NERC Webinar

Should Munis Get Back in the MRF Game?
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1:30pm Eastern

Delaware Solid Waste Authority’s MRF Experience

Presented by:
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www.dswa.com
About DSWA

- Statewide Authority created in 1975 to manage solid waste and recycling in Delaware

- DSWA’s Mission is to, Define, Develop and Implement cost-effective plans and programs for solid waste management which best serve Delaware and protects our public health and environment

- One goal is to maximize the use of private industry to the extent feasible (i.e. Public Private Partnerships). DSWA owns facilities and contracts private industry for most operations

- We receive no revenue from taxes. We are financially independent and support ourselves through the fees we charge to our customers.
DSWA Facility Locations

Delaware Population: 974,000

- 3 Landfills
- 3 Transfer Stations
- 5 Collection Stations
- 2 Dedicated Recycling Centers
- 1 Administrative Office
DSWA FY 2020
July 1, 2019-June 30, 2020

Landfill Tons: 948,500
Single Stream MRF Tons: 108,300
Construction & Demolition Waste MRF Tons: 138,400

Landfill & Transfer Station Gate Fee: $85.00 per ton

Discount Disposal Rebates:
Landfill: $17.00 per ton = (net $68.00 per ton)
Transfer Station: $8.50 per ton = (net $76.50 per ton)

Recycling Fees:
For DSWA Customers: $0
For Republic Customers: Varies By Individual Contracts
MRF Public Private Partnership Experiences

Delaware Reclamation Project (DRP) 1984-1994
• Mixed Waste MRF
• Processed Solid Waste and Sewage Sludge
• Produced recyclables, compost, and refuse derived fuel for Waste-To-Energy.

Recycle Delaware Drop-Off (RD) 1990-Present
• Source Separated Recyclables 1990-2007
• Single Stream Recyclables 2007-Present
  • Up to 185 Sites by 2000
  • Brought to Intermediate Processing Facility

Curbside Collection Program (DSWA CC) 2000-2011
• Initially source separated into 5 categories
• Switched to Single Stream in 2007
• Brought to Intermediate Processing Facility

Delaware Recycling Center (DRC) 2012-Present
• Repurposed old DRP & IPF to new single stream MRF and C&D MRF
  • Uses DSWA Transfer Stations to collect and transport single stream to DRC
# MRF Public Private Partnership Experiences

## Ownership Situations

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<th>Drop Off Centers</th>
<th>Collection</th>
<th>Land</th>
<th>Buildings</th>
<th>Processing Equipment</th>
<th>Operations</th>
<th>Marketing</th>
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Delaware’s Universal Recycling Law

DSWA ceases all curbside recycling collection. Solid Waste service providers must provide single stream collection to single family residential customers.

JANUARY 1, 2013

All commercial businesses must actively participate in a comprehensive recycling program.

All Solid Waste service providers must provide single stream recycling service to multi-family complexes.

SEPTEMBER 15, 2011

JANUARY 1, 2014

Single Stream includes but not limited to:

- Fiber
  - Paper
  - Cardboard

- Containers
  - Plastic
  - Glass
  - Metal
DSWA’s Decision to NOT Go “All-In” on the MRF Game

- **Competition**
  - Haulers did not have to use a specific facility
  - Competition with private sector
    - Two large full integrated firms
    - Largest MRF Only Operator

- **No experience designing, building or operating a single stream MRF**

- **Lack of Marketing Power compared to large corporations**

- **Dependent on private MRF operators if DSWA MRF was down**

- **Maximized use of private industry as stated in legislation**
Repurposing the Delaware Recycling Center

**LEGEND**

1. DSWA Administration Office (AO)
2. DSWA Scalehouse (SH)
3. DSWA Electronic Goods Transfer Building
4. Intermediate Processing Facility (IPF)
5. Dry Process Building (DPB)

70 acres of land owned by DSWA

Active Recycle Delaware Drop-Off Center

www.dswa.com
Repurposing the Delaware Recycling Center

- **MAY 2011**
  - Several proposals received

- **SEPTEMBER 2011**
  - RFP Issued

- **FEBRUARY 15, 2012**
  - DSWA selects two proposals
    - Single Stream MRF by ReCommunity
    - Construction & Demolition MRF by Revolution Recovery

- **2013**
  - DSWA repurposes vacant Administration Building into a LEED Certified Environmental Education Building
Public-Private Partnership

- ReCommunity was a trusted recycling partner to DSWA since 2007
- DSWA recognized the Universal Recycling Law would require an in-state processing solution and issued an RFP for a 20-year term contract to re-purpose an existing recycling campus.
- ReCommunity responded by providing a solution to repurpose the existing DSWA asset and design/build/operate a state-of-the-art MRF
- On February 15, 2012 ReCommunity executed a 20-year agreement
- ReCommunity invested $15 million to install a leading-edge BHS processing system by repurposing two existing buildings with a total of 64,000 square feet at DSWA’s Delaware Recycling Center (DRC).
90+ green jobs

35 tons per hour of single-stream

Capable of processing 150,000 TPY

Currently serves communities in DE, PA and MD
2 Processing Lines
2 Balers
5 Optical Sorters
35 Tons per hour of Single-Stream
Less than 13% residue rate
Education Building

- DSWA wanted state-of-the-art education facility for residents and students
- Renovated old 3,000 sq. ft. office building
- New windows, knocked down walls, new carpet
- 2 education coordinators
Education Building

- ReCommunity and DSWA worked together to plan, design, and build leading-edge education space
- Includes multiple touchscreen displays
- Interactive recycling games
- Educational sustainability kiosks
- Unveiled at Public Open House
Education Building

LEED Certified
ReCommunity MRF Operations Summary

2012-2015
- New MRF Constructed
- Operating at full performance level
- Initial favorable market conditions, but then declined

January 2016
- Amendment #1 to Contract
  - Increase in processing charge
  - Increase to revenue sharing
  - Market subsidy highlighted
  - Five Year Term

2016-September 2017
- Further Decline in market conditions
- Market subsidy use began
- ReCommunity suffering financial stress
Republic Services MRF Operations Summary

- Republic Services bought ReCommunity MRFs in September 2017
- Smooth Transition
- 2018-Present
  - Markets turn severely worse
  - Market subsidy peaks at $221,000 in December 2019
  - Market subsidy currently at $120,000 per month.
DSWA Evaluates Takeover of MRF Operations

Advantages

- DSWA should see some cost savings
  - DSWA has lower overhead costs
  - DSWA has no profit
  - DSWA would receive full value of marketed materials

- DSWA would control what materials to add or delete from the recovery process, for example
  - Cartons
  - Polypropylene
  - Flexible pouches

- DSWA would control when and what upgrades to make to equipment

- Since DSWA is not in the collection business, we could provide a more equitable service to all haulers
DSWA Evaluates Takeover of MRF Operations

Disadvantages

- Difficult to pinpoint how much money we could potentially save, if any
- Haulers (especially Waste Management and Republic) may take recyclables to other MRFs
- Less marketing power to sell materials
- Must hire, train and maintain qualified staff
- State personnel laws add costs and less flexibility than private sector
- Significant transition issues
  - Contract
  - Equipment
  - Timing
- Must be able to fund capital improvements in the future years
- Overall risk is greater with this option
DSWA Evaluates Takeover of MRF Operations

Conclusion

• Disadvantages outweigh Advantages
• Renegotiate existing contract cost and risk structure
• Renegotiate an equitable control of contamination issues
Thank You

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