



sanitation

Kathryn Garcia Commissioner

Testimony of Kathryn Garcia, Commissioner New York City Department of Sanitation

Hearing to Examine the Status of New York State's Recycling Markets and Municipal Recycling Programs before the New York State Senate and Assembly Environmental Conservation Committees

Monday, October 21, 2019

11:00 a.m.

**Senate Hearing Room
250 Broadway – 19th Floor
New York, New York**

Good morning Chair Englebright, Chair Kaminsky, and members of the Assembly and Senate Committees on Environmental Conservation. I am Kathryn Garcia, Commissioner of the New York City Department of Sanitation. Thank you for this opportunity to discuss the current state of New York City's recycling programs and our recommendations to support the State's recycling industry.

First, we would like to commend the State legislature for taking bold, progressive action this year on sustainable waste management issues. The passage of the New York State ban on plastic carryout bags and associated local fee on paper carryout bags will dramatically reduce the 10 billion single-use carryout bags used in New York City every year. Single-use plastic bags are especially problematic: they create litter, pollute our oceans, jam our recycling equipment, and are a blight on our environment. The passage of the paint stewardship law, almost a decade in the making, will significantly increase the capture and responsible end-of-life management of paint and paint products.

Now to the reason we are here today. Recent market changes, most notably China's restrictions on the import of mixed paper and mixed plastic as part of the "National Sword" program in 2018, have revealed vulnerabilities in the recycling industry. Since early 2018, China has banned many scrap materials and has not accepted others unless they meet an extremely strict contamination rate. The decision reflects China's desire to recycle more of its domestic waste, and it is imperative that we take steps to support a strong future for municipal recycling in New York State.

New York City's residential recycling program has been more resilient than many others under current market conditions because we have invested in our program for the long term. We have a 20-year contract with Sims Municipal Recycling and have invested more than \$100 million in state-of-the-art materials recovery facilities to ensure that New York City's curbside recycling collections can be sorted into commodities with maximum value for buyers. In addition to Sims, the Department has a long-term contract to send paper to Pratt Industries, which operates a local paper mill on Staten Island built with a combination of City, State and private investment. This facility not only receives and processes our recycled paper, it also manufactures new products using our recycled feedstock. In all, NYC's program only relies on export markets for a tiny portion of our recycled commodities. Our vendors have strong relationships with domestic buyers and have invested in local capacity to use our recycled materials. This investment is helping New York City weather the storm that is currently engulfing the markets for recyclables.

We have a vested interest in ensuring a prosperous future for the recycling industry across New York and regionally. Investing in local and regional infrastructure across the recycling supply chain will help to create green jobs, build the region's resilience, and potentially reduce the carbon footprint of waste management.

In our experience:

- The most efficient way to maximize the diversion of post-consumer recyclables is through curbside collections.
- The more effective material recovery facilities are at sorting recyclables into homogeneous, predictable bales of materials, the more valuable those recyclables are on the market.
- The shorter distances that recyclables must travel, the cheaper the transportation costs for all involved and the smaller the environmental footprint.

Operating these recycling programs has long been the domain of local governments. But as cities, towns and villages across the state face these challenges, we look to New York State to establish mechanisms to invest in recycling collection and processing infrastructure, and to pass extended producer responsibility legislation to help pay for this investment.

Bold, near-term steps to improve access to financing – whether through subsidies, loan programs or other mechanisms – is needed to bolster struggling collection operations, to increase recycling sorting capacity and to develop manufacturing infrastructure in the region that utilizes recycled feedstock. New York City would like to see financial support to *increase both the quality and the quantity* of recycling handled in the region as both are important to make the economics of recycling work throughout the supply chain.

The State, through its economic development programs, should explore immediate opportunities to invest in increasing the capacities of existing mills to process mixed paper. Localities collect large volumes of paper recyclables, and because there are no domestic outlets for mixed paper, almost all municipal programs depend on revenue from paper sales on the Chinese market. The National Sword import restrictions slashed the profitability of paper

recyclables and threaten the fiscal health of collection programs. Domestic outlets for mixed paper could bolster the fiscal health of local recycling programs.

To compete in the current market, recycling programs must improve the quality of their bales not only for paper, but also for other recycled materials. This necessitates investment in state-of-the-art sorting equipment at material recovery facilities that maximize the value and marketability of recycled commodities from commingled collections. This can be achieved by subsidizing the up-front capital costs to add more automated sorting equipment and expand MRF capacity generally.

Another way to help local recycling programs is to reduce the amount of glass which is collected. Glass is difficult to recycle in curbside programs because it usually breaks into small pieces which contaminate other recyclable products. These small pieces are difficult to successfully sort and can damage processing machines. New York City has been able to manage glass more successfully than other localities, because of our high volume of collections and investments at our processing facilities to improve sorting of smaller pieces of material. However, only a portion of the glass we collect can be recycled into new bottles and jars. The rest is down-cycled into fiberglass, aggregate and other products.

Recently, the State legislature considered a proposal to expand the Bottle Bill to cover additional non-alcoholic beverage containers. New York City recognizes that the New York State Bottle Bill was a catalyst for recycling in the state and has successfully diverted millions of tons of bottles and cans. However, efforts to expand the Bottle Bill should take care to avoid unintended consequences for municipal curbside recycling programs, which rely on revenue from the sale of commodities to stay financially viable. Non-alcoholic beverage containers, which are generally made of PET and other forms of plastic, as well as aluminum and steel, represent some of the most valuable items in our curbside recycling stream. The loss of revenue from these products would add significant financial strain for our vendor that could also impact our long-term contract. An alternative to the Bottle Bill expansion, as proposed by Chair Kaminsky and Chair Englebright through legislation last year and which could support curbside programs, would be to focus on glass containers, especially wine and liquor bottles, that have low to negative value in commingled curbside collection programs. Removing these glass products from curbside recycling programs would increase the average value of the materials collected and would represent a net improvement of as much as \$1 million in the profitability of our recycling program. In addition, removing glass containers will benefit curbside programs and materials recovery facilities by reducing the sorting burden of glass and its contamination of other recyclables.

One way to help pay for the investment in recycling collection and processing infrastructure is by enacting Extended Producer Responsibility (EPR) legislation for packaging and paper products. EPR places financial responsibility on manufacturers to ensure the recycling and proper handling of their products at the end of their useful life. It can generate funding needed to operate robust recycling programs and will create a financial incentive for companies to design their packaging to be more successfully recycled. In New York State, several municipalities have reduced or canceled their recycling programs over the past two years. In contrast, in Quebec, which operates an EPR program, no municipality has canceled their programs.

We have evidence within New York already that EPR mechanisms can successfully improve recycling achievement. The Electronic Equipment Reuse and Recycling Act, passed nearly a decade ago, led to a forty percent reduction in the quantity of covered electronics discarded in NYC's trash between 2013 and 2017.

DSNY is actively involved in a statewide working group, hosted by the New York State Product Stewardship Council to develop the components for a successful EPR program for New York State. It is important that the EPR approach address both rural and urban programs and provide a fair and transparent path for producers of packaging and paper products to collaborate with the recycling programs their fees are funding. We want the aluminum cans, the yogurt tubs, the wine bottles being recycled by New Yorkers to make their way back into products being manufactured by these companies. This is how we will help to close the loop and ensure a more circular economy in the future.

We thank you for holding this important hearing today. We look forward to working with you to take steps to improve recycling programs throughout New York State. I will now be happy to answer any questions you might have.