Summary of First Meeting
USEPA Multi-Stakeholder Discussions on Sustainable Financing of Municipal Recycling of Packaging Materials

September 23, 2010
Crystal City, VA

Introduction

The U.S. EPA's Office of Resource Conservation and Recovery (ORCR) is convening this initiative to accommodate a request from state and local government entities to provide a forum for dialogue involving those parties and brand owners (both consumer products manufacturers) regarding options for sustainable financing for municipal recycling of post-consumer packaging materials.

Key stakeholders were identified as prospective participants by EPA on the basis of preceding conversation. A facilitation team from The Keystone Center and Decisions & Agreements interviewed participants in advance of this initial meeting in order to solicit and synthesize their viewpoints regarding the challenge as well as potential solutions. The list of meeting participants is appended as Attachment A.

This meeting is the first of approximately four anticipated meetings funded by EPA.

This summary reflects key points of discussion from the initial in-person meeting on September 23rd, 2010. The meeting culminated in identification of important data needs, and some refinement of the scope of deliberation. Participants also considered the nature of the challenge(s) that gave rise to the dialogue, potential outcomes and outputs of the initiative, and the composition of the participant group. This document is not a product of consensus, although convergence did emerge at times during the discussion. The summary indicates the general direction of deliberations going forward, although many discussion items and eventual decision points remain unresolved at this point.

A few ground rules governed the conversation, including the following: a) discussion was not for attribution, although participants remain free to represent their own views about the initiative and the subject matter it addresses; b) participants are understood to be representing their own individual opinions rather than those of any organization of affiliation or constituency.

Assessing the Current State of Affairs

Participants shared a wide range of views regarding both the challenges in the status quo as well as future scenarios to avoid. Some of the individual viewpoints expressed included the following:

- Recycling programs are very vulnerable to municipal financial constraints in the present economy.
- Recycling is generally a net cost rather than a revenue generator for local municipalities. Waste haulers typically generate profit from hauling service, not from the material itself.
- Many consumers and municipalities are frustrated about what they perceive as excessive and difficult-to-recycle packaging.
- An extended producer responsibility (EPR) approach to financing recovery would generate a strong feedback loop that could drive positive changes in "out-of-scale" packaging and unrecyclable material.
- For several reasons, including capacity, processing characteristics, regulatory requirements, etc., companies are limited in their ability to use recycled materials in closed-loop recycling processes. Recycling as the only solution to recovery will hinder innovation. Many solutions are needed.
- Recycling markets are underdeveloped.
- The present recycling infrastructure increasingly will not suit the evolving waste stream as traditionally more profitable recyclables (e.g., paper) which facilities are designed to handle continue to dwindle in volume, and packaging shifts quickly toward materials that are currently more difficult or costly to recycle.
- Insufficient incentives exist for both recycling and design of packaging for recycling.
- Consumers generally are not sufficiently educated about the need for and true costs of recycling.
- Many consumers are not adequately incentivized to participate fully in existing recycling programs (e.g., via a pay-as-you-throw approach).
- A disconnect exists between those who design and make packaging and those who are tasked with its disposition (municipalities). They are not the same entities, and they are not coordinated.

Defining the Present Challenge, and the Purpose and Scope of the Dialogue

The facilitators presented, for purposes of deliberation, the following straw problem definition they developed in advance of the meeting based on pre-meeting interviews with stakeholders:

> Each of the following bullets articulates a problem stakeholders have indicated as being part of the "overall problem":
>
> a. Low recycling rates (relative to other developed countries)
> b. Lack of funds to improve recycling rates
> c. Packaging that is not designed for end-of-life management/resource recovery
> d. Potential for inconsistent extended producer responsibility (EPR) laws in various jurisdictions across the country

e. Potential for EPR laws that call for brand owner funding of programs without providing brand owners with the means of managing, and/or controlling the costs of the program

The group discussed the draft problem statement and recommended the following revisions to provide further clarity to the description of the challenges in the current reality:

- Add an overarching statement regarding the broader environmental priorities – e.g., sustainable consumption of resources, and reduction of waste at the source – in which the challenge of sustainable financing of packaging materials resides.
- Include all types of packaging materials (rather than limiting attention to a specific stream, such as residential or commercial).
- Include printed material.
- The term "recovery" may be more appropriate than "recycling" as it goes to the notion of optimizing recovery of packaging. (Participants held contrasting views on this point.)
- Note the current inefficient use of existing infrastructure.
- Clarify how the term "EPR" is used.
- Note that the government actors currently managing the system for recycling of packaging are heavily constrained (e.g., typically lack adequate resources and influence over the supply chain).
- Note the systemic disconnect between those that design products and those who ultimately recycle them.

Some participants proposed a mapping exercise to identify key levers throughout the system of material creation and disposition, to further analyze the problem and identify potential solutions.

Participants also discussed a draft articulation of scope – both of the dialogue, and of an optimal approach to recycling packaging material. Based on pre-meeting input, the straw proposal developed by the facilitators encompassed:

a. All post-consumer packaging materials (some possible exceptions) from residential, commercial, and public end points

b. End-of-life management of these materials in a manner that optimizes the recovery of recyclable materials and other resources

Participants determined that the scope of dialogue should encompass all types of packaging, from all end points (residential, industrial, commercial, and public spaces). Some participants acknowledged the size and diversity of the U.S. packaging enterprise and suggested that the dialogue parse the packaging stream into natural industry segments for purposes of analysis.

