



BALE OUT

March 2016 | Vol. 3, Issue 3

Sustainable Organics Recycling

The State of Recycling

Composting plays a huge role in recycling. From collection, processing, and hauling to markets, recycling and composting are forever linked with common types of fleets and equipment, with common ownership of facilities where services are now typically placed in the same contract. Whereas the 'State of the Compost' is healthy, the 'State of Recycling' is weak. The 'State of Disposal' is rebounding with increased pricing and volume.

Composting, paired with anaerobic digestion, offers a closed-loop, community-scale system with local markets for soil amendments and transportation fuel. Compost builds healthy soils in California, the food basket of the world, where carbon farming has a potential to be a far greater carbon sink than our forests. As our industry provides a bundle of services, falling commodity prices have taken away from the capital needed to further invest in the infrastructure to reach the statewide goal of 75% by 2020.

The 'State of Recycling' needs a bale out in 2016, facing weakening commodity prices with increasing mandates and decreasing recycling rates. The disposal rate has increased three years in a row up to 4.5 pounds per day in 2014 or a 50% recycling rate, where a 2.7 pound per person per day is intended in 2020. Though the increase in disposal is being attributed to an improving business sector, we would have hoped that AB 341, with mandated commercial recycling starting in 2012, would have recovered the waste in step with the economic recovery. With low prices and little enforcement, the 'State of Recycling' is making headlines with Main Street concerns and Wall Street rumblings.

As we look towards 2016, we know "Recycling is not Dead" as reported in the top story of 2015 by *Resource Recycling*. "The Economics of Recycling", which supports paying for recycling, was the top story of 2015 by

Waste360. Recycling definitely needs some help, after being held hostage by the ports, the Chinese Green Fence, depressed oil prices, and a strong dollar. The "Reign of Recycling" published by the *New York Times* last summer rained on the recycling parade.

Waste Management Inc., doesn't foresee a day that they are out of the recycling business altogether. Rather, the recycling downturn will cause system wide changes in the industry that can revive stalling recycling rates and protect recyclers from the whims of the commodity markets. With AB 939, local government stepped up in partnership with industry to create the robust recycling infrastructure we have today, but mostly with bundled pricing. If people are willing to pay for garbage service as a public necessity, recycling also needs to be paid for as a public service with transparent pricing. Recycling has never been "free", and the garbage rates need to be unbundled to reflect the true costs of recycling with the anticipated commodities revenues indexed to market rates. There needs to be a "fee for service", not perceived "free service". Should HFH re-run their 2011 Cost Study with current commodity pricing, there would be a clearer understanding on the true cost of recycling.

Wall Street is accommodating the recycling down turn by obtaining both price and volume increases for disposal. Recycling down, Disposal up! Main Street is shocked by declining recycling revenues coupled with the closing of certified recycling centers in their community.

Manufacturing of recycled feedstocks has been off-shored without an anticipated return. The state is doing a great job on greenhouse gas reductions and methane mitigation with composting, but recycling is being left behind, much like the biomass being left in the dying forest and burning in the fields or buried in the landfill. **There ought to be law...** as the current laws on the books should be enough and proposed laws will fail to solve the plight of recyclables and biomass.

The State of Recycling is weak and needs a bale out in 2016, but won't get one.

Legislative Update

2015 - *There Ought to be a Law...*

It was a highly successful year for composting in 2015, while the other recyclable commodities took a beating without much legislative or regulatory relief. Composting was woven into the [Governor's Five Pillars](#) with a proposed ban being announced by CARB, AB 876 passing to show capacity to 2030, and a breakthrough healthy soils agenda. But no luck for biomass and other recyclables. AB 590 (Dahle) was going to bolster biomass pricing with \$100 million of cap-and-trade money but got stuck in committee and will probably not move this year. AB 1063 (Williams) was going to raise the landfill tip fee for the first time in decades which could have led to a funding source for recycling infrastructure development, but will probably not go forth this year.

AB 199 (Eggman) did provide \$100 million in sales tax exclusion for compost and recycled feedstock manufacturing equipment, which may be expanded to \$200 million in 2016 with AB 1683 (Eggman). CalRecycle may deploy \$15 million cap-and-trade for fiber, plastic and glass grants to develop in-state facilities, should the Governor's budget be approved

With depressed commodity prices crippling the industry, there is little hope for increased pricing with sagging oil futures, a strong dollar, and a China slowdown. ***There ought to be a law...*** to support recycling manufacturing development in California and increase markets. Laws have already passed

and in place; SB 1322 (Bergeson, 1989) asked for the reindustrialization of California to develop markets for recyclable material and created the RMDZ zones, and the Recycled Market Development Commission which was quickly repealed in 1991. SB 1322 also created the Plastic Recycling Program, which was repealed in 2005.

