

## **“The S-Word” (Sewer Sludge): How Carlyle Group-owned Synagro is Hurting Our Communities**

With little fanfare, in April of 2007 Washington D.C.-based Carlyle Group completed its buyout of Synagro Technologies, Inc. for \$772 million.<sup>1</sup> Part of a fund dedicated to purchasing critical infrastructure, Carlyle calls investments like these, “A true win-win proposition.”<sup>2</sup> But when it comes to Synagro and its products, communities stand to lose.

### ***The Carlyle Group and Sewer Sludge: Striking it rich on “brown gold”?***

Synagro, headquartered in Houston, Texas, specializes in processing municipal waste products, transporting the resulting “sewer sludge” and distributing it for land application.<sup>3</sup> The company primarily services municipal governments, and business has been booming. Between 2002 and 2006, revenues grew by over 26%.<sup>4</sup> When the Carlyle Group came along, the backlog of contracts alone was worth an estimated \$2.1 billion with an average of 14 years remaining including renewal options.<sup>5</sup> After about 3 months of negotiations in late 2006 and early 2007, the Carlyle Group committed \$277 million, and used \$540 million in debt to finance the takeover.<sup>6</sup>

Communities should be alarmed by the fact that with private equity ownership comes less transparency and accountability to the communities in which Synagro operates. The takeover came just in time to squelch the momentum of a shareholder resolution asking Synagro to report on any toxins, molds, pathogens, hazardous waste and hazardous air pollutants released by the company’s Hunts Point, NY, smokestacks.<sup>7</sup> After the buyout, of course, the newly private Synagro is no longer accountable to public shareholders.

### ***What is “Sewer Sludge”?***

Also euphemistically called “biosolids,” sewer sludge is the solid discharge left over after treating water discharged into sewers. This means that anything sent to a sewer can potentially end up in sludge, whether it be human waste, fertilizer run off, chemical run off, or discharges from hospitals or manufacturing plants.<sup>8</sup>

According to the EPA, sewer sludge is “the solid, semi-solid, or liquid residue generated during the treatment of domestic sewage in a treatment works.”<sup>9</sup> But recognizing the marketing problems with the term, the federal agency acted on the advice of a public-relations firm about a decade ago and rechristened sewer sludge with the more environmentally friendly name of “biosolids.”<sup>10</sup>

### **sewer sludge**

“[T]he thick, malodorous slurry left behind in a sewage treatment plant after its load of human and industrial chemical wastes has been treated and the wastewater discharged. The sewage treatment industry and the government often refer to sludge as “biosolids” for much the same reason that pesticide companies now call their products “crop protection chemicals.”

- *The Environmental Working Group, Washington D.C.*

### ***What are the Dangers associated with Sewer Sludge?***

In the past, sewer sludge was typically dumped into lakes, rivers and oceans; but in response to damage to marine life and beaches, Congress banned the practice of dumping sewer sludge into the ocean beginning in 1992.<sup>11</sup> Immediately cities began worrying about how to dispose of solid waste<sup>12</sup> and soon after the EPA issued a rule that allows for the land application of sludge.<sup>13</sup> Here was a solution: cities could give away their sludge as a “fertilizer.”<sup>14</sup>

“Toxic chemicals, infectious organisms, and endotoxins or cellular material may all be present in biosolids.”

- *Biosolids Applied to Land*, National Research Council, 2002.

However the marketing solution has raised concerns in a number of American communities. Residents living near sites where sewage sludge has been applied have reported significant health complaints that they associate with the sludge application. The Cornell Waste Management Institute has compiled a database tracking these reports of asthma, allergies, birth complications, flu-like symptoms, gastrointestinal complications, headaches, immunodeficiency problems, lesions, nausea, skin rashes, tumors, vomiting and other symptoms.<sup>15</sup>

In addition to these reports of harm to human health, animals have taken a hard hit for their exposure. In Augusta, GA hundreds of cows died after being fed hay that was grown with biosolids. According to a *New York Times* report, a jury awarded local farming families \$550,000 in damages. Similarly, when cattle on a California farm died of nitrate poisoning after sludge applications, the California Regional Water Quality Board cited local officials.<sup>16</sup>

Sewer sludge produced by the Carlyle Group’s Synagro Technologies has been accused of causing serious health problems. According to news reports, several individuals filed suit against a Synagro subsidiary in 2006 alleging that soon after applications of Synagro products on a neighboring property, they started suffering from running noses, burning eyes, even pneumonia and lung scarring.<sup>17</sup> This case is currently going through discovery.<sup>18</sup>

Affected municipalities are exploring their options to address concerns about Synagro products; among the strategies they are considering are lawsuits, injunctions, studies of government leases with the company, and city ordinances.<sup>19</sup> In other cases, residents have had to try to deal with the problem themselves; one school located near a Synagro facility produced calendars for parents to track especially noxious days and report them to city government officials.<sup>20</sup>

### ***What can communities do?***

Communities have a right to know about the products being produced and distributed in their neighborhoods, especially when those products may contribute to health hazards. The Carlyle Group needs to commit to full transparency and accountability concerning business practices at Synagro.