Matters of scope that must be addressed going forward:

- Whether to maintain the intended focus on recycling, or expand the scope to accommodate much broader considerations – e.g., recovery of value from the waste stream (including through waste-to-energy incineration and composting), source reduction, business systems for designing sustainable products, or life cycle analysis. (EPA staff clarified that sustainable financing for municipal recycling of packaging material is the specific challenge the agency was asked to convene this forum to address.)
- Whether to include printed material along with packaging.

Consideration of Outcomes and Outputs

The group engaged in an initial discussion of the nature and form of possible outputs of this group's efforts. Based on that input, the facilitators will prepare a list of possible work products, to be presented in the form of a series of graduated decisions that the participant group may choose to make as the dialogue evolves. Potential work products suggested include:

- A map of the current U.S. system identifying areas for improvement
- Analysis of successes, success factors and lessons learned from notable systems in other countries
- A vision statement regarding the characteristics of sustainable financing to optimize recovery of packaging materials
- Principles or guidelines for states and other actors to consider as individual approaches are developed
- Feasible strategies for overcoming major barriers to sustainable financing
- Model policies and other detailed recommendations for consideration as individual approaches are developed
- A detailed action plan – including roles and responsibilities – for developing a state-based but nationally-coordinated approach
- Pilot studies for implementation in a handful of states
- Collaborative partnerships

Some participants expressed the opinion that the dialogue should focus on strategic considerations such as articulating a vision and supporting principles, but not the technical details of program design which are subsequent considerations and require specialized areas of expertise not well represented at the table.

The group expressed interest in developing a work product with which they have involvement and of which they have ownership, rather than a document prepared solely from the facilitator's perspective. Participants also generally expressed hope for an outcome that extends beyond a set of recommendations, to include an actionable component such as new partnerships and/or pilot projects.

Information Gaps

Participants suggested informational resources to enhance the group's collective knowledge base. Some of these may be presented in webinar format in advance of the next meeting; some may be circulated electronically. Others would need to be developed, assuming they are deemed essential and time and resources allow – and assuming the foundational data exists.

Suggestions included:

- Broad overview of collection and processing from a waste hauler/management perspective.
- Information on the disposition of materials collected under various programs (i.e., requirements or credits regarding actual use of material).
- Information on per capita waste generation as well as recovery of materials under various EPR programs, and for select communities in the U.S. and the U.S. overall.
- Information on the costs associated with different recovery rates.
- Analysis of overall effectiveness of full versus partial producer responsibility.
- Research results comparing the effectiveness of recycling and recovery methods.
- Quantitative data on both recycling rates (i.e., costs, metrics) and producers' experiences in various programs.
- Overview of recycling programs in the United States (i.e., curbside, drop-offs, materials recovery facilities).
- Overview of the Vermont EPR legislation.

Several participants mentioned relevant studies completed or underway in their respective organizations that may be appropriate for circulation within the group. The facilitators will follow up with those individuals.

Consideration of Participant Group Composition

Participants considered both the advantages of expanding the group to include additional perspectives (e.g., from other areas of the private sector as well as technical expertise from academia and consultancies), and the disadvantages of making the group any larger. For the present time new participants will not be added other than to replace any individuals that did not respond to the invitation. Additional perspectives and expertise may inform the group through a series of guest presentations during meetings and/or via between-meeting webinars. As the dialogue progresses the make-up of the group will be continually assessed.

Timeframe and Next Steps

The next in-person meeting will be scheduled to occur before the end of the calendar year. Additional meetings will be scheduled as soon as possible but allowing time for between-meeting work activity.

The group considered the potential merits of launching work groups at this time with various charges relating to the dialogue's subject matter, but determined to proceed to the next meeting without activating formal work group activity. Further plenary deliberation is needed before activating small groups to explore certain issues in more detail.

Next Steps

Scheduling future meetings – The facilitators will proceed with this task immediately.

Finalization of operating protocols for the dialogue – The facilitators will circulate a draft for review and written feedback.

Revision of the problem statement and scope and objectives – The facilitators will revise relevant parts of the dynamic straw proposal and circulate the document for review and written feedback.

Convening a short series of between-meeting optional webinars – The facilitators and EPA will schedule and plan up to three webinars to provide interested participants with additional background information relevant to exploration of options within the dialogue's scope.

Definition of terms – The facilitators and EPA will propose a process for establishing operational definitions of key terms such as packaging, printed material, and EPR.

Attachment A
Participant List: Discussion of Sustainable Financing for Municipal Recycling

First meeting: September 23rd, Washington, DC

[Asterisk (*) denotes unable to attend]

Lee Anderson
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Alternate: Jerry Lynch
Vice President
Chief Sustainability Officer
General Mills

Janine Bogar
Beyond Waste Coordinator
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Alternate: Shannon McClelland
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Washington State Department of Ecology

Chip Brewer
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SC Johnson & Son, Inc.

Robert Carlson (by phone for morning)
California Department of Resources, Recycling and Recovery

Alternate: Kathy Frevert (by phone for morning)
California Department of Resources, Recycling and Recovery

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Product Stewardship Institute

Alternate: Sierra Fletcher
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Richard Chesley*
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South Carolina Department of Health and Environmental Control

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Bill Sheehan
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Kate Sinding
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Natural Resources Defense Council

Bill Smith
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EPA participants

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