



Building Good MRF Contracts



THE RECYCLING
PARTNERSHIP

Rob Taylor, The Recycling Partnership
CT Coalition for Sustainable Materials Management
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TOGETHER

Transforming Recycling For Good

Each day we work together with communities and companies to help Americans recycle, and recycle well.

Recycling Partnership Support



Special Support for
Circular Initiatives

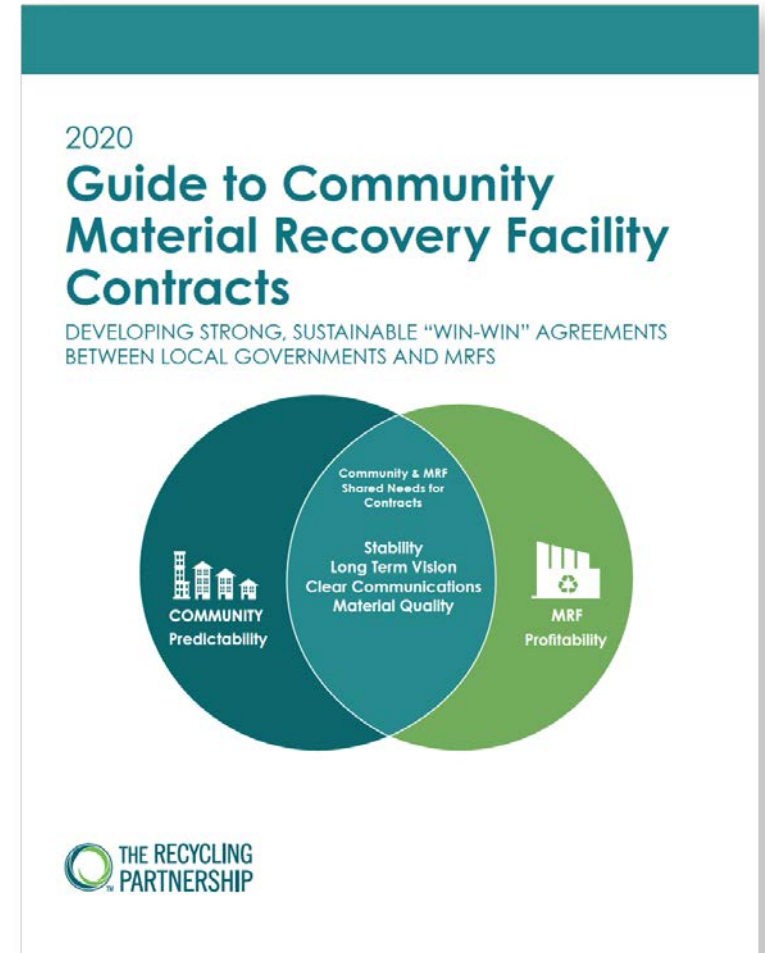


MRF Contracting BMP Guide

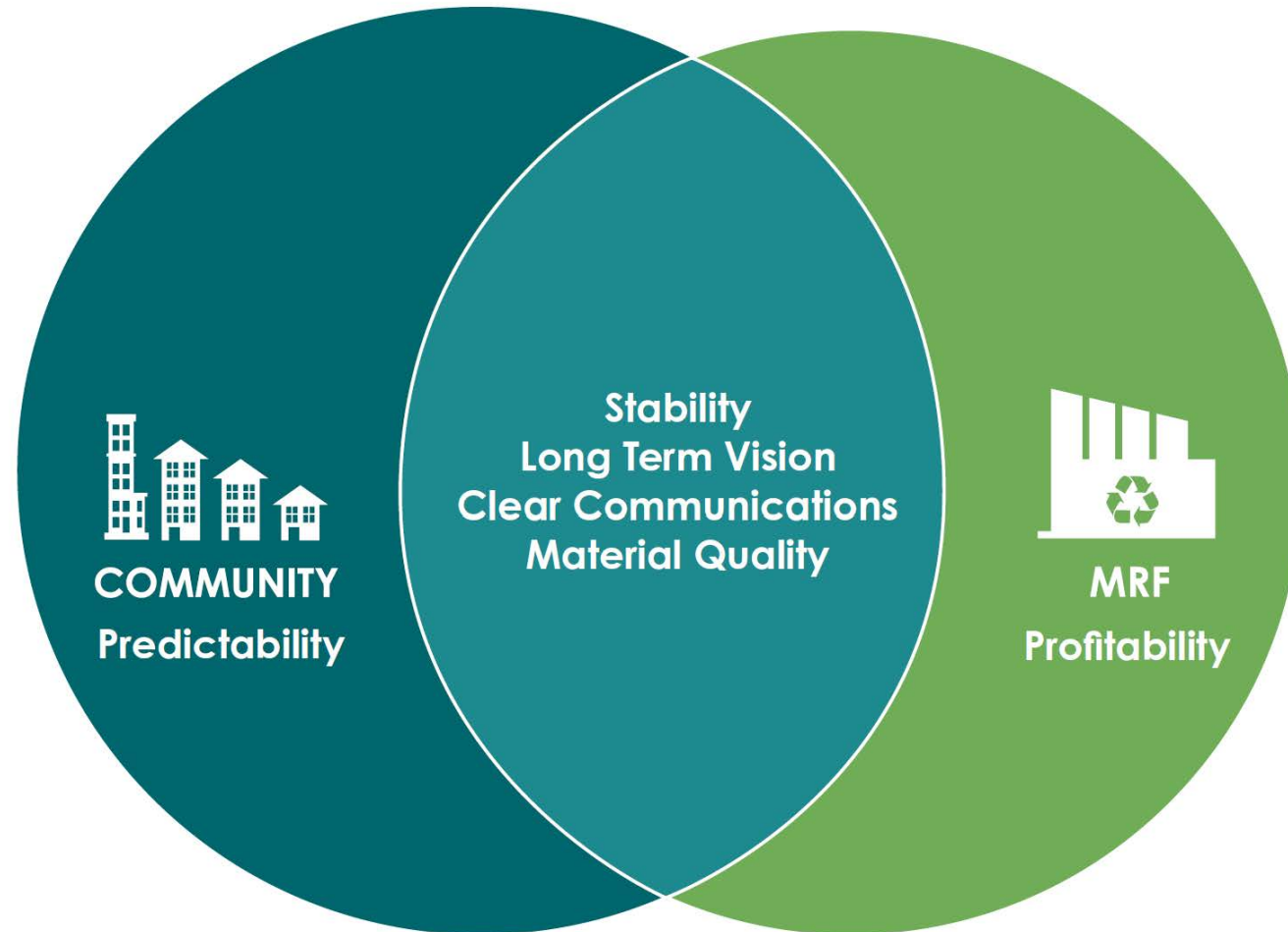
Why we produced this guide:

- Community/MRF relationship central to the health of the system, but...
- Many contracts miss essential elements
- “New normal” of markets and contamination create new complexities
- Healthy contracts using common elements will help all stakeholders

<https://recyclingpartnership.org/MRF-Contracts/>



Interdependent, But Not Always Aligned



Ideal MRF Contracts

- Allow both parties to live through **range of market conditions**
- Create **shared risk and reward**
- Establish platform for strong **communication and collaboration**
- Include clear expectations about **acceptable materials and contamination**



The MRF Contracting Process

Communities Must Start By Assess Goals and Priorities

Planning for Procurement:

- The Instruments: RFIs vs RFQs vs RFBs vs RFPs
- The Options: Public-Private Partnership vs Purchasing Service Agreement
- The Calendar: Timelines and Schedules
- Consider Contract Length as a Key Issue

RFP Timeline and Process

Strategy Workshops
Define Scope of Services
Develop Evaluation Criteria
Develop RFP
Notify Vendors

Local Governments
Develop RFP

RFP Release
Pre-Proposal Conference
Addenda Issued
Proposals Received

Vendors Develop
Proposals

Technical & Financial Reviews
Interviews
Contract Negotiation
Contract Award

Evaluation, Negotiation,
& Award

Transition & Implementation
Based on Partnership Agreement

Transition & Implementation

Contract Length

True test of the public/private balance

- Should align with community goals

Contract Length Pros and Cons

- Ideally contract length is sufficient to allow recovery of capital costs, and...
- to make necessary investment, but...
- to not preclude market choice over time

