

Governor's Recycling Council (GRC) Meeting Notes

May 13, 2015

Meeting: 9:30 a.m. – 12:00 p.m.

Lunch: 12:00 p.m. – 12:45 p.m.

Facility tour: 12:45 p.m. – 1:30 p.m.

Granger Corporate, 16980 Wood Road, Lansing, MI 48906-1044

Attendance: Bill Lobenherz, Kerrin O'Brien and Doug Wood were not in attendance. All other members of the GRC were present. A number of Michigan Department of Environmental Quality (MDEQ) staff attended along with Chris Milani, Schupan Recycling, and representatives from Granger Corporate.

Welcome: MDEQ Director Dan Wyant and GRC Chair Jim Frey welcomed the GRC members and guests. Jim Frey reviewed the agenda.

Status Report: Director Wyant and staff reviewed and summarized the *DEQ Status Report on Residential Recycling Initiative 5-13-2015* (attached).

Reflections on Summit and MRC Conference: Jim Frey facilitated a general discussion about the Governor's Recycling Summit and MRC Conference. Most believed that combining the two was a successful endeavor and that we did well in attracting many key state and local leaders. Some believed we could have done better in attracting more business leaders. All agreed we should have another Summit next year.

In her absence, Kerrin O'Brien provided the following summary electronically:

TUESDAY, May 5

Governor's Recycling Summit

- Keynote: Stephen Sikra, Procter & Gamble
- What We Know Now – Michigan's Baseline Recycling Rate
- The Economics of Recycling
- Community Pollution Prevention Grant Program Recipients
- DEQ Excellence in Recycling Award Winners
- Perspective: Governor's Recycling Council

WEDNESDAY, MAY 6

Michigan Recycling Coalition's 33rd Annual Conference

SESSIONS

- Keynote: Mark Lichtenstein, National Recycling Coalition
- Collaboration is Key
- Develop a Corporate Office Recycling Program
- Providing Recycling Services to Schools
- Options for Getting More Control over Collection
- Getting the Data
- Tools for Planning Dynamic Recycling Education Programs
- Debris: It's what's left behind - Lessons from the 2014 Flood in Metro Detroit
- GSA Great Lakes Region Sustainability Plan 2020
- Adding New Materials: 5 Steps to Success
- Realistic Options for Expanding Commercial Recycling
- Paint Manufacturers Step up to Recycle Latex in Michigan
- Funding & Managing Carts

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THURSDAY, May 7

CONCURRENT SESSIONS

- Keynote: Damon Carson, Repurposing – The Next Frontier in Landfill Diversion
- The Market Update
- The Latest on Electronics Recovery
- Say What? Put Your Communication to Work

TRAINING SESSIONS

- Recycling on a Smaller Scale: Best Practices for a Thriving Program
- How to Develop Better Bids, Contracts for Collection, and Processing
- Everything You Need Know About Organics Collection

BASIC STATS:

- 500 attendees
- 44 knowledgeable speakers
- 53 generous Sponsors
- 52 hard-working Exhibitors
- 1 new & exciting Governor's Recycling Summit
- 12 educational sessions
- 3 specialized training sessions
- 3 great Keynote presentations
- 2 fun-filled after parties
- 450 recycling bins
- 10+ over-worked volunteers

Recycling Excellence Awards: Rhonda Oyer shared information about The Excellence in Recycling Awards which were presented at the Governor's Recycling Summit on May 5, 2015. 121 nominations were received (spreadsheet handout) and were broken down into 4 broad categories: Recycling Rate/Measurement (52); Increasing Access (23); Outreach and Education (34); and Closing the Loop (12). Each Category was assigned to a group of at least two DEQ staff in the OWMRP and OEA with expertise in that area. All nominations were reviewed against the criteria contained in the Award Nomination Procedures and Criteria (handout). A fifth category, the Recycling Leadership category, was added after review revealed some outstanding performers across multiple categories. The DEQ recommended 18 awards to the highest performing programs in these 5 broad categories and 10 special recognitions of other outstanding programs in an April 6, 2015 memo to the Director. The recommendations were approved by the Director on April 10, 2015 and on April 15, 2015, the memo was sent to the GRC members. Those participating in Re-TRAC (37) and all nominees meeting at least a 30 percent recycling rate (50) were recognized on a slide at the beginning of the awards presentation. The DEQ plans to highlight the programs of the Awardees and their best practices in recycling on the DEQ's Recycling web page.

