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MEMORANDUM

TO: Board of Commissioners
FROM: Cliff Ogburn, Town Manager
DATE: May 28, 2020
SUBJECT: Residential Recycling

a. Subscription Service

At the May 20, 2020 Board of Commissioners meeting, the Board discussed the recent decision to suspend the Town's curbside recycling program. At the request of the Board, we have been working to determine if it is feasible to initiate a subscription recycling service within the Town. We have learned that Bay Disposal would consider but has not committed to a subscription program if the Town can compile a list of at least 300 potential subscribers. The cost for this service is estimated at \$15-\$25 per month per household. Property owners and residents would contact the Town to be placed on a list. Once we reach the minimum number of subscribers, the list would be provided to the vendor and they would reach out to each subscriber directly to create an account and establish service. The day of the week is yet to be determined. Bay Disposal would provide their own cart to provide the service. The Town may need to enter into a franchise agreement with Bay Disposal before the service can begin. This program will take time to initiate and the Town will need to make a concerted effort to advertise the service and solicit subscribers. It is unlikely that this program could be initiated by the end of the summer season; however, this will depend on the time required to generate the list of subscribers and establish accounts.

b. Information on Decision to Suspend Curbside Recycling

Below is information that staff has compiled to educate Town residents and property owners on the Board's decision to suspend the curbside recycling program. After the Board's review, staff will continue to work to develop this into a format for public consumption and distribution.

Included below is a timeline that shows the progression of recycling services in the Town from initiation of the original subscription service in 2011 through the decision in May of 2020 to suspend the curbside program. Numerous changes have occurred over the years; many of these changes were made to enhance the Town's services and improve the recycling collection rate within the community. After the Town initiated the curbside program in 2016, there were several changes that led to cost increases, some of which were done deliberately to provide desired service levels; others were the result of changing market conditions associated with the increased cost to process materials.

While the budgetary conditions associated with COVID were a consideration in the decision to suspend the Town's recycling service, contractual issues, rising costs since the program began, uncertainty in the recycling market, and the lack of processing options were all factors in the decision. In the timeline and data provided on the following pages, you will note that the cost per ton for trash has remained relatively fixed since FY 2017 (\$143 and \$157 per ton respectively). The cost for recycling has increased during this same time frame from \$297 to \$439 per ton (see table on page 4; the cost per ton for the vendor only portion of this service went from \$221 per ton to \$604 per ton from FY 2017 to FY 2019). This is largely due to a change in 2019 to move the schedule on the Beach Road to Monday as well as the increase in cost for processing materials from \$0 per ton to \$70 per ton. An important consideration in the decision, which is reflected in the timeline, is the rapidly changing conditions that affect the ability to establish predictable costs.

The Board has received numerous comments from residents and property owners recently and over the last several years regarding recycling. Some comments reflect a strong desire to maintain the Town's curbside program and continue to absorb the costs within the town-wide tax base. Others believe that, largely because of the problems that the Town has experienced associated with costs and lack of bona fide processing options, the program should be offered on a subscription basis with the costs borne solely by those who wish the service.

The Board may wish to consider a process after the summer season to collect further input on the future of the recycling program. The process would assist the Board in determining community values related to recycling to establish a balance between cost, benefits, and service levels. The Board's decision has been to temporarily suspend the program. This still leaves opportunity to consider a wide range of options based on the Town's values refined by community input.

Recycling Timeline

April 2011 – Town initiates a franchise agreement for recycling subscription services.

May 2014 – Town initiates Beach Road pilot program that provides curbside services to all residences along NC 12 and SR 1243.

January 2016 – Town initiates town-wide curbside recycling service which supersedes the pilot and subscription programs – initial cost = \$88,480 for collection; the Town was paying \$0 per ton for processing the material. This cost does not include internal costs for hauling by town forces or the cost of recycling carts.

January 2017 – Town modifies schedule to Friday only – cost was reduced to \$77,980. Again, this does not include internal costs for hauling by town forces or any cart costs.

January 2019 – Town modifies schedule to Monday and Friday – cost was increased to \$195,000. This cost included the tonnage collected by the hauler. The cost for tonnage collected by the Town increased from \$0 to \$70 per ton. With 522 tons collected by the Town, this increased the cost to \$231,540 (\$195,000 + \$36,540). The increased tonnage price was a result of failing market conditions for recycling.

December 2019 – Hauler notifies Town that materials are being incinerated rather than recycled due to market conditions. Hauler offers to continue recycling at \$130 per ton or incinerate at \$70 per ton. The Town amends its contract to allow for incineration on a temporary basis rather than paying for the increased processing cost.

Spring of 2020 – Town and NC DEQ continue to search for a vendor to process rather than incinerate recycling materials. The Town learns that a new vendor, RDS of Portsmouth, VA, can process recycling for \$70 per ton. The Town would now need two agreements, one for hauling and one for processing. The processing contract would require the Town to pay an additional \$121 per ton for contaminated loads. Based on discussions with the processor and hauler, it was estimated that up to 18% of tonnage could be considered contaminated. The Town's hauler and RDS continued negotiations to allow for the hauler to contract directly with the Town for both hauling and processing at a fixed price. As of May 2020, these negotiations were ongoing, and the Town was unable to secure favorable terms that would provide a predictable fixed rate for service.

In May of 2020, the Town temporarily suspends the recycling program prior to the summer season as well as the commencement of the annual vendor service contract.

