



BURRTEC

WASTE INDUSTRIES, INC.

"We'll Take Care Of It"

October 17, 2019

Ms. Cindie Perry
Deputy Public Works Director
City of Riverside
8095 Lincoln Ave.
Riverside, CA 92504

RE: Agua Mansa MRF Residential Recycling Fee Adjustment

Dear Ms. Perry:

As I believe you are aware, the global recyclable commodities markets have been in collapse for the last two years, and generally, in decline over the last several years.

The primary driver has been Asia, specifically China. In January 2018, China implemented its "National Sword" policy establishing strict new contamination thresholds that included importation bans on mixed paper and various other recyclables. This policy has resulted in the global melt down in the recyclables market values to the extent that commodity sales revenues no longer offset the costs of processing, transportation, and residue disposal. This has proven to be industry changing and unsustainable.

This is best illustrated by the Paper Pulp Index (a national recyclables commodity market value index) where the mixed paper per ton market values were recorded at \$181 per ton in 2011 and only \$20 per ton through October 2019, an unprecedented 89% decrease. Cardboard had a similar, but less drastic decline from \$220 down to \$86, or a 61% decrease. Please see the attached **Commodity Price History** tables.

In addition to the market pricing collapse, the quality standards in the remaining markets have increased. This has changed how recyclables are processed, the recovery of recyclable commodities, and the amount of residue found in the recycling streams. The attached **Recovery and Residue Trend** table shows the recovery percentages of cardboard and paper, and percentage of residue generated from processing the City's recycling stream. In the table, you will see the recovery of cardboard has increased and decreased over the 2011-2019 period, being basically flat over time. However, dramatic changes are seen in the recovery of paper and the generation of residue. Over this same period, the amount of paper recovered has dropped 30% while residue has increased 15%. Further compounding the problem is the cost of residue disposal which has increased 28%. These recovery and disposal changes along with the significant decline in commodity values have placed a huge financial burden upon the MRF.

In addition to the market and quality standard changes, labor costs have increased substantially. The California minimum wage law (increasing minimum wage to \$15 per hour by 2022, Senate Bill 3) and other labor costs, have resulted in a 72% increase in sorter labor costs since 2011 (in 2011 the sorter bill rate was \$10.56, and \$18.20 in 2019). In January 2020, the increase grows to 86%, and in 2022 it will be 114%. The minimum wage increase not only impacts the sorter job classification but it has also placed upward pressure on all other facility labor job classifications.

The contractual requirement of the Transfer Services Agreement (Seventh Amendment, November 29, 2012) requires Agua Mansa MRF to pay the City \$15 per ton for the City's residential commingled recyclables delivered to the Agua Mansa MRF for processing. This payment is reviewed every two years, and is adjusted up or down, based upon the percentage changes in paper fiber pricing which places the current rebate price is \$7.35 per ton. Unfortunately, these minor adjustments do not remotely cover the collapsing market values, lower recovery, higher residue costs, and constantly increasing labor costs.

Due to the magnitude of these recycling market changes and the ever increasing operations/labor costs, Agua Mansa MRF must change the current rebate pricing model to an industry standard methodology which includes the processing fee (applied to all recycling tons), a residue disposal fee (applied to residue tons delivered to the landfill), and a material rebate (based upon market values).

These fees are as follows:

Processing Fee	\$58.25 per ton
Material Rebate	30% net scrap and CRV value, negative value charged at 100%
Residue Disposal	\$50.29 per ton

Unfortunately, the result of this new pricing model will be a cost to the City, instead of a rebate. The benefit of this methodology is that these costs can decrease if/when the commodities markets improve and as the City's recycling stream's cleanliness improves. Please refer to the enclosed September 2019 statements as an example of the new methodology. It is important to note that the AMMRF has absorbed these costs and our hope was that the markets would change however this has not been the case making this adjustment a matter of utmost urgency.

Please review and advise of the let us know how we can proceed forward with making these changes.

