

Attachment 2

**Proposed Municipality of Anchorage Resource Recovery Center (RRC)
Municipality of Anchorage Solid Waste Services
Residential Commingled Recyclables (ResMix) Characterization and Rate Proposal**

Grade ¹	Index ²	Composition (%) ³	Market \$/Ton ⁴	Value \$/Ton ⁵	% of Index Purchase ⁶	Purchase Price \$/Ton ⁷
Res. News (ONP)	Fastmarkets RISI - PPI Pulp & Paper Week (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
Mixed Paper	Fastmarkets RISI - PPI Pulp & Paper Week (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
OCC	Fastmarkets RISI - PPI Pulp & Paper Week (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
Office Print (SOP)	Fastmarkets RISI - PPI Pulp & Paper Week (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
PET #1	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
Aluminum Cans (UBC)	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
HDPE #2 Natural	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
HDPE #2 Colored	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
Commingled Plastic #3 - #7	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
Steel/Tin Cans	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	30%	<i>(Value) * 30%</i>
Glass (3 Mix)	Recycling Markets Index - Secondary Materials Pricing (PNW)	%	<i>Index</i>	<i>(%) * (Index)</i>	100%	<i>(Value) * 100%</i>
Film	Market	%	<i>Market</i>	<i>(%) * (Market)</i>	30%	<i>(Value) * 30%</i>
Residual Trash	Market (MOA SWS)	%	<i>Market</i>	<i>(%) * (Market)</i>	100%	<i>(Value) * 100%</i>
Total		100.00%		Sum of Value		Sum of Purchase Price
					Processing ⁸	
					Freight ⁸	
				SWS Payment Rate \$/Ton ⁹		<i>(Processing + Freight) - (Total Purchase Price)</i>

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Notes:

1. **Grade:** This value represents the material grade description for commodities historically present within and recovered from the residential commingled recyclables (ResMix) collected by Municipality of Anchorage (MOA) Solid Waste Services (SWS) and delivered to the Contractor at the RRC.
2. **Index:** To accommodate market fluctuations over the term of the proposed contract, commodities will be valued on a monthly basis based on an appropriate industry index for each material grade. The indices to be utilized for the rate calculation in this table are listed below:
 - Fastmarkets RISI - PPI Pulp & Paper Week (<https://www.risiinfo.com/product/ppi-pulp-paper-week/>)
 - Recycling Data Management Corporation, a division of Recycling Markets Limited - Secondary Materials Pricing (SMP) (<https://recyclingmarkets.net/secondarymaterials/>)All rates represent commodity marketing within the Pacific Northwest region (PNW). Should a published index be discontinued during the term of the proposed contract, it will be replaced by an equivalent index agreed upon by both parties.
The Contractor shall be responsible for obtaining the published index value and providing appropriate backup to MOA with each monthly rate calculation.
Where it is indicated that a material grade shall be valued based on the "Market", the Contractor shall provide backup for the market value utilized. Residue trash materials shall be delivered to a MOA Solid Waste Services asset (*i.e. the Central Transfer Station or Anchorage Regional Landfill*) at the posted gate rate, and this same gate rate shall be reflected in the above Table.
3. **Composition %:** The ResMix accepted by the Contractor from MOA will be characterized at least annually, as requested by SWS, or as desired by the Contractor. Material characterization shall be performed by manually sorting at least one (1) representative bale of ResMix leaving the RRC, or other equivalent method agreed upon by both parties.
4. **Market \$/Ton:** To accommodate market fluctuations over the term of the proposed contract, the rate assumed to be reflective of current market conditions will be obtained from the appropriate industry index as described in Note 2 and within the above Table. The Market \$/Ton of each commodity reflects recovered material that has been sorted, baled, and sold as a full containerized load in the Pacific Northwest.
5. **Value \$/Ton:** This column calculates the weighted value of each commodity per ton of ResMix, by multiplying the market price by the % of the ResMix characterized by that material grade. The totaled "sum of value" cell represents the total market value assigned to each ton of ResMix.
6. **% of Index Purchase:** This fixed value distributes the revenue estimated for each commodity recovered from the ResMix. *i.e.* the Contractor generally retains 70% of the Market \$/Ton for commodities that are expected to generate revenue, and the other 30% is assigned to MOA as the generator. For materials that do not generate revenue and/or are managed by the MOA (*glass and residual trash*), the MOA will be responsible for 100% of the assigned value. This 70%:30% revenue distribution is anticipated to generally accommodate the overhead and profit for the Contractor and is not negotiable.
7. **Purchase Price \$/Ton:** This value represents the revenue assigned to MOA by material grade, including positive values expected from recyclable commodities (*30% of market value*) and the negative values expected from glass and residual trash (*100% of market value*). The totaled "Sum of Purchase Price" cell represents the total MOA revenue per each ton of ResMix.
8. **Processing and Freight:** As part of the proposal, the Contractor shall provide a bid price (\$/ton) to process (*i.e. receive, sort, and bale*) and ship MOA ResMix. The value proposed within the Contractor's proposal shall be valid for one (1) year from the date of award. **For each subsequent one (1) year period of the contract, the Processing and Freight values shall not increase by more than the U.S. annual inflation rate (Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, unadjusted percent change over 12 month period for All Items, as published by the U.S. Bureau of Labor Statistics).**
9. **SWS Payment Rate \$/Ton:** The 30% MOA revenue for commodity sales and 100% MOA coverage of fees for glass and residual trash (*compiled to determine the Sum of Purchase Price as described in notes 6 and 7*) will be subtracted from the total Processing and Freight bid prices proposed by the Contractor, resulting in the rate per ton that MOA will pay the Contractor for each ton of ResMix delivered to the RRC.

General Notes:

- A. Upon the start of the contract and on a monthly basis thereafter, the Contractor shall be responsible to provide MOA with a completed version of the above Table and appropriate index and market rate backup to support the Market \$/Ton values. Rates for each month shall be provided by the **15th day of the previous month**. An example table with historic material Composition % and July 2021 Market \$/Ton values (*blue cells per Legend below*) and the associated example July 2021 Index backup is included in this attachment for Contractor use and reference.
- B. An Annual Budgeted Contract Cap will be calculated annually based on the average of the highest rates paid for the processing of MOA ResMix over two (2) of the prior ten (10) years, with a **15% annual assumed recyclables increase, and a 20% contingency value**. The Contractor will be paid based on actual tonnage processed, not to exceed the Annual Budgeted Contract Cap.
- C. This Rate Proposal table applies only for the acceptance of ResMix delivered by MOA to the RRC. Additional contracts for acceptance of commercial ResMix are to be negotiated separately. As described within the RFP, the Contractor is expected to be able to accommodate acceptance of both commercial and MOA ResMix at the proposed RRC.

Color Legend:

	Value determined by material composition (note 3), market or index rate (note 4), or calculation described in table.
	Value provided by the Contractor (note 8).
	Fixed value.