

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.



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