

Illustration by Doug Potter

Wasting Away

Could a Trash Giant's Stumbles Hurt Austin?

By Robert Bryce, Fri., March 13, 1998

Waste Management Incorporated is in the midst of what can only be called a stinking mess. Normally, Austinites would have no reason to care about the ongoing turmoil within the world's largest waste disposal company. But as the City of Austin prepares to enter into a 30-year contract with WMI for recycling and disposal services, the trash giant's problems could become the city's problems.



Later this month, the city's Solid Waste Advisory Commission is expected to get the first look at a 30-year recycling contract between the city and WMI, a deal that could be worth an estimated \$50 million. In addition, the city is negotiating a 30-year waste disposal contract, part of which will be awarded to WMI, that may be worth \$100 million.

Those contracts would be welcome at WMI, which has had plenty of bad news lately. Four chief executive officers have come and gone at WMI over the past year, and the company is desperately trying to find another one. Last month, the company reported a \$1.4 billion loss in the fourth quarter of 1997. It also announced that it would restate its earnings retroactive to 1992 - a move which reduces the company's earnings for that period by \$3.5 billion in pre-tax dollars. Several shareholders have filed class action lawsuits against the company, alleging that it improperly inflated its earnings through questionable accounting practices. Meanwhile, the San Bernadino County Sheriff's Dept. is continuing a year-long criminal investigation into WMI's efforts to permit a landfill in the southern California desert.

Closer to home, WMI is beginning a cleanup project at its Giles Road landfill off of Highway 290 East, in order to deal with 21,000 barrels of industrial hazardous waste - including toluene, acetone, sulfuric acid, and possibly the nerve agent phosgene. The barrels were dumped at the site in the early 1970s, before WMI bought the landfill in 1981. But as the current owner, WMI will have to deal with the problem, and it is planning to dig up the hazardous waste and dispose of it at a cost of some \$10 million. "We have the option of just disposing additional waste over the top" of the industrial waste, says WMI's Loren Alexander. "We are remediating it even though we aren't required to, because it's the best thing to do environmentally." As for the company's financial problems, Alexander says, WMI is "a strong company financially. We have the best assets in the industry, and the greatest number of customers, and strong, reliable cash flow. We are excited about the future" of WMI.

That's what Alexander said on Monday. On Wednesday, The Wall Street Journal reported that WMI was planning to merge with USA Waste in a \$13 billion deal.

The problems at WMI certainly don't hurt Bob Gregory's feelings. The president and principle owner of Texas Disposal Systems (TDS), the largest private trash hauler and landfill operation in the region, Gregory has been warring with WMI for years. Last October, TDS filed a business disparagement lawsuit against WMI and their local PR representative, Don Martin. The suit alleges that WMI and Martin "routinely and secretly attempted to disparage the reputation of Plaintiff and its waste management capabilities in an effort to eliminate competition and undermine Plaintiff's existing and prospective business relationships." Much of the suit revolves around a fax message created by Martin that was later sent out by environmentalist George Cofer to about five dozen community activists, journalists, and government officials in the Austin area. The fax implied that TDS was using inferior liner materials in its landfill near Creedmoor. It also said that because TDS is bringing trash from San Antonio to its landfill, Austinites should be concerned about the air and traffic impacts of TDS' operations.

Martin, who heads Don Martin Public Affairs, is being represented in the lawsuit by Austin's lawyer to the stars, Roy Minton. Depositions in the case have not yet begun. Martin claims he gave Cofer the fax out of concern for Austin's environment, a statement that enrages Gregory. "For them to use an environmental position and say ours is bad and theirs is good, is bogus," says Gregory, who has launched his own investigation into WMI. Gregory calls the hazardous waste problems at the WMI landfill a "time bomb. And yet, they are throwing rocks at us."

Controversy certainly seems to follow WMI. In 1992, after a lengthy investigation, San Diego District Attorney Edwin L. Miller, Jr., released a report excoriating WMI's business practices. "The history of the company presents a combination of environmental and anti-trust violations and public corruption cases which must be viewed with considerable concern," says the report. "The company's history requires extreme caution by the San Diego County Board of Supervisors or any other governmental entity contemplating any contractual or business relationship with Waste Management."

Investigators in San Bernardino County, a few miles north of San Diego, are investigating WMI's efforts to permit a massive landfill near the desert town of Amboy. One WMI employee, Franklin Odell, was arrested on March 7 of last year under suspicion of conspiracy, wire-tapping, and unauthorized copying of computer data. A WMI consultant, Joseph Lauricella, was arrested on identical charges. Both men were allegedly involved in efforts to tap the phones of the Cadiz Land Company, which had been leading the fight against WMI's proposed landfill. The men were released on bail shortly after their arrests and have not been indicted. The case against them has stalled because attorneys from the San Bernardino County District Attorney's office cannot yet access 100 boxes of WMI files that were seized by county investigators after the arrest of Odell and Lauricella.

