

Time for City of Newark to Negotiate Reparations:

An analysis of the Covanta Incinerator's profits from burning trash in Newark's Ironbound and polluting the air we breathe.

Through one contract alone with New York City, Covanta will have received about 700 million dollars over twenty years to burn 19.7 million tons of Manhattan's trash in Newark. Six days a week, this one contract alone generates 352 garbage truck deliveries per day, delivering 2,700 tons of trash in the Ironbound.¹

Here is my analysis of Covanta's profits from New York City alone, and of what the City of Newark and Newark City Council should do about this:

The six points below should inform the City of Newark's litigation with Covanta to secure fair **reparations** for the damage they cause when they burn millions of tons of trash in Newark:

- 1. Whereas:** New York City delivers **985,000 tons of trash per year** to Covanta. This is at least **2,700 tons of trash burned per day** in the Ironbound.
- 2. Whereas:** Covanta operates the facility six days a week from 3pm in the afternoon to 7am the following morning. During these hours of operation for 16 hours per day, NYC empties the contents of 22 trucks per hour into the incinerator. This amounts to **352 truck deliveries per day** in the Ironbound.
- 3. Whereas:** As of 2012, Covanta's revenue is about \$93.42 per ton of trash burned. From 2012 to 2032, Covanta's revenue from this contract will be **\$750 million** – or \$754,900,000 to be exact.
- 4. Whereas:** The above rate of 985,000 tons of trash per year / 352 truck deliveries per day is the **minimum target** set by Covanta with New York City. On any year that New York City fails to deliver this amount of trash per day, Covanta fines its municipal customers a penalty for failing to provide them with enough trash to burn.

¹ This twenty-year contract was signed in July 2012 and expires in 2032. Covanta has signed other contracts with at least twenty other municipalities. But its contract with NYC is the largest and most profitable. So the numbers quoted here should be read as **baseline and minimum** for an environmental reality that is actually far worse.

The value of the penalty fine is almost the same as the cost of burning trash.² Covanta profits either through the fees collected when they burn trash, or the fines collected when they do not burn trash. **In short, Covanta signs high-fee contracts with clients that create a perverse incentive for clients to send Covanta as much trash as possible to burn in the Ironbound.**

5. Whereas: This is primarily household trash collected from Manhattan's two wealthiest neighborhoods of Midtown (median family income \$180,000) and the Upper West Side (median family income \$199,000). The trash from these wealthy neighborhoods is largely processed in the Ironbound (a neighborhood with median income \$49,000). In other words: **The poorest members of society in Newark breathe the air polluted by the wealthiest members of society in the Upper West Side.**

6. Whereas: Covanta operates a billion-dollar facility and receives at least \$750 million annually from Manhattan alone. But Covanta pays the City of Newark only about five million per year in taxes and fees.³ In other words, for every \$100 that Covanta makes, Newark receives less than \$0.70 cents.

Therefore – I suggest – that the Newark City Council, the Mayor's Office, and the City's Business Administrator use all the power, legal muscle, and aggressiveness available to them **to sue and to litigate Covanta until this corporation – Newark's largest air polluter – pays its fair share in reparations.**

I further suggest that City of Newark use the Courts to **audit the books** and the texts of all other contracts that Covanta has signed to burn trash in the Ironbound, so as:

- To ensure that Newark collects its fair share of Covanta's profits.
- To ensure that Covanta does not lie to the public, and downplay the extent of the damage they are causing to the City of Newark.

² The fine is **85%** to be exact. For instance, Covanta charges a rate of about \$100 to burn per ton of trash. If customer provides them with one ton of trash to burn, customer has met the goal and pays \$100. If customer fails to provide them with the promised one ton of trash, then customer pays Covanta a fine of **\$85**.

³ For instance, Covanta agreed to pay \$3,250,000.00 to the City of Newark for the six-month period January 1, 2021 through June 30, 2021. Source from City of Newark contract: newark.legistar.com/LegislationDetail.aspx?ID=5031358&GUID=C52C3CFD-C37E-4717-9EAD-31D3C9846421