

LOOKING TO OUR FUTURE

***Managing Discards in an
Emerging Circular Economy***

Recycling & Education Center Service Fees



**KENT COUNTY
DEPARTMENT OF
PUBLIC WORKS**

Our Mission

- Foster collaborative and innovative solutions that deliver value to our stakeholders by ***managing discarded materials to conserve natural resources*** and promote a healthy, vibrant and sustainable community.



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Our Vision

- Implement sustainable materials management strategies ***to reduce dependency on landfill disposal.***



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Recycling and Education Center



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Facility Operations

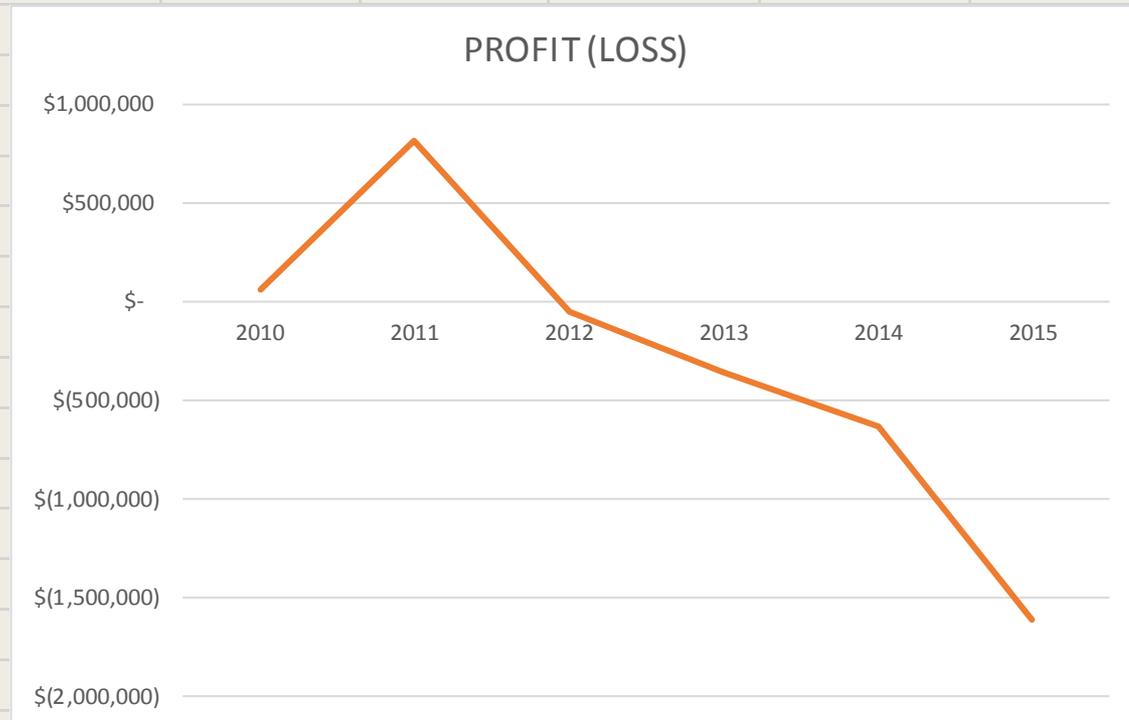
- In 2015 we asked RRT, the company that designed the plant, to complete a 5-year operations and efficiency review:
 - *Confirm the number of employees needed*
 - *Look at maintenance practices.*
 - *Look at equipment condition.*
 - *Provide suggestions for improvement.*
 - *Look at our operating efficiency.*



