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As recycling grows, costs, revenues vary

By Robert Palmer

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Curbside recycling collections could become significantly larger with the distribution citywide of blue recycling carts.

But whether revenues will increase as significantly as materials collection is subject to debate.

City officials used a pair of grants totaling $601,000 to buy 11,600 carts, augmenting those already distributed in targeted neighborhoods. For the first time, every household that wants a cart has one.

With carts available to every household, city officials believe the volume of materials collected weekly will increase, which should translate into more revenue. The Recycling Department, which is part of the Street Department, is subsidized by a monthly fee paid by residents served by garbage collection. Some years, the department shows a profit, while others it doesn't, which can be attributed to a variety of factors including market prices paid for materials.

Volume, however, remains the key to the program's sustainability.

"Recycling is a commodity, and it is volume driven," said Dan Barger, city treasurer. "I'm confident revenue will increase to the point that we will have a smaller loss or subsidy. If you produce the volume, you can produce the revenue to cover the cost."

One of the goals of the recycling program is to reduce the amount of material trucked to a landfill. Florence no longer operates a sanitary landfill, which means it must pay to have garbage taken to a landfill, in this case in Mississippi. Florence pays $27.52 per ton to haul garbage to the landfill.

Grant of $300K

Florence received a $300,000 grant for carts in 2014 from The Recycling Partnership, an industry group that partners with local governments for curbside collections. A spokeswoman for the partnership said Florence, with technical assistance from the group, could increase its material collections as much as 123 percent.

Market prices for materials fluctuate, but demand remains relatively constant.

"We rarely have trouble getting rid of anything," said David Koonce, the director of Public Works, which includes the Recycling Department. "There's not much money in plastic bottles right now, but the demand is good. Metals and mixed paper are our best money makers."

Environmental Protection Agency statistics show growth each decade for the past 50 years for materials recovered from the municipal solid waste stream, which is attributed to the growth in municipal recycling programs. Plastic bottles, which have become ubiquitous in American consumerism, are being recovered at a rate of 30.5 percent. In 2012, 2.8 billion pounds of bottles were recycled.

Raw materials prices usually dictate prices for recyclable materials. With petroleum selling at near-record lows, the prices offered for plastic bottles is low.

The market prices offered by recycled product buyers affects the amount of subsidy governments apply to their recycling programs. Florence Councilman Barry Morris has argued for years that taxpayers are subsidizing a program that consistently loses huge sums annually. Even in the years when the recycling program shows a profit, he said it is because of the fees charged for collecting the materials.

"If (Barger) is counting as part of the revenue the $300,000 recycling fee, which is $1.50 per household that is charged, then he can't answer in the affirmative that a profit is being made," Morris said.

By Morris's calculations, which removes the recycling and garbage collection fees, the recycling program has not made money in the past 10 years.

There are also fees and local matching money that accompanies grants, he said, adding to the cost of operating the program.

Morris said most recycling is done by local governments instead of private industry, which shows there is little economic incentive for reusing packaging.

More effective

That argument has been taken up by some in the academic world. Michael C. Munger, a professor at Duke University, wrote for the Cato Institute that making industry responsible for

reusing its packaging would be more effective than what he describes as the clumsy government approach.

"Ultimately, the solution is to refocus on market incentives rather than moral imperatives," Munger wrote in the Cato Institute essay. "The organizations with the cheapest means of enacting change, and who have the last best chance to reconsider packaging of all kinds, whether it's liquid, food products, or microwaves, are the manufacturers and retail distributors of the products we buy. At present, no one is responsible for disposing of packaging, and so the state does its fumbling best to try to solve the problem.

"The solution is to reconsider responsibility for disposal, at the level of initial production," he wrote. "A property rights system that assigns disposal responsibility, and ultimately liability, to the manufacturer would encourage the use of effective market incentives to reconceive the very nature of waste itself. And that might be less wasteful than recycling old ideas that threaten to bury us under a mountain of garbage."

Some industries are taking advantage of municipal recycling programs as a source on low-cost materials.

"Government looks at recycling as a city service, but industry looks at it as a reverse supply chain," said Karen Bandhauer, project director for Curbside Value Partnership. "Industries are hungry for this material."

The environmental argument for municipal recycling is strong. Even though few municipal programs break even, it's a service more and more people want, and government officials treat it as they do parks and recreation programs that are not expected to show surplus revenue.

Steve Richardson, an environmentalist who performs as the magician Steve Trash, said the bottom line of municipal recycling programs does not show intangible savings.

"There are costs that don't show up," he said, "like the numbers of garbage trucks using the roads to go to the landfill, the cost of maintaining the roads, to maintain the truck and the gasoline they use. In most cases, these costs are hidden."