

NEW RECYCLING ERA FOR NYC



SOURCE: BioCycle October 2004, Vol. 45, No. 10, p. 22

New 20-year contract between the city and large-scale recycler leads to major turnaround as reuse replaces landfilling.

TWO YEARS AGO, Mayor Michael Bloomberg argued that New York City could save \$40 million a year by "dumping materials into a landfill rather than recycling them." New studies — including one by the city's own comptroller's office — show that those numbers were "significantly off."

Furthermore, landfill prices have also "shot up" in the last two years. Most of all, Mayor Bloomberg has come to the view that the savings from recycling lie in long-term contracts with recycling companies rather than short-term contracts with less efficient waste removal companies, as has been the historical practice.

Cost of paying haulers to bury material in landfills is now around \$70 per ton, as cost of sending trash to out-of-state landfills has risen 46 percent in the last three years. In mid-September New York City signed a contract with Hugo Neu Corporation to process and market recyclables.

The recycling contract is also a major step to the Mayor's 20-year waste management plan scheduled to be announced this month. The plan will detail what the city expects to do with its trash since the huge Fresh Kills landfill on Staten Island closed. The plan is expected to include references to the role of composting in reducing disposal volumes.

When glass and plastic recycling was suspended in the summer of 2002, so too was leaf and yard waste collection and composting. In June 2004, the law requiring yard trimmings composting was "quietly" reinstated. The Department of Sanitation is expected to begin its pick up schedule soon.

According to an official in New York City's Office of Recycling, "this is a major paradigm shift" — one that others call a giant leap for recycling programs around the nation. "Now we are not dealing with multinational companies that have key problems when it comes to recovering and marketing materials ... multinationals in the waste industry that have landfill profit centers and/or incinerators. Now we are dealing with companies that have been in the scrap recovery business for decades ... people who concentrate on keeping residuals to a minimum ... who manage details of recovery since it's their bread and butter, not an incidental 'tagalong' to their main operations of disposal."

COMPONENTS OF PLAN

As reported by the City as well as a front-page article in The New York Times in mid-September, the major component of the recycling "recommitment" is construction of a \$45 million plant on the Brooklyn waterfront to recycle all the city's residential metal, glass and plastic. The 20-year contract with Hugo Neu Corporation — one of the nation's largest scrap metal processing companies — comes just two years after the city largely abandoned recycling as an economic drain in a time of budget cutbacks. The contract reflects the administration's bottomline conclusion: "As landfill prices increase and technology improves, recycling is the most cost-effective way to get rid of much of its garbage." Elected officials and industry experts predict New York City's decision on recycling benefits will have "profound repercussions nationwide" as local governments decide whether to pursue aggressive recycling programs.

"The mayor deserves credit for forging a deal that marries sound environmental policy with good business," observes Mark Izeman of the Natural Resources Defense Council (NRDC). "The environmental community has been advocating this for years, and it's great news that recycling is here to stay."

Adds Virali Gokaldas an Urban Research Fellow with NRDC: "New York is now poised to gain even more from this deal by improving its collection efficiencies and aggressively educating New Yorkers. In fact, with this deal, collection costs are now an even bigger chunk of the recycling budget. To cut these huge costs the Department of Sanitation must augment the amount of recyclables it collects in each truck, and to increase the amount of material New Yorkers put out for recycling. Innovative collection strategies and hard-hitting public education initiatives will get us there.

Continues Gokaldas, "Of particular interest to your readers, and somewhat lost in the shuffle of all the excitement, is the most recent news on leaf and yard waste composting. When glass and plastic recycling was suspended in the summer of 2002, so too was leaf and yard waste collection and composting. The good news is that the law requiring leaf and yard composting was reinstated shortly after the reintroduction of full weekly recycling, in June 2004."

The deal also confirms that the savings in recycling are based on long-term contracts with recycling companies. Based on the 20-year contract, Hugo Neu will build a highly mechanized operation needed to sort materials cheaply and efficiently. Manual labor will be supplemented by modern technology using magnets, blowers and optical devices to separate materials for higher-value markets. Under the new plan, New York will save about \$20 million a year on recycling costs.

