



WASHINGTON
REFUSE &
RECYCLING
ASSOCIATION

Is EPR for Packaging Right for Washington? Lessons and Strategies Learned From other States

WA STATE ASSOCIATION OF COUNTIES CONFERENCE

NOVEMBER 20, 2024

PRESENTERS: WA Refuse & Recycling Company Representatives

Brad Lovaas, WRRA – Moderator

Rick Vahl, Waste Connections – EPR in OREGON

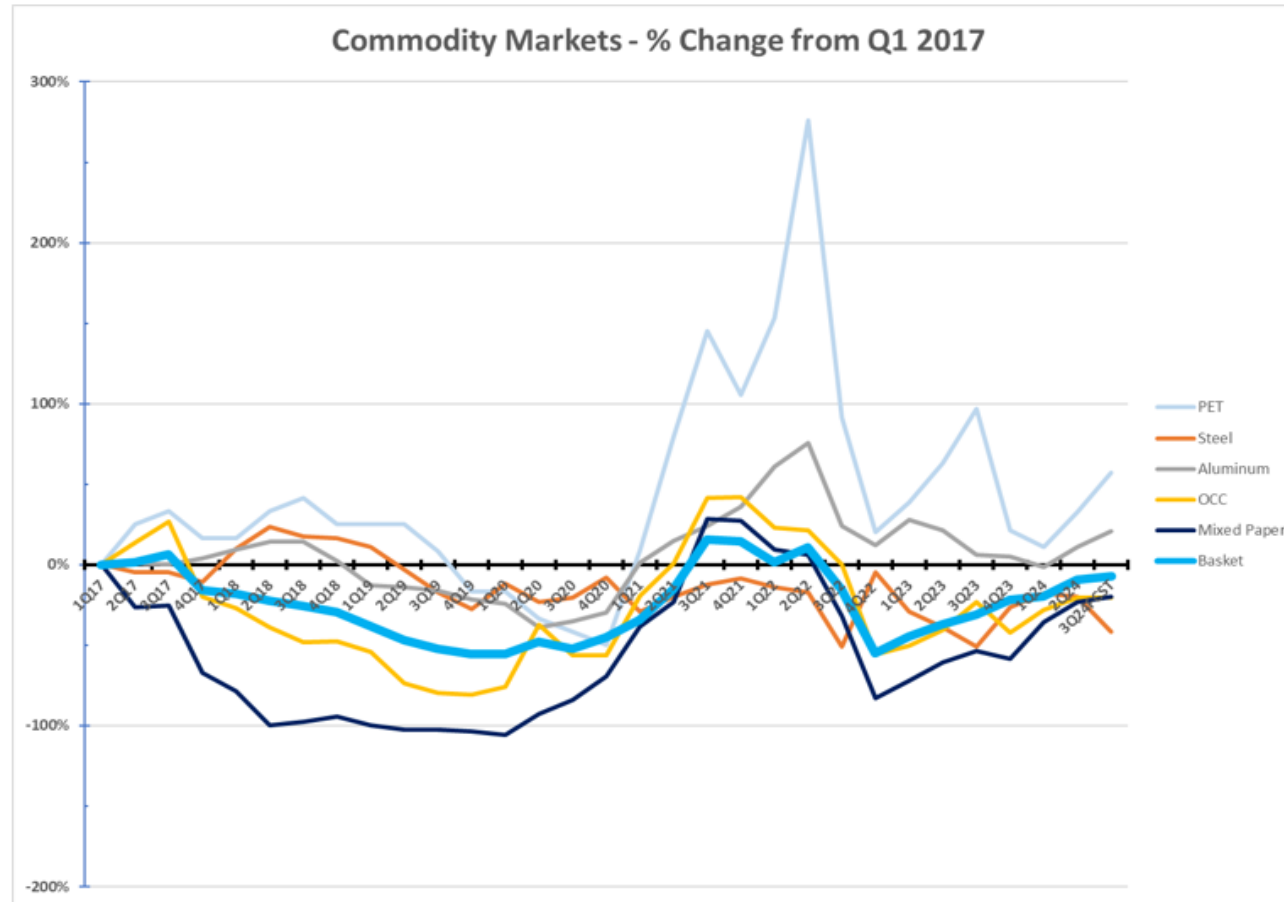
Steve Brum, Recology – EPR in CALIFORNIA

