Kentucky city's suspension of paper recycling ripples through region

Lexington, Kentucky has temporarily suspended mixed paper recycling in its curbside program, which the city attributes to cost increases from recyclable material market changes. Local residents are now being asked to dispose of paper — but the move is affecting customers beyond city limits.

LEX-MRF, owned and operated by the city, provides service to more than a dozen neighboring municipalities, counties and schools through an affiliate agreement. The facility handles approximately 36,000 tons of material annually. According to Plant Operations Manager Barry Prater, processing and marketing fees were historically offset by the sale of recovered commodities. That began to change about a year ago, "when the markets went flat." Rebates were still being paid, but the MRF was no longer able to cover its processing fees.

According to Prater, until March, it was less expensive for the partners to pay recycling costs than to landfill paper but the equation shifted in April. Material buyers indicated more changes were coming as regional paper mills reached an oversupply of material. Then, LEX-MRF was informed that vendors would only be able to ship an estimated 28 of its usual 40 truckloads of paper in June. OCC markets are said to remain strong, and the city is still recycling cardboard.

"Lexington is a very progressive city. We have a tremendous environmental heart. But we are also fiscally responsible," said Prater. "Is it more fiscally responsible to throw it away at the curb where it goes directly to our transfer station and/or landfill, or is it more fiscally responsible to charge yourself a processing fee and then turn around and dump it?"

Lexington is far from the first local government or MRF operator in the U.S. to cut mixed paper due to market conditions, but the move is new in a state that has been less affected than others. So far, other industry participants Waste Dive spoke with do not anticipate a domino effect that could prompt other operations to follow suit. However, state and authorities are paying attention to reverberations in the greater Lexington area.

"We are concerned, specifically for the immediate impact on the several surrounding counties… They’re going to be in a bind," said Gary Logsdon, recycling and local assistance branch manager at the Kentucky Department for Environmental Protection (DEP).

Several of Lexington’s recycling partners expressed surprise or dismay over the suspension of the paper change.

"Unfortunately, we weren’t provided with notice about this change," Molly Yeager Broadwater, corporate communications manager at Rumpke Waste & Recycling, told Waste Dive via email. "Rumpke is working on a plan to ensure our customers' paper continues to be recycled, which includes transporting the material to another facility while [LEX-MRF’s] paper suspension is in place."

Rumpke later confirmed it has begun transporting material to a company MRF in Cincinnati, Ohio for processing.

Partners report learning of the change on May 14, when Lexington distributed a news release and posted the announcement on Twitter and Facebook. The DEP learned about it at the same time. According to Logsdon, "[I] was surprised the announcement was made with no warning."

"We do regret any shortness of notification to our affiliates," Prater said.
Prater says LEX-MRF has been communicating with its affiliates since spring 2018 about the facility’s financial situation, including recycling industry challenges and the possibility that rebate checks might eventually cease.

Still, some industry participants are worried about the long-term consequences of telling residents to throw recyclable materials into their trash bins.

“Telling consumers not to recycle this month and bringing them back in the future is going to add more complications for our confused participants who already don’t know what goes in the bin. It’s going to exacerbate our contamination problem, which is where we really need to be focusing our efforts,” said Will Sagar, executive director of the Southeast Recycling Development Council (SERDC). “Mixed paper might not bring in revenue right now, but it’s a staple of your program.”

DEP’s Logsdon agrees, explaining that “it takes forever to train people what you want them to put in their recycling bins, so you don’t want to be changing that a lot.”

This phenomenon prompted several of Lexington’s partners, including hauler Rumpke, to tell their constituents to keep recycling mixed paper as usual while they seek solutions. Lexington’s own education campaign to reduce curbside contamination had a soft launch last year, but an official program isn’t expected until the city’s FY20 budget is finalized.

The timing of Lexington’s decision is curious to some, considering paper markets may be less dire than they were a year ago. Earlier this month, the American Forest and Paper Association released data showing a record U.S. paper recovery rate of 68.1% in 2018 and a 3.3% increase in the use of recovered paper to make new products over the past two years. Domestic capacity is also increasing, as noted in a Northeast Recycling Council analysis from April that listed 18 new or expanding North American paper mills.

“Paper still moves if it’s clean — it’s just that the price is not what some people want,” Sagar said.

“We would have been less surprised if they just canceled glass, but paper was more surprising,” Logsdon said. Lexington is indeed considering ending glass collection in the coming weeks or months, although no formal decision has been announced.

“The first person that comes to Lexington and tells us they will buy glass from us or tells us how to process the glass where it doesn’t cost the government — and ultimately taxpayers — money, we’re going to be interested. Until then, it’s a constraint that’s limiting the progression of the rest of the recyclable materials,” Prater said.

Both the state DEP and SERDC report being in touch with LEX-MRF to offer support. They recommend that other communities facing similar dilemmas on whether to eliminate materials from recycling programs reach out to state authorities and recycling associations to devise collaborative solutions and identify end markets. They also strongly urge cities to look at recycling’s overall role in the fabric of the community — and the potential long-term effects of removing it.

“Somehow, the whole country needs to get away from the perspective that … recycling programs are supposed to be profitable for cities and counties … It’s not a profit center. We need to promote the other reasons we should be recycling,” Logsdon said. “But of course, how do you present that to your fiscal court or city council? I understand the limits there.”

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