Recycling Markets

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Northeast Recycling Council, Inc. (NERC)
Northeast Municipal Recycling Council
March 31, 2020
Topics

- How recycling markets work
- Relationship of contamination to recycling markets
- *Blended MRF Values Report*
- *Expanded Plastics Capacity Report*
- *Expanded Paper Capacity Report*
- *Businesses using Post-Consumer Materials*
- The “2-way contracting street” for municipal recycling processing contracts
What is NERC

- Nonprofit focused on minimizing waste, conserving natural resources, & advancing a sustainable economy
- 11-state area of focus: New England, Delaware, Maryland, New Jersey, New York, & Pennsylvania
- Membership organization: municipal & regional governments, nonprofit & private sectors – Consider Joining!
How Recycling Markets Work

- Recyclables are collected
- Transported to MRF, where sorted & baled
- MRFs sell bales as commodities
  - Value of bales directly related to meeting buyer requirements
Relationship between Contamination & Market Values

• Buyers (processors) set specifications for contamination tolerance
  o When China strengthened requirements, “everyone else” did too

• The more effort for MRF to meet criteria, the less money they make
  o If MRFs don’t make money they cannot operate
Relationship between Contamination & Market Values, continued

• If MRF can’t make enough money selling bales, then:
  o Increased costs for municipalities

    Your efforts to improve quality of recycling is critical

• Bales that fail requirements may be returned for disposal, or pay less
  o Risks relationship with buyer
Average Cost to Process 1 Ton Material Received

- April - June: $82
- July - September: $83
- October - December: $87
Blended Value of a MRF Ton

• Surveyed 15 MRFs in 10 states
  • All but 1, publicly owned

• Purpose
  • Determine regional market trends
  • Educational tool for promoting improved residential recycling
<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategory</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBC (aluminum cans)</td>
<td>Steel Cans</td>
</tr>
<tr>
<td>PET (plastic #1)</td>
<td>HDPE Natural (plastic #2)</td>
</tr>
<tr>
<td>HDPE Colored (plastic #2)</td>
<td>Polypropylene (plastic #5)</td>
</tr>
<tr>
<td></td>
<td>#’s 3-7 Plastics</td>
</tr>
<tr>
<td>Bulky Rigid Plastics</td>
<td>OCC Grade #11 (corrugated cardboard)</td>
</tr>
<tr>
<td>Mixed Paper Grade #54</td>
<td>Aseptic and Gable-top Cartons (Grade #52)</td>
</tr>
<tr>
<td>All other paper grades (not #11, 54, or 52)</td>
<td>Clear Glass Containers</td>
</tr>
<tr>
<td></td>
<td>Green Glass Containers</td>
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<tr>
<td></td>
<td>Brown Glass Containers</td>
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<tr>
<td></td>
<td>3 Mix Glass Containers</td>
</tr>
<tr>
<td></td>
<td>Residue</td>
</tr>
<tr>
<td>Material</td>
<td>Percentage</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>UBC (Aluminum cans)</td>
<td>0.78%</td>
</tr>
<tr>
<td>Steel Cans</td>
<td>2.53%</td>
</tr>
<tr>
<td>PET (plastic #1)</td>
<td>3.35%</td>
</tr>
<tr>
<td>HDPE Natural</td>
<td>1.05%</td>
</tr>
<tr>
<td>HDPE Colored</td>
<td>1.06%</td>
</tr>
<tr>
<td>Polypropylene</td>
<td>0.12%</td>
</tr>
<tr>
<td>#’s 3-7 Plastics</td>
<td>1.28%</td>
</tr>
<tr>
<td>Bulky Rigidd</td>
<td>0.64%</td>
</tr>
<tr>
<td>OCC Grade #11 (corrugated cardboard)</td>
<td>25.07%</td>
</tr>
<tr>
<td>Mixed Paper (Grade #54)</td>
<td>31.60%</td>
</tr>
<tr>
<td>Aseptic &amp; Gable-top Cartons (Grade #52)</td>
<td>0.04%</td>
</tr>
<tr>
<td>All other paper grades (other than #11, 54, 52)</td>
<td>4.09%</td>
</tr>
<tr>
<td>3 Mix Glass</td>
<td>14.60%</td>
</tr>
<tr>
<td>Residue</td>
<td>13.77%</td>
</tr>
</tbody>
</table>
Trend in Blended Ton Values
April - December 2019

April - June: $45.83
July - September: $34.85
October - December: $42.41

With Residuals: $51.65
Without Residuals: $41.55

NERC Northeast Reporting Council
Value per Ton – Considering Processing Costs

- $87/ton to process (remove residuals)
- $42.41/ton income

NET: -$44.59

Losing more per ton than earning
Plastic Market Capacity Expansion

- 15 new & 10 expanding facilities
- West Coast: California (6), Nevada, British Columbia
- South: Alabama, Georgia, Louisiana, North Carolina, South Carolina (4), & Texas
- Northeast: Pennsylvania (2), New Jersey
- Mid-west: Indiana, Ohio (2)
Expanded Paper Capacity

5 likely to serve the Northeast

• Rumford, Maine (2020)
• Albany, New York (2022)
• Wapakoneta, Ohio (open)
• Fairmont, West Virginia (2020)
• Hanover, Virginia (2021)
## Post-MRF Businesses Using Post-Consumer Feedstock

<table>
<thead>
<tr>
<th>Material</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>73 (MA – 7)</td>
</tr>
<tr>
<td>Plastic (#1, 2, 5)</td>
<td>58 (MA – 5)</td>
</tr>
<tr>
<td>Glass</td>
<td>18 (MA – 0)</td>
</tr>
<tr>
<td>Aluminum</td>
<td>5 (MA – 0)</td>
</tr>
</tbody>
</table>
Contracting – You Have a Say

• Carefully construct RFP
  o Include everything you want/expect, including any concerns from current arrangements
  o Include specific details required to explain proposed pricing
  o Don’t just leave it to your legal department!

• Review the responses in detail
  o You do not have to accept what they say
  o Ask questions & for clarifications, be prepared to negotiate
  o Don’t just leave it to your legal department!
Upcoming Webinars

• **Today** – Best Management Practices for Community Composting, 1 - 2:15 p.m.

• **May 21** - Food Waste Reduction & Food Waste Recovery, 1 – 2:30 p.m.

• **June 18** - Should Municipalities Get Back in the MRF Game? 1:30 – 3 p.m.
Government Recycling Demand Champions

https://nerc.org/projects/government-recycling-demand-champions
Postponed to October 20 - 21
Contact Information

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