S.208
John Casella
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VERMONT

State of Vermont

SENATE COMMITTEE ON NATURAL RESOURCES AND ENERGY

S.208 Conservation and Development; solid waste; beverage redemption; recycling

February 20, 2014

Giving Resources New Life®

casella

Casella's Beginnings

- **Casella was founded in 1975 as a single truck operation in Rutland, Vermont**
- **In 1977, Casella operated the first recycling facility in Vermont**
- **The company has remained under the same management for nearly 40 years**

Over time our business has evolved from a consumption/disposal model into a "Resource Solutions" model. Our mission is to create value for our customers, our communities, and our company by Giving Resources New Life®. We supply resource management expertise and solutions to residential, commercial, municipal, and industrial customers helping them achieve their zero waste goals.

John and Doug Casella

Giving Resources New Life®

- Headquartered in Rutland, VT
- Operating in 13 states
- Annual revenue of nearly $500 million
- 1,800 employees serving 200,000 customers
- In 2012 we recovered over 890,000 tons of recyclables and organic materials
- Using landfill gas to generate enough electricity for 15,000 homes annually
- Recent awards: Climate Leadership Award, Natural Gas Vehicles for America Achievement Award, Vermont Governor's Award for Environmental Excellence

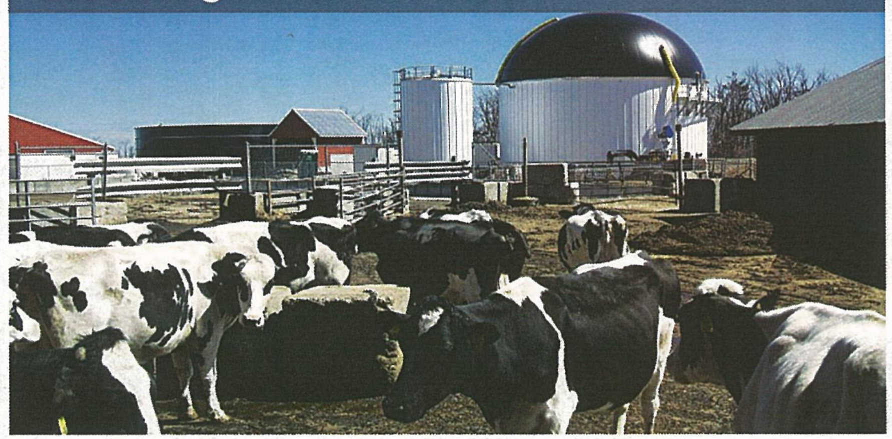
Innovation

Single Stream Recycling Facilities

CNG Refuse Fleets

Landfill Gas Power Plants

Anaerobic Digesters for Food Waste



Casella Sustainability Update

Our Carbon Footprint, Slashed by Half!

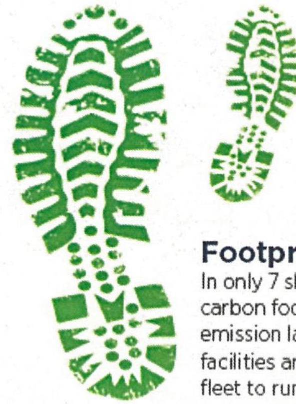
Between 2005 and 2012, we successfully reduced our company-wide greenhouse gas emissions by 50%. To do this, we began transforming our disposal facilities into low emission landfills, embraced energy efficiency measures at our facilities, and started transitioning our fleet to run on compressed natural gas.

A Measurement of Success

Reducing our carbon footprint is an important part of our broader sustainability vision. We are committed to creating value for our customers, our communities, and our company by putting waste to work. In 2012 we diverted over 890,000 tons of recyclables and organics and generated enough electricity for 30,000 homes. We are proud of these achievements and plan to continue our sustainability transformation in the years to come.

CLIMATE LEADERSHIP AWARDS

Early in 2012 we were recognized by the EPA, the Association of Climate Change Officers (ACCO), the Center for Climate and Energy Solutions (C2ES), and The Climate Registry (TCR) for the work we had done through 2010. We received a Climate Leadership Award for Excellence in GHG Management. At that time we had cut our footprint by 45%. We are proud to have continued our GHG reduction progress.



