Board Education Topic – October

Average Commodity Rate



Sarah Reeves
Josh Estey

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Chittenden Solid Waste District

Mission, Vision, Values

- Mission
  - *CSWD's mission is to reduce and manage the solid waste generated within Chittenden County in an environmentally sound, efficient, effective and economical manner.*
- Vision
  - *Products are designed to be reused or recycled and our community fully participates in minimizing disposal and maximizing reuse and recycling.*
- Values

Work Safely

Encourage Innovation

Support & Inspire

Communicate Openly & Effectively

Be Transparent w/Activities & Policies

Demonstrate Integrity

Deliver Results

Be Respectful

Who Doesn't Love an Acronym?

Every industry has their jargon and acronyms.
Solid Waste is no different.

- **MRF**: Materials Recycling (Recovery) Facility
- **ACR**: Average Commodity Rate
- **OCC**: Old Corrugated Containers (Cardboard)
- **RMP**: Residential Mixed Paper
- **PET**: Polyethylene terephthalate (#1)
- **HDPE-C**: Colored High-density polyethylene (#2)
- **HDPE-Nat**: Non-colored High-density polyethylene
- **PP**: Polypropylene (#5)
- **UBC**: Used Beverage Cans (Containers)

Average Commodity Rate

Blended Value of all Materials Sold in a Specific Timeframe

- Also called “Average Commodity Value” or “Average Commodity Revenue”
- Mean market price per ton after transportation costs are deducted
- Calculated/reported monthly
  - Generally calculated by multiplying the market price received in each individual category of recycled material by the material’s percentage share within the total tons marketed in a specific timeframe
- Highly volatile, can be seasonal

- **Tip Fee is NOT part of the ACR**

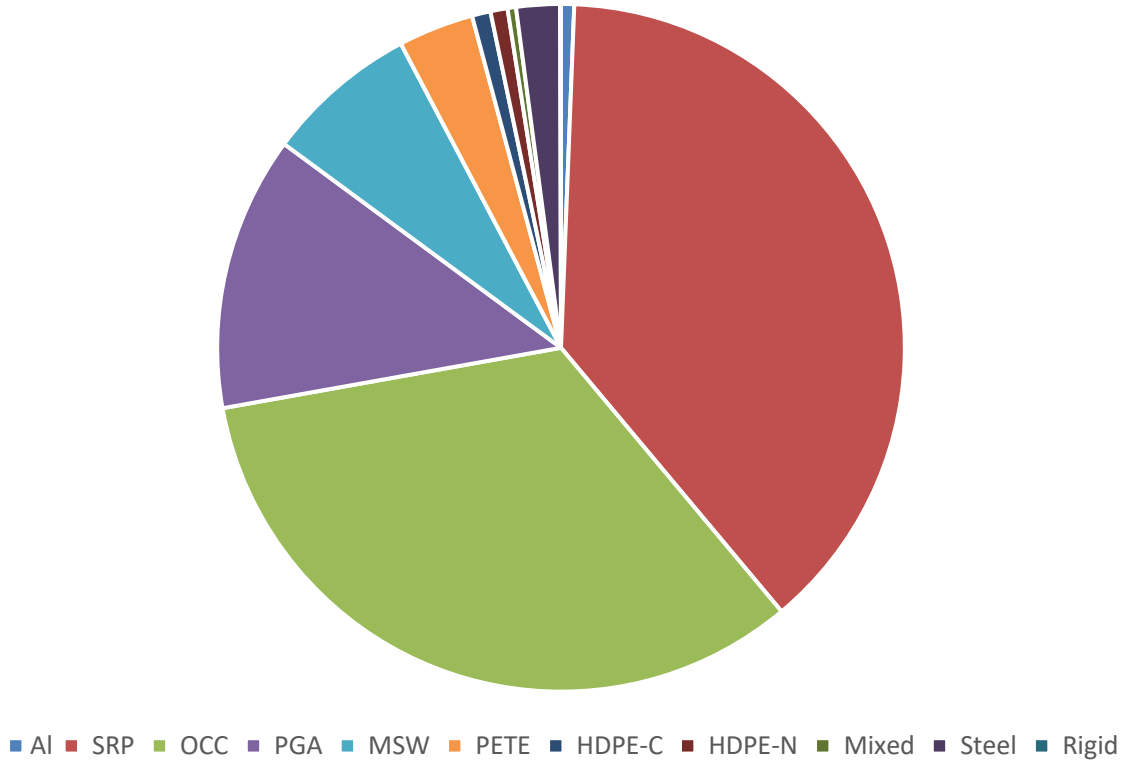
Market-Driven Value

Highly volatile and fluctuates monthly based on several factors

- Industrial Demand
- Consumer Demand and Habits
- Material Supply
- Global Economic Conditions and Drivers
  - Oil prices drive demand for recycled content
- Recycled Content Laws
- Secondary-Market Processing Capacity
  - Plastics mills and paper mills have closed faster than new mills have opened

