

# Anti-Contamination Programming Ad Hoc Work Group Consensus Recommendations for RSC Consideration

## CREP Enhanced (CREP+E)

### Guiding Principles:

#### Generator Facing Contamination Reduction Programming is permanent and ongoing.

- There should be a statewide strategy.
- There should be system support <sup>1</sup>to local jurisdictions to implement CREP.
- Statewide contamination reduction efforts are appropriately funded by producers.
- The goals and communication of “the problem<sup>2</sup>” will be clearly<sup>3</sup> articulated to generators.
- Generator-facing program efforts and actions being undertaken must be practical, measurable, and effective.
- There will be shared responsibility and accountability among all parts of the system. Effective feedback loops must occur between hauler, reload, and end-MRFs to support and sustain generator accountability.
- There will be consequences / enforcement measures that are understood and acceptable to all players that are consistently applied, effective and ongoing
- Contamination reduction program work may prioritize materials and sectors.
- Education and outreach efforts must be responsive to and inclusive of diverse populations.
- Contamination reduction program work will be evaluated on an ongoing basis.
- Decisions need to be informed by current, local data e.g. auditing/surveying to identify problem materials.
- Auditing protocols and standards will be set by DEQ, and informed by partners.

#### Statewide and Local Jurisdictions Goals & Standards

- A statewide goal for contamination reduction that coordinates with city/county goals in statute (not unlike the Recovery Rate goals of the past) is useful to add further justification to act.
  - *For example, currently the ad hoc group proposes that a 10% single-family residential, commercial and multifamily curbside contamination goal would be appropriate.*
- Jurisdictions will aim to reach the statewide goal, select a plan to reach it, and show progress towards this goal.
- Statewide and jurisdictional contamination goals will be reevaluated and revised on an ongoing basis<sup>4</sup>.

<sup>1</sup> E.g. assistance for auditing measures, education outreach, on-route identification of contamination, etc.

<sup>2</sup> E.g. importance of providing clean material to manufacturers by reducing contamination to access markets.

<sup>3</sup> Will be clear on the problem and not overly complex.

<sup>4</sup> If jurisdictions end up with higher contamination in one program versus another, they could select different program options (costs considering).

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**Option A: CREP Enhanced (CREP+E)**

This will require jurisdictions to choose from the list of strategies and methods to address curbside contamination; jurisdictions will be required to set goals in order to meet a statewide curbside material contamination goal; and will include escalating enforcement measures that are effective and ongoing. Much like current Opportunity to Recycle laws, wastesheds can propose an alternative plan that accomplishes the required results.

**Option B: CREP Enhanced (CREP+E) – Required Set of Strategies**

*Implemented only if funding is available.* This will require jurisdictions **to do a set list of** strategies and methods to address curbside contamination; jurisdictions will be required to meet a statewide curbside material contamination goal; and will employ the escalating enforcement measures that are effective and ongoing.

# Non-EPR Funding Options Adhoc Group Work

Ad hoc group purpose: Review non-EPR funding options for modernizing the recycling system

## Approach:

Starting with a list of options generated by the RRS research, considered by the SB245 Funding Workgroup and additional ideas sourced from the Consumer Brands Association, the group examined funding options through a lens of considerations they agreed (across sectors of the system including local government, hauler, processor, and end market) are important for decision making regarding funding recycling system improvements and modernization. Through this process, they eliminated some options that did not meet thresholds for relevant, stable, or practical to implement. They reviewed the remainder and offer that review in summary in this document.

## Considerations:

The ad hoc group agrees to the following key considerations for informing decision making around funding recycling system improvements and modernization:

- a. To diversify funding streams to spread the burden, create flexibility, and minimize impacts to ratepayers.
- b. For producers to have some financial responsibility into the system.
- c. To consider equity and fairness with regards to financing the system.
- d. An ability to augment EPR with other funding sources.
- e. Keep as many options on the table as possible, to meet principle (a) above and meet modernization goals which will require increased financing
- f. Funneling funding through DEQ may come with limitations on spending, could be at risk of getting redirected during economic downturns, and could create administrative burdens for the State.

