



State of Nevada – Legislative
Commission Committee
The Study of Deposits & Refunds on
Recycled Products
February 21st, 2012

EXHIBIT H – RECYCLED PRODUCTS
Document consists of 33 slides.
Entire Exhibit provided.
Meeting Date: 02-21-12

Agenda

- SMI Profile
- SMI in Nevada
- Recycling
 - Why Recycling is Important
 - Why Recycling through CDL's Makes Sense
- Dispelling the Myths of CDL's
- What Voters have Said
- What a CDL Program Means for NV

What We Do

- Strategic Materials, Inc. (SMI) improves industrial performance by recycling earth's resources
- We achieve this by sourcing, recycling, and manufacturing recycled products to industrial clients
- We have pioneered the most advanced processing techniques in the industry
- Our recycled products are used in the manufacturing of fiberglass insulation, food & beverage containers, reflective materials, and other consumer and industrial products



Who We Are

- Largest glass recycler in North America
- One of the 20 largest recycling firms in North America
- Top ten plastics processor
- Established in 1896, SMI has experienced over a century of market changes and has been proven and tested with each passing decade



Divisions

- SMI Glass
 - American Specialty Glass (ASG)
- NexCycle Canada
- NexCycle California



SMI Glass



- The premier North American supplier of recycled glass cullet and specialty powders
- Operates over 45 glass recycling plants across the continent
- Recycling over 2.5 million tons of glass each year
- Provide both pre-consumer and post-consumer glass cullet and specialty powders for all types of industry
- Owner and operator of American Specialty glass, producer of specialty glass for:
 - landscapes, terrazzo, swimming pools, fire pits, aquariums, and more



SMI Las Vegas

- Opened in 2012
 - Capable of Recycling > 50,000 Tons Per Year
 - Best Sorting Technology in Use
 - Recycles
 - Bar/Restaurant Mix
 - Curbside 3-Mix
 - Plate Glass

SMI Las Vegas



WASTE MANAGEMENT AREA FACING NORTHWEST



PROCESSING EQUIPMENT INSIDE BUILDING
(WEST SIDE)



PROCESSING EQUIPMENT INSIDE BUILDING
(EAST SIDE)



