

RECYCLING SYSTEM UPDATE

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Department: Property and
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ISSUE STATEMENT

The constriction of Asian markets for recyclables since late 2017 has presented the Metro region (and much of the rest of the world) with unprecedented challenges to its recycling programs. Public and private sector participants in our recycling system have taken a number of actions to minimize disruptions to these regional programs and the residents and businesses that rely on it. Coincident with managing these short-term challenges, these same organizations have been working together to develop a plan for making the region's system more resilient in the future and fully consistent with the values established in the 2030 Regional Waste Plan. Staff will summarize past and current work and ask for Council's input on how it would like to engage in the future policy, investment and programmatic work that will be critical to charting recycling's future in the region.

ACTION REQUESTED

Feedback from Council on how it would like to engage over the next 12 months on key program and policy decisions related to long-term recycling system resiliency.

IDENTIFIED POLICY OUTCOMES

Earlier this year, the Metro Council adopted the 2030 Regional Waste Plan, which serves as the greater Portland area's blueprint for investing in our garbage and recycling system, reducing the environmental and health impacts of products that end up in this system, and advancing progress towards Metro's racial equity objectives. The plan includes values, goals and actions directly relevant to this recycling system work:

Values

- Protect and restore the environment and promote health for all
- Conserve natural resources
- Ensure operational resilience, adaptability and sustainability
- Provide excellent service and equitable system access

Goals and Actions

Goal 10: Provide regionally consistent services for garbage, recyclables and other priority materials that meet the needs of all users.

Action 10.1: Provide comprehensive collection services and supporting education and assistance for source-separated recyclables . . .

Goal 15: Improve the systems for recovering recyclables, food scraps and yard debris to make them resilient to changing markets and evolving community needs.

Action 15.1: Implement regional consistent contamination reduction efforts to improve material quality . . .

Action 15.2: Regularly assess the list of recyclable materials collected in the residential and business programs in the region relative to end-markets, life cycle environmental benefits, community needs and forecasting of future materials in the waste stream.

Action 15.3: Develop public-private partnerships to expand local markets for priority recyclable materials, with an emphasis on minority-owned and other business owners from historically marginalized groups.

Action 15.4: Fund investments to improve the performance of material recovery facilities through collection rates and/or other mechanisms.

Action 15.6: Implement stronger linkages between recycling collection programs and material recovery facilities through processing performance standards, supply agreements, regulatory oversight or other means.

Action 15.7: Identify and implement changes to recycling collection programs and material recovery facility operations to meet the specifications of a broad range of markets.

Action 15.8: Advocate for statewide policies or implement regional policies that create a preference, incentive or requirement for use of recycling end-markets in Oregon and the Northwest.

POLICY QUESTION(S)

On which program and policy options would Council like to engage and give direction, and what are Council's preferred approaches to doing so?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Increasing the resilience of the region's recycling system and more firmly aligning it with the values of the 2030 Regional Waste Plan will potentially require changes in numerous facets of the system:

- The types of materials collected in our residential and business programs
- The legal and relational frameworks between Metro/local governments and material recovery facilities
- Public investments in material recovery facilities and intermediate or end markets
- The statewide or regional legislative establishment of Extended Producer Responsibility systems to share responsibility for the end-of-life management of waste packaging between manufacturers, retailers and consumers

- The legislative establishment of mechanisms to strengthen end-markets for the region's recyclables
- A ranking of the values that inform our system decisions

Work on these policy options would be intended to help the region be positioned in a year to:

- Stabilize and strengthen the system
- Maintain the high levels of public trust in the system that currently exist
- Advocate for policies at the state level, or enact policies at the regional level, to advance a shared public-private responsibility model for a broad array of products and packaging
- Further invest public money in parts of the system where it makes the most sense to do so

STAFF RECOMMENDATIONS

Not applicable at this time.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The work described above, and the opportunities for Council engagement, are firmly grounded in Metro's regional responsibilities and authorities, and in the strategic policy framework provided by the 2030 Regional Waste Plan. Recycling has been part of the fabric of this region since at least the 1970's and survey data throughout the decades demonstrates not only the continuing popularity of recycling programs among the public, but also the shared values that underline these programs: conservation of natural resources, reducing greenhouse gas emissions and not wasting items.

One of the underlying frameworks of the 2030 Regional Waste Plan (along with racial equity) is the product life cycle. This framework guides us to look at where we can intervene to reduce the environmental and human health impacts of products throughout their "lives," from extraction to production to distribution, use and end-of-life management. The benefits of affecting the earlier stages are major, and the Plan calls for work in this area, but those at the end-of-life segment are also significant and warrant continued support and investment.

To ensure those benefits continue to accrue and grow, Metro has taken a leadership role in participating in, and funding, statewide collaborative work designed to identify options for the Metro region and other parts of the state to consider for strengthening and making the recycling system more resilient. The categories in which those options will fall are indicated in the policy sections above.