Chris Reigelsperger, WM – EPR in MINNESOTA

Jim Hutchinson, Republic Services – EPR in COLORADO

Level set: National Recycling System is Resilient With Volatile Values Since China Sword (2018) and Covid Pandemic (2020-22)

COMMODITIES AND MARKET VALUES



The “Commodity Basket” average continues to improve YoY since the pandemic, but is still below Pre-China Sword levels (Approx 7%)

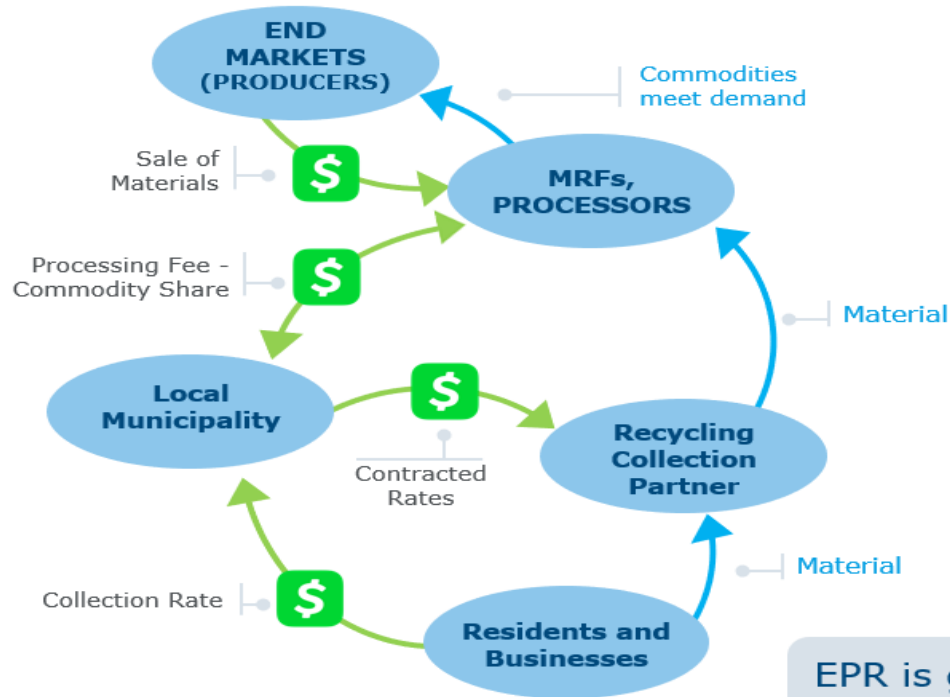
Washington has 50% recycling rate compared to 32% national average. CA=41%, MN/OR=45%, CO=16%

Level Set: Understanding Extended Producer Responsibility (EPR) Policy and How Producer Responsibility Organization (PRO) Manages It