P2 Grants: Debbie Swartz shared information about the focus of the 2015 Community Pollution Prevention Grant Program, which is to enhance local and regional recycling programs that lead to increases in the statewide recycling rate. Sixty-four grant applications were received by April 1, requesting a total of \$3,910,811.00. To facilitate statewide distribution of funds, applications were sorted into their respective Prosperity Region and then scored based upon criteria outlined in the Request for Proposal. Fourteen grants were awarded in eight of the ten Prosperity Regions for a total of \$635,500.00. Regions 5 and 7 did not receive a grant due to low scores or compliance issues.

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Grant projects include the development of recycling center infrastructure, delivery of education and outreach, enhancement of existing recycling programs, and the startup of new services and facilities. The DEQ is in the process of developing work plans with grantees so that grant agreements can be signed no later than August 31, 2015. A list of the grantees was provided at the meeting and can be found on the Community Pollution Prevention Grant Program Web site at: www.michigan.gov/deqp2grants.

Recycle by Design: Matt Flechter summarized the Recycle by Design information in the attached status report and questions were answered. Recycle by Design is strategy to develop and implement innovative ideas that will increase recycling through public-private partnerships.

Recycling Unprofitable Article:

(This agenda item was deferred until the next meeting. See attached article.)

Recycling Measurement Legislation Update: Tonia Olson shared the attached outline and indicated that Michigan Waste & Recycling Association, Institute of Scrap Recycling Industries and Michigan Department of Environmental Quality have reached an agreement in principle on these key components of recycling measurement legislation. The GRC also expressed their support for these components to be incorporated in legislation.

Proposal for Hauler Access Legislation:

(This agenda item was deferred until the next meeting. Working sessions will be scheduled between now and the next meeting to refine the proposal.)

Attachments:

DEQ Status Report on Residential Recycling Initiative 5-13-2015

Recycling Unprofitable Article

Recycling Measurement Legislation Outline

Residential Recycling Initiative
Department of Environmental Quality
Status Report
May 13, 2015

Coming off a successful Governor's Recycling Summit, the Department of Environmental Quality (DEQ) staff and the Governor's Recycling Council members are making plans for the second year of the Residential Recycling Initiative (Initiative). Much has been accomplished thus far. To date focus has been applied to measuring recycling; providing outreach, education, and technical assistance; fostering strong recycling markets; increasing access and participation.

Appropriation – Fiscal year (FY) 2016 DEQ budget includes a \$1 million dollar appropriation to help to implement the Initiative. The budget has passed both appropriations committees and has been approved by the House. It is currently being considered by the full Senate, and is expected to be approved very soon.

The FY 2015 budget included an appropriation of \$1 million. Added to the general fund appropriation was the use of \$250,000 Community Pollution Prevention (P2) Fund monies. The funds are being used as follows:

- Up to \$635,500 in 2015 for Community P2 Grants to support the growing recycling access and participation and supporting outreach and recycling education at the local level.
- \$250,000 to grow recycling markets and ensure existing Michigan recycling markets are supplied with the valuable recycled commodities they need.
- The balance of the recycling funds have been used to fund DEQ staff working to implement the Initiative.

Governor's Recycling Council – The Council advises the DEQ on implementing the Governor's Residential Recycling Plan and other related issues so that the state will achieve a 30 percent recycling rate within two years. The council met on May 20, 2014 in Lansing, July 22, 2014 in Emmet County, September 3, 2014 at the Michigan Recycling Coalition office in Lansing, November 6, 2014 at Schupan in Wixom, January 14, 2015 in Lansing (public meeting), March 12, 2015 in Grand Rapids at the Kent County MRF. The council meets on May 13, 2015 at Granger in Lansing.

Community Pollution Prevention grants FY 2014 – Three separate grants for FY 2014 (\$250,000 total) were awarded to collect data on Michigan's recycling rate, percentage of population with convenient access to recycling, high performing recycling programs, composition of municipal solid waste currently landfilled and incinerated, and the economic value of this material. This data will assist local recycling programs identify best practices and aid the state to benchmark progress on the DEQ scorecard. The results of the recycling measurement grant were presented at the Governor's Recycling Summit (Summit). The waste sorts are beginning this month. The benchmarking studies will be published near the end of the year.

Community Pollution Prevention grants FY 2015 – The FY 2015 grants enhance local or regional recycling programs and lead to increases in the statewide recycling rate. The grant recipients were announced on May 5th at the Summit. 635,500 is awarded to 14 projects

including, infrastructure development, program start-up, program enhancement, education, and outreach.

