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**Testimony  
of Preston Niblack, Deputy Director  
Before the City Council Committee on Sanitation and Solid Waste Management  
on Recycling in the City of New York**

**March 3, 2004**

Good morning Chairman McMahon and members of the committee. Thank you for the opportunity to testify today on recycling in New York City.

Last month the Independent Budget Office released a report analyzing the costs in 2002 of the recycling program and of refuse collection and disposal. The report received quite a bit of attention, and today I'd like to review some of the report's findings that I think were overlooked or misunderstood when it was first released.

Our analysis of the Department of Sanitation's 2002 cost data found that—before it was cut back in 2003 and 2004—the curbside and containerized recycling program cost taxpayers roughly \$34 million more than if we had simply included the material in with regular household garbage. This is the so-called “incremental cost,” or the premium the city paid to recycle the 737,000 tons of curbside and containerized paper and metal, glass, and plastic it collected in 2002.

This cost—about \$46 per ton in 2002—has substantially decreased over the last decade (see the chart on the next page). In 1994 the incremental cost of recycling, as estimated by the department, was \$275 per ton. This decline has been a direct result of the expansion of the program, and we think that our analysis confirms that a higher diversion rate—as a result of expanding both the materials collected and the frequency of pickup—has significantly lowered costs.

Why does recycling continue to cost more than refuse—particularly when we know that the cost of export is continuing to rise and exceeds the processing fees we pay recyclers? The principal reason has to do with collection productivity. Simply put, because the volume of recycling put out at the curb is lower than the volume of garbage, a collection truck on average picks up less recycling than it does refuse—although the cost of operating that truck on either a recycling or refuse run is the same. On a per ton basis, therefore, the collection cost for recycling is more—\$80 per ton more on average than refuse in 2002, when adjusted for certain costs unique to recycling.

A cost analysis that averages the cost for both paper and metal, glass, and plastic is in some respects misleading. Our analysis confirms that the cost of recycling a ton of mixed paper, for which the city received an average \$7 per ton in revenues, was less in 2002 than the cost of

collecting and disposing of a ton of garbage. As you know, this year the city has also been making money from its metal and plastic recyclables—\$5.10 per ton. In 2002, when glass was also in the mix, the city *paid* on average \$59 per ton for its MGP recyclables.

The city is of course currently negotiating a 20-year contract that will bring glass back into the program. Some observers believe that the new contract will yield a significant savings over previous contracts. Whether or not that proves to be the case, it is clear that, given the growing divergence between the cost of exporting garbage and recycling processing fees, it would make economic sense to put a renewed emphasis on increasing recycling, not just to save on disposal costs, but because, as we believe our analysis makes clear, a higher diversion rate can lead to more efficient collection.

Recycling collection efficiency could be improved by other means, as well. The city could explore operational adjustments that would increase the productivity of recycling, independent of the diversion rate. I won't get into this area because it is beyond our expertise. Suffice it to say, again, that collection productivity is, in our view, the most significant place to look for savings.

Although we're not there yet, a recycling program with a negative incremental cost—that is, one that actually saves the city money—is entirely possible in the foreseeable future, given the cost trends and if the city can further raise the diversion rate or otherwise lower the cost of collection of recyclables. But given that many New Yorkers also care very much about the contribution recycling makes to preserving the natural environment, cost alone should not be the only grounds on which we evaluate the recycling program.

I hope this helps clarify our findings, and I'd be happy to answer any questions you may have.

