

CDM

The Economy's Impact on Solid Waste Management

John G. Carlton, P.E., BCEE



May 16 - 19, 2010

**Solid Waste &
Recycling Conference
*with Trade Show***

Presentation Goals

- ◆ **State of the Economy**
- ◆ **Impact on Public Solid Waste Management**
 - ◆ **Tonnage/Revenue**
 - ◆ **Recycling**
 - ◆ **Personnel**
 - ◆ **Programs**
- ◆ **The Good News**

The Economy



The Economy

- ◆ December 2007
 - ◆ Beginning of recession
- ◆ September 2008
 - ◆ Feds take over Freddie Mac and Fannie Mae
 - ◆ Lehman Brothers files for bankruptcy
- ◆ October 2008
 - ◆ President Bush creates \$700 billion TARP
 - ◆ DJIA down 18% in 1 week
- ◆ February 2009
 - ◆ President Obama signs \$787 billion stimulus

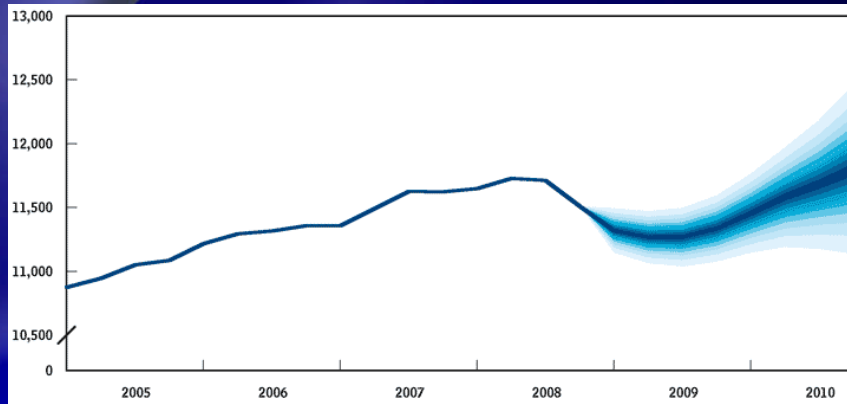
The Economy

- ◆ **March 2009**
 - ◆ AIG quarterly loss of \$62 billion
- ◆ **April/June 2009**
 - ◆ Chrysler and GM file for bankruptcy
- ◆ **August 2009**
 - ◆ Cash for Clunkers
- ◆ **April 2010**
 - ◆ 162,000 jobs reportedly created in US

The Economy

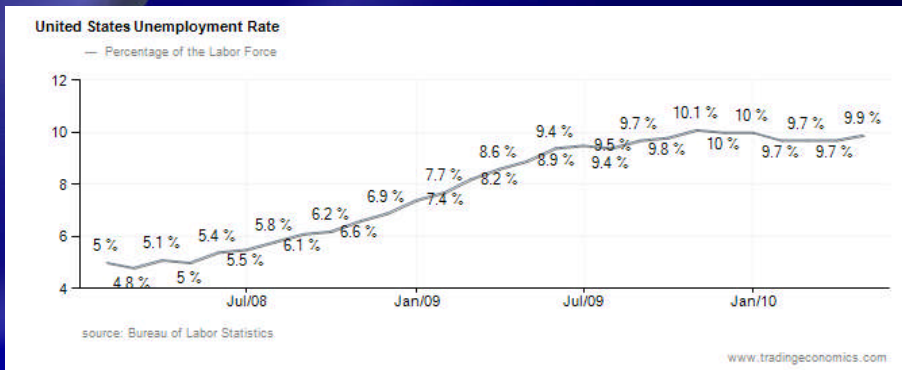
- ◆ **Gross Domestic Product**
 - ◆ Fallen Since 2008
 - ◆ CBO Projects GDP will recover in 2010
- ◆ **Unemployment**
 - ◆ Reaches 10% in 2009
 - ◆ Greater than 15% in some areas
- ◆ **Housing**
 - ◆ Housing starts lowest in 20 years
 - ◆ High foreclosure rates

