

# CCSWA RFQ Waste Disposal and Recyclables Processing: Process and Outcomes



CCSWA FULL MEMBERSHIP MEETING  
AUGUST 2, 2011



# Objectives



- Review procurement process
- Provide an overview of successful responses

# Background



- 2008: CRCOG begins to study long-term solid waste disposal options
- 2009: CRCOG Issues RFI for long-term transfer, transportation, disposal, recyclables processing
  - Receives 6 responses
- June 2010: CCSWA formed
- October 2010: RFQ Committee assigned
- December 2010: CCSWA releases RFQ
- February 2011: RFQ responses due
- July 28, 2011: Vendors selected!!!

# RFQ Team



## RFQ Committee

- John Adams, Granby
- Mike Bisi, Glastonbury
- Jeff Bridges, Wethersfield
- Marilyn Cruz-Aponte, Hartford
- Julian Freund, Manchester

## Advisory Team

- Procurement Coordinator
  - Jennifer March-Wackers, CRCOG
- Legal Counsel
  - Dial Parrot, UKS
- Technical Consultant
  - John Culbertson, MSW Consultants

# Detailed Procurement Chronology



## 2010

- Sept: Assemble consulting team
- Oct: Members approve RFQ estimated expenditure
- Dec 14: Complete RFQ docs
- Dec 29: Issue RFQ

## 2011

- Feb 4: 8 SOQs received
- Feb 11: 3 vendors shortlisted for full evaluation
- Feb 25: Interviews with selected vendors
- Feb 28: RFQ Committee full scoring – no clear “winner”
- Mar 3: All vendors invited to enter negotiations
- Mar 18: Opening offers received; RFQ Committee submits follow-up questions

## 2011 (continued)

- Apr 15: Second round responses received; Committee submits follow-up questions
- May 2: Draft master agreements submitted to all vendors
- July 25: Final form of agreements reached by negotiating team
- July 26: Negotiated agreements reviewed by RFQ Committee; forwarded to Finance and Exec Committee for consideration
- July 28: Finance/Exec Committees approve 2 vendors
- July 28: Master Agreements executed
- Aug 2: CCSWA members initiate review of terms and adoption of Participation Agreements

# Meet the Vendors



- **Connecticut Resources Recovery Authority (CRRA)**

- Public authority
- Based in Hartford
- Established in 1973
- Managed over 900,000 tons in 2010
- Owns Mid-CT Project facilities used by 70 towns for wastes and recyclables

- **Murphy Road Recycling**

- Private company
- Based in Enfield
- Formed in 2001
- Owns existing network of bulky waste/recycling transfer stations and recyclables processing facilities in Central CT

# Summary of Agreements



- **CRRA**

- Master Agreement between CRRA and CCSWA
- Municipalities have choice of MSA
  - ✦ Tier 1 Short Term (5-yr)
  - ✦ Tier 1 Long Term (15-yr)
  - ✦ Tier 2 (3-yr)
  - ✦ Tier 3 (15-yr)
  - ✦ Tier 4 (6 yr)

- **Murphy Road**

- Master Agreement between Murphy Road and CCSWA
- 5-yr Participation Agreements to be executed by Municipalities
  - ✦ Two 2-year extension options

# Results of CRRA Negotiations



- Creation of New Tier 4 MSA
- Selected revisions in all other MSAs
  - Allowance for reduction of waste commitment in the event recycling increases
  - Relaxation of monthly tonnage commitment to quarterly
- All MSAs are available to all municipalities in CT, whether or not members of CCSWA

# Summary of Handouts



- Town by town price analysis spreadsheets
  - Municipal solid waste disposal and recyclables processing only
  - Bulky waste pricing data provided for information only (not factored into price ranking)
- Murphy Road facility location and haul distances
- Comparison Matrix of key terms
- Legal issues summary (2 sheets)

# Pricing



- **CRRA**

- Pricing established annually with budget cycle
- Differs slightly by Tier
  - ✦ Lower price for longer term and stronger waste commitment
- Non-binding estimated pricing through FY2017
  - ✦ \$59.50 to \$63.50/ton cost for disposal
  - ✦ Projected to decrease in FY16
  - ✦ Eligible for recycling rebates (all Tiers except Tier 2, which does not accept recyclables)
- “Opt-out” Pricing for Tier 1 MSAs

- **Murphy Road**

- Firm, predictable pricing
- **\$65.00/ton cost for disposal**
  - ✦ Escalation at CPI
- **\$22.50/ton rebate for recyclables**
  - ✦ Possible additional recycling revenue share

# Pricing Handout



## **TOWN-BY-TOWN PRICING COMPARISON SPREADSHEET**

# Factors That Could Impact CRRA Pricing



Driven by “Net Cost of Service”

- Electric Revenue Increases or Decreases
- Unforeseen Operational Cost Increases or Decreases
- Unforeseen Legal Fees
- New Capital Investments and/or New Facilities
- Recyclable Material Revenue Increases or Decreases
  
- Historical Price Fluctuations Since 2001
  - 25% was the largest 2-year tip fee price increase
  - -4.2% was the largest 2-year tip fee decrease

# Factors that Could Impact Murphy Road Pricing



- 75% of CPI annual escalation
  - 3.5% annual cap on escalation
  - 0.0% annual floor on escalation
- Potential for additional recycling rebate if value of recovered materials exceeds \$157/ton