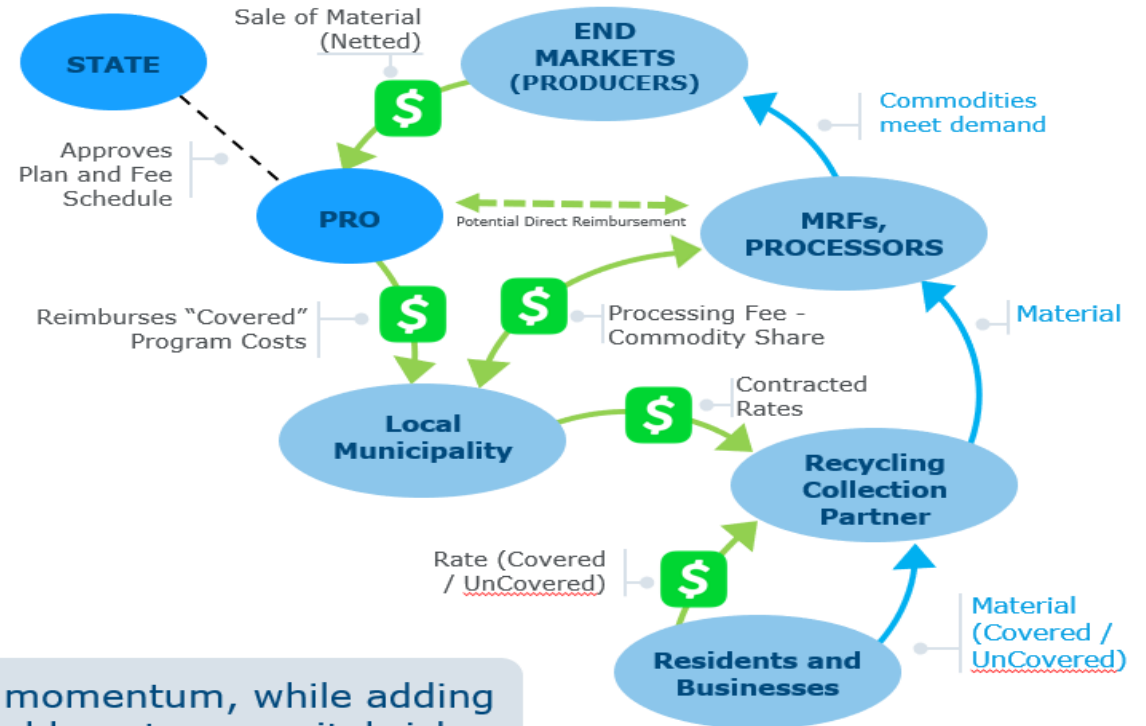


UNDERSTANDING EPR

Traditional Contract



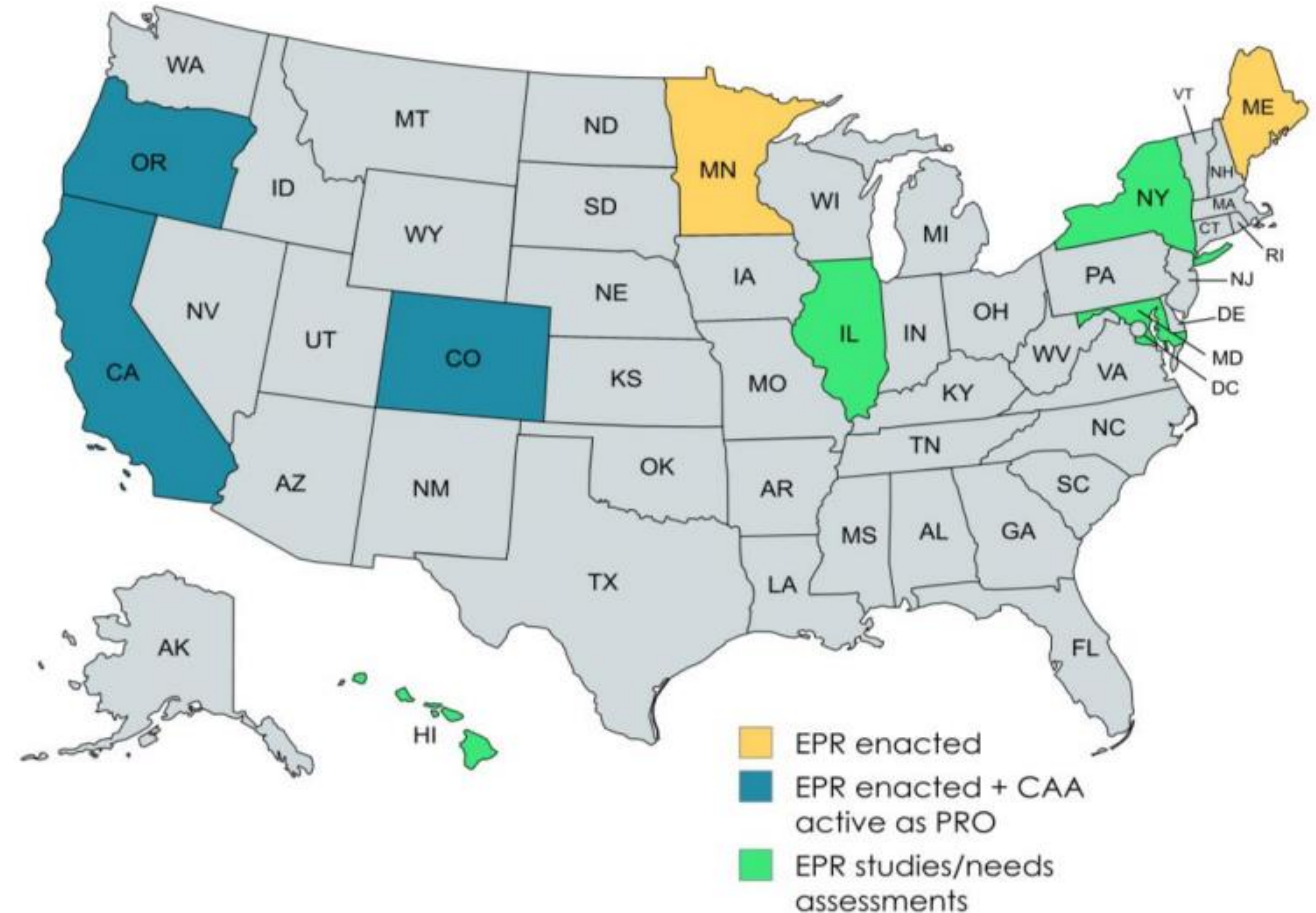
Contract Under EPR



EPR is gaining momentum, while adding complexity and long term capital risk.

Current Packaging EPR Laws in the United States

- California, Colorado, Maine, Oregon, and Minnesota have passed laws that establish EPR programs for paper and packaging.
- Other states are conducting statewide recycling needs assessments that could set the stage for future EPR programs (Illinois, Maryland, New York)
- Maryland also has an Advisory Council that will make recommendations for future EPR legislation.



EPR Materials and Funding Models in Other States



EPR Across U.S. States*

	Covered Materials	Sectors	Full or Partial Recycling System Funding?
CALIFORNIA	<ul style="list-style-type: none"> • Single-use packaging • Plastic single-use foodservice ware 	<ul style="list-style-type: none"> • Consumer Packaging • Business to Business 	<ul style="list-style-type: none"> • Partial
OREGON	<ul style="list-style-type: none"> • Packaging • Printing and writing paper • Foodservice ware 	<ul style="list-style-type: none"> • Consumer Packaging • Business to Business 	<ul style="list-style-type: none"> • Partial
COLORADO	<ul style="list-style-type: none"> • Packaging • Paper products • Foodservice ware 	<ul style="list-style-type: none"> • Consumer Packaging 	<ul style="list-style-type: none"> • Full
MAINE	<ul style="list-style-type: none"> • Packaging • Some foodservice ware 	<ul style="list-style-type: none"> • Consumer Packaging 	<ul style="list-style-type: none"> • Full
MINNESOTA	<ul style="list-style-type: none"> • Packaging • Paper products • Foodservice ware 	<ul style="list-style-type: none"> • Consumer Packaging 	<ul style="list-style-type: none"> • Partial



