

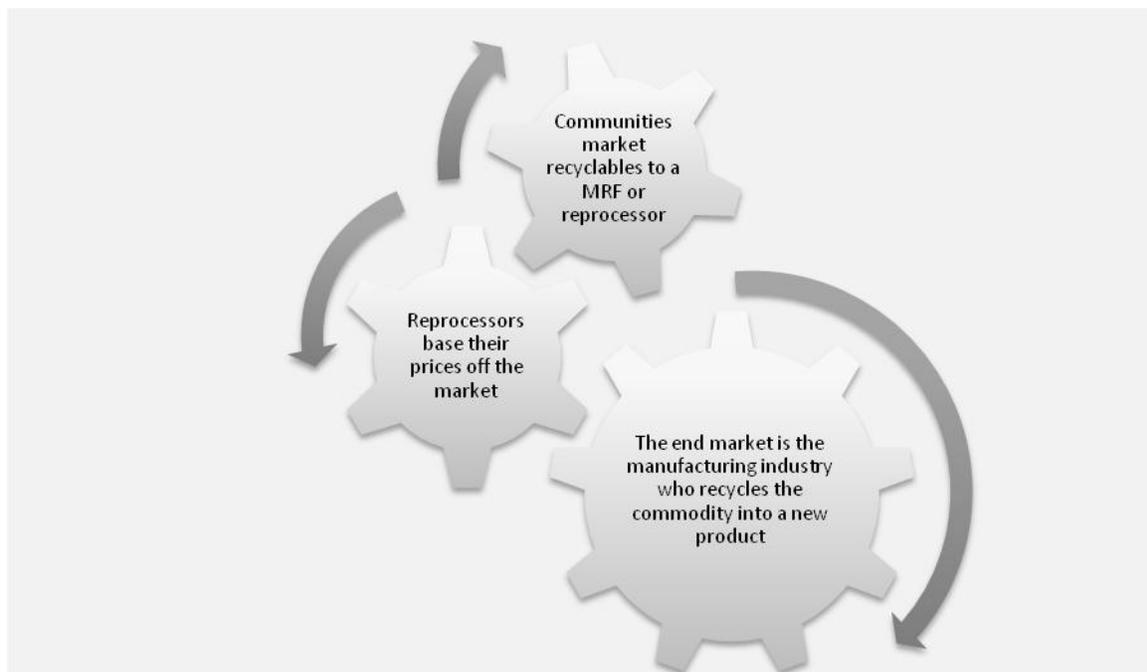


Factsheet: Understanding Local Recycling Markets

The term “markets” has several different meanings. From a community standpoint, it could be the access to a Material Recovery Facility (MRF) or material processor who will buy the commodity and put the material into the recycling process. But that company who buys material will base their prices off the market. And then of course there is the end market – the final home for that recycled material.

Markets, Markets, and More Markets!

Is it a noun or a verb? The answer is yes!



Why should I consider markets from the get go?

Before you work to expand your recyclable collection, be sure you know where your material will end up. That will help guide your program's operations and material collection decisions. You'll only want to accept recyclables that you can quickly move through to a processor.

Transportation is an issue, too. Knowing where your markets are can help you answer some important questions such as: How must my material be prepared? Will I need a baler? What types of trucks, trailers, or equipment are required? Will the market pick up materials or must my program deliver them? Where is the price of the material set – at pickup or delivery?

Talking to your nearest MRF and neighboring programs will help you understand what resources are available to you.

How do I know if I'm getting a good price?

First, take a look at recent market prices and reflections published in journals like *Waste News*¹ and *Resource Recycling*². Both offer regular updates on material prices paid, generally by bale price. SCRAPindex.com and recylenet.net can also be good resources. The Official Board Markets "Yellow Sheet" is the main source of paper pricing. It is expensive for a community, but often prices are pegged to those numbers. For instance, you may receive a quote that says, "90% of Yellow Sheet for OCC."

Then call a recycler of a specific commodity and ask specific questions. Many buyers of commodities will work with you to help your program increase efficiency, co-op (or partner) with neighboring communities, or improve collection technique. How do you find a recycler near you? Contact one of the following commodity groups for a listing of processors in your area:

- **Glass Packaging Institute (GPI):** www.gpi.org
- **Association of Postconsumer Plastic Recyclers (APR):** www.plasticsrecycling.org
- **American Forest and Paper Association (AF&PA):** www.afandpa.org
- **Institute of Scrap Recycling Industries (ISRI):** www.isri.org
- **Steel Recycling Institute (SRI):** www.recycle-steel.org

¹ Waste News: www.wastenews.com

² Resource Recycling: www.resource-recycling.com

What should I ask a potential recycling partner?