Sincerely,



Richard Crockett
Director of MRF and TS Operations

Cc: Richard Nino, Burrtec
Bob Coon, Burrtec

Commodity Price History - Export*

Mixed Paper, OCC, ONP

	12-Month Average Price Per Ton	
	Mixed Paper (2)	OCC (11) (Cardboard)
2011	\$ 181	\$ 220
2012	137	180
2013	131	183
2014	124	171
2015	107	151
2016	118	156
2017	120	205
2018	33	128
Oct 2019	20	86

	Percentage Y-o-Y Inc/(Dec)	
	Mixed Paper (2)	OCC (11) (Cardboard)
2011	Base	Base
2012	(24.01)%	(18.22)%
2013	(4.85)%	1.53%
2014	(5.29)%	(6.21)%
2015	(13.53)%	(11.62)%
2016	9.73%	2.91%
2017	2.34%	31.71%
2018	(72.62)%	(37.68)%
Oct 2019	(39.06)%	(33.20)%
2019 H/(L) 2011	(89.22)%	(61.14)%

* Source: PPI Pulp & Paper Week

Recovery and Residue Trend

Year	Cardboard Recovery		Paper Recovery		Residue		Disposal Fee
	City ¹	Burrtec ²	City ¹	Burrtec ²	City ¹	Burrtec ²	
2011	9.48%	10.56%	33.16%	38.08%	40.77%	33.68%	\$ 39.11
2012	8.68%	8.61%	29.91%	33.53%	42.45%	41.34%	\$ 39.96
2013	9.77%	10.37%	29.26%	31.71%	46.22%	41.20%	\$ 41.17
2014	9.94%	10.37%	37.90%	31.71%	33.08%	41.20%	\$ 41.64
2015	11.76%	13.46%	30.28%	32.39%	39.57%	34.24%	\$ 41.94
2016	10.48%	13.98%	32.70%	33.36%	43.08%	34.32%	\$ 42.79
2017	13.33%	16.81%	21.95%	25.32%	46.38%	38.93%	\$ 43.63
2018	8.00%	14.04%	19.42%	25.57%	48.04%	40.44%	\$ 45.21
2019	9.37%	8.80%	23.30%	27.51%	47.61%	37.87%	\$ 50.29

Notes: 1. Recycling stream collected by City of Riverside trucks
 2. Recycling stream collected by Burrtec trucks

Agua Mansa MRF

1830 Agua Mansa Rd

Riverside, CA 92509

951-786-0544 Phone / 951-786-0538 Fax

Current Pricing Methodology

Purchase Ticket

Purchase Ticket # 35478

Purchase Date 9/30/19

City Collected Stream

Customer:

City Of Riverside - Res REC - Acct 14 - CS0385

Dept. of Public Works

3900 Main St.

Riverside, CA 92522

Terms 15 Days Net

Item Name	Gross	Tare	Net	Price	Total
#2 HDPE Mixed Color	13,433.2	0.0	13,433.2 LB	\$0.0000 LB	\$0.00
#2 HDPE Natural	22,479.1	0.0	22,479.1 LB	\$0.0000 LB	\$0.00
3 Mix Glass	178,684.1	0.0	178,684.1 LB	\$0.0000 LB	\$0.00
Aluminum Cans	3,405.3	0.0	3,405.3 LB	\$0.0000 LB	\$0.00
Amber Glass	15,480.5	0.0	15,480.5 LB	\$0.0000 LB	\$0.00
BRP Plastic	6,747.9	0.0	6,747.9 LB	\$0.0000 LB	\$0.00
Cardboard	188,795.6	0.0	188,795.6 LB	\$0.0000 LB	\$0.00
Flint Glass	24,359.4	0.0	24,359.4 LB	\$0.0000 LB	\$0.00
Green Glass	9,902.5	0.0	9,902.5 LB	\$0.0000 LB	\$0.00
Mixed Paper	486,790.5	0.0	486,790.5 LB	\$0.0000 LB	\$0.00
PET Plastic	22,458.3	0.0	22,458.3 LB	\$0.0000 LB	\$0.00
PP Polypropolyene Bottles #5	7,207.5	0.0	7,207.5 LB	\$0.0000 LB	\$0.00
Residential Film Plastic	1,232.6	0.0	1,232.6 LB	\$0.0000 LB	\$0.00
Residue	994,764.9	0.0	994,764.9 LB	\$0.0000 Ton	\$0.00
Scrap Metal	107,883.2	0.0	107,883.2 LB	\$0.0000 LB	\$0.00
Cans	4,470.8	0.0	4,470.8 LB	\$0.0000 LB	\$0.00
White EPS Styrofoam	1,044.6	0.0	1,044.6 LB	\$0.0000 LB	\$0.00