Consider Definite Period + Optional Renewals

2020
2021
2022

Calendarpedia
Your source for calendars

Essential Elements in MRF Contracts

- 1 Processing Fees
- 2 Revenue Sharing
- 3 Material Value Determination
- 4 Acceptable Materials Mix Determination
- 5 Material Audits
- 6 Material Quality / Contamination
- 7 MRF Performance
- 8 Rejected Loads and Residue Disposal
- 9 Education and Outreach Support
- 10 Contingencies
- 11 Reporting and Communications

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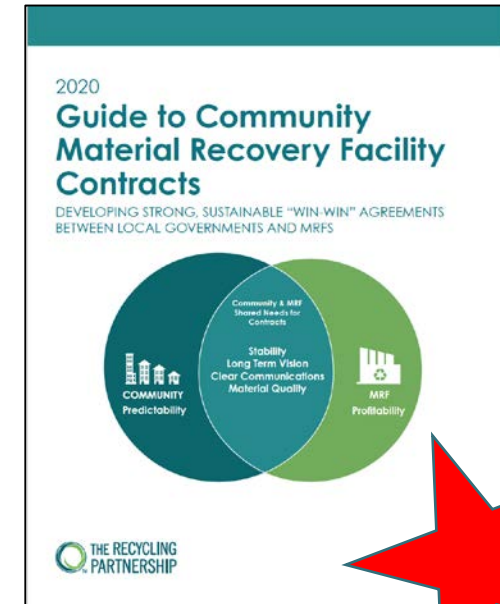
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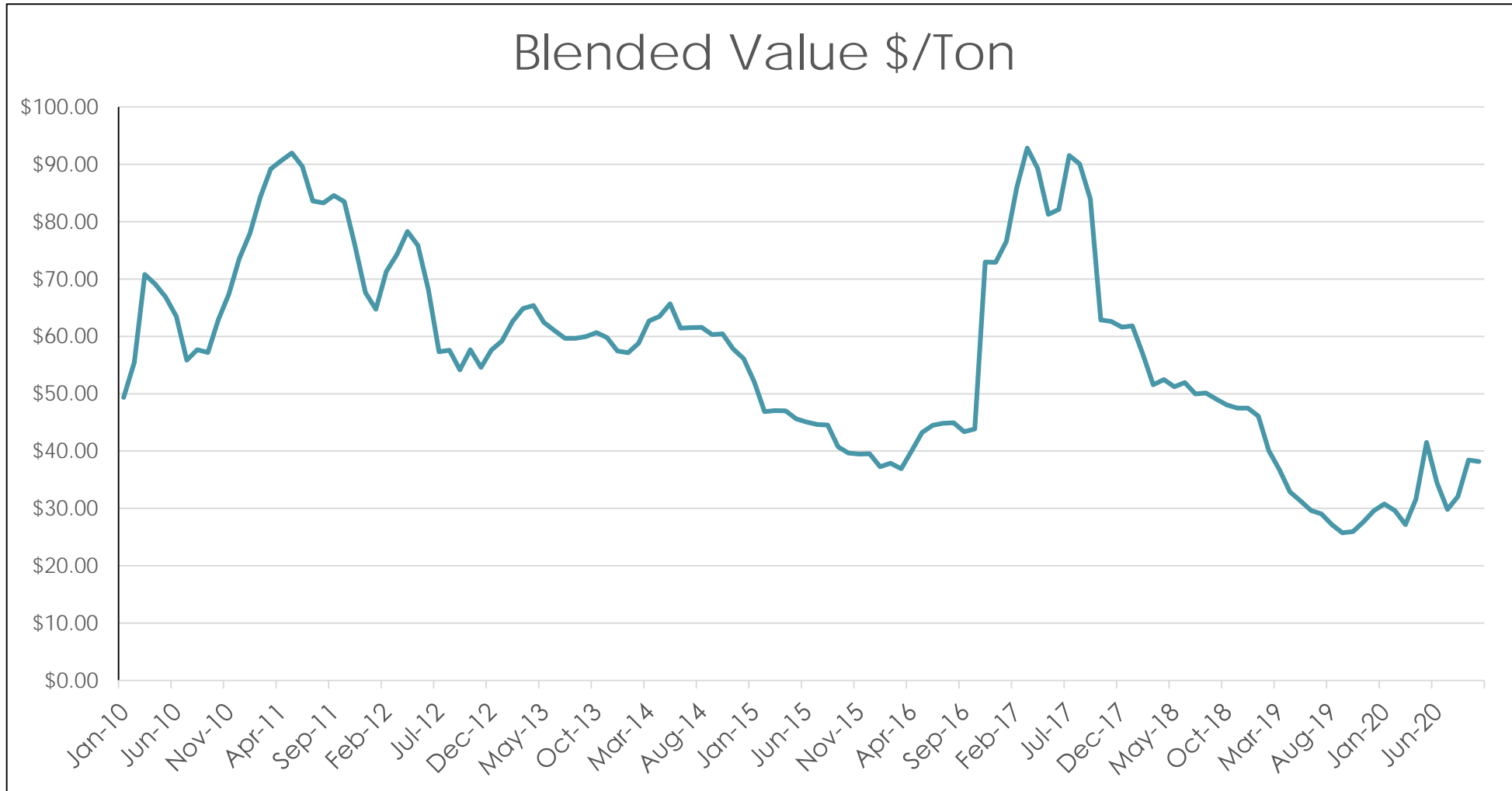
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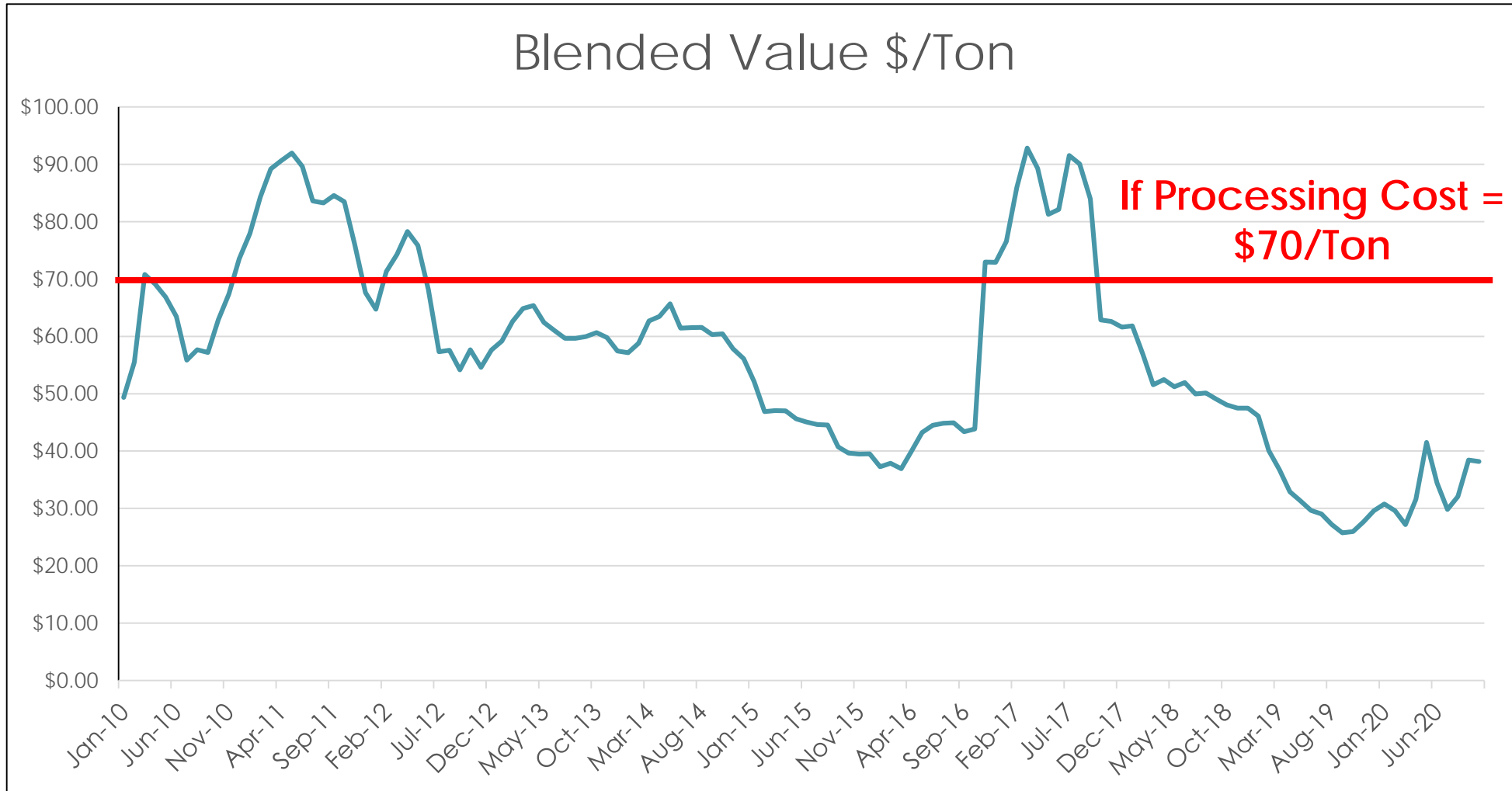
The New Normal - MRF Material Costs and Values