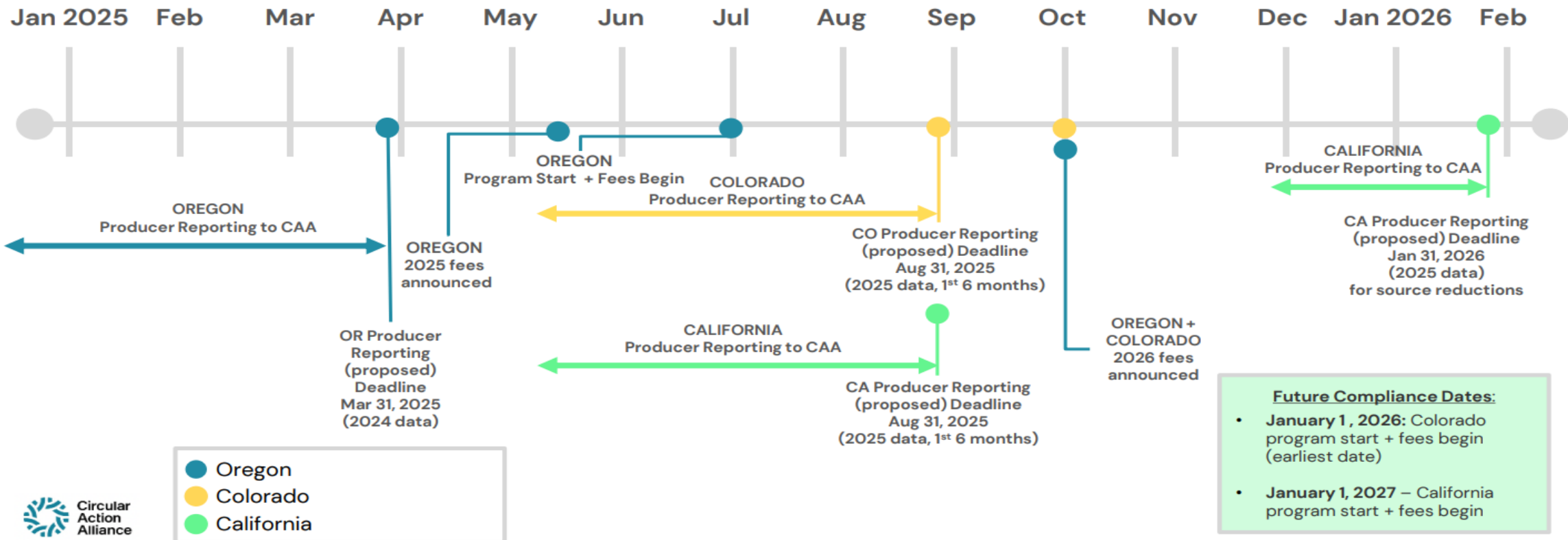
*Based on current knowledge, significant additional clarifications needed

PRO/CAA Implementation in Oregon, California and Colorado



Upcoming Compliance Deadlines – Reporting to CAA

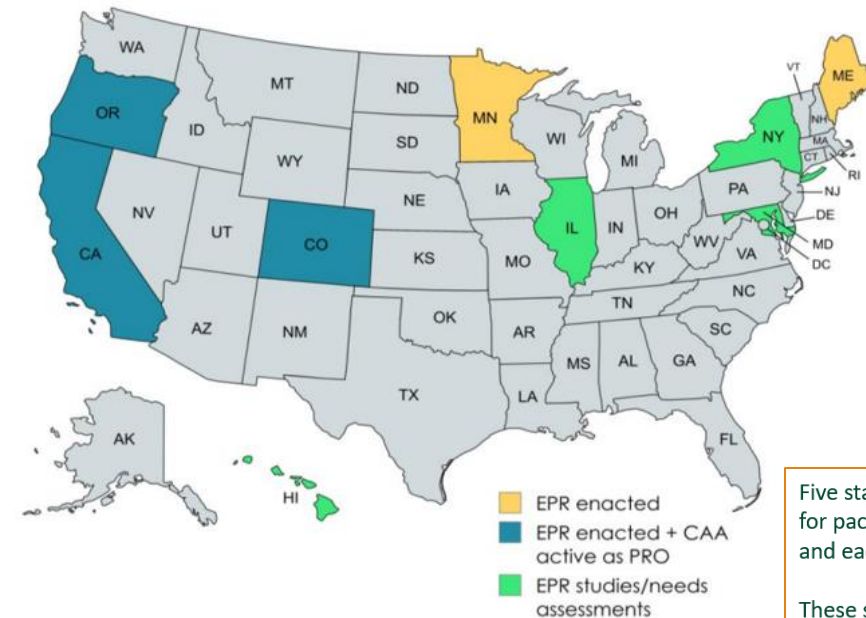
The need to begin producer reporting preparation requires a PPA launch and signing in 2024, ahead of state-specific regulatory decisions later in 2024 and reporting deadlines in 2025



EPR LAW STATUS IN OTHER STATES: LESSONS BEING LEARNED

Presenters in order by states further along than the others in EPR implementation:

1. **Rick Vahl, Waste Connections** - Government Relations Manager – OREGON (starting 2025)
2. **Steve Brum, Recology** - Pacific Northwest Vice President – CALIFORNIA (starting 2027)
3. **Chris Reigelsperger, WM** - Government Relations Manager – MINNESOTA (starting 2026)
4. **Jim Hutchinson, Republic Services** - NW Director of Municipal Services – COLORADO (starting 2026)



Five states have implemented EPR for packaging in the United States, and each state's law is unique.