Purchase Order # 10073

Weight Applied - 2,089,140 Balance Due:

Rebate to Process - Order #10073	1,044.57	0.00	1,044.57 Ton	\$7.3500 Ton	\$7,677.59
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\$7,677.59

Cash Paid	\$0.00
Check Paid	\$0.00
Check Number	0

RECEIVED BY: _____

Certified Weighmaster: Carmen Martinez

10/7/2019 10:42:36AM

Agua Mansa MRF

1830 Agua Mansa Rd

Riverside, CA 92509

951-786-0544 Phone / 951-786-0538 Fax

Proposed Pricing Methodology

Purchase Ticket

Purchase Ticket # **35485**

Purchase Date **9/30/19**

City Collected Stream

Customer:

City Of Riverside - Res REC - Acct 14 - CS0385

Dept. of Public Works

3900 Main St.

Riverside, CA 92522

Terms

15 Days Net

Item Name	Gross	Tare	Net	Price	Total
#2 HDPE Mixed Color	13,433.2	0.0	13,433.2 LB	\$0.0320 LB	\$429.86
#2 HDPE Natural	22,479.1	0.0	22,479.1 LB	\$0.0924 LB	\$2,077.07
3 Mix Glass	178,684.1	0.0	178,684.1 LB	-\$0.0417 LB	-\$7,451.13
Aluminum Cans	3,405.3	0.0	3,405.3 LB	\$0.1464 LB	\$498.54
Amber Glass	15,480.5	0.0	15,480.5 LB	\$0.0021 LB	\$32.51
BRP Plastic	6,747.9	0.0	6,747.9 LB	\$0.0075 LB	\$50.61
Cardboard	188,795.6	0.0	188,795.6 LB	\$0.0076 LB	\$1,434.85
Flint Glass	24,359.4	0.0	24,359.4 LB	\$0.0042 LB	\$102.31
Green Glass	9,902.5	0.0	9,902.5 LB	\$0.0020 LB	\$19.81
Mixed Paper	486,790.5	0.0	486,790.5 LB	-\$0.0040 LB	-\$1,947.16
PET Plastic	22,458.3	0.0	22,458.3 LB	\$0.0273 LB	\$613.11
PP Polypropolyene Bottles #5	7,207.5	0.0	7,207.5 LB	\$0.0315 LB	\$227.04
Residential Film Plastic	1,232.6	0.0	1,232.6 LB	\$0.0030 LB	\$3.70
Residue	994,764.9	0.0	994,764.9 LB	-\$50.2900 Ton	-\$25,013.36
Cap Metal	107,883.2	0.0	107,883.2 LB	\$0.0072 LB	\$776.76
Can Cans	4,470.8	0.0	4,470.8 LB	\$0.0108 LB	\$48.28
White EPS Styrofoam	1,044.6	0.0	1,044.6 LB	\$0.0240 LB	\$25.07

Purchase Order # 10426

Weight Applied - 2,089,140 Balance Due:

Totals: 2,089,140.0 0.0 2,089,140.0 **-\$28,072.13**

30 % CRV:#2 HDPE Mixed Color	141.05	0.00	141.05 each	\$1.0000 each	\$141.05
30 % CRV:#2 HDPE Natural	236.03	0.00	236.03 each	\$1.0000 each	\$236.03
30 % CRV:3 Mix Glass	1,108.02	0.00	1,108.02 each	\$1.0000 each	\$1,108.02
30 % CRV:Aluminum Cans	1,634.54	0.00	1,634.54 each	\$1.0000 each	\$1,634.54
30 % CRV:Amber Glass	181.12	0.00	181.12 each	\$1.0000 each	\$181.12
30 % CRV:Flint Glass	285.01	0.00	285.01 each	\$1.0000 each	\$285.01
30 % CRV:Green Glass	115.86	0.00	115.86 each	\$1.0000 each	\$115.86
30 % CRV:PET Plastic	3,975.11	0.00	3,975.11 each	\$1.0000 each	\$3,975.11
Processing Fee - Order #10426	1,044.57	0.00	1,044.57 Ton	-\$58.2500 Ton	-\$60,846.20

