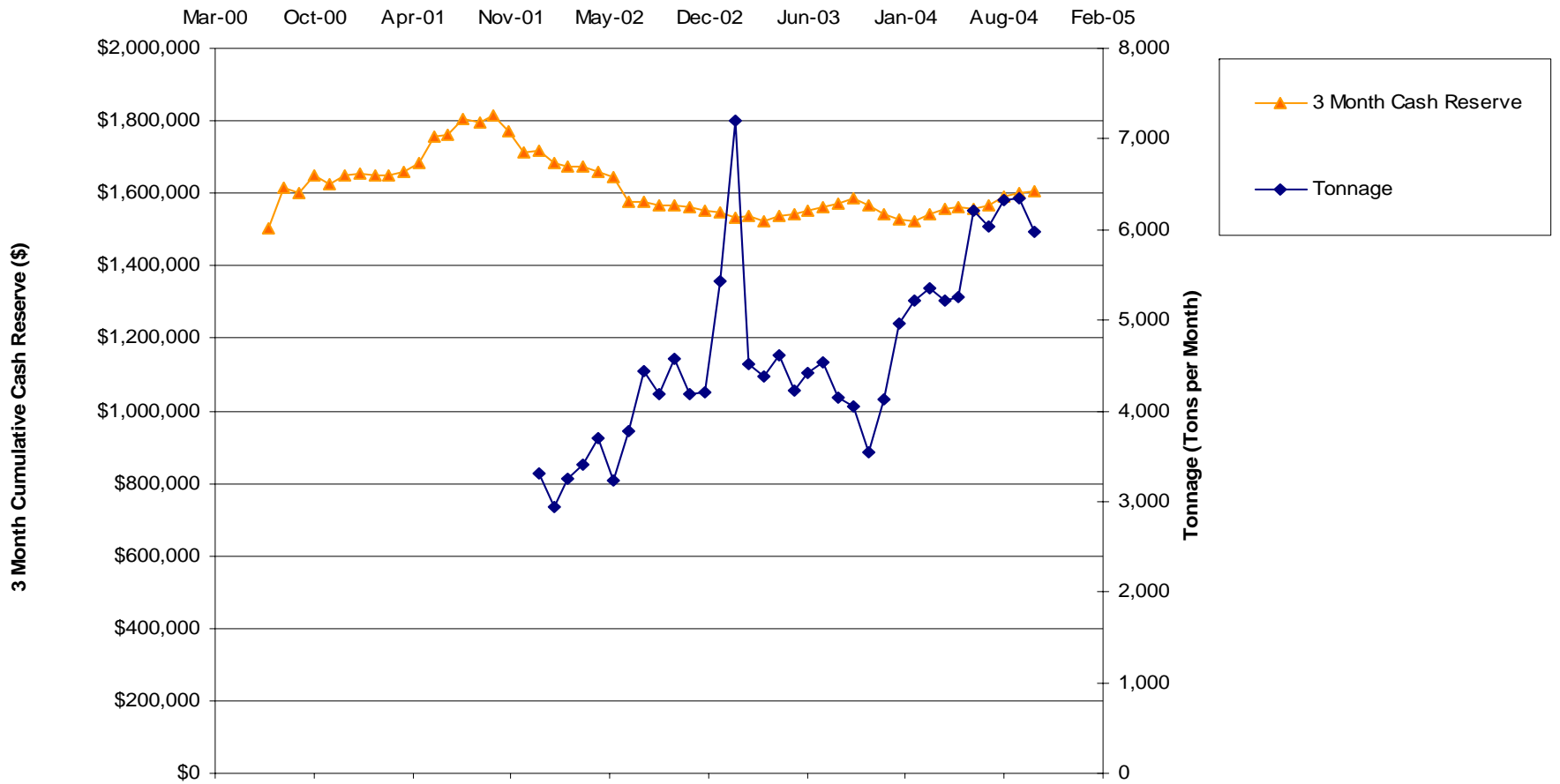
# Objectives of Financial Assessment

- Provide independent assessment of financial performance of the Matlock Bend Landfill
- Present findings and results to LCSWDC
- Identify potential strategies for improving financial performance, lowering disposal costs of government stakeholders, and addressing short- and long-term objectives of LCSWDC
- Present initial findings to Loudon County, Loudon City, and Lenoir City municipal government representatives and seek input from government stakeholders