AB 1909 (O'Connell) required the Waste Board to develop a comprehensive Market Development Plan that would stimulate market demand for postconsumer waste material. The Plan included provisions for periodic review and revisions in response to changing market forces or actual changes in secondary waste materials markets. The Plan was prepared in 1993 and last updated in 1996. There has been a series of minimum content laws passed; SB 951 (Hart, 1993) for plastic trash bags, SB 235 (Hart, 1991) for plastic packaging containers, and SB 937 (Vuich, 1990) for recycled-content newsprint, among others over the years.

There ought to be a law... to develop recycling infrastructure in California, but there are so many other laws that are used to stop development or stranglehold existing development. The industry cannot wait for in-state manufacturing to magically appear to re-manufacture the 12 to 13 million tons that are being exported. The industry is being held hostage by global forces outside our control, as the bales stack up.

2016 - *...and 1,500 Bills Introduced*

There were approximately 1,500 bills introduced before the February 19, 2016 deadline, in the second year of a two-year bill process. There were fewer than 10 'recycling' bills introduced including food waste diversion with SB 970 (Leyva). AB 2396 (McCarty) and AB 2039 (Ting) are spotty at this time with administrative and reporting issues. AB 2576 (Gray) is the only commodity relief bill asking for \$20 million of cap-and-trade revenue to support glass container manufacturers here in the state.

Bill Watch

[AB 1683 \(Eggman\)](#)

TOPIC: This bill would increase the limit on the sales and use tax exclusion from \$100 million per year to \$200 million for each calendar year, and can be used on equipment that processes recycled feedstocks and organics.

STATUS: Introduced on January 20, 2016. Referred to Committee on Revenue & Taxation **SUPPORT**

[AB 1063 \(Williams\)](#)

TOPIC: This bill would increase the solid waste tipping fee from \$1.40 per ton to \$4 per ton beginning 1/1/2017 until 1/1/2022 with CalRecycle required to use a minimum \$1.50 per ton to promote infrastructure development, which could develop up to \$30 million in grants and loans to develop composting facilities and other market incentive programs that promote the highest and best use of recovered materials. The bill would also establish a generator charge to augment the existing disposal fee which funds CalRecycle administrative costs.

STATUS: Held in Senate Environmental Quality Committee. **WATCH**

[AB 1103 \(Dodd\)](#)

TOPIC: This bill would establish statutory definition of food waste and create a tracking, reporting, and vehicle registration system for any entity hauling food waste, whether it is a commercial entity or a self-hauler.

STATUS: Held in Senate Environmental Quality committee. **SUPPORT**

[AB 590 \(Dahle\)](#)

TOPIC: Makes greenhouse gas funds available to the California

Energy Commission to make monthly incentive payments to maintain the current level of biomass power generation in the state and to revitalize idle biomass facilities in certain regions.

STATUS: Held in Senate Appropriations committee under submission – Author has indicated he will not bring bill back in 2016. **WATCH**

CalRecycle

CalRecycle has published a flurry of reports on recycling, disposal, exports, and commodity pricing. There is a lot of data, with more coming later in 2016 on biomass tonnage reporting and in 2018 with AB 901 diversion reporting. All the data in the world still shows that California needs domestic markets for paper, plastic, and metals, which should be coupled with local and state government procurement practices.

CalRecycle held “A Conversation about Recyclable Commodity Prices: Trends and Impacts on California” on Feb. 16 and plans another for Southern California soon. The presentation stated the causes for the weak commodity prices, though solutions were scarce. [View the presentation here](#). The workshop turned into an encounter group and a 12-step program for recovery. Low oil prices coupled with a strong dollar and a slowing China economy has depressed prices. Collection and processing to market specifications is the easy part.