These states are California, Colorado, Maine, Minnesota and Oregon.

Three states, Illinois, Maryland, and New York, are proactively conducting needs assessments to evaluate the efficacy and efficiency of their recycling systems.

EPR STATUS & LESSONS FROM OREGON:

Rick Vahl, Waste Connections Government Relations Manager



1. **RMA and Oregon's PRO Model:** The 2021 Recycling Modernization Act (RMA) set up a funding-only model where producers finance recycling without managing operations; of four initial PROs, only one remains.
2. **Sequencing Challenges:** Delayed steps like the statewide materials list and comprehensive needs assessment created setbacks, emphasizing the importance of a structured sequence for effective implementation.
3. **Critical Needs Assessment Gaps:** Oregon's initial needs assessment lacked depth, leading to a revised, industry-supported assessment to refine budget priorities and operational details.
4. **Contamination and Infrastructure:** MRFs manage contamination but face challenges with evolving materials, infrastructure needs, and market volatility, prompting ongoing questions about adapting systems and funding.

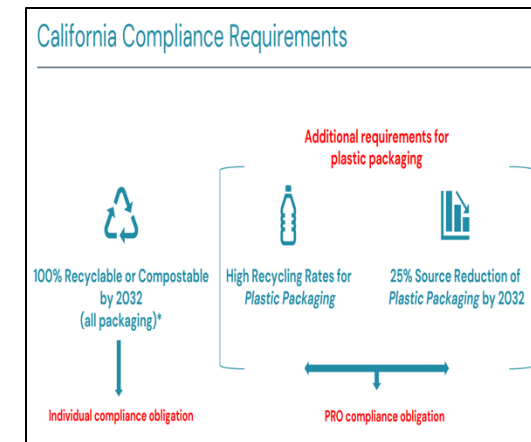


EPR STATUS & LESSONS FROM CALIFORNIA:

Steve Brum, Recology Vice President



- 1. State of EPR:** SB54 passed in 2021 through a broad legislative collaboration with the threat of Recology's ballot initiative as the alternative. Final regulations must be adopted by January 2025 and the PRO plan must be approved by January 2027.
- 2. Producer Responsibility Organization:** Consumer Action Alliance has been selected as the PRO and is actively engaged in the process. Leveraging experience elsewhere while keeping California's existing mature and diverse recycling landscape in mind.
- 3. Producer Responsibility Plan:** Essentially the roadmap, Producers have been granted broad leeway to accomplish the requirements informed by the needs assessment. Industry leaders want something more detailed than what we have seen so far.
- 4. Needs Assessment & Reimbursement:** Currently under development and must be published by January 1, 2026. It's absolutely essential for stakeholders to actively participate in this process. The PRO must fully cover costs to implement this chapter. The latest draft regulations specify new and incremental costs will be covered, rather than retroactive.
- 5. Education & Contamination Reduction:** PRO must develop and cover any education and outreach required to achieve the required recycling rates.
- 6. Responsible End Markets:** The laws require the PRO to evaluate, certify, audit, develop and maintain viable responsible end markets. Must be transparent, environmentally sound, meet recycling goals, and maintain chain of custody info.




EPR status: CAA/PRO in rulemaking, rules must be done by Jan 1, 2025, program starts Jan 1, 2027

EPR STATUS & LESSONS FROM MINNESOTA:

Chris Reigelsperger, WM Government Affairs Manager

Minnesota



Timeline milestones:

- May 21, 2024: Governor signs HF 3911
- January 2025: Advisory Board Established and PRO selected
- December 2025: Preliminary Needs Assessment Done
- December 2026: Final Needs Assessment Done
- October 2028: Stewardship Plan Completed
- January 2029: Program Starts

Summary

The Packaging Waste and Cost Reduction Act, HF 3911, passed as a part of the Environment and Natural Resources Budget and Policy bill. The bill is a shared responsibility model with producers providing payments to service providers for a portion of their costs. The PRO will work with the state agency to set performance targets.


