



March 21, 2018

S. 285 (& H. 627) Changes to the Universal Recycling Law – Prepared for House Natural Resources Fish & Wildlife Committee

Bill Proposal	Casella Position
Removes hauler requirement to collect food scraps in 2018	Supportive – See #1 below
Remove the requirement for generators of 18 tons and 26 tons per year of food residuals to separate food residuals and eliminate the 2020 ban.	Supportive – See #2 below
Allows haulers and transfer stations the ability to charge a separate fee for collection of mandatory recyclables.	Supportive – See #3 below
Modify the requirement for transfer stations to collect leaf & yard debris from year-round to April 1 – Nov 15	Supportive – No one delivers these materials during winter months
Eliminate requirement for haulers to collect leaf and yard residuals	Supportive – customers are not willing to pay for this service; no one has taken us up on this offer – should be optional.

- 1. Remove Hauler requirement:** We believe that haulers should have the right to choose if they want to be in the food waste hauling business or not – hauling and managing food scraps is a specialized service that not all solid waste haulers are equipped to provide. It’s expensive to run an extra vehicle to exclusively collect food waste and it is an expensive service to provide (costing customers an additional \$20 - \$40 per month)

In 2016, Casella conducted a pilot program in South Burlington to determine customer interest, operating costs and customer’s willingness to pay for food waste collection service. We targeted 1,100 residential customers in South Burlington offering them free food waste collection services for four months. Out of the 1,100 customers solicited, only 116 customers signed up for the service. After four months, we calculated the monthly cost to continue to provide the service which was approximately \$20 per month, and contacted the participating residential customers again. 34 customers were willing to pay for continued food waste collection service. The fact that only three percent of the residents found value in food waste collection revealed to us that even in dense areas, customers did not value and were not willing to pay for the service. The material Casella collected was brought to CSWD’s compost facility and since the pilot program was conducted the tip fee at the compost facility has been increased and as a result of the study that was conducted by DSM Environmental, the tip may increase again since the study revealed that CSWD needs to make some significant investments to the compost facility which is currently being subsidized by the district fee.

2. **Increase food waste generator threshold from 18 to 52 tons per year and eliminate the 2020 ban.** We are in favor of the increase of the food waste generator threshold from 18 to 52 tons per year. The 52 tons per year threshold mirrors food waste bans in neighboring states like Massachusetts. That state is hoping that generators creating less than 52 tons per year of food waste will start to divert food waste on a voluntary basis, and that over time the infrastructure in Massachusetts will evolve to encourage more diversion. We agree with that approach for Vermonters. Casella's experience with generators of this size have revealed that they already have initiated and are managing their own food waste programs. If done correctly, it can be cost effective, and in most cases, they have the resources to train their employees to be mindful of sorting food waste. For smaller generators of food waste, below 52 tons, the process becomes cost prohibitive. Small food waste generators do not have the staff to train and properly sort food waste, and cannot afford the cost of additional collection services. Backyard composting is not an option for these small generators. We have estimated that food waste collection services could cost a small business (18 tons per year) about \$3,000 per year.

We agree that source reduction, food donations and back-yard composting are the most sustainable approach to diverting food scraps from disposal and should be encouraged through continued outreach and education. We recognize that a state-wide ban on food waste will be difficult for the Agency to enforce, and it is highly likely that food scraps will continue to be disposed of at the landfill. Furthermore, encouraging additional investments and infrastructure in order to manage a waste stream that is currently being utilized to produce renewable energy for Vermonters 24 hours a day, 7 days a week, where significant investments have already been made, is not a wise sustainable approach.

3. **Allows haulers and transfer stations the ability to charge a separate fee for collection of mandatory recyclables:** Recycling is not a free service. Many of our drop-off locations are receiving an abundance of recycling without the trash to cover the cost of processing the recycling. The additional volume we are receiving is due to: 1) not all haulers are offering and/or providing the recycling services and are telling their customers to take it to a drop-off for free 2) some customers do not want recycling services from their hauler 3) some haulers are charging for the service

In addition to the scenarios mentioned above, in 2017 China enacted The National Sword Program; a Program that banned materials from entering the country in effort to combat pollution. One of the materials that China banned is mixed paper (junk mail/scrap paper). Mixed paper makes up 40% of the recycling stream at our MRFs and we are currently paying between \$30-\$40 per ton to get rid of it and we expect that dollar figure to rise.