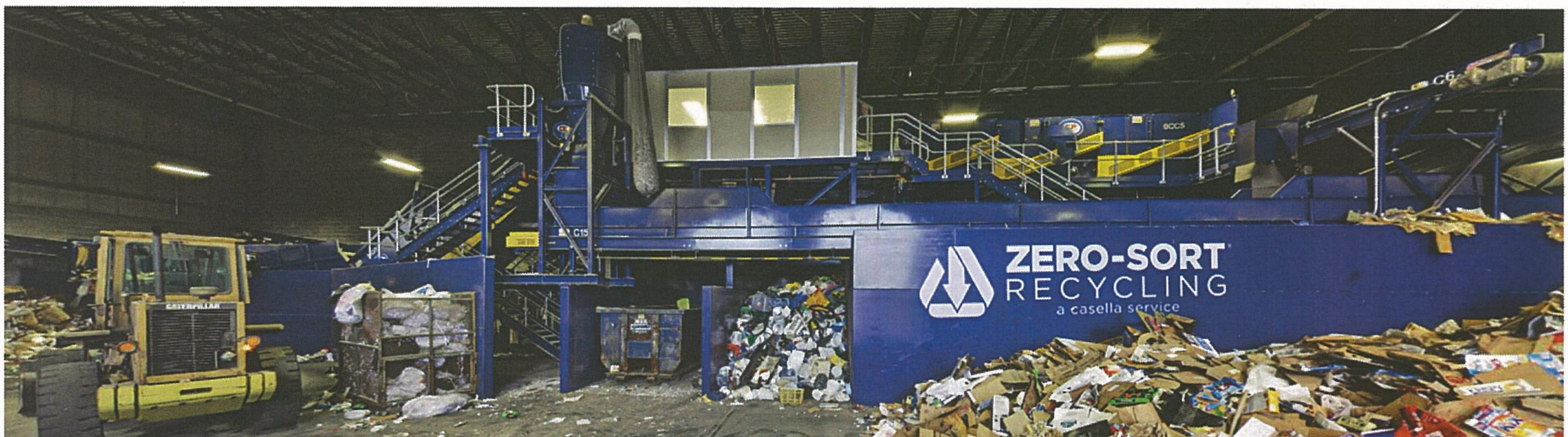
Footprint: 2005 vs. 2012

In only 7 short years, we've cut our carbon footprint 50%! Through low emission landfills, energy efficient facilities and converting our collection fleet to run on CNG, we're constantly improving our environmental impact.

	2005	2012	% CHANGE
Landfill Methane	1,828,216	806,624	-56%
Fleet & Facility	215,011	194,901	-9%
Total	2,043,227	1,001,526	-51%

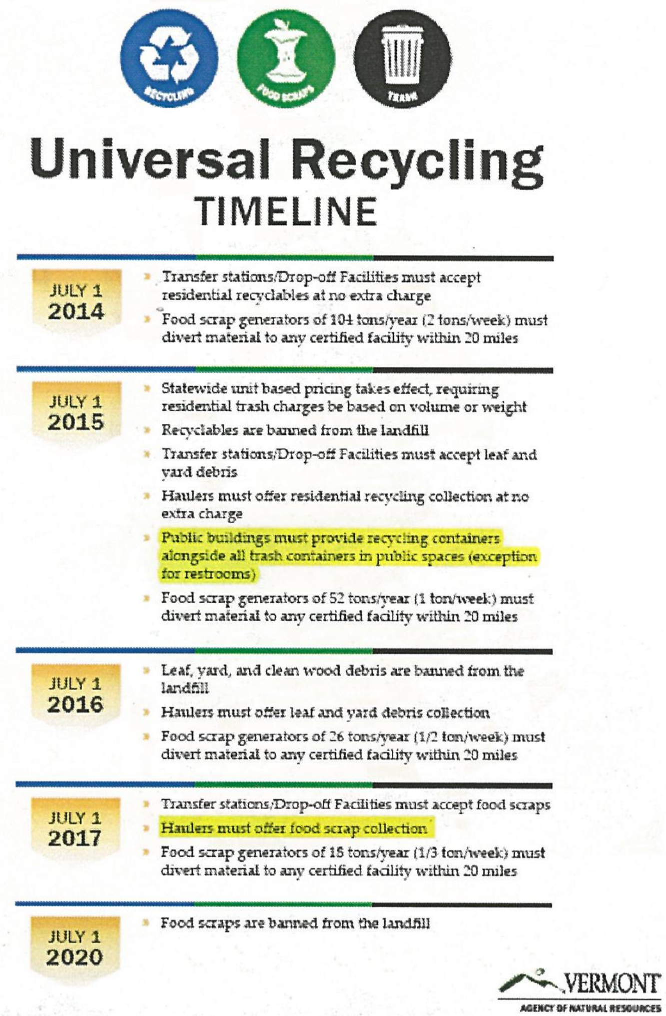
Zero-Sort Recycling in Vermont – Brief History

