

Fee Proposal

Recycle Ann Arbor's Response to RFP #980: Interim Operation of Ann Arbor Material Recovery Facility (MRF) and Waste Transfer Station

The Fee Proposal below, as submitted by Recycle Ann Arbor (RAA) in response to RFP #980, is composed of three (3) separate scenarios as follows:

Scenario 1: **Base** - Operation of the waste transfer facility and baling and transport of recyclables out of the Material Recovery Facility.

Scenario 2: **Recommended** - As described in the proposal's narrative, Scenario 2 is a recommended alternative to Scenario 1 (baling of recyclables). Scenario 2 outlines the fees for the operation of the waste transfer facility and **loose** loading and transport of recyclables out of the transfer station.

Scenario 3: **Preferred** - Operation of the waste transfer facility and the City's Material Recovery Facility.

RAA recommends that the City transition from either #1 to #3 or preferably #2 to #3 as soon as possible.

Below, each Scenario's cost is explained with a summary of key personnel followed by a detailed costing spreadsheet.

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CFO

SCENARIO 1: Base - Waste Transfer and Baled Recyclables

Scenario 1 is the base operating option required by the City of Ann Arbor. Waste will be shipped from the transfer station and recyclables will be baled in the MRF and loaded out for transfer. Recyclables will be delivered to Rumpke's facility in Cincinnati. With this option, there is a need for equipment and operators at the MRF. The management costs, while minimal, are required in order to adhere to safe and efficient operations. However, RAA recommends that this Scenario, if selected, transition as soon as possible to Scenario #3.

RAA Management

Kirk Lignell, CEO	\$55.29/hour
Bryan Weinert, Dir. of Strategy	\$30.00/hour

Operations Staff

Equipment Operators, 2 FTEs	\$16.48/hour
Mechanic, 0.2 FTE	\$20.00/hour

RAA Benefit Rate 33%

Subcontractor Costs

CEI Shipping cost for recyclables To Rumpke Cincinnati MRF	\$1300/load
Rumpke tip fee, baled recyclables Cincinnati MRF	\$130/ton

Fee – Baled Recyclables \$160.46/ton*

Fee – Waste Transfer \$14.85/ton

* Includes credit of \$54.53/ton to City, based on current Average Commodity Revenue for AA recyclable stream characterization.

Scenario 1: Base - Waste Transfer and Baled Recyclables, Cost Detail

CATEGORIES	Assumptions		AA MRF (Target)
Tons Per Hour			13.20
Residue	0.0%		-
Total Tonnage (TPM)			1,201
Total Tonnage (TPY)			14,414
Staffing (FTE)			
Sorters (@ 30 hours per week)			-
Equipment Operators			2.0
Mechanics			0.2
Clerk			-
Total			2.2
Annual Operating Cost			
Hourly Staff			-
Sorter Hours/wk			-
Equipment Operator Hours/wk			80.0
Mechanic Hours/wk			8.0
Clerk Hours/wk			-
Total			88.0
Salary FTE			-
RAA Strategic Support			0.3
RAA Executive Support			0.1
Operation Supervisor			-
Maintenance Manager			-
Plant Manager			-
Total			0.4
Annual Labor Cost (includes Fringe Benefits)			\$ 147,120
O&M Costs			
Rolling Stock Service			\$ 16,667
Building Costs			\$ 35,000
Processing Costs			\$ 74,715
Insurance (All/yr)			\$ 10,000
Annual Processing O&M Costs			\$ 283,502
Per Input Ton Cost			\$ 19.67
Subtotal - Annual Overhead Costs			\$ 88,054
Full Annual Processing O&M Costs			\$ 373,334
Full Per Input Ton Cost			\$ 25.90
Transfer Cost from AA to Cincinatti	\$ 0.25 /ton-		\$ 851,760
Transfer Cost Per Ton	240 miles		\$ 59.09
Cincinatti Tipfee	\$ 80.00 /ton		\$ 1,153,152
Rumpke Baled Recyclable Processing	\$ 50.00 /ton		\$ 720,720.00
Total Transfer - Cincinatti			\$ 2,725,632
Subtotal Costs			\$ 3,098,966
Material Revenue	\$ 54.53 /ton		\$ 786,078
Net Total annual cost			\$ 2,312,888
Net per Input Ton			\$ 160.46

SCENARIO 2: Recommended - Waste Transfer and Loose Recyclables

Scenario 2 is the recommended operating option. All materials (waste and recyclables) will be loose loaded using the City's transfer station. With this option, there is no need for equipment or operators at the MRF. The management costs remain the same as Scenario 1. However, RAA recommends that this Scenario, if selected, transition as soon as possible to Scenario #3.

RAA Management

Kirk Lignell, CEO	\$55.29/hour
Bryan Weinert, Dir. of Strategy	\$30.00/hour

Operations Staff

Not Applicable

RAA Benefit Rate	33%
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Subcontractor Costs

CEI loading/shipping cost for recyclables To Rumpke Cincinnati MRF	\$1300/load
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Rumpke tip fee, loose recyclables Cincinnati MRF	\$80/ton
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Fee – Loose Recyclables	\$78.57/ton*
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Fee – Waste Transfer	\$14.85/ton
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* Includes credit of \$67.43/ton to City, based on current Average Commodity Revenue for AA recyclable stream characterization.

