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October 7, 2010

Ms. Margo Reid Brown, Director  
Department of Resources  
Recycling and Recovery (CalRecycle)  
801 K Street, MS 19-01  
Sacramento, CA 95814

Dear Ms. Brown:

**COMMENTS REGARDING PROPOSED MANDATORY COMMERCIAL RECYCLING  
REGULATION WORKSHOP TO SEEK STAKEHOLDER INPUT ON SUPPORTING  
EMISSION FACTORS AND COST DATA FOR THE DRAFT AB 32 MANDATORY  
COMMERCIAL RECYCLING REGULATIONS**

The Los Angeles County Integrated Waste Management Task Force (Task Force) would like to thank CalRecycle for the opportunity to comment on the materials presented and discussed at the subject Informal Stakeholder Workshop held on September 21, 2010, including HF&H's Cost Model for Economic Evaluation of the Proposed Regulation and CalRecycle's Economic Analysis and Local Government Cost Survey results.

Pursuant to Chapter 3.67 of the Los Angeles County Code and the California Integrated Waste Management Act of 1989 (AB 939, as amended), the Task Force is responsible for coordinating the development of all major solid waste planning documents prepared for the County of Los Angeles and the 88 cities in Los Angeles County with a combined population in excess of 10 million. Consistent with these responsibilities, and to ensure a coordinated, cost-effective and environmentally sound solid waste management system in Los Angeles County, the Task Force also addresses issues impacting the system on a Countywide basis. The Task Force membership includes representatives of the League of California Cities-Los Angeles County Division, the City of Los Angeles, the waste management industry, environmental groups, the public, and a number of other governmental agencies.

On June 30, 2010 (a copy enclosed), the Task force commented on CalRecycle's proposed draft regulations for mandatory commercial recycling. With the exception of a short discussion provided in CalRecycle's response letter of September 14, 2010, regarding the "Jurisdictional Review Tool," the Task Force has yet to receive a complete response to the majority of its concerns. Therefore, in addition to its June 30, 2010, comments and in concert with the information provided at the September 21, 2010, Stakeholder Workshop, the Task Force would like to offer the following:

## **1. Unfunded Mandate on Local Governments**

If the proposed mandatory commercial recycling regulations are adopted, they would impose significant financial and resource costs on local governments, residents of multi-family dwellings of five units or more, and businesses. Such an action would be especially burdensome on local governments (as well as affected residents and businesses) considering the current economic downturn and the severe economic/financial impact this downturn has had on everyone including local governments.

Moreover, the Task Force is concerned that the true impacts of these regulations have not been fully accounted for in HF&H's report and CalRecycle's cost analysis. Staff's presentation noted estimated annual costs for jurisdictions to implement the proposed regulations. We believe these costs are significantly underestimated considering the requirements that these regulations would impose on jurisdictions (e.g., quantifying business recycling participation rates, etc.). For example, staff estimates annual costs for a large jurisdiction at \$100,000 to \$400,000. However, we believe that for the largest jurisdictions (over 1 million population), the annual cost of implementing a commercial recycling program that fully complies with the proposed regulations and includes comprehensive education, monitoring, and enforcement, could range from \$2 million to \$10 million or more when fully loaded labor rates are considered.

The inconsistency in estimates could be attributed to the lack of sufficient data points for the Southern California region. It is also important to note that the more detailed the accounting requirements contained in the regulations the higher the cost of compliance for all, including local governments. Furthermore, considering that Southern California contains two thirds of the State's population, a deficiency in such data will objectionably skew the desired goals along with the costs of the program. The Task Force requests that further input be sought from local governments and would be happy to assist in convening a workshop for Southern California jurisdictions in order to more adequately capture commercial recycling program costs for the region.

## **2. Lack of Markets for Recyclables**

The Economic Study Presentation, which was an overview of HF&H's foreword to *Draft Cost Study on Commercial Recycling Regulations*, acknowledges the expected influx of recyclables to recycling markets if the proposed mandatory commercial recycling regulations were adopted. However, the report states that several interviewed parties indicated that they believe recyclable commodities markets could absorb the volume of tonnage that would be added to these markets as a result of

the proposed regulation, and that most *felt* the impact of the recovered tonnage on pricing would be minimal. We are deeply concerned that these vague, unfounded statements convey a false impression that there will be little to no impact on recycling markets as a result of the large influx of additional recovered materials. In the interest of full transparency, and to assess the credibility of the aforementioned statements, the Task Force requests the names and affiliation of the individuals interviewed be disclosed.

