



City of Arts & Innovation

City Council Memorandum

TO: CITY COUNCIL MEMBERS

DATE: MAY 5, 2020

FROM: PUBLIC WORKS DEPARTMENT

WARDS: ALL

SUBJECT: ORDINANCES REVISING RIVERSIDE MUNICIPAL CODE CHAPTER 6.04 (RESIDENTIAL SOLID WASTE AND RECYCLABLE MATERIAL) AND ADDING CHAPTER 6.06 (COMMERCIAL SOLID WASTE AND RECYCLABLE MATERIAL) TO INCLUDE STATE REQUIREMENTS FOR ORGANICS WASTE AND COMMERCIAL RECYCLING (AB 341, AB 1826 AND SB 1383)

ISSUES:

Adopt ordinances revising Riverside Municipal Code Chapter 6.04 (Residential Solid Waste and Recyclable Material) and adding Chapter 6.06 (Commercial Solid Waste and Recyclable Material) to include state requirements for organics waste and commercial recycling (AB 341, AB 1826 and SB 1383).

RECOMMENDATIONS:

That the City Council:

1. Adopt an ordinance amending Riverside Municipal Code Chapter 6.04 (Residential Solid Waste and Recyclable Material) to add recycling and organic recycling requirements for residential solid waste customers; and
2. Adopt an ordinance adding Chapter 6.06 (Commercial Solid Waste and Recyclable Material) to the Riverside Municipal Code to add recycling and organic recycling requirements for commercial solid waste customers.

LEGISLATIVE HISTORY:

AB 341 (Mandatory Commercial Recycling) and AB 1826 (Mandatory Organics Recycling) are existing regulations that mandate recycling programs. While the City has some recycling programs in place, the City received notice from Cal Recycle indicating that existing programs are insufficient for AB 341 and AB 1826 regulations and directed the City to achieve compliance by July 2020. As anticipated, on March 30, 2020, CalRecycle provided notice of referral to the Jurisdiction Compliance Unit for a review of the City's implementation of Mandatory Commercial Recycling and Commercial Organics Recycling laws. If the City is found to be out of compliance, the City and covered generators (City businesses) may be subject to fines, or in the best-case scenario, a rapid corrective action plan. Adoption of these ordinances are an important step toward achieving compliance.

SB 1383 builds on California's efforts to reduce greenhouse gas emissions and air pollution throughout the state by establishing methane emissions reduction targets and will require additional reporting requirements and program modifications. The proposed ordinances incorporate requirements for this new legislation.

Industry revenues are also being severely impacted by the "National Sword", a policy adopted by China in 2018. This policy established strict contamination thresholds that included bans on mixed paper and various other materials. This has resulted in a significant swing in recycling markets and severely impacts commodity sales, so revenues no longer offset the cost of processing, transportation and residual disposal. "Residue" is contaminated recycling or non-recyclable material (trash). Revenue reduction impacts will be addressed through more robust education to promote cleaner recycling and a future rate modification that will provide recycling commodity market flexibility with an annual review.

BACKGROUND:

On January 14, 2020, City Council received a comprehensive report on a solid waste and recycling program strategy and economic study by R3 Consulting Group, Inc. which addressed the City's own residential solid waste operation, a review of our commercial contracts, compliance with state mandated programs, as well as a preliminary rate analysis to support operations and required programs.

Following receipt of this report, City Council directed staff to:

1. Retain city collection staff servicing two-thirds of residential customers;
2. **Modify the City's Municipal Code to ensure compliance with state regulations mentioned above;**
3. Issue a request for proposals for the remaining one-third of residential customers serviced by Burrtec Waste Industries, Inc. and for all commercial services;
4. Modify existing contracts to align contract expiration and ensure compliance with state regulations - AB 341 (commercial recycling), AB 1826 (commercial organics) and SB 1383 (organics); and
5. Return with residential and commercial rate plans to support operational improvements and programs to ensure regulatory compliance.

DISCUSSION:

In direct response to CalRecycle's review of the City's Mandatory Commercial Recycling Law and Mandatory Commercial Organics Recycling law implementation, and the impending expansion of the organics laws with SB 1383, this report focuses on Item 2 discussed under the Background section above - Modification to the City's Municipal Code as it relates to Residential and Commercial Solid Waste, Recycling and Organics Materials.

