



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

Recycling System Steering Committee January 31st

Frameworks Information Session Summary

Chemeketa Center for Business and Industry Auditorium

626 High Street NE Salem, OR 97301

9 a.m. to 12 p.m. Information Session

Recycling Steering Committee Members: David Allaway (co-chair), Abby Boudouris (co-chair), Sarah Grimm, Jason Hudson, Nicole Janssen, Scott Keller, Laura Leebrick, Beth Vargas Duncan (for Kristan Mitchell), Jeff Murray, Pam Peck, Amy Roth, Timm Schimke, Jay Simmons, Matt Stern, Vinod Singh, Dylan De Thomas, and Bruce Walker.

Participants on the webinar: 121 participants

To hear and view the full recorded presentation, please visit:

<https://www.oregon.gov/deq/recycling/Pages/Recycling-Steering-Committee-Resources.aspx>

Welcome and Agenda Review

Facilitator Robin Harkless, Oregon Consensus, welcomed audience members and Recycling Steering Committee members. Robin introduced herself and facilitation team member, Amy Delahanty, and said Oregon Consensus has been providing facilitation services to the statewide Recycling Steering Committee (RSC) since summer 2018. DEQ convened the RSC on the heels of an informal group that had been meeting since 2018 to address near term stabilization needs in response to China's National Sword policy. ***The Recycling Steering Committee's charge is to help DEQ advance the State's 2050 Vision for Materials Management – specifically how to modernize the recycling system to meet 2050 Vision goals.*** Today marked an important milestone in the process with the rollout of a main research project DEQ contracted out to examine different legal and relational "frameworks" Oregon could consider to help modernize the system. The research examined financing, operational and governance elements.

Robin reviewed the frameworks information session purpose, which was for audience members to hear DEQ's contracted researcher, Resource Recycling Systems (RRS), present their in-depth analysis on a suite of legal and relational framework scenarios. Throughout the session, audience members would be invited to ask questions about the analysis. Robin emphasized that the information session was not a roll out of "the alternatives," but rather, akin to Lego pieces that will help the RSC take their next step to deliberate what option(s) will be viable for a future recycling system in Oregon. She also suggested the RSC would be continuing their work as early as this afternoon, so members of the committee would defer their questions so that the morning Q&A time would be available for other participants.

Robin then introduced David Allaway (DEQ), co-chair of the RSC. David provided a brief overview and presentation on recycling in Oregon and the charge of the RSC. Topics included, but were not limited to the following: benefits of recycling; specific challenges of recycling in Oregon; overview of the Oregon system framework; scope and research tracks of the RSC



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

process; and legal and relational frameworks research timeline. David shared DEQ's perspective, as informed by conversations with RSC members and other stakeholders, and experience overseeing the system, on the challenges and opportunities of Oregon's recycling system, which include:

- Oregon's recycling policies were created years ago under different circumstances. The recent collapse of global recycling markets has made the shortcomings in the current system more apparent and "National Sword" (2017) revealed limitations in Oregon's recycling system.
- While various RSC members see the challenges from different perspectives, there is a generational opportunity to modernize and improve Oregon's recycling system in this effort.
- On December 6, 2012, the Environmental Quality Commission adopted the "Materials Management in Oregon: 2050 Vision and Framework for Action." Recycling is necessary to realize the 2050 Vision, although recycling alone is not enough.
- While some progress has been made since the 2050 Vision was adopted, Oregon is far from achieving it. Quality recycling programs will be one way to help get there.
- Contamination harms the system in three ways. 1.) It makes the recycling system more expensive; 2.) Contamination reduces recycling by domestic industries; 3.) Contamination, if exported, directly harms the environment.
- End markets are inconsistent and producers have limited responsibility; unclear and misleading labels further add to contamination. Other than modest requirements to use recycled content (limited to newsprint, glass, and telephone directories), many producers have limited or no responsibility and minimal integration with the rest of the recycling system.
- As the RSC works to improve the recycling system, the current use of materials is not sustainable. Even if every piece of scrap is recycled across the state, Oregon's use of materials would be less impactful, but still not sustainable. Recycling is needed, but we also need additional solutions in parallel. For example:
 - We need to use less material overall.
 - Industry needs to detoxify and decarbonize its supply chains and manufacturing processes.
 - We need to stop the flow of plastics going into the rivers and oceans.
- In 2018, DEQ convened the RSC to study and make recommendations for modernizing the recycling system in Oregon.

Framework Scenarios Review

Resa Dimino (RRS) provided a presentation of RRS' in-depth evaluation of the Oregon recycling system frameworks research. Topics included a brief overview of the RRS firm; research process and overview; common elements recommended for all scenarios; evaluation of government managed scenarios; and evaluation of producer managed scenarios.

Following the review of the government managed scenarios, Robin paused for questions from participants on the webinar and in the room. RRS provided the answers below. (Facilitator note: The full list of unanswered questions can be found in Appendix A.)

Where would the state funding coming from? Taxes, fees, etc.?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- The report lists several funding options for consideration. There are different approaches to taxes and fees. Options as articulated in the report include an additional tip fee surcharge; generator fees; service excise tax; retail recycling fee (similar to advance disposal fee); and producer fees. The report includes benefits and challenges to each approach for consideration by the RSC.

Two types (generator and recycling gate fee surcharge) do not state to whom the fee is paid. Is this also paid into a state fund, or to a local jurisdiction? How would funds in the state fund(s) be used to provide benefit to the local programs, many of which operate on various levels of service, and many – but not all – of which may be operating through MRFs.

- The structure we are envisioning here as an option to be considered, is any of these fees and taxes would come into a tax fund and would then be used by the state to implement the various elements of the program. Some of those may include grants or disbursements to local governments, but some of it would be activities the state may take on, e.g. lifecycle assessment (LCA) database, materials recovery facility (MRF) contracts, etc.

How much more funding is needed?

- In the first scenario, most of the additional activity is regulatory, so there is some additional funding required. In the second scenario, the state will be paying the processing costs. That is a much more substantial sum of money than implementing regulatory programs.

