

# SOUTHBRIDGE EVENING NEWS



*Serving your town since 1923*

Southbridge Evening News  
October 16, 2003  
Casella has problematic history

BY RYAN HALLIDAY  
NEWS STAFF WRITER

SOUTHBRIDGE — The Vermont-based company that is negotiating a deal to acquire Wood Recycling Inc. has been sued several times over environmental and contractual issues at sites throughout New England and New York State.

Casella Waste Systems of Rutland Vt. is in the process of buying controlling shares of WRI, which for the past seven years has operated the landfill on Barefoot Road. Acting Town Manager Clayton Carlisle said Casella intends to complete its purchase of WRI by the end of October, and in a letter read at last week's

Town Council meeting, the company said it is excited about working with the town within the existing WRI operating agreement of the landfill. Casella Waste Systems has been cited and fined several times, however, for violations at facilities it operates in New Hampshire, upstate New York, and Vermont in the past decade alone. Carlisle said yesterday that the town's law firm, Boston-based Kopelman & Paige, has been following the transaction, but "the town does not have a real role in the transfer of these shares." Residents or municipalities in several states have taken Casella to court, including New Hampshire, Vermont, and Maine, where it runs other transfer stations and landfills. Many of these lawsuits have been settled out of court, according to court documents.

A representative from Toxic Actions Center, an environmental advocacy group with offices in Massachusetts, Maine, Connecticut, and New Hampshire, said the company has a negative reputation in the waste disposal business. "They have a terrible track record," said Jay Rasku, a state director for TAC. "Overall, in our experiences with Casella, they come in and bully the town, and when they get what they want they leave it behind in environmental ruins."

Two of the companies on the Maine TAC 2003 "Dirty Dozen" list are Casella subsidiaries: Pine Tree Landfill in Bangor and New England Organics in Falmouth. "I hope that there are some people in Southbridge that are concerned," said Rasku. Casella officials, while acknowledging past violations, say those were not deliberate, and they did not represent a policy to circumvent environmental laws. "Where we have had problems, it has involved the interpretation of laws.

There has never been a deliberate attempt to harm the environment," said Casella Vice President Joseph Fusco.

While saying he was unable to comment on his company's ongoing purchase of WRI, Fusco disputed Rasku's contention that Casella has a history of "bullying" host communities. "When it comes to cooperating with local governments, we have an outstanding record," Fusco said.

On the contrary, earlier this year Casella unsuccessfully sued the town of Bethlehem, N.H., in an attempt to expand their landfill there.

"We've got to do what we need to do to protect our property rights," Fusco argued. "It's never our first choice to play out the relationship in that framework."

According to a sister publication to the Southbridge Evening News in Littleton, N.H., enforcement actions were taken by New Hampshire's Department of Environmental Services against the firm for illegally dumping 7,000-12,000 flags meant for ceremonial burial, failure to inform the community of spills, and leaking excessive storm water at the Bethlehem landfill.

Fusco disagreed: "We followed the letter of every law, particularly in regard to environmental testing. We pride ourselves on our environmental record."

In Albany, N.Y., environmental authorities fined Casella and two subsidiaries \$90,000 in 2000 for putting recyclable materials in a landfill; and in January 2000, 116 towns in Maine sued Casella, alleging the company violated an agreement for lower fees. According to the Concerned Citizens of Cattaraugus County (CCCC), N.Y., a non-profit watchdog group partially grant funded by that state's Attorney General, Casella lost a lawsuit where it argued that state regulation of landfills preempts more stringent local regulations.

Another anti-trust settlement with the Vermont Attorney General found Casella overcharging for its garbage pick-up contracts. For years, residents and town officials in Southbridge have expressed numerous concerns regarding WRI's operation of the landfill.

These concerns include foul odors emanating from the landfill, violations of the state Wetlands Protection Act and Clean Water Act at the site, growing slopes of garbage and waste that are too high, and continuous heavy truck traffic up and down Pleasant Street.

In November 2001 the city of Saco, Maine, sued Casella's subsidiary, Maine Energy Recovery Co., for exceeding limits in its contract for truck traffic, the amount of trash received, and for problems with odor.

When told that communities have had problems with Casella subsidiaries similar to the issues Southbridge has had over the years with WRI, Carlisle said he has been meeting with the company's owners, brothers John and Douglas Casella.

"They have informed us that they are making a list of open issues between the [state] Department of Environmental Protection, Wood [Recycling], and the town of Southbridge," said Carlisle. "They are developing a list of short-term and long-term issues as they now exist."

Fusco attributed much of his company's problems to a negative image he says is associated with solid waste disposal facilities. "The bottom line is that, in this business, there is a natural bias against facilities like landfills," said Fusco. "Solid waste disposal is a highly charged issue."

Casella reported last month its financial results for the first quarter of its 2004 fiscal year. For the quarter ending July 31, the company reported revenues of \$113.9 million. The company's net income per common share was \$0.22. Operating income for the quarter was \$10.4 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA), was \$25.1 million.

The company also announced that cash provided by operating activities for the quarter was \$15.0 million, and that the company generated negative free cash flow of \$(1.5) million; as of July 31, the company had cash on hand of \$5.7 million, and had an outstanding total debt level of \$309.3 million.

CCCC says Casella has "everything on the line, because its obligations far exceed its ability to pay unless it's able to expand many of the roughly 150 waste facilities it has snatched up." "No, not that I know of," said Carlisle when asked whether the possibility of expanding the landfill here has been discussed. "There hasn't been any discussion of that nature to me."

News Staff Writer Ryan Halliday can be reached at (508) 909-4135, or by e-mail at [rhalliday@stonebridgepress.com](mailto:rhalliday@stonebridgepress.com).