



recycle.com

RRS recycle.com

Are you ready to effect change?



ORGANICS MANAGEMENT

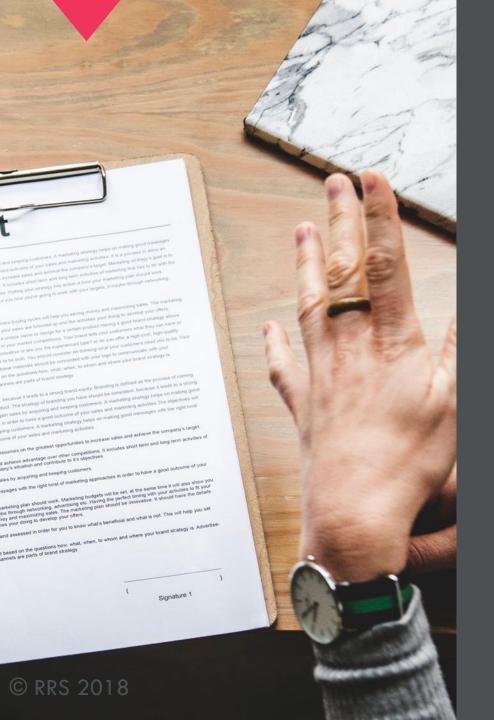


WASTE RECOVERY



GLOBAL CORPORATE SUSTAINABILITY

since 1986



BACKGROUND

- 200+ Recycling contracts over 40 years
- NWRA MRF Committee & Battery Committee
- ISRI- MRF Council & PSI past board mem.
- Ameripen Board
- WM Municipal Recycling/eWaste Dir.- 12 Years
- BFI Recycling Operations VP
- Reynolds Aluminum Recycling- 15 years



DISCLAIMER

I am not a lawyer, barrister, attorney, counsellor, legal practitioner or legal professional, advocate, legal adviser, member of the bar, litigator, or solicitor





FORBES GOT CONTRACTS RIGHT



SO DID HOBBES



MUNICIPAL SERVICE OF RECYCLING CONVENIENCE

COLLECTION



Evolved to Compete with Solid Waste Convenience

- One truck efficiency
- Fingertip accessible
- Simple and convenient
- Permissive (Too Much)
- More items recycled
- More Participation
- More Tons = more GHG's
- More residue
- Less quality
- More diversion

SORTING



Designed to clean endless river of mixed, compacted materials into commodities

- Deeper cleaning needed
- More Capital and scale
- More types of material
- More complicated layouts
- More downtime
- Maintenance intense
- More technology
- Constant retrofits