-\$81,241.59

Cash Paid \$0.00
 Check Paid \$0.00
 Check Number 0

RECEIVED BY: _____

Certified Weighmaster: Carmen Martinez

10/11/2019 10:10:35AM

MRF Characterization / Allocation Study

Characterization Name: **Res - Acct 14 - City of Riverside - CS0385 -9**
 For Customer / City: City Of Riverside - Res REC - Acct 14 - CS0385
 Primary Item Name: Res Recy

Study Date: 9/1/19
 Study Weight:
 Performed By:

Activated Date: 9/1/19

Item Breakdown

Item	Percentage
3 Mix Glas	8.5530
Alum Cans	0.1630
Amber	0.7410
BRP	0.3230
Flint	1.1660
Green	0.4740
HDPE M/C	0.6430
HDPE N	1.0760
Metal	5.1640
MP	23.3010
OCC	9.0370
PET	1.0750
PP#5	0.3450
Res. Film	0.0590
Residue	47.6160
Tin Cans	0.2140
White EPS	0.0500
	100.0000

Notes

Current Pricing Methodology

Agua Mansa MRF

1830 Agua Mansa Rd
 Riverside, CA 92509
 951-786-0544 Phone / 951-786-0538 Fax

Purchase Ticket

Purchase Ticket # **35488**
 Purchase Date **9/30/19**

Burrtec Collected Stream

Customer:

Burrtec - City of Riverside Residential - CS0385

Dept. of Public Works
 3900 Main St.
 Riverside, CA. 92522

Terms 15 Days Net

Item Name	Gross	Tare	Net	Price	Total
#2 HDPE Mixed Color	13,484.3	0.0	13,484.3 LB	\$0.0000 LB	\$0.00
#2 HDPE Natural	33,923.7	0.0	33,923.7 LB	\$0.0000 LB	\$0.00
3 Mix Glass	112,132.6	0.0	112,132.6 LB	\$0.0000 LB	\$0.00
Aluminum Cans	3,264.6	0.0	3,264.6 LB	\$0.0000 LB	\$0.00
Amber Glass	5,251.8	0.0	5,251.8 LB	\$0.0000 LB	\$0.00
BRP Plastic	6,955.1	0.0	6,955.1 LB	\$0.0000 LB	\$0.00
Cardboard	124,907.2	0.0	124,907.2 LB	\$0.0000 LB	\$0.00
Flint Glass	12,916.5	0.0	12,916.5 LB	\$0.0000 LB	\$0.00
Green Glass	12,774.6	0.0	12,774.6 LB	\$0.0000 LB	\$0.00
Mixed Paper	390,476.9	0.0	390,476.9 LB	\$0.0000 LB	\$0.00
PET Plastic	98,364.4	0.0	98,364.4 LB	\$0.0000 LB	\$0.00
PP Polypropolyene Bottles #5	9,793.9	0.0	9,793.9 LB	\$0.0000 LB	\$0.00
Residential Film Plastic	567.8	0.0	567.8 LB	\$0.0000 LB	\$0.00
Residue	537,384.8	0.0	537,384.8 LB	\$0.0000 Ton	\$0.00
Scrap Metal	54,788.8	0.0	54,788.8 LB	\$0.0000 LB	\$0.00
Thin Cans	1,845.2	0.0	1,845.2 LB	\$0.0000 LB	\$0.00
White EPS Styrofoam	567.8	0.0	567.8 LB	\$0.0000 LB	\$0.00

Purchase Order # **10074** Weight Applied - 1,419,400 Balance Due:

Rebate to Process - Order #10074 709.70 0.00 709.70 Ton \$7.3500 Ton \$5,216.29

\$5,216.29

Cash Paid \$0.00
 Check Paid \$0.00
 Check Number 0

RECEIVED BY: _____

Certified Weighmaster: Jose Gonzalez

10/16/2019 3:19:59PM

Proposed Pricing Methodology

Agua Mansa MRF

1830 Agua Mansa Rd
 Riverside, CA 92509
 951-786-0544 Phone / 951-786-0538 Fax

Purchase Ticket

Purchase Ticket # **35487**
 Purchase Date **9/30/19**

Burrtec Collected Stream

Customer:

