

PRELIMINARY SB 1383 COMPLIANCE PLAN

South Bayside Waste Management Authority

Board/TAC Meeting

October 15, 2020



Prepared by
HF&H Consultants

AGENDA



- Present timeline
- Review SB 1383 compliance plan
- Discuss next steps
- Receive input and respond to comments

SB 1383 COMPLIANCE TIMELINE



Action Item	Anticipated Date
Present Preliminary Compliance Plan	
Board/TAC Study Session	✓ November 7, 2019
Finance Committee	✓ January, 2020
Board/TAC Study Session	✓ October 15, 2020
Release of Final Regulations by CalRecycle	November 2020 (+/-)
Present Final Compliance Plan to Board	November 19, 2020
Initiate ordinance development, contract negotiations, and more	November 20, 2020

SB 1383 HIGHLIGHTS



2030 Statewide Goals



A white icon of a factory with two smokestacks emitting plumes of smoke.	Black Carbon	A white downward-pointing arrow. 50%
A white icon of a flame.	Methane	A white downward-pointing arrow. 40%
A white icon of a spray can with particles being emitted from the nozzle.	HFC Gasses	A white downward-pointing arrow. 40%

SB 1383 REGULATORY MILESTONES



2018 – Late 2020

CalRecycle initiated formal rulemaking in 2018

Regulations to be adopted in late 2020



January 1, 2020

State to achieve 50% reduction of organics disposal (2014 baseline)



January 1, 2022

Jurisdictions must have organics recycling programs in place

Enforceable regulations take effect

Jurisdictions must implement an ordinance or ordinances



January 1, 2024

Jurisdictions must take progressive enforcement actions against non-compliant regulated entities:

- Generators
- Haulers
- Processors



January 1, 2025

State to achieve 75% reduction in organics disposal (2014 baseline)

State to recover a minimum of 20% of disposed edible food for human consumption

SBWMA AND MA COMPLIANCE NEEDS



Collection & Processing

Programs established through franchise, but may need large expansion for MFD/commercial organics compliance.



Monitoring & Enforcement

On-going contamination monitoring, compliance monitoring, and enforcement program to be implemented.



Product Procurement

Extensive compost, mulch, renewable fuel procurement requirements need to be met; recycled-content paper procurement likely compliant for many MAs.



Ordinances & Policies

Mandatory organics, food recovery, enforcement, and C&D ordinances are needed for entire service area. WELO policies required.



Food Recovery

Food recovery programs required. No SBWMA programs in place; however, SBWMA can collaborate with County on their programs.



Other

Self-haul, education, recordkeeping, and reporting requirements are among other items that need to be addressed.

COMPLIANCE PLAN CONSIDERATIONS



COMPLIANCE PLANNING: FOCUS ON 2020-2024



Initiate enforcement actions against non-compliant entities

2020

2021

2022

2023

2024

2025 and Beyond

SB 1383 Program Planning,
Implementation,
and Intensive Program Support

On-Going SB 1383
Program
Maintenance and
Reporting

PRELIMINARY PLAN LIMITATIONS



Preliminary approach reflects draft regs and best available information



Final regulations may differ and impact compliance approach



Future interpretation and implementation of regs may further impact compliance approach

COMPLIANCE RESPONSIBILITIES



Jurisdictions Ultimately Responsible for Compliance

- Jurisdiction may delegate to public or private entity(ies)
- Exception that the authority to impose civil penalties can only be delegated to public agency

Delegation Options (if MAs do not want to take on all Responsibilities)

- SBWMA
- Other jurisdictions (e.g., County DEH)
- Recology/SBR
- Other contractors

Preliminary strategy

- SBWMA leads compliance for majority of requirements
- MAs lead compliance for ordinance/policy adoption, C&D and WELO programs, and possibility enforcement and some procurement compliance
- County possible lead on food recovery program capacity

PRELIMINARY COMPLIANCE APPROACH



ORDINANCES & POLICIES



SBWMA

- Enter into MOUs or agreement with MAs to take on responsibilities
- Develop model ordinance and procurement policy for MAs

