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Readers Forum: Point / Counterpoint: Free enterprise system would benefit businesses

by: KENNETH F. BURKETT

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I started in the trash business with one truck and one driver: me. More than 37 years later my company, American Waste Control Inc., has 65 trucks, 118 employees and hauls 40 percent of the solid waste produced by Tulsa's businesses.

I say this only to illustrate how I have benefitted from the free enterprise system. Unfortunately, my customers and other Tulsa businesses are being denied the benefits of free enterprise. Presently, American Waste Control and the other commercial haulers are required to haul all waste to the W.B. Hall burn plant.

We are not charged for disposal, but the businesses are charged a disposal fee equal to \$50-plus per ton. That fee is a combination of the tipping fee charged by the burn plant, debt service on the bonds that built the plant for the private owner and various city-added charges. The total charges to Tulsa businesses are as much as 2 1/2 times what they are charged for the same service in other cities.

We got to this point on a road paved with good intentions. In the mid-1980s Tulsa officials were subjected to a sales blitz by Ogden-Martin Corp. It sought to convince Tulsa to finance a trash-to-energy plant with municipal bonds. Tulsa was told that landfill space was in critically short supply and that disposal costs at the proposed plant would decline while they increased at landfills.

By 2000 the tipping fee at landfills was to be \$30 per ton, while the tipping fee at the plant would be free, due to the value of the trash as fuel. Naturally, Tulsa embraced the idea.

A contract was entered which required the Tulsa Authority for Recovery of Energy, to which the city had delegated the authority over trash, to direct all trash to the plant for 20 years, ending May 1.

Things did not turn out as presented. There is plenty of landfill capacity and disposal cost at the burner is now \$25.30 per ton, while that cost at landfills is around \$16 per ton. The plant can not cover its cost of operation without the subsidization.

The present owner of the plant, CIT, is a multinational corporation with more than \$70 billion in managed assets. It seeks continued subsidization by Tulsa's 9,000 businesses, claiming various benefits such as convenient location of the plant and its depressing affect on landfill prices.

From its location two miles upwind of downtown Tulsa, the plant emits gas created by

burning 1,100 tons of trash per day and landfill rates are cheaper in the rest of Oklahoma where there is no burn plant. CIT also claims that total cost will be lowered due to the pending elimination of the bond payments. However, the 35 percent differential between the plant and landfill tipping fees will remain.

CIT seeks renewal of its contract through negotiation and has asked that the Oklahoma attorney general issue an opinion exempting it from open bidding. Renewal or extension of the contract is neither logically defensible nor legally possible.

In 1994 the U.S. Supreme Court, in *Carbone v. Clarkstown*, held that Clarkstown could not direct the flow of its trash under an arrangement almost identical to that employed by Tulsa. After that decision I agreed not make a *Carbone* challenge to Tulsa's flow control, as long as the bonds remained unpaid, at the request of Tulsa officials.

They assured me that once the bonds were paid, Tulsa would get out of the commercial trash business. If Tulsa did allow free enterprise to govern the commercial trash business, the hauling/disposal charges paid by businesses would be dramatically lowered through elimination of the tipping fee differential and competition by the 30 commercial haulers.

Yes, my company would also benefit as it would save \$50,000 a year in administrative costs, compete for more business and be able to haul some of the trash it collects to a landfill owned by a sister company.

If Tulsans believe that the plant is worthy of subsidization, the only legal form it can take is through a tax voted by the people. I will gladly accept the people's decision.

Kenneth F. Burkett is president American Waste Control Inc.

Associate Images:



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