

Sharing Market Information Can Save Municipalities Money

The South Central Recycling Association of Massachusetts (SCRAM) has been bringing municipalities together to share solid waste management information for fourteen years and this has improved their abilities to negotiate fair solid waste management contracts. SCRAM used to hold meetings every other month in a different community in the region to get an update from that community on how their program was running and to share information on recycling markets. Many of the participating municipalities designed their program operations and identified their end markets for materials from these meetings. SCRAM has been very successful in setting up regional agreements to manage household hazardous waste and automotive wastes but has had a difficult time bringing municipalities together to pursue formal request for proposals for solid waste and recycling contracts. Although SCRAM has negotiated agreements for member communities to cooperatively market some recyclables nothing exists in the region to compare with the Solid Waste Districts that send out requests for proposals and negotiate contracts for a number of materials and communities. Each town has its own way of operating and marketing materials and there is quite a wide variation in these operations but they are all very successful. This paper is going to focus on what SCRAM did last year to facilitate municipalities in the region to negotiate better metals recycling services.

Most of our municipalities have been recycling metals through local scrap dealers for years. Some of these dealers offer containers for storing the metals others work only with municipalities that can store a large quantity of material in a pile for less frequent bulk pick-ups. We have all known pretty much what scrap dealer each town was using and what they offered for services. For years none of the towns paid anything for the service. Some received a small payment per ton when markets were good and some received free container rental and more frequent pick-up instead. As metals markets deteriorated and gas prices went up municipalities started to receive charges for metal recycling services. These charges varied due to the variety of services provided but continued to rise to unprecedented levels over the past four years until very recently. During this period there was little communication between municipalities on what they were being charged for these services. This was partly due to SCRAM cutting back on the number of evening meetings where we shared this information in the past. We had cut back our meetings due to burn out from municipal staff on attending them as well as the fact that we were combining our energy with the MassRecycle Municipal Recycling Counsel meetings that we co-sponsor. These meetings happen in the day time which many of our smaller municipalities do not attend because their recycling coordinators are volunteers that usually cannot leave work for daytime meetings. This lack of communication cost some towns some extra charges for services. Clearly everyone was complaining about the cost of metals recycling and we decided to try and find a way to help out.

SCRAM made metal recycling the major topic of its' annual meeting in 2003. John Alphin of SCRAM presented the results of research done on the four local metal recycler's services and costs of these services. Then the group heard from two new service providers that looked like they could offer us some competing prices.

The four local dealers had different deals with each municipality they provided services to. In most cases the cost seemed to follow a recognizable rational for services provided. If the dealers were providing roll-off containers and frequent pick-ups this cost more than less frequent bulk pick-ups. If a town had a better deal usually they were closer to the service provider but occasionally it did seem that some towns had a better deal just because they had a longer term relationship with a service provider. This seems fair and reasonable in any business relationship that has offered stability in good and bad market conditions but was confusing when comparing the different deals. Most of these deals were verbally negotiated years ago and changes in costs faxed or mailed to the municipality with no contract every being signed or request for proposals sent out. This has worked well for most of the municipalities and has helped keep four small local scrap dealers in business competing for our metals. All but one of the towns we talked with was paying to have metals recycled. This town had just had the charges to recycle metals dropped. They had a long term relationship with and were close to the service provider. This company was still charging all the other municipalities in the region it serviced.

SCRAM looked around for alternative service providers and identified two from outside the region that were offering what appeared to be better deals. The Northeast Resource Recovery Association (NRRA) and KTI Recycling of New England (KTI) sent representatives to our meeting. The NRRA is a recycling co-operative founded in 1981 in New Hampshire by four municipalities and has grown to service over 300 municipalities in New Hampshire, Vermont, Massachusetts and Southern Maine. Tod Ellis assistant director of the association explained the cost to join the co-op and the many services they provide. They would pay us for our metals if we could store a large pile that could be accessed by their tractor trailer and a loader. The towns closer to New Hampshire in the region would receive a small payment but the southern part of the region would not. After factoring in the cost of co-op membership the deal was not as good as staying with the local dealers. If a municipality was interested in recycling a number of materials with the co-op the fee could be justified but not for metals alone. The NNRA has a unique glass recycling program that many of us were interested in but we could not come up with a regional accumulation site or end user for the aggregate this program generates although we are still pursuing this. Mark Evans marketing representative from KTI was familiar to many of using the Auburn Transcyclery where most of the material he markets is processed. Mark gave a presentation on his company and offered to visit each municipality to quote prices on complete recycling services.

The results of the research and the annual meeting were very positive for the municipalities. All of the municipalities received reductions in costs of services with their local dealer. The phone calls SCRAM had made for its research got the local service providers talking with each other and the charges were dropped. Markets had been improving for metals but the dealers were not passing this on to the municipalities. It seems pretty clear that the new knowledge the municipalities had about price changes and the alternative markets forced the local service providers to renegotiate service agreements across the region.

It may have been more effective to write a metals recycling request for proposal for the region but many of the municipalities were reluctant to potentially put a small local business in jeopardy with such a process. The region has seen small recyclers and trash haulers forced out of business by larger companies and this has not always been good for competition. Both service and costs have suffered in the long run from such loss of local businesses.

Municipalities need to know what their neighbors are paying for recycling services in order to negotiate a fair deal for themselves. Sharing this information is not always popular with the service providers and it can be difficult to compare prices when the services are not exactly the same but it is an example of the kind of services SCRAM can help provide the region.

SCRAM would like to thank the Department of Environmental Protection (DEP) for providing us the grant to do this research and present it to the region.