Burrtec - City of Riverside Residential - CS0385

Dept. of Public Works
 3900 Main St.
 Riverside, CA. 92522

Terms 15 Days Net

Item Name	Gross	Tare	Net	Price	Total
#2 HDPE Mixed Color	13,484.3	0.0	13,484.3 LB	\$0.0320 LB	\$431.50
#2 HDPE Natural	33,923.7	0.0	33,923.7 LB	\$0.0924 LB	\$3,134.55
3 Mix Glass	112,132.6	0.0	112,132.6 LB	-\$0.0417 LB	-\$4,675.93
Aluminum Cans	3,264.6	0.0	3,264.6 LB	\$0.1464 LB	\$477.94
Amber Glass	5,251.8	0.0	5,251.8 LB	\$0.0021 LB	\$11.03
BRP Plastic	6,955.1	0.0	6,955.1 LB	\$0.0075 LB	\$52.16
Cardboard	124,907.2	0.0	124,907.2 LB	\$0.0076 LB	\$949.29
Flint Glass	12,916.5	0.0	12,916.5 LB	\$0.0042 LB	\$54.25
Green Glass	12,774.6	0.0	12,774.6 LB	\$0.0020 LB	\$25.55
Mixed Paper	390,476.9	0.0	390,476.9 LB	-\$0.0012 LB	-\$468.57
PET Plastic	98,364.4	0.0	98,364.4 LB	\$0.0273 LB	\$2,685.35
PP Polypropolyene Bottles #5	9,793.9	0.0	9,793.9 LB	\$0.0315 LB	\$308.51
Residential Film Plastic	567.8	0.0	567.8 LB	\$0.0030 LB	\$1.70
Residue	537,384.8	0.0	537,384.8 LB	-\$50.2900 Ton	-\$13,512.54
Scrap Metal	54,788.8	0.0	54,788.8 LB	\$0.0072 LB	\$394.48
Thin Cans	1,845.2	0.0	1,845.2 LB	\$0.0108 LB	\$19.93
White EPS Styrofoam	567.8	0.0	567.8 LB	\$0.0240 LB	\$13.63
Purchase Order # 10425		Weight Applied - 1,419,400 Balance Due:			

Totals: 1,419,400.0 0.0 1,419,400.0 -\$10,097.17

30 % CRV:#2 HDPE Mixed Color	141.58	0.00	141.58 each	\$1.0000 each	\$141.58
30 % CRV:#2 HDPE Natural	356.20	0.00	356.20 each	\$1.0000 each	\$356.20
30 % CRV:3 Mix Glass	695.33	0.00	695.33 each	\$1.0000 each	\$695.33
30 % CRV:Aluminum Cans	1,567.02	0.00	1,567.02 each	\$1.0000 each	\$1,567.02
30 % CRV:Amber Glass	61.45	0.00	61.45 each	\$1.0000 each	\$61.45
30 % CRV:Flint Glass	151.12	0.00	151.12 each	\$1.0000 each	\$151.12
30 % CRV:Green Glass	149.46	0.00	149.46 each	\$1.0000 each	\$149.46
30 % CRV:PET Plastic	17,410.50	0.00	17,410.50 each	\$1.0000 each	\$17,410.50
Processing Fee - Order #10425	709.70	0.00	709.70 Ton	-\$58.2500 Ton	-\$41,340.02

-\$30,904.53

Cash Paid \$0.00
 Check Paid \$0.00
 Check Number 0

RECEIVED BY: _____

Certified Weighmaster: Jose Gonzalez

10/16/2019 3:16:38PM

Agua Mansa MRF

MRF Characterization / Allocation Study

Characterization Name: **Res - Acct 1 - City of Riverside - CS0385 8/1**
For Customer / City: Burrtec - City of Riverside Residential - CS0385
Primary Item Name: Res Recy

Study Date 8/1/19
Study Weight
Performed By

Activated Date 8/1/19

Item Breakdown

<u>Item</u>	<u>Percentage</u>
3 Mix Glas	7.9000
Alum Cans	0.2300
Amber	0.3700
BRP	0.4900
Flint	0.9100
Green	0.9000
HDPE M/C	0.9500
HDPE N	2.3900
Metal	3.8600
MP	27.5100
OCC	8.8000
PET	6.9300
PP#5	0.6900
Res. Film	0.0400
Residue	37.8600
Tin Cans	0.1300
White EPS	0.0400
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Notes