

STR recyclables take a hit as oil prices drop

By Kathryn Reed

South Tahoe Refuse is stockpiling some of its recyclables in hopes the market changes so the value for them goes up.

Large bales of plastic are worth about \$112, while a year ago they went for \$230.

“The price we are receiving (for plastic) has significantly dropped – over 50 percent in the last year,” John Marchini with STR told *Lake Tahoe News*. “How it relates to oil is very specific to plastic. Instead of large companies using pellets from plastic bottles it is cheaper to use oil because crude is low.”

In other words, food products, including bottled water, are being packaged in plastic made without recycled material.

While many consumers are thrilled with the price of oil going down, when it does so it takes the value of plastics with it. After all, plastic is a byproduct of petroleum.

Recycling is a commodities business, and as such is subject to the whims of the market. It's not just plastic that is fetching a low price, Marchini said it's pretty much across the board.

“We absolutely hold on to the more valuable material and play the market. It's similar to someone who plays the stock market,” Marchini said. Aluminum and PET plastic No. 1 are the most valuable.

He said when such fluctuations occur – and they are cyclical, though this is admittedly a huge downward swing – the recycling focus is adjusted. Something like film plastic,

which includes the actual blue bag STR customers use for recycling, green-black bags for yard waste, and grocery store plastic bags, become less of a priority.

South Tahoe Refuse has an assembly line for its garbage, with workers plucking recyclables from the debris. When the blue bags are emptied onto conveyor belt all of those goods are recycled.

“The downturn in the economy in China is also affecting our recycling markets because they are the primary buyer for a lot of our materials. All of our junk mail, mixed paper goes to China,” Marchini said.

Less income from recycling inevitably affects STR’s bottom line.

“What happens with recycling revenues is that it all goes back into the operating budget to help eliminate or minimize rate increases,” Marchini said.

The largest recycler in California – rePlanet – had to close 191 recycling centers in the state, including in Placer County. In turn, nearly 300 people lost their jobs.

No jobs at STR have been lost because of the downturn. This is because the company has the same recycling goals to meet. California mandates refuse companies recycle 50 percent of the trash that is collected.

The state is upping that goal to 75 percent in 2020. STR is at about 64 percent diversion rate.

According to the Environmental Protection Agency, 34 percent of waste in the United States was recycled in 2013. This compares to 1990 when 19 percent was recycled.