



Ben Cahoon
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M. Renée Cahoon
Commissioner

J. Webb Fuller
Commissioner

Kevin Brinkley
Commissioner

MEMORANDUM

To: Board of Commissioners

From: Cliff Ogburn, Town Manager

Date: April 29, 2020

Re: Discussion of status of recycling program

At your May 6 meeting, I will ask the Board to render a decision on the town's recycling program. As the Board is aware, the town amended its contract with Bay Disposal earlier this year to allow for the incineration of recycling materials. This resulted from the changes to the recycling market and the substantial increases in costs to process recycling materials. At your April 15 meeting, I shared that the NC State Department of Environmental Quality has found a processing facility with reasonable costs that could serve northeastern North Carolina communities. Details about this continue to evolve. Since our last meeting, we have been offered a combination of pricing from the new processing facility, RDS of Portsmouth, VA, and Bay Disposal which is equivalent to the pricing of our current contract. This would allow us to continue with our current program as is. I have included a brief pricing analysis in the sidebar on the following page. I have concerns about the RDS contract since it includes penalties for contaminated loads which would create uncertainty as to how this would increase our costs. Additionally, RDS would like us to execute a five-year contract, which I would not recommend, primarily since our current hauling contract expires in 2022. I believe the town would need to align these contract terms and our preference would be to contract with one vendor for these services.

On Monday, May 4th, Bay Disposal is meeting with RDS to discuss a contract between the two entities. The goal of this discussion would be to provide Bay Disposal with terms that would allow the town to contract solely with them for recycling hauling and processing. We think this would eliminate the concerns about the misalignment of contract timelines as well as surcharges for contaminated loads. My intent is to provide the Board with these additional details as soon as they are available in advance of the meeting.

If Bay is successful in negotiating this contract the Board will need to determine if it wishes to continue recycling at the same price or suspend the program to realize a cost savings.

Option A – Recycle w/ Bay and RDS

Recycling Processing with RDS = \$57 per ton
Approximately 902 tons @ \$57 = \$51,414
Hauling w/ Bay Disposal = \$162,810
Additional Bay hauling charge per ton = \$23
Approximately 902 tons @ \$23 per ton = \$20,746
Total cost for both contracts = \$234,970
(\$51,414 + \$162,810 + \$20,746)
*(*Does not include any charges for contaminated loads; this could add an additional \$121 per contaminated ton)*

Option B –Current contract w/ Incineration

Previous contract pricing:
Hauling = \$195,000 (includes processing of materials collected by Bay Disposal)
Processing for materials delivered by town forces = \$70 per ton; 579 tons at 70 per ton = \$40,530
Total cost for current contract = \$235,530
(\$195,000 + \$40,530)

Option C – Eliminate Recycling

Bay contract price for hauling and processing of materials collected by Bay Disposal = \$195,000
Bay collects approximately 323 tons which are included in their price; 323 tons diverted to Dare County @ \$76 per ton = \$24,548
579 tons collected by the town @ \$70 per ton would increase to \$76 per ton = \$3,420
Total savings over current costs = \$167,032
(\$195,000 - \$24,548 - \$3,420)

If the Board chooses to suspend the program to realize a cost savings, all material would be diverted to the Dare County Transfer Station @ \$76 per ton. Several adjustments to our program need to be considered with this option. This would include any schedule changes and how we would treat the existing blue recycling carts. Our initial thought is that we will treat the blue carts as trash carts. If the schedule is not changed, we would be collecting trash two days in a row on the red and green routes, since the blue recycling carts are collected one day after the green trash carts.

Staff feels as though the best option regarding the schedule would include very limited changes to avoid confusion so close to the season. Staff recognizes the inefficiency of collections two days in a row on these routes; we believe we have the capacity to collect both green and blue carts on the same day however this would create a change to the schedule on two of our routes. The Board would need to determine if it is better to leave things the way they are this summer in order to maintain continuity, or to eliminate a day of back to back service. If we decide it is better to eliminate the back to back collection, we would recommend collecting both carts on Tuesday on the red and green routes. We recognize that now the green route would essentially receive one day of trash service, however they would have additional cart capacity since the recycling carts would be used for trash. I think the Board and

staff believe that a suspension of this service would be temporary due to the current economic circumstances, and that our program could be reinitiated at some point in the future.