MARKET

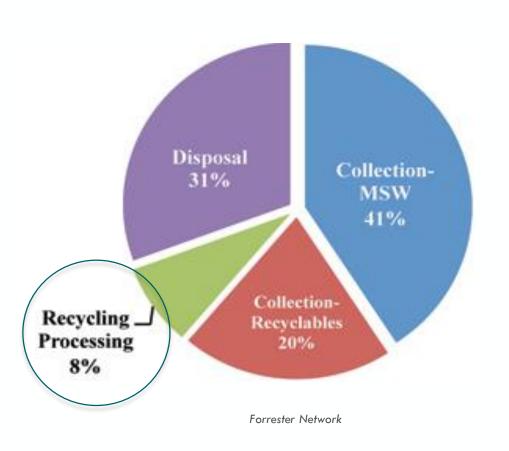


System Recovers ~83% of inbound material with no means of controlling inventory

TAUTOLOGY

MUNICIPAL WASTE SERVICES AVG. HOUSEHOLD COSTS

REPORTED PRICING \$/HOUSEHOLD SELECTED CONTRACTS 1X/WK.-*

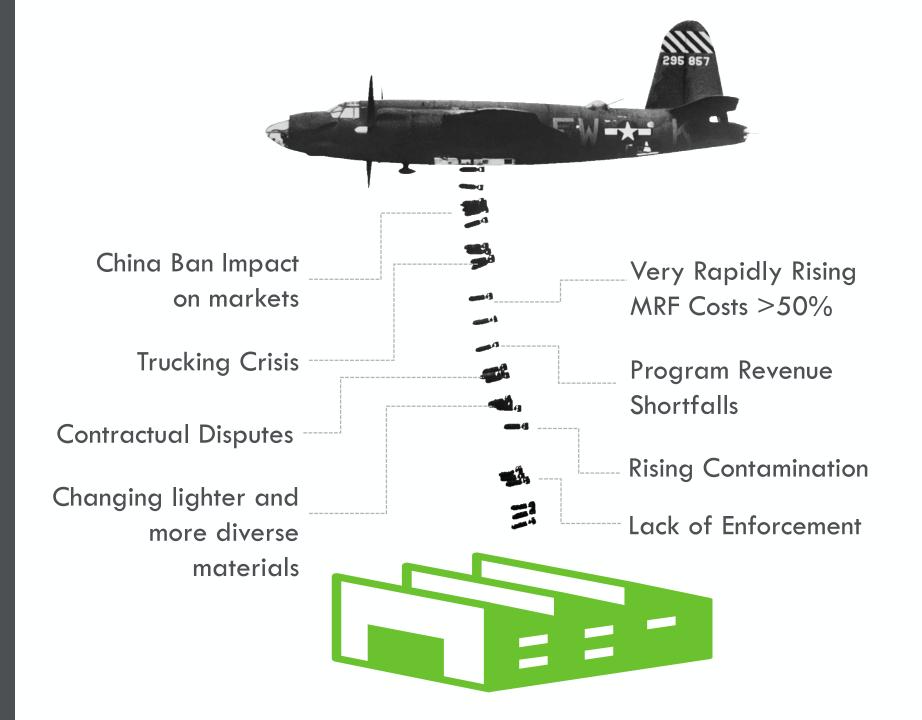


Processing costs are 1/9th of total Garbage Collection bill but have all the risks. Studies include:

- Tempe
- RRS Southeast Study (\$1.25 per HH per month before offset)
- WM Santa Barbara (after offset1%, but without offset (late 2016- 14% backing out revenue)

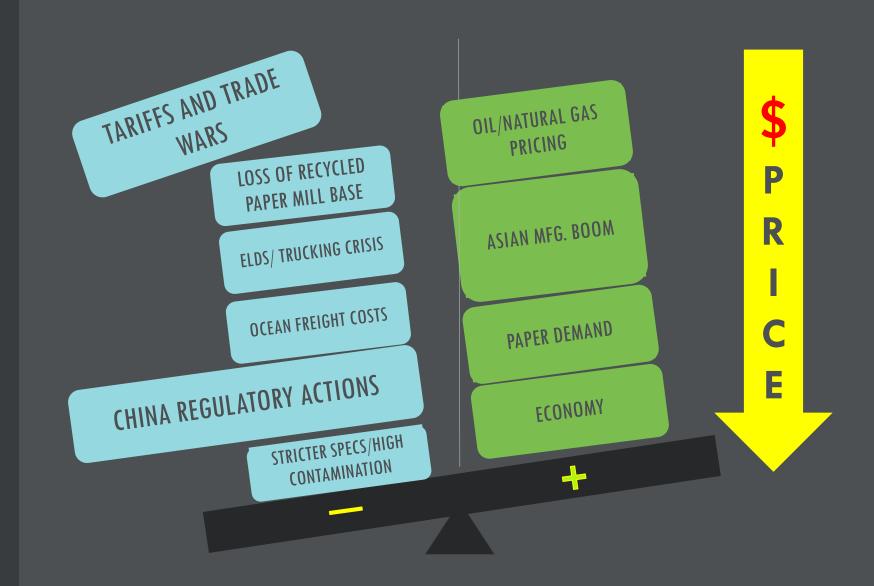
MUNICIPAL RECYCLING PROCESSING CONTRACT LANDSCAPE 2018

