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CHARLOTTE BUSINESS JOURNAL

Friday, November 27, 2009

Gaining ground from recycling rules

Changes lure new business

Charlotte Business Journal - by [Susan Stabley](#) Staff writer

Brian A. O'Leary sold his **Container Corp. of Carolina** to Allied Waste in the mid-1990s, after more than 20 years growing it into the dominant waste-removal company in the region.

But this year, O'Leary and others — including longtime local business figure Chuck Duncan, other former Container Corp. officials and his son, Brian M. O'Leary — launched a new service for local businesses with an emphasis on recycling.

They were drawn back into the waste-hauling business by the promise of the green movement. A promise strong enough to prompt them to start a company during an uncertain economy.

"There's always garbage to be picked up," says Duncan, who leads corporate development for **O'Leary Group Waste Systems**. He adds that a push by Fortune 500 companies to incorporate sustainable operations, coupled with the rise of green buildings, has opened new opportunities. "It's a whole new ball game."

The business-model basics for a company such as O'Leary's: The less garbage that goes into a landfill, the lower the tipping fees (and expense) for a waste-removal company. Revenue from recycling soda cans, cardboard boxes and plastic jugs helps to offset costs and widen margins.

The recycling market already employs as many as 3,700 workers in more than 125 businesses in the region, according to a February study by the Centralina Council of Governments.

But for entrepreneurs, the waste and recycling industry is complicated by local bureaucracy, fluctuating material prices and a culture that's more accustomed to tossing a soda can than washing it out and recycling.

Mecklenburg County residents, for example, recycle less than 20% of their trash. The Centralina study ballparked the recycling rate among Charlotte residents to be as low as 10%. Davidson performed best among area communities at 18%, while Gastonia's recycling rate was estimated at 1%.

Jake Wilson, **Keep Mecklenburg Beautiful** executive director, hopes the switch to single-stream recycling in July will help increase those figures. Wilson is optimistic the county recycling rate can reach 40%.

Changing habits

"There's money in recycling," Wilson stresses. "It been proven in the county that recycling is a viable business concept."

For example, Mecklenburg County contracts with a company that transforms newspapers into home insulation. That produces about 50 to 60 tons of "green" insulation material per day for U.S. Green Fiber, using paper collected at the Metrolina Recycling Facility. The government-owned recycling center on Amble Drive off Graham Street is a public-private partnership between the county and facility operator FCR. Technically, it's called a materials recovery facility, and it was one of the first in the state. And it's one of just three in the region.

The county plans to invest about \$8 million to upgrade the facility for single-stream recycling. The new equipment will give the county the ability to process more kinds of plastics at a faster rate.

Residents will be given 96-gallon containers to replace the small, red bins now in use. The rollout containers will be picked up every two weeks.

Psychologically, the larger units should help encourage more recycling, officials say.

The county is dependant on citizens to voluntarily participate. Even though state law bans many materials from local landfills — including plastic bottles and aluminum cans — there's no enforcement in place to penalize violators.

"There was no incentive for our customers to recycle," says Erik Blowers, founder of **GBUSA Inc.**

His four-year-old waste and recycling hauling company, based in Indian Trail, serves 3,800 residents in Union County and the Sun City development in northern Lancaster County.

To correct that, Blowers recently signed with recycling-rewards program RecycleBank.



photo NANCY PIERCE

Senior Environmental Specialist Jake Wilson talks about operations at the Metrolina Recycling Facility.

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The program offers promotions that are analogous to credit-card points or S&H Green Stamps. Residents who recycle will be able to redeem those credits with local retailers, including **Harris Teeter Inc.**, and national brands such as Coca-Cola.

"It's a perfect fit for us," Blowers says. "We have exclusive (local) rights to the rewards program."

But getting customers on board is only half the battle. The next big hurdle is winning contracts to service local communities, he says.

Competitive market

Blowers says the growth of his startup is still stymied by the structure of many local government procurement contracts. He has pursued deals with small cities and towns in the region only to find many lack a written policy on waste-service deals. Instead, he says many municipalities have no-bid contracts that automatically renew for years.

"It's a wink and a handshake," Blowers says. "It's frustrating that the good ol' boy system is alive and well in this state."

He and Duncan say their firms offer new options in a marketplace that's typically controlled by garbage giants such as **Republic Services Inc.**, which merged last year with Allied Waste.

Blowers has seven drivers and one office assistant. He's eyeing the acquisition of a hybrid truck, but his company's growth is tied to signing deals to pick up waste.

O'Leary Group Waste Systems is strictly commercial and doesn't have to worry as much about political protocol.

Duncan says the firm is in expansion mode.

He, the senior O'Leary and others at the company are revisiting old friends and business partners. Already, the company has worked with the Charlotte Convention Center, the Duke Mansion and movie theater operator **Eastern Federal Corp.**

Duncan notes O'Leary Group Waste Systems is in talks to pick up waste at some of the new uptown towers, including some with LEED-certification requirements that mandate recycling.

Fluctuating prices

The profitability for companies such as GBUSA and O'Leary depends on the market for recycled materials.

Demand from China inflated prices for several years until the global recession hit. The tumble in the market contributed to Pratt Industries' decision to close its single-stream facility in Charlotte last year.

Blowers says the market for recycling was "pitiful" until July, when prices picked up.

For example, bundled cubes of crushed aluminum cans sell for about \$1,100 per ton, down from a high of \$1,800.

Bales of bundled plastic containers sell at a range of prices: about \$200 per ton for clear soda bottles, \$300 per ton for detergent containers and \$500 per ton for clear milk jugs.

The weakest market is for glass. Clear glass sells for about \$15 per ton. Green glass is disposed of at a loss.

Compare that with landfill fees, which range from \$26 to \$38 per ton in the region.

And in a sign of strength in the market, global packaging company Sonoco recently completed a \$2 million, 23,500-square-foot expansion of its Charlotte facility at 3901 Barringer Drive that included new sorting and baling equipment.

QUICKINFO

IT'S THE LAW

N.C. bars: Aluminum cans, appliances, used oil, scrap tires, lead-acid batteries, antifreeze and yard waste from landfills.

In October: Plastic bottles, oil filters and wooden pallets (except for construction and demolition landfills) were added to the banned list.

Starting April 2011:

Dumping computer equipment and other electronics will be illegal.

In Mecklenburg: Businesses that use a Dumpster must recycle office paper and corrugated cardboard or face fines.

COUNTY ROLLING OUT NEW RECYCLING GUIDELINES

What can be recycled now:

- Aluminum cans
- Plastic type No. 1

(polyethylene terephthalate or PET) — soda liter bottles, salad dressing

- Plastic type No. 2

(high density polyethylene or HDPE) — bleach and detergent containers, milk jugs

- Glass

- Steel

- Newspapers, office paper, mixed paper and corrugated cardboard

Starting July 2010, Mecklenburg County will be able to recycle:

- Plastic type No. 3

(Vinyl or PVC) — home siding, the coating around wires, clear food packaging

- Plastic type No. 4

(low density polyethylene or LDPE) — dry cleaning bags, squeezable bottles, some carpets

- Plastic type No. 5

(polypropylene or PP) — bottle caps, straws, ketchup bottles, yogurt and margarine tubs

- Plastic type No. 7 — miscellaneous — from DVDs to sunglasses to nylon

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