

SOLID WASTE TRANSFER STATIONS
Willits, Potter Valley, Boonville, Laytonville, Covelo,
South Coast, Westport, Caspar, & Albion
SOLID WASTE RECYCLING CENTERS
Willits, Laytonville, Anderson Valley,
Westport, & Gualala

Solid Waste Services **Solid Wastes of Willits, Inc.**

P.O. Box 1425 • Willits, CA 95490

April 27, 2017

Louisa Morris, Director
Solid Waste Division
County of Mendocino
3200 Taylor Drive
Ukiah, CA 95482

Re: Add Scrap Metal & Electronics to Recycling Commodity Index

Dear Louisa,

On January 24, 2017, the Board of Supervisors approved a one (1) year agreement with Solid Wastes of Willits, Inc. (SWOW) providing SWOW with additional revenue and cost savings measures related to the provisions of solid waste services pursuant to five (5) existing franchises and/or transfer station agreements. One approval was authorizing staff to prepare an amendment to the County/City of Fort Bragg/SWOW Caspar Transfer Station agreement to add scrap metal and electronics to the recycling commodity index. This amendment will required the City of Fort Bragg's approval, who is a party to the agreement. To assist staff, we have provided revised recycling commodity indexes for 2011 and 2016.

Section 14 D – Composite Market Value is based on a “basket” of mixed recyclables calculated by a weighted profile with each category multiplied by the market price for that period. Originally the mixed recyclables were determined to be single-stream recyclables collected at curbside using blue carts or debris boxes at transfer station sites where customers could drop off these materials. Once collected they are transported to a material processing facility where they are cleaned, separated, baled and marketed. Scrap metal and electronics due to its size are not included in the single-stream category but are collected in large debris boxes and hauled out of county for processing and marketing. Due to the volatile value of these two items, it has been recommended that they be included into the recycling commodity index. For instance, revenue received at the Caspar facility back in 2011 was over \$50,000 from the sale of scrap metal where in 2016, no value was received for this material while actually costing SWOW to have it hauled away. This loss of revenue continues to be an economic drain on SWOW while continuing to provide these services.

By adding scrap metal and electronics to the recycling commodity index, the original Composite Market Value from 2011 was restated and the weighted profile changed by adding the tonnage collected in 2011 from scrap metal and electronics. The weighted profile for single-stream materials were reduced due to adding scrap metal and electronics to the profile. Overall the weighted profile remained at 100%. The Composite Market Value restated for 2011 is below.

ONE-STOP RECYCLING & DISPOSAL TOO!

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COMPOSITE MARKET VALUE EFFECTIVE 1-1-11 to 1-1-12

Composition	Commodity	Scrap		Weighted Value/Ton
		Value/Ton	CRV/Ton	
10.22%	OCC	\$ 122.00	-	\$ 12.47
26.80%	Mixed Paper	88.00	-	23.58
0.32%	HDPE Color	333.00	\$ 110.00	1.42
0.31%	HDPE Natural	499.00	110.00	1.89
1.18%	PET	401.00	1,180.00	18.66
0.76%	Rigid Plastics	99.00	-	0.75
1.11%	Tin	5.00	-	0.06
14.86%	Glass 3 Mix	(10.00)	84.00	10.99
0.43%	Alum. Cans	1,248.00	2,820.00	17.49
36.00%	Scrap Metal	192.13	-	69.17
1.92%	Electronics	319.73	-	6.14
6.09%	Refuse	(70.33)	-	(4.28)
100.00%				

Total Composite Market Value Per Ton \$ 158.34

By adding scrap metal and electronic market values to the recycling commodity value the Composite Market Value increased the weighted value per ton from \$134.15 to \$158.34.

Based on updated market values received in 2016 effective for January 1, 2017 the weighted value per ton drop from \$158.34 in 2011 to \$59.07 in 2016 as described below.

