

SB 1383 COMPLIANCE PLAN

South Bayside Waste Management Authority

Board Meeting

November 19, 2020



Prepared by
HF&H Consultants

AGENDA



- Present timeline
- Review SB 1383 compliance plan

SB 1383 REGULATORY MILESTONES



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 ordinance or other enforceable mechanisms



January 1, 2024

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

- Generators
- Haulers
- Processors

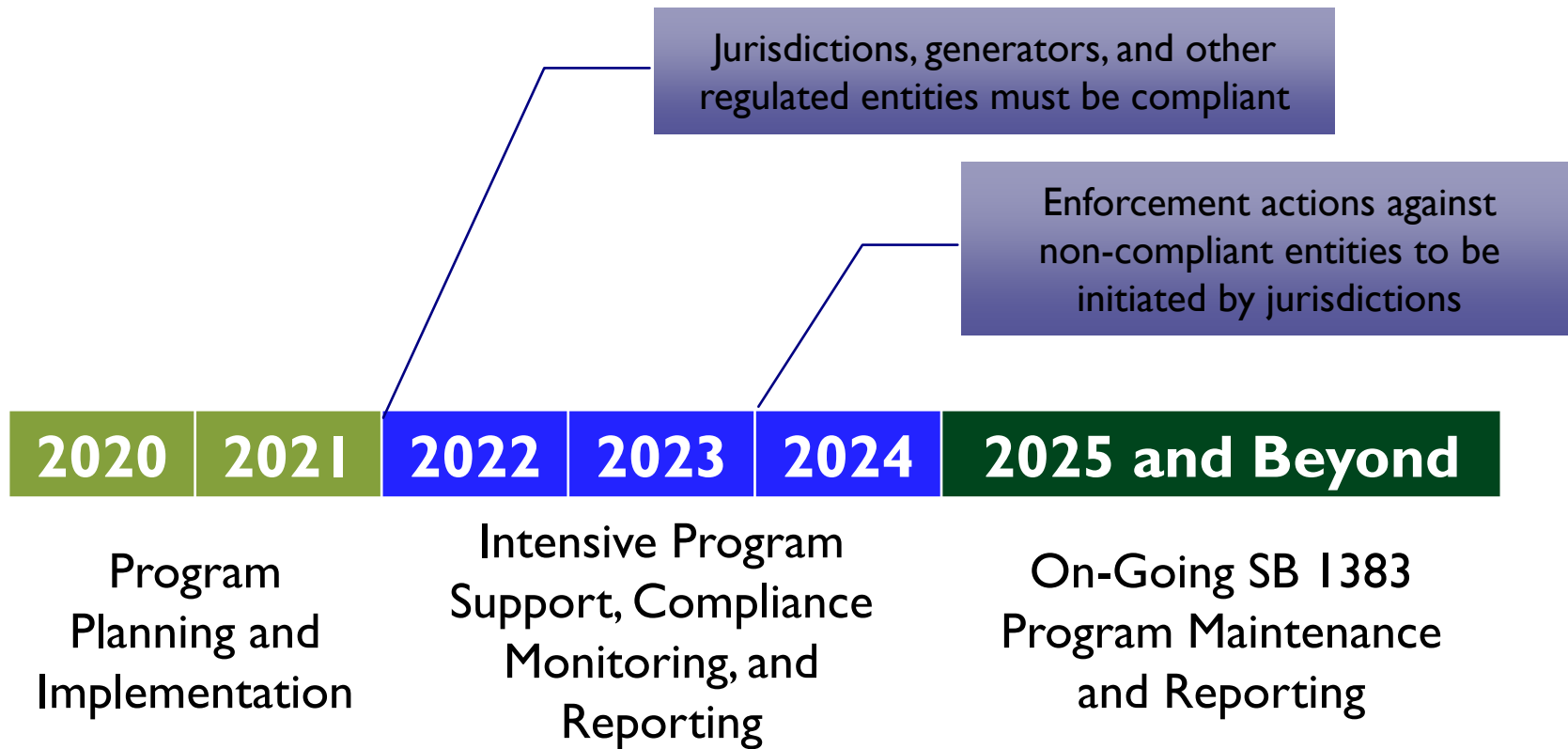


January 1, 2025

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

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

COMPLIANCE PLANNING: FOCUS ON 2020-2024



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

ORDINANCES & POLICIES



SBWMA

- Enter into MOUs or agreement with MAs for SBWMA to take on some SB 1383-related responsibilities
- Develop model ordinance and procurement policy for MAs to customize and adopt

