USEPA Multi-Stakeholder Discussion Group on Sustainable Financing of Municipal Recycling of Packaging Materials

December 15-16, 2010
Crystal City, VA

Summary of Second Meeting

Introduction

This was the second of four meetings convened and funded by the U.S. Environmental Protection Agency (EPA) for state and local government entities, brand owners, and NGOs to discuss options for sustainable financing and optimal performance of municipal systems for recycling of post-consumer packaging and printed materials. The agenda is attached as Appendix A and the list of attendees as Appendix B.

This summary reflects key points of discussion from the second in-person meeting on December 15-16, 2010. This document is not a product of consensus, although convergence did emerge at time during the discussion.

The meeting, facilitated by The Keystone Center, culminated in the activation of two work groups to build on the meeting discussion and further develop content for the next in-person meeting on January 27-28, 2011. The work groups will focus on: i) identifying areas in the existing system for recycling post-consumer packaging material at the municipal level to improve the overall performance of the system, and ii) identifying the pros and cons of key strategies for financing the recycling of post-consumer packaging material at the municipal level.

Taking Stock of Current Events

Participants exchanged information about current related events, studies, reports, programs and initiatives. The facilitators will work with EPA to develop a site for posting documents made available by participants as informational resources.

Participants discussed the need for a brief description of this project and talking points for use in communicating with other parties about this effort. Participants are asked to let the facilitators know ahead of time when they will be presenting about the initiative to an external audience.

Mapping Exercise

Prior to the meeting, participants provided written input on what they believe is working well and not working well in key phases of the current system for managing packaging waste from consumer products (i.e., product design, product distribution/retail sales, consumer and small scale commercial generation, collection, sorting, and aftermarkets).

These perspectives were collected by the facilitators and distributed in preparation for the discussion.

During the meeting, participants discussed in detail the input on each of the key phases. Participants raised and answered questions, elaborated on key points, and clarified items in the written document. The exercise did not draw formal conclusions since its intention was to enhance the group's collective understanding of current challenges and opportunities and to lay the foundation for conversations going forward. It was recognized that while each participant brings important knowledge and interests to the table, participants may have varying degrees of familiarity with one another's perspectives and with a given phase of the system.

The activity was not intended to produce a comprehensive, but to inform the dialogue by expanding the group's overall knowledge base, and to identify areas of common interest and possible convergence prior to engaging in a more detailed discussion of sustainable financing.

This cursory analysis of the system suggested a problematic lack of comprehensive data, the existence and availability of which could allow for performance comparisons within or across jurisdictions and identification of emerging best practices.

The discussion led in part to the formation of the Optimization work group (described below).

Scope / Problem Statement

The group discussed how the scope of this initiative as defined by EPA – a forum for State and local government and producers of packaging to engage in a dialogue about sustainable financing for municipal recycling – relates to a broader discussion on integrated resource management. Many participants expressed the opinion that this dialogue presents an opportunity to engage in a broader discussion but also recognized the pragmatic constraint of being funded for a total of four meetings (and intervening work group activity via conference call and e-mail) with a deliverable date of June 2011.

The goal of the dialogue is to develop a set of detailed, well-articulated options for sustainable financing and optimal performance of existing municipal recycling programs, focusing on consumer packaging and printed material. The deliverable is not intended to be the product of consensus, although areas and degrees of significant convergence will be noted in the written output. The diverse perspectives around the table should produce a broad-based robust analysis.

The discussion clarified that the term "municipal" is used in the context of this dialogue as the handling of recycling at the municipal level (rather than denoting programs necessarily managed or funded by municipalities).

Presentation

Jennifer Holliday of the Chittenden Solid Waste District delivered a presented on the EPR legislative proposal under development in Vermont. This information was requested by various participants as background information. Jennifer shared her perspective on the status of the proposed legislation and the context in which it arose, and indicated that the proposal aims to help incentivize design for end of life, improve state-wide infrastructure, improve recycling rates, and provide financial relief to recycling programs.

Traits of an Ideal System

Participants engaged in a brainstorming session on desired characteristics of an optimal system for municipal recycling of packaging. The exercise generated a range of perspectives and hopes, but was not intended to produce agreement at this stage on a common list of traits.

The facilitators subsequently reviewed the list and identified some high level themes that the group may wish to refer to in its work going forward. Those themes included: transparent, fair (e.g., a level playing field), measurable and economical.

Work Streams

Two work streams (the Optimization work group and the Financial Strategies work group) were activated to develop substantive content to seed the plenary discussion at the January meeting. The groups are tasked with developing the basis and plan for productive discussion of their respective topics at the next in-person meeting. The groups will build upon plenary discussion thus far, conducting analysis where possible, prioritizing and consolidating lists of suggested options, and soliciting input from the full group where appropriate. Each group is composed of a mix of participants from the private, public, and non-profit sectors. Descriptions of each group's charge follow below.

