

# Council Business Meeting

November 7, 2017

**Title:** Solid Waste & Recycling Restrictions

**From:** Adam Hanks Interim Asst. to the City Administrator  
adam@ashland.or.us

## **Summary:**

To address recycling import restrictions set recently by China, Oregon's primary market for recycled materials, Recology Ashland is requesting that Council provide direction on how to proceed in regards to the collection and process of recycled materials within Ashland.

Maintaining current recycling operations will require an adjustment to current rates, suggested to be implemented as a surcharge given the volatility of the situation. Alternatively, the Oregon Department of Environmental Quality (DEQ) has established a short term option for communities to request DEQ approval to landfill the recycled materials until alternative solutions to the restrictions can be identified and pursued.

## **Actions, Options, or Potential Motions:**

- 1) I move to direct staff to work with Recology Ashland to develop and present to Council a rate resolution establishing a temporary Recycling Surcharge to account for the operational expenses incurred by Recology Ashland to maintain current recycling opportunities within Ashland.
- 2) I move to direct staff to work with Recology Ashland to make application to DEQ to allow recycled materials collected within Ashland to be landfilled until such time as an economically viable solution can be implemented.

## **Staff Recommendation:**

Staff recommends Council direct staff to work with Recology Ashland to develop an appropriate rate resolution that allows Recology Ashland to achieve the required operating margin set forth in the existing Solid Waste and Recycling franchise agreement. Recology Ashland has been working diligently with staff to pursue all possible options in maintaining its current recycling program in the face of quickly changing regulatory and economic conditions. Staff feels confident that landfilling the recycled materials is a last resort that may not yet be needed given the scale and access to markets afforded to our community by Recology Ashland's resources beyond Oregon.

## **Resource Requirements:**

Final costs for alternative processing and market purchase contracts have not yet been determined, but initial estimates for the surcharge range between \$1.00 - \$3.00 per customer per month. Landfilling of recycled materials will have a lower surcharge rate than the staff recommended option of finding alternative recycling sorting and markets that avoid the need to landfill the recycled materials.

In addition to a specific surcharge rate, staff and Recology will provide a definitive schedule of when the surcharge would be charged to customers, given that Recology billing is done on a quarterly basis.

**Policies, Plans and Goals Supported:**

Climate and Energy Action Plan (CEAP) - Consumption and Materials Management

- CM-3 – Expand community recycling and composting

**Background and Additional Information:**

The global recycling markets have been severely impacted by policy changes recently instituted by China. Because China is the primary market for recycled mixed paper and plastic from Oregon, the new stringent standards for the acceptance of sorted recycled materials have resulted in processing, storage and delivery constraints for all Solid Waste and Recycling operators in Oregon.

Within the Rogue Valley region, all recycled materials are delivered to Rogue Disposal, acting as an aggregator, to bale, store and transport to the Portland metro market for final sorting and export, almost exclusively to China. The recent restrictions have caused Rogue Disposal to send notice of non-acceptance to other regional recycling haulers as the recycled materials are exceeding current storage capability as the sorting facilities have significantly slowed their processing to attempt to meet the new, more stringent contamination levels.

This results in materials collected by Recology Ashland (and other haulers) with no access to the previously existing recycling storage or sorting facilities as well as limited access to the export markets. Recology Ashland has been exploring alternative opportunities to maintain current levels of recycling by virtue of their sorting and export options from their California operations.

While undoubtedly more expensive than the past, and now unavailable, regional options, the benefit of the expanded west coast operations provides Ashland with an option to pursue to potentially avoid the more cost effective, but far less environmentally appealing option of landfilling the recycled materials.

**Attachments:**

Recology Ashland Reference Materials

# Memo

**Date:** Oct. 17, 2017

**Subject:** Conditional Material Handling Concurrence for Collectors, Aggregators, and Local Governments

## Background

China intends to prohibit the import of certain mixed paper and plastic grades beginning on January 1, 2018. Additionally, China has announced a new and exceedingly stringent recyclable contamination standard of 0.3 percent. China is the main market for Oregon's recyclable mixed paper and plastic. This has created a condition where the primary market for the bulk of Oregon's recyclable materials is severely constrained and in jeopardy of disappearing.