# Facility Location Table



## MURPHY ROAD FACILITY LOCATION AND MILEAGE TABLE

# Permit Status of Facilities



- **CRRA**

- All Designated Facilities are currently permitted and can receive waste and recyclables starting 2012

- **Murphy Road Recycling (MRR)**

- Four Designated Disposal facilities
  - ✦ MRR Hartford
  - ✦ Babylon Recycling (Suffield)
  - ✦ Willimantic Waste
  - ✦ Nutmeg Road Recycling (S. Windsor)
- All Designated Recycling facilities are permitted and can receive recyclables starting 2012
- Three Designated Disposal facilities are not yet permitted to accept wastes
  - ✦ Permit applications pending with DEP
  - ✦ DEP indicates likely permit approvals
  - ✦ CCSWA must sign off permit approvals for contracts to be fully executed

# Commitment of Materials



- **CRRA**

- Tier 1: Municipality must deliver all materials generated within its borders and may be asked to implement regulatory flow control if enforcement is unsuccessful
- Tier 2: Directly controlled waste only (no recyclables)
- Tier 3: Directly controlled waste and recyclables
- Tier 4: Directly controlled waste and recyclables

- **Murphy Road**

- Waste or recyclables (10,000 tons of recyclables to activate)
- Municipality must deliver “directly controlled” materials
  - ✦ Collected by the Municipality via the use of a municipal collection crews
  - ✦ Collected by a private hauler under contract with the Municipality
  - ✦ Received at a Municipality-owned transfer station
  - ✦ Generated at municipal buildings, including public schools (existing contracts grandfathered)

# Contamination in Recyclables



- **CRRA**

- Loads considered “contaminated” if they contain more than 5% unacceptable materials
- Loads considered “unprocessible” if they exceed any of a set of conditions involving moisture, breakage, deformation of containers, or
- \$200/load rejection charge if the load is tipped and requires re-loading

- **Murphy Road**

- Caps allowable incoming contamination rate for single stream recyclables at 20%
- Full \$22.50 rebate paid only if contamination rate is less than Average Contamination rate (currently 12.5%)
  - ✦ Rebate is reduced if contamination between 12.5% and 20%
- Average Contamination Rate may be reset during contract term through a statistically representative composition analysis

# Bulky Waste and Mattresses



- **CRRA**

- CRRA will continue to set separate prices for Non-processible Wastes and Mattresses
- No estimated pricing for these items has been provided
- FY12 prices:
  - ✦ \$85/ton for Bulky/Non-Processible waste
  - ✦ \$30/mattress surcharge

- **Murphy Road**

- \$80/ton bulky wastes
- \$10/mattress
- Will accept these materials separately with recycling commitment

# Splitting Contracts



- CRRA requires both refuse and recyclables to be delivered as a condition of all MSAs except Tier 2 MSA, which will accept refuse only
  - Tier 2 is only MSA that a Municipality can use to split off its recyclables
- Murphy Road will accept
  - Refuse-only
  - Recyclables-only
  - Both refuse and recyclables
  - Municipalities may opt to include bulky waste and mattresses

# Tonnage Caps



- **CRRA**

- Tiers 2 and 4 have tonnage caps
- Tiers 2, 3 and 4 have tonnage floors
- Charge for failing to meet tonnage commitment
  - ✦ \$30/ton winter
  - ✦ \$15/ton summer
- Cap can be reduced if new recycling or waste reduction programs are implemented

- **Murphy Road**

- None

# CRRA Legal Issues



- **Nominal Master Agreement**
  - All CT municipalities have access to all Tiers of MSAs regardless of membership status with CCSWA
  - Remains in effect as long as any MSA with a CCSWA member municipality remains in effect
- **No indemnification issues**
- **Municipalities continue to be responsible for Net Cost of Service**
  - Only Tier 1 MSAs have opt-out price

# Murphy Road Legal Issues



- Detailed Master Agreement
  - Contains most key terms
- Participation Agreements
  - Implements Master Agreement
  - Allow Municipality to choose among the service options (refuse, recyclables and/or bulky)

# Comparison Matrix



**COMPARISON OF KEY TERMS FOR  
MURPHY ROAD AND ALL CRRA MSA TIERS**

# Next Steps



- Review master contracts and participation agreements (online: [http://www.crcog.org/municipal\\_ser/sw.html](http://www.crcog.org/municipal_ser/sw.html))
- CCSWA is offering individual workshops to review with each Municipality's decision makers
- Draft resolution available online (link above)
- Sign participation agreements
- Other municipalities may join if they join CCSWA and pay contribution to RFQ expenses

# Conclusions



- The process identified that vendors are working to open up the market in the Central CT region
- CCSWA procurement secured better terms than would have been obtained individually by towns
  - Extensive negotiations were required to arrive at acceptable terms
- Recommendation of two selected vendors is the result of the RFQ procurement process
  - Provides basic protections through the master agreement for all who sign
  - Only CCSWA member municipalities may use RFQ procurement process as justification for contract with either vendor (no piggybacking outside the Authority)
  - Other vendors may contact Towns or use CRRA without CCSWA master agreement (bid waiver would be necessary)