Recycling: The New World Order

Challenges and Opportunities
China has been the end market for 2/3 of recyclable materials generated in California.
What we know is true:
China has changed the rules of the game and it ain’t going back to how it was.
China closes the door; prices crash
Commodity markets may never be again what they were

Source: RecyclingMarkets.net
The composition of the waste stream has dramatically changed

Pressure on cities (and haulers) is continuing from regulators, at least for now

At the same time that the recycling rate in California has dipped to 44%, the lowest rate since the statewide 75% recycling goal was established in 2011 (State of Disposal and Recycling in California, CalRecycle, 2017)
WHAT WE DON’T KNOW

We don’t know:

• Where we are going to put $4B in food recycling infrastructure in SoCal

• What Gavin Newsom is going to do about this challenge

• Where Jared Blumenfeld is on this issue – and how he might influence Scott Smithline

• All the other things in LIFE!
OPPORTUNITIES

• Cities and haulers re-evaluate their contracts with each other

Table 2: 2019/20 Total Rate/Revenue Percentage Increase by Sector(1)

(1) Based on final negotiated terms.

<table>
<thead>
<tr>
<th>Row</th>
<th>Proposer</th>
<th>Single Family</th>
<th>Multi-Family</th>
<th>Commercial</th>
<th>Roll-off and Temp Bin</th>
<th>Blended Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company A</td>
<td>24%</td>
<td>17%</td>
<td>81%</td>
<td>64%</td>
<td>47%</td>
</tr>
<tr>
<td>2</td>
<td>Company B</td>
<td>58%</td>
<td>185%</td>
<td>54%</td>
<td>66%</td>
<td>70%</td>
</tr>
<tr>
<td>3</td>
<td>Company C</td>
<td>88%</td>
<td>80%</td>
<td>157%</td>
<td>72%</td>
<td>114%</td>
</tr>
</tbody>
</table>

• Holistic look at the system is now required, given changes in requirements re: organics, food, green waste, and recycling
OPPORTUNITIES

Take another look at customer/consumer education – for something to be recyclable, it has to be able to go someplace, have someone buy it, and be re-manufactured into something else.

Product is recyclable ONLY when:

• We can send it someplace to be mixed with it’s fellows and broken down
• It can be made into something else
• Someone is willing to purchase the end product
OPPORTUNITIES

• Urge state level folks to establish significant incentives for remanufactured CA-made products
• Reality check with the legislators – is it really realistic to keep saying “thou shall recycle MORE”?  
• We can speak truth to power – at all levels
• Money has to come from somewhere
  • City franchise fees
  • Resi rates
  • Biz rates
  • Hauler profit margins
To really address this issue, we need to include stakeholders that aren’t “traditional” players

- Venture capital
- Domestic new manufacturing
- Amazon
- Google
QUESTIONS