Uncertainty in Projecting GDP



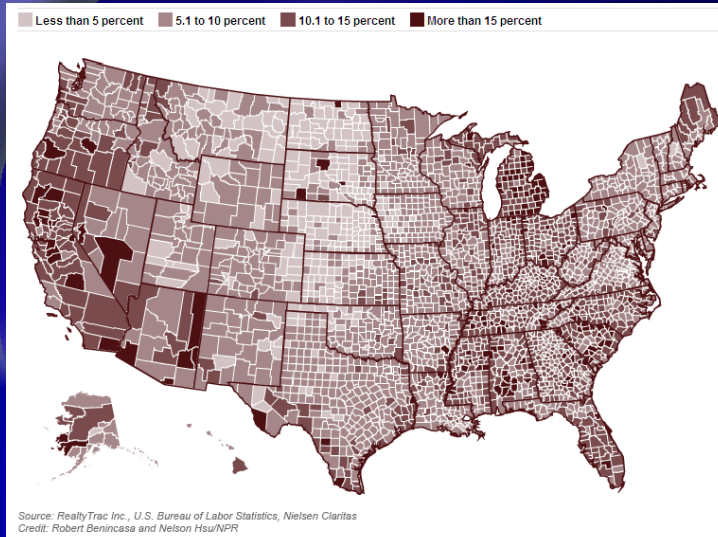
Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis

Unemployment

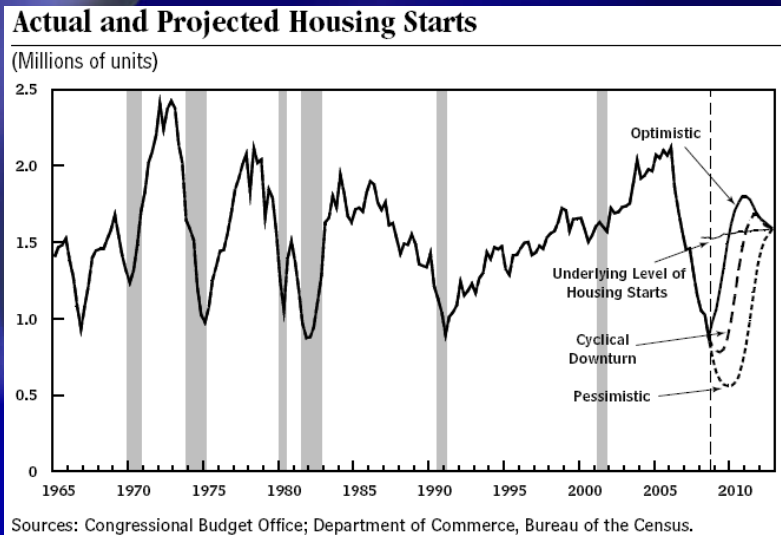


Source: Bureau of Labor Statistics

Unemployment



Housing Starts



Survey

- ◆ Information obtained from published data or survey
- ◆ Entities surveyed
 - ◆ Cities
 - ◆ Counties
 - ◆ Authorities

Why Less Solid Waste?

- ◆ Residential Waste
 - ◆ Less purchases = less waste
- ◆ Commercial / Industrial Waste
 - ◆ Retailers are going out of business
 - ◆ Industrial production is down
- ◆ Construction / Demolition Waste
 - ◆ Housing starts are down

Less Solid Waste Across Entire US

- ◆ Waste volumes are down across US
- ◆ Greatest reductions in C&D (up to 50%)
- ◆ Reductions vary
 - ◆ Average 11%
 - ◆ Largest 15-20%
 - ◆ Smallest 3-5%
- ◆ Disposal facilities = less revenue
- ◆ Collection/transfer = less expense

