

## MEMORANDUM

**To: CSWD Biosolids Program Participating Community Members**  
**From: Josh Tyler, Director of Operations**  
**Re: CSWD Residuals Management Service Agreement Extension Information**  
**Date: April 10, 2023**

For those Chittenden County member towns participating in the Chittenden Solid Waste District (CSWD or District) Biosolids Program the following memorandum is being provided as information regarding extending the existing Residuals Management Service Agreement (RMSA) with Casella Organics (Casella). The current RMSA term is five years and expires January 31, 2024. CSWD contacted member wastewater treatment plant (WWTP) operators and superintendents in December 2022 to discuss RMSA Item:

*7.0 Term, Termination & Survival, 7.1 Term requirement that states "At the conclusion of the Initial Term, the term shall be automatically extended for additional five (5) year term, unless either party provides written notice of non-extension to the other party by personal delivery, express mail or certified or registered mail. Return receipt requested, at least twelve (12) months prior to the expiration of the Initial Term or any subsequent extension Term".*

Upon initial discussion it was determined that the automatic renewal extension be moved from twelve months to approximately six (6) months so that adequate discussion and research can be performed to evaluate if an extension of the existing RMSA was favorable to participating member communities.

CSWD met with Casella Organics February 15<sup>th</sup>, 2023, to discuss the terms and pricing structure of a potential RMSA extension. Currently, participating members pay a per ton rate of approximately \$94.00 to \$105.00 for residuals management, which includes the cost of CSWD to manage the program, a transportation fuel adjustor, Vermont landfill franchise tax (if applicable) and tipping fee. Residuals are managed at either the Casella Waste USA Landfill located in Coventry, Vermont, or the Grasslands Manufacturing Facility located in Chateaugay, New York. The proposed Casella agreement extension, provided as Attachment 1, sets the tipping fee for residual management between \$110.00 - \$120.00 per ton which equates to an estimated \$120.00 - \$130.00 when accounting for all costs. The existing RMSA also contains language regarding a annual Consumer Pricing Index (CPI) rate increase that will be executed July first of each term year.

CSWD reached out to two other regional residuals management providers, Resource Management Incorporated (RMI), located in New Hampshire and Englobe, located in Sherbrooke, Quebec. In conversation regarding estimated residuals management pricing, RMI, indicated they could provide service in a range from \$175.00 to \$225.00 per ton. Englobe estimated that pricing would be similar to RMI's range but also has indicated that the Quebec Ministry of the Environment has established a moratorium on bringing residuals in from the United States. The residuals moratorium adds significant risk to efficient and effective management

and is a substantial concern to the District. Further research indicates that New England Regional costs range between \$160.00 and \$260.00 per ton. Table 1 represents the estimated per ton costs options for residuals management.

<b>Table 1: Chittenden Solid Waste District Residual Management Options</b>		
<b>Estimated Residuals Management Costs</b>	<b>per ton cost range</b>	
<b>Current Cost 3.27.23</b>	\$ 94.00	\$ 105.00
<b>Cost at end of existing term 2.1.24</b>	\$ 100.00	\$ 110.00
<b>Cost of Casella 5-year extension</b>	\$ 120.00	\$ 130.00
<b>Cost of other regional management</b>	\$ 175.00	\$ 225.00
<b>Regional costs around New England</b>	\$ 160.00	\$ 260.00

All language in the existing RMSA will be carried forward with an extension. Casella has also indicated that existing RMSA language will include the following additions, if a five-year extension is executed:

1. The following language will be included in Section 1.3, the “Weekly Residuals Removal Schedule”
  - a. Customer will prepare weekly load forecast/Schedule utilizing “Formstack”, Casella’s Cloud based scheduling tool, or alternative, to request quantity of loads the customer will generate from each facility.
  - b. All proposed changes to the Schedule will be made by the Customer directly to the Contractor, and not to Contractor’s subcontract transporter (if any).
  
2. The highlighted language will be added to the first sentence of Section 3.1 in the RMSA concerning the “Quality Standard”.

*“Customer warrants that the Residuals identified in this Agreement and supplied to the Contractor are not classified as hazardous waste under United States Environmental Protection Agency (USEPA) and/or any other applicable laws and regulations, including but not limited to, state laws and regulations, and any such Residuals classified as such shall be deemed “Non-Conforming Waste”.*

It is also important to note that both New York and Vermont are in the process of setting standards for PFOS/PFOA in residuals and that Casella Organics will need to receive analytical testing data at a frequency adequate to meet state requirements. Casella will provide guidance as more information is made available.

Residual management though out New England has seen a significant increase in cost which are predominantly based on new regional regulations. Through communication with participating member operators and superintendents, regional research, and internal analysis the District recommends extending the existing RMSA with Casella Organics for another five-year term starting February 2024 through February 2029.

Regards,

Josh Tyler  
 CSWD Director of Operations

**Attachment 1**



February 24, 2023

Sara Reeves  
Executive Director  
Chittenden Solid Waste District  
1021 Redmond Rd.  
Williston, VT. 05495

**RE: RESIDUALS MANAGEMENT SERVICE AGREEMENT 5 RENEWAL PROPOSED PRICING**

Dear Ms. Reeves:

Casella has been privileged to serve the CSWD in the ongoing management of biosolids from the District's treatment plants. To continue to provide the level of service the County has enjoyed for an additional 5-year term (2024-2029). Casella proposes the following pricing structure for biosolids management options within the terms of the existing agreement.

	<u>Current Rate</u>	<u>Proposed Rate Beginning 2024'</u>
Burlington Main to Grasslands	\$96.85	\$120.00
CSWD Sludges to Grasslands	\$87.97	\$114.00
CSWD Sludges to Landfill	\$80.37	\$110.00

These proposed price increases will take affect the beginning of the 5-year renewal term beginning in February of 2024 and will be followed by the typical contemplated CPI in July of 2024.

The proposed increase represents current market conditions whereby transportation and processing expenses along with, capacity constraint for biosolids management in the Northeastern US, have driven pricing above typical inflationary rates.

It is notable that the "Current Rate" for biosolids management (as outlined above) will be CPI'd in July of 2023 and will put the "Current Rate" closer to the newly proposed rate.

In addition, Casella proposes to review the current terms of the Agreement with our Legal Department and potentially provide an addendum to the existing Agreement to ensure that this contract is in-line with Casella's current legal policies.

Casella thanks CSWD for the opportunity to provide this proposal and are hopeful the district finds this proposed pricing structure amenable and fair and Casella can continue to provide exceptional service to the District's treatment plants.

Sincerely,

Jeremy Tensen  
Strategic Account Manager