What kinds of new standards would local governments have to meet?

- We talked about the standards at the beginning, with some reflected in the common elements slide. Some examples would be recycling rates, parallel access (to some degree would apply to local governments), mandatory variable rate pricing. There is also inbound and outbound contamination from MRFs. That change would require local governments to engage in anti-contamination programming efforts. Additionally, you would want to think about ways to empower MRFs to set standards for what comes in the door.

Are there other states that have these types of systems in place?

- Yes. RRS initially evaluated ten existing frameworks, from which the elements were drawn to build the five scenarios. The one exception being the state contracting with MRFs. That has been done at a county level, but not at the state level.

Scenarios state “some stakeholders do not have role of responsibility.” Does the RRS report clarify which stakeholders lack responsibility in each scenario?

- Yes. That information is included in both the report and slide presentation. In the government managed scenarios, the producers don't have a role in the system.

How would out of state MRFs be managed?

- For contractual agreements, the state could contract with an out-of-state MRF to provide processing services. I don't think the state can regulate a MRF not operating in the state.
- DEQ: I think you are correct. We will want to confirm with legal counsel. Lacking the ability to permit an out-of-state facility, one option could be via a certification. In that



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

case, statute would need to be revised to require cities to direct their recyclables to MRFs that meet certification standards. They could be free to use whatever MRF they wanted to, but MRFs would need to be certified against certain standards.

Was consumer responsibility included in your evaluation as a stakeholder?

- Yes, the assumption is consumers are responsible for source separation in every scenario. They are responsible for separating their materials and participating in programs.

Has there been conversation around incentivizing brokers to sell commodities to local producers in your study?

- I'm not sure that has come up. We will send that over to the RSC.

Are these just for residential or for commercial? If commercial is included, why?

- Commercial is included. The intent is because we want this new modernized system to address the entire stream. It does not include construction and demolition.

At which point will recycling rates be calculated?

- That's a level of detail that we haven't gotten into yet. I think it would be addressed within the MRF operating standards there would be reporting on incoming and outgoing materials. You'd have collection rates and then also have MRFs report on actual material marketed. Could be done at either level.

What level of accountability or enforcement power would the state have in dealing with processors that do not adhere to rules or regulations, i.e. excessive contamination?

- I think that would be baked into the new regulations and potentially statutory authority the agency would have.

Will there be funding for additional MRFs to reduce carbon footprint?

- Not something that has come up. (Facilitator note: will be referred to RSC.)

Would part of the contract with MRFs (in Scenario 2) include variable pricing that favors cleaner material?

- We talked about the ability for the MRF to reject things that don't meet an inbound contamination standard, or place a penalty on materials that don't meet an inbound contamination standard.

In Scenario 2, who absorbs or pays for risk inherent in commodity markets?

- That would be absorbed through the contract with MRFs and DEQ. The state would absorb the risk as part of the contract. It would be funded by the new funding source.

The below is a summary of those questions and answers related to Scenario Group 2 (producer managed scenarios). The full list of unanswered questions can be found in Appendix A.

What is the producer's role in paying for garbage?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- Within these scenarios, we drew the line at litter abatement. Producers would be responsible for the recycling system and for litter abatement projects. Those litter abatement projects would not extend to the solid waste management system.

Is there a definition for producers, e.g. size of operation, etc.?

- Generally, it includes brands and retailers. There are a host of definitions that have been used by EPR programs and that is something we might be able to follow up with. Typically, they have a calculation. Certain small producers would be exempt. We were looking at the brand owners and retailers, not the converter that makes the paperboard box. It's the brand that puts their name on the box.

I don't yet see the recyclers in the scenarios. Were they involved at a different step?

- We broke out recyclers into two. We have the MRF and end markets. The MRFs are represented in the circular diagrams. The end markets don't have a specific responsibility in any of these scenarios, but would be engaged in different ways.

Under EPR, who ultimately pays for services? Oregon consumers, other consumers, shareholders, or all of the above?

- Essentially producers pay their fees into the producer responsibility organization (PRO). The PRO covers the cost of fulfilling the obligation. The consumer or shareholder would ultimately pay because typically there is an internalized cost/cost of doing business with the brand or company. There have been many studies done on this. The impact on a package per package basis is very small. It doesn't actually change the price of the package. For example, Oregonians wouldn't pay more for a box of cereal in Oregon than in Washington. Instead it's absorbed as cost of doing business within the companies.

Scenarios 3 and 4: What are the pros and cons of a ratepayer versus PRO system? For example, in the report on pg. 28 for Scenario 3, it's stated that a ratepayer system would benefit multifamily communities because it would ensure recycling is collected wherever garbage is collected. Is that true and are there other similar tradeoffs?

- All scenarios ensure that all residents in the state (multifamily and residents) have collection. That's one of the core elements we included, e.g. parallel access. In terms of the benefits of a ratepayer vs. producer financing, I think some might argue, that in Scenario 3 where the ratepayer pays for collection and the PRO pay processing, the diversity in funding sources might be a benefit.

Which states, counties, and cities are successfully implementing Scenarios 3 and 4?

- Scenario 3 has not been done yet. Scenario 3 would be a variation on some of the programs that are in place in the Canadian and European provinces. As of now, there no extended PRO for packaging and printed paper within the U.S. There are a number of states that are looking at this. The precedent for Scenario 4 is several Canadian and European programs.

Scenario 3: Producers involvement in materials list. Why / why not?

- I mentioned in Scenario 3 that DEQ is going to play a role of integrating the collection and post-collection system. As a part of that integration, DEQ will need to determine



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

what the processing system should process and what local government systems should collect. The producers would be engaged in that discussion. Local governments and the state would need to work on that as part of an integrated system.

Are all scenarios equal in their potential for reducing the generation of materials or reusing their materials?

- We haven't done a quantitative analysis of that yet. As we looked at those uses with how we scored upstream impacts, essentially any producer responsibility element scored higher on the upstream impacts because of the eco modulation and because of the ability to have the integration of waste reduction in those scenarios.

