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DATE: September 13, 2018

TO: Programs & Administration Committee
Planning Committee/Recycling Board

FROM: Tom Padia, Deputy Director

SUBJECT: Discards Behavior and Markets

SUMMARY

This is the latest in the series of informational briefings for the Boards as background and updates in preparation for the priority setting process. Focus for this presentation will be on "end of life" for discarded materials (or what is still landfilled), contamination issues with materials in the recycling and composting streams and how we measure progress in these areas. Results from the 2017/2018 Waste Characterization Study (WCS), describing what is still being "wasted," will be presented as a separate agenda item, given the large amount of content in that report.

DISCUSSION

This agenda item will cover trends in overall landfill volumes, international and domestic recycling markets (i.e. "National Sword"), and other end-of-life concerns such as illegal dumping.

Trends in Landfill Volumes

Landfill disposal volumes throughout the Bay Area and the state have been trending up during the most recent sustained economic expansion. Statewide, total landfill disposal increased 27.5% from 2012 to 2017. San Francisco daily landfill volumes had increased from 1,222 tons per workday in December 2013 to 1,582 average tons per workday in June 2018, for an increase of 29.5%. In Alameda County, our landfill volumes have increased approximately 20% from 2012 to 2017. In-county landfill volumes for the first six months of 2018 appear to be relatively flat compared to the same months of 2017.

Recycling Markets Update

Changes in international markets for secondary materials over the last year, and specifically to new policies and practices adopted by China – tightened contamination standards, increased inspections, restricted import licenses and outright bans on categories of scrap imports (including mixed paper and mixed plastics) - have left recycling processors and brokers scrambling to secure markets in other countries, many of whom have been overwhelmed beyond their capacity to accept materials. Locally, MRF operators have reported being able to market all processed recyclables, although some mixed paper and plastics at negative pricing at times (i.e. paying someone to accept your loads of baled recyclables, instead of getting paid for them). Local MRF operators also report increased levels of "residuals" sent to landfill as a result of efforts to clean up the processed recyclables to meet the newer, stricter contamination standards. Local processors have fared better than many in other regions of the U.S. and in other countries, where recycling collections have been shut down altogether or loads of collected recyclables have been redirected to the landfill.

The overall international market situation does not appear to have yet achieved a stable "new normal" although two things do appear clear at this point – tightened contamination standards are here to stay; and the net cost of municipal recycling has increased.

Concurrent with the upheaval in recycling markets has been a new level of scrutiny of contamination levels in organics collected for composting and in the finished compost product itself, especially in light of looming state mandates requiring major increases in diversion of organics from landfills (SB 1383). For the first seven years since the adoption of the current Strategic Plan in 2010, Agency focus has been on reducing the amount of "good stuff in the garbage;" we are now equally focused on reducing the amount of garbage in the good stuff, in order to preserve the usefulness and marketability of diverted materials.

Market and regulatory forces have been combining for several years to steadily erode the statewide demand for wood chips to fuel biomass power plants, which historically has constituted the major market for scrap wood in the state – from orchards and tree maintenance, forest enterprises, commercial manufacturers, construction and demolition, and other urban sources. Urban wood waste from construction and demolition recycling is the lowest quality feedstock for these plants and the first to lose out when the market constricts. We are at a point now where some major C&D recycling plants are no longer separating wood for biomass fuel. Limited quantities of clean dimensional lumber and pallets continue to supply the mulch markets.

China's ban on the import of mixed paper and mixed plastics for recycling and the severe reduction in the biomass markets for scrap wood are the type of developments that may require StopWaste to revisit what constitutes "good stuff" in the garbage at some point. If a material no longer has any viable market outlet, or can be marketed only at a cost multiple times higher than landfill disposal (and requiring large rate increases to sustain), it may not be reasonable to continue categorizing it as "readily recyclable."

<u>Other Discards Issues</u>

An issue gaining increasing attention locally and statewide is that of illegal dumping. While there might be an opportunity to recover certain illegally dumped materials for recycling – white goods, mattresses, tires, etc. –exposure to the elements and concerns about biohazards (e.g. needles, human waste, bedbugs, etc.) often render such materials unfit for recovery. StopWaste has no power to enforce against illegal dumping nor to provide for bulky waste collections or dropoffs through local franchises, and enforcement efforts by local jurisdictions (who do have such powers) have not proven effective or financially feasible, for the most part. StopWaste regularly promotes free drop-off events for bulky items and HHW materials across social media. Aside from assisting with outreach messaging, we are not proposing that the WMA adopt any new policies, ordinances or fees to create any such role.

RECOMMENDATION

This item is for information only.