Findings: The current system puts responsibility on ratepayers. The ad hoc group explored considering these options within a shared responsibility (EPR) framework to meet some of the considerations and principles listed above, including relieving the burden on ratepayers. Ultimately this group concluded that some “non-EPR” funding options would work best if integrated in an EPR financed system.

Below is a review of the options that remained on the table for exploration by the group. They are not intended to be recommendations, rather considerations to inform future decisions around financing Oregon’s recycling system.

## Potential Funding Options:

### A. *Solid Waste Disposal Fee Surcharge- Generator Pay*

- a. Additional fee on materials disposed of in Oregon and assessed at the disposal site.
- b. The current fee is \$1.18/ton. The disposal fee was applied to 6.9 million tons in 2018 (3.2 million was from out of state). The fee structure last changed in 2015.
- c. Additional revenue with increased fee using 2018 tons to calculate revenue: +\$0.295/ton = +\$2 million; +\$0.59/ton = +\$4.1 million; +\$1.18/ton = +\$8.2 million
- d. Impacts rate payers equally, but is disproportionate to lower income ratepayers.
- e. Requires rule or statute change to implement.
- f. Revenue is fairly stable but fluctuations are possible with changes in the economy.
- g. Could fund: statewide collection efforts, transportation subsidies or contamination-reduction efforts.

- h. If applied to out-of-state tons, may disincentivize disposal from out of state and potentially in-state depending on size of increase which could decrease base or revenue. Would need to be modeled to assess potential for diminishing returns.
- i. This option is not recommended as a standalone, but could augment for targeted activities.

B. *Recycling Gate Fee Surcharge*

- a. Fee on collected materials delivered to commingle MRFs.
- b. Collection service providers delivered 294,032 tons of commingled materials to Oregon processors in 2018.
- c. Revenue generated on 2018 tons for a range of fees: \$0.75/ton = \$220,524; \$1/ton = \$294,032; \$1.25/ton = \$367,540
- d. This would impact rate payers with recycling service, and/or producers if they are obligated through EPR. Impacts would vary across the state depending on rate base.
- e. Would likely minimally require legislation.
- f. Instability in this revenue stream is likely due to fluctuations in the economy and recycling market conditions, as well as changes in composition of the material stream.
- g. Could fund: customer engagement or recycling infrastructure upgrades.
- h. It could incentivize sending materials out of the state for processing, creating a potential for diminishing returns.
- i. This option is not recommended as a stand alone, but could augment for targeted activities.
- j. Additional questions are: How difficult to administer? What options for implementation? How does the quality of materials factor in?

C. *Fees on Select Materials/Advanced Disposal Fee*

- a. Charge to consumers at the point of purchase on select materials — such as “problematic” or “hard-to-recycle” materials including but not limited to flexible pouches, plastics and cartons. Calculated as unit fee at point of sale. DEQ doesn’t have access to data on the number of units sold into Oregon at this time.
- b. Cascadia modeled an average of approx. 37,217 tons of plastics, aseptics and gable tops collected with new scenarios. These materials were selected as proxies for “selected materials.” There may be an increase in these materials as consumer packaging changes.
- c. Would require legislation. May be considered a “tax” and therefore could be challenging to pass.
- d. This would be considered stable with growth in new, lightweight packaging as it continues to replace other more readily recyclable packaging.
- e. Could fund: customer engagement, infrastructure improvements, processing costs or litter abatement.
- f. Could have equity impacts to low-income consumers.
- g. May or may not be recommended as a standalone; could be a shared responsibility with producers within an EPR model.

D. *Virgin Resin Fee*

- a. Fee on producers when using virgin resin instead of recycled content.
- b. Oregon accounts for about 1.28% of the U.S. population. The U.S. generated 35,370,000 tons of virgin plastics in 2017, according to the EPA report. Virgin petroleum is currently cheaper

that recycled plastics, driving increased consumption. Many major brands have pledged to use more recycled content in their packaging.