Would MRFs pay for transportation of collectors to MRFs under EPR scenarios?

- The PRO would pay that either through the MRF or directly with the actual mechanism to be worked out. Local collectors would not be responsible for transportation cost, except in Scenario 1.

Scenario 4 and 5: Who are the PROs? How do you get compliance with all the producers?

- Typically, the producer organization is created by producers, e.g. brands, retailers, etc. The PRO gets all those folks together to exercise their obligation. There's a bit of self-enforcement in that it's the organization's interest to get everyone under the tent so costs are shared equally. If they can't engage the brands that have an obligation, then DEQ would step in and take an enforcement role. Self-enforcement role usually steps in.

With multiple producers, how would their "stake" in the game be divvied up amongst them?

- The PRO would define that by setting the fees. Typically, fees are divided based on the amount of material sold into the system and recyclability of that material. A key job of a PRO is to determine how much each brand owes into the system and then collect those fees.

In Scenario 5, would the PROs be required to work with local governments that opt in?

- We would recommend the right of first refusal model. If the local government wants to provide the service, they have the right to first refusal of that contract.

What if the local government opts out? What happens to recycling?

- The PRO is required to provide recycling and collection service. They would need to meet the same requirements (e.g. parallel access, collecting the list, etc.). They would then arrange for collection via collection service provider. So collection would continue.

In Scenarios 4 and 5 the PRO primarily sets the materials list. Would standards be applied to set guidance for that list?

- They would propose a list as part of their program plan. That program plan would be negotiated with DEQ. DEQ could set whatever standards or requirements they would deem necessary.

Currently in Oregon, small cities with populations under 4,000 and unincorporated areas are not required to collect recyclables. Would the parallel service change that?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- Yes. Every entity would have to have parallel access. It does not mean you need to have curbside collection and recycling. It means that if people bring their trash to a transfer station, then that transfer station would need to have an opportunity to recycle. However, the unincorporated area handles garbage, they would have to handle recycling in the same way.

In the eco-modulation incentive program idea, what about those that have recycling value, but cannot be collected curbside, e.g. plastic film, polystyrene, batteries, etc.?

- In a number of the PRO systems, the PRO sets up different collection system that work that out for different programs. You might have a drop-off site. Some kind of depot site where things like film could be collected.

In an EPR program, would the costs of products increase to cover producer costs?

- It does not. There is research out there that shows the impact of producer fees, or EPR fees, on prices of consumer goods. It just doesn't change. The per-package cost is so small that it doesn't affect the price of the product. It's incorporated as a cost of doing business and doesn't change the price of products. It's similar to other things that affect the cost of doing business.

How has EPR demonstrated overall effectiveness in addressing sustainable designing sustainable design, e.g. in the BC program?

- There is a demonstrated impact on materials use. Most of the fees in existing EPR programs are based on weight. There is clear research that indicates unnecessary packaging disappears in that kind of a context. The more complex design changes, we've not seen an impact yet (and that's largely because eco-modulation is new. Eco-modulated fees are not used consistently or routinely in the EPR system; there has not been enough of a financial signal to affect design).

In Scenarios 4 and 5, what happens if a producer or brand doesn't want to participate in the program?

- Then DEQ would have to enforce against them. It's a mandatory obligation.

Under all scenarios, is everything recovered from a commercial generator required to go to MRF? If so, why?

- Not necessarily. Depending on the scenario chosen, and the system set up, it doesn't need to be all MRF-based. It could lay out a separate collection system that is generated from commercial entities.

Does the PRO have a say in who the MRFs are? How do you maintain fairness in evaluating and selecting MRFs?

- Typically, they do a RFP process. It is an open and transparent process. There are different mechanisms one could put in place, e.g. oversight elements.

How do compostable materials or future materials factor into these scenarios? What about percent recyclable?

- Typically, EPR programs cover all of the obligated materials (whether or not they are collected in system) and pay into the system. Whether you're compostable, recyclable,



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

not recyclable, everyone pays into the PRO for the cost of recycling. In a typical system, compostable packaging would pay in, but not pay out to cover the cost of composting; it would cover the cost of recycling. The RSC will need to discuss whether composting or composability would be incorporated in some way.

What are the incentives for producers to properly engage and educate consumers with recycling?

- When the PRO has responsibility for managing the processing system, the cost of contamination becomes their cost. It's in their interest to develop outreach education materials for what's in and what's out. In Scenarios 3 and 4, the PRO would develop educational materials and the outreach would be done by local governments. In Scenario 5, they would develop and implement educational materials on their own. There is an incentive to do outreach and education to keep the stream clean.

Without producer responsibility for disposable items, would the producers shift from using recyclable materials to non-recyclable materials?

- That is why typically in these programs everyone pays in whether the material is recyclable or not. Sometimes with the eco-modulation tool, producers are incentivized to use recyclable material (they would pay a lower fee) and ensures you aren't incentivizing poor design, or design for disposal.

What does local government reimbursement go to?

- It goes to the cost of collection. Local governments would be paid by the PRO, and then use those resources to pay for the collection service provider for the collection element of the franchise agreement.

If we charge an eco-modulated fee that aligns with the upstream or lifecycle impacts of products or packaging, why limit application of that eco-modulated fee to materials accepted for recycling, as opposed to a similar commodity that is not recyclable in our system?

- I'm not sure if the participant means eco-modulated fees. Whether or not it's recycling materials fee that would be paid by financing mechanisms in all of the scenarios, we wouldn't recommend restricting those fees to be just for recyclable materials.

What's the consumer's role to comply with local programs?

- In all scenarios, the consumer is separating materials for recycling. What's changing is they don't have the financing responsibility to pay for the collection system. The consumer's role is to always comply with the rules of the local program.

Isn't it also typical of approved EPR programs that the PRO must consistently increase the recycling and recovery rates, thereby incentivizing and requiring further innovation and expansion of the program?

- Continuous improvement is typically a goal that is built into enforceable standards about what the rates are and how they would increase over time. Continuous improvement is an element in the EPR structure.

