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July 3, 2012

Ms. Caroll Mortensen  
Director  
Department of Resources, Recycling and Recovery (CalRecycle)  
1001 I Street, P.O. Box 4025  
Sacramento, CA 95812

**Subject: CalRecycle's 75% Recycling Plan**

Dear Ms. Mortensen,

HF&H Consultants (HF&H) applauds CalRecycle's efforts and suggestions in developing its 75% Recycling Plan and greatly appreciates the opportunity to provide our comments on it. HF&H has been assisting local government recycling and solid waste managers in over 350 California jurisdictions since 1989. Much of the work that we do supports local government in the business side of the recycling and waste industry, from preparing Zero Waste and high diversion strategic plans to procuring services and setting compensation and rates. It is in these areas that we offer suggestions on how CalRecycle's plan could be enhanced to realize the 75% source reduction, recycling, and composting goal while minimizing the potential cost impacts to the general public who will ultimately pay for the system.

- 1. Measurement** – As we move towards the 75% goal, we need to improve the accounting of what types of activities we receive information on as well as the accuracy of and accountability for the information provided. Oregon has a system requiring material brokers to account for the recycling that occurs. California could adopt a similar system allowing CalRecycle to more accurately understand how much material is really being recycled and composted. HF&H suggests that CalRecycle thoroughly evaluate the current system. Such an evaluation may result in identifying the need to expand CalRecycle's and individual city or county authority to audit and enforce the public resources code with respect to misreporting.
- 2. Increase Collection Efficiency/Quality** – CalRecycle's plan notes that "Much of the information on facility design and terms of waste removal contracts is proprietary and not readily available." Fortunately, these documents are, in fact, public information and are readily available as they are typically contracts between a public agency and a private service provider. Public agencies are also involved in the contracting for, design of, and in some cases the construction and operation of material handling facilities (i.e. MRFs, compost facilities, transfer stations, landfills, etc.). HF&H has frequently found these parties to be willing and cooperative data providers. In addition, HF&H could assist CalRecycle in understanding the potential of various tactics to achieve this improvement in collection efficiency. An example of one option is to allow agencies that have residential and/or

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commercial food scrap programs to reduce solid waste collection frequency to every-other-week, provided that the organics are collected weekly.

3. **Elimination of Greenwaste ADC Credits** – While we commend your “intellectual honesty” with regard to what we do and do not call recycling, HF&H encourages CalRecycle to carefully analyze the infrastructure and cost impacts of this policy. We do not hold any advocacy position on accounting for ADC; however, we do have a concern about the inadequacy of infrastructure in some areas of the state. Regulation or legislation would likely increase capacity. However, the current permitting barriers must be reduced or that process will take many years and may add significantly to the cost of the system. Perhaps this policy could be delayed or “extra credit” (e.g. the bio-mass double-credit that was eliminated in SB 1016) could be granted to jurisdictions that voluntarily compost.

Finally, it is important to recognize that some landfill sites are soil deficient and rely upon the excavation and importation of soil from other areas. CalRecycle should evaluate the environmental and cost trade-offs of various cover options prior to eliminating greenwaste ADC credits.

4. **Funding for Organics Infrastructure** – The plan includes a proposal to provide funding through a grant or loan program to expand organics management infrastructure in the state. HF&H recommends that CalRecycle demand complete financial and operational transparency of any party receiving such loans in order to ensure that the public receives the value (including knowledge of how these systems work) from this program.
5. **Reduce Thresholds for Commercial Recycling** – HF&H recommends that CalRecycle require recycling by all businesses in the state. We believe such a policy will improve the economies of scale in those programs, which should translate to cost reductions for customers. Using the Cost Model developed for CalRecycle's Mandatory Commercial Cost Study, HF&H analyzed the two-phase mandatory commercial recycling ordinance adopted by Alameda County. The results of that study demonstrate that the collection and processing systems have the potential to be more cost-effective as you increase the amount of material collected and processed for recycling and composting. One critical element of that analysis is that the cost of composting needs to be comparable to or lower than the cost of landfill disposal. In certain regions of the state, that is not yet the case and significant cost impacts could result in some communities.
6. **Increase Requirements for MRF Performance** – HF&H recommends that CalRecycle consider requiring origin (what jurisdiction material came from), residue disposal (what percentage of the inbound material was disposed after processing), and market (where did the materials go) information from MRFs for a period of time prior to imposing performance requirements on them. This will allow CalRecycle and the facility owner /operators a period of time to understand their performance, compare it to others, and voluntarily adapt their systems to perform at higher levels. By publishing this information, it will allow municipal and other large customers to understand the relative merits of different recycling facilities and may create a market dynamic where facilities are encouraged to improve performance without a mandate.

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CalRecycle should consider, in any evaluation of MRF performance, the various factors which contribute to it. Many of those factors have to do with the demographics and socio-economics of the communities that the MRF serves and, to some extent, cannot be controlled by the MRF alone.

- 7. Extended Producer Responsibility (EPR)** – HF&H believes that EPR has the potential to shift the cost of managing certain materials from the solid waste ratepayer to the retail consumer (or producer). Of particular value are those materials that cannot be readily or cost-effectively recycled or composted (e.g. mattresses, paint, kitty litter, diapers, multi-material containers, etc.).

HF&H cautions CalRecycle that implementing EPR on readily recyclable and high-value commodities (such as those collected in traditional recycling programs) may have the unintended consequence of increasing the costs of the integrated materials management collection and processing systems. Many of the collection, public education, and outreach programs that exist today are funded through the sales of recyclable commodities.

- 8. Governance/Funding (Disposal/Non-Disposal Facility Fees)** – HF&H suggests that CalRecycle promote legislation that: 1) applies the per-ton fee to all materials disposed at a landfill site, including those reported as ADC/AIC/beneficial use; and, 2) applies a lower per ton fee to all tons received at MRFs and Compost Facilities. This strategy will help to stabilize CalRecycle's funding stream, provide funding for new incentives, and diversify it away from exclusively the disposal activity which, if this plan is successful, will decline dramatically during the coming decade.

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Once again, HF&H commends you and your staff for the great work that has started with your preliminary plan. We look forward to remaining engaged in the process and if we can be of any help to you or your team in the development of the plan, please do not hesitate to contact either of us directly.

Very truly yours,  
HF&H CONSULTANTS, LLC



Robert D. Hilton, CMC  
President



Robert C. Hilton  
Senior Project Manager