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Title: Recycling markets update and impacts to local recycling program

Ward(s): All Wards
Councilor(s): All Councilors
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Attachments: 1. Recycling Tips Guide, 2. DEQ Disposal Concurrences List, 3. DEQ Concurrence Letter for Garten Services Inc.

Date	Ver.	Action By	Action	Result
2/26/2018	1	City Council	received and filed	

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Ryan Zink, Franchise Administrator

SUBJECT:

Recycling markets update and impacts to local recycling program

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods

ISSUE:

Recycling markets update and impacts to local recycling program

RECOMMENDATION:

Information only

SUMMARY AND BACKGROUND:

Recycling Markets Update / China's Ban

Until recently, China has been the world's largest importer of recycled paper and plastics - including most of Oregon's mixed paper and plastics. Chinese buyers have purchased mixed paper and plastic with higher levels of contamination and at higher prices than U.S. domestic markets can use or afford. In March 2017, China enacted "National Sword 2017," which imposed severe restrictions on the import of recyclable materials. In July 2017, China announced a ban on importation of all post-consumer plastic and unsorted paper, along with other materials, effective at the end of 2017. The abruptness and uncertainty created by China's announcement has resulted in major disruptions in global recycling markets.

While China will no longer allow the importation of most post-consumer plastics and unsorted paper, the materials they will accept need to have less than 0.5 percent contamination (the previous standard was 1.5 percent). Oregonians generally include 8-13 percent garbage (or contamination) with their recycling. Processing facilities are unable to remove enough garbage from the recycling to meet the 0.5 percent contamination standard.

Oregon Short-Term Impacts

Currently there is no excess capacity in domestic recycling markets to absorb materials that China is banning or are too contaminated to export.

Material recovery facilities are slowing down their sort lines in an effort to remove more contaminants to meet China's new, higher standards. This has resulted in materials backing up through the supply chain. Due to Oregon's strong recycling ethic, the flow of incoming material is not slowing down.

The Oregon Department of Environmental Quality (DEQ), working closely with representatives from the recycling industry and local governments, has initiated a temporary solution to help facilitate the flow of materials throughout the collection and processing system. When all options to find markets for recyclable commodities have been exhausted, DEQ concurs that landfilling these materials on a temporary basis is an unfortunate but needed option at this time. Processors apply for and may be granted a "concurrence" by DEQ to dispose of material.

Oregon Long-Term Impacts

Given the high degree of uncertainty concerning the ban, it's difficult to predict the full scope of impacts across Oregon. The circumstances may require significant changes over the long term. In the meantime, DEQ and its partners are developing strategies to improve domestic recycling systems and markets, and looking to find ways to reduce contamination - both at the curbside and in processing facilities.

Local Impact of Ban

Marion County recycles approximately 22,000 commingle tons per year. In 2016, the cost to sort commingle recycling material, offset by commodity pricing (net revenue), generated approximately \$450,000 in net revenue for haulers in Marion County. This revenue helps offset subscriber rates for

solid waste disposal. In 2017, net revenue was approximately \$100,000, a reduction of 78 percent. In 2018, projections using current pricing result in a \$1.4 million loss.

From January through August, 2017, the price per ton was positive (revenue generating), fluctuating between \$1.00 and \$25.00 per ton. In September 2017 it went flat (\$0.00 per ton). In October 2017, the net loss per ton to process commingle materials was \$47.32 per ton. In January 2018, it was \$72.12 and now in February 2018, haulers are paying \$83.86 per ton to process the material. In some areas of Oregon, the loss is over \$100 per ton resulting in landfilling of commingle material.

FACTS AND FINDINGS:

Actions for Salem

1. Implement an expanded public education campaign, in coordination with Marion County and Mid-Valley Garbage & Recycling Association (Mid-Valley), promoting the updated recyclable material list and recycling tip guide (Attachment 1), which lists acceptable and unacceptable material to put in commingle recycling bins, and that acceptable material should be “empty, clean, and dry.”
2. Temporary concurrence of certain plastics and mixed waste paper by processors as allowed by DEQ (Attachment 2). A concurrence allows processors to dispose of certain material that would normally be recycled. DEQ has granted concurrence to thirteen Oregon processors, including Garten Services (Attachment 3); eight more concurrence applications are pending with the DEQ.

At this time, no amendments to Salem Revised Code or the haulers’ franchise agreement are needed to permit program changes necessary to mitigate local impacts of the China recycling ban.

The concurrence available from DEQ requires processors to make multiple and documented good-faith efforts to identify a recycling market for materials before landfilling or incineration. Staff and the haulers propose to continue waste management operations with the recycling of materials listed in Attachment 1. Due to the fact that recycling is now adding to the expense of waste hauling operations rather than providing a small revenue offset, the need for a potential recycling surcharge will be evaluated in the coming weeks and months. Several Oregon communities have already adopted such a surcharge ranging from \$1.50 to \$3.00 per month.

What Should Residents Do?

The immediate focus of waste management in Salem should be on residents reducing contamination and ensuring that items placed in recycling containers are acceptable to recycling markets. An expanded public education community campaign that adopts this focus will reinforce the following:

- Ensure recyclables are empty, clean, and dry.
 - To ensure recycled items are free from contaminants, they should be empty of other material or substances, rinsed or washed out, and excessive moisture removed.

- When in doubt, throw it out!
 - Only recycle items that are clearly listed as an accepted material for collection as demonstrated in Attachment 1. Just because the item contains the recycle triangle, don't assume it is recyclable.
- Call your local hauler or the Mid-Valley Garbage and Recycling Association with questions regarding recycling and recyclable material.

RYAN ZINK
FRANCHISE ADMINISTRATOR

Attachments:

1. Recycling Tips Guide - List of Acceptable and Unacceptable Materials.
2. DEQ Disposal Concurrence List
3. DEQ Concurrence Letter for Garten Services Inc.