Scenario 2: Recommended - Waste Transfer and Loose Recyclables, Cost Detail

CATEGORIES	Assumptions		AA MRF (Target)
Tons Per Hour			13.20
Residue	0.0%		-
Total Tonnage (TPM)			1,201
Total Tonnage (TPY)			14,414
Staffing (FTE)			
Sorters (@ 30 hours per week)			-
Equipment Operators			-
Mechanics			-
Clerk			-
Total			-
Annual Operating Cost			
Hourly Staff			-
Sorter Hours/wk			-
Equipment Operator Hours/wk			-
Mechanic Hours/wk			-
Clerk Hours/wk			-
Total			-
Salary FTE			-
RAA Strategic Support			-
RAA Executive Support			0.1
Operation Supervisor			-
Maintenance Manager			-
Plant Manager			-
Total			0.1
Annual Labor Cost (includes Fringe Benefits)			\$ 8,299
O&M Costs			
Rolling Stock Service			\$ -
Building Costs			\$ -
Processing Costs			\$ -
Insurance (All/yr)			\$ 10,000
Annual Processing O&M Costs			\$ 18,299
Per Input Ton Cost			\$ 1.27
Subtotal - Annual Overhead Costs			\$ 76,623
Full Annual Processing O&M Costs			\$ 94,872
Full Per Input Ton Cost			\$ 6.58
Transfer Cost from AA to Cincinatti	\$ 0.25 /ton-		\$ 851,760
Transfer Cost Per Ton	240 miles		\$ 59.09
Cincinatti Tipfee	\$ 80.00 /ton		\$ 1,153,152
Rumpke Baled Recyclable processing	\$ - /ton		\$ -
Total Transfer - Cincinatti			\$ 2,004,912
Subtotal Costs			\$ 2,099,784
Material Revenue	\$ 67.10 /ton		\$ 967,249
Net Total annual Cost			\$ 1,132,534
Net per Input Ton			\$ 78.57

SCENARIO 3: Preferred - Operation of Material Recovery Facility

Scenario 3 is the preferred operating option, once the MRF has been evaluated and repairs are made to enable it to be fully operational. All materials will be processed and shipped in marketable form from the Ann Arbor MRF. A full complement of management and operating staff will be employed at the MRF as indicated below.

RAA Management

Kirk Lignell, CEO	\$55.29/hour
Bryan Weinert, Dir. of Strategy	\$30.00/hour
Sam Dettra, MRF Plant Manager	\$33.65/hour

Operations Staff

Sorters, 17 FTEs	\$14.06/hour
Equipment Operators, 3 FTEs	\$16.48/hour
Mechanic, 1.0 FTEs	\$20.00/hour
Clerk, 0.5 FTEs	\$17.40/hour

RAA Benefit Rate 33%

Subcontractor Costs

Rumpke Subcontract	\$114,000/year
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Fee – Process Recyclables \$46.13/ton*

Material Revenue Share

For ACR greater than that of 11/1/2016, City receives 1/3 of material value

Fee – Waste Transfer \$14.85/ton

* Includes credit of \$67.43/ton to City, based on current Average Commodity Revenue for AA recyclable stream characterization

Scenario 3: Preferred - Operation of Material Recovery Facility

CATEGORIES	Assumptions	AA Flow and Budget
Tons Per Hour		13.20
Residue	9.6%	1,384
Total Tonnage (TPM)		1,201
Total Tonnage (TPY)		14,414
Staffing (FTE)		
Sorters (@ 30 hours per week)		17.0
Equipment Operators		3.0
Mechanics		1.0
Clerk		0.5
Total		21.5
		-
Annual Operating Cost		-
Hourly Staff		
Sorter Hours/wk		510.0
Equipment Operator Hours/wk		111.0
Mechanic Hours/wk		54.0
Clerk Hours/wk		20.0
Total		695.0
Salary FTE		
RAA Executive Support		0.4
Maintenance Manager		1.0
Plant Manager		1.0
Total		2.4
Annual Labor Cost (includes Fringe Benefits)		\$ 938,966
O&M Costs		
Rolling Stock		\$ 50,000
Building Costs		\$ 50,000
Processing Costs		\$ 226,140
Insurance (All/yr)		\$ 40,000
Annual Processing O&M Costs		\$ 1,305,107
Residual Disposal	\$ 50.00	\$ 69,189
Subtotal - Annual Overhead Costs		\$ 262,551
Full Annual Processing O&M Costs		\$ 1,636,846
Full Per Input Ton Cost		\$ 113.56
Material Revenues/Costs		
Net Material Revenue	\$ 67.43	\$ 971,947
Net Annual Total Cost		\$ 664,899
Net per Input Ton		\$ 46.13

