



**SOUTH SHORE
RECYCLING
COOPERATIVE**

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Testimony to Joint Committee on Environment, Natural Resources and Agriculture in support of H891

An Act to require transparency and disclosure by materials recovery facilities

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Background:

The solid waste managers of our eighteen Member Towns have worked together as the South Shore Recycling Cooperative, a government organization, since 1998.

For many years, municipalities and MRFs worked as partners to put residents' recyclables back into circulation, instead of up in smoke or in the landfill.

In 2017, the China Sword embargo put a strain on the whole system, as too many unrecyclable materials found their way into recycling carts and commodity bales. The market disruption has resulted in lopsided processing contracts that put nearly all risk on municipalities.

Our nine towns that collect mixed "single stream" recycling (SSR) from their 65,000 households have found themselves in contracts over which they have essentially **no control**. This is due to a lack of competition and light oversight of Material Recovery Facilities (MRFs). Those towns paid **\$1.5 million in 2022** of taxpayer and ratepayer money for recyclables processing alone, about **quadruple what it was in 2017**. Statewide, the figure is likely in the \$40 million range.

Municipalities that provide SSR service are in contracts in which there is **no way to verify** many of the variables used in determining pricing. H891 would create a more even field by **requiring verifiable terms in municipal contracts**.

Contracts can be summarized as follows: "We'll probably take your material. We'll probably recycle it. We'll probably charge you by an index- and composition-based formula plus a processing fee. If our profits aren't adequate, we will change any or all billing components at our discretion."

In late 2020, **fourteen Southeast Mass. towns** that collect SSR from their residents sought **more fair terms** in a multitown Request for Proposals. Four regional professionals including myself worked on this for months, using a template developed by a consultant to MassDEP, and directly engaged nine MRF operators. We received **only one bid**, which didn't follow the bid parameters ("unresponsive"). This and follow up discussions with potential bidders demonstrated that **municipalities have no leverage in negotiating recycling contracts**.

How recycling contracts are manipulated:

There are **3 main components** to determining the cost per ton to sort and sell paper, cardboard, bottles, cans and containers:

1. **Commodity composition:** the relative proportion of each commodity in a ton of mixed material (i.e. 35% paper, 20% glass, 2% plastic #1,...)
2. The **market value** of each commodity
3. The **processing fee:** cost to receive, process, sell and dispose of the inbound material

H891 addresses **the first 2 components**, so a more fair comparison of processing costs (3) may be made if there is more than one MRF interested in bidding.

1. The **commodity composition** used in many contracts is set by the MRFs. They seem **implausible** based on reports published by the Northeast Recycling Council (NERC)¹ from nineteen public facilities that process these materials. Valuable materials appear to be under-counted and vice versa. For instance, our towns' contracts use 22% as the proportion of **glass** in determining SSR Blended Value. (see appendix) The NERC study puts it at 12%. At a cost of \$78/ton in addition to the \$110/ton processing fee, this costs towns **\$7.80/ton**. For 10,000 households, that amounts to about \$27,000/year.

Further, low- to negative- value **paper** is listed as being 45% of the single stream, where NERC has it at 32%. Combined with the shift to "Actual value" described below, this added **\$18.63/ton** to the cost of SSR in March 2020.

On the other side, the value of **Natural HDPE** (i.e. milk jugs) has averaged \$1,220/ton for the past year. Our contracts peg it at 0.4%. NERC reports 1%. The Blended Value difference is **\$7.32/ton**, costing our municipalities another \$25,000/year per 10,000 households.

2. The use of **independent third party index prices** in determining value is also key to fair contracts. Many MRFs use internal "Actual" values, without providing documentation. SSRC Member town contracts use index values when they suit the MRF. If the MRF doesn't like the pricing, it can substitute "Actual value" with little notice, and no recourse or documentation.

