

Amendment #1

China / Palermo “Solid Waste Disposal Agreement”

Replace section 3. Required Trash Bags: with the following language:

3. Required Trash Bags: Any trash, as that term is defined in China’s Solid Waste Disposal Ordinance, Section III (Definitions), disposed of at China’s Transfer Station Facility by any individual Palermo resident must be contained in special purpose trash bags (of suitable quality with the capacity of 33 gallons) which will be provided to Palermo by China (at a cost determined annually) to be distributed by Palermo to sites designated by Palermo for sale to Palermo residents at the annually determined cost. Trash collected by commercial contractors from Palermo residents which is delivered to the Transfer Station Facility shall also be contained in said special trash bags. Any MSW not delivered in said special trash bags must be weighed, and the current demolition fee per pound will be assessed and paid to the Transfer Station Facility.

Replace section 4. Disposal Fees: with the following:

4. Disposal Fees: The residents of Palermo will be subject to the same fees as China residents for items listed on the “Town of China Transfer Station User Fees” schedule which defines other acceptable solid waste. This fee schedule may be updated annual by the China Select Board. China must give Palermo a three month notice before any disposal fee changes become effective.

Replace section 5. Changes in Disposal Fee Schedule delete this section entirely and replace with the following:

Section 5. Palermo Bag Cost Methodology: China must calculate an annual adjustment to the charge for Palermo special purpose trash bags. The price of the special purpose trash bags will be adjusted effective April 1st of each year if that change is +/- \$0.05 per bag from the previous year’s price. The special purpose trash bag price will be calculated in accordance with the “Palermo Bag Adjustment Methodology” including an excel calculation worksheet contained in Schedule A attached. This methodology allows for changes in Consumer Price Index, Pass through costs, defined as, tipping fees, transportation costs, and bag costs from the manufacturer and any Federal or State transfer station mandates in determining total bag costs.

Remove Exhibit A “Transfer Station user fee schedule” from Solid Waste Disposal Agreement.

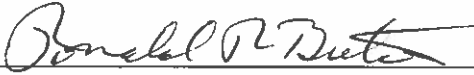
Included with the 2022 Solid Waste Agreement will be:

- 1. Amendment #1 – China / Palermo “Solid Waste Disposal Agreement”**
- 2. Schedule A for the Solid Waste Disposal Agreement - Palermo Bag Fee Cost Methodology**
- 3. Excel spreadsheets – Palermo Bag Fee Cost Methodology (15 & 33 gallon)**
- 4. April 1, 2022 bag fees**
- 5. The 2016 signed “Solid Waste Disposal Agreement”**

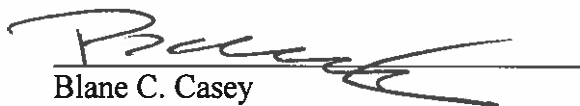
Two originals will be signed by both the China and Palermo Select Boards. One original will be filed with China’s Town Clerk in the municipal records. The second original will be filed with Palermo’s Town Clerk in the municipal records. Copies to be filed in the binder for China Transfer Station Bag Fee Calculation in the China Town Office. Copies of all documents will be available on the China’s website.

