



**DATE:** February 8, 2024

**TO:** Planning Committee/Recycling Board

**FROM:** Jennifer West, Program Manager

**SUBJECT:** Legislative Effort to Adjust SB 1383 Procurement Requirements

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## **SUMMARY**

SB 1383 (California's Short-Lived Climate Pollutant Reduction Strategy) requires each city and county to annually procure a specified quantity of recovered organic waste products, such as compost and/or mulch. The intention of the procurement requirement is to build markets for compost and mulch, a goal supported by StopWaste. However, the existing procurement requirements are unrealistic for local governments to meet, particularly in the Bay Area where much of the organics has already been diverted to composting and a mature market for that compost already exists.

Since 2021, the WMA Board has directed staff to work with partners to pursue common sense adjustments to SB 1383 requirements as a main legislative priority. This memo provides the Recycling Board with an update on this legislative work. The Agency is sponsoring legislation designed to increase local government flexibility in meeting the requirements, reduce local government costs, and further the methane-reduction goals in SB 1383. This emerging legislation has grown out of several months of engagement with StopWaste member agencies, other local governments, compost producers, CalRecycle, and other stakeholders.

In December 2023, the WMA Board directed staff to continue to work with stakeholders to pursue this legislative effort.

## **DISCUSSION**

Most, if not all, jurisdictions in the state will struggle to meet the SB 1383 procurement targets. In some areas, this is because collection and processing infrastructure has yet to be built, and so there is not enough compost available. In other areas, such as Alameda County, where significant organics diversion already exists and where composting infrastructure has been in place for many years, the demand for compost and mulch created by SB 1383's procurement requirements is in competition with existing demand from entities such as landscapers and farmers.

In 2022 Governor Newsom signed AB 1985, which phases in the procurement targets over multiple years (30% in 2023, 65% in 2024 and 100% in 2025). This phased approach helps jurisdictions that are building infrastructure right now. However, it does not help early adopting jurisdictions such as those in Alameda County, which have significant organic waste diversion infrastructure already in place and are

not starting from the same conditions and therefore do not have the same potential to extract more organics from the waste stream and increase compost production.

Per WMA Board direction, since 2022, staff has convened a stakeholder group to develop a list of proposed changes to the current procurement requirement, while maintaining the objective of creating more supply and demand for organic waste products and advancing state greenhouse gas reduction goals. This stakeholder group includes Bay Area counties' staff and composters serving our region. This group has met with CalRecycle on multiple occasions to discuss implementation barriers and issues, as well as our proposals to advancing proposed legislative solutions. No barriers have been identified so far.

The changes that our coalition of stakeholders is proposing would add flexibility for local governments to comply with the procurement requirements and create more resilient markets, while still advancing the overall goals of SB 1383. The bill language currently includes the following concepts that have been developed by the stakeholder group:

- Allowing the use of additional recovered organic waste products, such as compost produced by on-farm, community, and other compost operations that are not "permitted" by the state to count toward their target
- Giving credit for investments local governments make in building markets for compost, such as through the establishment of on-site, on-farm operations
- Allowing direct service provider agreements be made retroactively

Additional concepts that our coalition of stakeholders may propose but that are not yet in the draft bill include:

- Allowing jurisdictions to calculate a jurisdiction-specific procurement target that reflects the actual potential for market growth in their region
- Allowing jurisdictions to develop a plan for procurement including how and where they will use compost and mulch, training staff, and developing giveaway programs
- Revising target calculation to include only organic waste that can be used to make products eligible for procurement credit

As a sponsor of this legislation, StopWaste has identified a legislator to introduce a bill and our Agency is providing expertise and assisting with coalition-building to help navigate the bill through the legislative process. StopWaste is pleased to be working with Assemblymember Alex Lee of District 24, which includes Fremont and Newark as well as portions of unincorporated Alameda County, along with Milpitas, parts of San Jose and portions of unincorporated Santa Clara County. Assemblymember Lee will introduce the legislation before the February 16, 2024, deadline.

While we expect the language to evolve during the legislative session, the bill is a pathway to adjusting SB 1383 procurement requirements to provide increased flexibility for local governments to meet the requirements, reduce local government costs, and support more realistically the overall objectives of SB 1383 to reduce methane emissions from landfilled waste.

## **RECOMMENDATION**

This item is for information only.