Ten years ago, the index price for **residential paper** hit a high of \$130/ton. From May 2018-April 2020, its value was **0 to NEGATIVE \$10/ton** according to two indexes. In March of 2020, my towns' single stream processor put the actual value at **-\$51/ton**. This contributed to an overall SSR cost to our towns of \$110/ton, more than disposal. The MRF declined requests to provide corroborating documentation.

¹ Report on Blended MRF Commodity Values in the Northeast Q4 2020

<https://nerc.org/documents/MRF%20Blended%20Commodity%20Values%20in%20the%20Northeast%20February%202021.pdf>

Our MRF also imposes punitive costs of **triple** the actual disposal cost (\$250/ton) for municipalities whose residents place more than 10% non-recyclables in their recycling. Contamination concerns us all, but most municipalities have very limited ability to control their residents' behavior. ([S471](#) addresses this issue, see other testimony).

How H891 would improve recycling:

H891 requires MRFs to:

1. report audited inbound commodity composition, and tonnages of outbound materials by commodity. The reporting of commodity composition for inbound and outbound materials may be required by MassDEP. In 2020, I and several colleagues requested that MassDEP add this to its reporting requirements. DEP recently did a one-time RFI for some of the details, but the info isn't sufficient to be actionable. If this were required by law, it will not only help municipalities receive **more fair and transparent pricing**, it would demonstrate the **quality of sortation**, and show the **quantity of recyclable commodities that are being disposed** in the residuals.
2. report the **composition of disposed residuals** to ensure they comply with the Disposal Bans ([310CMR 19.017](#)) by being free of recyclable materials.
3. disclose the **destinations** by location of outbound material.
4. use reported inbound commodity compositions and **third party indexes** in municipal contracts, to ensure that **public money is being spent properly**. For residuals and items for which an index doesn't exist, documentation must be provided to justify costs.
5. Report **outbound commodity prices to the index** which they use in contracts, to address MRFs' objection that the indexes don't reflect their market experiences.
6. **Limits contamination surcharges** to 150% of the actual cost of disposal.

It also requires that MassDEP make commodity values available to municipalities to ensure they are being billed properly.

Please enable municipalities to bid and negotiate fairer recycling contracts, and report H995 out favorably. I and possibly other participants on the multi-town processing bid would be happy to meet to discuss this with you.

Thank you for taking the time to read this testimony.

Respectfully submitted,



Claire Galkowski, Executive Director

South Shore Recycling Cooperative

FY23 municipal recycling costs per ton

Material Component	Commodity Value	Composition Percentage	Jul-22		Aug-22		Sep-22		Oct-22		November-22	
			SMP High \$/ton	Blended Value (BV) Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution
Cardboard, brown papers	PPW OCC #11 HS NE	15.1%	\$80.00	\$12.08	\$120.00	\$18.12	\$80.00	\$12.08	\$40.00	\$6.04	\$35.00	\$5.29
Mixed Paper	PPW #54 HS NE	44.8%	\$75.00	\$33.60	\$45.00	\$20.16	\$15.00	\$6.72	\$0.00	\$0.00	\$0.00	\$0.00
Aluminum cans	SMP for Aluminum Cans (Sorted, Baled, , delivered) minus	0.6%	\$1,840.00	\$11.04	\$1,840.00	\$11.04	\$1,200.00	\$7.20	\$1,040.00	\$6.24	\$1,240.00	\$7.44
Steel/Tin	SMP for Steel Cans (Sorted, Densified, (\$/Ton delivered)	2.6%	\$210.00	\$5.46	\$195.00	\$5.07	\$195.00	\$5.07	\$195.00	\$5.07	\$190.00	\$4.94
Plastic #1	SMP for PET (baled, ¢/lb. picked up)	3.2%	\$780.00	\$24.96	\$240.00	\$7.68	\$200.00	\$6.40	\$220.00	\$7.04	\$240.00	\$7.68
Plastic #2 Natural	SMP for Natural HDPE (baled, ¢/lb. picked up)	0.4%	\$960.00	\$3.84	\$960.00	\$3.84	\$840.00	\$3.36	\$960.00	\$3.84	\$1,050.00	\$4.20
Plastic #2 Colored	SMP for Colored HDPE ((baled, ¢/lb. picked up)	1.3%	\$520.00	\$6.76	\$300.00	\$3.90	\$140.00	\$1.82	\$140.00	\$1.82	\$210.00	\$2.73
Tubs and Lids (Plastic #5)	SMP PP Post Consumer (baled, cents/lb. picked up)	1.1%	\$560.00	\$6.16	\$360.00	\$3.96	\$200.00	\$2.20	\$120.00	\$1.32	\$120.00	\$1.32
Glass	"Actual" Value	20.9%	-\$68.04	-\$14.22	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30
Non-Recyclables Costs	T & D	10.0%	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50
Total	Blended Value	100.0%	\$81.18		\$48.97		\$20.05		\$6.57		\$8.79	
Processing Charge				\$100.00	\$100.00		\$100.00		\$100.00		100.00	
Net Rebate				net rebate	-\$18.82		-\$51.03		-\$79.95		-\$93.43	
											-\$91.21	