COMPOSITE MARKET VALUE EFFECTIVE 12-31-15 to 12-31-16

Composition	Commodity	Scrap		Weighted Value/Ton
		Value/Ton	CRV/Ton	
10.22%	OCC	\$ 114.32	-	\$ 11.68
26.80%	Mixed Paper	76.92	-	20.61
0.32%	HDPE Color	287.69	\$ 80.00	1.77
0.31%	HDPE Natural	496.11	80.00	1.79
1.18%	PET	179.39	1,140.00	15.57
0.76%	Rigid Plastics	47.73	-	0.36
1.11%	Tin	36.00	-	0.40
14.86%	Glass 3 Mix	(23.27)	84.00	9.02
0.43%	Alum. Cans	1,080.00	3,020.00	17.63
36.00%	Scrap Metal	(49.74)	-	(17.91)
1.92%	Electronics	131.69	-	2.53
6.09%	Refuse	(71.97)	-	(4.38)
100.00%				

Total Composite Market Value Per Ton \$ 59.07

**RECYCLING COMMODITY VALUE ADJUSTMENT
(COMPOSITE MARKET VALUE-RECYCLABLES)**

The gross market commodity value of Discarded Recyclable Materials collected by SWOW pursuant to the Agreement shall be estimated from the tons collected and the change in the average composite market value per ton as calculated from the previous period compared to the current average composite market value per ton with each category multiplied by the market price including any California Redemption Value, FOB at the Designated Recycling Processing Facility, divided by total revenue. Total revenue from the **2016 Annual County Transfer Station Report** was reported at **\$730,641**.

Using the average composite market value restated for the year 2011 [**\$158.34**] compared to the current average composite market value [**\$59.07**] shows a **decrease of \$99.27/ton [**\$158.34 - \$59.07**]**. With 403.0 tons of Discarded Recyclable Materials [single-stream + cardboard + scrap metal + electronics] collected from the site in 2016, a **loss resulted** in net recycling revenue. Rates will be adjusted so that 100% of the change in gross commodity value will be applied proportionately to reduce rates in case of a gain or increase rates in case of a loss. In order to maintain lower gate fees for recyclable materials, the increase in rates will be applied to refuse gate fees only.

The tons of Discarded Recyclable Materials collected were derived from the **2016 Annual Volume & Revenue Recycling Report** and the revenue received is derived from the **2016 Annual County Transfer Station Report**. The Transfer Station Report includes revenue from both refuse and recyclable gate fees.

Transfer Station	Caspar	
A Previous Composite Vaue	\$158.34	INPUT
B New Composite Value	\$59.07	INPUT
C \$/ton Difference	(\$99.27)	B-A
D Total Tons Discarded Recyclables	403	INPUT
E Total Revenue	\$730,641	INPUT
M Recycling Value Component	0.0548	C*D/E

Transfer Station - Caspar	Gate Fee Refuse	Gate Fee Recyclables	
F Recycling Value Component	0.0548		M
G Net Change %	5.48		M%

Transfer Station - Caspar	Gate Fee Refuse	Gate Fee Recyclables	
H Old Cubic Yard	24.95	17.98	INPUT
I New Cubic Yard	26.32	17.98	(F*H)+H
J Old Can	4.66		INPUT
K New Can	4.92		(F*J)+J

		Gate Fee Refuse	Gate Fee Recyclables	
	Transfer Station - Caspar			
L	Old Cubic Yard	25.00	18.00	ROUND H
M	New Cubic Yard	26.25	18.00	ROUND I
N	Old Can	4.75		ROUND J
O	New Can	5.00		ROUND K

ROUNDED

Any rates adjusted shall be rounded up or down to the nearest quarter dollar increment so that all rates will be evenly divisible by 25 cents. Gate Fee rates above does not include the \$3.00 per yard rent fee.

Please review the amended recycling commodity values; if you have any questions on the fee or the way it was calculated, please contact me at your earliest convenience.

Respectfully,

Gerald W. Ward

Enclosures