"The magic formula here is that as the market for recycling improves, the city wins and as Hugo Neu's performance improves, the company wins," explains Robert Lange, waste prevention director in the City's

Department of Sanitation. "This is the genius of a true public-private partnership."

There are other major benefits resulting from the agreement for city residents. A total of 85 percent of the recyclable materials will be delivered to the facility via barge, and after processing, 75 percent will leave via barge reducing truck traffic on city streets and improving air quality. By relying on waterborne transport, the facility will reduce truck traffic by 55,000 vehicle miles per year. — J.G.

The View From The Capitol

A LANDMARK MOVE TO A COST-SAVINGS, ECONOMIC BOOM
Kate Krebs

UNDER THE BELIEF that cutting the residential recycling program in New York City would save money, Mayor Bloomberg announced in 2002 that recycling would end. That announcement had a dramatic effect across the country, as other mayors followed him. Recycling cuts were announced in Texas, Ohio and Colorado with residents rising up in protests in each and every city. I testified as an expert witness before the NYC Council Committee on Sanitation & Solid Waste in April 2002 that cutting the residential recycling collection system in New York would have a dramatic and chilling effect on the overall New York City economy.

The National Recycling Coalition published a "Recycling Economic Information Study" to supply decision-makers with direct economic information on the recycling and reuse industries. We quantified data on both a national level and also did some state-specific information — including the state of New York. The work we did highlighted the direct correlation between public and private investment in recycling collection/processing infrastructure and manufacturing investment.

Discarded, recyclable materials collected at the curb supplies critical needed raw materials for New York State's large recycling manufacturers and spurs significant economic activity within the state.

New York State is home to 4,257 recycling and reuse establishments. These enterprises employ 43,624 people and have annual payrolls of over \$1.3 billion, generating over \$9 billion in annual revenues.

Ten percent of the people referenced above work in the collection infrastructure of the state, feeding the processing infrastructure. Processing enterprises account for 30 percent of the jobs in the state's recycling industry. Once processed, materials are then shipped to manufacturers as feedstock for new materials, commodities and products. These downstream enterprises are dependent upon the first stage — collection — and second stage — processing for the materials to keep their mills, manufacturing lines and employees running at full power. Among its large manufacturing industry, New York State is home to over

30 paper mills employing about 5,000 people and more than 10 recycled steel mills employing over 2,500 people. In total, recycling manufacturers employ more than 20,000 people in New York State or 60 percent of the total employees in the recycling economy.

Clearly, public and private investment in New York's recycling industry pays great dividends and makes excellent economic sense. For every job in New York State's recycling collection systems, there are 6 New York jobs that add value to that collected material. In New York alone, these recycling jobs — collection, processing and manufacturing — have an annual payroll of \$1.3 billion and generate over \$9 billion in annual sales. This is not a small part of New York's economy; it is a vibrant and diverse set of industries that contribute in a myriad of ways to the overall economic health of New York.

Communities across the country have been grappling with budget shortfalls; many faced a similar crossroads on which way they should turn on their commitment to recycling. In every city that has discussed slashing a recycling program, widespread public support raised the pressure on elected officials to maintain recycling. In New York City, the belief that ending the curbside recycling program would save the city money was proven untrue. Thanks to a coalition of recycling companies, community activists and environmental groups, the pressure on the city remained intense so careful consideration of the full spectrum of recycling possibilities were reviewed by the city staff. I believe the city has shown incredible enlightenment by crafting a long-term agreement with Hugo Neu, a well respected, experienced recycling company.

An agreement that pays the City to recycle, provides incentives to the company to increase the value of materials recycled and provides valuable feedstock to existing commodity markets is a landmark move, one that I hope will spread as fast as the city's earlier decision to stop recycling. Because of this long-term commitment to recycling, investment will now funnel into and around the city in new enterprises and technologies to recycle the hundreds of tons of materials from New Yorkers' homes. Economically for the city, recycling has gone from a perceived drain on vital resources to a cost-savings, economic boom.

