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Sacramento region recyclables pile up as resale market crashes

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The dealer for Sacramento city and county recyclables wants the curbside materials delivered for free until the global scrap market rebounds from a free-fall, and the company's record-high stockpiles of unsold paper, plastic and tin begin to shrink.

If municipal waste officials agree, monthly garbage collection fees would have to subsidize the recycling at a higher level. The higher recycling subsidy could be sustained only so long before residents and businesses would face higher collection rates, officials said.

Such fiscal patches would buy time for the Sacramento Recycling & Transfer Station to continue storing the recyclables in the hope that the salvage market revives.

Unsold throwaways, however, can be warehoused only so long before the aging bundles become a fire threat or the costs for ever-greater storage become prohibitive.

"We just can't continue to process material that we can't sell," said Shawn Guttersen, the company vice president. "If this continues to last more than a few more months, we are going to have to landfill those materials."

Local waste officials have not yet decided whether to let their recyclables go for free.

"We are looking at our contracts, what leeway they have," said Paul Philleo, the county's director of waste management and recycling, which services 150,000 households.

The worldwide trash crash – which economists say is a direct result of economic recession – has threatened municipal recycling programs nationwide, particularly in landlocked states with higher transportation costs to ports.

Californians recycle 58 percent of their curbside throwaways, the highest recovery rate in the nation, according to the state Integrated Waste Management Board, which regulates companies that process and sell the materials.

The waste board has been holding a series of public hearings in Sacramento on ways to keep the haulers, dealers and manufacturers of reusable trash in business.

As a first step, the board is granting scrap dealers temporary waivers of their permitted storage limits.

"We are making every effort to work with them," said Brian Larimore, a waste board official who recently surveyed county environmental enforcers for signs of a collapsing recycling market. "Our fear is that things are going to end up in the landfill."

County officials have reported few instances of baled recyclables in dumps, Larimore said.

Many scrap dealers, though, have stopped paying commercial waste haulers for paper, cardboard, bottles and cans. Sacramento County requires many businesses to recycle.

"We just have to charge more for the recycling service because we are not getting any return for the product," said Sean Crawford, operations manager for Allied Waste Services, a Rancho Cordova-based hauler. So far, the higher fees have been applied only to new commercial customers, he said.

Sacramento Recycling continues to pay the city and county for scrap at prices set in annual contracts, and the proceeds defray government's cost of curbside collection.

Every day, the company's plant on Fruitridge Road sorts, bales and markets about 450 tons of paper, cardboard, plastic, glass, aluminum and tin from curbside recycling bins, Guttersen said.

Municipal haulers unload their collections on the concrete floor of the company's 144,000-square-foot warehouse. Workers with gloves, goggles, hard hats, aprons and masks hand-cull unmarketable trash from conveyor belts before the materials are mechanically sorted by type and compressed into cubes for shipping.

The company has profited handsomely from the municipal business since it opened 10 years ago, thanks largely to a sustained voracious demand for scrap from China and other Pacific Rim countries.

On Sept. 15, for example, baled mixed paper was selling for \$130 a ton on the dock in Oakland, compared with \$29 a ton that Sacramento County charged for the material.

On Oct. 15, however, mixed paper was going for only \$35 a ton. Prices for cardboard, newspaper, plastics and other scrap also fell off a cliff.

By the end of November, Sacramento Recycling's 144,000-square-foot plant had run out room for its unsold bales – a problem the company never before had experienced, Guttersen said.

Today, almost four months later, row upon row of 1,300-pound newspaper bales stacked 16 feet high fill two nearby 12,000-square-foot warehouses. A third warehouse of the same size is filling up fast. Bales of more rain-resistant plastics, tin and cardboard are stockpiled outside.

"We didn't think it would get this bad," Guttersen said.

Call The Bee's Chris Bowman, (916) 321-1069.