- Bay Area Recycling for Charities \$65,000
- City of Detroit Department of Public Works \$95,000
- Comprenew \$67,500
- Eagle Harbor Township \$6,000
- Emmet County Department of Public Works \$82,000
- Houghton County \$92,000
- Northeast Michigan Council of Governments \$50,000
- Oceana Conservation District \$1,300
- Recycle Ann Arbor \$19,500
- RRRASOC \$8,200
- Tuscola County Recycling Material Recovery Facility \$22,000
- Village of Constantine \$3,000
- Washtenaw Intermediate School District \$32,000
- Muskegon River Watershed Assembly \$92,000
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For more information please contact Debbie Swartz at swartzd@michigan.gov.

Recycling measurement legislation - The DEQ has been working with interested parties to develop recycling measurement and reporting legislation. Significant work was undertaken to identify the acceptable scope of recycling data reporting and address diverse concerns. The DEQ recognizes the importance of recycling data and continues to work to on the issue. Most significant issues have been addresses and a draft bill is expected to be available soon.

Electronic Recycling Reporting System - An electronic recycling reporting system (Re-TRAC) has been secured through a contract. This will allow recyclers to report data electronically. The forms and surveys are being developed and will be ready by early spring. Additionally, the system will establish an easy to use directory for residents and businesses to find out where to recycle.

DEQ staff resources – The DEQ has established four field positions in the district offices to enhance recycling efforts. The specialist positions are providing on-site training, outreach, and technical assistance. The DEQ has realigned the existing Recycling Specialist position in Lansing so that it can take on the leadership role for developing markets for recycled materials and elevate the profile of recycling within the waste programs. Additionally, the DEQ is drawing upon the multiple existing staff to bring their diverse and unique abilities to support the Initiative. The recycling specialists' high level of knowledge in the waste and recycling field has enabled them to make a quick positive impact.

Solid Waste and Sustainability Advisory Panel - The DEQ created a Solid Waste and Sustainability Advisory Panel (SWSAP) that will convene to address planning and other solid waste issues related to Part 115, Solid Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, in a more holistic way. The Office of Waste Management and Radiological Protection is facilitating the SWSAP to assist with a broad and comprehensive review of Part 115 and other statute's related to furthering our solid waste and sustainability goals. The SWSAP is comprised of representatives from state and local government and industry. For more information go to http://www.michigan.gov/deq/0,4561,7-135-3312_4123-352261--,00.html

Lead by example – The DEQ has been engaged in discussions with the Department of Technology Management and Budget (DTMB) and the Good Government Team regarding ways the state can better “lead by example”. The DTMB is in the process of issuing a request for proposals for recycling service providers to collect and manage the recycling at state office buildings. Other efforts include work to expand recycling opportunities at state parks and rest areas.

Market Development – The DEQ is working to grow markets for difficult to recycle recycled commodities and ensure existing Michigan businesses are able to secure high-volume, clean, recycled commodities for their manufacturing processes. Work is focusing on the following areas:

- Commodity Specific End-use Market Development
- Sector Specific End-use Market Development
- Organics
- Recycled Materials Market Directory
- Inventory Existing End-use Markets
- Quantify existing and potential economic impact of the recycling supply chain
- Recycling Collection and Processing Capacity

Additionally, The DEQ is working with the Michigan Economic Development Corporation to catalog existing business development tools that can be used to support the growth of the recycling industry.

The DEQ will be issuing a Request for Proposals in the coming weeks to seek a vendor to collect comprehensive end-use and supply chain data as well as expand the Market Directory.

Recycle by Design – The Recycle by Design competition was announced at the Summit. The DEQ, Michigan Recycling Coalition, and IMG Rebel have partnered up to bring innovation around increasing the recycling rate in Michigan. Recycle by Design is all about creating a platform for innovative new business proposals that contribute to achieving goals set by Governor Snyder for recycling in the state of Michigan. It is a design competition created to stir bottom-up energy and focus around innovative recycling solutions. A winning proposal would meet the following criteria:

- Implementation that contributes significantly to the increase of the recycling rate
- Presenting a solid business case and arranged finance (through private or public private funding)
- Ability and willingness to implement the proposal
- A proposal that addresses overall program goals and requirements that incorporate a focus on urban unemployment, minority participation, and disadvantaged youth services
- Shown active local participation in the design of the proposal and the demonstration that the final proposal has the buy-in of the local community or communities.

The DEQ is in the process of entering into a contract with Michigan Recycling Coalition to act as the responsible fiduciary party to organize the competition and seek additional partners.

Recognition – The DEQ recognized successful recycling programs at businesses, institutions, government agencies, nonprofits, and other organizations at the Summit on May 5, 2015. The Recycling Excellence in Recycling Awards celebrate success in the collection, processing, and utilization of recycled materials, as well as the creation of recycled products.