Wrap Up and Next Steps



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

David Allaway (DEQ) thanked RRS for their presentation. He noted the RSC will spend the next six weeks digesting the RRS report and other information to help inform its deliberations on March 18th. In March, the RSC will reconvene to begin the effort of consensus seeking. The RSC will want to be well-informed and want to hear from stakeholders ahead of that effort. To that end, David provided a number of opportunities for feedback, which were the following:

- Fill out a worksheet (for those in the room)
- Talk with individual RSC members
- Local government representatives only: Attend a DEQ, Association of Oregon Counties & League of Oregon Cities listening session
- Speak during a public comment period at a RSC meeting.
- Sign up for email notifications at <https://go.usa.gov/xmYYe>
- Provide written feedback to the RSC: David.allaway@state.or.us
- Complete DEQ's feedback survey (sent via email from DEQ)

Following a reminder of upcoming RSC meeting dates from Robin, the information session **adjourned at 11:45 a.m.** Robin then invited interested participants to join the RSC's afternoon session from 12:30 - 2:30 p.m. as they take time to ask their clarifying questions to RRS.



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

Recycling System Steering Committee January 31st Information Session RSC Debrief Meeting Summary

Chemeketa Center for Business and Industry – Room 102/3
626 High Street NE Salem, OR 97301
12:30-2:30 p.m.

ACTION ITEMS:

ACTION	BY WHOM?	BY WHEN?
• Draft meeting summary to RSC members	OC	2/12
• Send any additional questions to DEQ regarding RRS report	ALL	January 29th

Recycling Steering Committee Members: David Allaway (DEQ co-chair), Abby Boudouris (DEQ co-chair), Sarah Grimm, Jason Hudson, Nicole Janssen, Scott Keller, Laura Leebrick, Beth Vargas Duncan (for Kristan Mitchell), Jeff Murray, Pam Peck, Amy Roth, Timm Schimke, Jay Simmons, Matt Stern, Vinod Singh, Dylan de Thomas, and Bruce Walker.

Facilitation Team: Robin Harkless and Amy Delahanty

DEQ Staff: Sanne Stienstra, Justin Gast, Brian Fuller, Cat Rhoades, Brian Stafki (via phone), and Steve Siegel (via phone)

The RSC was consulted in advance of the session and agreed to focus most of their time with RRS understanding the in-depth evaluation; beginning dialogue with each other about their initial responses to the findings; and as time allowed, reviewing the worksheets handed in at the end of the morning session from additional participants.

(Facilitators' note: Oregon Consensus shared the collected input (worksheets and notecards) in a follow-up email to RSC members, along with this summary.)

The following is a summary of the RSC discussion:

- **Question:** In Scenarios 4 and 5, local governments have three options to participate. 1.) opt in 2.) not be part of a program; or 3.) keep their programs as is and they don't receive a reimbursement. Can you clarify the differences between the last two options?
 - **RRS Response:** In Scenario 5, there are three options for local government involvement. Option 1, the local government decides to continue to provide collection service, and opt into the PRO program. For this option they would enter into a contract and be reimbursed. Option 2, the local government decides they want to be part of a PRO, but they don't want to be the collection service provider; the PRO would choose the collection service provider and the local



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

government would not receive any reimbursement for participating. Option 3, the local government doesn't want to make any changes and is not interested in a reimbursement.

- **Question:** Is there a threshold with how many municipalities opt in?
 - **RRS Response:** The functioning model is BC. I don't think there's a clear threshold.
- **Question:** For Scenario 2 and beyond, how do the contract aspects mitigate for market volatility?
 - **RRS Response:** It places that risk on another entity other than the collection program. In Scenario 2, that's DEQ. For Scenarios 3, 4 and 5, it's the producer organization.
- **Question:** In Scenario 1, market volatility affects prices collectors pay to processors. Those changes in fees ultimately show up in rates. In Scenarios 3, 4 and 5, how would producer agreements work with commodity fluctuation? For Scenario 2, what are some mechanisms that the state could use to modulate the impact on commodity prices?
 - **RRS Response:** Typically, the PRO sets fees at a higher level, which allows them to build a surplus reserve in good market conditions and reduce fees the next year. They typically run a reserve in those instances, and if needed, do an emergency fee.
- **Question:** How would you manage that within a DEQ contract? I would think the same premise might make sense to be over budget so you can cover any additional costs and reallocate funds as needed.
 - **RRS Response:** In a PRO, there's no government in producer funding. They raise and manage the funding themselves. If we're talking about Scenario 2, DEQ would be advised to build a reserve fund as a contingency against market downturns.
- **Question:** Can we see the data / audit report accounting for how much a PRO collected, or the math that went into fee setting?
 - **RRS Response:** It depends on the jurisdiction, but many PROs have audits that are available to the public. The audits include what they have to spend to run the program and what they received as revenue; those are all part of the audit.

DATA REQUEST: Range of different types of Canadian PRO audits. DEQ agreed to assist in getting this information back to the RSC.

- **Question:** Are there examples of where local governments decided they wanted the PRO to handle collection?
 - **RRS Response:** In the City of Vancouver, BC, the first year they decided they wanted to opt out of the system; in year two, they decided to opt in so this might be a good case study.
 - **Steering Committee Comment:** There is potential for customer/resident confusion with different collection systems happening in the same geographic area.