As a nation, we have invested tremendously in public policy to conserve our precious natural resources. Clearly, recycling materials gives each and every American the opportunity to do their part for the environment. Over the past three decades, we have also invested in the education of multiple generations of Americans on the importance and value of reducing, reusing and recycling. How powerful this creative arrangement FOR recycling FOR New Yorkers will be for generations to come. Hats off to Mayor Bloomberg for his vision and commitment to the environment! Kate Krebs is executive director of the National Recycling Coalition based in Washington, DC. katek@nrc-recycle.org.

The View From Illinois

A NEW ROAD TO INSPIRATION

Mike Mitchell

A COUPLE OF years ago, the distressing news spread across the country: "New York City is stopping its recycling program...New York City is stopping recycling!" Many in the recycling community saw that announcement as the coming of the Four Horses of the Apocalypse declaring the End is Near! But even that news was overblown. New York City never stopped recycling altogether; they just reduced the commodities they collected in a temporary and misconceived effort to save money. By April 2004, the program had been returned to the same service levels it had before the cuts were made. Glass and plastic were back in, along with paper and metal which were never eliminated.

Now comes the most recent announcement of a New Recycling Kingdom being built in New York City, with the signing of a 20 year contract with Hugo Neu Corporation and the construction of a \$25 million MRF in Brooklyn. This agreement will save the city \$20 million a year and continue to include all major commodities in the recycling program. And that's not all. According to a recent editorial in The New York Times, the city will soon announce a new initiative designed to reduce the city's waste stream by focusing on overpackaging from manufacturers.

This is not to say the road ahead for New York will be smooth and easy, and that everything will fall into place without a hitch. There are many complications and obstacles yet to be faced. My point here is that if we allowed ourselves to feel defeated and discouraged by the bad news from New York City a couple years ago, how about allowing ourselves to be inspired and optimistic about the new heights recycling can yet reach in light of the creative and visionary policies New York City is now implementing!

Mike Mitchell is executive director of the Illinois Recycling Association. illinoisrecycles@ameritech.net.

The View From Wisconsin

WHAT NEW YORK CITY INFORMS US ABOUT WHOM RECYCLERS SHOULD CONSIDER TO PROVIDE SERVICE

Peter Anderson

RECYCLERS took it on the chin two years ago, when the Big Apple's new mayor, Michael Bloomberg, kiboshed the City's glass and plastic recycling efforts.

Bids for processing bottles and cans from the nation's waste companies would have required the City to pay the trash firms a premium for giving them valuable material — instead of receiving a discounted option for it as everywhere else. That would have made continuing the municipal effort too expensive, the Sanitation Department advised.

Then, earlier this month, the sun finally began to shine once again, as Mayor Bloomberg reversed course and now, embracing expanded recovery efforts and opportunities, has restored a full curbside palette and committed to it, and a new state-of-the-art MRF, for the next 20 years.

What is responsible for the switch? Persistent advocacy by citizen groups including the NRDC (and its publication *Recycling Returns*), institutional help from the City Comptroller, landfill bottlenecks, public opinion, and, ultimately, an epiphany by the Mayor. As tellingly reported in the *New York Times* — "But, most of all, Mayor Michael R. Bloomberg has come to the view that the savings of recycling lie in long-term contracts with recycling companies rather than short-term contracts with less efficient waste removal companies, as is the current practice."

Like the earlier favorable terms Visy Industries offered the City for its paper, Bloomberg found that loosening the grip of the waste companies and opening the process to real recyclers was a breath of fresh air. Hugo Neu stepped up and offered traditional terms for recycling, offering to pay New York for its plastic, metal and glass, and behind them stood smaller recyclers ready to do so as well.

In that fact — the commitment by real recycling companies, and the hostility by garbage firms with recycling units — lies a lesson for us all. Certainly, we need to acknowledge right at the top before going any further that some of the people in the national garbage companies' recycling divisions and subsidiaries are not only informed, but also personally committed to recycling. There are many, but certainly Steve Ragiell, stands out.