EPA WasteWise³ suggests that recycling programs ask potential buyers of recyclables the following questions:

- What types of recyclables will the company accept, and how must they be prepared?
- What contract terms will the buyer require?
- What type of contract will be required?
- Who provides transportation?
- What is the schedule of collections?
- What are the maximum allowable contaminant levels, and what is the procedure for dealing with rejected loads?
- What are the maximum allowable levels for food, chemicals, or other contaminants?
- Are there minimum quantity requirements?
- Where will the waste be weighed?
- Who will provide containers for recyclables?
- Can "escape clauses" be included in the contract?

Considerations for each of these questions can be found at: wastewise.tms.icfi.com/plan/feasible.htm

Recy-culator

Looking to justify your recycling program? Maybe the Recy-culator from Curbside Value Partnership can help! Just type in some basic collection and community information (or even goals!), and this free tool can help estimate:

- Money saved
- Landfill space reserved
- Trees not harvested
- Energy conserved
- Gas reserved

Put this free tool to work for your program by visiting:
www.recyclecurbside.org/content/u/recy-culator

³ EPA WasteWise: www.epa.gov/epawaste/partnerships/wastewise/index.htm

The Power of Participation

In their *REACT* guide for recycling coordinators, North Carolina's RE3.org campaign studied an important question. Would it be better to try to get 10 percent more for recyclable materials or increase the number of participants by 10 percent? For this example they looked at a town of 6,000 households with a 55% participation rate and found:

If the town receives 10% more for recyclable materials, the new revenue from materials will be \$27.50 per ton. The existing revenue of \$15,468.75 would then increase to \$17,015.63 with a total improvement of \$1,546.88.

But if the town got 10% more participants for a new participation total of 3,630 households (60.5%), what would the effect be?

The new participation rate would result in the recycling of 680.63 tons (or 61.88 new tons at \$25 recycling revenue rate would equal \$17,015.75 or an increase of \$1,547 in revenue. In addition, the town would save \$1,856.40 in avoided disposal costs. Greater participation has a two-fold impact – more recycling revenue and less disposal costs.

Conclusion: The net improvement over the old program is \$3,403.37, or about \$1,856 more than if the price paid for the materials alone went up.

Source:
www.epa.gov/region4/waste/rcra/mgtoolkit/improving.html

www.re3.org/React/2.pdf

What are the factors behind a good market price?

What helps you get a good return on your material? Full trucks and clean loads. Your goal as a program should be to have high community participation and low contamination rates so that your routes make the most of hopper space – trucks coming back in partially full or full of non-recyclable materials are missing the opportunity for economic return. The same is true for drop-off centers – the more clean material you move through, the better your economic investment will pay off. Clean material can make a significant price difference in your program. Why is that? Less handling of the material.

How do you build high participation and low contamination? Education, outreach, signs, and communication. Communicating the specifics of your program and encouraging stronger participation are smart ways to invest in your program.

When marketing baled material directly to a recycler, be prepared for them to ask you how often you can get a tractor trailer load full of clean bales to them. If your community, like many others, doesn't manage a tractor trailer load of a single commodity on a regular basis, maybe it's time for you to consider regionalization.

How can regionalization help communities like mine?

It is always a good idea to try to join forces with other local governments in your area to help your program be as effective as possible. Regionalizing your efforts can take

many forms. Not all of them may prove feasible, but the ones you choose will be extremely helpful.

Here is a list of some regionalization examples to consider:

Networking

Regular meetings with fellow local recycling coordinators are excellent ways to share information about markets, program initiatives, financing, and grant ideas. The best recycling programs are ones that regularly seek to learn from others.

Joint Contracting

Markets prefer large, singular sources of supply over many small sources. Combining your materials with others local programs in one “request for bids” or “request for proposal” will help attract better offers.

Marketing Cooperatives

Similar but broader than joint contracting, marketing cooperatives are formal arrangements across the range of materials collected by regional programs. By establishing an ongoing framework for joint marketing, cooperatives keep you from having to reinvent the wheel with every material contract.

Shared Facilities

Material recovery facilities or other large scale processing centers can be expensive and often beyond the means of smaller communities. By working together to capitalize and run a MRF, local recycling programs can procure much-needed processing capacity and an advantage in the marketplace.

Does partnering up really help? You bet!

The Recycling Marketing Cooperative of Tennessee (RMCT) works to partner up rural Tennessee communities for increased recycling returns.