In an effort to meet the tightened contamination standards, recycling processing facilities have slowed their sorting lines. This has resulted in a slower throughput of materials. The flow of materials from Oregonians sent for recycling has not slowed to match this constraint. Without an outlet for the collected materials, sorting and storage capacity have become constrained. In some cases, processing and storage capacity have already been exceeded and recycling costs exceed disposal costs.

DEQ, working closely with representatives from the recycling industry and local governments, has initiated a short-term stopgap solution to help alleviate 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.

## Effective date and duration

Effective date: October 18, 2017.

Duration: Six months with interim review in three months. Adjustments may be made if conditions change.

**Required conditions** (DEQ is not requesting that this information be submitted at this time but, may in the future to verify conditions are met.)

- 1.1. Prior to disposal, good faith efforts were made to find recycling processors or end markets for the materials.
- 1.2. The material disposed of can no longer be collected (including consideration of storage and other physical constraints) and sold at a net cost equal to or less than the cost of collection and disposal.
- 1.3. Impacted local governments have been informed and if needed, their approval is obtained.

## Reporting requirements

2. Notification of proposed actions by recycling collectors, aggregators or local government to DEQ via email to [RecyclingMarkets@deq.state.or.us](mailto:RecyclingMarkets@deq.state.or.us). DEQ will then send a link to an online form for submittal of the following information.



State of Oregon  
Department of  
Environmental  
Quality

### Materials Management Program

700 NE Multnomah Street,  
Suite 600  
Portland, OR 97232  
[www.oregon.gov/DEQ](http://www.oregon.gov/DEQ)

# Memo



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- 2.1. Material types
  - 2.2. Estimated amounts of material to be disposed (please be specific)
  - 2.3. Sources (when known) — Commercial, Residential, Depot
  - 2.4. Geographic area of material origin (City, County, etc...)
  - 2.5. Proposed start date
  - 2.6. Proposed disposal location
3. Reporting by an authorized representative (complete online form by the **15<sup>th</sup>** of the following month until end date or expiration).
- 3.1. Actual material types disposed (i.e. mixed plastics codes 3-7)
  - 3.2. Actual amounts of recyclable material disposed
  - 3.3. Actual Sources of materials — Commercial, Residential or Depot
  - 3.4. Actual geographic area of material origin (City, County, etc...)
  - 3.5. Actual disposal date(s)
  - 3.6. Actual disposal location(s)

Gary Blake  
General Manager,  
Recology Ashland  
220 Water ST.  
Ashland, OR 97520

October 25, 2017

Dear Gary,

You recently received a letter from Rogue Materials Recovery regarding the impact that China's crackdown and proposed ban on the import of recyclable materials is having on our ability to market commingled material from this region. In the aforementioned letter we asked for direction on how to manage the material already stockpiled at our facility, and promised that we would soon provide you with options for managing material not yet delivered to our facility.

While we continue our efforts at RMR to seek markets for the material we receive, we are now staging baled material outdoors at our facility, as we are unable to ship all that we are receiving daily due to market access and pricing obstacles. In an effort to address continued obstacles to market access going forward, *we are looking for input from you as to how to manage any material you plan to deliver to us in the foreseeable future.*

Below are the options we are offering for your consideration, with the estimated associated costs of managing your material going forward:

1. Storage of processed material onsite, for future shipping to a MRF as allocations may be available – For the month of October, RMR will charge a minimum of \$88.52 per ton, which includes RMR processing fees, storage fees, an estimated transportation fee, and estimated MRF fees based on October's average per ton MRF fees.
  - *We cannot predict nor guarantee future transportation costs, or MRF access or pricing.*
  - *It is important to note that even if materials are transported and delivered to a MRF, there is no guarantee that the material will all be recycled – regardless of cost.*
  - *Pricing will be re-evaluated and negotiated monthly, depending upon market access and conditions.*
  - *While RMR will make its best effort to protect material stored outdoors from degradation due to exposure to adverse conditions, we must disclose that such exposure may degrade the material to the extent that it is no longer marketable.*
  - *RMR is limited in its ability to store material long term due to regulatory restrictions pertaining to safety and public health.*
  - *The MRF's we ship to have made it clear that glass is a contaminant in the commingle stream, so as of January 1<sup>st</sup>, 2018, material will no longer be accepted if glass is mixed in with the commingle stream.*