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- **Question:** How does that impact all their franchise agreements?
 - **RRS Response:** If a local government decided to opt in, the franchise agreement would stay the same and the ratepayer would pay disposal fees with a reimbursement from producers for recycling.
 - **Steering Committee Comment:** The difference between who is the collector on recycling versus garbage is not always clearly defined. I see major issues with the franchise system.
- **Steering Committee Comment:** In the list of elements covering all programs, how did the addition of litter abatement emerge as a recommendation?
 - **DEQ Response:** It came up at the end of the December 3rd frameworks meeting. It was one of the issues DEQ put on the table and RRS included it.
 - **Steering Committee Comment:** I don't think it would be difficult to figure out how to do that. There's been legislation in California for litter collection and there's a proposal in Washington.
 - **DEQ Response:** On the waste prevention side, there is precedent: the Austria framework presented on December 3rd required the PRO to pay 1% of the budget into a waste prevention account that is used to fund grants.
- **Question:** How does the MRF processing contract work when a hauler doesn't pay a fee? As you push down the system for better quality, costs go up. How do you deal with that in the contract? What about variations in costs month to month?
 - **RRS Response:** The PRO/collector contract would need to include costs to meet the standard set in the contract. Model contracts exist as examples of how this is done.
 - **Steering Committee Comment:** ISRI, The Recycling Partnership, and others, are developing model contract language; this is a readjustment and the contracts are being rewritten with the current landscape in mind. When you take an annual view, this would be part of those contracts.

DATA REQUEST: RSC members requested copies of a Canadian MRF processing contract(s); The joint SWANA-NWRA best management practices for [Designing Contracts for Processing of Municipal Recyclables](#) was also suggested as a good example.

- **Steering Committee Comment:** Part of our system issues stem from consumer confusion. Every scenario shows the same outcome (evaluation) as our current system with regards to education.
 - **RRS Response:** Every scenario sets a requirement on local governments to do anti-contamination programming, specifically around incoming contamination.
 - **DEQ Response:** Part of the reason for no variation in these scenarios was the way the RSC defined education as a function/criteria; simply "who is responsible." In the current Oregon system, as well as all five scenarios, there is clearly assigned responsibility for education. The function is written with regard to clear assignment of responsibility, not quality or effectiveness or outcomes. Many of the intervention techniques around contamination, including education, tagging,



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

contamination upcharges, refusal of services, etc. are being evaluated in the infrastructure research being conducted by our other contractor. The results of that will be provided at the February 28th RSC meeting.

- **Steering Committee Comment:** In Scenarios 1 and 2, there is no role for the PRO, but one of the common elements covering all scenarios is labeling requirements; this could have a big impact on consumer education and reducing confusion.
 - **RRS Response:** The common element of labeling requirement is included in all of the scenarios. In the first two scenarios, the PRO wouldn't have a role in terms of the three pillars (financing, operations, or governance), but producers would be subject to regulation.
- **Steering Committee Comment:** In Scenarios 1 and 2, you mentioned “significant” costs would be required to implement – particularly 2. In Scenario 3, 4 and 5, in my view, there are also significant costs as in all cases you are just shifting cost from ratepayers to the PRO.
 - **RRS Response:** For Scenario 2, there would be significant additional needs for funding to pay for contracts. The RSC would need to define the additional funding source.
 - **DEQ Response:** One reason it would be big is because the cost of processing is large. It shifts from ratepayer to some other source. The state would incur significant administrative costs to administer contracts in ways that comply with public procurement laws.
 - **Steering Committee Comment:** In Scenarios 3, 4 and 5, there's significant cost as well. It's really just shifting the cost.

Several members of the group cautioned the researchers and others that framing about the various scenarios matters – as illuminated in the dialogue about “costs.” The facilitator noted this caution and encouraged the RSC to continue to be explicit and clarify meaning for each other as the work continues – again reminding all that the scenarios presented by RRS lay foundational information but are not posed as “alternatives” at this juncture.

- **Question:** Do Scenarios 3, 4 and 5 provide infrastructure support to MRFs?
 - **RRS Response:** There is precedent within existing EPR programs targeting funds towards infrastructure. One example is the Continuous Improvement Fund in Ontario. You also see something similar in Quebec, where they set aside \$13 million to invest in glass processing to improve marketing.
 - **Steering Committee Comment:** MRFs could also incur costs with, e.g. standardized lists, transportation, additional needs for sortation capacity, and end market interactions.
 - **Steering Committee Comment:** Consider joint work with DEQ and economic development to target efforts on market development with additional resources.



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- **Question:** Do eco-modulated fees lead to meaningful changes on packaging? Do we have a sense of how PROs handle these fees? Has it led to real changes?
 - **RRS Response:** There are opportunities for those fees to impact design, but we haven't seen it yet, in part because eco-modulation is relatively new. We've seen some source reduction, but there haven't been broad applications of eco-modulated fees for us to track impacts.
- **Question:** Would the state know the packaging attributes?
 - **RRS Response:** The Association of Plastics Recyclers has its [Design Guide for Plastics Recyclability](#). If you are going to eco-modulate, we'd recommend using the APR design guide so folks are looking at the same thing. Paper is doing the same. In the context of these scenarios, we have DEQ's work on the LCA database, which could help define outcomes the RSC would like to see. That's the lens DEQ would use to approach whether the eco-modulation is structured properly.
- **Question:** In Scenario 3, Does the PRO have a role in continuous work to reduce contamination?
 - **RRS Response:** There would need to be requirements on local governments to meet the collection rate requirement and meet inbound contamination standards. If they don't, there would be a penalty. The PRO would be responsible for making sure materials MRFs are processing and sending are meeting outbound contamination standards. DEQ would enforce on both ends.
- **Steering Committee Comment:** Maine is proposing to create a PRO as a purely funding function, rather than managing the programs. The reimbursements flow to the state, but the state has oversight of the programs. MRFs also have longer-term agreements similar to Scenario 4. How might that work in Oregon?
 - **RRS Response:** We would encourage RSC members to engage PROs as you take the next steps for your state.
- **Steering Committee Comment/Question:** What if we carved off troublesome pieces of the system, and have producers pay for that to isolate costs and complexity?
- **Steering Committee Comment/Question:** Oregon would benefit from an affordable system. Someone else is subsidizing wasteful habits. Can we be consistent in our values?
- **Question:** Given your national/international understanding of EPR, how do you think producers view the "just send cash" approach?
 - **RRS Response:** It depends on the producer. Those that are interested in circularity might not like that approach. They don't want to invest in the system if it doesn't meet their overall obligations and needs. Other producers might want to just write a check. I would encourage you all to talk to the producers to determine options.
- **Question:** How successful are publicly funded market development programs?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- New York invested matching funds in particular projects, directing investments into glass, tires and crumb rubber manufacturing. Not all were successful, but some were. It's not easy and needs to be focused and targeted. Strategies need to be targeted towards outcomes you need.
- **Steering Committee Comment:** As we think about these options, it will be important to DEQ and others that we are looking at environmental impacts.
- **Question:** We value the franchise system because it minimizes trucks on the street. Is there an understanding that under these scenarios, there would be multiple recycling trucks?
 - **RRS Response:** I don't think more than one recycling truck would service the same area.
- **Steering Committee Comment:** We recently purchased material out of BC and the quality was not good, indicating that quality from EPR programs is not necessarily better than what we have now.
 - **RRS Response:** Quality relates to regulatory overlays or quality standards, so the scenarios consider this aspect through DEQ oversight on outbound and inbound contamination.
- **Question:** How often did a PRO contract directly with an existing collection system?
 - **RRS Response:** We don't have that information but could get it.