In-state manufacturing is needed and though the upcoming \$15 million in cap-and-trade grant will fund a few facilities. There needs to be a massive Governor’s GoBiz effort to facilitate the development of the recycling infrastructure with CEQA exemptions for Net Zero Facilities. With all of these reports and current laws, we hope CalRecycle can bring more to the table on the AB 1909 comprehensive Market Development Plan update and provide additional analysis on the increase in disposal for the third year in a row. With disposal trends up and commodity pricing down, the statewide goal of 75% in 2020 will not be met.

CALRECYCLE REPORT: COST STUDY OF COMMERCIAL RECYCLING 2011

Understanding the costs and greenhouse gas reductions associated with the expansion of commercial recycling in California. The objectives of this 2011 Report were to develop a model to estimate the costs, cost savings, and net cost resulting from recovering a specified volume of different recyclable commodities. HFH determined that there needs to be a fee for recycling service, close to the garbage rate. AB 341 will cost California an increase of 5% to 10% from baseline before the current commodity price collapse.

HFH should re-run this model with the current commodity prices to see how much more recycling will cost California. [Read the report here](#).

Reports

CALRECYCLE REPORTS: STATE OF RECYCLING and STATE OF DISPOSAL 2016

CalRecycle released “[State of Recycling 2016](#)” and “[State of Disposal 2016](#)” in February and presented a [PowerPoint overview](#) during their monthly meeting on Feb. 16, 2016. The Edgar Institute had prepared the “State of Disposal” for since the 1990’s, with CalRecycle taking over in 2015. There is now 1.68 billion tons of state permitted disposal capacity with disposal amounts increasing from 4.3 ppd in 2012 to 4.4 ppd in 2013, and 4.5 ppd in 2014. The State of Disposal is tipping upwards with pricing and volume making Wall Street happy in the face of falling recyclables commodity prices. With disposal up and recycling down, how will the state meet the 75% recycling goal in 2020 at 2.7 ppd.?

CALRECYCLE REPORT: 2014 CALIFORNIA EXPORTS OF RECYCLABLE MATERIALS

Critical and timely information about the \$6.9 billion recyclables export market from California’s ports in 2014, the 18 million tons shipped, and the value of each commodity. It focuses on recyclable seaborne exports where 57% of all recyclables went to China. Recycling exports dropped 3% from 2013 to 2014, and 6% in the first 3 months of 2015. Mixed paper is 53% of the market by weight, but 20% of the value. Metal is 39% by weight and 72% by value. Plastics are 7% by weight and 6% of the value. This report was issued before the drastic drop in oil prices. [Read the report here](#).

Regs Watch

AB 199 REGULATIONS

Under the State Treasurer’s Office, CAEATFA staff is developing regulations defining eligibility criteria which will be a regulatory process estimated to take up to 6 months, AB 199 offers financial assistance in the form of sales tax exemption on equipment purchases to businesses that process or utilized recycled feedstock, explicitly including organic materials and biomass. Simultaneously, applications that would have exhausted nearly all of the \$100 million annual allowance for the program is underway. Following stakeholder outcry, CAEATFA suspended further applications pending the development of regulations pursuant to AB 199 and agreed to work on legislation to extend the allowable amount of exemptions. AB 1683 (Eggman) has been introduced seeking to expand the program limits to \$200 million annually, with a provision for a rollover of unused funds in the preceding fiscal year.

AB 901 REGULATIONS

Waste, recycling, and compost facilities, as well as exporters, brokers, and transporters of recyclables or compost will be required to submit information directly to CalRecycle on the types, quantities, and destinations of materials that are disposed of, sold, or transferred inside or outside of the state. CalRecycle also gains enforcement authority to collect this information. This will be a 2-year controversial regulatory process with the reporting starting in the first quarter of 2018. Biomass and food waste tons should also be part of AB 901 reporting.

SB 498 REPORTING

Operators of a biomass conversion facility are to submit an annual report to CalRecycle by April 1st of each year (starting 2016) containing specified information for the preceding year. The annual report provides details about each specific biomass facility’s specific operations and sources. SB 498 guidance has been issued and there will be no regulations.

The California Compost Coalition

is a registered Lobbying Coalition with the Fair Political Practices Commission (FPPC), created in 2002 by a group of compost operators in response to demands for increased recycling of organic materials & production of clean compost, bioenergy, renewable natural gas, and biochar.