Despite the turmoil within WMI and the problems at the Giles Road landfill, Joe Word, assistant director for administration at the city's Solid Waste Services office, says the city has no reason not to trust WMI. "All I can look at," says Word, "is, are they qualified to do the work? What's their history locally? Is there any reason to disqualify them? The answer to all of them is no." Word believes the Solid Waste Advisory Commission should be able to view the recycling contract with WMI sometime in the next two or three weeks. But members of the advisory commission continue to be less than pleased with the city staff's approach to the contract talks.

J.D. Porter, a longtime proponent of recycling in Austin and the current owner of Computer Reuse and Recycling and the chair of the commission, advises Austin officials to proceed with caution when it comes to making a deal with WMI. "Citizens should be concerned about anything involving a 30-year contract," said Porter.



PAGE TWO

by Louis Black

The movies are over, the bands have left the stage, the computers have been moved out of the Convention Center. SXSW '98 is over. The vans are driving home. Everything has changed. The horse is back to being a pumpkin.

Nothing has changed. Movies are showing, bands are plugging in, computers humming, the conversation level going. SXSW is just Austin, maybe Austin times 10, but still Austin. It works so well because it is so organic. It couldn't have happened anywhere else. It is here.

It starts slowly, then falls into motion, then is over. We are in the car; we are needed here. On the way we are asked a question on the walkie-talkie. We answer the question. We find Roland, ask our own question. Go where we are needed, do what we are needed to do. Everywhere there are people. Most of them seem happy. Everywhere there is music. Sometimes it is morning; sometimes it is night. Sometimes we are in our hotel rooms, or at the Convention Center but mostly I remember being in cars, in motion,

talking, arriving, working, getting back in cars. There were old friends, new friends, co-workers, familiar faces, lots of people, everywhere we went and we went everywhere.

So another one came and went. It was wild; it was calm. It is hard to critique our own show. Three huge issues of the *Chronicle*, the Austin Music Awards show, the Film Conference, the Film Festival, the Interactive Festival, the Music Conference and Festival... a hell of a few weeks. It is over now but, again, things don't change. Every topic we covered in the last three weeks is one of ongoing concern. As SXSW is Austin, expect the *Chronicle's* coverage to just be more of the same.

There are too many people, places, businesses, institutions, and spiritual inspirations to thank by name; I thank them all.

Working SXSW '98, I

watched new dad Roland Swenson brave the SXSW torrent, all the time wishing he was at home with wife Roseana Auten and their new daughter Christiane Helene Swenson. ("The Future of SXSW" read the infant's badge.) It occurred to me that her birthday will be February 27. From now on, she will always think that SXSW is a giant birthday party that her daddy throws just for her. In many ways, I suspect she will be right. ■

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ENDORSEMENTS

by the editorial board

The March 10 primaries whittled several multiple-contender races down to two candidates who meet up again in an April 14 run-off to decide who heads for the big showdown in November. Early voting runs April 4-10. We stand behind the same candidates we endorsed in the primaries, but for the record, there are several GOP races which Republican voters should consider carefully: Barry Williamson and John Cornyn in the Attorney General's race; Hank Gonzalez and Dewayne Naumann for Travis County Judge, Todd Baxter and Rick Schafer for County Commissioner Pct. 3; Mary Hughes-Bass and Lee Bergeron for Justice of the Peace Pct. 3; and Fred Ebner and Roger Settler for State Rep.

District 51. Other voting info can be obtained at the County Elections Division, 473-9553, or at the county's website, <http://www.co.travis.tx.us>.

Democrats:

County Commissioner Pct. 1: Ron Davis

Davis and run-off opponent Stacy Dukes-Rhone both have strong community and family ties to the East Austin area. But Davis is unmatched in his longtime commitment to his community through years of volunteer work to bring equity and an overall improvement of living standards to the people of East Austin. As a leader of the East Austin Strategy Team (EAST), Davis successfully fought alongside other neighborhood activists in 1992 to shut down the gasoline tank farms in East Austin. He worked to establish a new Austin Community College campus in East Austin that

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POSTMARKS

Do the Right Thing

Editor:

Your recent article by Robert Bryce about the old Industrial Waste site at Austin Community Landfill ("Environis," Vol. 17, No. 27) seemed to miss the main point about our plan to clean the site. Even though it is expensive, we feel that voluntary cleanup of the site is the right thing to do. Quite frankly, we would ask the *Chronicle* to join in supporting those efforts.

Because the Industrial Site is a properly closed and monitored disposal area under TNRC guidelines, the company is not required to spend the estimated \$10 million necessary to excavate the wastes and re-dispose of them in a more environmentally protective manner. Would most companies in the industry be willing to do what is right environmentally even though it is not required by law? Probably not. However, Waste Management and Austin Community Landfill will do just that.