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 of any provisions/policies that restrict organics recycling in accordance with SB 1383

COLLECTION AND PROCESSING: SUMMARY PLAN



SBWMA

- Provide SB 1383 compliant collection services
- Use processing facilities that meet SB 1383 organics recovery standards
- Conduct testing of O2E, refine pro forma, engage with WWTP to develop partnership
- Update the 3-container collection cost option
- Negotiate changes to collection and processing agreements;
- Use O2E to process MFD/commercial solid waste and organics (contingent on reevaluation following the pilot)
- Develop self-haul/back-haul and hauler registration and monitoring system (**optional**)

Member Agencies

- Amend franchise agreement

COLLECTION AND PROCESSING: PREFERRED STRATEGY



Standard Compliance Approach with O2E

Plan to rely on existing collection system

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

Pilot O2E project

- Test O2E organics recovery rate
- Assess capabilities to meet SB 1383 high diversion facility 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 or 3)

Note: Option 2 was identified as the preferred strategy based on analysis, cost benefit, and input from SBWMA Board and Technical Advisory Committee in 2019 and 2020.

FOOD RECOVERY



SBWMA

- Identify and educate T1/T2 commercial edible food generators as defined by SB 1383
- 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 T1/T2 commercial edible food generators **(optional)**

Member Agencies

- Comply with food recovery requirements for large events and venues

PRODUCT PROCUREMENT



SBWMA

- Research procurement of renewable natural gas or electricity generated by WWTP from digestion of O2E slurry
- Research other options (compost, mulch, renewable natural gas, and/or electricity from other sources)
- Finalize and implement procurement program
- Contract with involved entities
- Coordinate compost and mulch distribution with MAs, if materials are part of the compliance approach

Member Agencies

- Support implementation of selected procurement program, which may involve use, sale, or donation of compost/mulch and/or support use of electricity or RNG
- Purchase recycled-content paper to meet SB 1383 specs
- Maintain records for above programs

MONITORING & ENFORCEMENT



SBWMA

- Contract with Recology to perform contamination monitoring route inspections through franchise amendment
- Engage County DEH to conduct T1/T2 and FRO/FRS inspections
- Conduct annual desktop compliance reviews of MFD/commercial generators that generate two cubic yard or more of solid waste and organic waste per week
- Inspect edible food generators and waiver recipients
- Investigate complaints and more
- Identify and educate non-compliant entities
- Report non-compliant entities to MAs

Member Agencies

- Use existing code enforcement team for enforcement commencing January 1, 2024; hire more, if needed*
- Issue NOVs and assess penalties for non-compliant entities

* SB 1383 regulations do not authorize MAs to delegate its authority to impose civil penalties, or to maintain an action to impose civil penalties, to a private entity.

