

Progress Update – Sludge Hauling Jan 2017

United Liquid Waste Hauling's performance for the fall 2016 application season is cause for concern moving forward and the Commission seeks options for 2017 and beyond when the current agreement expires.

Current Considerations:

- 2017 Spring hauling must happen (around 1.5 MG to 2.0MG to be safe) regardless of weather or precipitation in order to make enough room in the storage tanks to make it thru till crops come off in the fall of 2017.
- The current rate of \$0.028 per gallon hauled appears to be very competitive with comparisons to other hauling agreements. United locked in this same rate for the *entire duration* of the contract which favors the District for planning and budgeting purposes. The only per gallon deviation is an index based on diesel fuel pricing which is common for a contract of this nature.
- District owned land and its rents complicate matters further as it is assumed that United is leasing the 249 tillable /285 gross acres for more than it pays the District. For 2017 the occupancy fees for United is \$120 per acre and totals \$34,200. United's agreement may net them around \$225-275 per tillable acre or \$56,025 to \$68,475 for 2017. This difference may have allowed United the ability to offer and maintain the \$0.028 per gallon pricing for the life of the original contract.
- Leasing agreements and crop rotations are likely already in place with United for 2017.
- HOV to identify and initiate contact with other firms that specialize in hauling and land application of biosolids. We have identified Veolia and MJW Trucking as two potential contractors and are in the process of determining if either are a suitable replacement for United for performing these essential services.

Future Considerations:

- The benefits of District ownership of tillable land can only be maximized by retaining control over the property. These fields can then be used as a "safety net" in the event the storage tanks are not emptied in fall. Conceptually this will mean allocating one field per year for spring biosolids application and forgoing rents for that year.
- It is likely that any future agreement or hauling contract the cost per gallon will increase to reflect the current rate haulers charge as the current agreement was drafted back in 2013.
- The increase in the hauling budget may be partially off set by increased rents for tillage but is subject to the agricultural market and does vary each year.