No doubt because of that fact, many recyclers have been lulled into thinking that, whatever the concerns one may have about the motivations of a trash hauler like Waste Management, Inc. (WMI), Recycle America Alliance is someone they can deal with. New York's hard-boiled businessman/mayor found out otherwise, and a look at how WMI's recycling business is structured illustrates why. As reported in *Recycling Today* — "The newly formed alliance will not be a spinoff. Rather, the company will be a consolidated subsidiary of Waste Management...majority owned by Waste Management."

There is a reason why this has telling implications for recycling. It means that there are no tenable grounds to delude ourselves into thinking that Recycle America is in any position to act against the direct interests of its parent, WMI.

And what are those interests? Because there are no economies of scale to justify national waste corporations, their long term ability to exist rests on gaining monopoly power to raise prices from control over landfills, which are a bottleneck with high barriers to entry in the waste business. Their pursuit of this strategy can be seen in their acquisitions. Over just the last ten years, the Big Three's control over disposal has almost doubled from 35 percent to 68 percent.

This means that anything threatening to divert material for recovery from their high margin landfills threatens their coming monopoly. We know this not just from an unvarnished economic analysis of the industry's organization, but also, from what they tell Wall Street. As recounted in Morgan Stanley Dean Witter's confidential reports to investors — "For nearly a decade, recycling has decimated aggregate volume growth in the traditional waste management business ... [R]ecycling has long been the enemy of the solid waste industry, stealing volumes otherwise headed for landfills ... [R]ecycling has reached a saturation point in the U.S. and should therefore not be nearly as large a threat to solid waste companies going forward as it has been over the past decade. ... [L]ess recycling should lead to accelerating disposal volumes, which in turn should lead to pricing leverage for landfill operators."

Let me hasten to interject that there is nothing inherently illegitimate about the waste companies having interests antithetical to recycling, nor in aggressively pursuing their interests. It is just that theirs are not our interests.

So, when we look at where so much of current fads in recycling are headed — single stream, bi-weekly collection and all bottles, being just a few, we would be well put to ask who is making the case for them. And, when we write RFPs for recycling service, we ought to consider what we sacrifice when we let those with opposing interests wind up dominating our infrastructure — and defining what is possible for the future of diversion and what is not.

For composters this is a matter of the greatest concern, because America today stands at a crossroads. Sixty percent of what we currently landfill is organic material that we are unable to safely manage in the ground. It would naturally seem to belong source-separated from discards destined for landfills, and probably composted above ground instead. Think of the opportunities that holds within our grasp.

But, when you examine the necessary logistical pieces to make such a sustainable outcome economically feasible, you will see that he who controls the second fleet of trucks and the MRFs will occupy the commanding heights on what can be accomplished down in the field.

Just as Mayor Bloomberg learned, cities can benefit greatly by working together with recyclers who don't have a vested interest in disposal. Peter Anderson is executive director of the Center for a Competitive Waste Industry based in Madison, Wisconsin.

The View From Georgia and British Columbia

TAKING RESPONSIBILITY FOR PRODUCT DESIGN AND WASTED RESOURCES

Helen Spiegelman and Bill Sheehan

THIS INITIATIVE takes Gotham back a hundred years to when the celebrated "Apostle of Cleanliness", Commissioner of Streets Colonel George E. Waring, established a municipal sorting plant for household rubbish. That program fell by the wayside and so, eventually, will this one.

Experience and common sense shows that even the most progressive cities and towns, and all the investment in the world, cannot get to the root cause of most of our waste, which is product design. Where is the incentive for producers to design better products?

By applying the principle of Extended Producer Responsibility to product waste — as the European Union, Japan and Canadian provinces have done — Mayor Bloomberg could bring recycling into the market system while achieving fundamental waste reduction at little cost to the city. When producers are financially or physically responsible for ensuring that their products are properly managed at end of life they have less incentive to make disposable, or toxic products.

