Circular Services Response to City of Philadelphia Request for Information on Solid Waste Management

1. GENERAL INFORMATION

1.1	Organization/Respondent Name*:	Circular Services
1.2	Street Address:	888 7th Ave, 10th Fl.
1.3	City, State, Zip:	New York, NY 10106
1.4	Primary Business:	Recycling Processing
1.5	Point of Contact Name*:	Bob Anderson
1.6	Title:	SVP, Business Development
1.7	Phone*:	856 649 9582
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1.9	Organization Web Address:	Circularservices.com

2. PROPOSAL INTRODUCTION

2.1 Provide a profile of your company/organization's operations, including the number of years the company/organization has been in business; number of full-time employees; and brief description of the services or products offered. If your response represents collaboration, please describe the type of subcontractors or partners with whom you are responding. If you are an individual respondent with background or experience in any of the areas covered by this RFI, please summarize your relevant personal and professional experience. Resumes need not be included.

Circular Services is the largest, privately held recycling company in North America, currently operating 26 facilities in 11 states. Circular Services is made up of several industry-leading, veteran recycling companies across the U.S. that have been in operation for over 30 years. Circular Services employs more than 1,200 people nationwide.

Circular Services offers circular economy solutions that span the gamut of recycling services. We offer solutions for single-stream and commercial recycling, hauling, and marketing of recyclable materials, brokerage of recyclable commodities, organics composting and anaerobic digestion, de-packing, shredding, and document destruction, and post-industrial recycling. At our core, we are experts in the development and operation of material recovery facilities (MRFs) serving large swaths of the U.S. population's residential recycling needs.

2.2 Describe your company/organization's relevant experience (and that of partners, when applicable) in Philadelphia and/or elsewhere.

Circular Services is the largest privately held sustainable materials management company in America, with a holistic approach to the circular economy focused on the entire recycling stream, including curbside and commercial recycling, organics, textiles, and electronics. We have 26 facilities in 11 states processing materials for some of the largest cities in America, including New York City, Phoenix, San Antonia, Austin, and Charlotte. We serve as the contract operator for publicly owned MRFs, and we build, own and operate our own MRFs for our public and private sector partners.

Our team includes executives with direct experience managing the City of Philadelphia contract and enabling its transition from dual-stream recycling, collecting 40,000 tons per year, to single-stream, increasing the volume to over 110,000 tons per year under the Nutter Administration. In addition, the team flawlessly took over the entire City contract under an emergency award when the vendor at the time refused to extend their contract term.

Circular Services has a deep understanding of the specific needs of Philadelphia and is well-positioned, given a proper lead time, to offer the City competitive options that meet comprehensive, sustainable zero-waste goals and initiatives.

3. PROPOSAL BODY

Respondents may reply to any or all questions listed in the Proposal Body section.

Section 1: Methodologies, measurement tools, and best practices to evaluate the comparative health and environmental impacts of residential waste management practices.

3.1.1 Methodology recommendations for the City's upcoming residential RFP. What tools, measurement systems, or best practices could be employed in the City's forthcoming RFP to ensure that the City collects sufficient data and information to form a comprehensive picture of the associated health and environmental impacts of submitted proposals, incorporating this data into the decision-making process? Responses to this question should be based on the City's stated procurement timeline. For example:

a. Methodologies for the City to employ side-by-side comparisons of waste treatment and waste transport based on considerations including market assessment to facilitate decision-making informed not only by operational metrics, but also by data-driven insights around the short and long-term health and environmental impacts the proposed solutions would generate in Philadelphia, neighboring communities, and beyond. Please include any considerations and limitations related to the proposed approaches.
b. Propose methodologies for creating standardized scoring systems that allow objective comparison between different waste management proposals.

c. Sample questions or criteria to include in the City's waste management RFPs to collect the necessary information to compare the health and environmental impacts of the proposed services.

Some sample questions we would suggest are:

- Will the respondent guarantee a recovery rate of 90% or more for recyclable materials delivered by the City? (Note: this does not include residue or non-program materials.)
- Will the respondent propose including additional materials beyond the current accepted materials list in the curbside recycling program? If yes, which materials would be included that are not currently considered recyclable?
- What other services beyond single-stream recycling will the respondent be able to provide? How would these services impact waste diversion from landfill or incineration?
- If the respondent owns a landfill or incineration plant, how does the respondent make sure that these business branches don't impact their judgment when it comes to recycling and waste diversion?