OTHER



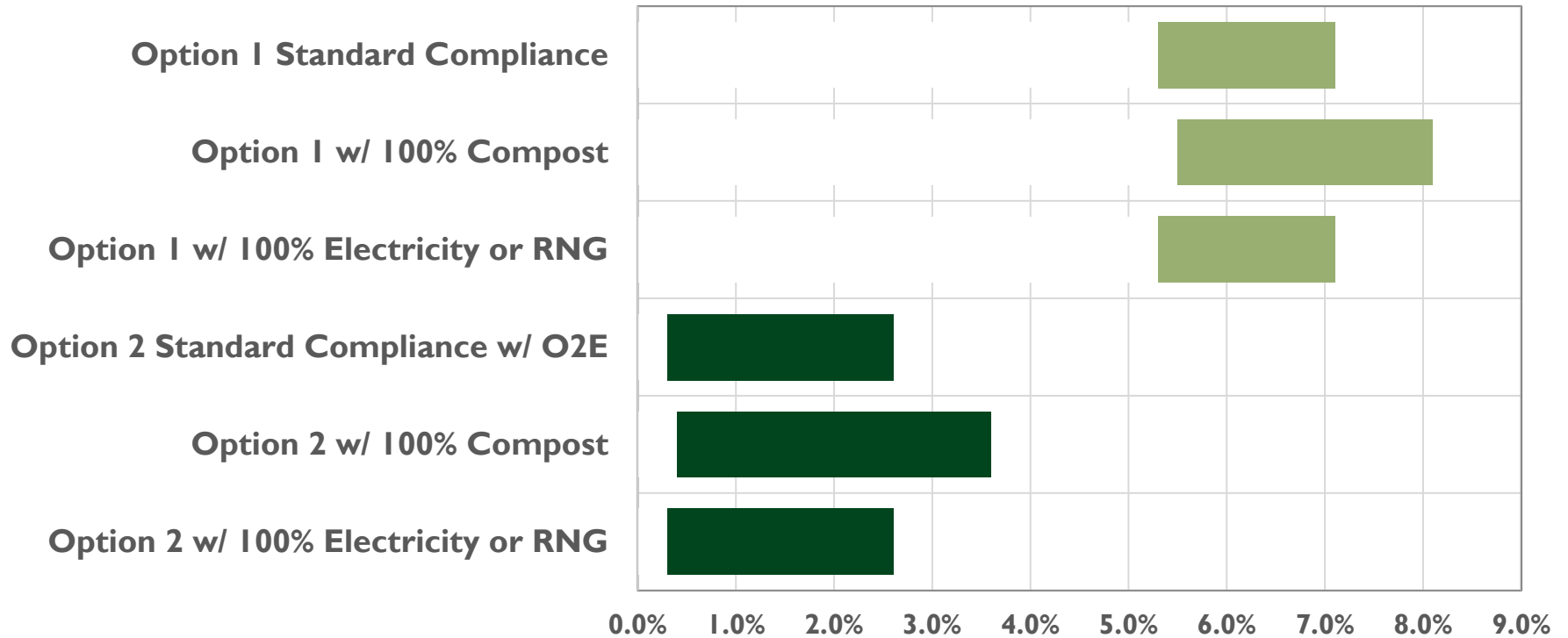
SBWMA

- Hire additional staff and/or contractors
- Implement record keeping and reporting system
- Educate generators and other regulated entities
- Maintain records, produce reports, share information with MAs
- Support County capacity planning efforts for organics processing and edible food recovery capacity

Member Agencies

- Manage CALGreen-compliant C&D program
- Implement WELO policies to support compost and mulch use
- Submit Initial Compliance Report and Annual Reports to CalRecycle, with the SBWMA providing a substantial portion of the data needed

ESTIMATED SBWMA-WIDE ANNUAL REVENUE IMPACT



Notes: 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 scenarios are based on the O2E pilot program cost estimates, and the full-scale program costs could be significantly different.