Signed by its duly authorized Municipal Officers,

Date: June 6, 2022



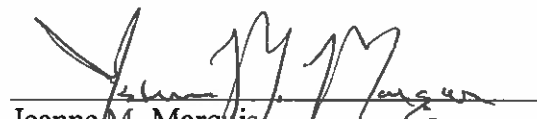
Ronald R. Breton, Chair



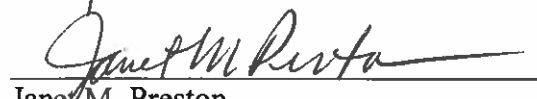
Blane C. Casey



Wayne D. Chadwick




Jeanne M. Marquis



Janet M. Preston

China Select Board

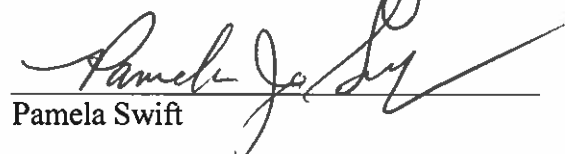
Date: 6/16/2022



Robert Kurek



Ilene McKenney



Pamela Swift

Palermo Select Board

Schedule A for the Solid Waste Disposal Agreement

Palermo Bag Cost Adjustment Methodology

Background

The towns of China and Palermo, Maine entered into a “Solid Waste Disposal Agreement” (agreement) effective 1/1/2017 where Palermo uses the China Transfer Station for the disposal of its municipal solid waste (MSW). The agreement contains specific language about which factors may be included in the calculation of the special trash bags that Palermo residents are required to use. Recently representatives from China and Palermo met to work through a methodology to adjust the bag cost based on the agreement’s contractual language. This document attempts to describe this methodology to be used going forward to assess these costs.

Essentially the agreement calls for an adjustment to the initial bag cost based on several factors - the Consumer Price Index, “Pass-through” costs and Federal or State mandated transfer station policies (mandates). A spreadsheet was developed to make adjustments for these items and this document will summarize the thought processes used in developing these adjustments.

Consumer Price Index (CPI) Adjustment

The agreement calls for the Consumer Price Index for all Urban Consumers for the Northeast to be used. These historical tables are available from the U. S. Bureau of Labor Statistics. Since the agreements effective date is 1/1/2017 it was agreed that the starting CPI would be the CPI as of December 2016. For the initial application of this adjustment, it was agreed that the ending CPI would be the January 2022 CPI. The ending CPI divided by the beginning CPI creates a factor to be applied to the beginning bag cost. To calculate the CPI adjusted bag cost. A complicating factor in this initial calculation is the initial bag cost (\$2). The contract calls for a 30-gallon bag, however, COVID and supply chain issues have made getting nonstandard 30-gallon bags difficult and costly. The standard size bag is 33 gallons, and the supplier can provide these bags more easily. To compensate for the size difference between 30- and 33-gallon bags, a factor of 10% was added to the initial bag cost. The CPI increase is applied to adjust initial bag cost of \$2.20 to calculate the new CPI adjusted bag cost of \$2.51.

On a prospective basis, assuming the bag size remains at 33 gallons, the increase in CPI from January 2022 until the next measurement period will be applied to the new adjusted bag cost of \$2.51. It is expected that the next measurement period will be January 2023 and every January from this point forward. This requires an amendment to the agreement which will be presented to both Select Boards for approval. Said approval from each to be provided with the final Amendment #1 and to be filed at each town office in their permanent records along with a copy of the original contract and Schedule A.

Pass-through Costs

We have agreed to three “Pass-through costs - tipping fees, transportation and bag costs.

Tipping Fees

Tipping fees are the net costs to dispose of the MSW at a landfill or other facility and are generally quoted per ton. The beginning and ending tipping fees are supported by invoices. At

*To be incorporated with the Solid Waste Disposal Agreement (2016)
Schedule A – June 6, 2022*

this time, rebates and dues are left out of the formula because of the fluctuation of dues (which existed prior to the Palermo contract) and uncertainty of a long-term rebate guarantee. Beginning tipping fees are the tipping fees per ton incurred in January 2017 and ending tipping fees are those same fees in January 2022. The difference between the beginning and ending tipping fees is multiplied by a per bag factor using an assumed weight per bag divided by one ton which, in this case is $27.5/2000$ or $.01375$.

The ending tipping fee per ton in the current calculation will be the beginning tipping fee per ton for the next calculation.

Transportation Costs

Transportation costs are expressed on a per load basis and are supported by invoices. Loads vary by tonnage and seem to fall within a 12-to-14-ton range. We agreed to use a three-month average based on October through December loads excluding demolition. Using these averages, a per ton transportation factor is calculated. The difference in the per ton costs is multiplied by the same per bag factor calculated in the tipping fee section above to arrive at a per bag adjustment. It was agreed that in this initial calculation the projected April 2022 transportation fee would be used as the ending transportation fee.