SMI Las Vegas
MATERIALS

Materials Recycled

Before



After



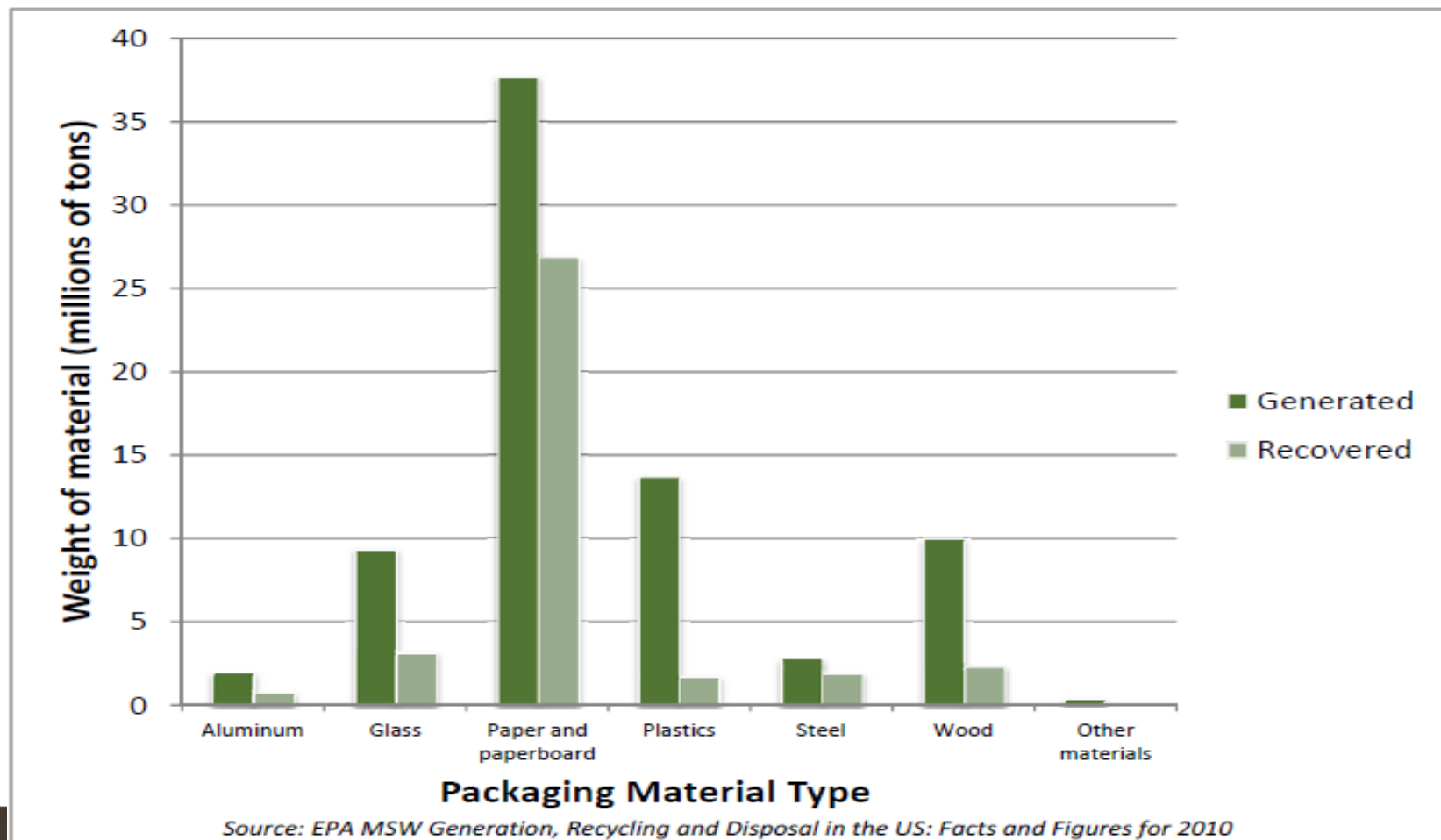
Why Recycling Is Important

- Recycling Creates Jobs
- Recycling Provides Renewable Resources to Industry
- Recycling Reduces our Dependence on Foreign Materials
 - DOE, EPA view Recycling as a Homeland Security Opportunity

Why Recycling Is Important

- Recycling Industry
 - Global, industry that employs millions and pays real living wages
 - WM – CEO ranks it as one of the single most important opportunities
 - Mining landfills to get the materials
 - Huge demand for recyclables by the aluminum, glass, and plastics industries
 - Brand owners even vertically integrating to capture materials

Generation and Recovery of Packaging and Printed Material in the U.S. Solid Waste Stream



What is EPR?

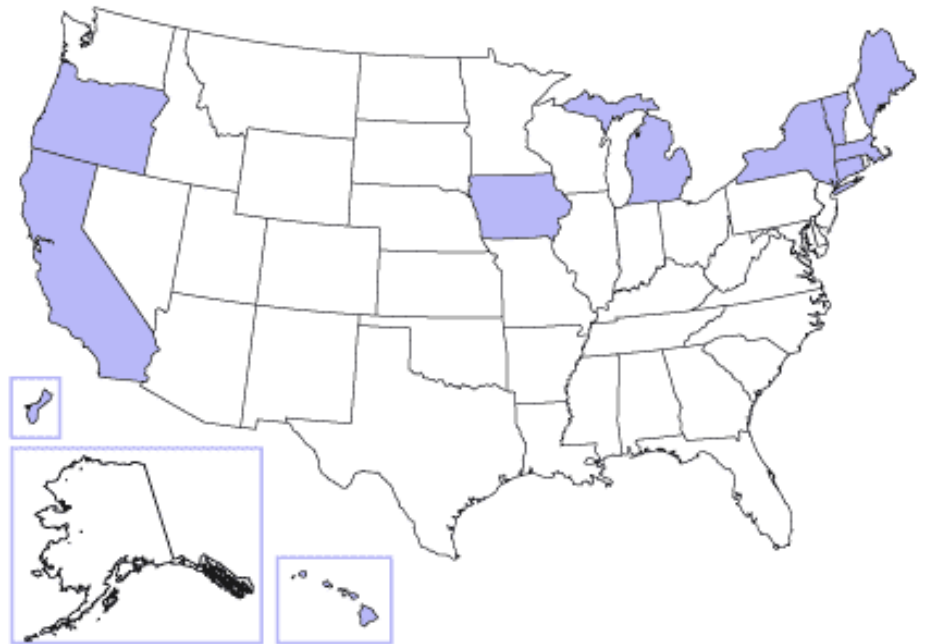
- **Extended Producer Responsibility (EPR)** is a policy approach based on a commonsense principle: that the parties that design, market and use products - not government or taxpayers -- should be responsible for reusing and recycling them.
 - Container Deposits – Were the first such types of EPR
- Stewardship Programs called “EPR”
 - Product Stewardship is typically where producers pay into a fee structure to cover the cost of their products to be recovered
 - Examples include: Electronics, Medical Sharps, Car Batteries, Tires
 - These systems work great for hazardous and/or difficult to recycle items

What is EPR?