We were recently notified on March 14th that CSWD will be increasing the tip fee at the MRF for out-of-district recyclables from \$21 per ton to \$50 per ton beginning April 2nd. Casella delivers approximately 17,000 out-of-districts tons to CSWD – this results in a \$493,000 increase that we have two weeks to pass on to our customers.

To add insult to injury, the largest glass outlet in the Northeast (Ardagh) notified us that as of February 15th they would no longer be accepting glass from our MRFs and that the facility would be shutting their doors by end of March 2018. Glass constitutes approximately 20% of the recycling stream. We had to seek emergency approval from the Agency to bring the glass from the Rutland MRF to the landfill in Coventry and for use as road base.

Plastic & Aluminum make up 20% of the recycling stream and are the only remaining materials holding any value. The remaining 20% of the recycling stream is residue (items that people think are recyclable that are not). This means that 60% of the recycling stream at our MRFs has zero value and we are paying to get rid of materials that we are required under Act 148 to collect for free.

In 2012 when Act 148 was passed no one could predict the events that are occurring in China nor the situation with glass, however this is a good demonstration of the financial risks that are involved when materials are banned from disposal and a glaring awareness of why we (Vermonters) need to be cognizant when considering banning additional materials – including food waste. Casella as well as other haulers have made significant investments in collecting and processing recycling, in light of the situation with China and the crumbling glass market, it is more than unrealistic to expect haulers to make any additional investments in collecting organics.

Additional Discussion:

I would like to end my testimony with a very important issue that we have been working with the Agency on which is an amendment that we would like the Committee to support. The amendment will allow us the ability to dispose of out-of-state recycling residue at our facility in Coventry.

The vitality and economic stability of Vermont’s recycling infrastructure cannot rely on recyclables generated solely in Vermont. To assist in mitigating the costs associated with recycling, MRF’s collect recyclables from other States. For example, the Rutland MRF accepts recyclables from VT, NY, NH and MA for processing (approximately 13,000 tons in 2017). The additional out-of-state volume helps off-set costs related to operating the MRF.

The presence of residue is one of the challenges that all MRF operators face. Residue can diminish the quality of the recycling stream, impede sorting processes, increase operating costs, and potentially damage processing equipment or put facility employees at risk. Residue occurs when generators don't know what belongs in their recycling bin or don't appreciate the importance of proper sorting and keeping recyclables clean.

The lack of disposal capacity in the Northeast is causing MRFs to seek alternative disposal options for the residue. For example, Casella MRFs operating in the State of Massachusetts are transporting the residue further west for disposal. The additional transportation and disposal fees increase costs to the facility which will be passed through to recycling collection programs and ultimately the consumer. Rising recycling costs can have an adverse impact on state and municipal recycling programs because they can no longer afford to provide or maintain the service. As recycling programs in neighboring States disappear, Vermont will lose the additional out-of-state volume

needed to sustain the recycling facility in Rutland. Recycling is a closed-loop environment, everything is connected.

On a final note, with this amendment, we may bring in approximately 30,000 tons per year of residue which would contribute \$180,000 to the Solid Waste Management Fund and \$90,000 in host community fees to the Town of Coventry.

S.285 Request for Language Change to 10 V.S.A. § 6605(b)

(b) Certification for a solid waste management facility, where appropriate, shall:

(3) Specify the projected amount and types of waste material to be disposed of at the facility, which, in case of landfills and incinerators, shall include the following:

(A) if the waste is being diverted from a municipality that has an improved implementation plan, hazardous materials and recyclables shall be removed from the waste according to the terms of that implementation plan;

*(B) if the waste is being delivered from a municipality that does not have an approved implementation plan, leaf and yard residuals shall be removed from the waste stream, and 100 percent of each of the following shall be removed from the waste stream: mandated recyclables, hazardous waste from households, and hazardous waste from small quantity generators. **Process residuals from a material recovery facility shall not be subject to the requirement to remove 100 percent of mandated recyclables, provided the facility has a plan approved by the Secretary to remove mandated recyclables to the maximum extent practicable.***