



November 1, 2013

WM Comments Regarding MPCA Container Deposit Draft Recommendation

Waste Management (WM) of Wisconsin/Minnesota appreciates the opportunity to provide comments on the MPCA draft recommendation for a Container Deposit System for the State of Minnesota. We hope that our comments will provide background on the extensive investment our company has made in establishing a high technology recycling infrastructure for the State of Minnesota. A container deposit system puts this infrastructure at risk because it would take significant volumes of the most valuable materials out of curbside collection programs.

WM is the largest recycler in the State of Minnesota, processing nearly 250,000 tons of recyclable material every year. Our Twin Cities Materials Recovery Facility (TC MRF), located in Minneapolis, established in 2002, was the first recycling facility to process single sort recyclables, in addition to recyclables from dual sort and multi-sort programs. The TC MRF provides processing capabilities to the region, including the Dakotas, parts of Wisconsin and Iowa, in addition to the state of Minnesota. We provide processing services to third party private haulers and to public sector recycling collectors who rely on our services to process and get their curbside recyclables to commodities' end markets. Last year, Resource Recycling Magazine, a national journal, cited the TC MRF as "MRF of the Year" due to its high throughput and excellent operating principles.

WM was the first company to bring curbside collection of Single Sort (SS) recycling to Minnesota, pioneering a new concept that allowed all recyclable materials to be mixed and conveniently placed in a lidded container. Due to its convenience, SS recycling programs increase the participation (the number of homes that set out recyclables) and also increase the pounds collected because homeowners no longer have to sort: they like the larger cart and the convenience of single sort. We estimate that when a city recycling program converts to single sort recycling, they will experience an increase of 20-30% in the amount of tons collected.

Over the years, WM has continued to invest in new equipment such as optical sorters, that allow for the extraction of more and different types of recyclables. In the past 12 years, we have made significant modifications to the layout of the facility to accommodate additional recyclable material, new sorting equipment, and to carry out recycling processing as efficiently and as effectively as possible. Today, WM shares the success of Single Sort recycling, and nearly all in the recycling community agree that Single Sort has a significant impact on recycling rates. We are collecting more material through SS recycling, increasing recycling rates for communities and continue to add communities to the nearly 60% of the population currently on Single Sort. And while the state of Minnesota is currently at a 45% overall recycling rate, there is still room to increase that rate by continuing the implementation of SS statewide.

We hope that these comments have provided background on the extensive investment that our company has made in establishing a high technology recycling infrastructure for the State of

Minnesota. This investment, along with any future investment designed to capture more recycling volume, requires a return on investment through the sale of high value commodities, primarily aluminum and plastic. Because container deposit systems set up a duplicative system that takes these high value commodities out of community curbside programs, WM's ability to invest in our Twin Cities MRF or introduce innovative recycling programs would be severely compromised. In addition, the profits that we share with our community partners will be impacted, resulting in more expensive curbside recycling programs for Minnesota residents. If the current recycling system is impacted financially, how will the rest of the material, namely paper, provide the return on investment required to support our current recycling system?

Container Deposit will result in curbside programs that only collect lower value material. Lower revenue generated by curbside recycling programs will require higher rates from residents to cover the costs of collection and processing borne by communities and the industry. A bottle bill would essentially "gut" successful curbside programs that have helped Minnesota achieve a 45% recycling rate, while capturing only very small incremental amounts of the waste stream made up by bottles and cans. This seems counterintuitive to our overall state recycling policy. While proponents of container deposit continue to state that "90% of the containers are recovered with Container Deposit", the statement is very misleading: Containers as a portion of the total waste stream only represent a very small percentage of the total waste stream. Therefore, the implementation of Container Deposit, on top of an already mature recycling infrastructure has significant negative economic impacts on curbside programs with little impact on overall waste diversion. If implemented, Container Deposit legislation may increase our recycling rate a few percentage points at the risk of compromising our already high recycling rate.

We think Minnesota has much more to gain by continuing to build on the existing infrastructure rather than risking our recycling success with a container deposit system.