

Benjamin Cahoon
Mayor

Michael Siers
Mayor Pro Tem

Cliff Ogburn
Town Manager



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M. Renée Cahoon
Commissioner

J. Webb Fuller
Commissioner

Kevin Brinkley
Commissioner

MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Town Manager Cliff Ogburn

DATE: April 8, 2020

SUBJ: Recycling

One of the items you will consider at the upcoming meeting is the continuation of recycling service within the Town. As you know, the town may cancel the current contract with Bay Disposal with 30 days' notice due to changes that the provider made to the service last year. All recyclables currently collected by Bay Disposal are being diverted to an incinerator in Portsmouth, Virginia due to lack of cost effective market alternatives for recyclable materials. We are viewing this as a temporary measure until such time that a viable alternative is available. We have now been informed that a new recycling facility is available in Portsmouth, Virginia to process and market our recycling materials; a cost proposal has been provided to the town.

Attached are two items: 1) a letter from the Solid Waste Section of the NC Division of Waste Management granting permission for the Town to continue to send its recyclable material to the Wheelabrator incinerator facility in Portsmouth, Virginia, and 2) a draft of the Single Stream Recyclables Processing Agreement provided for consideration to contract with Recycling Disposal Solutions (RDS) to receive or recycled material, which includes a pricing schedule labeled as Schedule 1 – Recoverable And Marketable Recovered Material Standards.

While RDS has secured verified long-term markets for container and fiber recyclables, their prices are considerably higher than what we pay now.

The Town has several options:

1- continue to collect and divert recyclable materials to an incinerator; continue to use Bay Disposal for collection during the summer months.

2- contract with RDS to process and sell recyclable materials at the pricing schedule provided; continue to use Bay Disposal for collection during the summer months.

3- cancel the recycling contract with Bay Disposal; suspend recycling and send all materials to the landfill using town forces.

Option 1 would not change what we are currently doing. Option 2 would increase the cost of the recycling service primarily due to higher cost of processing materials. A final cost for this has not been determined, however the quoted price per ton is currently \$95. Option 3 would eliminate the service which provides a cost savings to the town of approximately \$195,000 for a full year (approximately \$39,000 per month for five months). However, there would be a tipping fee increase of approximately \$25,000 to account for the recycling materials that are currently included in Bay Disposal's contract as well as a \$6 per ton increase to divert the recycling materials we collect to the landfill. Therefore, the total savings would be approximately \$170,000 per year.

Also under a separate agreement is the collection of recyclables that are dropped off at a container at Town Hall, which cost \$7,500 last year. I would suggest adding the same container at our Public Works facility.

One unknown at this time is whether Bay Disposal will raise the \$70/ton cost we are charged for material we deliver to them. That price is considerably lower than the cost for other municipalities. I would expect the cost to increase if we were to cancel the \$195,000 contract.

The Town is facing what could be one of its toughest economic periods due to the impacts of COVID-19. For this reason, combined with the limited cost effective options to properly process recyclable materials, I would suggest the Town suspend its recycling program at this time and reevaluate the program's viability at a later date when market conditions evolve. We believe we could do this with minimal changes to the current schedule. It's my opinion that the majority of our citizens are proud of the fact that we have provided curbside recycling to date and would prefer that we continue. As an alternative, we can reinstate the franchise agreement and provide an opportunity for our citizens to voluntarily subscribe to a recycling service as well as providing two locations for them to drop their materials off.