Member Agencies

- Delegate certain responsibilities to SBWMA via MOU/agreement
- Adopt/amend ordinances and policies
 - Mandatory ordinance with enforcement provisions
 - CALGreen-compliant C&D ordinance
 - WELO policy
 - Organics product procurement policy
- Repeal any provisions/policies that restrict organics recycling in accordance with SB 1383

COLLECTION AND PROCESSING



SBWMA

- Provide compliant collection services
- Use processing facilities that meet organics recovery standards
- Conduct testing of O2E, refine pro-forma, engage with SVCW to determine future role
- Negotiate changes to collection and processing agreements
- Develop self-haul/back-haul and hauler registration and monitoring system

Member Agencies

- Amend franchise agreement



FOOD RECOVERY



SBWMA

- Identify and educate commercial edible food generators
- Maintain public list of food recovery organizations/services
- Work with County to expand food recovery capacity, including possible provision of financial support or grants
- Provide technical assistance to commercial edible food generators (optional)

Member Agencies

- Comply with food recovery requirements for special events

PRODUCT PROCUREMENT



SBWMA

- Develop and implement compost, electricity, and/or renewable natural gas (RNG) procurement program
- Contract with involved entities
- Coordinate compost distribution with MAs, if needed

Member Agencies

- Implement compost procurement program and use, sell, or donate compost, and/or support use of electricity or RNG
- Purchase recycled-content paper to meet specs
- Maintain records for above programs

MONITORING & ENFORCEMENT



SBWMA

- Implement contamination minimization program
- Conduct annual desktop compliance reviews of commercial accounts
- Inspect edible food generators and waiver recipients
- Investigate complaints and more

Member Agencies

- Possibly lead or support enforcement efforts

OTHER



SBWMA

- Hire additional staff and/or contractors
- Implement record keeping and reporting
- Educate generators and other regulated entities
- Maintain records and produce reports
- Support County organics processing and edible food capacity planning

Member Agencies

- Manage CALGreen-compliant C&D program
- Implement WELO practices for MA operations
- Submit Initial Compliance Report and Annual Reports to CalRecycle (SBWMA providing majority of data needed)



COLLECTION AND PROCESSING OPTIONS



COLLECTION AND PROCESSING OPTIONS



Option 1: Standard compliance approach

- 3-container system provided to ALL customers
- Limited waivers (space, de-minimis)
- Use compliant facilities

Option 2 :Standard compliance approach with O2E

- 3-container system for single-family and current commercial organics customers
- 2-container system for multi-family and other commercial customers
- O2E processing of multi-family and commercial solid waste

Option 3: Performance-based compliance

- 90% of generators must subscribe to 3-container system
- Processing facilities must meet organics recovery standards
- Solid waste must contain no more than 25% organic wastes
- Extensive waste composition studies required

COLLECTION AND PROCESSING APPROACH



Preferred Strategy: Option 2, Standard Compliance Approach with O2E

Plan to rely on existing collection system

- 3-container system for single-family and limited commercial
- 2-container system for other multi-family and commercial

Pilot O2E project

- Test O2E organics recovery rate
- Assess capabilities to meet SB 1383 performance standards
- Refine costs based on testing and understanding of final regulations

Reassess ability of Option 2 to meet SB 1383 requirements

- Proceed with Option 2 or adjust collection and processing strategy, if needed (e.g., shift to Option 1)

COLLECTION AND PROCESSING APPROACH



Timing Considerations

	O2E Organics Recovery		
	=> 75%	50%-75%	<50%
Expect O2E not operational by 1/1/2022 compliance date; MAs secure 2-year extension through CalRecycle corrective action plan	◆	◆	◆
Proceed with Option 2 including 2-container approach for multi-family/commercial	◆		
Proceed with Option 2 including 2-container approach for multi-family/commercial through 12/31/2024; negotiate with Recology to fully implement Option 1 (3-container approach) by 1/1/2025		◆	
Negotiate with Recology to fully implement Option 1 (3-container approach) by 1/1/2022 (1-yr negotiations window)			◆