In 2005, RMCT partner communities saw economic successes including:

- 600 tons of material per month was recycled instead of landfilled
- An average of \$42,000 of revenue generated for most participating recycling programs
- An average of \$18,000 of landfill tipping fees saved for each participating recycling program.

Mississippi communities can use the RMCT model as one to help build regional partnerships. In addition, Mississippi state law was amended in 2009 to set aside grant funds for Regional Nonprofit Cooperatives of local governments. More information will be released on this grants program in the near future.

Visit RMCT at www.rmct.org .

Solid Waste Authorities

Communities in a given area with common needs may find it best to form a legal organization that takes care of those needs. An authority can be a good way to organize, finance, and govern a set of combined facilities, such as a MRF, landfill, and a compost yard all accessible and shared by number of local governments. Authorities can also be good ways to cover ongoing capital and operational costs through the ability to raise and collect fees. Mississippi state law includes requirements on how to set up a solid waste authority in the state. Mississippi currently has 4 regional solid waste authorities involving multiple counties and cities and 4 local solid waste authorities that involve individual counties and the cities in those counties.

Are there markets for materials in the Southeast?

The Southeast has plenty of manufacturing and many of those companies process or use recycled materials. The Southeast is particularly rich in users of plastics, paper, aluminum and steel, with some of the largest facilities in the country right here in our region. Even those you might not think of as “green” see recycled content sources as an economically viable option for their production. When those companies seek out and use recycled materials it strengthens the economic impact of our communities. Why? Recycling creates jobs – people haul, sort, and remanufacture the material right here in the Southeast.

What’s more, when companies from our region of the country use recycled material from nearby locations, they cut down on transportation costs making for a strong economic return. That, of course, leads to reduced fuel consumption and pollution prevention. And by becoming a stronger company, that organization is more likely to grow adding jobs and tax revenue to a community.

Putting Numbers to the Demand for Recycled Content Feed Stock

In a 2010 study, SERDC determined that over 200 key Southeastern manufacturers look to recycled feedstock to develop new consumer goods. When communities invest in local recycling collection programs, they’re supporting regional manufacturers who depend on recycled plastic, glass, metal, and paper to make new consumer goods. These manufacturers collectively support more than 47,525 employees and see a sales volume towering more than \$29.4 billion.

www.serdc.org/regionalresources

Redirecting Material from Landfills

Where are the main recyclable commodities? Some are already in the recycling stream but many more are still heading to landfills for disposal. In fact, Curbside Value Partnership estimates that the eight states that make up EPA Region 4 dispose of \$1.2 billion worth of recyclables each year.

Looking at Southeastern states, we see recycling's value and potential:

- Georgia reports that it annually spends \$100 million to landfill \$300 million worth of recyclables. Think of the potential.
- South Carolina reports that 2006 saw \$69 million in tax revenue from recycling alone.⁴
- In 2007 Tennessee estimates that lost revenues of \$150,256,731 may have been realized had the "Top 4" commodities been recycled at today's current market rates instead of being disposed. This assumed a 75% recovery rate of landfilled commodity materials.⁵

Some other things to remember about markets and marketing materials.

- **Recyclables are commodities that are globally traded and so their pricing often follows economic trends.** In late 2008, when the global economy took a nose dive, manufacturers around the world dramatically slowed down their purchases of all commodities and recycling material prices plummeted. Now, as the economy recovers, recycling prices have risen back to historically average or above average levels.
- **How can you survive down markets?** One school of thought is to maintain loyalty to your main markets even when you might get a slightly better price somewhere else. These markets will then remember your good faith when markets get tight. It also is important to always provide the highest quality material possible, so it always maintains its value.
- **How about when markets are good?** Sometimes market prices are exceptional and exceed what you might be expecting in your budget. If you enjoy a market windfall, that is a good opportunity to pay down debt or make critical capital purchases. Replacing an old baler when prices are good is a whole lot easier than trying to buy one when revenues are down.
- **Remember that markets are always evolving and opportunities to start collection of other materials may become available.** For example, there is a growing market for electronics that

⁴EPA Region 4 Economics of Recycling Fact Sheet:
<http://www.epa.gov/region4/waste/rcra/mgtoolkit/economic.html>

⁵ Figure reported by TDEC Division of Solid Waste Management, Planning, Reporting, and Waste Reduction Section

should allow many communities to start and maintain collection programs. Carpet is an example of another product that may become more recyclable in the near future. Attending conferences, reading trade journals, talking with fellow recyclers – these are ways to stay aware of new opportunities to recycle new stuff.