Going forward, assuming the agreement is amended, the per load transportation fee will be the fee as of April 1st based on written quotes from the hauler.

Bag Costs

As mentioned in the CPI section, bags have been difficult to source. The 33-gallon bags are standard and are more readily available. As a note the original agreement called for 30-gallon bags. Bag color may vary going forward and the town of China will attempt to get the best value for the bags it purchases. The beginning bag cost is \$0.211 based on invoices and the ending bag cost is based on a quote from the vendor. The difference in beginning and ending bag costs is used as an adjustment to the total bag costs.

In the future, the bag cost will be based on invoice for bags purchased or on a quote from the vendor. It may be required to use a combination of costs (invoiced and quoted) if current bag inventory is not sufficient. In these instances, the volume of bags to be used in the calculation will be based on the prior calendar years usage.

Mandates

There have been no Federal or State mandates since the effective date of the agreement. China and Palermo will have to develop a methodology to take any mandates into consideration as they become apparent.

Total Bag Cost

The per bag cost will be the CPI adjusted bag cost plus or minus adjusted costs for tipping, transportation and bags with the addition of a mandate cost, if and when this should occur.

Palermo Bag Fee Cost Methodology

33 Gallon Bags 2/28/2022
33 gallon bags Adjusted Cost Calculations and comments

CPI Calculation	33 gallon bags	Adjusted Cost	Calculations and comments
Beginning CPI	256.427		Contract effective date 01/01/2017. Use 12/2016 CPI for all urban consumers for Northeast as beginning CPI. Subsequent beginning CPI equal previous calculations ending CPI.
Ending CPI	292.644		Need to establish an ending CPI for the calculation. Propose using the CPI from January 2022
% CPI Change Up (Down)	1.14123708	2.2	2.51072157 Apply CPI increase to the initial bag cost to calculate CPI adjusted bag cost. Apply CPI factors to a bag that is 10% larger by adjusting the initial bag cost by 10%.
Tipping fees			
Beginning Tipping Fee/Ton	79.2		Per ton tipping fee beginning January 2017 - PERC
Ending Tipping Fee/Ton	77.2		Per ton tipping fee ending - becomes beginning tipping fee for next calculation. 77.20
Change Up (Down) per Ton	-2		Per ton tipping fee difference.
Per Bag Calculation 25/2000	0.0138		Per bag factor: $27.5/2000 = 0.125$ used to convert per ton to a bag cost.
Applied change per bag	-0.0275	-0.0275	Change per bag for tipping costs.
Transportation			
Beginning Transportation	175		Beginning transportation costs per load 2016 \$175
Ending Transportation	225		Ending transportation costs per load 2021 \$200 - 4/1/2022 \$225
Beginning Transportation	13.4615		Beginning per ton calculation based on average of 13.33 ton loads 175/13.33
Ending Transportation	17.5644		Ending per ton calculation based on average of 12.81 ton loads 225/12.81
Transportation Cost	4.1029		Difference in transportation costs per ton. The ability to increase the tonnage per load will decrease the transportation costs per bag
Costs Up (Down) per Applied change per bag	0.0564	0.056414385	Change in per bag transportation costs. $27.5/2000 = 0.138$
Mandates	0		0 No new state or federal mandates noted
Bag Costs			
Bag Costs Beginning	0.211		Initial bag costs 2016 including tax
Bag Costs Ending	0.37		New bag costs \$74.00/200 - 2/2022.
Bag Costs Up (Down)	0.159	0.159	Increase in bag cost.
New 33 Gallon Bag Cost April 1, 2022		\$ 2.70	Includes rounding