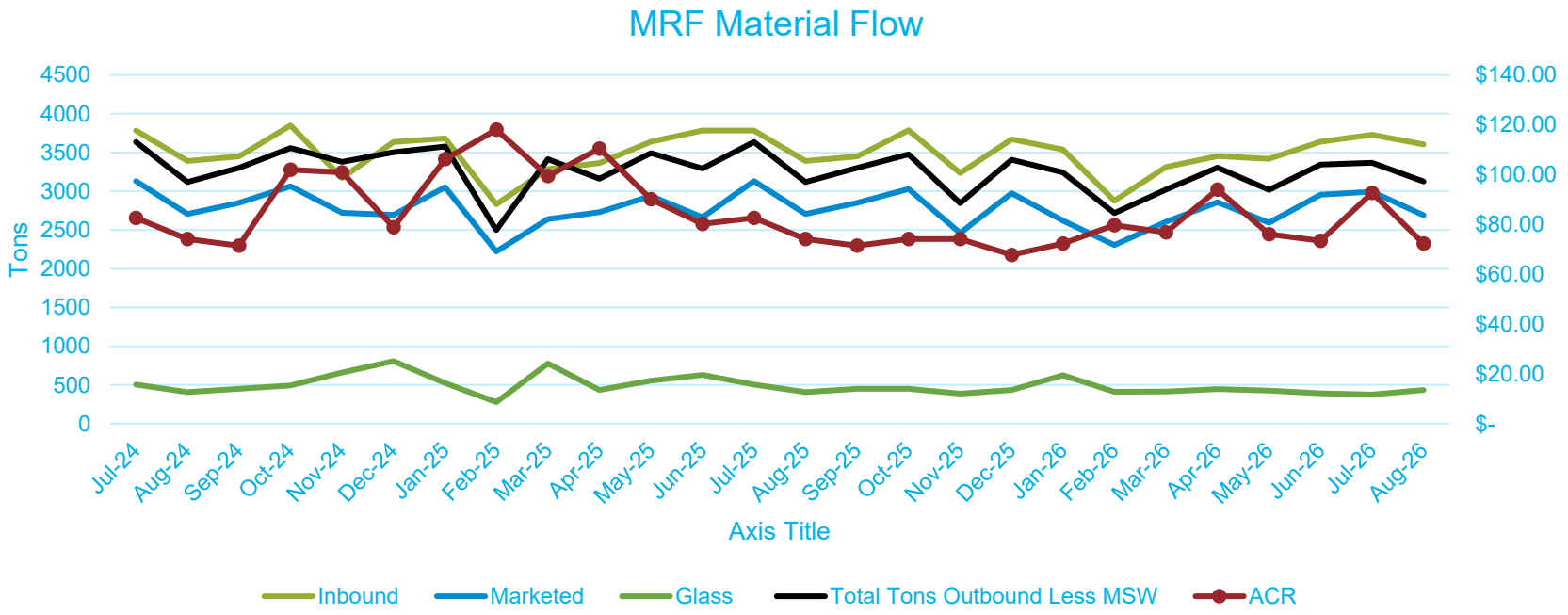
Calculation

Multiply the market price received in each individual category of recycled material by the material's percentage share within the total tons marketed in a specific timeframe



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Regional Pricing

Northeast Access to Markets Limited but Strong

- CSWD and other MRF's in the Northeast benefit from being close to Canada particularly for fiber mills
- Asian markets are unnecessary, unlike California and other West Coast states which relied on those markets heavily. China's National Sword forced development of stronger regional markets.

Revenue Stream

- Casella markets all CSWD's sorted and baled recyclables
  - CSWD is responsible for marketing processed glass aggregate
- Current MRF contract splits marketed revenue 50/50 with Casella
- New recyclables marketing contract in 2027
  - CSWD will pay Casella $7/ton to market baled recyclables
  - CSWD will receive 100% of revenue from marketed materials
- Accepted Materials
  - OCC, RMP, PET, PP, HDPE-c, HDPE-n, UBC, Tinned steel
- New Materials in 2027
  - Paper cups, paper take-out containers

The Heart of our Mission







CSWD Chittenden Solid Waste District









