

**TOWNSHIP OF LOWER MERION**  
***Finance Committee***  
**Issue Briefing**

**Topic:** Recycling Bids

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**Date:** September 29, 2017

**I. Action To Be Considered By The Board:**

Consider for recommendation to the Board of Commissioners award of contracts for processing of recyclable materials collected by the Township.

**II. Why This Issue Requires Board Consideration:**

The Board of Commissioners must approve the award of contracts in this instance.

**III. Current Policy Or Practice (If Applicable):**

The Township last bid this contract in 2013. The Township's current method of collection is dual stream collection with the separation of paper from commingled items. Paper and commingled materials are currently processed by separate vendors. The Township has continued to use dual stream recycling historically as it has been more beneficial from a cost perspective.

**IV. Other Relevant Background Information:**

The Township is in receipt of bids for a new multi-year contract for the processing of recyclables collected by the Township. Staff has structured the service contract bids for either dual stream or single stream collection services. The single stream collection option would allow for all recyclable materials (paper and comingled) to be placed in the same container for collection. The dual stream option requires the separation of paper and comingled recyclables.

As detailed in the table below, the bids show dual stream recycling collection process is a \$158,145 net revenue to the Township. In comparison, if the single stream option was selected, the Township would incur an expense of \$720,900. Thus, dual stream recycling saves the Township considerably compared to single stream recycling. Part of the reason for the differential is the value of the single stream material collected is dramatically reduced due to the combination (and contamination) of the paper with the other comingled materials. There is also an increase in the amount of residual waste that is created that the vendor must then dispose.

|   | Total<br>Annual<br>Tons | 2017<br>Current<br>Market Rate* | Revenue<br>(Expense) |
|---|-------------------------|---------------------------------|----------------------|
| <b>Dual Stream Recycling in 2017</b>        |                         |                                 |                      |
| Mixed Paper                                 | 3,900                   | \$ 94.77                        | \$ 369,603           |
| Commingle                                   | 2,600                   | (53.87)                         | (140,062)            |
| Total Net Revenue                           | 6,500                   |                                 | \$ 229,541           |
|   | Total<br>Annual<br>Tons | Bid Amount*                     | Revenue<br>(Expense) |
| <b>Dual Stream Recycling in 2018</b>        |                         |                                 |                      |
| Mixed Paper                                 | 3,900                   | \$ 102.11                       | \$ 398,229           |
| Commingle                                   | 2,600                   | (92.34)                         | (240,084)            |
| Total Net Revenue                           | 6,500                   |                                 | \$ 158,145           |
|   | Total<br>Annual<br>Tons | Bid Amount*                     | Revenue<br>(Expense) |
| <b>Single Stream Recycling in 2018</b>      |                         |                                 |                      |
| Mixed Paper                                 | 3,900                   | \$ (96.12)                      | \$ (374,868)         |
| Commingle                                   | 2,600                   | (96.12)                         | (249,912)            |
| Increased Materials Moving to Single Stream | 1,000                   | (96.12)                         | (96,120)             |
| Total Net Revenue                           | 7,500                   |                                 | \$ (720,900)         |

**\*Commodity pricing fluctuates quarterly based on contract requirements**

It is also noted that the recommended bidder for the recycling of the Township's paper has provided a price quote (tied to an index) of \$22 above the current market value for mixed paper commodities. This is due to the value of the Township's paper product since it is collected separately from our comingled product.

## **V. Impact On Township Finances:**

The current bids will improve the net revenue generated by the Township's processing of recyclables. Currently, Township staff estimates the Township will have net revenue (revenue from paper minus expenditures for comingled) of \$119,000 in 2017. If the recycling markets stay at the level assumed in the bid document then Township net revenue would be \$158,145 in 2018, an increase of \$39,145.

In addition, as part of the recycling bid the Township requested pricing from vendors based on the transition from the current 40 c.y. roll-off containers to 100 c.y. semi-trailers. Township staff included this aspect to the bid in order to see the price differential and to potentially justify changes to the Transfer Station to be funded through the Township's CIP. Based upon the recommended bid for comingled hauling, the Township could save nearly \$110,000 annually with a transition to 100 c.y. semi-trailers. The bid specifications allow the Township to transition to the 100 c.y. semi-trailers at any time after providing 30 days' notice to the vendor.

## **VI. Staff Recommendation:**

Staff recommends that the Township continue with the current dual stream recycling option in 2018 and the low bid of comingled materials be awarded to Solid Waste Services d/b/a J.P. Mascaro & Sons and the paper recycling bid be awarded to Newman and Company Inc.