DATA REQUEST: Examples of Canadian EPR programs where a PRO contracted with an existing collection system.

Following the Q&A portion of the discussion, DEQ asked whether the group would like to receive a final report from RRS about the frameworks research process, or use the rest of their contracted availability to be a technical resource after the six-week interim to continue working with the group as they develop options. Robin noted Oregon Consensus will also produce a final facilitation report which will include an overview of this research process and consensus agreements. The **group agreed** they would like to reserve RRS as a technical resource at a future point in the process.

One group member wondered whether they could send additional questions to DEQ, such as whether municipalities will be required under the scenarios to have post-consumer recycled content. DEQ noted they have several questions out to the Oregon Department of Justice on other items related to the scenarios.

ACTION: RSC members can send additional questions to DEQ and they will try to provide as many answers as possible prior to March 18.



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

There was then a question and conversation about the consensus-seeking process that will happen on March 18th and beyond. Robin shared her hope that after this meeting and for the next six weeks, RSC members will begin reaching out to each other to determine areas of alignment and disagreement, and begin formulating options prior to March 18th. The idea being, the group will have a better understanding of the viable options and remaining questions. She noted the consensus process will likely be an iterative approach so likely nothing will be finalized on March 18th. She noted after areas of agreement are confirmed, the group will move on to implementation planning. She noted that infrastructure research will also be integrated into the process when it is completed.

The group discussed process outcomes, including what happens if the group doesn't reach consensus. Robin noted DEQ established the RSC to set forth and work through a collaborative process to try to assist them in modernizing the recycling system. Early on in its establishment, the RSC agreed to a consensus-based process. She acknowledged a consensus-based approach isn't easy and the issues are complex. She noted that Oregon Consensus will make sure that the process is documented and clarifies where there is alignment and where there is uncertainty or an impasse of the group. To that end, she encouraged members to continue to think about their needs and how the group might build something that everyone can live with. RSC members were invited to connect with the facilitation team should they need assistance in conversations ahead of March 18th. She then thanked everyone for continuing to bring their experience, passion and hard work into the process.

Following brief comments, a couple RSC members stressed to the group keep an eye on the national conversations and what conversations they can have with producers now to ensure the recommendations are possible to make this successful. Others agreed and noted RSC members will need to have many follow-up conversations with their various constituencies.

Public Comment:

Michael Freudenthal (Recycling Advocates) provided a public comment. He stated there seems to be underrepresentation of producers on the RSC and that for big companies like Nestle, General Mills and others, some options might be a tough sell.

Dylan de Thomas clarified that The Recycling Partnership does not explicitly represent brands but that he has begun reaching out to his members, including brands, so they are aware of the process. Some have listened in to RSC meetings directly. Dylan said he will continue to reach out to them as the RSC continues.

Abby Boudouris noted that the morning information session was promoted to – and attended by – representatives of several brands and/or trade associations.



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

Upcoming Key Dates:

- February 13: Infrastructure Subcommittee Meeting.
- February 28: Recycling Steering Committee Meeting – emphasis on Infrastructure research.

Following no other comments, **the meeting adjourned at 2:30 p.m.**



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

Appendix A (full list of questions asked on the webinar and in person)

Webinar questions:

Questions Scenarios 1 and 2:

- Where would the state funding come from? Taxes, fees, etc.?
- Will the state provide funding for additional MRF's to reduce carbon footprint?
- Since generators already pay for processing, why does the second scenario emphasize that a bunch more funding is needed? I think it sounds more like the existing funding flows in a different way.
- I did not see the consumer included in these scenarios. Product manufacturers and governments can fund a system 100%, but they don't have the waste, the end consumer does. Was consumer responsibility included?
- How would out of state MRFs be managed?
- At which point will recycling rates be calculated? At the MRF input, output or at the end of the actual processing into usable feedstock?
- Would part of the contract with MRF's in scenario 2 include variable pricing that favors cleaner material?
- We operate an ODFW fish hatchery that generates a large volume of very clean plastic bags that are labeled as recyclable #4 plastic. We would like to know if there is anything on the horizon that will allow these bags to be recycled. If not we will pursue getting the feed producers to change their delivery methods.

Questions Scenarios 3-5:

- If we ask producers to pay for recycling, why not ask them to pay for garbage too?
- Is there a definition for producers? Like size of operation, what sort of businesses would be considered a producer, etc.
- How does DEQ intend to address problems associated with common problems with LCA methodology? Will there be an LCA expert/organization to perform LCA's for each item?
- Economic and social impacts (aka job creation, racial equity, toxicity, land use, litter, ocean plastics, etc) are categories that often go excluded in LCA, which is primarily a measure of the climate/energy impacts. How does DEQ/Steering Committee intend to evaluate other factors missed in LCA?
- I don't yet see the recyclers in these scenarios (the companies that do the actual recycling into reuse). Were they involved at a different step?
- Are all scenarios equal in their potential for reducing the generation of materials and/or reusing materials?
- Would MRFs pay for transportation of collectors to MRFs under EPR scenarios?
- For Scenarios 4 & 5, who are the Pro's? Every producer of a good that is sold in the state? How would you get compliance with all of these producers?
- In Scenario 5, would PRO's be required to work with local governments that opt in?
- In Scenario 5, if local governments opt out, what happens to recycling?
- How have EPR programs demonstrated their overall effectiveness in addressing sustainable design, minimal overall negative impact on the environment, and cost



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

effectiveness? For instance, how has BC's program resulted in beneficial environmental outcomes and value for the dollar for consumers, who basically fund the program?