"CONFLICT IS INEVITABLE"



REVENUE PREDICTION: VERY UNCERTAIN

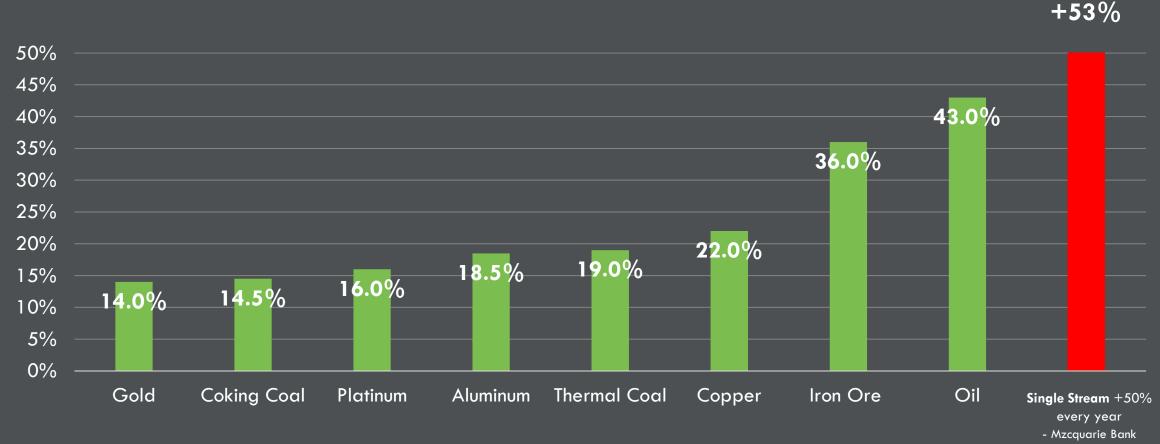
DOWNWARD
PRESSURES ON
RECYCLABLES
COMMODITIES IN A
GOOD ECONOMY
MAKES
FORECASTING
DIFFICULT



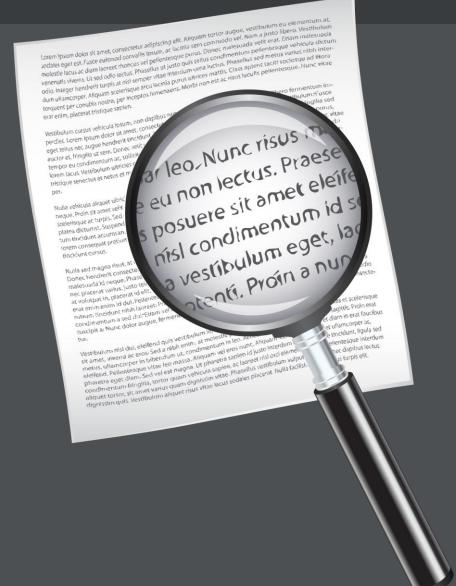
MRF SCRAP PRICE AVG. VOLATILITY VS. 2015: A VERY VOLATILE YEAR (MINING.COM)