3.1.2 Methodology recommendations for ongoing waste management planning. How should the City evaluate the use of assessment methodologies and frameworks to inform decision making around waste management on an ongoing basis? For example:

a. How should the City incorporate life cycle assessment tools and models, and any standardized frameworks into waste management planning?
b. What are the minimum data requirements the City should consider to enable the use of the recommended methodologies and frameworks?
c. What technological tools could the City employ to improve the health and environmental impacts of waste management practices and inform future planning, including any considerations or limitations related to those tools.

3.1.3 Operational health and safety recommendations. Information on best practices and safety/back-up controls for waste management methods to ensure the performance of environmental health and safety control systems. What procedures and protections should be in place to ensure:

a. Maximum compliance with all City and State environmental health and safety regulations;
b. Minimizing the health and environmental impacts of disposal operations including the criteria air pollutants, air toxins, greenhouse gas emissions and soil and water pollutants.

To maximize compliance with regulation, vendors should employ best practices and control measures for material recovery facility operations.

These best practices and control measures should first be created by having EHS Policy, Standards, and Standard Operating Procedures in place that address all aspects of safety, environment, and health, not only for workers and facilities but for the communities in which they operate.

With regard to environment, our company would take the following steps, which should be considered the norm to prevent negative environmental impacts for workers and community members.

Regulatory Compliance & Oversight

- CS will implement its comprehensive Environmental Health & Safety (EHS) Management System aligned with OSHA, EPA, City of Philadelphia, and Pennsylvania DEP standards.
- CS will conduct regular internal audits and inspections to verify compliance and identify improvement opportunities.
- CS maintains detailed documentation and reporting protocols for environmental compliance, workplace safety and incident tracking to support transparency and accountability.

Pollution Prevention & Emissions Control

- CS employs pollution control measures in its operation such as advanced air filtration and dust suppression systems to reduce dust and particulate matter.
- Where appropriate, CS may utilize enclosed processing equipment and negative air pressure zones to contain volatile organic compounds (VOCs) and odors.
- If applicable, CS will adopt low-emission fleet vehicles to reduce greenhouse gas emissions from transport operations.
- CS will implement stormwater management systems and secondary containment to prevent soil and water contamination.

Engineering & Administrative Controls

- Where feasible, CS will implement a facility layout to separate hazardous and non-hazardous waste streams, minimizing cross-contamination and exposure risks.
- CS will use automated sorting and handling systems to reduce manual contact and ergonomic strain, where feasible.
- CS will establish clear Standard Operating Procedures (SOPs) for all material handling, emergency response, and equipment maintenance tasks.
- CS will provide real-time monitoring of air quality, noise levels, and equipment performance to ensure safe operating conditions, wherever possible.

Worker Safety & Training

- CS delivers ongoing safety training and certification programs tailored to job roles, including PPE use, spill response, and lockout/tagout procedures.
- CS conducts daily safety briefings and encourages near-miss reporting to foster a proactive safety culture.
- CS equips all personnel with appropriate PPE and ergonomic tools and rotates tasks to reduce fatigue and repetitive strain injuries.

Emergency Preparedness & Redundancy

- CS maintain backup power systems and redundant safety controls for critical operations (e.g., fire suppression, ventilation).
- CS develops and regularly tests site-specific emergency response plans, including evacuation routes and spill containment procedures.
- CS will coordinate with local emergency services and environmental agencies to ensure rapid response and compliance during incidents.

Section 2: Information about the capacity and availability of large-scale residential waste management providers to meet the City's ongoing residential waste management needs without compromising high service levels, including potential opportunities and challenges to expand and diversify service delivery.

3.2.1 Large provider capacity: Please provide information about your existing capacity as a large-scale waste disposal or recycling provider and your readiness to provide services to the City consistent with the Parker administration's Safe, Clean and Green goals.

Circular Services has extensive capacity and experience in 11 states and operates the largest MRF in America, serving New York City. We have the expertise, capital, and will to expand our capacity to the Philadelphia Region if given the opportunity, which a competitive RFP process would provide.

For any competitor to respond to an offering, Philadelphia must design an RFP process that casts the broadest net for competitive responses. This would mean creating a time horizon where competitors could source and/or build the capacity needed to serve the Philadelphia market. Today, time is the most significant driver of competition. Based on the City's current timeline for releasing an RFP coupled with a projected start date in 2026, the City has created a scenario where only the incumbent has the necessary infrastructure to respond, resulting in a sole-source environment that is financially unfavorable to Philadelphia.