# Available Resources for Financial Assessment

- Loudon County Solid Waste Disposal Commission, Commissioner's Manual (February 2004)
- Audit Reports FY 2002 and FY 2003
- Financial information, tonnage reports, and monthly operations records provided by current operator (Santek Environmental, Inc.)

# Loudon County Solid Waste Disposal Commission Matlock Bend Landfill



# Assessment of Recent Financial Performance

- Rolling 12-month average suggests that facility has been operating for the last five years in a nearly “break even” mode (without including closure costs)
- Long-term expenses, particularly those related to closure and post-closure care, are not currently being accumulated. Closure expenses are estimated to be approximately \$90,000 per acre (or \$1.5 million for current three cells) and post-closure cost estimated to be approximated \$1 million (spread over 30 years).
- Long-term capacity (i.e., >30 years remaining at current volumes) is more than adequate, which provides sufficient time to consider future options for long-term funding
- Capital Reserve of \$1.6 million is relatively constant but growing slightly. Reserve is adequate to cover current closure costs only, but will be deferred if new cells are developed.

# Preliminary Go-Forward Actions

- To provide long-term funding requirements and improve short-term financial performance, two components can be addressed:
  - Increase Revenues – primarily driven by gate receipts (e.g., tonnage and tipping fees)
  - Reduce Expenses – primarily driven by contracted fees to operator



# Preliminary Go-Forward Actions

- Increase Revenues
  - Increase tipping fees – must consider market value and cannot completely control
  - Increase disposal tonnage – must consider market area and ability to secure contracts from established competitors
  - Increase “high value” waste streams – identify new potential revenue streams

(Note that with latter two options, the life of the facility is reduced)

# Preliminary Go-Forward Action

- Reduce Expenses
  - Current contract pays operator base of \$115,000 per month plus a percentage of fees for exceeding certain tonnages
  - Monthly average fee (calculated on tonnage basis) has fallen from \$35/ton to \$23/ton over last two years due to increased tonnages
  - National industry reports indicate that landfill operations costs typically vary between \$12/ton to \$18/ton

## Part III – Summary of Recent Meetings

# Recent Meetings with Industry Vendors

- Meetings initiated by LCSWDC attended by its Attorney and Solid Waste Consultant with potential future Industry Vendors
  - Santek Environmental
  - Waste Connections
  - Waste Management
- Open discussion regarding the range of future development and operational strategies available to LCSWDC

# Summary of Recent Meetings

- Goals of the LCSWDC in evaluating future options:
  - Provide lower costs and other benefits to local host communities
  - Provide affordable and predictable waste disposal capacity for local communities
  - Identify economically viable strategies for landfill and host communities
  - Minimize adverse impacts on local neighbors
- Recognize contractual obligations with current operator (expected to end within 3 years)
- Solicit ideas and viable options from participants, but explicitly NOT to solicit cost proposals

## Part IV – Concepts for Future Operations

# Potential Options

- Continued Disposal at Matlock Bend Landfill
  - Option A (Outside Operator) - Retain independent operator under new contract with LCSWDC (i.e., similar to current arrangement)
  - Option B (Governmental Operator) - Develop operations capabilities with one of the government stakeholders
- Contract Waste Disposal to Other Local Facilities
  - Option C (Direct Haul) - Temporarily or permanently close Matlock Bend Landfill and secure private market-driven long-term contract
  - Option D (Transfer Station) - Contract for development and operation of a transfer station at Matlock Bend Landfill (and dispose waste at private facility)
- Utilize Portion of Matlock Bend Landfill for Construction and Demolition Debris (C&D) Facility