World Commodity Trend

Volatility (2015 YTD) vs. avg. annual volatility of Single Stream



PROPOSAL: CONTRACTUAL PRICING METHOD THAT SUSTAINS RECYCLING



PART 1- CAFETERIA APPROACH TO PRICING RESIDENTIAL MATERIALS- RESCUING RECYCLING

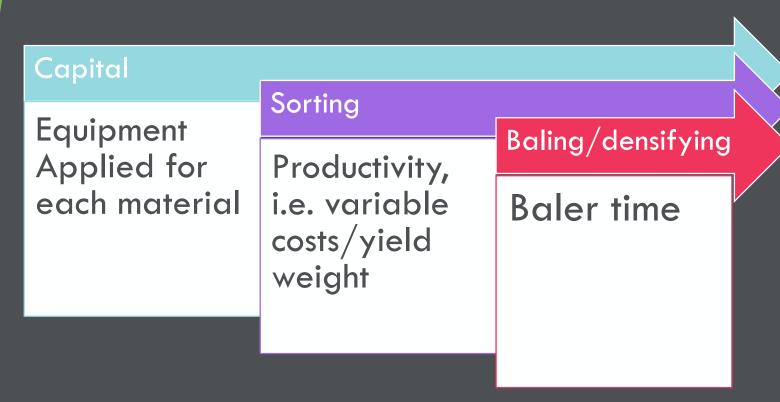


A CAFETERIA APPROACH TO PRICING RESIDENTIAL MATERIALS

- BFI- 100 MRFs
- Dual Stream and 3 "dirty MRFs"
- Market prices of 1995-1996
 - ONP \$0
 - OCC \$25
 - Plastics \$0



INGREDIENTS: DETERMINE INDIVIDUAL MATERIAL COSTS



SIMPLE COST MAPPING EXAMPLE

MATERIAL	CAPITAL	\$/ T	DIRECT COSTS	\$/T	BALING COST	\$/T	INDIRECT CAP & VAR(includi ng Disposal)	\$/ T	Total	%	BV Total
осс	Screens, Optical Sorter Depr. Rate	\$9.29	Screen variable, QC sort on brown small format	\$17.50	Baling Time+Baling Variable+Wire+ Manual QC	\$12.00	Spread Across all Tons	\$10	\$52.79	27%	\$14.25
SRPN	Screens, Optical Sorter Depr. Rate	\$10.20	Screen variable, SRPN sort on Container Line	\$14.00	Baling Time+Baling Variable+Wire+ Manual QC	\$15.00	Spread Across all Tons	\$10	\$49.20	25%	\$12.30
GLASS	Breaker, screens, air classification, tipping floor, screens, accelerated replacement	15.83	Glass system variable, baler chamber allocation, system abrasive effect, yield 75%	\$51.00	Baling Time+Baling Variable+Wire+ Manual QC	\$0	Spread Across all Tons	\$10	\$69.83	25%	\$17.46
ALUMINUM CANS	Eddy Current	\$25.37	Eddy Current Variable	\$7.00	Baling Time+Baling Variable+Wire+ Manual QC	\$35	Spread Across all Tons	\$10	\$77.37	1%	\$0.77
HDPE	Optical Sorter	\$55.00	Optical Sorter Variable	\$45.00	Baling Time+Baling Variable+Wire+ Manual QC	\$35	Spread Across all Tons	\$10	\$121.00	5%	\$6.53
BROWN PILL BOTTTLES #7	Optical Sorter	\$290.00	Optical Sorter Variable	\$82.00	Baling Time+Baling Variable+Wire+ Manual QC	\$65	Spread Across all Tons	\$10	\$447.00	0.10%	\$0.45
TENNIS SHOES	None	\$0.00	Manual Sort, detangle factor on Paper screens	175.00	Baling Time+Baling Variable+Wire	\$40	Spread Across all Tons	\$10	\$225.00	2%	\$3.04
										85%	\$ 56.26



IDEAS FROM THE CAFETERIA APPROACH

- Don't confuse the customerannual on-off "switches" review based on mutual agreement
- Get the material revenue risk out of the picture by escrowing towards dedicated account for education and system investment/innovation







QUARTERLY OR GREATER FACE TO FACE MEETINGS

Turnkey in Residential processing contracts opens the door to failure

- Feedback on quality, volumes, review of program materials and markets
- Provides forum to handle dynamic nature of residential service
- Allows timely changes in the Municipal Planning cycle
- No surprises



CAPTURE RATES- IMPORTANT FOR PRICING AND PAYMENT

- i.e., based on 95% available recyclables instead of 95% of presented materials
- Inbound Contamination limits-What is Garbage nonrecyclables limit? Customer inspection

CLEAR INBOUND & OUTBOUND SPECIFICATIONS

DEFINE WHAT IS BEING RECEIVED BY
MATERIAL TYPE THE MORE SPECIFIC THE
BETTER (SEE ISRI INBOUND
SPECIFICATIONS)