3.2.2 Environmental and health impacts: Beyond meeting baseline permitting requirements, please describe how your company addresses the environmental and health impacts of your operations and seeks to reduce these impacts over time (e.g., air quality, water quality, etc.).

Circular Services is a pure-play recycling company. We do not own landfills, which can result in conflicts of interest. Landfills are significant sources of methane, a greenhouse gas contributing to climate change. Circular Services mitigates environmental impacts. For example, where possible, we utilize solar panels to supplement power consumption and reduce fossil fuel usage.

The company has a net zero by 2050 target and interim decarbonization goals. To advance towards these targets, the company has created a firm-wide decarbonization strategy, including strategies for increasing fleet electrification, energy efficiency, and renewable energy

adoption. The company creates an annual emissions report tracking decarbonization progress against a 2023 emissions baseline.

The company tracks climate-related physical risks and has defined mitigation and adaptation strategies for each category of physical climate risk. The strategies are defined on a facility-level basis, based on the most likely climate-related physical risks they would experience over a 25-year time horizon. The company runs a risk assessment of physical climate risks at new facilities on an annual basis and recalibrates mitigation and adaptation strategies as new projections become available.

The company, in coordination with a major capital provider, completes an annual biodiversity screening which shows the proximity of new facilities to protected areas, key biodiversity areas, and IUCN Red List of Threatened Species.

3.2.3 Data collection methods and reporting capabilities: Please provide information around your firm's current data collection. The City is interested in learning what data potential respondents to future RFPs collect currently.

Circular Services employs a comprehensive and rigorous data collection system utilized to manage our facilities efficiently. Circular Services collects the following environmental and impact data on a facility-level basis:

- Greenhouse gas emissions including:
  - Scope 1 greenhouse gas emissions, including from fleet and rolling stock
  - Scope 2 greenhouse gas emissions, including purchased electricity and energy generated from on-site renewable sources if applicable
  - Scope 3 greenhouse gas emissions, including Category 3.5, Waste generated in operations, Category 3.9, Downstream transportation, and Category 3.10, Processing of sold products.
    - By the end of 2025, the company also plans to collect data to calculate Category 3.4, Upstream transportation and distribution, and the Category 3.1 and 3.2 emissions relevant to construction of new buildings
  - In addition, the company calculates an emissions intensity metric based on tons of scope 1 and 2 emissions generated per ton of recyclables processed.
- Avoided emissions per ton of recyclables sold, calculated using the EPA WARM model
- Distance traveled (downstream transportation) per ton of recyclables sold
- Recycling processing efficiency rates
- Tons of material sent to recycling by commodity type and by destination
- Environmental regulatory compliance tracking and violation records
- Internal safety performance and metrics, including the occurrence of battery-caused fires

Operational and Service Metrics

- *Frequency and volume of different waste stream collections (residential, commercial, recyclables, organics), and*

We currently collect data on volume/weight of different waste streams processed, including residential and commercial recycling streams. We collect information on recyclable material and organic material depending on if this material is routed to our recycling facility or organics processing facility. Recent technologies have enabled us to understand the current composition of recycling streams in our systems, and we plan to continue to invest in this technology to increase the accuracy of our data.

- *Equipment failure rates and replacement schedules.*

We currently use software that tracks repair and maintenance schedules for all equipment, including replacements or failures. This technology enables proactive maintenance, allowing for the identification and resolution of issues before they lead to failure, thereby significantly reducing daily downtime. Where possible, we eliminate single-point of failure situations in our facilities through redundancy and/or we maintain an inventory of critical spare parts on our shelves and with preferred vendors to ensure any unplanned downtime is minimized.

Waste Volume and Composition

- *Total tonnage collected by waste type and geographic area,*

With data support from the Streets Department, such as geographic routing information, Circular Services can assist in providing granular details from our scale system.

- *Contamination rates in recycling streams,*

We currently collect this data through a variety of both measurement-based and approximation-based methods. We readily share this information with our customers to advance our shared interests of maximizing quality and diversion while minimizing contamination.

- *Diversion rates from landfills and incineration (recycling, organics), and*

We currently collect this data.

- *Seasonal variation patterns in waste generation.*

We currently have the capacity to collect this data, but have found that 1-2 composition studies a year capture the data needed to make adjustments to the stream or Average Material Value

(AMV). These studies are supplemented as needed based on program changes or to provide feedback on specific material streams.