2. Disposal of material at Dry Creek Landfill/Direct Haul - \$46.20 per ton

- *Oregon DEQ has informed us that, for material yet to be collected and delivered directly by you to Dry Creek Landfill for disposal, the documentation for Conditional Material Handling Concurrence must be submitted to DEQ by the Collector/Hauler, which will then give you the ability to landfill material, should it be necessary.*
- *It will be your responsibility to track and report all diverted material delivered to the landfill, as required by Oregon DEQ.*

**None of the pricing in the items above includes any costs Recology may incur to transfer and transport the material to RMR or Dry Creek Landfill.**

Again, the options presented above are in reference to how you would like us to manage future incoming material. RMR understands that the situation is fluid, and that there will be a need to communicate monthly with our customers as market conditions change, to re-evaluate and provide updated information regarding options and pricing available to you.

These are very difficult times in the recycling realm, and we understand the need to make prudent and well considered decisions, and that you may need to consult with your local government partners before responding. We would appreciate your prompt response, so we can effectively manage your material going forward in accordance with your desired course of action. If we can provide you with any additional information to help inform your decisions, please let us know. The Oregon DEQ has provided some helpful resources regarding the recycling markets disruptions on their website, which can be found here: <http://www.oregon.gov/deq/mm/Pages/Recycling-Markets.aspx>

We look forward to hearing from you soon.

Sincerely,



Scott Fowler, General Manager  
Rogue Materials Recovery, LLC



### China set to ban import of many recyclable materials by 2018

- Beijing notified the World Trade Organization in July that it plans to **ban the import of 24 varieties of solid waste and recyclables**, including types of plastic, unsorted paper, and metals commonly sold by U.S. recyclers.
- The ban is part of a broader Chinese customs program called “Operation Green Fence,” which began in 2013, aims to reduce waste importation and contamination of recyclable materials. The latest phase of this operation is called “**National Sword**,” which increases enforcement and bans the import of many materials.
- Wastes and **recyclable materials are the sixth largest U.S. export to China**. U.S. recyclers, particularly on the west coast, have relied on demand from the Chinese market to sustain their operations.
- The import **ban is set to enter into force by the end of 2017**. If implemented, National Sword’s ban will massively disrupt the U.S. recycling industry, leaving no outlet for many materials mandated by collection programs throughout the United States.

### U.S. recycling sustainability has relied on demand from China

- The United States runs a massive trade imbalance with China, and there is little demand at ports for space in shipping containers returning to China. **Historically, the trade imbalance and shipping space has been filled by the solid waste and recycling industry shipping recyclable materials for use by Chinese manufacturers.**
- The dynamic has allowed for a sustainable U.S. recycling industry, which has an abundance of the scrap metal, paper, plastic, rubber and electronics that Chinese recyclers and manufacturers require.
- It’s often much cheaper to ship recyclable materials from the U.S. to China than to transport the same materials a fraction of the distance domestically by road or rail.

### Threats and challenges for U.S. recycling

- U.S. recycling will be heavily impacted by China’s import ban. For many materials collected by U.S. recycling programs, sufficient markets and processing capability do not currently exist outside China.
- **U.S. recycling programs mandate the collection of many recyclables, which will have no market value or capability to be processed.** U.S. mills and producers are operating at capacity. The surplus of materials from mandated recycling programs will drive prices for recyclables to historic lows and leave others with no clear destination.
- Markets in China and elsewhere remain for higher grade recyclables and recycled commodities. **The ban presents both an opportunity and a necessity to review curbside recycling**

**programs and improve their quality.** Communication across the recycling supply chain will be key during the imports ban, extending from collector to end user.

- China's ban on waste and recyclable imports will bring many challenges for the U.S. recycling industry.
- Working together, Oregon's recycling system will survive this challenge.

## **ORRA believes in recycling!**

### **Sources:**

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**Acknowledgement:** ORRA would like to recognize the work of the Washington Refuse & Recycling Association, for researching and preparing this Fact Sheet and allowing ORRA to share it as a part of the West Coast's effort to respond to this challenge.