For more information or to share your stories about how the Carlyle Group’s Synagro Technologies is hurting our communities, contact Inga Skippings at SEIU at (202) 730-7764.

Footnote for NRC report text box: See page 4, <http://www.epa.gov/waterscience/biosolids/nas/complete.pdf>

<sup>1</sup> See Synagro press release, dated January 29, 2007 (<http://www.secinfo.com/d13ACs.uMe.b.htm>) and also <http://www.altassets.com/news/arc/2007/nz11990.php>

<sup>2</sup> <http://www.carlyle.com/News/News%20Archive/2007/item9863.html>

<sup>3</sup> Hoovers profile of Synagro, [http://www.hoovers.com/synagro/--ID\\_45987--/free-co-factsheet.xhtml](http://www.hoovers.com/synagro/--ID_45987--/free-co-factsheet.xhtml)

<sup>4</sup> Synagro 10-K filing, filed March 2, 2007, page 30.

(<http://www.sec.gov/Archives/edgar/data/895565/000095012907001136/h44061e10vk.htm#106>)

<sup>5</sup> Synagro 10-K filing, filed March 2, 2007. page 4

(<http://www.sec.gov/Archives/edgar/data/895565/000095012907001136/h44061e10vk.htm>)

<sup>6</sup> Synagro DEFM14A filing, filed March 1, 2007, pages 3 and 20-22,

(<http://www.sec.gov/Archives/edgar/data/895565/000119312507043325/ddefm14a.htm>).

<sup>7</sup> "Synagro, Operator of NY Organic Fertilizer Facility in South Bronx Focus of Faith-Based Institutional Investors Shareholder-Sponsored Environmental Resolution," Interfaith Center on Corporate Responsibility Press Release, January 30, 2006. See also "For Odors Unpleasant, Inspiration from Wall Street," NYT August 13, 2006.

<sup>8</sup> "Toxic Sludge in Our Communities," *Toxic Action Center (ME)*, October 2001, p. 15.

(<http://www.toxicsaction.org/sludgereport.pdf>)

<sup>9</sup> EPA, A Plain English Guide to the EPA Part 503 Biosolids Rule

<sup>10</sup> Sheila Cherry, "Toxic Waste Used as Fertilizer," *Insight on the News*, May 2000.

<sup>11</sup> "Sludge: OH facilities contacted by NY, NJ Waste Brokers," *Greenwire*, July 1, 1992; Caroline Snyder, "The Dirty Work of Promoting 'Recycling' of America's Sewage Sludge," *International Journal of Occupational Environmental Health*, 2005. See Environmental Encyclopedia entry on the Ocean Dumping Ban Act of 1988 as amended in 1992. (<http://www.bookrags.com/research/ocean-dumping-ban-act-1988-enve-02/>)

<sup>12</sup> "Sludge: OH facilities."

<sup>13</sup> "The Dirty Work of Promoting Recycling," page 416.

<sup>14</sup> "Solid Waste," *Greenwire*, December 4, 2003.

<sup>15</sup> "Sewage Biosolids Land Application: Reported Health Incidents," Cornell Waste Management Institute, updated 2/23/07, <http://cwmi.css.cornell.edu/Sludge/incidents.htm>

<sup>16</sup> "Sludge Spread on Fields is Fodder for Lawsuits," *New York Times*, June 26, 2003.

[http://query.nytimes.com/gst/fullpage.html?res=9C06E4DE113BF935A15755C0A9659C8B63&sec=&spon=&page\\_wanted=all#](http://query.nytimes.com/gst/fullpage.html?res=9C06E4DE113BF935A15755C0A9659C8B63&sec=&spon=&page_wanted=all#)

<sup>17</sup> Hirschauer, Sabine, "SLUDGE," *Daily Press(Newport News)*, April 23, 2006; Loudan Neighbors against Toxic Sludge, [http://www.loudounnats.org/pdf/Sludge\\_Complaint\\_Revised\\_11-13-06\\_Secure.pdf](http://www.loudounnats.org/pdf/Sludge_Complaint_Revised_11-13-06_Secure.pdf); "Sewage sludge sent back to state court," *Real Estate/Environmental Liability News*, May 18, 2007.

<sup>18</sup> Pacer Service Center, "Docket Report Memorandum Opinion" *pacer.psc.uscourts.gov* April 3, 2007.

<sup>19</sup> "Residents raise stink," "Company ordered to Clean Up," "Sludge Fighters look to Expand," "Tilden biosolids law progresses: Synagro Technologies Inc., which would supply the treated sewage sludge, says an ordinance that would impose several fees basically is a ban," *Reading Eagle*, July 23, 2007.

<sup>20</sup> "For Odors Unpleasant, Inspiration from Wall Street."