ORGANIC PRODUCT PROCUREMENT OPTIONS



Compost



Mulch

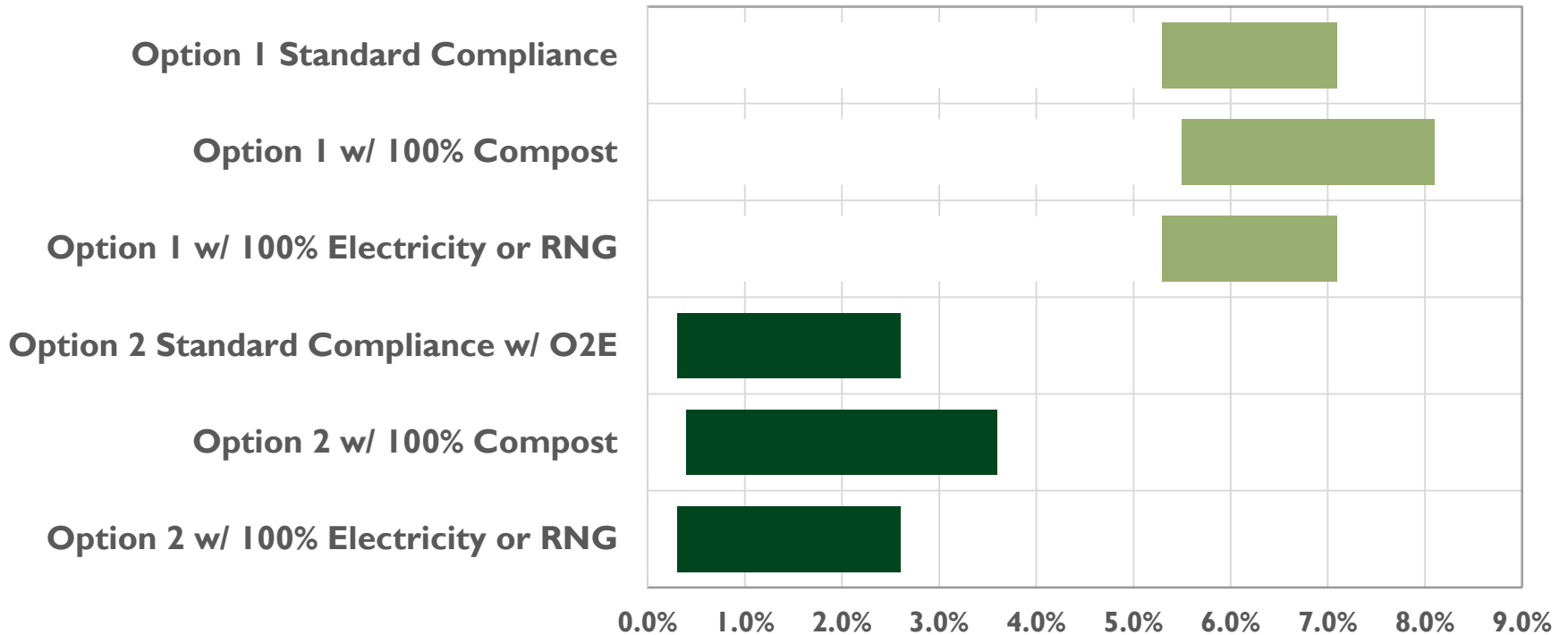


Electricity or
Renewable Gas

Cost analysis:

- Scenario 1: 100% electricity or renewable natural gas to fulfill procurement target
- Scenario 2: 100% compost to fulfill procurement target

ESTIMATED SBWMA-WIDE ANNUAL REVENUE IMPACT



Note: The SBWMA's ability to arrange for a "100% Electricity or RNG" option using "SB 1383 qualifying electricity or RNG" and to do so at a cost comparable to the diesel-powered fleet is uncertain. Other options will be explored, and the financial impacts will be different than shown here.