Rather than chasing after residential metal, glass and plastic (much of which is already recycled through the Bottle Bill and could be significantly increased through a Bigger Better Bottle Bill), Mayor Bloomberg might want to help New Yorkers take responsibility for the wasted resource that is produced in their kitchens and backyards. As the NRDC report Recycling Returns pointed out: "composting food and yard waste is perhaps the greatest untapped opportunity for expanding recycling in New York City." By taking responsibility for the city's organics, Mayor Bloomberg could challenge producers to come to take responsibility for the rest of the waste.

Helen Spiegelman, Vancouver BC, and Bill Sheehan, Athens GA, are President and Director, respectively, of the Product Policy Project (www.productpolicy.org)

The View From Southern California

GETTING THE JOB DONE

Richard Anthony

IN THE REPORT, "Reaching for Zero: The Citizens Plan for Zero Waste in New York City" by Resa Dimino and Barbara Warren (June 2004), a local study is cited that concludes that thousands of jobs and millions of dollars in new revenue will be created by maximizing recycling and stimulating local industrial growth in the recycling industry in New York City. This current action by the City to collect and sell metal, glass and plastic to a local company who will invest in capital facilities is an example of such new revenue and jobs. This action by New York is the first in a series that it can make to get on the road to zero waste.

The plan calls for Material Reuse Facilities to handle reusable, repairable and dismantled discards. When paper, glass, metal, plastic and reusables are separately collected, the great majority of what remains is organic and inert materials.

One option is to separately collect these materials and barge them to the Fresh Kills disposal site for composting. The rock of course will become aggregate. The site, like most current urban burial sites, is a perfect location for a resource recovery park for composting and construction and demolition debris recycling.

Will New York adopt this plan? The current elected officials need help in making this decision. The consensus for a rational discard management policy is building. There is a history of citizen involvement in the politics involved with health and sanitation in the city, and I am betting that the citizens with the business community on their side will get the job done.

A resource manager with public agencies for more than 30 years, Rick Anthony is also a founder of the California Resource Recovery Association, Grassroots Recycling Network and Zero Waste International Alliance. RicAnthony@aol.com.

The View From Pennsylvania

CROSSING THE RECYCLING THRESHOLD

John Frederick

FROM A Pennsylvania perspective, any improvements in New York's recycling program are always greeted with enthusiasm. Many concerned about Pennsylvania's dubious distinction as the nation's leading waste importer will see decreased disposal as a positive development.

The news from New York City is especially good news for recycling:
o The new contract brings stability to a program that seems to change almost annually.

Public education in New York would be a daunting enough task under the best of circumstances, but the constantly changing list collected confused even enthusiastic recyclers.

o Perhaps the best news, though, is the new model we see here for marketing recycled commodities. The city is now a partner in the process, taking some risks but also in line to receive benefits when markets are strong and material quality is good

o I was especially fascinated by some of the proposed incentives to encourage the marketing and use of some of the problematic materials.

o Perhaps most profoundly, this development is indicative of the perceptual changes taking place in the waste and recycling financial equation. As waste diversion rates legitimately approach and exceed 50 percent in some parts of the country, disposal becomes the "other", rather than primary, waste handling option. When we look at recycling as a service with a cost (but part of an integrated waste management system), it looks like a reasonable option when compared to disposal. A \$20 to \$30 savings per ton, like the one proposed in this New York contract, makes recycling much more attractive from an economic standpoint. When you add the likely job creation and economic expansion to the equation, even some recycling critics may be moved to reconsider their previous stances.

John Frederick is executive director of the Professional Recyclers of PA (PROP); jfrederick@proprecycles.org.

The View From Northern California

DISPOSING OF ILLUSIONS ABOUT RECYCLING'S WORTH
Dan Knapp

NOW that Mayor Bloomberg has decided to recommit to recycling and sign a long-term contract with scrap recycling company Hugo Neu, a giant obstacle to recycling's continued growth has fallen away. For many years New York City – and The New York Times, the New York financial establishment, and everyone marching in ideological lockstep with them – obstinately refused to see that recycling is a very competitive part of the disposal industry.