# Potential Options

## Continued Disposal at Matlock Bend Landfill

- Favorable Factors
  - Proximity to interstate
  - Access through industrial park
  - Substantial permitted capacity
  - Best and highest-value use of property is for landfill operation
- Potential Drawbacks
  - Potentially higher short-term costs (e.g., new cell cost and current operations contract)
  - Long-term obligation to government stakeholders
- Future Considerations
  - Duration of operations contract
  - Service area increase to 100-mile radius
  - Increase in daily tonnage two- to three-fold (currently  $\pm$  275 tpd)

# Potential Options

## Contract Waste Disposal to Other Facilities

- **Favorable Factors**
  - Current excess waste disposal capacity in East Tennessee
  - Can leverage Matlock Bend Landfill potential capacity to secure benefits (e.g., recycling, host fees, fees for out-of-county waste, reduced fees for government stakeholders)
  - Transfer station will maintain "landfilling activities" in area
  - Likely best short-term (i.e., 5 to 10 year) disposal rates
- **Potential Drawbacks**
  - Limited control of long-term (i.e., 10 to 20 year) disposal rates
  - Public perception of re-opening "moth-balled" facility
  - Capital cost of transfer station and recycling center
  - Increase in traffic
- **Future Considerations**
  - Type and duration of contract
  - Service area increase to 100-mile radius
  - Increase in daily tonnage receipts two- to three-fold

## Part V – LCSWDC's Next Steps

# Strategy for Assessing Future Options

- Gather input from stakeholders
- Refine strategies and core options
- Establish relative weights to specific options
  - Landfill vs. Transfer Station
  - Conversion to C&D Facility
  - Local vs. Private Control
  - Service Area Limits
  - Daily Tonnage Limits
  - Role of Recycling
  - Host Fees, Allocations, Reduced Tipping Fees
- Make decision and implement



## Part VI – Summary

# Initial Conclusions

- Matlock Bend Landfill is a valuable community resource that faces some economic challenges because of its existing operator contract and unusual market conditions in our area
- Several development options are available
- Several capable and experienced vendors are interested in developing/maintaining relationship with LCSWDC
- No clear “best option” at this time
- Final decision will be based on a review of various options, several subjective factors, and input from stakeholders
- LCSWDC has time to weight options and make the best decision...likely 1.5 to 2 years until RFP process begins

# Closing

- Government Officials Questionnaire
- Questions and Answers

**Thank you for your time and input!**

# Results of Meetings

- Santek Environmental
  - Committed to providing long-term disposal capacity to LCSWDC and excited to remain as partner
  - Optimistic regarding long-term prognosis
    - Access through industrial park
    - Size of currently permitted footprint
    - Potential for lateral expansion on contiguous land
  - Options for future contracts
    - Duration of contract
    - Service area increase to 50-mile radius
    - Increase in daily tonnage receipts

# Results of Meetings

- Waste Connections
  - Largest waste disposal service in Knoxville area with sufficient capacity to address long-term disposal needs of LCSWDC
  - Strategy for long-term disposal
    - Develop transfer station at current landfill
    - Close current transfer station in Monroe County
    - Regionalized disposal is optimal for operator and citizens
    - Envision limits to service area and daily tonnage
  - Options for future contracts
    - Incentives for local community (i.e., host fee, tipping)
    - Allocation for out-of-county waste
    - Commitment to operate recycling center

# Results of Meetings

- Waste Management
  - Largest waste disposal company in country and established in Knoxville
  - Factors for future consideration
    - Excess waste disposal capacity in Eastern Tennessee
    - Transfer station is best long-term and short-term scenario
    - Recycling has limited financial viability
    - Convert current facility to Construction and Demolition Debris (C&D) landfill to achieve waste reduction goals
  - Contractual considerations
    - Cost (and appearance) of transfer station
    - Limits on service area and daily tonnage

**Loudon County Solid Waste Disposal Commission  
Matlock Bend Landfill**

