STRATEGIES FOR MARKETING RECYCLABLES

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Experience

• Operated recycling center in early 1970s
• In recycling profession since 1978
• Maryland Energy Office; Northeast Maryland Waste Disposal Authority and Maryland Environmental Service (since 1997)
Current Responsibilities

• Market material from three MRFs (one dual stream and two single stream). Unique position to see both systems
• Assist BWI Airport and other state agencies with recycling programs
• Operate hotline, HHW programs and other recycling efforts
Strategies for Marketing Recyclables

- Some counties in Maryland deliver material to a private MRF
- These private MRFs have an overall cost that includes revenue
- Accounting for sales of recyclables is based on a “market basket” formula (price of commodities times weight generated from a recyclables sort)
- Facilities are sensitive to market changes
Marketing Recyclables

- MES operates three MRFs on behalf of Counties in Maryland
- For these MRFs, movement of material is most important, while price is less of a factor
- Revenue from sales of material is not related to operating costs
- Therefore, Counties can “ride the wave” of price fluctuations
MES Sales

• Because of the negative experience in Fall 2008 and early 2009, virtually all of the MRF material is sold on a monthly basis
• MES sends out price request 4-5 business days early and usually receives pricing the next to last day of the month. Pricing for aluminum, glass, paper, plastic and steel.
• Vendors submit pricing and MES selects the highest price for each commodity (example – PET, natural and colored)
MES Sales (Continued)

• Monthly sales go to a variety of vendors, including brokers and end users
• Advantages include variety of vendors (which helps if there is a need to move material) and often higher prices (since a particular vendor may be “hungry” for material)
• Even if pricing is way off, it will only be off for a month
• Danger is that if there is a total collapse of the market, would vendors go to existing customers first?
Options

• MES is considering longer term agreements, especially for paper

• Ability to effectively manage a long term agreement depends on the reliability of the market index. Paper index is reliable and accepted by industry, while no consensus exists on a plastics index.
Comments on Pricing

• Selling materials in the market since 1997
• Have seen excellent pricing down to “hard to move” materials
• Industry representatives have blamed lower market prices for dramatic changes in the industry
• No “Chicken Little” on pricing – the sky is not falling
Pricing (Continued)

• Prices were much worse in late 2008 and early 2009. By 2010, most of those prices had regained much of their losses
• Since MES commented on pricing at a meeting in December, prices for most commodities have already stabilized or risen
• Minimal (if any differences) in pricing between single and dual stream systems. Depends more on the quality of sorting
Conclusion

• MES and the Counties that we serve are pleased with the existing system
• We are always looking at ways to improve the system, such as operations, length of contract, and identifying markets for new and ”hard to move materials”
• Thank you for the opportunity to present at this conference.
Contact

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