OPTION 2: STANDARD COMPLIANCE WITH 2-CONTAINER FOR MFD/COMMERCIAL AND O2E

Program Description	Estimated Annual Cost (\$/yr) (a)	
	Low	High
1 Edible Food Recovery	\$ 90,000	\$ 230,000
2 Reporting	\$ 130,000	\$ 230,000
3 Compliance Monitoring	\$ 90,000	\$ 200,000
4 Education and Outreach	\$ 70,000	\$ 150,000
5 Contamination Monitoring	\$ 80,000	\$ 130,000
6 Enforcement	\$ 50,000	\$ 80,000
7 Non-Franchise Hauler Program	\$ 30,000	\$ 70,000
8 Self-Haul/Back-Haul Program	\$ 40,000	\$ 60,000
9 Ordinances and Policy Changes	\$ 20,000	\$ 40,000
10 Processing Facility Compliance Monitoring	\$ -	\$ 10,000
11 Other (Contract Negotiations)	\$ 10,000	\$ 10,000
12 Subtotal	\$ 610,000	\$ 1,210,000
13 Recyclables/Organics Collection and Processing	\$ (340,000)	\$ 1,370,000
14 Total Standard-Compliance Approach with O2E, 2-Container System MFD/Comm	\$ 270,000	\$ 2,580,000
15 Impact on SBWMA-Wide Annual Revenue Requirement (with estimated franchise fees)	0.3%	2.6%

* Excludes organic waste procurement program.

Note: The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.

OPTION 2 WITH PROCUREMENT

	Scenario 1: 100% Electricity or Renewable Natural Gas		Scenario 2: 100% Compost	
	Estimated Annual Cost (\$/yr) (a)		Estimated Annual Cost (\$/yr) (a)	
	Low	High	Low	High
Total Standard-Compliance Approach with O2E, 2-Container System MFD/Comm	\$ 270,000	\$ 2,580,000	\$ 270,000	\$ 2,580,000
Compost			\$ 140,000	\$ 1,010,000
Electricity or RNG for Recology Fleet	\$ -	\$ -		
Total	\$ 270,000	\$ 2,580,000	\$ 410,000	\$ 3,590,000
Impact on Annual Revenue Requirement (with estimated franchise fees)	0.3%	2.6%	0.4%	3.6%

Notes:

1. The SBWMA's ability to arrange for a "100% Electricity or RNG" option using "SB 1383 qualifying Electricity or RNG" and to do so at a cost comparable to the diesel-powered fleet is uncertain. Other options will be explored, and the financial impacts may be different.
2. The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.

SIGNIFICANT COST AND STAFFING VARIABLES

- Customer subscription levels and related collection, processing, and disposal costs
- O2E performance and cost
- SVCW partnership and gas and electricity production and cost
- Organic waste product procurement of compost, mulch, renewable natural gas
- Route definition for contamination monitoring
- Market influences on processing costs and revenues from sale of materials
- County role in food recovery capacity building and SBWMA level of support
- Program oversight and compliance monitoring level of effort
- Economic impacts

ESTIMATED SBWMA STAFFING IMPACT

Program Description (a)		SBWMA Only	
		Estimated Annual FTE	
		Low	High
1	Ordinances and Policy Changes	0.0	0.1
2	Organics Collection and Processing	0.0	0.0
3	Self-Haul/Back-Haul Oversight Program	0.1	0.2
4	Hauler Oversight Program for Non-Franchised	0.1	0.3
5	Edible Food Recovery	0.4	0.6
6	Education & Outreach	0.1	0.2
7	Contamination Monitoring (b)	0.2	0.2
8	Compliance Monitoring (c)	0.5	1.2
9	Enforcement (d)	0.4	0.6
10	Organic Waste Product Procurement	0.3	0.4
11	Reporting	0.8	1.1
12	Processing Facility Compliance Monitoring	0.0	0.1
13	Other (Contract Negotiations) (e)	0.0	0.0
14	Total Standard-Compliance Approach	2.9	5.0

Note: Estimate anticipates that Recology performs contamination inspections; County performs inspections of edible food generators; and Member Agencies conduct enforcement. Staff time for these activities not included.

MEMBER AGENCY RESPONSIBILITIES

- Delegation of some responsibilities to SBWMA
- Organics reduction ordinance adoption
- C&D ordinance, monitoring, and reporting
- WELO ordinance, monitoring, and reporting
- Organic waste product procurement policy and on-going procurement
 - Compost/mulch use
 - Recycled-content paper procurement
 - Electricity or renewable natural gas
- Enforcement
- Reporting

ENFORCEMENT STRATEGY



- SBWMA supports enforcement
 - Identifies potentially non-compliant entities
 - Coordinates with MA and County enforcement teams
- Each MA handles enforcement
 - Use existing code enforcement team
- County of San Mateo supports enforcement
 - Contract for food recovery enforcement (DEH)

* MA may not delegate to a private entity its authority to impose civil penalties, or to maintain an action to impose civil penalties.