- Approached the State five years ago with proposal for public/private partnership
- Casella alone invested $3.4M in Rutland MRF
- Created 14 new jobs at the recycling facility and currently handling 36,000 tons per year of the 70,000 tons of capacity
- Today with the Chittenden County and Rutland facilities combined, there is adequate recycling capacity to meet the requirements of Act 148



Act 148 Milestones

- Today there is sufficient outlet capacity in-place or in-development to meet the 2014 and 2015 food scraps milestones
- Recycling is being offered by most, if not all, transfer stations today
- Most haulers are collecting recyclables today
- Many transfer stations are accepting leaf and yard waste today
- Public space recycling is an issue for 2015 that is not funded and will be a burden to municipalities
- Currently there is no funding mechanism to support organics collection by haulers in 2017 and beyond other than user fees

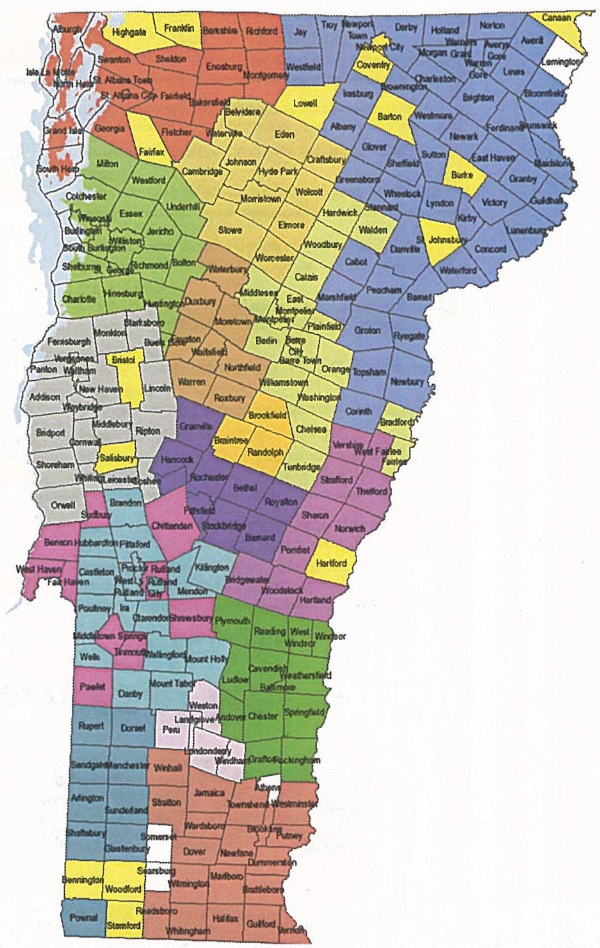


Cost of Current System

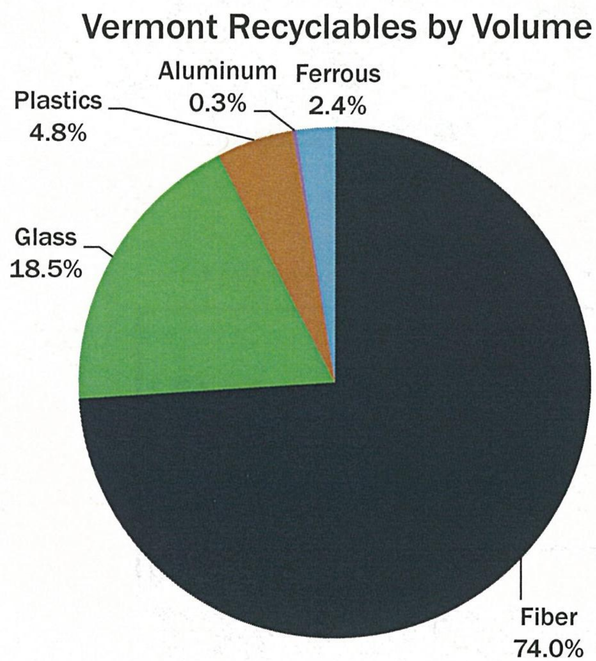
Cost in the system includes:

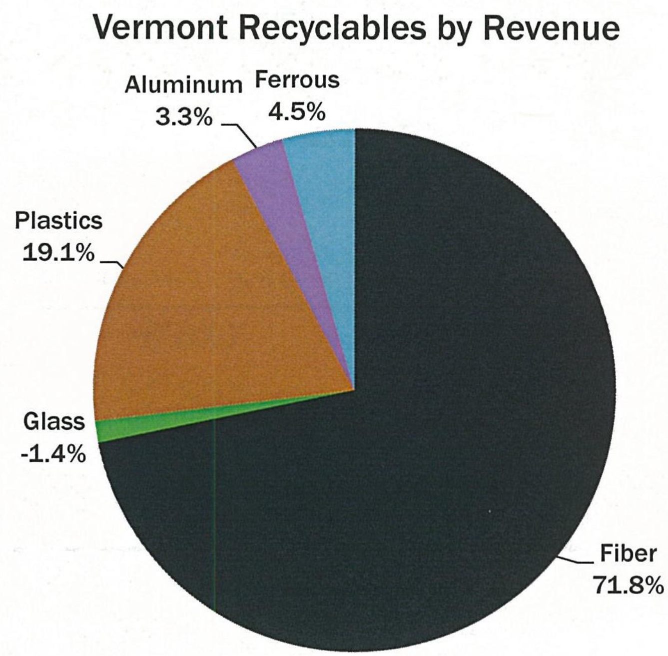
$7.75M	**Solid Waste District fees and surcharges**
$3.7M	State Franchise Tax and Permit Fees
$11.45M	Total Fees

- **We need to rethink the model. The costs in the current system need to be evaluated before adding any new taxes or fees.**
- **The allocation of funding should be matched to suit the need**
- **Consolidation of the Solid Waste Districts could provide a source of funding by reducing administrative costs and redirecting funds to infrastructure or grants**