Spoke with Mike at MRC - rebate fluctuated along with dues

72.28 MRC as of MRC is 77.20 as 9/25/21 & 11/2021 Jan 2022

Leave table and close out of format of this sheet

Average tons recorded in tab within this spreadsheet

Palermo Bag Fee Cost Methodology

15 Gallon Bags 2/28/2022

CPI Calculation	15 gallon bags	Adjusted Cost	Calculations and comments
Beginning CPI	286.427		Contract effective date 01/01/2017. Use 12/2016 CPI for all urban consumers for Northeast as beginning CPI. Subsequent beginning CPI equal previous calculations ending CPI.
Ending CPI	292.644		Need to establish an ending CPI for the calculation. Propose using the CPI from January 2022
% CPI Change Up (Down)	1.14123708	1.25	Apply CPI increase to the initial bag cost to calculate CPI adjusted bag cost. Apply CPI factors to a bag that is 10% larger by adjusting the initial bag cost by 10%.
Tripping fees			
Beginning Tripping Fee/Ton	79.2		Per ton tipping fee beginning - January 2017 - PERC
Ending Tripping Fee/Ton	77.2		Per ton tipping fee ending - becomes beginning tipping fee for next calculation. 77.20
Change Up (Down) per Ton	-2		Per ton tipping fee difference.
Per Bag Calculation 12.5/2000	0.0063		Per bag factor. 12.5/2000 = 0.0125 used to convert per ton to a bag cost.
Applied change per bag	-0.0125	-0.0125	Change per bag for tipping costs.
Transportation			
Beginning Transportation	175		Beginning transportation costs per load 2016 \$175
Ending Transportation	225		Ending transportation costs per load 2021 \$200 - 4/1/2022 \$225
Beginning Transportation	13.4615		Beginning per ton calculation based on average of 13.33 ton loads 175/13.33.
Ending Transportation	17.5644		Ending per ton calculation based on average of 12.61 ton loads 225/12.61.
Transportation Cost	4.1029		Difference in transportation costs per ton. The ability to increase the tonnage per load will decrease the transportation costs per bag.
Applied change per bag	0.0256	0.025642902	Change in per bag transportation costs. 27.5/2000 = 0.138
Mandates	0	0	No new state or federal mandates noted.
Bag Costs			
Bag Costs Beginning	0		Initial bag costs 2016 including tax
Bag Costs Ending	0		New bag costs - none purchased.
Bag Costs Up (Down)	0	0	Increase in bag cost.
New 33 Gallon Bag Cost April 1, 2022		\$ 1.45	Includes rounding of .01 (was 1.44)

Spoke with Mike at MRC - rebate fluctuated along with dues

72.28 MRC as of 9/25/21 & 11/2021 Jan 2022

1.00 rebate and dues out of formula at the time

Average tons recorded in lab within this spreadsheet

For April 1, 2022 – Palermo bag fees

33-gallon bags \$2.70 – 5 bags per roll/sleeve – 40 rolls in case – a case costs \$540

15-gallon bags \$1.45 – 8 bags per roll/sleeve – 40 rolls in case – a case costs \$464

SOLID WASTE DISPOSAL AGREEMENT

This agreement is made between the Inhabitants of the Town of China (hereinafter "China") and the Inhabitants of the Town of Palermo (hereinafter "Palermo").

China has located within its boundaries, and operates, a solid waste disposal and recycling facility (which has sometimes been referred to as the "China Transfer Station", the "Town Landfill and Transfer Station Facility", and/or the "Solid Waste Disposal Facility") for the disposal and temporary storage of certain solid wastes (hereinafter referred to as the "Transfer Station Facility").

Palermo wishes to use the Transfer Station Facility for the disposal and temporary storage of acceptable solid waste generated within its borders.

China wishes to allow Palermo to use its Transfer Station Facility for the disposal and temporary storage of acceptable solid waste generated within the borders of Palermo.

The Select Board of China has been duly authorized to enter into an agreement with Palermo allowing acceptable solid waste generated within the borders of Palermo to be delivered to and disposed of, and/or temporarily stored at, the Transfer Station Facility.