- In the producer responsibility scenario has the committee explored the possibility of a particular industry that produces, let's say cardboard, being contracted by that industry's producers with separate collectors going directly to the processing/recycling mill?
- If we charge an eco-fee that aligns with the upstream or lifecycle impacts of products or packaging, why limit application of that eco-fee to materials accepted for recycling, as opposed to a similar commodity that is not recyclable in our system?
- Would the PRO be responsible for the shipping materials associated? Boxes with Styrofoam or bubble wrap?
- In Scenario 4 & 5; what happens if Johnson and Johnson or Kraft brands do not want to participate in this program?

Notecard questions (in person):

- Is not material and process carbon sequestration just as important for metric as "life cycle assessment"? How does the steering committee assess the highest and best outcomes of sequestration? You just proved recycling is very complex, the idea/concept measurement of rating sequestration is not!
- How is Metro's authority over clean MRFs affected by the proposed scenarios – specifically 2, 3, 4 and 5?
- Which scenario is the most socially equitable?
- Is the state better at mitigating costs associated with market changes than industry? Explain.
- What level of accountability/enforcement power would state have in dealing with processors that do not adhere to rule and regulations? I.e. excessive contamination
- Have there been conversations around incentivizing brokers to sell commodities to local producers?
- Two types of fees (generator fee and recycling gate fee surcharge) do not state to whom the fee is paid. Is this also paid into a state fund, or to a local jurisdiction?
- How would funds in the state funds be used to provide benefit to the local programs, many of which operate on various levels of service and many – but not all – of which may be operating through MRFs?
- Scenarios state "some stakeholders do not have a role of responsibility." Does RRS report clarify which stakeholders lack responsibility in each scenario?
- Who absorbs or pays for risk inherent in commodity/markets?
- Are these scenarios just for residential or for commercial? If commercial is included, why?
- Scenarios 1 & 2: What kind of new standards would local governments have to meet?
- Are there other states that have these types of systems in place? Pros/cons?
- Financing in scenario 3 and 4: What are the pros and cons of a ratepayer versus PRO-funded system? For example, in the report on page 28 for scenario 3, it's stated that a ratepayer system would benefit multifamily communities because it would ensure recycling is collected wherever garbage is collected. Is that true and are there other trade offs like that?
- Under EPR, who ultimately pays for services? Oregon consumers, other consumers, shareholders, all of the above?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- What states, counties, or cities have successfully implemented scenarios 3 or 4?
- Why can't producers be involved in the materials list in scenario 3?
- With multiple producers, how would their "stake" in the game be divvied up amongst them?
- In scenarios 4 and 5, PROs primarily set materials list. In Scenarios 4 and 5, would standards be applied to set guidance/requirements for list? Ex: As long as certified market exists, material shall be required on the list.
- Currently in Oregon, small cities and unincorporated areas under 4k population are not required to comply with recycling rules. Would the "parallel service" change that? Would small towns and unincorporated areas be required to the core requirements?
- When we are talking about a recycling system – are we specific to curbside?
- In the eco-modulation incentive program idea – what about those that have recycle value, but cannot be collected curbside (plastic film, polystyrene, batteries)?
- For agreement between local governments and producers be convicted (?) through a PRO or with individual producers?
- Under EPR, is it anticipated the cost of products would increase to cover producer costs?
- Under any/all scenarios, is everything recovered from a commercial generator required to go to a MRF? If so, why?
- Would not the consumer always be paying – increased costs to product or a "recycling fee" added onto product cost?
- Does the producer have a say in who the MRFs are? How do you maintain fairness in evaluating and selecting MRFs?
- How is the PRO formed and organized when products are produced by millions of producers from all around the world?
- With producer responsibility won't ratepayers ultimately pay for the cost of recycling as they do now because the producers will raise pricing for the products they market?
- EPR: Without producer responsibility for disposable/landfill items, would they (producers) shift from using recyclable materials to using non-recyclable materials to avoid responsibility?
- What does local government reimbursement go to?
- In scenario 4 & 5, how will we prevent the tragedy of the commons? No responsibility on ratepayer will waste.
- Isn't it also typical of approved EPR programs that the PRO must consistently increase the recycling and recovery rates, thereby incentivizing and requiring further innovation and expansion of the program?
- If landfilling is cheaper than recycling, what incentive would the PRO have to maximize recycling?
- How do compostable materials or new future materials/products factor into these scenarios? What about % recyclable?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

Participant Worksheets - Information Session Summary of Participant Notes

January 31, 2020

Meeting Purpose: This information session allows DEQ's contracted researcher, Resource Recycling Systems, to present their in-depth analysis on a suite of legal and relational framework scenarios for the Recycling Steering Committee (RSC) to consider for modernizing Oregon's recycling system. RSC members and stakeholders will have an opportunity to ask questions about the analysis.

Participant Worksheet

Please use this worksheet to follow along with the presentation today. Fill in your questions or comments about any of the scenarios under review. There is also space on the back to provide feedback on the RSC process. If you choose to turn in the worksheet, your responses will be shared with the Committee after today's session. If you would like your questions to be shared with the research team, please submit them on the notecards provided (not on this worksheet).

1. **Framework Scenarios:** What questions remain about the framework scenarios? What about the governance, financing or operational 'Lego blocks' that comprise them? Where do you see opportunities for modernizing Oregon's framework within these scenarios?

