

# Recycling Modernization Act: Commingled Recycling Processing Facility Technical Workgroup Meeting #7 Summary



Oct. 26, 2023: 10:00 a.m. to 1:00 p.m. (Pacific)

## Schedule

### 10:00 a.m. Welcome

Justin Gast with DEQ started off the meeting by reviewing meeting expectations and providing some project updates. The rule concepts for certain requirements of CRPFs were set to go before the Rulemaking Advisory Committee on November 1<sup>st</sup> and the call for facilities to participate in Arianne Sperry's inbound contamination evaluation study was also addressed.

Justin also took this time to address a question he has received from several processing facilities regarding who is eligible for CRPF funding. Justin noted to be eligible for the funding a facility must be a permitted or certified commingled recycling processing facility, thus excluding reload facilities, redemption centers, limited sort facilities and others.

### 10:10 a.m. Crowe LLP

Jason Chan kicked off Crowe's presentation with covering the study and methodology overview. He gave a quick review of both fees – Processor Commodity Risk Fee (PCRF) and the Contamination Management Fee (CMF). He covered that Crowe is still working on anticipated program costs and entering the refinement phase. Next, he went over the methodology from the very beginning, explaining what Crowe did and its timeline. Jason then spent some time talking about what kind of information and calculations they are waiting for and will need for the final version of the report. Questions from the workgroup for this discussion were around how certain materials (residuals and out-of-state materials) are taken into consideration for the two fees.

Erik Nylund with Crowe presented on the preliminary results. Here he went through the details, specific numbers and calculations used for both fees. A question was asked by a workgroup member regarding materials that are going to be considered contaminants under RMA but that have market value if sorted out. DEQ and Crowe shared they will discuss that internally and come back to the group with an answer. Erik walked through an example calculation of the PCRF and highlighted just how sensitive it is to market prices. The workgroup had one more question regarding glass, and if glass happens to not make the uniform statewide collection list, then how does the tonnage of that material fit in to the calculations. Crowe responded saying they are going to look into that more during the refinement phase.

Next up was Wendy Pratt with Crowe and she covered the average commodity value data and methodology. She shared that the goal was to determine how prices paid to Oregon

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processing facilities is different from the various market price data sources. She explained how DEQ will use Crowe’s methodology to calculate costs once the RMA is fully implemented. Wendy reviewed the sources they used to calculate the numbers and the other sources reviewed and welcomed feedback from the workgroup regarding the prices Crowe found. Next, she went over what will be included in future calculations and how DEQ will go about continuing to make calculations. Questions from the workgroup during this discussion were mostly about when certain elements of the calculations (material composition, commodity values, residuals) will be reassessed or adjusted. DEQ shared that statute allows for the PCRf to be reevaluated at least once every five years but no more frequently than once per year. It was also illustrated when it would be appropriate for facilities or PROs to request a check on the numbers and calculations being used for the fee. A workgroup member suggested that Crowe investigate PetroChem Wire index for plastics.

Wendy continued on and covered the anticipated program costs, which is the other major component of the greater PCRf calculation. Wendy noted Crowe is waiting still for data from Oregon’s waste composition study. She mentioned that they will look at individual facilities and what their specific next steps will be to meet the new requirements. There will be three key areas that Crowe will be looking at: administrative requirements, equipment and capital investments, and living wage and supportive benefits. She spent some time going through each of the key areas and highlighted what they will look at and evaluate and gave some considerations for processing facilities to think about before their next interviews with Crowe.

During the discussion, questions and concerns were raised from some workgroup members regarding paying sort line workers a living wage, to which another workgroup member responded, reminding the group just how hard those people have to work and how challenging the job is. It was also noted that, if certain processors are experiencing difficulties hiring, it could be due to how little the position is compensated. Other concerns expressed were around how all of this (the fees, the calculations, who gets what, etc.) will play out in the future. David Allaway with DEQ responded by acknowledging the inherent uncertainty of the project at hand, but also reminded the group of the mechanisms within RMA that will allow for adjustments and reassessments of numbers and calculations.

<b>Noon</b>	<b>Break</b>
<b>12:05 p.m.</b>	<p><b>Crowe’s preliminary study continued..</b></p> <p>After the break Jason went over the next steps Crowe will take before their deadline in December. He gave one last recap of the different costs that are taken into consideration for each fee and what stage Crowe’s research is at for each cost and fee. Next Jason went over what is left to do with various assessments, meeting performance standards, research equipment costs and more. He shared the upcoming timeline for Crowe and when the facilities should expect their follow-up interviews and when deadlines for data are. Lastly Jason went into further clarification over two focus areas for the next round of interviews. They will focus on capacity and material acceptance, and meeting performance standards and he shared what kinds of questions they will be asking and what data they are hoping to receive. The discussion at the end was around equipment costs and future needs, with a desire to know a current baseline of equipment capacity, for individual facilities and system wide, in order to know what the future lift will need to be. A comment was made that</p>

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	effective data management systems are created and put in place from the beginning, and the administrative costs associated with that should be taken into consideration in Crowe's calculations.
<b>12:50 p.m.</b>	<b>Public input</b> There was no public input.
<b>12:55 p.m.</b>	<b>Next steps</b> Due to a rich discussion about Crowe's preliminary report, the discussion around the invoicing approach for the Processor Commodity Risk Fee was pushed out to the next meeting, which is scheduled for December 4 <sup>th</sup> , from noon-4p (PST). Justin shared that he would leave the slides about the invoicing approach in the presentation to be uploaded to the CRPF webpage, for workgroup members to review before the group meets again in December.
<b>1:00 p.m.</b>	<b>Adjourn</b>

All times shown are estimates and are subject to adjustments to meet the needs of DEQ and workgroup members.

The Workgroup may also be joined by one or more guests for discussions of specific topics.

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