Zero-Sort Recycling Today in Vermont





Source: Casella Zero-Sort statistics, May 2013-January 2014

Today the highest value materials in the recycling stream, such as aluminum and PET, subsidize the cost of managing the materials that have little to no value.

Financial Impact of Expanded Bottle Bill

TABLE 44. ESTIMATED MATERIALS DIVERTED FROM VERMONT MRFS UNDER SYSTEM 4, UNIVERSAL SINGLE STREAM WITH EBB

Lost from MRFs to EBB Material	Volume (tons)	Revenues ($)
Aluminum Beverage	-120	-$192,000
Glass Beverage	-5,600	$0
PET Beverage	-1,200	-$692,143
Total:	**-6,920**	**-$884,143**

Source: Systems Analysis of the Impact of Act 148 on Solid Waste Management in Vermont, DSM Environmental, October 2013

Expanded Bottle Bill could divert an additional $884K in valuable materials from Vermont MRFs putting in jeopardy the $3.4M investment Casella made in the Rutland MRF and the $2.0M investment Chittenden Solid Waste District is making this spring in their facility.

Public Space Recycling

- Act 148 requires State, Government or municipalities to have recycling receptacles everywhere there are trash receptacles by July 1, 2015

- Intended benefits: Increase recycling away from home, reduce litter in public spaces

- This requirement will require municipalities to fund additional bins and public education

- VT could fund its Public Space Recycling mandate through repeal of bottle bill. The private sector would be willing to develop a coalition that would provide grants to municipalities to purchase bins, educate citizens, and manage litter.

