

Recycling in Austin: Understanding the Facts

Austin is an environmental leader that deserves the best possible recycling program. So it was surprising when the City voted last week to reject all bids for a proposed new recycling plant. Regardless of what happens next, Austin's residents should know the facts behind the current recycling program with Greenstar and understand what needs to be considered as the process moves forward.

In 2008, Greenstar stepped up to the plate to make a multi-million dollar investment to initiate the single stream recycling program.

While the City did lose money in the first year of the contract due to the collapse in commodity values, those prices have rebounded and **Austin is now making money on its recycling contract with Greenstar.**

Greenstar has consistently met or exceeded contract specifications, even as it carried a multi-million dollar liability for the contract. In fact, the City rejected a Greenstar offer to reduce its processing fee in exchange for a three year extension of the original contract, **approximately one million dollars annually.** Long-term contracts allowing for lower processing costs are standard procedure in other large Texas cities.

To date, Austin has deferred the capital costs of building a local recycling facility and currently transports recyclables to San Antonio, by utilizing existing capacity to process its recyclables in San Antonio. Transport emissions are minimized by using biofuel and are miniscule when compared to the total emissions savings achieved through the program.

Recycling Programs are not Free

Cities typically engage in recycling programs for: 1) environmental benefits, and 2) landfill cost avoidance. When commodity prices are high, there's an added benefit – recycling rebates. Greenstar rebates 90% of the value of paper and 75% of the value of containers to the City.

Recycling programs are not free. And while Texas Disposal Systems

(TDS) recently proposed an initially "free" recycling program, it's anything but free. Its short-term option generates \$5.8 million in recycling proceeds at today's market prices, but offers no rebates for the City of Austin. The long-term option offers rebates comparable to Austin's existing recycling program with Greenstar, but Austin pays TDS its full operating costs plus 15% in profit and administration fees - under any market conditions. TDS is a landfill operator with no prior single stream experience. In exchange for providing the initially "free" recycling program, TDS would require a 20 year extension on its landfill contract with the City.

Looking Forward: Leave No Waste

Are the citizens of Austin really committed to the best environmental solution possible as they look to the future? Greenstar, whose **only** business is recycling, has invested \$55 million in recycling technology in Texas and \$300 million in the U.S. We are committed to the ideal of leaving no waste behind.

Since 2008, under the Greenstar contract, recycling participation is up 70% in Austin and thousands of tons have been diverted from landfills.

On the other hand, **TDS is a landfill**

operator. In exchange for providing the initially "free" recycling program, TDS would require a 20 year extension on its landfill contract. There would be no competitive price bidding thereafter for 40 years. By reducing the materials going into landfills, Austin's current recycling program has adversely impacted TDS' bottom-line. With no prior single stream processing experience, TDS currently transports its recyclables to Greenstar's San Antonio facility. Under the proposed TDS plan, the recyclables would still be transported approximately 24 miles.

When the City was looking for a recycling partner, TDS had 10 years to invest in recycling under its existing landfill contract, but did not do so. Now, TDS is investing in 10 year old recycling equipment that will not yield the same volume as more modern technology. This result: more residues going into landfills.

Greenstar urges the citizens of Austin to know all the facts. To learn more, **visit <http://www.greenstar-na.com>.**

