



October 18, 2023

Lonzo Lester, MBA, VCO, CPC  
County Administrator  
Russell County Board of Supervisors  
137 Highland Drive, Suite A  
Lebanon, VA 24266

Dear Lonzo,

Following up on our conversation the other day. I want to summarize the rationale for the host fees set forth in Exhibit B of the latest draft of the Landfill Host Agreement.

In our last meeting with the developers of the proposed landfill, they expressed concern about the significant upfront capital costs in developing the landfill, and the time it would take to develop markets and get contracts for municipal solid waste for the landfill. Consequently, they requested a lower host fee for the first few years.

Exhibit B reflects a willingness on the part of the County to accommodate the developers concerns.

Exhibit B sets forth a host fee that is substantially below market rates for the first two years. In year three, the host fee increases to market rate, and is increased every year thereafter to reflect changes in the CPI.

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The market rates are based on our survey of similar landfills currently operating in the Commonwealth. If the developer feels we have incorrectly set the current market rates for host fees, we would be glad to entertain their information.

Sincerely,

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Jeffrey C. Southard