- Doesn't make sense for beverage containers/packaging
 - Why? EPR works best in a one-size-fits-all situation
 - Paper & Steel packaging currently have high recovery rates
 - Packaging is consumed in many different ways, in different places
 - Home, Work, On-the-go, etc.
- Do not generate the recovery levels of Container Deposits
 - Ontario
 - Container Deposits – 79.8%
 - Stewardship Ontario – below 40%
- Cost as much/more than the newer container deposit laws being implemented.

Where are the CDL States

- 10 States, 1 Territory
- Account for over 55% of all beverage container packaging
- Columbia, MO & DE Repealed – Why?



Why Recycling Through CDL Makes Sense

- Creates an immediate, step-change in the recycling rate
- Creates the most number of jobs
- Encourages Small-business growth & innovation
 - MA – Polartec® Fleece
 - CA – Bottle-to-Bottle FDA-Approved PET Bottles
- Provides the highest quality of recyclables
 - Recovery Rate v/s Recycling Rate
- Greatly reduces beverage containers as visible litter
- Creates alt-funding for non-profits, schools, etc.

Dispelling the Myths about CDL's

- Costly
 - Some older, programs on the east coast are costly to maintain and operate
 - Newer programs far more efficient and less costly.
- Difficult for retailers and beverage industry
 - Not all retailers want to participate
 - Not core to their business, reverse-distribution can be difficult, inefficient, and costly
 - Provide subsidies for materials processors
 - In CA, no subsidies in 2012 for aluminum or plastic due to high price and demand
 - Currently one for glass, but I believe we can operate without

Dispelling the Myths about CDL's

- Redemption Centers are Inconvenient
 - Tend to locate in/around often-visited stores
 - Research shows that trips to the redemption center done on the run on in conjunction with other errands
- Beverage containers are only a small part of the nation's MSW
 - Roughly 6% of total volume
- Beverage Containers – not a big part of roadside litter

Beverage Containers: A Big Part of the Roadside Litter Issue

Table A7. 3 Litter by Use

	2009			
	Including Cigarette Butt Litter		Excluding Cigarette Butt Litter	
	Count	Percent	Count	Percent
Tobacco	263,409	43%	42,424	11%
Household/Personal	55,606	9%	55,606	14%
Food	43,233	7%	43,233	11%
Non-alcoholic Beverage	80,882	13%	80,882	20%
Alcoholic Beverage	34,646	6%	34,646	9%
Construction/Industrial	61,931	10%	61,931	16%
Printed	24,671	4%	24,671	6%
Other	7,535	1%	7,535	2%
Automotive	45,945	7%	45,945	12%
Total	617,858	100%	396,874	100%

Source: 2009 TXDOT Visible Litter Survey

Dispelling the Myths about CDL's

- CDL's have an impact on other recycling programs
 - The waste industry can benefit and grow from CDL programs
 - CA – Curbside/MRF Infrastructure Participates
 - Paper streams much better
 - Creates additional opportunities for hauling due to comparable equipment
 - SMI and others use WM, Republic, and many others to haul our materials

Dispelling the Myths about CDL's

- Fraud is rampant
 - Incidences of fraud are less than 1.5% overall and are on the decline
 - In line and below many other traditional businesses
- CDL's can't work in rural areas
 - CDL's have been shown to increase recycling in rural areas
 - Largely supported by farming and ranching organizations

Dispelling the Myths about CDL's

- The beverage industry is hurt by CDL programs
 - Huge sustainability initiatives
 - CDL's keep the container recycling rate propped up
 - Brand owners are clamoring to get materials
 - Recent Redemption Center Operator Sold in CA, 2nd highest bidder – a global non-alcoholic beverage producer
 - Oregon CDL program – not only does the beverage industry support, they actively lobbied to expand it