In addition to Metro, the statewide collaborative work includes representatives from the Oregon Dept. of Environmental Quality, city and county governments, material recovery facilities and the association/lobbying organization Oregon Refuse and Recycling Organization that represents many haulers and some recovery facilities. Denton Plastics

has also been an active participant. There are both shared and divergent perspectives from participants, based on each particular issue under discussion.

BACKGROUND

The Metro region has one of the oldest and strongest residential and business recycling programs in the country, which reflects a legacy of leadership by community members and foresight on the part of governments. Thoughtful and strategic decisions by local governments and Metro, with input from the private sector, resulted in a program that added materials to the collection list only if there was strong confidence in durable, long-term and real markets for those materials. Likewise, governments made thoughtful decisions about how to collect the materials, going from individual separation by material type to commingled collection of multiple materials only after considerable examination and discussion of the pros and cons of markets, sorting capabilities, convenience to customers and occupational health benefits to haulers. They had particular foresight in insisting that glass bottles and jars be kept separate from other materials.

The region's entire system of recycling is a public-private partnership, in which public entities set the policy framework, the collection service expectations for private haulers and the rates to be paid by customers, and also have primary responsibility for educating the public on how to participate. Private companies collect the material and deliver it to private material processing facilities, which then market the materials to private intermediate or end markets. Ratepayer money makes the whole system hum.

There are dramatic distinctions in the level of public involvement in each part of the system. Local governments and Metro play a very strong role, as described immediately above, in directing collection programs. By contrast, they've been almost completely hands-off in what happens to recyclables after they're collected by haulers. Decisions on how to sort materials and where to market them were, and remain, completely at the discretion of the private material recovery facilities. Until recently, Metro did not even utilize its regulatory authority over these facilities to ensure they operated with minimal impact to community and the environment, and Metro and local governments have played no role in ensuring that the values of fiscal responsibility, environmentalism and stewardship that underlie our collection programs carry all the way through the recycling system.

The situation above has incrementally begun to change and arguably needs to change in more significant ways. The discussion at work session will be centered on what Metro and local governments could do and Council's engagement in this work over the next 12-18 months. The big questions embedded in the Policy Options section above are:

Types of materials collected in our residential and business programs

- The consumer goods industry is constantly changing, so what kinds of packaging can we expect will be on the shelves in the future and what is projected demand for this packaging as a recyclable item?

- What are our expectations for consumer product manufacturers and retailers sharing responsibility with consumers and governments for the recycling of packaging and products after they are used?

Legal and relational frameworks between Metro/local governments and material recovery facilities

- Are the region's material recovery facilities positioned to be able to manage new and existing types of packaging in such a way as to allow them to access the strongest end-market possible?
- What are government's best roles for ensuring our material recovery facilities can meet future system needs?
- What's government's best role in ensuring our material recovery facilities market their materials to destinations that are consistent with our regional values related to equity and environmental outcomes?

End-markets

- What can Metro, local and state governments do to influence the development of additional domestic markets for recyclables, with an emphasis on Oregon and the greater Northwest.

This future work can build on not only the strong efforts of the past 30 years, but the responses that the region has taken over the past two years as market conditions changed:

System investment

- Through collection rate increases and surcharges, the region's residents and businesses have invested an additional \$15-\$20 million dollars to cover higher processing and marketing costs for material recovery facilities. Unlike many areas in Oregon, the United States and overseas, this has allowed the region to maintain its existing recycling program with minimal impact on users and to plan strategically for next steps.
- In year 1 of the Investment & Innovation grant program, Metro invested and leveraged a total of \$569,000 in equipment upgrades at Pioneer Recycling, one of the region's key material recovery facilities, and \$386,000 in upgrades at Denton Plastics, an intermediate processor of recyclables.
- Round 2 of the Investment & Innovation program is now underway and Metro expects to receive full proposals for recycling system improvements from two material recovery facilities and two intermediate processors.

Strategic planning

- Continuing Metro's long history of approaching system changes in strategic, rather than solely reactive manner, Metro is investing considerable time and financial resources (\$170,000) in a statewide collaborative process that will yield research-informed options about: future materials entering the waste stream and the markets for them; the most productive ways to modernize our system; relational frameworks between governments, material recovery

facilities and markets; and policy options for influencing markets and putting in place shared responsibility models with the consumer products industry.

Building blocks for policy discussion

- Statewide legislative victories on plastic bags and single-use items, which were influenced by the work of Metro and area local governments.

ATTACHMENTS

None.

[For work session:]

- Is legislation required for Council action? ☐ Yes ☒ No
- If yes, is draft legislation attached? ☐ Yes ☐ No
- What other materials are you presenting today? PowerPoint presentation