METHODS OF COMPENSATION AND MITIGATION TO AID IN IMPLEMENTATION OF SOLID WASTE FACILITIES

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Discussion by
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This paper effectively addresses perhaps the most critical issue in landfill and resource recovery facility implementations — siting. While the Metropolitan Council is something of a unique governmental entity, the regional nature of siting is common almost everywhere in solid waste facilities.

It appears to me that what the author relates is two basic concepts that are not quite explicitly stated. First, the intent of the recommendations to the Minnesota Legislative Commission is to address a basic economic concept — that of internalizing the social costs of waste disposal so that the true costs of waste disposal are reflected ultimately in tipping fees.

Second, the thrust seems to be to give economic incentives (i.e., buy off?) to communities so that they will be more receptive as host communities for activities that fall into the NIMBY phenomena.

The paper does a good job of presenting an array of public policy approaches. However, it leaves me with the following immediate question that is not addressed: What is the cost of each of these recommendations and the sum total, to the homeowner and business? It would be helpful to know what the economic impact is on waste disposal in dollars per ton or some other measure most of us relate to. Second, is the economic incentive large enough to attract host communities, but small enough that the public can bear the cost? Third, what other alternatives to siting have or area being pursued? For example, some communities will probably have an irreconcilable (citizen) opposition to any landfill or resource recovery facility. Is there any way to overcome or move beyond NIMBY?

The legislative recommendations seem to fall in two categories: first, those that can be related directly to a site, the operator and in which the economic consequences can be determined by good planning and engineering.

Second are those that appear to hold promise but are extremely difficult to “sell,” to implement cost effectively, or could be abused. These are:

1. The fund for repayment for injury or environmental damage.
2. The PILOT concept.
3. Payment of all indirect costs to a local government.
4. Compensating land owners for loss of value within the buffer zone.

The Metropolitan council staff have developed an intriguing approach that should be tried where the community attitude is receptive. It may be the only organized attempt to implement the concept of true cost waste disposal and to create a market for host facilities. Who knows, it could lead to communities competing to be the host community for a landfill or resource recovery plant.

Discussion by
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Mr. Michaud is to be complimented for his attempt to provide a rational approach to the problem of potentially
adverse impacts on local communities resulting from the siting of solid waste facilities. The problem he described has two aspects: compensation to the community for the real costs incurred as the result of the siting of the facility in its midst, and compensation to individual residents in the vicinity of the facility site, who may or may not suffer damages to the value of their property or their perceived quality of life.

Mr. Michaud has concentrated on the first aspect, and developed a concept of an administrative mechanism for compensating the local municipality for direct costs, including a compensation fund and payments in lieu of taxes, and other charges for services rendered to the facility. Obviously, if the facility is privately owned, it should pay the usual property taxes imposed on industrial facilities. Sometimes, as in the case of the privately owned Westchester County, New York Resource Recovery project, it is possible to develop a benefit package consisting of tax revenues and energy rebates for the local community sufficiently attractive to induce it to welcome the proposed facility. Again, in Union County, New Jersey, the host community has voted to accept a resource recovery facility as long as it will pay taxes and give a tipping fee rebate to the community. Still, in many other communities, local opposition is so vociferous that the local government unit feels it most oppose the project as a matter of self preservation.

The question of compensation to local residents is dealt by Mr. Michaud in Item 7 of his recommended program. He suggests that compensation be provided to property owners within one mile (of new landfills) if they can prove a loss of market value. He does not propose to extend this type of compensation to property owners within one mile of resource recovery facilities. Since resource recovery facilities are often sited in more densely populated areas than landfills, the one mile criteria could involve a substantial number of property owners. It may also be difficult to prove loss of market value. I would be most interested to see how Mr. Michaud’s recommendations will work out in practice.

In many cases, the opposition to resource recovery facilities is totally irrational, approaching in some cases hysteria, and sometimes this hysteria is exploited by local political leaders for their own purposes. Issues like dioxin and other air pollutants and traffic impacts are at best difficult to discuss in a public forum. Even if the debate becomes emotional, rational discussion is impossible even if the local residents are assured that the facility will not constitute any credible level of risk to public health, the NIMBY (Not In My Backyard) syndrome is so strong that the residents will believe statements by unqualified persons over those of experts and choose to disregard any scientific evidence submitted in support of the project.

In that case, neither compensation nor mitigative measures such as buffer zones or higher levels of environmental controls are likely to pacify the opposition and the issue finally comes down to political leadership. No solid waste facility can survive local opposition unless the leadership of the larger community is willing to assume such leadership and to state clearly and unequivocally that, once everything has been done to compensate and protect both the local community and the local residents, the greater public good of the larger community must prevail.

AUTHOR’S REPLY

To William E. Franklin

Mr. Franklin is correct in his assumption that the intent of the recommendations are to internalize all the costs of waste disposal and to reduce the costs of the facility unfairly borne by the host community. The cost of recommendations will vary tremendously according to the site, type of facility, its size and environmental and socio-economic impacts. Estimated costs for these measures would range from $0.50 to $3.00 per ton. In addition, if the costs are not borne by the users, we should ask ourselves who will bear the impacts and costs of the facility.

Usually the host community has borne the costs and essentially subsidized the facility for others. If, indeed, the costs of compensation and mitigation are significant, it would be appropriate feedback to homeowners, businesses and elected officials to look at other ways of managing wastes. I do not think that the recommendations contain a large enough incentive to attract a host community, at least in the Twin Cities at this time. However, in the future I suspect some cities may jump at the chance to become a host. One alternative to the public siting effort that has been attempted was the opportunity for any person or firm to volunteer their land as a potential landfill site. Unfortunately, the people who live adjacent to the volunteered sites are no less vocal in their opposition. In addition, some counties selected new potential landfill sites adjacent to existing landfills. The region has not excluded the private solid waste management industry from proposing sites for landfills or resource recovery facilities. To date the private sector has relied exclusively upon expansions of existing landfills. For environmental and other reasons, the reliance upon expansions is only a short-term solution to the region’s problem. Eventually new facilities will be needed.

To John L. Rose

Compensation to property owners within one mile of a landfill for loss in market value of their home and land is a
sticky issue. At the Committee's first go around on the report, no compensation was suggested because of the relatively few and inconclusive nature of the studies evaluating impacts of waste facilities on the market value of adjacent properties. After a public meeting on the draft recommendations, there was considerable pressure placed on the committee to award some compensation, which it did in the final report. However, the committee intentionally worded the recommendation so that it would be very difficult for someone to collect compensation. The legislature now permits cities to collect a fee of up to $0.15 per cubic yard of waste to be used strictly for mitigation and compensation purposes. This fee could be used by the city for any number of mitigation and compensation items including its direct and indirect costs, property value impacts and payment-in-lieu-of-taxes.

The second half of Mr. Rose's comments I agree with completely. Our elected officials must understand that this intolerable situation must be changed if the nation is to resolve some pressing problems in solid, hazardous and radioactive waste management. I also think that the scientific community ought to take the lead and begin a dialogue on methods of altering the current situation.