RECYCLING RATE/MEASUREMENT AWARDS

BUSINESS CATEGORY AWARDEES

Wexford Sand

Robert Bosch, LLC

SPECIAL RECOGNITION

Landscape Forms

Ford VanDyke Transmission Plant

GOVERNMENT CATEGORY AWARDEE

City of Huntington Woods

SPECIAL RECOGNITION

City of Pleasant Ridge

City of Farmington

City of Livonia

OTHER CATEGORY AWARDEE

United States Postal Service

INCREASING ACCESS AWARDS

BUSINESS CATEGORY AWARDEE

Dart Container Corporation

INSTITUTION CATEGORY AWARDEE

Michigan State University

GOVERNMENT CATEGORY AWARDEES

City of Detroit

Jefferson Township

SPECIAL RECOGNITION

Kent County Department of Public Works

City of St. Johns

NPO CATEGORY AWARDEE

Bay Area Recycling for Charities

OUTREACH AND EDUCATION AWARDS

INSTITUTION CATEGORY AWARDEE

Central Michigan University

NPO CATEGORY AWARDEE

Zero Waste Detroit (ZWD)

BUSINESS CATEGORY AWARDEE

General Motors Company (GM)

GOVERNMENT CATEGORY AWARDEES

City of Lansing

Capitol Area Recycling and Trash (CART)

SPECIAL RECOGNITION

City of Grand Rapids - Public Services Department

Southwest Michigan Solid Waste Consortium

CLOSING THE LOOP AWARDS
BUSINESS CATEGORY AWARDEES
Ford Motor Company's Dearborn
Truck Plant and Dearborn Stamping Plant
SPECIAL RECOGNITION
Resolute Forest Products
NPO CATEGORY AWARDEE
Cass Community Social Services

RECYCLING LEADERSHIP AWARDS
GOVERNMENT CATEGORY AWARDEE
Emmet County
BUSINESS CATEGORY AWARDEES
Herman Miller
Steelcase

Information and resources –

- To view Michigan's Residential Recycling Plan and find other documents regarding the Governors Recycling Council visit www.michigan.gov/mirecycles and search "recycling plan of action"
- For general recycling information visit www.michigan.gov/deqrecycling
- For more information about the grants program, visit www.michigan.gov/deqp2grants.

Recycling Measurement Outline May 4, 2015

1. Goal = 30% Recycling Rate for Household Waste and Commercial Waste.
 - a. "Household Waste" and "Commercial Waste" are already defined terms in the Part 115 Rules and are commonly understood.
 - b. They generally mean the typical solid waste generated by residences, stores, offices, restaurants, warehouses, and other nonmanufacturing activities, but excluding industrial recyclable materials and construction and demolition recyclable materials.

2. "Reportable Recyclable Materials" are materials commonly found in Household Waste and Commercial Waste that could lawfully be disposed of at a licensed disposal area, but are instead separated from the waste stream and delivered to a Recycling Establishment for Recycling, and include:
 - a. Glass (all colors and grades);
 - b. Paper and paper products (all colors and grades);
 - c. Plastic and plastic products (all colors and grades);
 - d. Metal, ferrous (including white goods);
 - e. Metal, non-ferrous;
 - f. Any other distinct type of recyclable material not specified above that constitutes 10% or more of the total reportable recyclable materials.
 - g. Single stream recyclable materials (includes any combination of the above materials).

"Reportable Recyclable Materials" does not include:

 - a. Materials or products which contain iron, steel or nonferrous metals and which are received by a scrap metal processor or by a re-user of these metals
 - b. Recyclable materials generated from the shredding or dismantling of motor vehicles or parts thereof

3. "Recycling" means those actions or processes applied to Reportable Recyclable Materials for the purposes of:
 - a. Use or reuse;
 - b. Conversion into raw materials or new products;
 - c. Sale for further processing or conversion into raw material or for use in the production of new products

4. "Recycling Establishment" means an establishment primarily engaged in Recycling of, or brokering of, Reportable Recyclable Materials.
 - a. Examples of Recycling Establishments include:
 - i. Disposal Area regulated under Part 115 that engages in Recycling, e.g., Landfill or Solid Waste Processing Facility.
 - ii. Resource Recovery Facility, but excluding a waste-to-energy facility that burns solid waste as fuel.
 - iii. Establishment that is not regulated under Part 115 and that Recycles Site Separated Material or Source Separated Material.
 - iv. Broker that arranges for the transfer of Reportable Recyclable Materials from a generator directly to an end user.