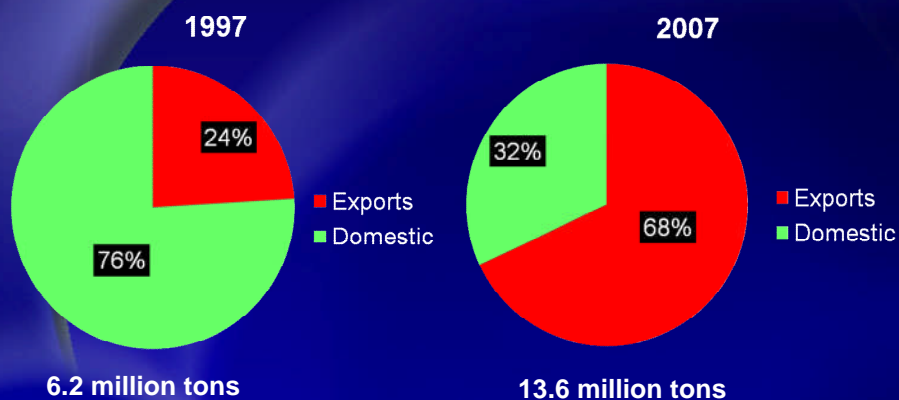
Less Solid Waste

- ◆ Los Angeles County, CA -20%
- ◆ Atlantic County Utilities Authority, NJ -19%
- ◆ Palm Beach County, FL -10%
- ◆ Burlington County, NJ -8%
- ◆ Mecklenburg County, NC -7%
- ◆ York County Solid Waste Authority, PA -3%

Recycling

- ◆ October 2008 substantial market decline
- ◆ Global recession causing China and India to reduce purchasing of US recycled paper
- ◆ Prices fell 50% to 75%
- ◆ Materials were warehoused
- ◆ Pricing for most recyclable materials is now trending upward
- ◆ Single stream recycling considered due to lower collection costs

US Market Trends – Mixed Paper

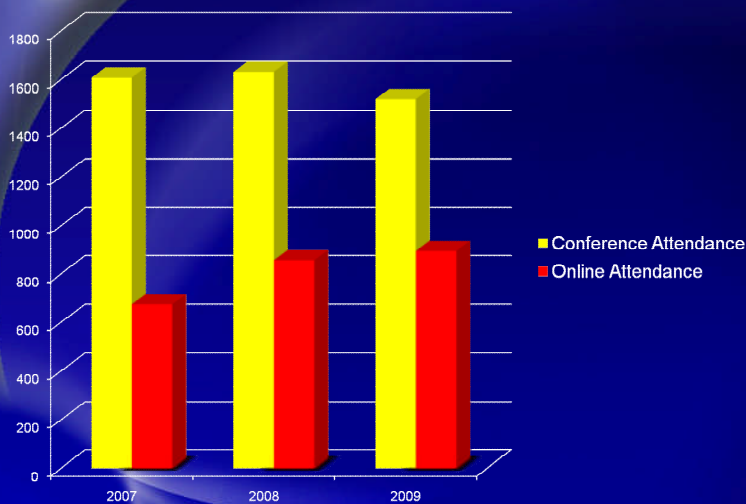


Source: Moore & Associates

Impacts to Personnel

- ◆ **Hiring and salaries**
 - ◆ 75% implemented hiring and salary freeze
 - ◆ 10% have pay reductions
 - ◆ 30% personnel reductions “Right Sizing”
- ◆ **Medical insurance**
 - ◆ 20% modified insurance coverage
- ◆ **Reduced OT**
 - ◆ 40% reduced overtime
- ◆ **Reduced travel and conferences**

SWANA Conference Attendance



Source: SWANA

Impacts to Capital Projects

- ◆ **Deferred Capital Projects**
 - ◆ “Wish List” project on hold
 - ◆ Landfill cell construction delayed due to reduced waste volumes
 - ◆ Extended heavy equipment life
- ◆ **Reduced contributions to capital reserve accounts**
- ◆ **Deferred Maintenance**

Impacts to Programs

- ◆ **Most surveyed did not reduce programs**
- ◆ **Efficiencies sought**
- ◆ **Trend in recycling to single stream collection**

Additional Revenues

- ◆ **Increased Tipping Fees**
 - ◆ Only 25% increased tipping fees
- ◆ **Sought out-of-district waste**
- ◆ **Leased unused infrastructure**
- ◆ **Energy**
 - ◆ Solar, Wind, LFG
- ◆ **Alternate Daily Cover**

The Good News

- ◆ **Recovery has likely begun**
- ◆ **We will be more efficient**
- ◆ **Greater job appreciation**
- ◆ **Extended landfill life**
- ◆ **Revenue diversification**
- ◆ **“A realization we can get by on less”**

Questions

John G. Carlton, P.E., BCEE
CDM
110 Fieldcrest Avenue
6th Floor
Edison, NJ 08837
732-590-4673 phone
732-225-7851 fax
carltonjg@cdm.com