★ (Government managed) Enhanced government management

- *Does this scenario allow the recycling system to be sustainable/resilient for long-term success?*
- *No producer involvement*
- *Rate - payers pay plus additional funding*
- *MRF's certified*
- *Open market collection*
- *Local gov't meet new standard (Anti contamination standards)*
- *Producers don't have a role*
- *Where would additional funding come from?*
- *These steps should have been undertaken years ago - like when the fees were revised in Y2014-ish. We should not have had to be "promoted" by National Sword for MRFs to be brought into such oversight*

★ (Government managed) State government management (MRF contracts)

- *What is the cost, and how will this be founded?*
- *As fuel costs rise, so does the transportation again unstable*
- *Again, no producer involvement*
- *Add'l funding required (significant) - State funds processing*
- *Contract w/ MRFs (State has more authority)*
- *Equal access to processing - costs*
- *Local gov't same as scenario #1*



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- *Producers don't have a role*
- *Is the DEQ capable of managing these relationships in a way that not only provides equity for collection programs but also incentivizes and directs MRFs to perform at high(er) standards and differentiate between collection programs? If the MRFs have not proven capable of managing this on their own - to the risk or benefit of their own profitability - will DEQ be able to do this? Will DEQ be able to really be able to manage their funds well, or just pass on money to fund inefficiencies?*
- *Would collectors have choice of which contracted MRF to take material to?*
- *Where would financing come from? Q1 - Who would manage the contracts?*
- *How would there be an agreement on enviro health and safety standards?*
- *How does this scenario mitigate market risk?*

★ **(Producer managed) Post-collection producer responsibility**

- *Does Eco-modulation negatively impact consumers (eg. purchasing power of lower-income households)*
- *Producers engage in supply chain*
- *Includes recycling rates*
- *Program plan by producer (DEQ oversight)*
- *Producer contracting w/MRF (Producing). MRFs permitted by State*
- *Consumer still paying for collection*
- *Collector's role the same*
- *Reliable source of funding*
- *Two sources of funding (Producers/Consumers that pay rates)*
- *This has the potential of resulting in choices if the PRO does not have a transparent, equitable process that would involve and incentivize various local collection programs.*
- *I think same sort of significant producer responsibility option is necessary.*

★ **(Producer managed) Producer responsibility with local control**

- *How would this scenario impact rural communities if they can not generate enough materials to create economies of scale?*
- *Do costs increase the further away from metro areas?*
- *Would DEQ still be providing an LCA database for producer use under scenario 4 & 5?*
- *Consumers not paying for collection*
- *Producers responsible for funding*
- *DEQ negotiates list of recycles with producer*
- *Reimbursement to local gov't from Producer/State (collection)*
- *Program plan w/ DEQ*
- *Low impact of product price*
- *How would eco-nodulation fees interact with/ an urban tax? What kind of impact would that have or produce?*



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- *I have differentiated understanding how the “collection program reimbursement” would work. Is this to the local gov’t, addition franchise, depots, or a combination of all the above?*
- *How to control contamination from consumer?*

★ **(Producer managed) Full producer responsibility with optional local involvement**

- *I would be concerned that DEQ would not be able to enforce regulations if founding or political will changes over time.*
- *Too much control given to producers*
- *How does producer responsibility scenarios affect local & outreach jobs offered by local governments?*
- *Producer involved in collection/processing (Finance entire system)*
- *Consumer not paying for collection - change in collection system*
- *“Optional” local gov’t involvement*
- *DEQ a regulator*
- *Contract w/ local gov’t for collection or w/ producer (choice0*
- *Possible eco modulation benefits (change in recyclables)*
- *Program plan w/ DEQ*
- *Is the “local option” a permanent decision, or how often can a decision to opt in or out be revisited?*
- *Will this fracture garbage & recycling collection?*
- *Local gov voluntary - How is that beneficial?*
- *Private collector - Why not make mandatory?*

II. Purpose, Process, or Scope of the Statewide Recycling Steering Committee Effort: Do you have any questions or feedback about the purpose or process of the statewide Recycling Steering Committee?

- *Please engage generators (Res. + Commer.) as part of the process. Creates an inclusive decision - making process*
- *It doesn't appear you have any “producers” involve, and few “end markets” included in the RSC. Why?*
- *The steering committee is made up of most of the big players. Keep the small counties in mind (financial impact) when evaluating the system frameworks. Equity.*
- *Producer should change the barcode to a “blue” barcode (or symbol) so customers know what is recyclable. Blue barcodes would require an ID fee during purchase to fund recycling.*
- *How has the RSC reached out and actively engaged with small rural communities (especially under 4000 population cities) to understand how systems and relationships function?*
- *How do these options compare to the most successful recycling systems in other states or countries?*

III. Any additional comments or questions out of today's information session?



Recycling Steering Committee

Modernizing Oregon's recycling system, with support from Oregon Consensus

- *Thank you to all parties for the work being done around this topic. Recycling is part of Oregon's fabric, and it would be a shame to lose this opportunity.*
- *These scenarios all operate on the assumption that the recycling collector and also the franchised collector. There is a potential significant disconnect if the franchised collector is not the primary recycling collection entity! This is especially possible in small rural communities.*
- *What about local collectors that prepare recyclable materials that can be shipped directly to processors - without going through MRFs?*
- *Full transparency is essential for any EPR system. Any PRO must be a much better partner than recent experiences. We should require public inclusion on the governing boards of a PRO, especially PRO, allowed to operate on this level!*
- *Resa would be an incredible asset in educating members of LOC, AOC, and legislators on EPR!*
- *I didn't understand the risk mitigation for MRFs. Will they be paid a base rate, then could make more \$ based on fair market conditions?*
- *The scenarios are short on increasing end product demand for recycled materials. If that demand increases the value of the recyclables will increase - which is necessary for the system to be sustainable. Increased requirements for recycled content on items and penalizing packaging options that do not have recycled content are examples that can affect demand.*
- *Which scenario is the most equitable? How will you get buy-in w/ policy makers?*
- *Great work. I believe that most of this only pertains to the most commonly recycled waste, paper, plastic, etc. How can we support greater collection of significantly polluting waste like batteries and fluorescent lights? Collecting this material is difficult outside of large communities.*