Commodity	% of Outbound Materials	Price	Weighted Value
Cardboard	17.50%	\$75.00	\$13.13
Mixed paper	38.00%	\$11.56	\$4.39
Cartons/aseptics	0.10%	\$22.50	\$0.02
Aluminum cans	1.10%	\$783.80	\$8.62
Steel cans	1.80%	\$79.25	\$1.43
Glass	17.20%	(\$26.79)	(\$4.61)
PET	3.90%	\$141.12	\$5.50
HDPE Natural	0.90%	\$726.20	\$6.54
HDPE Colored	1.00%	\$71.60	\$0.72
3-7 Plastics	1.10%	(\$21.20)	(\$0.23)
Mixed Rigid Plastics	0.40%	\$48.80	\$0.20
Residue	17.00%	(\$50.00)	(\$8.50)
	100.00%		\$27.20
		Processing Cost	\$90.00
		Profit (Loss)	(\$62.80)

The Commingled Ton Over Time



The Commingled Ton Over Time



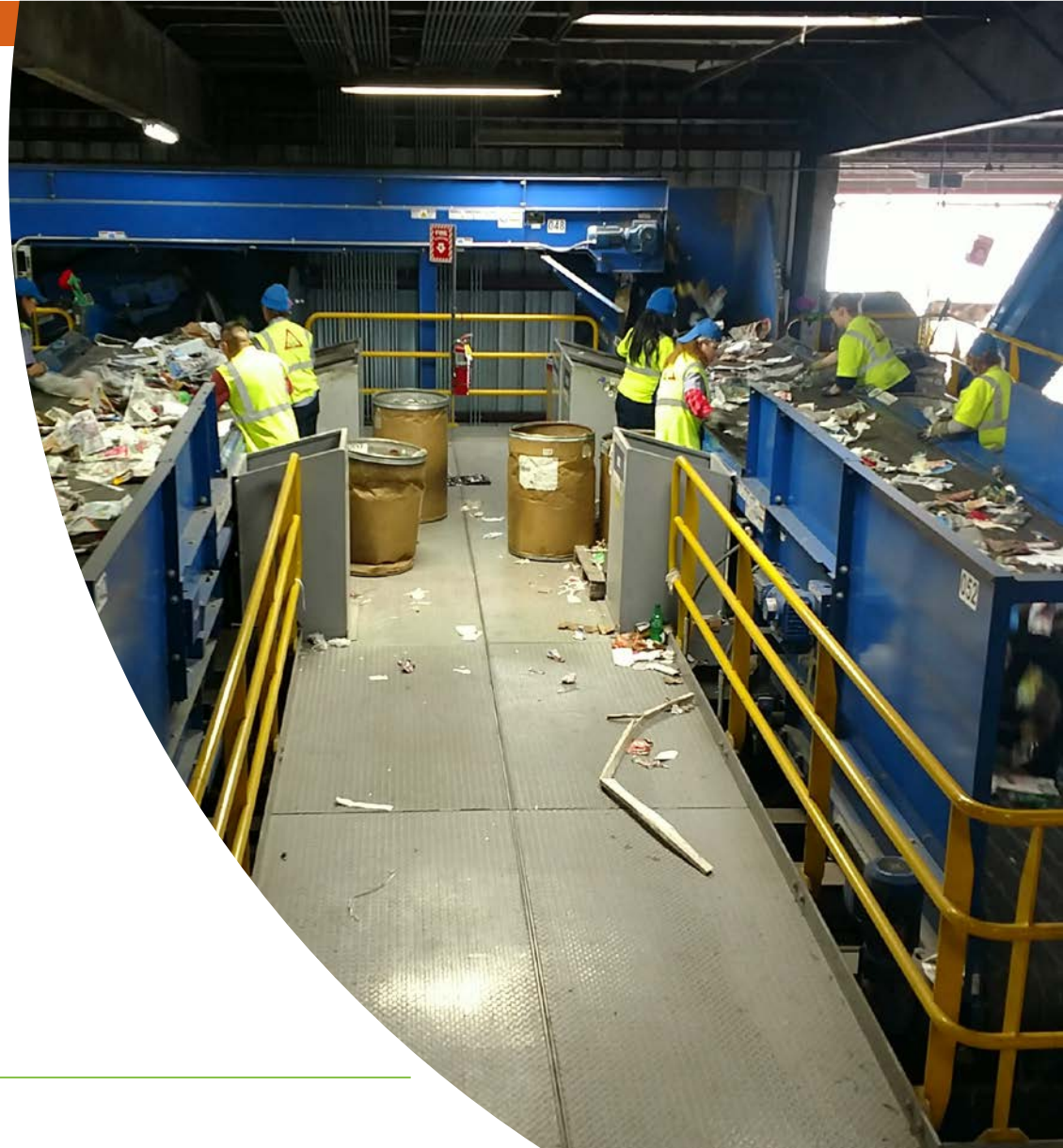
Essential Element #1: Processing Charges