- c. It is likely this could be part of EPR if applied to products sold into Oregon as an eco-modulated fee. That would require legislation. It is not clear if a resin fee by itself would give DEQ authority for producers outside of Oregon.
- d. Stable? Unstable?
- e. Could potentially make recycled plastic feedstock more attractive to producers.
- f. Could fund various system needs including customer engagement, contamination education and outreach, infrastructure improvements and processing costs.
- g. This likely needs to be a national effort if not part of Oregon EPR and incorporated into eco-modulation fees.
- h. This is an EPR option.

Options eliminated as not viable or relevant at this time:

- Generator Fee
- Collection Service Excise Tax
- Permit Compliance and Recycling Act Fees
- Leverage Unredeemed Deposits from Beverage Containers
- Percentage of Revenue Model
- Carbon Tax
- Fees on Separated Materials Burned for Energy
- Expand Redemption opportunity of Bottle Bill to MRFs
- Check-off Program

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### Inbound Contamination

Recommendation: At the point of transfer, the processing or reload facility should be responsible for providing feedback to collectors and/or local governments about contamination. Feedback mechanisms should be required and standard for all transfer points, and should be part of a feedback loop that also includes required actions by local governments or other authorities overseeing generator-facing anti-contamination programming.

*(Facilitator's note: see ad hoc work on anti-contamination programming for links and more specific recommendations.)*

### Outbound contamination

Recommendation: Conditioned on other parts of system elements/ improvements upstream and at end markets (e.g. effective statewide list, effective generator facing contamination reduction programming, end market transparency and accountability), the ad hoc group supports that:

Conceptually, the processing system should achieve two outcomes: 1) provide markets with quality outbound materials, and 2) sort properly prepared materials so that they are delivered to their intended end markets. Processing facilities should be accountable for delivering both of those outcomes effectively.

The ad hoc group also recommends considering implementation of accountability measures over time with near, mid and longer-range targets identified. Any recommended measures should account for investments needed to allow MRFs to effectively meet the targets, as well as consideration of other outbound concerns, like which 'market' it is going to.

“How” - Implement both certification (for all facilities receiving Oregon material) and permits (for in-state facilities); contract with producers for specific 'difficult' materials.

### Processing workforce equity

The ad hoc group agrees Oregon should establish statewide equity standards or best practices for processing facilities doing business in Oregon (and/or handling material generated in Oregon) related to initiatives such as: workforce fair wages, worker health and safety, and good neighbor or community benefit agreements.

The ad hoc group agrees on these principles of equity:

- Advancing equity is a high priority for modernizing Oregon's recycling system, and as such needs to be supported by investments and funding.
- All processing facilities across the state should meet minimum equity standards or requirements, regardless of market impacts.
- Oregon's recycling system should seek to equitably distribute its benefits and burdens among the individuals and communities involved in or affected by the system.
- Advancing equity for workers, business owners and host communities can strengthen the system's resiliency and safety, and create benefits for all.
- Some standards may need to account for differences between processing facilities based on geography, markets, and business model.
- Workers should have access to wages and benefits to meet their basic needs, including stable housing, transportation and food.
- Workers should be able to work in a safe and healthy environment, free from bullying, harassment, injury and other negative health impacts.
- Host communities should be able to see processing facilities as a benefit not a burden, and should have a voice in decisions that affect them.
- The system should create opportunities for minority and women-owned businesses, and remove barriers to business ownership.
- Equity standards should be phased in over time to ensure they are achievable, and facilities should be required to implement plans for continuous improvement.

The ad hoc group supports process next steps beyond the RSC:

- RSC reviews, provides feedback and approves processing group recommendations
- Metro uses RSC approved recommendations as starting point for development of local standards that could be incorporated into Metro's MRF license agreements. This work would include additional research and stakeholder engagement. The project scope will be shared with the RSC when completed.
- Metro and DEQ staff will discuss implementation details as part of the Metro project to ensure state and local regulatory roles are well coordinated and complementary.