



Mayor Hall, Deputy Mayor Scully, and City of Shoreline Councilors,

Thank you for allowing me an extra week to gather the data relating to Deputy Mayor Scully's question on rates and infrastructure improvements. During the April 26<sup>th</sup> Council Meeting Deputy Mayor Scully requested information on current markets and processes, with a focus on the ongoing impacts of China Sword and the Basal Amendment. As presented to City Council in 2018, China Sword significantly impacted the recycling market. Contamination requirements changed from 20% to less than 5%, which translated to less material recycled due to contamination, which in turn increased operational costs to process recycling. In response to the new requirements, Recology invested into their recycling infrastructure, as well as outreach and education to ensure that the highest possible amount of recycling was captured. Since 2018 the number of employees on the sort line at the material recovery facility (MRF) has increased 40%, the sort line has been slowed down by up to 35%, and more recently, image recognition cameras were added to analyze and report uncaptured commodity value. These improvements allow Recology to meet the strict standards set forth by China Sword as well as sell to domestic markets.

While the recycling coming from the MRF now meets contamination standards, it does not mean that markets are always profitable. In fact, there have been, and continue to be, instances in which Recology pays a vendor to recycle the material collected. From 2018 – 2020, we often saw paper pricing as low as \$0/ton to \$5/ton. Since the inception of the current contract, the costs to process recyclables have increased significantly, and although recycling markets have recently begun to be more favorable, the costs to process the material remain at elevated levels.

The Basal Amendment, which went into effect on January 1, 2021, also impacts recycling markets. With the passing of this amendment, mixed plastics are no longer shipped overseas. Due to the quality of product Recology King County's MRF produces, a local market for mixed plastics and mixed rigid plastics was quickly found. Recology's continued investment in payroll for sort line employees and a slower sort line allows the recycling baled at the recycling facility to achieve low contamination, therefore leading to the ability to recycle domestically when markets shift.

If Council would like a more in-depth look at recycling markets and our processing technology, Recology would be happy to schedule a zoom call or presentation to Council to answer in greater detail. We appreciate your time.

Thank you,

Erin Gagnon

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