Recycling Measurement Outline May 4, 2015

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- b. Examples of establishments that are not Recycling Establishments include:
 - i. Scrap metal processors, defined as a person operating from a fixed location at which machinery, equipment, industrial tools or processes are applied to materials or products, or portions of products, which contain iron, steel or nonferrous metals for the purpose of preparing grades of iron, steel or nonferrous metals for use by facilities such as but not limited to steel mills, foundries or die casters.
 - ii. Re-user of materials or products which contain iron, steel or nonferrous metals
 - iii. Establishment that manages Reportable Recyclable Materials in the course of transportation, but does not engage in Recycling, e.g., Solid Waste Transfer Facility.
 - iv. Retail establishment that bails its cardboard packaging for off-site shipment.
 - v. Retail establishment that collects returnable containers for transfer to a Recycling Establishment.
 - vi. End-user of Reportable Recyclable Materials, such as a paper mill, steel mill, foundry or die caster that converts the Reportable Recyclable Materials into new products or raw materials for conversion into new products.

5. Reporting Requirement

- a. Report annually
- b. Report quantity, in tons, for each grouping of Reportable Recyclable Materials received by a Recycling Establishment from a non-recycler (e.g., a generator of Reportable Recyclable Material).
 - i. Report quantity "first touched" by recycling industry.
 - ii. Transfers among Recycling Establishments need not be reported.
 - iii. Allow volume-to-weight conversion.
- c. Subject to reporting
 - i. Recycling Establishment (annual registration also required)
 - ii. Broker of Reportable Recyclable Material (annual registration also required)
 - iii. Alternative to Broker Reporting: Large volume generators of Reportable Recyclable Material that use brokers to transfer directly to end users
 - iv. Generators using non reporting establishment for processing may voluntarily report.
- d. Report information not subject to FOIA or discovery (also apply to any third party managing/maintaining data)
- e. Electronic reporting system with third party association or group aggregator allowed.
 - i. Aggregated reports must be certified by each Recycling Establishment covered under the report and by the person preparing the report.

From: Derek Bajema
Sent: Thursday, April 30, 2015 3:46 PM
To: William Lobenherz
Subject: Unprofitable Recycling Weighs On Waste Management

Recycling is a growing financial weight on the country's largest trash hauler.

Waste Management Inc. said Wednesday that tumbling prices of recycled materials and lower recycling volumes cut into its revenue in the first quarter, leading the company to lower its profit forecasts. Executives also pointed to worsening economics around handling glass, which has become a money loser for the Houston-based company.

Average prices of recycled commodities fell 14% from January to March, a decline that was hard for Waste Management to absorb, Chief Executive David Steiner said. The company's revenue from recycling fell \$70 million, contributing to a 10% fall in its overall revenue to \$3.04 billion for the quarter.

"Recycling is in a crisis," Mr. Steiner said in an interview. "It isn't profitable for us, and we have to react to that by shutting down plants."

For the first quarter, Waste Management swung to a \$129 million loss, primarily a result of retiring some debt early. Besides the recycling slowdown, the company said asset sales and the stronger dollar depressed its revenue.

The company's shares were off 4.9% at \$49.88 in 4 p.m. trading on Wednesday.

Mr. Steiner said Waste Management's recycling division lost \$13 million during the quarter and shut down four recycling plants over the past year. More plant closures are planned, he said.

"It's as low as it's ever been, but we haven't seen any indication of a bottom," Mr. Steiner said of prices for recycled materials.

Market values of used plastics have fallen sharply, a decline some in the industry have attributed to lower crude oil prices, which have pushed down the cost of producing new plastic and left manufacturers less keen to work with recycled material. Slower economic growth in China and other countries also has reduced demand for used paper and other recycled commodities. Even prices of used metals are down.

For Waste Management, recycling items collected from American households has traditionally been less lucrative than other businesses like collecting and disposing of trash from companies and factories. But recycling was a growing business for many years. Recycling increased as the company worked with towns and cities to let residents dump all their recyclables into a single bin.

Now, that collection system is making it harder for recyclers to turn a profit, because the mixed materials are often contaminated with garbage, which is expensive to sort out and cart away. Glass is a particular problem, because it breaks in collection and transit and damages machinery. Waste Management has to pay a processor to take the glass it recovers off its hands.

Last year, the company lost \$6 million recycling glass, Mr. Steiner said. The company is now trying to get municipalities to pay for glass to be recycled, but many of its contracts come up for renegotiation only every few years. So far, it has been unable to renew some contracts because customers won't agree to pay.

"Unless we can work out a way where recycling is profitable over the long term, there's not going to be recycling," said Mr. Steiner. "And customers certainly don't want to live with that."