By way of brief update on Item 3 under Background (Issuance of a Request for Proposal for the one-third of residential customers serviced by Burrtec and for all commercial collection services), on March 17, 2020, City Council authorized an amendment to R3's consulting agreement to begin drafting the RFP for those waste services.

Since the January 14, 2020, City staff, the consultant and our existing waste collection partners, Athens, Burrtec and CR&R have been working to update the City's municipal code to ensure the state requirements are met expeditiously. Concurrently, City staff has continued working with CalRecycle's Jurisdiction Compliance Unit to provide all requested information for their review, which will include this report and any subsequent action.

In light of the unprecedented impacts of the COVID-19 pandemic, staff is also working at the State level to obtain a stay on some of the diversion requirements. However, absent a change in direction from the State, the City must be prepared to adopt and implement required programs, including changes to the City's Municipal Code.

Municipal Code

In R3's January 14, 2020 report to City Council, one of their high priority recommendations was to update the City's Municipal Code to make commercial recycling and organics mandatory in accordance with state regulations. Staff is proposing that City Council adopt ordinances revising Riverside Municipal Code Chapter 6.04 (Residential Solid Waste and Recyclable Material) and adding Chapter 6.06 (Commercial Solid Waste and Recyclable Material) to include state requirements for organics waste and commercial recycling (AB 341, AB 1826 and SB 1383).

Previously, the City had a single Municipal Code Chapter for all waste and recycling. Staff is proposing amending Chapter 6.04 to address only Residential Solid Waste and Recycling and add a new Chapter 6.06 to address Commercial Solid Waste and Recycling.

Highlights of Chapter 6.06 Commercial Solid Waste and Recycling include:

1. Adds new State Regulations (AB 341, AB 1826 and SB 1383) for recycling and organics recycling.
2. Requires covered generators to subscribe for all mandatory services from the same hauler unless they apply for and receive an exemption from the City.
 - a. Covered generators would be responsible for subscribing to required programs through their contract hauler or required to apply for an exemption or waiver to the Public Works Director or designee.
 - b. The contract haulers would serve as a designee to the Public Works Director, and therefore they would accept the exemption requests and submit to the City for approval.
 - c. Exemption requirements are defined by the regulations and may be subject to change.
 - d. Exemption waivers are valid for one year; businesses would be required to reapply.
3. Covered generators would be subject to inspection, which would be completed by Public Works compliance staff.

Highlights – Chapter 6.04 Residential:

1. Most changes to this Chapter included clean up or clarifying language, updated definitions and the additional reference to upcoming SB 1383 requirements, which are being finalized by the State. Notable SB 1383 requirements which must be implemented by January 1, 2022 are:
 - a. Mandatory separation of recyclable and organic recyclable material from solid waste; and

- b. Education and enforcement measures by the City to ensure compliance.
2. Additional provisions applicable only to commercial solid waste and recycling were removed and placed in the proposed Chapter 6.06.

As the consultant indicated in their January report presentation, there will be a cost associated with adoption of these programs given the State's extensive outreach, reporting and enforcement requirements. However, in December 2019 City staff provided a high level overview to the Chamber of Commerce in anticipation of changes and provided updated communications to the Chamber with ordinance changes and rate scenarios that will result from the mandatory regulations. Staff remains committed to working with the Chamber of Commerce, our hauler partners, CalRecycle and Riverside businesses to provide ongoing education on how the program works, why recycling is important, and to provide time for covered businesses to subscribe.

Staff is committed to bringing a responsible rate plan forward this Summer with a target implementation timeframe in the Fall.

FISCAL IMPACT:

There is no direct fiscal impact associated with adoption of the ordinances to update Riverside Municipal Code to include state mandated programs. However, there will be a cost to provide these state mandated services. The City does not have a choice but to adopt these ordinances given State regulations. Should the City Council elect not to participate, the City and covered generators (City businesses) are subject to significant fines ranging from \$50 to \$10,000 per violation from the State. Staff will present rate plans to support implementation of these requirements as a separate item in the future.

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availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. March 30, 2020 CalRecycle Referral Letter to Jurisdiction Compliance Unit
2. Ordinance - Municipal Code Chapter 6.04 – Residential Solid Waste and Recycling
3. Ordinance - Municipal Code Chapter 6.06 – Commercial Solid Waste and Recycling