Dispelling the Myths about CDL's

- Container Deposits Result in Loss of Sales, Higher Prices, and Fewer Choices for Consumers
 - No appreciable evidence in sales losses per the Beer Institute and Container Manufacturer Data
 - 2011 MASS DEP Study found that in the 5 states surrounding MA that the prices of goods in non-CDL states matched those in CDL states and that the CDL states actually had a broader assortment of beverage choices

*MASS DEP Source: Sean Sylver, John Fischer

What Will it Take

- Industry ran program
 - Demonstrated success in Oregon, Iowa
 - No need for a big government program
 - Some oversight – IA/OR – 1-2 FTE's
- No Return to Retail/Reverse Distribution
 - Not “Core” to Retail and Beverage Distribution
 - Creates significant implementation cost

What Will it Take

- Structure without handling fees being levied on the container manufacturers and/or beverage fillers
 - Let commodity values support redemption centers and the recycling infrastructure
- Allow the Materials Management Industry to prosper and grow
 - Enable curbside to participate in the program
 - Allow them to open RC's and have hauling opportunities

What Will it Take

- Enable passive benefits to the State of Nevada rather than active
 - States have been known to place the escheat (or unredeemed deposit) back to the state
 - Suggest escheat into a consortium ran by the beverage industry
 - Compensate the beverage industry participants as they will have some incurred expense managing the program

FAVOR / OPPOSE STATEMENTS I

Q8. The recycling refund program would help reduce litter.



Q13. The recycling refund program will lead to more recycling, and this means we use less landfill space.



Q15. The recycling refund program will allow consumers to redeem their bottles and cans at designated redemption centers, reverse vending machines, and at participating grocery stores.



Favor



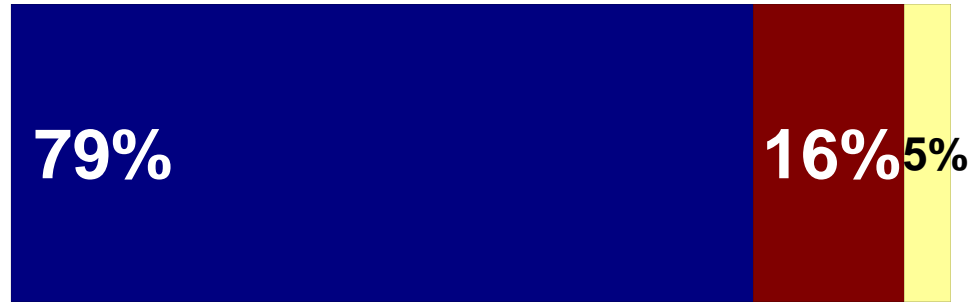
Oppose



No Difference /
Unsure

FAVOR / OPPOSE STATEMENTS II

Q12. The recycling refund program will use less natural and raw materials to make future bottles and cans, and this means we would be conserving more of these raw materials for other products.



Q11. The recycling refund program will help conserve energy in Texas and reduce greenhouse gas, since it takes less energy to make a container from recycled materials than from raw materials.



Q9. The amount of bottles and cans recycled would help to more than triple the current amount of bottles and cans being recycled.



Baselice & Associates, Inc. Project# 11653



Favor



Oppose



No Difference /
Unsure

FAVOR / OPPOSE STATEMENTS III

Q10. The recycling refund program would help create over two thousand new jobs in the state of Texas.



Q14. The recycling refund program will bring new revenues to the state and help create economic development, including new funding for education and environmental programs.