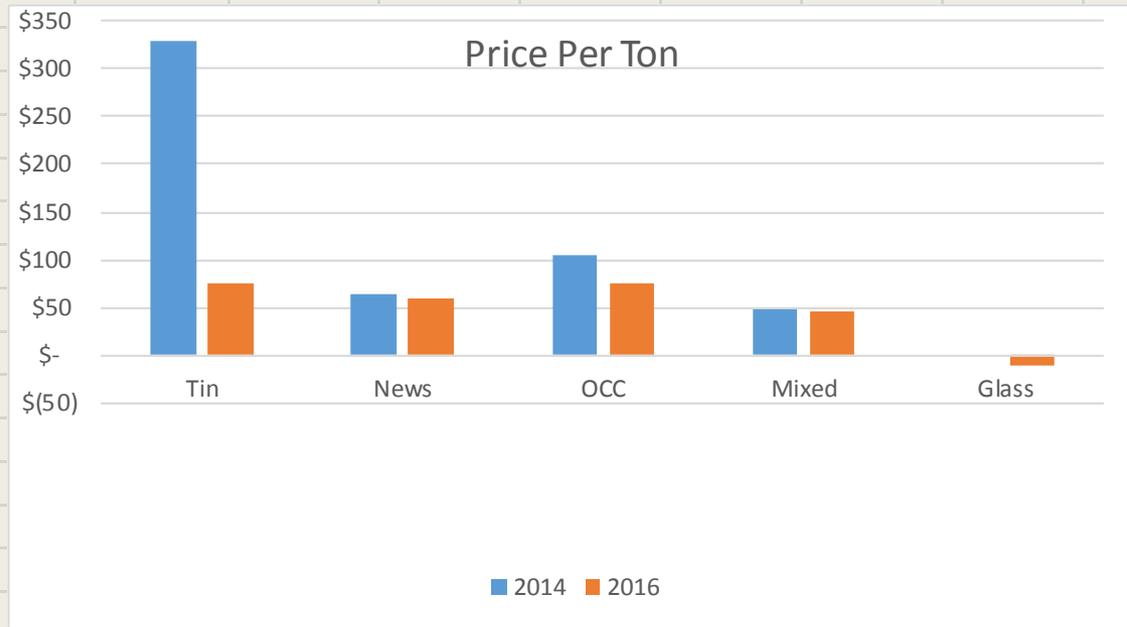
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2010 – 2015 Financial Performance

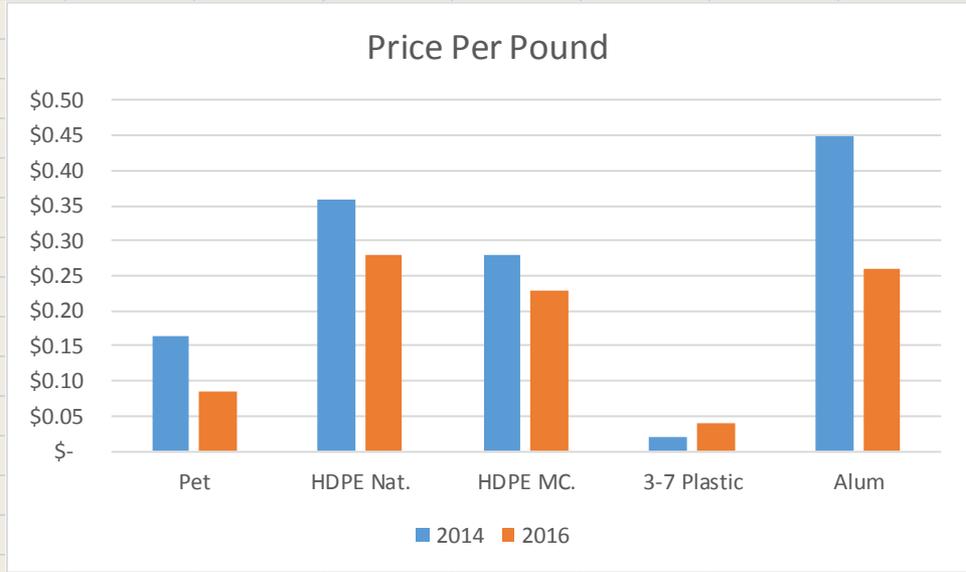
YEAR	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
PROFIT (LOSS)	\$ 63,430	\$ 816,014	\$ (50,754)	\$ (356,980)	\$ (633,331)	\$ (1,613,478)



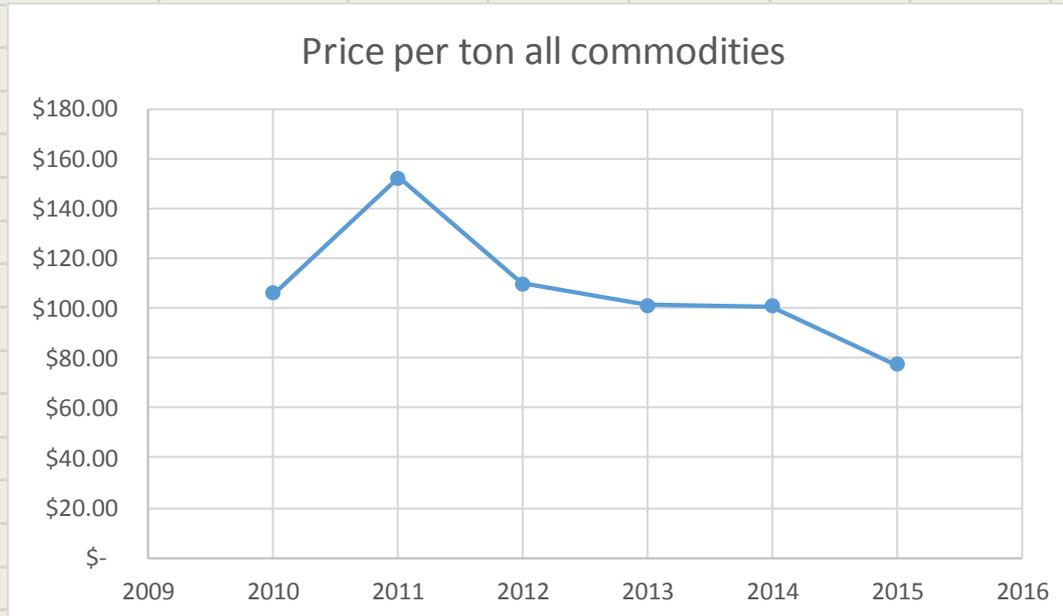
Price per ton	2014		2016	
Tin	\$	330	\$	75 ton
News	\$	65	\$	60 ton
OCC	\$	104	\$	75 Ton
Mixed	\$	49	\$	45 Ton
Glass	\$	-	\$	(10) Ton



