

MEMORANDUM

TO: Honorable Members of the Board of Aldermen
RE: Rising cost of recycling
DATE: April 17, 2018

The last five months have been the most expensive months for recycling for the City of Somerville in over two years. This is in part due to Somerville’s recycling volume trending up, but the main cause is rising costs caused by changes to the international recycling market.

The increase in prices is due to a handful of recent policy changes made by China, the world’s largest importer of waste materials. In July 2017, China announced an import ban on 24 types of waste, including post-consumer plastics and mixed paper, effectively banning all municipal residential recycling. In addition, China announced that it will only accept materials that are 99.5% pure. Because the United States exports about 75% of its recycling to China, these new stringent policies are having a direct impact on Somerville’s recycling costs.

The chart below shows how the announcement and institution of China’s policy change impacted prices, which rose from \$5.89 per ton before the announcement to \$97.47 per ton in March of this year.



These price increases are affecting the whole world, not just Somerville, and other municipalities are grappling with the changes in recycling costs, too. While markets outside of China are being explored as viable destinations for recyclable materials, they are currently too small to accommodate worldwide demand. Although we assume there will eventually be a market for

Somerville's recycling, it will take some time for those markets to develop and for prices to come down.

Year-to-date spending on recycling this year is \$338,533, which is \$138,533 over the City's FY18 budget of \$200,000. If prices stay at \$97.47 per ton, we estimate total recycling costs could reach \$521,000 or more. During the upcoming budget hearings, we will discuss the cost of meeting our recycling commitments in the coming fiscal year.

Somerville is a progressive community that is passionate about the environment and sustainability. While we recognize that recycling is an important tool in our toolkit in these policy areas, we must also remind ourselves that it is only one third of the "Reduce, Reuse, Recycle" waste hierarchy. Moving forward, in order to tackle both the financial and the environmental costs of municipal waste, the City will stress the necessity of overall waste reduction, in addition to recycling, in our community engagement and education.