Furthermore, Waste Management and Austin Community Landfill have gone the extra mile in environmental protection. In 1993 we made the decision to synthetically line all new waste disposal cells with High-Density Polyethylene (HDPE) in addition to recompacted clay. Austin Community Landfill sits on top of the Taylor Clay formation, a layer of very impermeable clay several hundred feet deep. This clay helps prevent the waste and leachate (water that has contacted waste materials) from migrating and possibly contaminating groundwater.

We challenge other companies in our industry to make the decision to provide extra protection to our environment, not because they have to, but because it is the right thing to do.

Sincerely,
 Loren Alexander
 Waste Management

Samsung Paying Its Way

Dear Mr. Editor:

While the "Out of Reach" article on your March 20th newspaper makes several valid points about the cost of living in Austin, it errs with regard to the agreement that brought Samsung to town.

The Samsung proposal contained far less tax abatements than were previously granted to other companies in Austin and less than were offered by other communities in the U.S. Additionally, to qualify for the full amount of the tax abatements granted, Samsung was required to meet certain hiring goals of disadvantaged persons far greater than required of other companies.

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OOPS! OOPS! OOPS!

An item in last week's "Naked City" ("Pease for Eeyore") incorrectly stated that Councilmember Willie Lewis voted against holding the annual Eeyore's birthday celebration in Pease Park. Lewis voted in favor of the measure. The *Chronicle* regrets the error.

LETTERS TO THE EDITOR must be signed with full name and include daytime phone number, full address, or e-mail address. Letters should be no longer than 300 words. We reserve the right to edit submissions over that length. Letters may not be edited, added to, or changed by sender once we receive them.

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4/11/98

RE: Do the Right Thing

Mr. Loren Alexander's letter to the editor on March 27, 1998, contained several mis- or incomplete statements:

- Although Mr. Alexander of Waste Management, Inc.(WMI) may believe "that voluntary cleanup" of the old Industrial Site at its Austin Community Landfill (ACL) "is the right thing to do," WMI's investigation Work Plan presents a different motive. "In the development of approaches, emphasis will be placed upon those options which maximize direct disposal on site." "Once the industrial waste has been removed, the area may be reclaimed for use as part of the existing municipal solid waste landfill." Apparently, the "right thing" is really engendered by the need for additional landfill space. WMI is seeking the 30-year waste disposal contract with the City of Austin, but ACL does not have sufficient landfill capacity.
- Mr. Alexander states that WMI "is not required to spend the estimated \$10 million necessary to excavate the wastes and re-dispose of them in a more environmentally protective manner." What he doesn't mention is the liability to the City of Austin from having its municipal solid waste buried, and possibly mixed, with industrial and potentially hazardous wastes relocated from the three acid pits and trenches containing an estimated 21,000 fifty-five gallon drums. WMI's municipal solid waste permit precludes placement of municipal solid waste on top of the old Industrial Site.
- Mr. Alexander asked the *Chronicle* to support WMI's efforts to cleanup the Industrial Site. While this seems laudable, what Mr. Alexander fails to say is that WMI proposed to sample the buried drums using invasive techniques that could puncture and release their contents. A listing of wastes disposed in the drums includes several that are incompatible, which, if released and mixed together, could result in explosion, fire, excessive heat, intense reaction, and the release of toxic vapors.
- Mr. Alexander states that " the Industrial Site is a properly closed and monitored disposal area under TNRCC guidelines." Closure took place around 1972 before there were regulations or guidelines governing how it was to be done. The only closure activity performed by WMI was to pile dirt on top of the Industrial Site. At one time, WMI did monitor the Industrial Site with monitoring wells. Sampling these wells was required by the Industrial and Hazardous Waste Division of the predecessor agency to the TNRCC. With TNRCC's permission, WMI discontinued monitoring these wells, even though potential ground water contamination was indicated.
- Mr. Alexander states that "in 1993 we made the decision to synthetically line all new waste disposal cells with High-Density Polyethylene (HDPE) in addition to recompacted clay." WMI has installed only about 3 acres of such a liner system at the ACL. This 3 acres represents a small fraction of the more than 100 acres of waste at the landfill. Waste received before and after this liner was installed was placed, and will continue to be placed, over liners that do not meet current requirements. Since the 3 acres of liner described by Mr. Alexander were installed in 1994, the approximately 13 acres of newer liner systems at ACL have been a different type.

- It also should be noted that elsewhere in the state, WMI has been attempting to expand capacity by vertical height increases, even over liner systems that do not meet current standards. Any implication by WMI that its corporate commitment is to dispose of all new waste on synthetic membranes over recompacted clay is fallacious.

Mr. Alexander ends his letter with a challenge to other companies to do the right thing. It is Mr. Alexander who should do the right thing and tell the truth.

Robert S. Kier, Ph.D., CPG