Environmental and Compliance

- *Greenhouse gas emissions from collection vehicles and fuel consumption per ton collection,*

We collect this data on a company-wide basis and could calculate this per location for the City of Philadelphia, as well.

- *Distance traveled for ton of waste,*

With data support from the Streets Department. we could calculate this data.

- *Water usage in processing facilities,*

Water usage at a MRF is de minimis. With that said, we could calculate this data.

- *Recycling processing efficiency rates, and*

These data points are critical in managing a facility. We routinely collect this data based on uptime, throughput, and capture rates.

- *Regulatory compliance tracking and violation records.*

We currently track this data in real time using software that is also used to track repair and maintenance to mitigate system failures and downtime.

3.2.4 Diversion methods: Please describe your approach to maximize waste diversion including the necessary infrastructure for implementation. Please note if you have engaged in partnerships to improve diversion rates.

We maximize waste diversion in our facilities through the implementation of new technologies, thorough training of employees, and through pure necessity in order to support our bottom line as a for-profit business. As a recycler that does not own disposal capacity, we have an underlying and strong financial incentive to maximize recovery through facility design, operation and maintenance, and through the cultivation of diverse and reliable outlets for recovered commodities.

In our office spaces and administrative locations, we maximize our waste diversion through participation in recycling and composting programs, investing in waste-conscious practices such as installing dishwashers, water-filling stations, and supplying reusable cutlery and dishware. We live and breathe recycling and so do our employees.

3.2.5 Recycling recommendations: The Department's residential recycling goal for FY26 is 15%. What approaches or initiatives could be implemented to substantially improve this percentage and stay on target with the goal of 90% waste diversion by 2045?

To achieve sustainable recycling goals, the City must first secure a competitive contract for recycling processing. As reported in the 2018 RFP for processing recyclable materials, Philadelphia's recycling rate peaked in FY 2014, when the city collected 125,000 tons of residential single stream (it should be noted that contamination levels also peaked in 2014), a period during which Philadelphia received revenue from its recycling processing contract. Using the Zero Waste Data provided to SWRAC in September 2021, the recycling rate in 2016 was 18.71% (111,310 annual tons), and the cost to process a ton of recyclables was $67.35, which was favorable compared to landfilling. By 2020, the recycling rate had dropped to 9.96%, as the cost of recycling was 140% ($100 per ton) higher than the cost of landfilling. The dramatic drop was driven primarily by operational changes within the Streets Department during a period when half of the recyclables were sent to a waste-to-energy facility. This volatility was driven by a combination of market conditions and poorly timed RFPs coupled with short contract terms of 4 years with three one-year options.

If the City of Philadelphia intends to embrace sustainability goals, it must then release an RFP that provides an environment for competitive participation by multiple industry-leading companies. To achieve this goal, Philadelphia must provide 2-3 years of lead time for a long-term agreement of 15-20 years. These facilities cost $50–$70 million, which becomes impossible on a 4-year contract and challenging over 10 years. For example, if the facility costs $60 million and the contract term is 10 years with a volume of 90,000 tons, the depreciation expense is $67 per ton. If the contract is for 20 years, the depreciation is reduced to $33 per ton. Contract length has a material impact on the infrastructure investment the private sector can make, and hence processing rates and cost to Philadelphia.

To achieve a 90% goal in 2045 requires a long-term, sustainable agreement offered through an RFP with sufficient lead time to execute in a genuinely competitive environment. Releasing an RFP for processing recyclable materials with a start date on July 1, 2026, for a 4-year term with three option years or a ten-year term will ensure that the 2045 goal of 90% will be unattainable.

A goal of 15% in FY 2026 is unrealistic given Philadelphia's past achievements exceeding 20%. A truly successful 2026 goal for the Streets Department is to achieve 18.71% as they did 10 years ago in 2016. In reality, when the cost of recycling substantially exceeds that of landfilling, budgetary constraints outweigh sustainability goals. The result is the landfilling of recyclables. With a RFP process that allows for competition, the City can expect recycling costs that are

lower than landfilling, aligning the City's financial interests with ambitious goals and programs to maximize diversion.

