

Recycler can prosper better as nonprofit

by Monica Mendoza
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Bill Morris (center) founded Blue Star Recyclers 18 months ago and saw it recycle 700,000 pounds of electronics equipment last year. To break even, however, it would have to handle 100,000 pounds a month — hence the change to nonprofit status. At right: technician Mark Tankersly.

At the end of 18 months in business, Blue Star Recyclers has reached a crossroads.

The Colorado Springs company was founded to recycle electronics waste: old computers, keyboards, printers and televisions. But each month it has come up about \$9,000 short in covering expenses. Investors Tony and Mary Fagnant, owners of Qualtek Manufacturing, have covered the company's shortfall.

But Blue Star Recyclers cannot continue to operate in the red, said Andy O'Riley, its director of materials processing.

In May, the company will transform itself into a nonprofit corporation, making it eligible for government grants and money from private foundations to cover operating costs and pay for expansion.

"The irony is that in order to be profitable we have to become a nonprofit," O'Riley said.

Electronics recycling is still an emerging industry, but it's growing fast. In 2006 there were an estimated 500 such companies across the country, but in 2010 there were more than 1,200, according to the International Association of Electronics Recyclers. Still, with little oversight in the industry and a volatile market for recyclable commodities, Blue Star was feeling like a little boat in big ocean, said Bill Morris, the company's president.

"If commodity prices drop dramatically or if the manufacturers band together to do something we could go down," Morris said.

For Blue Star Recyclers, there is more in play than the bottom line, O'Riley said. The company was founded with a two-fold mission of recycling electronics and employing developmental disabled adults — a population with an 88 percent unemployment rate, O'Riley said.

The company employs nine disabled adults through a partnership with Community Intersection, a nonprofit group that offers services to adults with developmental disabilities.

Morris, who was the Community Intersection program manager at the time, noticed that some developmentally disabled adults had an aptitude for taking apart computers, and in 2008, he founded a program to put some of them to work dismantling computers for a Denver-based recycling company.

Then, in March 2010, he brought the program to a Colorado Springs warehouse on Elkton Drive, off Garden of the Gods Road, and expanded the business to include all electronics recycling.

The nine-member team works 20 hours a week dismantling computers and separating the pieces for reuse. They dismantle about 70 computers a day.

It's those pieces — plastic, copper wiring and circuit boards — that Blue Star sells. Some realize just pennies on the pound but high-value circuit boards, which contain gold or silver, yield close to \$5 a pound.

In the past only large companies have been compelled by state law to recycle electronics. Now, though, residents with basements full of last year's "latest technology" are turning in their old electronics to keep them out of the landfills. In 2010, about 30 percent of the e-waste handled by Blue Star Recyclers came from residents.

"Our job is diverting this away from landfills and open spaces and make sure it gets broken down to the smallest parts so it can be reused in manufacturing," Morris said.

Morris estimates Blue Star Recyclers is capturing about 15 percent of the electronics recycling in Colorado Springs, about 70 percent of it from business and institutions. Last year, the company handled 700,000 pounds of electronics equipment and kept that waste from going to landfills.

But the company would need to recycle about 100,000 pounds a month to cover the roughly 28,000 in monthly operating costs. And while it's getting closer to that goal each month, Blue Star Recyclers does not want to compromise its mission of employing disabled adults, Morris said. In fact, he wants to have 20 employees on board by the end of the year.

This year, after switching from for-profit to nonprofit status, the company will shop around for a new warehouse, one with a loading dock to make deliveries easier. It will work on its public education campaign to let residents know they can recycle their old computers, televisions and other electronics equipment. And, for the first time, it will seek federal funds to cover its gap in operating expenses.

"The mission is to create jobs for disabled adults and the only way to protect that mission is to allow the organization to seek funds outside of sales," Morris said.

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