Summary

We Need to Rethink the Model

Act 148 has shifted to a materials management model putting resource recovery first. Now is the time to rethink the structure and financial mechanism to make sure Vermonters get the best value for the cost.

- **Consider repealing the bottle bill and allow private sector funds to support public space recycling and materials in the stream that need subsidy**
- **Consider consolidation of the Solid Waste Districts as an option to ensure the greatest value for all residents at a reasonable cost**
- **Before looking to tax disposal to pay for the entire materials management system, we have an obligation to first evaluate the cost and finance structure of the current systems**
- **Sufficient infrastructure exists today to support Act 148 for the next two years such that time is available to rethink the existing model and properly plan for the future**

S.208 Collection Exemption

S.208 *"proposes to exempt solid waste transporters in a municipality from the requirement to offer to collect mandated recyclables separated from other solid waste if the Secretary of Natural Resources has approved a solid waste implementation plan for the municipality; the approved plan delineates an area in the municipality where collection of mandated recyclable services is not required; and in the delineated area, alternatives to services for collection of mandated recyclables is offered."*

CASELLA VIEWPOINT:

This exemption should be removed from the bill. While we have always advocated that one-size does not fit all, a baseline needs to be established to raise the bar. Act 148 recognizes that consistency in service, convenience and education are critical to increasing recycling.

10 V.S.A. § 6607a. Waste Transportation

10 V.S.A. § 6607a. Waste transportation - the law currently exempts commercial haulers that collect waste in vehicles with less than 1 ton rating:

> *"(1) "Commercial hauler" means:*
> *(A) any person that transports regulated quantities of hazardous waste; and*
> *(B) any person that transports solid waste for compensation in a vehicle having a rated capacity of more than one ton."*

CASELLA VIEWPOINT:

We agree with the State Materials Management Plan, which reads *"Act 148 currently exempts commercial haulers with collection vehicles that have a one ton curbside rating or less. Unless removed from the law, this exemption will allow a subset of commercial haulers to avoid compliance with the recycling and organics collection benchmarks if they meet the one ton exemption. A number of solid waste districts require any hauler transporting municipal solid waste for commercial purposes to be registered. To create a level the playing field for all solid waste haulers and facility owners, ANR recommends eliminating the one ton exemption. ANR will work to revise its solid waste management regulations and recommend statutory changes to eliminate gaps that allow haulers collecting solid waste in Vermont to avoid Act 148 requirements by disposing out of state."*

S.208 Partial Repeal of Bottle Deposit Material

S.208 *"proposes to amend the beverage container redemption system to repeal the deposit on liquor containers and to amend the definition of container to establish a volume limit for containers subject to deposit."*

CASELLA VIEWPOINT:

While this is a move in the right direction, everything should be evaluated for cause and effect. Today, the highest value materials in the recycling stream, such as aluminum and PET, subsidize the cost of managing the materials that have little to no value. Materials such as glass may be targeted for Producer Responsibility in the future, but today it is important to keep the system whole by recognizing that not all materials carry the came value.

Full repeal could provide a mechanism for Act 148 public space recycling through a private sector consortium.

S.208 Increase Franchise Tax

S.208 The bill would *"establish a Solid Waste Infrastructure Assistance Fund to provide financial assistance to solid waste districts and municipalities to construct, develop, or acquire infrastructure needed to meet pending requirements for the collection and recycling of mandated recyclables, leaf and yard residuals, and food residuals. To fund the Solid Waste Infrastructure Assistance Fund, the solid waste franchise tax would be increased by $1.00 per ton of waste delivered to a certified solid waste facility.."*

CASELLA VIEWPOINT:

Additional taxes should not be considered until the current funding system is evaluated. It is not sustainable to continue to expect the disposal stream to pay for management of all materials in the system – it's time to rethink the model. The current franchise tax is $6/ton, permit fees are $0.75/ton/year providing approximately $3.7M in funding. State fees combined with the Solid Waste District fees is substantial. It is our obligation to reevaluate the funds available in the system and ensure we are spending wisely. In addition, the State should consider imposing user fees on non-recyclable materials to fund future needs.