DEFINE UNACCEPTABLE AND PROHIBITIVE MATERIAL AND WHAT TO DO WITH IT



DEFINE WHAT IS TO BE MADE (MINIMUM EFFORTS BY SPELLING OUT COMMODITY SPECIFICATIONS)





According to King County 2006 MRF Assessment Study, "MRF performance and product quality is almost never measured against ...formal specifications"

BE EXPLICIT AND DETAILED! SPECIFICATION WILL DETERMINE:

- Cost to clean materials
- Value of material
- Whether investment is needed

TODAY'S GRADE FRAGMENTATION FOR OCC



\$80MRF Non-Spec

\$87.50 Index Price @ ISRI Spec \$148 Export Index ISRI Spec S. Asia (FAS) **CHINA**

\$175

"Premium 11,
I/C/I, Hand
Sort"- "Select"
OCC

\$240 DS OCC (12) Export China

Sept. 2018

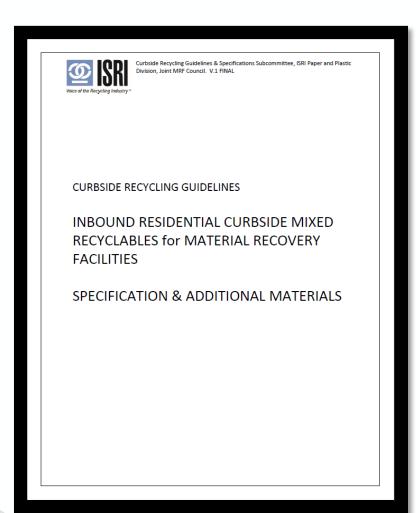
\$200

(11)/(12)

China

WHAT ABOUT EXISTING STANDARDS?

INSTITUTE OF SCRAP RECYCLING INDUSTRIES (ISRI) IS THE EXISTING MARKET STANDARD







MEASURE THE INBOUND STREAM

- Spell out when and how to audit (NWRA/SWANA)
- Both sides present
- Build Cost into the contract
- Serves as evidence and avoids dispute on Composition for Revenue Calculations and Sharing

STRENGTHEN FORCE MAJEURE & CHANGE IN LAW ITEMIZE FOR THE RARE BUT IMPACTFUL

- Force Majeure- Market Disruptions, Regulatory Actions By Foreign Governments, MRF service Disruptions, Fires, Floods, Etc.
- Change In Law- i.e. Deposits laws, bans, PAYT impact on quality, flow control (rarely granted but worth trying if applies)



RIGHT TO REJECT/REFUSE SERVICE

- Rarely used but essential
- Include contamination limits
- Hazmat, safety, employee disregard or disruption



PRICING BEST PRACTICES

- Minimizes risk below cost for operator (not profit)
- Minimizes risk below
 Municipal budget
- Show formulas and example calculations on formulas





Research



Resources



Safety

Events

SWANA and NW&RA Joint Advisory

Certification

Best Contracting Practices for Local Residential Recycling Programs

Awards

SWANA considers residential recycling to be an essential public service. Members of SWANA and the National Waste & Recycling Association (NW&RA) deal first hand with collecting, processing and marketing residential recyclables. Increasing the effectiveness and efficiency of recycling efforts not only adds to the long-term viability of the programs but also offers benefit to companies and municipalities across North America. Thus, representatives of both associations have participated in drafting these documents, collectively called a bint Advisory on Designing Contracts, as a resource for those developing recycling contracts.

