

# CLEAN CITIES RECYCLING, INC.

*Griffith, Indiana*

Clean Cities Recycling, Inc. (CCR) is a nonprofit community development corporation formed as a joint venture between 2-Ladies Recycling, Inc. of Hobart, Indiana; the Gary Clean City Coalition, a community-based environmental organization; and Brothers Keeper of Gary, a shelter for homeless men. The mission of CCR is to benefit the public interest and lessen the burden on government by creating permanent employment by utilizing the economic opportunities available through the processing and marketing of Lake County's residential recyclables.

The joint venture was formed in 1993 to compete for a two year contract awarded by the Lake County Solid Waste Management District to set up and operate 25 drop-off recycling centers. The District and its Board were established in 1991, when the State of Indiana set a goal of reducing trash to landfills by 35 percent by 1996, and 50 percent by the year 2001. CCR's winning contract bid of \$354,000 was 66 percent of the bid submitted by the next competitor.

## **Job creation through recycling**

To date, Clean Cities Recycling has set up ten drop-off centers at grocery stores. The sites are open Monday through Saturday, 8 a.m. to 8 p.m. and are serviced daily. They collect clean, source-separated household recyclables: glass, aluminum, steel cans, newspaper, cardboard and some plastics. Materials are sold to local markets and established scrap dealers in the Greater Chicago area: fiber is purchased by a paper mill in Lake County, glass by a company just over the county line in Illinois, and steel returns to the steel mills.

Clean Cities Recycling now employs six full-time and two part-time workers who are paid \$6.50 to \$10.00 an hour. CCR provides job training, a local work history, and letters of recommendation to homeless shelter residents who are paid a stipend for their work. The venture also helps provide continuing financial support for Brothers Keeper. Benefits from the business flow to the city of Gary and

surrounding communities.

After further expansion this summer, CCR will be able to hire up to four more full time employees, including Brother's Keeper shelter residents who by then will be trained warehouse workers. The enterprise anticipates generating \$300,000 annually from sales of recyclables.



Selling recycled materials to end-users in Indiana and the Greater Chicago area will increase the capacity and the labor requirements of local industry; for example, one Lake County paper mill that buys CCR's fiber to manufacture egg cartons and fruit box liners estimates that, once CCR operates at capacity, the mill will be able to increase its output by 20 percent and hire more employees.

## **Environmental education**

CCR diverted over a million pounds of recyclables from area landfills in the first six months of 1995, after moving into the new warehouse/processing facility. The drop-off centers also serve as environmental education centers. Information is posted about the resources saved by recycling—such as the number of trees preserved by recycling paper—at each drop-off site. The emphasis is town-based, not county-wide, so local residents take ownership and pride in their community's efforts.

## **"Closing the loop"**

The project also works toward closing the loop by promoting use of recycled materials. One grocery store hosting a

drop-off site introduced green "please return for recycling" shelf tags under certain products and additional shelf tags listing the recycled content of packaging with a smiley-face earth logo. One national cookie brand's sales representative who toured the shelves was concerned because his competitor's brands displayed these attention-getting shelf tags; he has since been working to convince his company to adopt recycled packaging.

Clean Cities Recycling has received start-up and ongoing support from a wide range of local, state and national sources. The Gary Clean City Coalition provided CCR with administrative and clerical services and office space until the facility in Griffith was completed. All current CCR staff volunteered their time during the start-up phase. Community volunteers, as well as community service workers assigned by county and city courts, still help to support the program. Grocery site locations are donated by the merchants, who also contribute \$1,000 and help find shelf sponsors, such as local dairies and the local newspaper, to make matching contributions.

CCR has received some equipment on loan, such as a \$10,000 can crusher/separator and a vertical baler that will become CCR's own property after five years. The Indiana Department of Environmental Management provided advice as well as funds for equipment. The Hoosier Environmental Council and Greenpeace contributed advice on legislative matters. The Institute for Local Self-Reliance, based in Washington, D.C., facilitated the development of the joint venture and provided technical assistance in helping to draft the business plan and obtain financing.

## **Key elements of success**

The experience of the participants was a critical element of the project's success. The Gary Clean City Coalition played a major role in getting the city to establish and expand a curbside recycling program, and Brothers Keeper had collected newspapers as a source of income for years. 2-Ladies began as a volunteer, recycling educational effort initiated by a mayor's committee in Hobart. Marie Fryar and her partner participated in this effort but found that education was not enough if there was nowhere to take the stuff, and opened the first drop-off center in 1989 on land left by her father-in-law. Fryar became convinced that it is necessary to prove

there are viable alternatives in order to affect legislation and local policy. 2-Ladies, the Gary Clean City Coalition and other groups worked with the Hoosier Environmental Council and the Lake County Solid Waste Management District Advisory Board to insure that proper recycling programs were implemented.

In addition to credibility as recycling operators, their years of working on the Community Recycling Cooperative Effort for the Environment gave 2-Ladies a strong base of support in local communities. Fryar recounts: "we worked with the mayors, with the churches, the Chambers of Commerce, the Kiwanis Clubs, the Boy Scouts, the grocery store owners, old, young, everybody. This made them somebody to be reckoned with in the political arena and helped them win the district contract."

#### **Barriers to credit for nonprofit recyclers**

The major barrier to expansion and self-sufficiency for CCR has been lending institutions refusal to provide matching financing, largely due to policies on collateral. CCR was told that their \$80,000 of equipment is not on the list of acceptable loan collateral and that recycling equipment is too specialized. The contract for \$178,000 a year from the Lake County Solid Waste Management District was also considered insufficient security for the loan even after CCR, at the banks request, renegotiated an extended four year contract. Banks were unwilling to accept future sales of recyclable materials as collateral for purchasing equipment.

The unanticipated barriers to obtaining

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**Scope:** Lake County  
**Inception Date:** 1994  
**Participants:** Local non-profit organizations, businesses and government  
**Project type:** Job creation/training, recycling  
**Methods used:** Establishment of a joint venture, a county-wide network of recycling drop-off centers and a warehouse/processing facility  
**Lessons learned:** To affect legislation and public policy, it is necessary to prove there are viable alternatives. It is important to bring in everyone—businesses, community organizations and government—as responsible partners.

credit for nonprofit recyclers set back the program schedule in the initial business plan, as CCR has had to focus on fundraising from local business for donations and grants, or loans from the state, and from foundations. The three sites scheduled to come on line, and the final twelve drop-off sites, will be set up by the end of the summer, now that CCR is obtaining the necessary equipment and financing. Meanwhile, a new business

pilot program is picking up materials from a major appliance distributor and a tavern.

—*Jobs & Environment Campaign*



## **UPDATE**

December 1997

Clean Cities Recycling, Inc. ceased its operations in 1997. Prior to its closing, a series of problems fueled the decision by the Waste Management District to cancel Clean Cities' contract in 1996. Internal political problems and difficulties in obtaining financing, and then maintaining payments, for the purchase of additional recycling bins were central to CCR's eventual demise.

The recycling program was transferred to a commercial hauler. There are now 24 drop-off centers operating in Lake County. The volume of recycled materials is about the same as it was under Clean Cities. However, the educational campaign has been discontinued and related environmental efforts involving citizens and stores at the drop-off sites have been curtailed.

Since the collapse of Clean Cities, the Gary Clean City Coalition has ceased to function as an organization. Brothers Keepers of Gary is still active, but they no longer have a major role in recycling. 2-Ladies Recycling, the founder of the drop-off program, tried to regain the contract in its own name, but was unsuccessful. It remains committed to the concept of recycling and the need for more public education.

—*Community Sustainability Resource Institute*