Now that has changed. City Council spokesman Carmen J. Cagnetta accurately reflected recycling's market position when he said on September 14 that it currently costs the city \$50 a ton to recycle metal,

glass, or plastic, compared to \$70 a ton to send the same materials to out-of-city landfills. This comparison correctly reveals that recycling is a cheaper form of disposal in head-to-head competition with landfilling. Then he projected an even lower recycling cost, only \$20 per ton, after the anchor tenant for the new waterfront site is up and running. A net \$50 per ton reduction in the cost of disposal is a significant sum of money to a city that discards so much everyday.

No spokesperson or analyst I've read yet calls the site a resource recovery park, so I wonder whether the city intends for a single operator to run the whole site by itself. This would be unfortunate, if true. The site and its achievement could be expanded by recruiting other income-generating and cost-saving reuse and recycling enterprises. Expansion could crack open the disposal marketplace to healthy competition from dozens or even hundreds of entrepreneurs that would like to colocate on the city's acres.

As one who has helped design zero-waste resource recovery park sites for the last couple of decades, I would like to see New York City's site plan provide room for reuse and composting enterprises to operate alongside the anchor recycler, who is handling only the most popular four consumer resource streams. Recovering food and other compostable materials, such as soiled paper and yard debris (Central Park must generate a lot), might be the next resource categories in the recovery line. A buyback function would greatly increase material moving into the site. The city could realize substantial income from niche operators's rental payments, from payroll taxes, and from sales taxes, especially in the case of reuse's retail sales. Also, the increased employment would create other beneficial secondary economic impacts.

A big question is whether current ordinances or waste carters' contracts contain embedded incentives to waste, such as flow-control regulations that prohibit recyclers from collecting some materials or charging service fees. The wise move away from short-term contracts, which have discouraged recyclers from investing in infrastructure, would be well accompanied by freeing recyclers to charge for their disposal services.

Dan Knapp 's latest move is creation of the Urban Ore Ecopark in Berkeley, California. drore@sbglobal.net.

The View From New York

MAKING LONG-TERM INVESTMENTS IN RECYCLING TECHNOLOGY AND INFRASTRUCTURE

John L. Neu

Our recent decision to enter into a 20-year recycling contract with the City of New York is not only good news for the environment, it's also good news for economic development. Recycling makes New York a more livable city. Recycling helps American industries remain globally competitive. And recycling industries also help strengthen America's balance of trade.

We are proud that, for over 40 years, Hugo Neu Corporation has been a recycler which has consistently made the long-term investments in technology and infrastructure that helped develop markets for recycled steel and metal around the world. Today, Hugo Neu Corporation and its various joint ventures are the largest exporter of recycled steel and metal from the United States, exporting a total of three million tons per year. Our commitment to developing markets for recycled material was a key factor in this growth and our interest in the New York City recycling contract.

We started recycling steel and metal and in the 1960s, with our joint ventures, and became one of the largest recyclers of cars and household appliances. We shred over one million automobiles annually, producing ferrous and nonferrous scrap metals such as aluminum, zinc, copper and stainless steel. The company has its own deep-water scrap processing yards on both the West and East Coasts, including three facilities in the New York Metro area. We can deliver cargoes of any size and composition to the steel mills and foundries of our many customers located around the world, many as far away as China and Turkey.

In the wake of 9/11, Hugo Neu and its affiliates played a pivotal role as the principal recycler of steel from the World Trade Center. Since 2002, we have worked closely with the City of New York on recycling the city's postconsumer metal — and, in the past year, glass and plastic as well.

Working under a long-term processing contract, we expect to collaborate with the City and a host of environmental organizations on public education and other efforts to steadily increase the recycling rate, decrease contamination and reduce the waste stream. Moreover, our new, state-of-the-art Brooklyn facility will bring high-quality "green collar" jobs, and economic vitality, to the local Sunset Park neighborhood and its surrounding areas. It is our goal that our new facility will attract other manufacturers, who will use the recycled materials from this plant to make new products for consumers, industries and the City. John Neu is chairman and CEO of Hugo Neu Corporation.