Training

Download Joint Advisory on Designing Contracts (PDF)

a share and dellar depart and disconfigured Communications

Membership

• Joint Advisory on Designing Contracts for Processing of Municipal Recyclables

SWANA News

News

Advocacy

SWANA News Archive

Technical Division Newsletters

Products

SWANA's Hurricane Disaster Resources: News Articles

China Waste Import Restrictions

Handling and Disposal of Ebola **Contaminated Wastes**

Zika Prevention

» SWANA and NWR&A Joint Advisory

OTHER RESOURCES ARE OUT THERE



Massachuseiti Departmen ENVIRONMENTAL PROTECTION

Contracting for Municipal Solid Waste and Recycling Services

This document presents some general guidance on developing effective municipal solid waste and recycling contracts. This document does not constitute, and should not be construed as providing, legal advice. Municipalities should consult with their own legal counsel about local procurement regulations and should carefully consider the needs and conditions specific to their community when engaging in a procurement process for solid waste services.

1. Chapter 30B. Uniform Procurement Act

Under the Uniform Procurement Act (Mass General Laws, or MGL, Chapter 30B) a contract for the collection, transportation, receipt, processing or disposal of solid waste, recyclables or compostable materials is exempt from the public bidding laws of the Commonwealth of Massachusetts (unless a municipality has adopted a bylaw requiring otherwise). See #3 below for further discussion on this topic.

2. Contract Lengtl

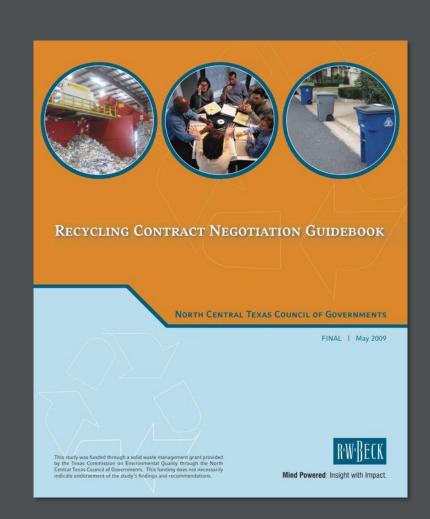
Contracts for collection of solid waste and/or recyclables generally range from 2 to 7 years. Solid waste disposal contracts are often 10 years in length and can be as long as 20 years. Municipal officials generally want relatively short contract terms, while vendors like longer-term contracts. Some factors to consider when determining the length of a contract:

- Municipal bylaws. Check with your town/city's legal counsel to determine if contract length is established by local bylaw. Generally, municipalities are limited to three-year contracts unless granted special approval by the appropriate legislative body.
- Amortizing equipment costs. If a municipality wants to attract small and medium sized vendors, or is specifying that new trucks be provided by the vendor, then the contract term should be long enough for the vendor to amortize most of the cost of new collection trucks (generally 4-5 years). This can help to reduce the annual cost of service.
- Change in law provision: Generally speaking, the longer a contract, the more likely the vendor is to ask for a "change in law" provision.
- Contractor service and responsiveness. If vendor performance is of concern, it may make sense to have a 3-year contract and risk paying a little more per year.
- Disposal or processing contracts. Massachusetts Law allows contracts up to 20 years in length for disposal of solid waste without legislative authorization, unless required by local bylaw.

3. The Public Bidding Process

Regardless of the 30B exemption, it is often in the best interest of the municipality to publicly bid contracts for solid waste services. Formal procurement options include: <a href="https://linkingto.org/linking

- Invitation for Bid v. Request for Proposal. An IFB sets forth the exact specifications and minimum criteria that vendors must meet. After bids have been determined to be responsive, the award must go to the lowest bidder. In an RFP process, technical qualifications and cost are considered separately, allowing an award to the best qualified and not necessarily lowest cost vendor. It is recommended that all procurement documents for sold waste services include a disclaimer to the effect that 'the contract is not subject to public bidding and the municipality reserves the right to negotiate with bidders'. Because 308 exempts sold waste contracts from public bidding, a municipality may also send an RFP to specific vendors without issuing a public notice. Generally, an IFB or RFP process, conducted according to public bidding laws, is less likely to result in a contested contract.
- Written contract. It is critical to have a clear written contract at the end of a formal procurement process or an informal negotiation. A purchase order is not a contract.





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