



WASTE MANAGEMENT



REPUBLIC SERVICES



Converting Waste Into Resources

November 13, 2015

Richard Corey, Executive Officer
California Air Resource Board
1001 I Street
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Via: Website Post:

http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=investplan2-ws&comm_period=1

Subject: Draft Cap and Trade Auction Proceeds Triennial Investment Plan

Dear Mr. Corey:

Thank you for the opportunity review the Air Resources Board's (ARB's) proposed Draft Cap and Trade Auction Proceeds Triennial Investment Plan (Draft Plan) and to participate in the various public workshops the ARB has held throughout the state. The signatories on this letter represent public and private sector composting, recycling, solid waste collection, processing and disposal. We own or operate and have effectively financed and sited composting, anaerobic digestion, and organic processing facilities.

We endorse the preliminary objectives and draft areas outlined in the overarching themes of the Draft Plan. We are especially supportive of the Draft Plan's recognition that financial incentives will be necessary "...for capital investments in composting/anaerobic digestion infrastructure and recycling manufacturing facilities to divert waste from landfills." In fact, as a group, we actively supported the Governor's May 2015-16 Budget revision that allocated \$60 million to CalRecycle for waste diversion efforts. We urge the ARB to recommend allocation of at least that amount specifically for the expansion of the organics

diversion infrastructure, but recognize significantly more funding is needed, as outlined below.

The Draft plan relies heavily on the draft strategy outlined in the Proposed Short-Lived Climate Pollutant Reduction Strategy. While we support the goal of removing Short Lived Climate Pollutants (SLCP) from landfills, we believe that there are several critical issues that must be addressed in the Draft Strategy. A copy of our coalition letter on that topic is attached. In brief, we raised several concerns about the SLCP strategy

1. We are very concerned about the Draft Strategies requirement that CalRecycle and ARB develop regulations in 2018 that will achieve 75% organics recycling in 2020 and 90% in 2025.
2. California has added about 13 active anaerobic digestion (AD) facilities and 169 active composting facilities in the past 20 years. At least 135-150 new facilities must be financed, sited, permitted, and built in the next four years to achieve the Draft Strategy's target of 75% organics diversion by 2020. An additional 100-150 facilities must be added in the following five years to achieve the 90% target by 2025.
3. The Draft Strategy calls for diversion of 75% of organics by 2020, which will require 9 million additional tons of organics diversion capacity statewide by 2020--four years from now. This equates to needing an additional 120 compost operations and 12-15 more AD facilities over the next five years. Using a low-end estimated cost of \$10 million each, those 135 facilities would cost \$1.35 billion in four years. This does not include the substantial additional costs to collect, process, and deliver the organics to the facilities. Finally, co-digestion of organics in municipal wastewater treatment plant anaerobic digesters offer the opportunity to manage a significant amount of organics diverted from landfills, but funding is also needed to ramp up these projects. We are concerned that the Draft Strategy does not identify the source(s) of this funding or how the money will be raised in such a short time.

The signatories to this letter have worked cooperatively with the legislature, CalRecycle, ARB, and the Governor's Office to enact some of the most aggressive measures in the United States to increase the diversion and recycling of solid waste by local jurisdictions throughout California.

We all continue to plan for additional composting and organics diversion programs and truly understand the financial commitment and permitting effort that it takes to add infrastructure for organics collection, processing, and beneficial end-use as compost or as renewable energy.

Finally, we need surety regarding public funding. We cannot procure the massive financing required to build new organics infrastructure without committed state funding. We are concerned that the rate structure set through our contracts and franchise agreements will

not be revised to help fund organics infrastructure. Also \$60 million/year from Greenhouse Gas Reduction Fund (GGRF) will help, but only if that amount and more can be assured on an ongoing basis.

As you move forward with your development of the Investment Plan we ask that you continue to engage across all regulatory agencies, local government and industry to more accurately gauge the level of state funding necessary to spur more than \$1 Billion of private investment in organics infrastructure and to determine if the targets set in the SLCP Strategy are realistically achievable.

Please contact any one of the undersigned if you have any questions or require further information about our comments, recommendations and concerns.

Sincerely,

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Attachment: Coalition Letter and Attachment on Draft SLCP Strategy