The Select Board of Palermo has not yet been duly authorized to enter into an agreement with China whereby residents of Palermo will be allowed to deliver acceptable solid waste generated within the borders of Palermo to the Transfer Station Facility in China for disposal and/or temporary storage. This agreement, however, will be signed by the Palermo Select Board contingent upon approval by the voters on June 14, 2016 via town ballot.

For the reasons set forth above, and in consideration of the mutual covenants and promises of the parties hereto, the parties agree as follows:

1. **Acceptance of Solid Waste:** China shall accept solid waste generated within Palermo at its Transfer Station Facility, except (1) stumps or large tree trunks, and (2) hazardous wastes, carrion, septage, sludge, special wastes and unacceptable wastes, all as defined in China's Solid Waste Disposal and Solid Waste Flow Control Ordinances, the terms of which are hereby incorporated into this agreement. The list of unacceptable wastes set forth in the definition sections of the Solid Waste Disposal and Solid Waste Flow Control Ordinances may be added to by the Town of China. A complete list is kept by the Supervisor of the Transfer Station Facility.

2. **Decal/Sticker Requirement:** Before any person, including commercial contractors, may dispose of solid waste at the China Transfer Station Facility, that person must obtain a decal/sticker, at no cost, as required by China's Solid Waste Disposal Ordinance, Section IV (8) and Solid Flow Control Ordinance, Section XI. Any violation of either the Solid Waste Disposal Ordinance or the Solid Flow Control Ordinance may result in a revocation of the decal/sticker. The Town of China is to consider the issuance of the stickers at both the China Town Office and Palermo Town office, or any other site the Town of China feels would be the efficient issuance of stickers. Further, the Town of China will endeavor to provide the Town of Palermo annually the number of stickers issued to residents of Palermo.

3. **Required Trash Bags:** Any trash, as that term is defined in China's Solid Waste Disposal Ordinance, Section III (Definitions), disposed of at China's Transfer Station Facility by an individual resident must be contained in special trash bags (of 1.25-1.5 mil and with a capacity of 15 or 30 gallons) which will be provided to Palermo by China (at a cost of \$1.25 and \$2.00 per bag respectively) to be distributed to sites designated by Palermo for sale to Palermo residents at \$1.25 for the 15 gallon bag and \$2.00 per bag for the 30 gallon bag plus applicable taxes. Trash collected by commercial contractors which is delivered to the Transfer Station Facility should also

be contained in said special trash bags. Any MSW/other items not delivered in said special trash bags must be weighed, and a fee calculated at \$.06 per pound will be assessed and paid to the Transfer Station Facility. Further, the Town of China will endeavor to provide annually to the Town of Palermo the number of trash bags sold to vendor sites (or directly to residents) of each trash bag capacity.

4. **Disposal Fees:** Fees for the disposal at China's Transfer Station Facility, of other acceptable solid waste generated in Palermo, by Palermo residents or commercial contractors collecting the solid waste of Palermo residents or businesses, are set forth in the Fee Schedule attached hereto as Exhibit A. The fee for any solid waste that is not trash (governed by numbered paragraph 3 above), which either must be weighed, or which is weighed at the discretion of the Transfer Station Facility attendant, shall be calculated at \$.06 per pound.

5. **Changes in Disposal Fee Schedule:** Before China may increase any of the fees set forth in the Fee Schedule, or the cost of the special trash bags that must be used by those disposing of trash at the China Transfer Station Facility, China must give Palermo notice of the increase(s) a minimum of six months before the increases become effective. The increase of (1) any fee set forth in the Fee Schedule, or (2) the cost of the special bags, over the fee or cost existing one year prior to the notice, may not exceed the increase in the CPI-U (Consumer Price Index for All Urban Consumers) for the Northeast Urban Region over the same time period, except that China may make such changes to the fee schedule as is necessary to cover any "pass-through" costs (such as increases in tipping fees) and Federal or State mandated policies that increase the cost of operating the Transfer Station Facility. Any increase in fees due to "pass-through" costs, or Federal or State mandated policies, shall be the same for all users of the Transfer Station

Facility. Any reduction in such fees shall also be the same for all users of the Transfer Station Facility.

