



Date: April 19, 2021

To: Bret Scovill, Sanitation Manager

From: Rachel Croft, Staff Engineer

Subject: Bid 2021-41 – Processing and Marketing of Recycled Products  
Analysis of Submitted Bids and Exceptions

### Executive Summary

The City of Norman received and opened bids for Bid 2021-41 – Processing and Marketing of Recycled Products on April 8, 2021. Three bids were received and staff performed an evaluation of the submitted bids in accordance with the bidding documents. Based on the evaluation, Staff recommends the award of Bid 2021-41 to **Smurfit Kappa**.

### Submitted Bids

The bids were received for Bid 2021-41. The bidders (in alphabetical order) were: Batliner Recycling, Smurfit Kappa, and WM Recycle America, LLC. Table 1 shows the information received from each bidder (in alphabetical order) exactly as submitted on the bid form:

Table 1 – Submitted Bid Form Amounts				
ITEM NO.	ITEM NAME	REVENUE TO NMA (\$ LESS THAN MARKET PRICE)		
		Batliner Recycling <sup>1</sup> (OKC, OK)	Smurfit Kappa (OKC, OK)	WM Recycle America, LLC (OKC, OK)
1	ALUMINUM	\$700.00 per ton	Recycling materials.net less .05 per pound	[SMP Avg* - \$50] x 50% (Ex. = \$640 for Mar-21)
2	PLASTICS #1 AND #2	\$50.00 per ton	Recycling materials.net commingled (1-7) - 25 per ton	[SMP Avg* - \$50] x 50% (Ex. = \$140 for Mar-21)
3	STEEL CANS	\$40.00 per ton	Recycling materials.net steel cans loose - 25 per ton (no floor)	[SMP Avg* - \$50] x 50% (Ex. = \$87.50 for Mar- 21)
4	MIXED OFFICE PAPER	(\$15.00) per ton PPI SW	PPW Mix Paper (54) less - 25 per ton (no floor)	[PPI HS* - \$10] x 90% (Ex. = \$22.50 for Mar- 21)
5	CARDBOARD	(\$20.00) per ton PPI SW	PPW OCC (11) less - 20 per ton (40 floor)	[PPI HS* - \$10] x 90% (Ex. = \$72.00 for Mar- 21)
6	NEWSPAPER	(\$15.00) per ton PPI SW	PPW News (56) less - 25 per ton (no floor)	[PPI HS* - \$10] x 90% (Ex. = \$36.00 for Mar- 21)
	TOTAL BID	See Attachment #1		Please see Attachment A
	PRICER PER TON FOR DISPOSAL OF RESIDUALS	(150.00) per ton	0	\$45 per ton
A1	BLENDED RECYCLABLES	(25.00) per ton	No bid	Blended Value less \$100 per ton*

<sup>1</sup>Bids clarified by Batliner Recycling following bid opening for Item Nos. 1 – 3 to be: Aluminum – SMP HOU / HS (\$0.15 per lb), Steel/Tin Cans – SMP HOU / HS (\$0.03 per lb), Mixed Plastics #1 & #2 – SMP HOU / PET HS (\$0.11 per lb). This information was received after bid opening and was used for analysis but this is not an indication that the additional information was accepted.

The intent of the bid form as described in the bidding document was to have the bidder provide their processing costs that would be subtracted from the current market price for the respective commodities for payments at the end of each month for the duration of the contract. Based on the above information, in Table 1, Table 2 shows the information that was used for the analysis for each respective bidder.

Table 2 – Interpreted Processing Costs Used to Determine Net Revenues				
Item No.	Item Name	REVENUE TO NMA (\$ LESS THAN MARKET PRICE)		
		Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
1	ALUMINUM	\$300.00 per ton	\$100.00 per ton	[SMP Avg* - \$50] x 50% per ton
2	PLASTICS #1 AND #2	\$220.00 per ton	\$25.00 per ton	[SMP Avg* - \$50] x 50% per ton
3	STEEL CANS	\$60.00 per ton	\$25.00 per ton	[SMP Avg* - \$50] x 50% per ton
4	MIXED OFFICE PAPER	\$15.00 per ton	\$25.00 per ton	[PPI HS* - \$10] x 90% per ton
5	CARDBOARD	\$20.00 per ton	\$20.00 per ton	[PPI HS* - \$10] x 90% per ton
6	NEWSPAPER	\$15.00 per ton	\$25.00 per ton	[PPI HS* - \$10] x 90% per ton
	TOTAL BID	See Attachment #1		Please see Attachment A
	PRICER PER TON FOR DISPOSAL OF RESIDUALS	\$150.00 per ton	0	\$45 per ton
A1	BLENDED RECYCLABLES	\$25.00 per ton	No bid	Blended Value less \$100 per ton*

### Index Pricing Utilized for Analysis

Each bidder submitted information regarding indices that their bids were based on. Though there were slight variations in nomenclatures, each bidder submitted the same index. For purposes of the bid evaluation, the index prices in Table 3 were utilized.

Table 3 – Index Prices		
Item No.	Item Name	\$ per ton
1	ALUMINUM	\$950.00
2	PLASTICS #1 AND #2	\$280.00
3	STEEL CANS	\$3.50
4	MIXED OFFICE PAPER	\$35.00
5	CARDBOARD	\$100.00
6	NEWSPAPER	\$55.00

Based on the processing costs in Table 2 and index prices in Table 3, Table 4 shows the net revenue per ton that would be paid by the respective bidder.