Price Per Pound	2014	2016	
Pet	\$ 0.17	\$ 0.09	Pound
HDPE Nat.	\$ 0.36	\$ 0.28	Pound
HDPE MC.	\$ 0.28	\$ 0.23	Pound
3-7 Plastic	\$ 0.02	\$ 0.04	Pound
Alum	\$ 0.45	\$ 0.26	Pound



MRF	
Tonnage/Sales	
Year	Price per ton
2015	\$ 77.30
2014	\$ 100.68
2013	\$ 101.42
2012	\$ 109.86
2011	\$ 152.46
2010	\$ 106.00



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Recycling Center Economics

- ***Tonnages received*** – more, lowers the cost per ton.
- ***Contamination and resulting residues*** – the lower, the lower the costs.
- ***Processing efficiency from both equipment and labor performance*** – the better the lower the costs.
- ***Tipping fees charges for tonnages received*** – the more the lower the costs.
- ***Value of commodities sold*** – the more the lower the costs.



Recycling & Education Center

- **\$1.6 million deficit** in 2015 on nearly 34,000 tons received.
- DPW backstopped the shortfall with retained earnings.
- The BPW approved a stopgap \$10 per ton service fee implemented in 2016; estimated to generate around \$400,000 (based on 40,000 tons received).



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Costs			
	Est. Annual Cost	Est. Cost Per Incoming Ton	Percentage of Total Costs
Capital and Interest Costs	\$1,063,407	\$26.59	29%
Processing O&M Excluding Labor	\$894,788	\$22.37	24%
Equipment Replacement Fund	\$259,163	\$6.48	7%
Labor with Overtime and Benefits	\$1,292,540	\$32.31	35%
Glass Hauling Fee	\$39,880	\$1.00	1%
MRF Residue Disposal Fee	\$153,316	\$3.83	4%
Total Annual Costs of Processing	\$3,703,093	\$92.58	100%
Revenues base on 2015 Kent Average Prices			
	Estimated Annual Revenue	\$ per Incoming Ton	
Commodity Revenue - Kent 2015 Pricing	\$2,480,000	\$62.00	
Revenue based on Incoming Tip Fees	\$0	\$0.00	
Revenue Estimates	\$2,480,000	\$62.00	
Difference	(\$1,223,093)	(\$30.58)	



So... what does all this mean?

- **Breakeven** = a service fee of around \$30/ton.
- **Survey** of other recycling facility fees is \$30 - \$50/ton.
- For example, the residential curbside recycling **subscription customer**, the added cost to the hauler would be **\$11.25 annually**. (750 lbs. recycled annually x \$30/ton).
- DPW wants to offer **stable and predictable fees** for companies to plan around.



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Other Ideas

■ Offer a Discount Program?

- *economics of operations will be transparent;*
- *annual financial performance be shared within 60 days following the closing of each fiscal year;*
- *in the event that its net is positive, net positive above \$100,000 will be shared 75% with those that deliver tonnages, net of residues, and 25% kept for the County.*

- DPW could offer both public and private participants of the Recycling Center **assistance with grants for acquiring recycling carts** from the Recycling Partnership or other sources, as available.



Timeline for Consideration

- DPW begins 2017 budget development later this month.
- Existing contracts require 180 day notice to haulers as part of our regular budget cycle.
- Board of Public Works approval of the 2017 budget by June.



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Feedback

- We need your candid feedback on how higher service fees will affect the industry.



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