3.2.6 Barriers to increased capacity, service delivery, data collection and partnership development. Please share feedback on roadblocks and barriers to expanded service delivery that the City could address as it develops its municipal waste plans. For example:

i. Limits in capacity (e.g., known limitations within the City and/or region, recommendations for locations to create new waste management facilities in the City or region, opportunities to maximize operations at existing facilities, etc.);

Philadelphia has one MRF processing residential recyclable materials. The City's recyclable processing contracts and RFP offerings have not offered terms favorable to competition. Historically, the contract length has been too short for participants to provide competitive bids. The result has been that only existing infrastructure can participate. When there is a lack of competitive pressure, the City ensures that its processing contract will be unfavorable. Taxpayers are, and will continue to, pay more. This point is clear when comparing the cost of Philadelphia's contract to its peers.

ii. Roadblocks and barriers to improved data collection; and
iii. Roadblocks and barriers to expanded or enhanced service delivery (e.g., space constraints, limited budget, workforce limitations, etc.); and
iv. Barriers to partnerships with smaller providers (e.g., types of smaller providers a company may work with, what would incentivize developing these relationships, what prevents initiating or expanding these types of relationships).

Roadblocks and barriers to all of the above are present in Philadelphia's current cycle of issuing RFPs for short-term agreements which favor existing processors who do not have to invest in order to fulfill the terms required in a public contract. This obstacle is coupled with another major barrier to competition, which is the limited timeframe between RFP release and contract commencement, which effectively precludes the development of new infrastructure to serve the City, Without competition, the City will not be able to force existing processors to make the investments in data collection technology or enhancing current service, as the current processor has no incentive to do so or agree to do so if they are the only provider possible to the City.

Section 3: Recommendations for solutions that will assist the Department in developing new approaches, innovations, and initiatives to minimize the City's waste streams, including practices that will help the City advance its Safe, Clean & Green mission and Zero Waste goals.

3.3.1 Nascent Provider Capacity: To assist the City in gauging capacity of providers to address its future waste reduction and diversion goals and inform planning, the City seeks the following information from small providers:

i. Current daily/weekly tonnage processing capacity;
ii. Fleet size, composition, and service area coverage;
iii. Current waste diversion rate from landfills (percentage and tonnage by material type);
iv. Contamination rates in recycling streams;
v. Processing facility capacity and capabilities (Materials Recovery Facility, composting, specialty streams);
vi. Storage capacity for different waste streams;
vii. Key partnerships with downstream processors and end markets;
viii. Projected capacity increases over 1, 3, and 5 years (percentage and tonnage);
ix. Access to financing for expansion (credit facilities, investor backing);
x. Bonding capacity and insurance coverage levels;
xi. Data collection and reporting capabilities; and
xii. Customer education and community engagement capabilities.

If given an appropriate timeline to execute a new facility, a company such as Circular Services would be able to provide the City with a proposal that delivered on all of the above criteria. In particular, Circular Services is also one of the largest organics recyclers in the Northeast United States, and would be able to propose solutions for organics diversion as well as traditional recyclable materials.

Circular Services processes over 2 million tons of recyclable materials each year and has the access to financing to support a MRF-sized investment in the Philadelphia region. This would expand capacity for the metropolis and empower the City to cost-effectively achieve its 90% diversion goal in the next 20 years. However, this is only possible with ample lead time for development of the project as well as a long-term contract that would provide a payback period necessary to make such an investment viable.

3.3.2. Roadblocks and Barriers to Nascent Provider Capacity: Describe your experience with roadblocks and barriers to expanded service delivery for smaller/nascent providers. Examples include, but are not limited to:

i. Infrastructure constraints, inability to expand, and/or collection reforms;
ii. Needed inter-departmental and/or inter-governmental collaborations; and/or
iii. Programs, incentives, and policies to encourage the development of smaller and non-traditional providers.

Time is a two-fold challenge. The first challenge is the truncated time provided to start the contract. No company can build a new facility with less than 5 months from award to contract

start. The anticipated time horizon required as part of the current RFP process is a roadblock to the entry of new competitors into the market for Philadelphia.

The second challenge related to time is the contract length. Many large cities offer 20-year terms, which enable industry leaders to make long-term investments. When Philadelphia offers short-term contracts, it eliminates the ability to invest in its city. Reducing competition will ultimately increase the cost for taxpayers and impede any progress toward diversion goals.

3.3.3 General Information on Zero Waste Strategies: Please share information and long-term strategies and/or holistic approaches for the City to nearly eliminate waste sent to landfills and incinerators. Sharing knowledge of practices or programs in other jurisdictions is also encouraged. Please cite resources and studies where possible. Strategies of interest include:

i. Residential curbside compost pick-up;

We greatly support residential curbside compost pick-up and have seen it succeed in a number of markets where we already operate, such as Austin, TX.

