

Nov 7, 2025

City of Port St. Lucie
Attn: Kevin Eggleston
121 SW Port St. Lucie Blvd
Port St. Lucie, FL 34984

RE: 20260004 / Bio-Solids (Dewatering Sludge) Hauling Services

Dear Mr. Eggleston,

Thank you for your communication regarding the renewal of Contract No. 20260004. As stated in earlier correspondence, Merrell Bros., Inc. respectfully declines the automatic renewal option under the current contract terms due to substantial increases in disposal and operational costs, coupled with significant, system-wide changes in the biosolids treatment and disposal landscape. That said, we remain fully committed to supporting Port St. Lucie and are open to continuing this contract under revised pricing that reflects today's economic, service, and regulatory realities.

Major Industry Impacts

1. Legislative Changes: Senate Bill 712

The passing of Senate Bill 712 marked a critical shift in biosolids management practices throughout Florida. This legislation introduced fundamental amendments to Chapter 62-640 of the Florida Administrative Code, which governs the handling, treatment, and land application of biosolids. Prior to this legislation, land application rates were determined solely based on nitrogen content. SB-712 added a phosphorus-based limitation, fundamentally changing the agronomic calculation for biosolids application.

This shift means biosolids application is now limited by the nutrient requiring the smaller quantity per acre- often phosphorus. A farm that could previously accept 32 tons of biosolids per acre may now only be permitted to accept 1.45 tons due to phosphorus restrictions. The result is a dramatic decrease in viable acreage for land application, increasing land demand by up to 2,200% for the same volume. This regulatory change has rendered many previously permitted sites unfeasible, especially as available farmland continues to decline statewide.

2. Declining Agricultural Acreage

Florida is experiencing a rapid transformation in land use. With intense population growth and widespread development, rural and agricultural lands that once served as biosolids application sites are being converted to residential, commercial, and industrial uses. Many landowners have



chosen not to renew their biosolids application permits, citing the minimal benefit of 1.45 tons per acre under phosphorus limitations. This is compounded by the fact that the nutrient value of biosolids at these new application rates is no longer sufficient to make the effort worthwhile for landowners.

As a result, permitted Class B land application acreage has declined by more than 50%, and the remaining permitted sites are insufficient to handle the volume previously managed through this pathway. This has placed extraordinary pressure on other disposal methods, namely Class AA processing facilities (further treatment to fertilizer/soil amendment) and landfill disposal.

3. Increased Pressure on Class AA Treatment Facilities

Although both Merrell Bros. and Port St. Lucie exclusively use Class AA treatment workflows, with no Class B land application activity by either party, we are now indirectly affected by the rule changes. Municipalities that previously relied on Class B land application are now diverting their biosolids to Class AA treatment facilities (or landfills), which are already limited in number and operating at capacity. This influx of material has created a statewide bottleneck, or another example simile: a statewide game of 'musical chairs'.

This influx of demand for Class AA treatment services has escalated tipping fees and strained facility operations. Port St. Lucie, which had previously secured capacity at a Class AA facility, now competes for the same finite resources with major municipalities such as Miami, Orlando, and Tampa- all previous land-application-workflow municipalities. This system-wide pressure not only raises prices but also threatens long-term availability and requires substantial investment in assets, resources, people, and existing facilities to manage the demand. Not to mention the slowly growing residuals volumes as populations expand. There is currently no idle capacity or 'wide-spot' at any treatment facility or landfill, and in fact, there is an inverse: biosolids residuals with no place to be received, while emergency PO's and leaders from areas affected jockey for capacity and treatment space somewhere, at inflated prices and longer distances away.

While Merrell Bros. strongly supports the environmental and regulatory intent behind SB-712- to protect Florida's water resources and reduce nutrient loading- the lack of advance planning and infrastructure development (for alternative biosolids processing facilities) by many land-applying municipalities has created a cascading crisis of capacity, compliance, and cost.

The Florida Department of Environmental Protection's own Statement of Estimated Regulatory Cost (SERC), published in December 2020, projected dramatic increases in biosolids management costs due to the new regulation. Their estimates included a one-time cost increase of up to \$600 million and recurring annual increases between \$30 million and \$60 million. Those projections assumed the creation of new disposal and treatment sites, which has not occurred, inversely more biosolids treatment facilities have recently closed, including BS Ranch,



Showcase of Citrus, Anuvia Mosaic, and Denali Fellsmere. Collectively, these facilities processed more than 500,000 tons of biosolids annually- significant when considering the State's total production of approximately ~ 2,200,000 wet tons per year. The loss of this capacity poses a critical challenge for Statewide biosolids management at a time when Class B biosolids solutions are also all but eliminated with newly implemented regulations.

Combined with post-pandemic inflation, labor shortages, and fuel price spikes, the actual economic impact has far surpassed expectations.

Regional Capacity Crisis

Facility Closures

Florida's biosolids treatment infrastructure is shrinking at a time when it should be (needs to be) expanding. Major facilities such as BS Ranch, Showcase of Citrus, Anuvia Mosaic, and Denali Fellsmere have ceased operations, eliminating over 500,000 tons of treatment capacity- a quarter of the state's annual biosolids production volume. The loss of this infrastructure has further burdened the remaining facilities, which are now operating at full capacity and many municipalities are searching for allocation at a permitted and existing facility.

Critical Role of Existing Treatment Facilities

This has created an enormous demand / supply imbalance in the State of Florida.

Said simply, there is insufficient treatment capacity today to match the volume of biosolids being produced by the sum of wastewater treatment facilities in the State. This is causing the necessary irregular step of some biosolids being loaded onto rail-cars, and shipped via train to landfills in Alabama, Georgia, and Ohio.

Thankfully, Port St. Lucie's biosolids waste materials have remained compliant and cost-effective in this environment due to a partnership, between Merrell Bros. and the Seminole Tribe of Florida. The Seminole Tribe's Brighton Reservation-located compost facility is both a FDEP and TERD permitted Class AA compost facility. The SMC Compost facility is a critical remaining treatment facility in South Florida and serves as a cornerstone to the area's biosolids management programs.

SMC Compost has invested heavily in operational upgrades, including odor control systems, site hardening for all-weather access, and additional processing equipment. These improvements are essential not only for meeting regulatory standards, but for ensuring public acceptance and reducing nuisance complaints.



Rate Adjustment Request

Given the compounded regulatory, operational, and market pressures, the current all-inclusive rate of **\$66.14 per wet ton** is unsustainable. Merrell Bros. is formally requesting an updated rate of:

\$148.26 per wet ton

This total reflects:

The turn-key all-inclusive price for both 'tip-fee' the cost of disposal at the facility, as well as the transportation and operational costs for the trucking logistics and project management.

Thank You

We appreciate the City's willingness to consider this adjustment and remain committed to providing safe, compliant, and reliable biosolids hauling and treatment services.

Please let me know if you have questions or would like to discuss this request further. I understand the timeline for consideration is quickly approaching the anniversary expiration of our agreement. We are available to treat this project as a priority and can provide additional feedback, presentations, or narrative related to the challenges faced in the market, as detailed above.

Sincerely,

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