MEMBER AGENCY ENFORCEMENT

	Small-Size Agency		Medium-Size Agency		Large-Size Agency	
	Low	High	Low	High	Low	High
Total SFD accounts	3,000	3,000	7,000	7,000	19,000	19,000
% of accounts requiring additional enforcement	0.5%	1.0%	0.5%	1.0%	0.5%	1.0%
# of accounts requiring additional enforcement	15	30	35	70	95	190
Total MFD/Commercial accounts	15	15	700	700	2,400	2,400
% of accounts requiring additional enforcement	10.0%	20.0%	10.0%	20.0%	10.0%	20.0%
# of accounts requiring additional enforcement	2	3	70	140	240	480
Code enforcement hours/account	1	4	1	4	1	4
Estimated staff cost/year (excl franchise fees)	\$ 1,000	\$ 3,000	\$ 8,000	\$ 32,000	\$ 27,000	\$105,000
Estimated staff time/year (FTE)	0.0	0.0	0.1	0.3	0.3	0.9

THANK YOU



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SUPPLEMENTAL SLIDES



COLLECTION AND PROCESSING OPTIONS



Standard compliance approach	Standard compliance approach with O2E	Performance-based compliance approach
<p>Benefits</p> <ul style="list-style-type: none"> • No minimum generator subscription standards • Processing facilities do not need to achieve organics recovery standards • Ability to meet 1/1/2022 compliance data 	<p>Benefits</p> <ul style="list-style-type: none"> • Avoid high cost of organics for MFD/commercial • “Clean-up” commercial organics to position for best processing options • Potential procurement support with use of RNG 	<p>Benefits</p> <ul style="list-style-type: none"> • Compliance monitoring, enforcement, and reporting requirements significantly less than Opt 1 and 2
<p>Concerns</p> <ul style="list-style-type: none"> • More costly than Opt 2 • Monitoring and enforcement more burdensome than Opt 2 and 3 	<p>Concerns</p> <ul style="list-style-type: none"> • Inability to meet high diversion standards • Permitting unknowns • Inability to meet 1/1/2022 compliance date • Enforcement more burdensome than Opt 3 	<p>Concerns</p> <ul style="list-style-type: none"> • Inability to meet 90% generator subscription level • Cost/unavailability of composting facilities with $\leq 10\%$ organics disposed • Having no more than 25% organics in solid waste • Burden of waste comp. studies

COST SUMMARY

	Annual Cost Impact (\$/Year)		Annual SBWMA-Wide Revenue Requirement Impact (with estimated Franchise Fees)	
	Low	High	Low	High
1 Standard-Compliance Approach with 3-Container System	\$ 5,280,000	\$ 6,990,000	5.3%	7.1%
2 Standard-Compliance Approach with O2E, 2-Container Multi-Family/Comm, 3-Container Single-Family	\$ 270,000	\$ 2,580,000	0.3%	2.6%
3 Variance to Standard Compliance Approach	\$ (5,010,000)	\$ (4,410,000)	-5.0%	-4.5%
4 Performance-Based Compliance Approach with 3 Container System	\$ 5,110,000	\$ 6,670,000	5.2%	6.7%
5 Variance to Standard Compliance Approach	\$ (170,000)	\$ (320,000)	-0.1%	-0.4%

Note: Includes SBWMA costs and contractor costs (such as Recology, SBR, software providers, consultants). Member Agency costs excluded. Organic waste product procurement costs excluded.

Note: The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.