CCC Members

Agromin
Atlas ReFuel
Burrtec Waste Industries
Caglia Environmental
California Wood Recycling
CleanFleets.net
Clover Flat Compost
Cold Canyon Compost
CT Bioenergy Consulting LLC
Harvest Tulare
Harvest Lathrop
Marin Sanitary Service
Mt. Diablo Recycling
Napa Recycling Compost
Northern Recycling Compost
Organic Waste Solutions
Phoenix Energy
Quackenbush Mt. Compost
Recology Blossom Valley Organics
Recology Feather River Organics
Recology Jepson Prairie Organics
Sonoma Compost
Tracy Delta Compost
Upper Valley Recycling
Vision Recycling
Zanker Road Resource Management
Z-Best Compost Facility
Zero Waste Energy Development
Zero Waste Energy, LLC

CCC Executive Committee

Bill Camarillo, *Agromin*
Greg Kelley, *Northern Recycling Compost*
Eric Potashner, *Recology*
Rachel Oster, *Recology*
Will Bakx, *Sonoma Compost*
Christy Pestoni Abreu, *UVR Compost*
Michael Gross, *Z-Best Compost*

CCC Staff

Neil Edgar, Executive Director
Evan Edgar, Regulatory Affairs
Tony Cone, Financial Advisor
Rick Moore, Peer Review Engineer
Monica White, Sustainability Advisor
Sean Edgar, Fleet Advisor

CCC Legislative Affairs

Justin Malan, EcoConsult
Neil Edgar, Edgar & Associates Inc.

Mt. Diablo Recycling Energizes the Future

The Garaventa family, owner of Mt. Diablo Recycling, has family roots going back to the 1930s, when Andrea Moresco was operating the one horse and buggy rubbish pick up service for the country town of Concord. Over the years, Moresco's son-in-law, Silvio Garaventa, Sr., took the small town operation and built an enterprise that includes multiple municipal franchises. In 1934, Garaventa (as Concord Disposal Service) began providing service to the City of Concord. From the City of Concord's infancy at a population of 3,500 to today, Garaventa now serves over 250,000 people in Contra Costa and Solano Counties.



Mt. Diablo Recycling

reduce • reuse • recycle • respect • recover
A Garaventa Company

Today, Garaventa Enterprises offers the communities it serves comprehensive solid waste management and youth education systems. Garaventa has hauling franchises in the Cities of Concord, Pittsburg, Oakley and Rio Vista. Additionally it provides recycling and collection service to unincorporated areas of Contra Costa and Solano counties. The owners and managers of the company live and work in the community, working for Main Street, not Wall Street.

Services include residential and commercial solid waste removal, residential curbside recycling and yard waste collection, commercial recycling, construction and demolition, industrial waste, used oil pickup, sharps collection, and debris box services. The operations are performed in conjunction with Mt. Diablo Recycling – one of the most advanced processing facilities in the state – and the Recycling Center and Transfer Station, which processes green waste, urban wood waste and all forms of recyclable construction debris and transfers unrecyclable waste.

Garaventa takes great pride in the quality of service they provide to their customers. In fact, for the past several years, the City of Concord surveyed the residents on the quality and satisfaction

levels for services provided by the City (police, parks, garbage, etc.). The results of those surveys ranked Garaventa's hauling and recycling services as the best of all services provided within the City of Concord. Garaventa embraced AB 939 26 years ago, and is implementing AB 341, mandatory commercial collection, with an eye on 75% recycling and are developing innovative programs to go beyond the 75% toward zero waste. Garaventa has a long-term record of innovative and cost-effective diversion programs.

In 2015, an EIR was certified that combined operations, expanded services and added 1.8 mega-watt of energy in the creation of the Mt. Diablo Resource Recovery Park (MDRRP). The EIR demonstrated that the facility was Net Zero now, avoiding far more greenhouse gases that is generated from the collection, processing, and hauling of materials. MDRRP has more than 15-years of organics processing capacity to comply with both AB 1826 and AB 876, and has been designed for 5,500 tons per day to meet the growth of Contra Costa County to 2035.

Garaventa realizes the transition of the industry from being collectors and processors, to becoming a green energy company, fully utilizing the materials that are collected. With the current biomass crisis underway, MDRRP is already permitted for a 1.0 MW biomass gasification plant that can handle 12,000 tons per year of wood chips.

The Mt. Diablo Resource Recovery Park will continue to "raise the bar" in communities it serves by using best management practices and delivering exceptional customer service along with fair, competitive pricing and maintaining its reputation as the company of choice in the recycling and organics market place.