MRFs cannot sustain losses on every inbound ton

Material values do not presently cover processing costs

Need equitable arrangements to keep MRF operator whole

Processing charges here to stay and should be explicitly addressed in the contract



Essential Element #2: Revenue Sharing

Gives both parties stake in market conditions

Pros and cons of percentage share

Q: Is it better for community to get **more** or **less** of the share?

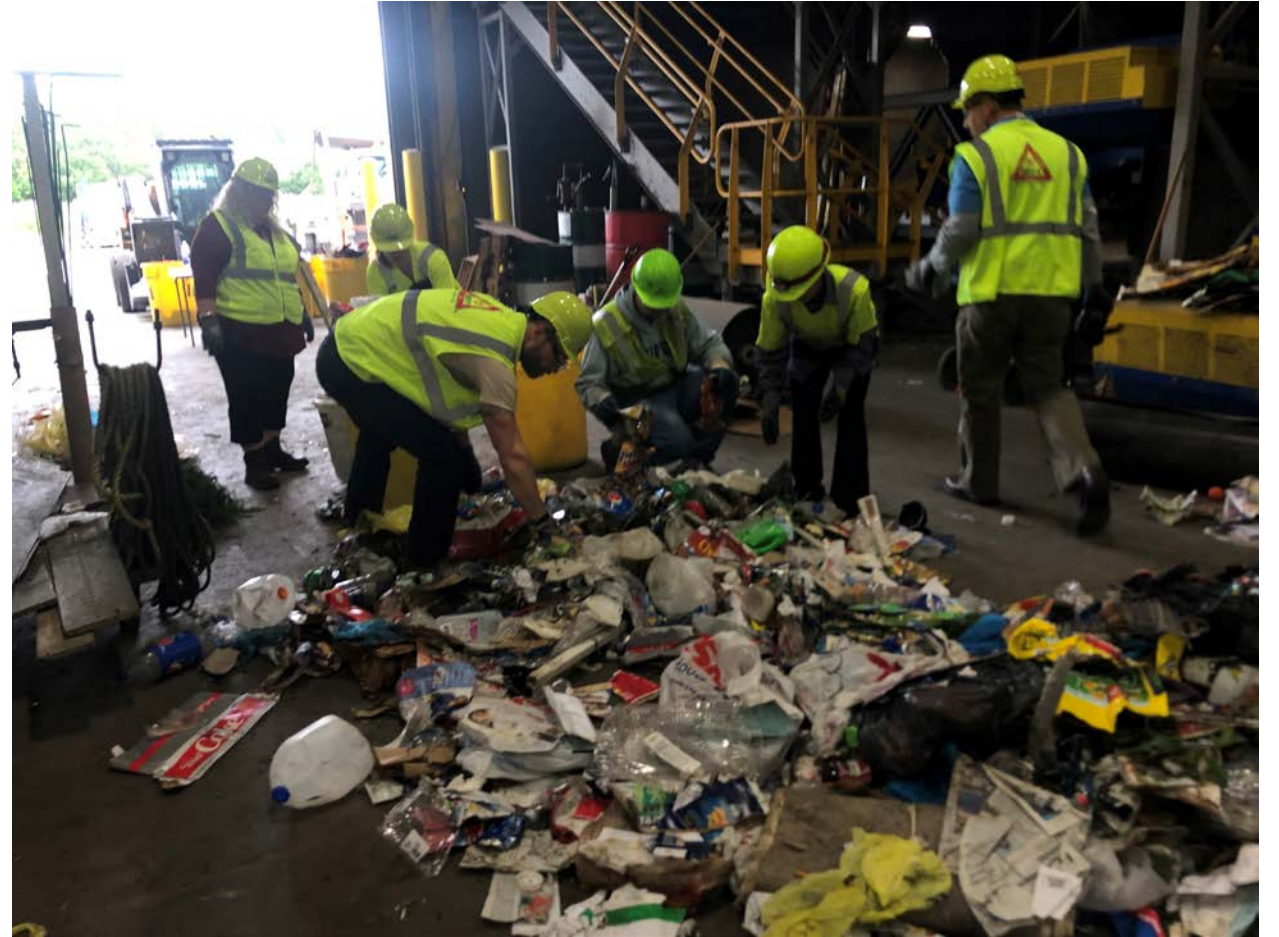


Basic Contract Language: For incoming ton of materials delivered by the City to the Processing Facility, the Contractor shall divide and pay the City a Recyclable Revenue Share, distributed as 60% to the City and 40% to the Contractor

Essential Element #5: Inbound Audits

Contract should spell out:

- Frequency
- Methodologies
- Reporting Parameters
- Usage of Data



Essential Element #6: Material Quality/Contamination

Important to establish:

Material quality standards

How contamination is measured

How cost of contamination is shared

Contract Consideration: Is an incentive for addressing quality and contamination important?



Essential Element #9: Outreach Support

Contract should clearly define roles about outreach responsibilities

Consider including funding in contract to:

- Stabilize outreach revenues
- Shield them from budget processes
- Establish mutual commitment to quality