As the City understands, GHG emissions from landfills are mostly driven by the breakdown of organic materials, which can include recyclable materials such as paper and cardboard, but are largely associated with food waste. More than 50% of GHG emissions from landfills are estimated to be a result of landfilling food waste.

By implementing composting programs, the City can greatly reduce the amount of organic material landfilled and incinerated.

We understand that Philadelphia implemented a food-waste grinding initiative along with the installation of a digester at the wastewater treatment center many years ago. We would be open to partnering with the City to both strengthen this infrastructure and complement it through pilot curbside composting programs in select zip codes. These pilots would be volunteer-based, which have been the launch point for many successful composting programs that exist today.

ii. Pay-to-throw programming;
iii. Materials re-use;
iv. Infrastructure needs to support innovation;

There are municipalities that have secured sustainability programs by offering Public/private partnerships, utilizing available resources such as land where the city has ownership of the infrastructure. The City of Phoenix, for example, has invested in land and equipment, resulting in substantially lower cost per ton to process recyclables. Land with the proper zoning in Philadelphia is expensive. If Philadelphia had a piece of surplus land to provide in a public-

private partnership, it could achieve long-term stability and stake in a facility where the cost to process recyclables would be sustainable.

The same point is true to leverage assets for organics and the Water Department's investment in digesters to address food waste issues in Philadelphia, particularly regarding commercial food waste.

v. Public/private partnerships;

We successfully engage in many public-private partnerships, which have resulted in the significant diversion of recyclable material from landfills.

vi. Workforce development opportunities;
vii. Financing mechanisms, within disposal contracts or otherwise, to incentivize waste diversion;

Circular Services has pitched a number of ideas for incentivizing waste diversion in communities it serves and would be open to sharing these ideas in further discussion with the City of Philadelphia.

viii. Local policies to incentivize waste reduction;
ix. Nascent technologies; and/or
x. Other innovative methods.

Section 4: Other

3.4.1 Please use this section to include information or recommendations that have not been addressed elsewhere in your response. Respondents are also encouraged to present any options or approaches that may not have been prompted by the questions proposed in this RFI.

"Competition is not only the basis of protection for the consumer, but it is also the incentive to progress." - Herbert Hoover, 31st US President.

A cornerstone requirement for achieving success in sustainable zero-waste goals and initiatives is securing contracts that provide incentives for diversion. The current City of Philadelphia recycling processing contract provides a financial disincentive for diversion, as the cost per ton to recycle routinely exceeds the cost per ton to landfill waste. Philadelphia's diversion rates have historically demonstrated this fact. When the City had contracts that paid for recyclable materials, it achieved annual volumes exceeding 110,000 tons per year. In 2016, the City collected 111,310 tons of recyclable materials. Three years later, the cost per ton exceeded $100, and the diversion rate dropped dramatically to 62,340 tons. In the current contract, the cost to recycle a ton of recyclable material is generally 115% to 145% higher than the cost per ton to landfill. During the pandemic, when communities across the nation experienced

dramatic increases in recyclables due to work-from-home initiatives, Philadelphia experienced the opposite effect, with dramatic reductions in diversion rates compared to its historical performance. There were no behavioral changes in residents' recycling activities or attitudes; however, the cost per ton to recycle was generally higher. The dramatic cost delta placed extreme budgetary pressures on the Streets Department.

Beginning in 2022, Circular Services began meeting with staff in the Streets Department to encourage the early release of an RFP, aiming to create an environment that would cast the broadest net and attract competitive offers for a new city contract. We presented case studies of peer cities that released an RFP 2–3 years in advance of their contract start date, allowing time for infrastructure development. The industry requires this time to build a new Material Recovery Facility. We cautioned that inaction would result in only the current contract holder having the necessary infrastructure to support a contract the size of Philadelphia, creating a scenario of a sole-source contract response.

The GRID Magazine independently wrote an article confirming this scenario, published in January 2023:

"*Philly's recycling contract expires at the end of June 2025. If the Streets Department was serious about finding alternatives to Waste Management to handle recycling — and possibly add composting — it would start the RFP process in the next six months, according to a Philly-area waste management professional who is familiar with how Philly's recycling contracts work.*

However, if it waits until six months before the contract expires as it has in the past, Waste Management will likely be the only bidder. This means they can set whatever conditions and price they want, and it will most likely cost the City more."