Reimbursement

Producers are responsible for partial costs ramping up over time. Municipalities that choose to retain control of operations are reimbursed. PRO is responsible for operations where municipal service is not provided. Reimbursement rates must be established equivalent to net costs as established by a methodology in an approved plan as follows:

- (1) no less than 50 percent of the net cost by February 1, 2029
- (2) no less than 75 percent of the net cost by February 1, 2030
- (3) no less than 90 percent of the net cost by February 1, 2031, and each year thereafter.

Current Status

Advisory Committee to be established by January 1, 2025, with 18 members, including two recycling facilities, one waste hauler, one waste facility that receives and sorts compostable and recyclable material, one waste facility that receives compostable material for a total of five recycling, composting, and waste processing representatives of the 18.



EPR STATUS & LESSONS FROM MINNESOTA:

Chris Reigelsperger, WM Government Affairs Manager



Good components of EPR law:

1. Service providers retain revenue from the sale of covered materials and can charge customers a fee for service not covered by the PRO reimbursement.
2. Infrastructure investments are awarded by competitive bidding process with preference to existing facilities and service providers while limiting PROs' ability to own or develop new infrastructure.
3. The state needs assessment is extensive and program execution deadlines are realistic (first stewardship plan is not due until 10/1/28).

Challenging components of EPR law:

1. The law includes composting, which could balloon the costs of the program.
2. There is no language requiring the PRO to submit a financial assurance plan in case the PRO stops operating or faces a funding shortfall.
3. While scope is limited, the law is still more expansive than California, which covers new costs only, and Oregon which excludes existing collection contracts entirely.



EPR STATUS & LESSONS FROM COLORADO:

Jim Hutchinson, Republic Services Municipal Sales Director



- 1. Current Collection System:** The goal of the EPR program is to develop a convenient, cost-effective program that provides ***free and equitable recycling*** of packaging and paper products for all. 97% have curbside trash service but only 66% have recycling. State is predominately open market (competitive, not contract) Commercial and is slowly moving to contracted Residential Collections.
- 2. PRO Model:** EPR passed in 2022 and must cover ***all recycling services***, including the collection, transportation, sorting, and processing of ***covered materials***. Funding must also cover education and administration of the program.
- 3. Diversion Metrics:** EPR program expects to improve recyclables diversion rates from less than 16% (less than ½ of US average) to 58% by 2035.
- 4. Increased Investments Needed:** Program intends to invest in expanded collection services, public education, and MRF expansion and modernization.



Lessons Learned from Other States: Key Take Aways



- Local control is a crucial component of our recycling system.
- New policy should complement (not displace) our successful curbside system
- Producer responsibility for hazardous and problem materials in the waste stream is most helpful (batteries, paint, etc).
- Costs to consumers, service providers and rate payers should be clear before any current system changes.
- The proposed EPR policy should not give control of our state's recycling to the industries that produce the problem materials in the first place.
- Needs assessment should drive policy and infrastructure investments.



How Recycling Works in Washington Now:



- We have a successful 50% recycling rate statewide
- Rates are approved by the UTC in franchise areas or negotiated with private companies through competitive processes.
- Washington's existing infrastructure has produced some of the highest recycling rates in the nation.
- Private companies managing MRFs have made extensive investments in collection fleets, MRF capital technology, facility investments, customer outreach, etc.
- When recyclables are placed in the right bins at the start, those materials are successfully collected, processed, and marketed through the existing curbside system.
- Efforts to improve recycling should focus on improvements to our nation's leading system, not displace it.



NEXT STEPS TO IMPROVE RECYCLING IN WA:

House Bill 1900; The Alternative to 2025's WRAP ACT 3.0



1. Needs assessment by each County determines local capacity, needs, and costs
2. Standardized statewide list of materials for curbside collection and/or drop-off depots
3. Post Consumer Recycled (PCR) packaging content requirements increases end-market demand for recovered materials - holding producers responsible for their packaging decisions
4. Continued EPR application for the specific, hard to recycle materials (paint, batteries, etc) not already in current, successful recycling systems
5. “Truth in Labeling” on packaging recyclability supports consumer recycling education and behavior
6. WUTC implementation of Low-Income Rates for expanded recycling efforts in those franchise areas





QUESTIONS?

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