6. **Town Fee:** Palermo shall pay to China an annual fee of \$18,000.00, payable in equal quarterly payments of \$4,500.00, the first payment to be made on the date this agreement first becomes effective, and each subsequent payment on the same day of the third month following the date the payment is due.¹ In the event this agreement is terminated on a date other than an anniversary of the date the agreement is signed, Palermo shall pay to China any payments due as of the date the termination is effective, except that Palermo shall only be liable for its pro rata share of the quarter in which the termination becomes effective.

7. **Representation:** The Town of Palermo will be allowed two members to be on the China Transfer Station Committee or any other body/committee formed to make recommendations on policies and procedures and fee structures to the China Select Board.

8. **Choice of Disposal Options:** This agreement does not in any way restrict Palermo residents from choosing their own private disposal options, such as dumpsters or contracted roadside pick-up.

9. **Term:** The Solid Waste Disposal Agreement shall run for a period of 17 years at which time it shall expire. The parties to this agreement are free to extend this agreement and will discuss the terms and conditions of respective extension agreement at least 6 months prior to the expiration of this current agreement.

10. **Termination:** Either party may terminate this agreement, without penalty, for breach of any of the terms of this agreement, or for just cause, one year from the date written notice

¹ For example, if the effective date of the agreement is November 16, 2016, the first payment would be due that day, the next payment would be due February 16, 2017, then May 16, 2017 and August 16, 2017. A new year would start again on November 16, 2017.

is given to the other party. Any fees due China upon the termination of this agreement shall be paid within 30 days of said termination date. If said fees are not paid within said 30-day period, Palermo shall be liable for all collection costs, including any reasonable attorney fees incurred in collecting said fees.

11. **Notices:** Any notice to the other party required by this agreement may be given to the persons set forth below, to those persons' successors at the addresses set forth below, or to such person and address as one party has given to the other party in writing at the addresses set forth below:

To China: Daniel J. L'Heureux, Town Manager
Town of China
571 Lakeview Drive
China, ME 04358

To Palermo: Harry Dean Potter, Chairman
Select Board
Town of Palermo
45 North Palermo Road
Palermo, ME 04354

12. **Authorization:** The members of the Select Board for China, signing this agreement below, affirm that they have authority from the legislative body for the Town of China to sign this agreement on behalf of the Town of China. The members of the Select Board for Palermo are signing this agreement before having been authorized to do so. This agreement is, therefore, contingent upon approval by Palermo on June 14, 2016 by town ballot. If not approved by Palermo voters by town ballot on June 14, 2016, this agreement shall become null and void. If approved, the effective date of this agreement shall be January 1, 2017, unless an earlier start date of October 18, 2016 is formally requested by the Town of Palermo. Any such request by the Town of Palermo to alter the date for acceptance of Palermo residents' municipal solid waste at the China

Transfer Station must be submitted to the Town of China in writing before July 15, 2016, which request shall not be unreasonably denied.

In witness whereof, the parties hereto have, by their duly authorized officers, caused this agreement to be executed this 3 day of June, 2016.

For the Town of Palermo

Harry Dean Potter
Harry Dean Potter, Chair, Select Board

Holly Harmon
Holly Harmon, Selectperson

Cheryl York
Cheryl York, Selectperson

For the Town of China

Robert MacFarland
Robert MacFarland, Chair, Select Board

Neil Farrington
Neil Farrington, Selectperson

Joann C. Austin
Joann C. Austin, Selectperson

Ronald Breton
Ronald Breton, Selectperson

Irene L. Belanger
Irene L. Belanger, Selectperson