Considering the current timeline, if Philadelphia releases an RFP for processing the City's recyclable materials by the end of August 2025, with ninety days to respond, and sixty days to award, the successful respondent will have only five months to execute, creating an environment and timeline that only the current vendor can deliver on. The result will be the award of a contract sourced with, at best, limited competition, and in the worst case, no competition for the City's next recycling processing contract term. The result will likely be a continuation of unfavorable pricing with a financial disincentive to divert from the landfill.

As an example of how competition can positively impact pricing for a municipality, this month, July 2025, Hillsborough County, FL, awarded its contract for processing recyclable materials. The County received two bids for recycling processing last year for a 15-year contract offering to process 60,000 tons per year. The original winning bid was a processing fee of $96 per ton by a competitor. Waste Management was second at $103 per ton. After asking for a chance to submit a Best and Final Offer, Waste Management dropped its processing fee by $28 to $75 per ton with price escalations limited annually to CPI with a CAP of 6%. Because of competition, Waste Management was forced to give the County a much better deal, even in the State of

Florida, where their other processing fees typically range between $140-$175 per ton. The result of this competitive process saved Hillsborough County $25,200,000 over the contract term. Compared to the "current market rate" for its Florida municipal peers, Hillsborough will save $67,000,000 - $90,000,000 over the contract term.

A local example of the effectiveness of competition is in Camden County, NJ. Camden had only 26,000 tons per year to offer on a 10-year contract in its best-value RFP. The contract was awarded in Q4 2024, based on the results of the RFP. The incumbent offered the highest bid out of the four bidding companies at $133.81 per ton tip fee with an 80% revenue share. This resulted in a net range charge to the County of $85 per ton in an unfavorable market to $5.00 per ton charge in a favorable market. The winning respondent offered a tip of $35.00 per ton with a 10% revenue share, resulting in a **payment** to the County of $0.08 per ton in an unfavorable market, to a payment of $8.00 per ton in a favorable market. The difference for the County was a savings of $85 per ton in a down market and $13.00 per ton in a favorable market.

Every RFP and marketplace is unique. The examples provided above illustrate the value of competition, rather than reflecting what we believe a competitive RFP process will yield for the City of Philadelphia. Circular Services has many references of the value delivered to communities when the municipality provides a reasonable environment to attract multiple respondents when releasing an RFP. We will be happy to share additional data to demonstrate the examples above are not outliers.

To source the most sustainable contract for processing Philadelphia's curbside recyclables with incentives to drive diversion rates and achieve zero waste goals, the City must consider the following options for the upcoming RFP:

1. Phased approach:
    a. **Option One:** An interim processing agreement with a contract start date of July 1, 2026, ending June 30, 2028. (a two-year term)
    b. **Option Two:** A long-term agreement with a contract start date of July 1, 2028, ending on June 30, 2038. (ten-year term)
    c. **Option Three:** A long-term contract with a start date of July 1, 2028, ending on June 30, 2043. (fifteen-year term)
    d. **Option Four:** A long-term contract with a start date of July 1, 2028, ending on June 30, 2048. (twenty-year term)
2. The RFP should allow the respondent the option to offer a response to Option One and or all other options, or choose to only respond to Options Two – Four.
3. The City must reserve the right to award Option One to one company and Options Two – Four to another company offering the "Best Value." If a company responds to Option One, it must not be contingent on the award of Options Two – Four.

Note: In the RFP request from 2019, a competing company provided the “Best Value” on the long-term agreement. The City was unable to make the award due to the cost of handling materials during the period between the contract start date and the new facility’s opening. As a result, the contract was awarded to the other bidder who had an existing facility. Offering the options above will provide Philadelphia with the maximum degree of flexibility to secure the “Most Valued” contract.

Contract term – by providing longer-term options of 15 and 20 years, it will provide respondents the opportunity to amortize the significant capital required to build a facility over a longer term, and in turn, pass savings onto Philadelphia.

Our proposed phased RFP approach will ensure that the City of Philadelphia engages in a competitive process that will best benefit taxpayers and secure a favorable contract to achieve its sustainability goals, with a contract offering incentives for diversion. Offering a truly competitive process will attract multiple responses from many highly qualified companies and potentially disrupt the current model, which is a disincentive to diversion when the cost of recycling greatly exceeds the cost of landfilling.