One e.g. of MRF role is requirement to host tours

Basic Contract Language: In support of the City's public education efforts, payment will be made to the City by the Contractor in the amount of **\$1.50** per ton of Recyclable Materials delivered to the processing facility.



Partnership Resources: Campaign Builder



HOME FOR COMMUNITIES FUNDING PARTNERS INFO HUB ABOUT CONTACT

Let's customize your campaign materials

Answer five questions to customize your FREE campaign materials to help tackle your top recycling issues. It's like magic, but more practical and effective.

LET'S GO

RECYCLE THANK YOU FOR RECYCLING THESE:



Aluminum & Tin Cans (empty & rinsed) Cardboard (flattened) Bottles and Jars (empty & rinsed) Newspaper, Magazines, and Junk Mail Plastic Bottles (1 & 2)

NO!



TO LEARN MORE, visit www.vinelandcity.org or call 856-794-4089



HOME FOR COMMUNITIES FUNDING PARTNERS INFO HUB ABOUT CONTACT

We'll be customizing the following three pieces.



Before we begin, make sure your accepted materials and top contaminants match your MRF's. Our [MRF Survey](#) will help you get on the same page as your hauler, which will lead to a more effective campaign.



recyclingpartnership.org/pdf-builder-login/





Questions?

Link to MRF Contracts Guide:

<https://recyclingpartnership.org/MRF-Contracts/>

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