



Working With the Private Sector to Improve Local Recycling Programs

FACT SHEET

COLLECTION

The private sector (collectors, processors and end users) plays a vital role in North Carolina recycling programs. Every local government program in the state at some point relies on the private sector to complete the recycling loop. Perhaps the most important player in the private sector is the collection contractor. Roughly 75 percent of municipal recycling programs rely on private collection contractors.

In the early and mid 1990s there was an explosion of new recycling programs in North Carolina. Many local governments entered into contracts with private solid waste or recycling collection companies. Once the initial term of the contract was up, the contracts were simply extended each year, over and over again. Some of these contracts have now been in place for as many as 10 years.

As a result, some programs are providing a service designed for the marketplace of the early 90s. In other cases, contracts were re-bid but designed around the services provided in the old contract. Although recycling services are fundamentally the same, many things have changed in even the past few years. New stable markets have developed, processing methods have changed and new more user-friendly collection methods are available.

Even though the recycling industry would just about collapse in North Carolina without collection contractors, it is not always in the contractors' best interest to maximize participation. Some contractors have "built in" conflicts of interest (e.g., landfills) and usually are paid on a per household or other basis that provides no incentive to increase the amount of material collected. For example, a community pays \$10,000 a month to collect recyclables from 4,000 households and receives no revenue from the primary processor. From a business standpoint, what would be more efficient, receiving \$10,000 a month to stop at all 4,000 households or to stop at only 2,500?

As the recycling industry vertically integrates (similar to the solid waste industry), we may see more contractors with a vested interest in maximizing participation. Vertical integration will likely not occur on the level it has in the solid waste industry; however, there are signs that some collection companies are beginning to move into primary and secondary processing.

For local governments using contractors there are actions that can be taken to help maximize participation in a recycling program:

- **Stay current with industry trends** – keep up to date with market trends, new processing capabilities and collection methods. Contact your neighbors to see how their programs work. DPPEA can help point you in the right direction.
- **Design a convenient program** – work with your contractor to design a program that is convenient for users. Frequency of collection, user-friendly container types and ease of access can all affect a program's performance.
- **Public education** – unless specifically written into the contract, it is the contracting party's (e.g., local government) responsibility to educate system users about the program specifications and the importance of participating in the program. Education leads to more participation.

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- **Signage** – If you utilize a drop-off system, be sure that your contract specifies who will be responsible for signage – both on containers and freestanding signs.
 - **Incentives** – implement a pay-as-you-throw type system or an awards program. Providing random cash, gift certificates or a voucher program can boost participation and can be written into the contract.
 - **Performance contracting** – although not yet common in North Carolina, communities in other states use performance contracting to increase participation. A performance contract provides a bonus or increase in margin to the contractor for achieving specific milestones such as a specific recovery rate or per capita recovery.

PROCESSING

Many communities rely on private recycling companies, in particular private or non-profit material recovery facilities to process and deliver their materials to end use markets (e.g., paper mills). The type of material processing used and a program's relationship with its processors will ultimately determine how your program is setup and how material is collected.

Local governments that process their own material have the greatest control over your collection program and getting that material to market. They also directly receive revenues for materials. However, processing capacity can be expensive to build and operate, and may fall outside of a community's expertise "comfort zone." If your community relies on private sector recyclers to process the material, here are some things to consider:

- Ⓞ Determine how far you are able to transport material.
- Ⓞ Identify all recycling processors available in your region within the distance you can feasibly reach.
- Ⓞ Determine how flexible the processors are in the types of material they accept and in what form (e.g, what level of commingling do they allow?).
- Ⓞ Determine if their processing capability fits with the way you collect material.
- Ⓞ If not, determine what changes in collection may be required for you to use this facility.
- Ⓞ Investigate if there are economic advantages in making changes to your collection program.
- Ⓞ Compare how processors in your region compare cost-wise. Take into account that some may charge processing fees, and may or may not share revenues. Also ask about disposal charges for residues.
- Ⓞ Determine if any of the processors provide any additional incentives (containers, equipment, etc.).
- Ⓞ Ask if the processors require you to contract with them in order to use their facilities.
- Ⓞ If so, what type of contract is available? Does it give you options? If possible, you may want to shop around, or write-up your own contract if you do not feel comfortable with what they offer.
- Ⓞ Does the processor have backup options or sufficient storage available for emergency purposes (primary processor shuts down, closes for maintenance or has an equipment breakdown)?

END MARKETS

End markets are where recyclables make their way back into products and complete the recycling loop. For communities that market materials directly to end-users, some of the same issues discussed above for processors also apply here. Communities will need to determine specifications, handling, charges/revenues, transportation and any number of issues that enter into a final deal.

Working directly with end-use markets can help maximize the value of your commodities for your program and may help realize the greatest return on your recycling investment. Issues to be wary of, however, include how exclusive your relationship is with a mill, what happens in the event of mill downtime and if you can “spot market” to the mill or whether you need a contract. DPPEA can help communities find end-users to consider for direct marketing. Here are some things to consider if your program makes a practice of marketing directly to end-users:

- Keep current on recycling news with industry magazines and newsletters.
- Stay up-to-date on new technologies and market options.
- Always be on the lookout for new end users, but remember that market loyalty can get you through rough times.
- If possible, have alternative markets identified in case something happens with your current end-user.
- Visit end markets to see first-hand how your material is handled.
- Be honest with end markets and keep communications open.



The North Carolina Division of Pollution Prevention and Environmental Assistance provides free, non-regulatory technical assistance and education on methods to eliminate, reduce, or recycle wastes before they become pollutants or require disposal. Telephone DPPEA at (919) 715-6500 or (800) 763-0136 for assistance with issues in this fact sheet or any of your waste reduction concerns.

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