The report should be revised to state that the influx of materials to the commodities market would indeed affect pricing and acknowledge the lack of markets in California for the recovered materials. Consequently, these markets will *not* be able to absorb all the additional recovered materials. For planning purposes, the report should also look into what will happen to the recovered materials should the demand for recovered material not bounce back as quickly as expected in order to absorb all recovered materials.

Prior to mandating additional recycling, it is imperative that the State take a lead role in the development of markets and infrastructure within the State for the recovered materials. The State can help create strong statewide and regional markets by providing economic incentives and assistance for innovative businesses. Just as California strives to be the largest producer of recyclable materials; it should equally strive to “use/remanufacture” those materials in California thus creating “green” jobs and stimulating the State’s economy.

### **3. Greenhouse Gas Reduction Estimate is Unsubstantiated**

Implementation of a commercial recycling mandate hopes to achieve a stated reduction of 5 million metric tons of CO<sub>2</sub> equivalent (MMTCO<sub>2</sub>e). However, this emission reduction estimate has not been adequately substantiated. The Task Force has consistently raised concerns regarding the methodologies (i.e. assumptions and omissions) utilized when calculating the green house gas (GHG) emission reductions that will be achieved from this mandate.

According to the *Draft Cost Study on Commercial Recycling*:

“California’s significant lack of domestic recycling infrastructure for some recyclable commodities and the State’s import/export relationships result in Pacific Rim countries, and particularly China, being the primary destination for recyclable commodities generated in California.”

Consequently, California’s recyclables are shipped overseas for processing in facilities that admittedly do not operate under the same environmental standards we have in California. Not only do these foreign facilities produce large, unknown

amounts of GHG and toxic emissions, but the emissions associated with the trans-Pacific ship voyage are not fully accounted for. The California Air Resources Board (CARB), in formulating their Recycling Emission Reduction Factors (RERF) (found in the accompanying document *Proposed Method for Estimating Greenhouse Gas Emission Reductions from Recycling*), incorrectly based their "Transportation Correction Factor" on information from the American Forest and Paper Association, which does not disaggregate data to the state level. The Task Force does not support counting GHG reductions from materials collected through mandatory commercial recycling if they are sent to a facility outside of California and/or outside of U.S. unless the facility is developed and operated in a manner that is as protective of the human health and safety and the environment as a similar facility located in California.

The stated purpose of the *Draft Cost Study* was "to estimate the direct costs resulting from the implementation of the proposed [mandatory commercial recycling] regulation, not its total economic impacts." The Task Force strongly insists a more comprehensive economic and environmental analysis of mandated commercial recycling be done and include, but certainly not be limited to, a determination of the indirect and omitted costs (especially to local governments), secondary and tertiary job creation impacts, and increased ground transportation and trans-oceanic shipping impacts. Lastly, the Task Force recommends the *Draft Cost Study* analyze the value of Alternative Daily Cover and the use of conversion technologies and anaerobic digestion in managing solid waste.

#### **4. Peer Review of Cost Study on Commercial Recycling Regulations**

While the current version of HF&H's report clearly states that it is intended for discussion purposes, it may be unfair to simply produce a final version of the report, which may be potentially cited for years to come, without having a peer review of the proposed final version of the report. However, the review should be conducted after a life cycle analysis of the proposed regulations is completed using accurate international information and not only currently available data.

The Task Force would also recommend that the peer review process include local governments in rural and urban areas and in the northern and southern parts of the State. The Task Force would like to offer broker relationships between HF&H and Los Angeles County jurisdiction to increase the participation of Southern California in this regulatory process.

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We would appreciate your consideration of the Task Force's comments and look forward to receiving your responses and our future working relationship on this issue. Should you have any questions, please contact Mr. Mike Mohajer of the Task Force at (909) 592-1147.

Sincerely,

*Margaret Clark*

Margaret Clark, Vice-Chair  
Los Angeles County Solid Waste Management Committee/  
Integrated Waste Management Task Force and  
Council Member, City of Rosemead

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cc: Lester A. Snow, Secretary, California Natural Resources Agency  
California Office of Administrative Law  
CalRecycle (Mark Leary, Howard Levenson, Cara Morgan, Brenda Smyth)  
California State Association of Counties  
League of California Cities  
League of California Cities, LA County Division  
Each Member of the County of Los Angeles Board of Supervisors  
Each City Mayor and City Manager in the County of Los Angeles  
County of Los Angeles Chief Executive Officer  
South Bay Cities Council of Governments  
San Gabriel Valley Council of Governments  
Gateway Cities Council of Governments  
Each City Recycling Coordinator in Los Angeles County  
Each Member of the Los Angeles County Integrated Waste Management  
Task Force