OPTION 1: STANDARD COMPLIANCE WITH 3-CONTAINER SYSTEM

	Program Description	Estimated Annual Cost (\$/yr) (a)		Estimated Annual FTE	
		Low	High	Low	High
1	Edible Food Recovery	\$ 90,000	\$ 230,000	0.4	0.6
2	Reporting	\$ 130,000	\$ 230,000	0.8	1.1
3	Compliance Monitoring	\$ 90,000	\$ 200,000	0.6	1.4
4	Education and Outreach	\$ 70,000	\$ 150,000	0.1	0.2
5	Contamination Monitoring	\$ 80,000	\$ 130,000	0.6	1.0
6	Enforcement	\$ 50,000	\$ 80,000	0.4	0.6
7	Non-Franchise Hauler Program	\$ 30,000	\$ 70,000	0.1	0.3
8	Self-Haul/Back-Haul Program	\$ 40,000	\$ 60,000	0.1	0.2
9	Ordinances and Policy Changes	\$ 20,000	\$ 40,000	0.0	0.1
10	Processing Facility Compliance Monitoring	\$ -	\$ 10,000	0.0	0.1
11	Other (Contract Negotiations)	\$ 10,000	\$ 10,000	0.0	0.0
12	Subtotal	\$ 610,000	\$ 1,210,000	3.2	5.5
13	Recyclables/Organics Collection and Processing	\$ 4,670,000	\$ 5,780,000	0.2	0.4
14	Total Standard-Compliance Approach with 3-Container System	\$ 5,280,000	\$ 6,990,000	3.5	5.9
15	Impact on SBWMA-Wide Annual Revenue Requirement (with estimated franchise fees)				
				5.3%	7.1%

* Excludes organic waste procurement program.

Note: The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.

OPTION 1 WITH PROCUREMENT

	Scenario 1: 100% Electricity of Renewable Natural Gas		Scenario 2: 100% Compost	
	Estimated Annual Cost (\$/yr) (a)		Estimated Annual Cost (\$/yr) (a)	
	Low	High	Low	High
Option 1: Standard-Compliance Approach with 3-Container System	\$ 5,280,000	\$ 6,990,000	\$ 5,280,000	\$ 6,990,000
Compost			\$ 140,000	\$ 1,010,000
Electricity or RNG Fuel for Recology Fleet	\$ -	\$ -		
Total	\$ 5,280,000	\$ 6,990,000	\$ 5,420,000	\$ 8,000,000
Impact on SBWMA-Wide Annual Revenue Requirement (with estimated franchise fees)	5.3%	7.1%	5.5%	8.1%

Note: The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.

Note: The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.

CASH FLOW PROJECTIONS FOR OPTION 2

			★		★	
	19/20	20/21	21/22	22/23	23/24	24/25
Ordinances and policies - Develop and adopt	\$174,000	\$174,000	\$0	\$0	\$0	\$0
Collection - Onboard all SFD	\$0	\$64,000	\$47,000	\$47,000	\$47,000	\$47,000
Collection - Process MFD/commercial solid waste	\$0	\$0	\$661,000	\$1,321,000	\$1,321,000	\$1,321,000
Self-Haul/Back-Haul Program	\$0	\$79,000	\$64,000	\$49,000	\$49,000	\$49,000
Non-Franchise Hauler Program	\$0	\$111,000	\$80,000	\$48,000	\$48,000	\$48,000
Food recovery	\$0	\$39,000	\$130,000	\$221,000	\$221,000	\$221,000
Education - MFD/com recycling and organics expansion	\$0	\$0	\$0	\$0	\$0	\$0
Education - Annual generator noticing	\$0	\$0	\$123,000	\$123,000	\$123,000	\$123,000
Contamination monitoring - Container inspections	\$0	\$17,000	\$71,000	\$124,000	\$124,000	\$124,000
Compliance monitoring	\$0	\$65,000	\$160,000	\$189,000	\$189,000	\$189,000
Enforcement	\$0	\$0	\$24,000	\$47,000	\$60,000	\$73,000
Procurement (EXCLUDED)	\$0	\$0	\$0	\$0	\$0	\$0
Reporting	\$0	\$79,000	\$147,000	\$215,000	\$215,000	\$215,000
Contract negotiations - Amend Recology agreement	\$0	\$125,000	\$0	\$0	\$0	\$0
Total	\$174,000	\$753,000	\$1,507,000	\$2,384,000	\$2,397,000	\$2,410,000
Total with Inflation adjustment	\$174,000	\$753,000	\$1,552,000	\$2,456,000	\$2,469,000	\$2,482,000

Notes:

Excludes MA costs such as MA enforcement costs.

Excludes organics product procurement costs.

Note: The estimated costs and revenue requirement impacts may be different than shown here as some conditions have changed since the estimate was prepared.