Recycling/Sanitation Data and Information

Recycling FY 2017

	# Tons Collected	Cost to Process	Cost to Haul	Total Cost	Cost Per Ton
Vendor*	371.1	\$0	\$82,180	\$82,180	\$221
Town	446.4	\$0	\$160,650	\$160,650	\$360
Totals	817.5	\$0	\$242,830	\$242,830	\$297

*Includes two months at 2016 contract price of \$88,480 and three months of 2017 contract price at \$77,980

Trash FY 2017

	# Tons Collected	Cost to Process	Cost to Haul	Total Cost	Cost Per Ton
Town	4,382	\$319,886	\$310,590	\$630,476	\$143

Recycling FY19

	# Tons Collected	Cost to Process	Cost to Haul	Total Cost	Cost Per Ton
Vendor*	322.89	Included in contract	\$195,000 (contract)	\$195,000	\$604
Town	579.14	\$40,540	\$160,650	\$201,190	\$347
Totals	902	\$40,540	\$355,650	\$396,190	\$439

Trash FY 2019

	# Tons Collected	Cost to Process	Cost to Haul	Total Cost	Cost Per Ton
Town*	3,717.83	\$271,959	\$310,590	\$582,549	\$157

*Vendor collects recycling on NC 12 and NC1243 May 1 through September 30

**includes cost of staff, fuel, and equipment

FY 19 Recycling processing cost per ton - \$70
 FY 19 Residential trash tipping fee cost per ton - \$73.15

Savings from suspending the contract with Bay	\$195,000
Add back 322.89 tons that we are not putting in landfill @ \$77/ton	-\$22,602
Add back 579.14 tons we pay \$7 more to dump in landfill	-\$4,054
Total Savings	\$168,344

Cost of Recycling Carts

Total spent on carts and bins (including financing)	= \$221,626.60
Less Grant	= \$30,000
Cost to Town	= \$191,626.60

Additional carts purchased for resale total 1,788 or \$103,704. We sell them for \$75 and have sold 1,372 which equals \$102,900. We have 416 left unsold at PW.

FY 2017 Recycling Data by Month

	Bay Collected	Town Collected	Total Recycling Residential
July-16	116.29	43.35	159.64
August-16	108.68	71.75	180.43
September-16	49.87	31.96	81.83
October-16		35.14	35.14
November-16		36.44	36.44
December-16		27.2	27.2
January-17		21.45	21.45
February-17		27.95	27.95
March-17		43.5	43.5
April-17		31.12	31.12
May-17	22.5	39.44	61.94
June-17	73.78	37.07	110.85
Total	371.12	446.37	817.49

FY 2019 Recycling Data by Month

	Bay Collected	Town Collected	Total Recycling Residential
July-18	74.48	68.73	143.21
August-18	89.05	76.00	166.04
September-18	48.46	37.93	86.39
October-18	0	67.17	67.17
November-18	0	48.23	48.23
December-18	0	43.45	43.45
January-19	0	50.91	50.91
February-19	0	33.2	33.2
March-19	0	41.16	41.16
April-19	0	58.93	58.93
May-19	42.64	59.45	102.11
June-19	68.26	53.57	121.83
Total	322.89	579.14	962.63

Recycling Tons Collected by Town:

343.49 tons – (Oct - Apr)

235.65 tons – (May – Sept)

- c. Develop a program (or at least an outline) to encourage reduction, re-use, and recycling as well as other environmentally friendly approaches to waste to be brought back to the Board.

GOAL (DRAFT)

Develop Program to Encourage Waste Reducing, Reusing, and Recycling

Potential Components:

Oversight:

Create a Nags Head Reduces, Re-Uses, and Recycles Committee for assistance with following through with the ideas presented here and for developing new ideas and public policies. Become a facilitator for progressive ideas that can enhance recycling and waste reduction efforts.

Education:

- Contact North Carolina Department of Environmental Quality about holding a recycling workshop in Nags Head or having a booth at a Dowdy Park Farmer's Market to better educate residents and visitors about recycling.
- Campaign: Recycling: Update curbside recycling program suspension education campaign to include:
 - status of nationwide and local recycling industry
 - curbside recycling program cost versus landfill use cost
 - other recycling options available in Nags Head
- Campaign: "Rethink the Way You Consume" Apply to NC DEQ for grant funds to create a video regarding this topic.
- Research working with Dare County Schools, UNC Coastal Studies Institute, or NC State Extension on developing and/or testing emerging and eco-friendly approaches to waste management such as vermicomposting (earthworm composting). Hold competition for best approach to reducing waste.
- Campaign: "Emerging and Eco-Friendly Approaches to Waste Management" - Apply to NC DEQ for grant funds to create a video regarding this topic.
- Campaign: "Residential Composting" - Apply to NC DEQ for grant funds to create a video regarding this topic.

Facilities and Services:

- Research the Town's ability to distribute for free or sell, at reduced rates, compost bins. The Town can pilot this idea at the Dowdy Park Farmer's Markets.
- Recycling: Identify Town facilities where recycling and composting stations can be installed.
- Reduce: Research installation of composting bins at select Town facilities.
- Recycle: Add electronics drop-off program at a Town facility.
- Continue to explore options for recycling processing for Town recycling services.
- Explore partnerships with Dare County and other agencies to improve regional capacity for recycling collection and processing.