Table 4 – Net Revenue Per Ton				
Item No.	Item Name	REVENUE TO NMA (\$ PER TON)		
		Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
1	ALUMINUM	\$650.00	\$850.00	\$450.00
2	PLASTICS #1 AND #2	\$60.00	\$255.00	\$115.00
3	STEEL CANS	-\$56.50	\$0*	-\$23.25

Table 4 – Net Revenue Per Ton				
Item No.	Item Name	REVENUE TO NMA (\$ PER TON)		
		Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
4	MIXED OFFICE PAPER	\$20.00	\$10.00	\$22.50
5	CARDBOARD	\$80.00	\$80.00	\$81.00
6	NEWSPAPER	\$40.00	\$30.00	\$40.50
*Smurfit Kappa indicated a floor for steel cans at \$0.00 should the processing cost exceed the market price for the commodity.				

### Historical Recycled Material Volume

As included within the bidding documents, Table 5 contains the combined volumes of materials from the regional recycling centers.

Table 5 – Historical Volumes of Recycled Materials					
Item No.	Item Name	2018 (tons)	2019 (tons)	2020 (tons)	AVERAGE
1	ALUMINUM	8.23	9.11	9.00	8.78
2	PLASTICS #1 AND #2	98.56	108.18	107.51	104.75
3	STEEL CANS	26.20	23.99	20.43	23.54
4	MIXED OFFICE PAPER	0.00	386.64	374.78	253.81
5	CARDBOARD	661.75	1,559.41	1,404.58	1,208.58
6	NEWSPAPER	307.11	33.90	0.00	113.67
TOTAL		1,101.85	2,121.23	1,916.30	1,713.13

### Estimated Annual Net Revenue

Average volumes of materials from Table 5 and the net revenue per ton for the respective commodity in Table 4 were used to calculate the annual estimated net revenue from each bidder. This information is shown in Table 6.

Table 6 – Estimated Annual Net Revenue				
Item No.	Item Name	Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
1	ALUMINUM	\$5,707.65	\$7,463.85	\$3,951.45
2	PLASTICS #1 AND #2	\$6,285.00	\$26,711.25	\$12,046.25
3	STEEL CANS	-\$1,330.01	\$0.00	-\$547.31
4	MIXED OFFICE PAPER	\$5,076.13	\$2,538.07	\$5,710.65
5	CARDBOARD	\$96,686.40	\$96,686.40	\$97,894.98
6	NEWSPAPER	\$4,546.80	\$3,410.10	\$4,603.64
TOTAL		\$116,971.97	\$136,809.67	\$123,659.66

### Transportation Impacts

The bidding documents for Bid 2021-41 stated on Page 3 that *the applicable amount of the City of Norman Sanitation Division transportation costs will be considered*. Table 7 provides the transportation cost analysis completed for the bid.

Table 7 – Transportation Cost Analysis for Sanitation Division			
Description	Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
Average Load Size (in tons)	2.00	2.00	2.00
Average Number of Loads	857	857	857
Distance to Facility* (in miles)	25.7	15.2	25.6
Total Est. Annual Mileage	44,049.80	26,052.80	43,878.40

Table 7 – Transportation Cost Analysis for Sanitation Division			
Description	Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
Average Driving Speed (in mph)	40	40	40
Cost for Equipment and Labor (\$ per hour)	\$100	\$100	\$100
Estimated Annual Transportation Cost	\$110,124.50	\$65,132.00	\$109,696.00

### Net Revenue to City of Norman with Transportation

The costs from Table 7 were subtracted from the costs within Table 6 for each bidder. Table 8 shows the results of this calculation and shows that the net revenue for the City of Norman with transportation costs factored in are almost \$60,000 more when compared for Smurfit Kappa when compared to the other bidders.

Table 8 – Net Revenue to City of Norman with Transportation Costs			
Description	Batliner Recycling	Smurfit Kappa	WM Recycle America, LLC
Revenue from Commodities	\$116,971.97	\$136,809.67	\$123,659.66
Estimated Annual Transportation Cost	\$110,124.50	\$65,132.00	\$109,696.00
<b>TOTAL</b>	<b>\$6,847.47</b>	<b>\$71,677.67</b>	<b>\$13,963.66</b>

### Disposal of Residuals

The amount of residuals that will need to be disposed of is unknown at this time. However, the following list ranks the bidders from lowest to highest cost for disposal of residuals per ton.

Rank	Bidder	Residuals Cost (\$ per ton)
1	Smurfit Kappa	\$0
2	WM Recycle America, LLC	\$45
3	Batliner Recycling	\$150

Smurfit Kappa provided the best price for disposal of residuals at \$0.

### Blended Recyclables

The current configuration for recyclables at the regional recycling centers is to have the user separate their materials when depositing the materials at the centers. The users have historically done a good job separating materials so the need for blended recyclables does not appear to be needed for the prices bid at this time and this alternate will not be awarded.

### Listed Exceptions

Exceptions were only submitted by one bidder. The following briefly summarizes the exceptions that appear to conflict with the goals of the contract:

1. Batliner Recycling – No exceptions
2. Smurfit Kappa – No exceptions
3. WM Recycle America
  - a. Exception 3 – WM shall determine the final disposition of the materials delivered by the City.

- b. Exception 4 – WM cannot agree to a zero-floor contract as WM does not control the commodities market.

The exceptions do not affect the outcome of the bid and therefore can be disregarded.

### **Recommendation**

Based on the bids received, the resulting analysis completed in this memo, and the exceptions included within the submitted bid, staff recommends to award Bid 2021-41 to **Smurfit Kappa** as the lowest, responsible bidder.

cc: Chris Mattingly  
Nathan Madenwald  
Utilities Folder