FY23 municipal recycling costs per ton

December-22		Jan-23		Feb-23		Mar-23		Apr-23		May-23		Jun-23		Average
SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	SMP High \$/ton	BV Contribution	BV Contribution
\$35.00	\$5.29	\$35.00	\$5.29	\$35.00	\$5.29	\$35.00	\$5.29	\$45.00	\$6.80	\$50.00	\$7.55	\$55.00	\$8.31	\$8.12
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.00	\$1.79	\$10.00	\$4.48	\$15.00	\$6.72	\$15.00	\$6.72	\$6.68
\$1,240.00	\$7.44	\$1,400.00	\$8.40	\$1,600.00	\$9.60	\$1,600.00	\$9.60	\$1,500.00	\$9.00	\$1,500.00	\$9.00	\$1,500.00	\$9.00	\$8.75
\$165.00	\$4.29	\$165.00	\$4.29	\$165.00	\$4.29	\$185.00	\$4.81	\$15.00	\$0.39	\$15.00	\$0.39	\$15.00	\$0.39	\$3.71
\$250.00	\$8.00	\$260.00	\$8.32	\$290.00	\$9.28	\$300.00	\$9.60	\$320.00	\$10.24	\$320.00	\$10.24	\$290.00	\$9.28	\$9.89
\$1,280.00	\$5.12	\$1,320.00	\$5.28	\$1,320.00	\$5.28	\$1,460.00	\$5.84	\$1,460.00	\$5.84	\$1,460.00	\$5.84	\$1,590.00	\$6.36	\$4.89
\$210.00	\$2.73	\$210.00	\$2.73	\$210.00	\$2.73	\$300.00	\$3.90	\$340.00	\$4.42	\$380.00	\$4.94	\$390.00	\$5.07	\$3.63
\$120.00	\$1.32	\$120.00	\$1.32	\$120.00	\$1.32	\$200.00	\$2.20	\$200.00	\$2.20	\$260.00	\$2.86	\$260.00	\$2.86	\$2.42
-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$78.00	-\$16.30	-\$16.13
-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$85.00	-\$8.50	-\$8.50
	\$9.38		\$10.82		\$12.98		\$18.23		\$18.56		\$22.74		\$23.18	\$23.45
100.00	100.00		\$110.00		\$110.00		\$110.00		\$110.00		\$110.00		\$110.00	\$105.00
	-\$90.62		-\$99.18		-\$97.02		-\$91.78		-\$91.44		-\$87.26		-\$86.82	-\$81.55

Republic's pass through BV list uses the SMP value for steel sorted, baled, picked up, much higher than densified value.
However, the processing fee is \$115/ton