



# City of Huntington Beach

File #: 18-151

MEETING DATE: 7/16/2018

## REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Fred A. Wilson, City Manager

**PREPARED BY:** Travis K. Hopkins, PE, Director of Public Works

**Subject:**

**Accept Rainbow Environmental Services' proposal for a Commercial Organic Waste Recycling Program including a 2.18% Commercial Trash Rate Adjustment**

**Statement of Issue:**

California's Mandatory Commercial Organics recycling law (AB 1826) requires businesses that generate a specified amount of food and other organic waste material per week to arrange for recycling service for that material. Currently there is no rate component in the commercial waste disposal rates to accommodate this State mandated service. Rainbow Environmental Services (Rainbow) is proposing an Organic Waste Recycling Program (Program) that includes a 2.18% increase in all commercial trash collection rates effective September 1, 2018.

**Financial Impact:**

Commercial trash service is arranged, invoiced, and collected directly from the customer by Rainbow. There is no direct expense to the city for this commercial organic waste program.

**Recommended Action:**

Accept Rainbow Environmental Services' proposal for Organic Waste Recycling program to comply with AB 1826.

**Alternative Action(s):**

Do not accept Rainbow Environmental Services' proposal for the Organic Waste Recycling program. Direct staff to proceed accordingly. This alternative will delay program implementation.

**Analysis:**

The State has identified decomposing organic wastes in California landfills as a significant source of greenhouse gas emissions. Californians landfill more than 30 million tons of solid waste annually and approximately 30% of that material is organic material that could be recycled through composting and conversion to energy. As defined in the statute, organic waste includes food waste and food-soiled paper waste along with more traditional compostable materials such as yard waste and landscape trimming.

To reduce organic waste disposal and greenhouse gas emissions from landfills, the State legislature

enacted AB 1826 requiring collection and recycling of organic waste from businesses that meet specific waste generation thresholds. The current commercial waste collection rates do not include a component to provide the segregated collection and recycling of organics required by statute.

### **Implementation Timeline**

Program implementation is in tiers based on the amount and type of waste that a business generates. Rainbow's Program is inclusive of Tiers 1 and 2 with rates effective September 1, 2018. Following is the state's implementation schedule for full compliance.

**Tier 1 -- April 1, 2016:** Businesses that generate 8 cubic yards or more of organic waste per week shall recycle their organic waste. Affected businesses: 88 Current participation: 14

**Tier 2 -- January 1, 2017:** Businesses that generate 4 cubic yards or more of organic waste per week shall recycle their organic waste. Projected businesses: 43

**Tier 3 - January 1, 2019:** Businesses that generate 4 cubic yards or more of solid waste (all trash and organics) shall recycle their organic waste. Projected businesses: 1,570

**Tier 4 - January 1, 2020:** If there has not been a significant reduction in landfill organics to 50 percent of 2014 level, a business that generates 2 cubic yards or more of solid waste per week will recycle their organic wastes. Enforcement of this tier is at the discretion of CalRecycle.

### **Proposed Program**

Through an ongoing pilot program, Rainbow is providing food waste organics collection to some of the businesses under the April 1, 2016 deadline. The proposed Program will enable Rainbow to provide food waste organics recycling, outreach, and education to affected businesses to achieve compliance through the first two Tier thresholds. Rainbow estimates its annual cost to provide organics recycling service to Huntington Beach businesses through the January 1, 2019 threshold is \$632,566. The Program includes a 2.18% increase in all commercial trash rates and spreads the cost across the entire commercial sector, regardless of whether the business produces organic waste or meets the Tier 1 or Tier 2 threshold. The businesses that are within those thresholds and produce organics will also pay for a separate organic waste recycling container at prices equal to the container rates for regular trash.

The proposed Program creates a rate structure for organics recycling until January 1, 2019. On January 1, 2019, businesses that generate 4 cubic yards of trash or more will be required to participate. The introduction of additional organic waste, collection route efficiencies, and changing markets for collected material will require Rainbow to propose another rate schedule reflecting the costs for increased participation and potential savings from route efficiencies.

### **State Requirements**

Commercial trash service is arranged and billed directly between the customer and Rainbow. The city does not provide billing or collection services for commercial trash services. However, under AB 1826, the State is requiring cities to provide commercial organics program monitoring, enforcement,

public education, and annual reporting to CalRecycle. Staff time will be required to provide these functions, as well as an anticipated increase in customer inquiries. Not providing the Program will expose the City to compliance orders and possible monetary penalties for non-compliance. The maximum penalty provided in the statute is \$10,000 per day.

**Environmental Status:**

The adjustment of commercial trash rates is statutorily exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15273, which exempts the establishment, structuring, restructuring or approval of rates, tolls, fares, and other charges for the purpose of meeting operating expenses.

Additionally, acceptance of Rainbow Environmental Service's commercial organic waste recycling program would be exempt pursuant to CEQA Guidelines Section 15061(b)(3), which exempt projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

**Strategic Plan Goal:**

Non-Applicable - Administrative Item

**Attachment(s):**

1. Huntington Beach Tiers 1 and 2 AB 1826 Proposal and Rate Schedule