ANNUAL COST ESTIMATE

Program Description		Option 1 - Standard Compliance with 3-Container System		Option 2 - Standard Compliance Approach with O2E	
		Estimated Annual Cost (\$/yr) (a)		Estimated Annual Cost (\$/yr) (a)	
		Low	High	Low	High
1	Edible Food Recovery	\$ 90,000	\$ 230,000	\$ 90,000	\$ 230,000
2	Reporting	\$ 130,000	\$ 230,000	\$ 130,000	\$ 230,000
3	Compliance Monitoring	\$ 90,000	\$ 200,000	\$ 90,000	\$ 200,000
4	Education and Outreach	\$ 70,000	\$ 150,000	\$ 70,000	\$ 150,000
5	Contamination Monitoring	\$ 80,000	\$ 130,000	\$ 80,000	\$ 130,000
6	Enforcement	\$ 50,000	\$ 80,000	\$ 50,000	\$ 80,000
7	Non-Franchise Hauler Program	\$ 30,000	\$ 70,000	\$ 30,000	\$ 70,000
8	Self-Haul/Back-Haul Program	\$ 40,000	\$ 60,000	\$ 40,000	\$ 60,000
9	Ordinances and Policy Changes	\$ 20,000	\$ 40,000	\$ 20,000	\$ 40,000
10	Process Facility Compliance Monitoring	\$ -	\$ 10,000	\$ -	\$ 10,000
11	Other (Contract Negotiations)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
12	Subtotal	\$ 610,000	\$ 1,210,000	\$ 610,000	\$ 1,210,000
13	Recyclables/Organics Collection and Processing	\$ 4,670,000	\$ 5,780,000	\$ (340,000)	\$ 1,370,000
14	Total Standard-Compliance Approach	\$ 5,280,000	\$ 6,990,000	\$ 270,000	\$ 2,580,000
15	Impact on Annual Revenue Requirement (with estimated franchise fees)	5.3%	7.1%	0.3%	2.6%

* Excludes organic waste procurement program.

** Option 2 scenarios are based on the O2E pilot program cost estimates and the full scale program costs could be significantly different.

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

Annual SBWMA Staffing Estimates

Program Description (a)		Option 1 - Standard Compliance with 3-Container System		Option 2 - Standard Compliance Approach with O2E	
		SBWMA Only		SBWMA Only	
		Estimated Annual FTE		Estimated Annual FTE	
		Low	High	Low	High
1	Ordinances and Policy Changes	0.0	0.1	0.0	0.1
2	Organics Collection and Processing	0.2	0.4	0.0	0.0
3	Self-Haul/Back-Haul Oversight Program	0.1	0.2	0.1	0.2
4	Hauler Oversight Program for Non-Franchised	0.1	0.3	0.1	0.3
5	Edible Food Recovery	0.4	0.6	0.4	0.6
6	Education & Outreach	0.1	0.2	0.1	0.2
7	Contamination Monitoring (b)	0.2	0.2	0.2	0.2
8	Compliance Monitoring (c)	0.5	1.2	0.5	1.2
9	Enforcement (d)	0.4	0.6	0.4	0.6
10	Organic Waste Product Procurement	0.3	0.4	0.3	0.4
11	Reporting	0.8	1.1	0.8	1.1
12	Processing Facility Compliance Monitoring	0.0	0.1	0.0	0.1
13	Other (Contract Negotiations) (e)	0.0	0.0	0.0	0.0
14	Total Standard-Compliance Approach	3.1	5.3	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 is not included.

SIGNIFICANT COST AND STAFFING VARIABLES

- Customer subscription levels and related collection, processing, and disposal costs
- O2E performance, cost, and partnership arrangements
- Organic waste product procurement strategy for compost, mulch, renewable natural gas, and/or electricity
- 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

NEXT STEPS

- Hire one Program Manager II staff person
- Develop MOU/agreement with MA delegating some SB 1383 responsibilities to SBWMA
- Develop model ordinance and procurement policy for MA use
- Negotiate with Recology for some SB 1383 requirements; refine Option 1 costs
- Negotiate with organics processors to address SB 1383 organic materials sampling and measurements, performance standards, and reporting, if necessary
- Continue engagement with County regarding food recovery programs
- Evaluate self-haul/back-haul and hauler registration and monitoring systems
- Further assess organic waste product procurement options and finalize strategy
- Refine SB 1383 cost impacts (particularly related to O2E, Collection Options 1 and 2 and organic procurement strategy)

THANK YOU



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SUPPLEMENTAL SLIDES



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.

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

OPTION I 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%

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.

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. Furthermore,
3. Option 2 costs are based on O2E pilot program cost estimates, and the full-scale program costs could be significantly different.

SUMMARY OF 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

COLLECTION AND PROCESSING: O2E-RELATED TIMING CONSIDERATIONS



Collection approach dependent on O2E performance

	O2E Organics Recovery		
	<50%	50%-75%	=> 75%
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)	◆		