Republicans, Independents, and Democrats recycle at an equal frequency



Baselice & Associates, Inc. Project# 11653



Favor



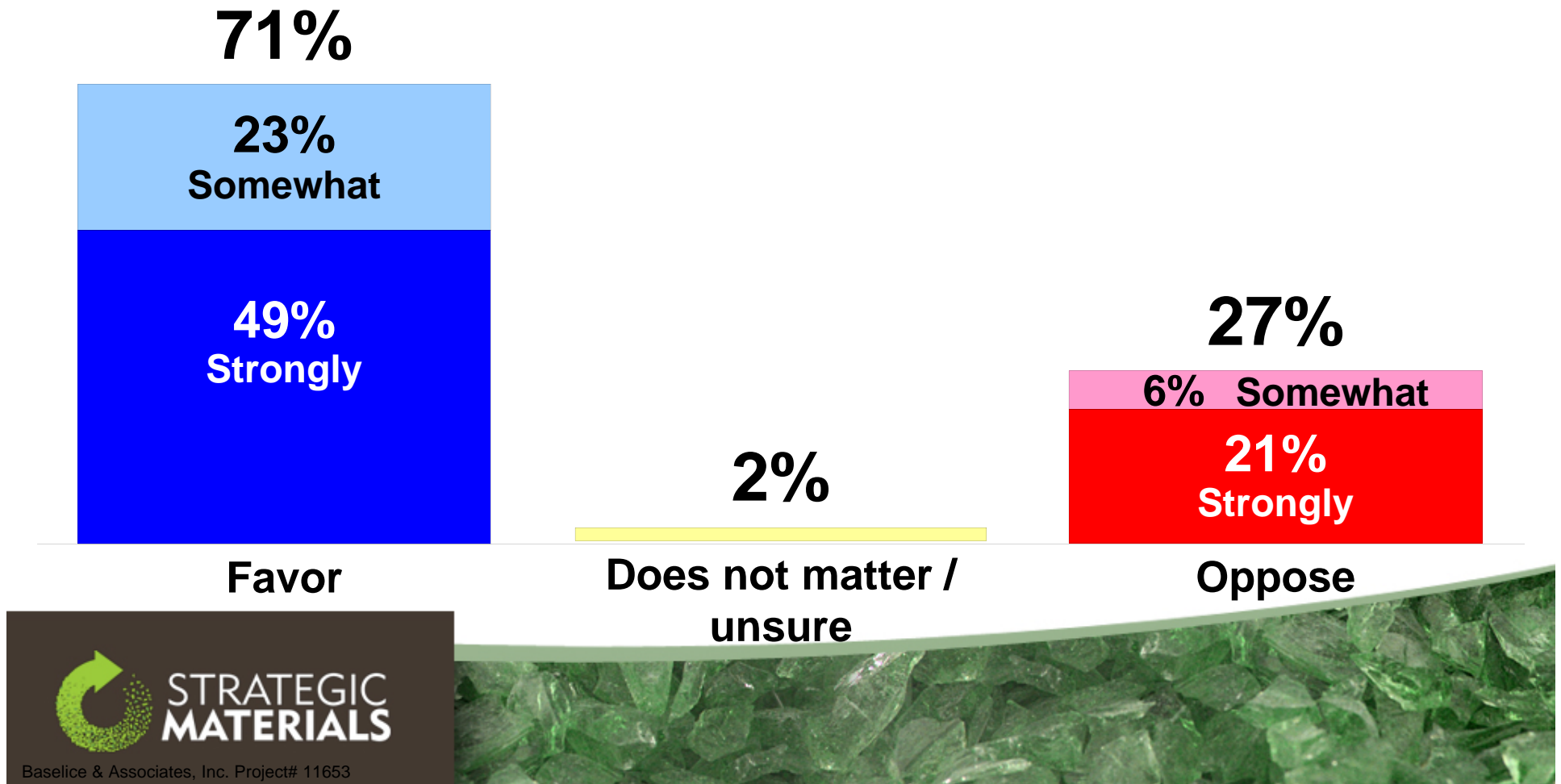
Oppose



No Difference /
Unsure

INFORMED BALLOT

Q19. Having heard more about it, do you favor or oppose the state of Texas creating a beverage container recycling program, where the consumer pays a five cent refundable deposit on beverage containers such as aluminum cans, and glass and plastic bottles, and the deposit is refunded when the consumer returns the container to a retailer or redemption center for recycling?



What This Will Mean for NV

- Approximately 750-800 new jobs paying a living wage
- Stimulated economic activity in a diversified, “green” industry
- A step-change in Nevada’s Recycling Rate
 - Current Recycling Rate by Type:

Beverage Container Type	Aluminum Cans	Steel Cans	PET bottles	HDPE Bottles	Glass Bottles
Recycling Rate	35%	63%	14%	21%	12%

- Reduction of visible litter in the landscape
- Attract new businesses to the state

What This Will Mean for NV

Current Population		Annual Tons	Market Value
	Aluminum	17,138	\$ 36,452,839
	Glass	83,061	\$ 3,322,453
	Plastic	15,025	\$ 12,020,180
Visitors			
	Aluminum	2,017	\$ 4,290,672
	Glass	9,777	\$ 391,068
	Plastic	1,835	\$ 1,467,889
Total			
	Aluminum	19,155	\$ 40,743,511
	Glass	92,838	\$ 3,713,521
	Plastic	16,860	\$ 13,488,068
Total		128,854	\$ 57,945,101



THANK YOU

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