

# TRASH TO CASH

## Landfill sees \$4M revenue jump from gas industry waste

**EDITOR'S NOTE:** The Marcellus Shale gas industry is bringing tremendous business to the Wayne Township Landfill at McElhattan - so much so that it has been able to stabilize rates, invest in expansion and fund various community-based initiatives. The story below is the first of three daily articles aimed at informing our readers about the landfill's finances, its vision and plans for the future.

By JIM RUNKLE

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**McELHATTAN** - If you check out the progression of yearly revenue at the Wayne Township Landfill, you see a startling trend:

- 2009 - \$8.5 million
- 2010 - \$15.1 million
- 2011 - \$19.5 million

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### WAYNE TWP. LANDFILL YEARLY REVENUE



## Drilling fee would yield \$180M in first year

By MARC LEVY

Associated Press

**HARRISBURG** - Pennsylvania's booming natural gas industry would pay a fee for the first time, with the money spread across drilling communities and to state infrastructure and environmental programs, and have to obey tougher safety standards under sweeping legislation speeding toward votes in the Republican-controlled state Legislature as early as today.

The bill, unveiled Monday, nevertheless encountered opposition from minority Democrats, who say the industry will pay a meager price for extracting a valuable natural resource and that the bill is riddled with loopholes that undercut the ability to protect people and communities from damage caused by drilling.

The 174-page proposal is a result of weeks of talks between Republican leaders of the House and

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Landfill workers remove trash and debris from the old landfill on the north side of Route 220 and prepare to transport it to the new landfill on the south side of Route 220 in McElhattan.

BILL CROWELL/THE EXPRESS



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All this with no increase in tipping fees to local trash haulers, who pay less for the service than they did 15 years ago.

The present tipping fee for municipal household waste is \$49 per ton.

"The increase in revenue over the last couple years is mostly based on the new waste streams from the Marcellus Shale natural gas drilling industry," Landfill

Manager Jay Alexander said. "The local municipal waste rates paid by the haulers who serve Clinton

County residents have not changed in the last 10 years... We have maintained that goal in order to minimize any major increase in the residents monthly garbage bills, such as they have seen in other utilities over the last 10 years."

"Before Jay came on board, the tipping fee was crowding \$60 a ton," Solid Waste Authority

Chairman Jim Maguire Sr. said. "The fees have eased up some, and it isn't like it was before. We have a good management team and the lower costs are a tribute to them."

Maguire also noted the increased revenues have allowed the landfill and authority to conduct quite a bit of community service.

The authority has made contributions to charitable interests in Clinton County and Wayne

Township, has run environmental recycling programs and educational seminars, and has provided the township and county with millions in revenue under "host municipality agreements" with those two governments.

According to authority officials, the agreement has provided the county with \$4.72 million over the past decade.

Wayne Township has received \$3.87 million under the agreement, which provides that a portion of the tipping fees are given to the municipalities within which the landfill exists.

"There's a considerable amount that goes out to the township, the county, and into recycling and environmental efforts," Maguire said.

"All that's a pass-through... A good portion of it doesn't have anything to do with the county taxpayers, because a segment of our haulers come from outside the county."

Maguire also pointed to the selling of landfill-generated methane gas to Jersey Shore Steel Co. and said that company remains viable in Clinton County, in part, because it pays half the market value of natural gas for its energy needs.

Speaking of natural gas, "It's all gas industry," Alexander said in a year-end assessment of activity governed by the Solid Waste Authority.

The good news is the demand has allowed the authority to rapidly move ahead with plans to expand the landfill situated on both the north and south sides of Route 220 to meet the needs of the industry and community at large.

"We've been excavating on the closed north side since last summer," Alexander said. "We've working on 10 acres out of the 60-acre site, and we plan to transfer the material to the south side."

Eventually, we'll excavate the entire north side and line eight acres of that area, probably this summer. The removal of waste and placement of additional liner will be conducted in stages. Initially, waste will be removed and placed in the existing double-lined section (north side) of the landfill. A new double

liner will then be installed in the portion where waste was removed. Eventually, when there is enough capacity in the newer, double-lined areas, additional waste removed would be disposed in the new area.

According to Alexander, the project, only about 5 percent finished right now, will add about 23 years of capacity to the landfill at its present, permitted rate.

"We'll be moving material for the next seven years," Alexander said.

The landfill has a maximum daily volume of 1,500 tons, but averages 750 to 1,000 tons received per day, with about half that material coming from the gas industry, Alexander said.

The increased flow has had a major impact on the landfill's general fund, which now grosses about \$19.5 million a year, he said.

That's allowed the authority to make \$9 million in capital investments last year, Alexander said, adding, "We paid cash and we didn't acquire debt. What's more, we've been able to keep our tipping fees reasonable, and I don't see that changing for a long time."

In October 2010, the landfill received an expansion permit from the state Department of Environmental Protection to renew the closed section north of Route 220.

The end result will be a recycling of the old 60-acre landfill and turning it into a new 75-acre landfill, adding years of capacity to the life the facility, Alexander said.

In the meantime, Alexander said, the landfill has been able to add new jobs, purchase equipment and buy some neighboring properties that have long-term potential for supporting landfill operations. The authority is also working

with Norfolk Southern Railroad to create a rail siding to facilitate another waste flow.

"Accepting trash from rail is under our permit," Alexander said. "We're building this as a hedge against the potential for higher

prices for fuel adding to our costs... As far as I know, there's only one other landfill in the state that's permitted for rail delivery and that's not even under construction... We also believe we can load and

unload supplies for the expanding gas industry to offset costs."

Alexander said the landfill accepts drill cuttings — waste material coming up out of the well as it is drilled (similar to contaminated soil) — general plant trash, trash from the employees on a well site, frac sands, dirty mud, trees, brush and stumps from the right of ways or locations, etc.

In 2010, the landfill disposed of more than 166,000 tons of drill cuttings. It far exceeded that amount in 2011.

Alexander said the local landfill was the only game in town several years ago when it came to working with the gas industry. But that's changed, and there's more competition now.

That might have some impact on future earnings, he said, but much depends on the the direction of the industry, and present estimates suggest activity will only increase in the next couple of years.

"Initially, when we began planning the expansion, it was not so much in anticipation of a big increase in business, but an early preparation for the day when the current landfill would fill up," authority member Jeffrey Burnham said. "The first discussions occurred about eight or nine years ago when I joined the authority ...

The added business of the gas industry resulted in some urgency to the situation because it meant the landfill would fill up sooner than expected."

The simple equation, he said, is this: "It means we're a lot busier, in a nutshell."

Combine the expansion of the landfill with increased demand for landfill space by the drilling concerns, and you get increased revenue.

In response, Burnham said, the authority looked at several options, including a completely new landfill elsewhere, and concluded it could meet the needs of the community at its present site and with its present acreage.

"The old, north-side landfill is a kind of pre-modern landfill," Burnham said. "It was closed a few decades ago and capped, but it's not lined which means no special precautions were taken to ensure runoff from the waste wouldn't seep into the ground. The new landfill on the south side where we operate now is a state-of-the-art lined system so leachate is contained in the landfill or disposed of properly."

"It's on our property and no new land is being taken up. By opening up the old fill, we can put down a liner to eliminate any potential hazard... The biggest benefit is that it's generating revenue that will cover some of the cost of expansion."

"We're also pleased we haven't had to increase the local tipping fees," Burnham said. "Today's rates are lower for Clinton County haulers than they were 15 years ago — One of our goals is to keep the cost down for county residents because we are a county facility."