



January 24, 2011

A Risky \$400M Proposal That Should Be Trashed

Fairfax County staff has recommended moving forward on a proposal to spend over \$400 million to buy a waste-to-energy facility currently owned by Covanta Energy, a private sector company that has owned and operated the plant since 1988. The County is recommending the purchase instead of accepting Covanta's offer to extend the lease for another 20 years at similar terms to the last 20 years. County staff's own analysis shows the lease option to be a better deal for the County for the next 20 years than their own optimistic projections under a purchase. We need to trash this risky \$400M purchase and let the private sector continue to successfully own and operate the plant.

I am also concerned about how this process has played out. The Board of Supervisors has been discussing this purchase for months but all of that dialogue has taken place behind closed doors. While the closed door sessions were legal, this purchase will dramatically expand the size and scope of our government and put an enormous amount of risk onto taxpayers and we need to engage our citizens in an open and transparent way.

Public information meetings are being scheduled, but I believe a decision of this magnitude deserves a formal public hearing in front of the entire Board and will be proposing that at the January 25 Board of Supervisors meeting.

I have vocally opposed this purchase for many reasons. Covanta has operated the plant successfully for the past twenty years and has been an outstanding corporate citizen, sponsoring numerous community based organizations and participating in community events throughout the county. Covanta has also been recognized with many awards for their work including the 2010 Virginia Governors Environmental Excellence Award. In addition, they also provide Fairfax County with one of the lowest tipping fees (the price paid to drop off trash) in the region, ranging from \$26 to \$33 a ton.

Based on that history it is hard for me to comprehend why our County government would make a purchase of this magnitude at the same time our citizens are demanding that governments at all

levels return their focus to core government functions. Owning and operating a trash incinerator is not a core government function and should be left to the private sector.

Supporters of this purchase argue “it gives us more control”, “we can do it better” and “we might have lower tipping fees 20 years down the road”. Those are not compelling reasons for the County to end an agreement that has worked well over the past twenty years and put \$400 million worth of risk onto the backs of the taxpayers. Enormous amounts of risk for very little return, if any at all.

Because we are issuing debt to purchase the plant, it adds to our total debt thereby competing with our other capital needs. When interest costs are included the plant will cost over \$800 million, even before any of the needed capital improvements are included. Why would we spend our scarce capital improvement dollars on a trash incinerator when we have such huge capital needs in public safety and school construction and renovation?

Issuing \$400 million worth of debt to make this purchase could have catastrophic consequences for our County as it has for other counties across the country. Seven years ago Harrisburg, PA borrowed money for their trash incinerator and that decision brought to the city to the verge of bankruptcy. The amounts of trash that were promised never materialized so the incinerator didn't bring in enough money to pay off the bonds. As a result the city's finances have been ruined and Harrisburg now pays among the highest tipping fees in the country. Fairfax County and its citizens could be exposed to the same risks.

There is a better option. Covanta has agreed to extend the lease which would give us the same control over trash that we have had for the last 20 years, competitive tipping fees (the price paid to drop off trash) and the ability to renegotiate again in 20 years. County staff's own analysis shows the lease option to be a better deal for the County for the next 20 years than their own optimistic projections under a purchase. This can be done without the risk of spending \$400 million of our scarce capital dollars to purchase the plant.

I will continue to push for a lease extension instead of purchase and for an open and transparent process including a public hearing. Please let me know your thoughts.

The ***Herrity Report*** is a monthly publication from the Office of Supervisor Pat Herrity to keep citizens informed on the issues facing Fairfax County. Communication is important to Supervisor Herrity and he encourages your feedback on the items in the ***Report*** or other issues that concern you. Past issues of the ***Herrity Report*** can be found at <http://www.fairfaxcounty.gov/springfield/herrity-report-newsletter.htm>. To sign up for the Herrity Report please go to <http://www.fairfaxcounty.gov/springfield>. If you no longer wish to receive the ***Herrity Report***, please send an e-mail to springfield@fairfaxcounty.gov with “Unsubscribe” in the subject line or call us at 703-451-8873.