Optimization Work Group

The foundational information generated and exchanged during the system mapping discussion led the participants to charge a work group with a further iteration of the material: to prioritize key challenges and opportunities in the service of improving the overall performance of the existing system.

Charter: Identify the most salient items in each system phase, along with the associated levers that have the greatest potential to improve the overall performance of the existing system and submit to the plenary for further discussion and consideration.

Financing Strategies Work Group

Participants generated a list of potential funding strategies that could potentially comprise a sustainable financing of recycling or packaging and printed material. Items on the list

fall into three broad funding categories: taxpayers/ratepayers, producers and consumers, and consumers only. A work group was charged with developing additional contextual information for each strategy in preparation for further input and discussion by the plenary.

Charter: Develop a list of key financing strategies, catalogue and define them, identify what they are intended to pay for, and list the relative advantages and disadvantages of each. (Written input on advantages and disadvantages will be requested from the full group.)

Operating Protocols

The facilitators explained the revisions to the operating protocols based on feedback received from participants on an earlier version. Changes include:

- *Dismissal clause*. In response to a request that terms of the document be explicitly enforceable, a clause was added stipulating that violation of the protocols could result in dismissal from the group, based on the facilitators' judgment.
- *Representation of views expressed*. Discussion principle #3 was revised to clarify that participants should be heard as representing their individual viewpoints while brainstorming, sharing information, considering proposals, etc., but that they must conduct the due diligence necessary to ensure that their respective organizations are likely to support any recommendations advanced by this group.

The group discussed the pros and cons of suggestions that had been made to allow official alternates to participate in meetings, in a listen-only capacity, either by phone or by gallery seating. Some participants expressed support for these suggestions and others indicated that such a policy could result in inequity due to the varying capabilities to draw upon staffing or financial resources for the dialogue. Following the meeting, the facilitation and EPA teams concluded that the relevant protocol should remain unchanged due to the brevity of the dialogue and the need to maintain focused interaction among principals at the table, while recognizing that this restriction obliges participants to keep their alternates regularly briefed.

Sego Jackson (Snohomish County, WA) was invited to join the dialogue as a participant and therefore will no longer serve as an alternate to other local government representatives.

Next Steps

Keystone will coordinate the following near term steps:

- Survey work group members for availability and schedule January conference calls for the two work groups.
- Send glossary of key terms to participants for input and work with ad hoc group (Janine Bogar, Scott Cassel, Garth Hickle and Sara Hartwell) to incorporate input.

- Prompt state and local government participants to draft a description of the current financing problem.
- Set up an internal site for accessing project-related documents.
- Collect reports and other related materials mentioned during the meeting for posting.
- Work with EPA to prepare talking points and a short description of the dialogue to guide external communication about the project.
- Set dates for January webinars and the spring 2011 meeting.

Appendix A: Agenda

Note: The document included in this appendix was provided to participants prior to the meeting as the final version of the agenda. However, the focus and sequence of actual discussion varied from the formal agenda in some significant ways. Most notably, on Day 2, a presentation invited from the Grocery Manufacturers Association (GMA) was not delivered, and the group did not discuss items 5-7 in the straw proposal. The bulk of that time was devoted instead to determining the scope and composition of the work groups described earlier in this meeting summary.

USEPA Multi-Stakeholder Discussions On Sustainable Financing of Municipal Recycling Packaging Materials

December 15-16, 2010

Two Potomac Yard (South Tower) – 2777 Crystal Drive, Arlington, VA

Meeting Objectives

Continue joint progress toward the financially sustainable and efficient end-of-life management of packaging materials. Specific goals include:

a) Confirm the dialogue's problem statement and scope
b) Finalize the dialogue's operating protocols
c) Identify what is and is not working in the present U.S. system
d) Begin deliberation on issues 4 through 7 in the straw proposal (criteria for success, allocation of costs and management responsibilities, establishing and measuring diversion rates, and diverting designated materials from disposal to recycling)
e) Set goals for the next in-person meeting (January 27-28)
f) Establish a focus and process for interim work

Meeting Agenda

Day 1

8:30 a.m. Opening

- Welcome and introductions

- Greeting from Mathy Stanislaus, Assistant Administrator, EPA/OSWER
- Review of project scope, meeting objectives and agenda, logistics, and discussion principles

9:00 Taking stock of recent events

- What else is going on that everyone should know about? (e.g., relevant conferences and other events, research, new commitments, off-line conversations)

9:30 Mapping the current reality

- Identifying the components of the present U.S. system, and assessing what is working well and what (within the dialogue's scope) needs improvement

10:30 Break

11:00 Mapping the current reality (continued)

12:15 Lunch

1:00 Confirmation of problem statement and scope, and further consideration of project outcomes and outputs

1:30 Review and finalization of the project's operating protocols

2:00 Break

2:15 Definition of key terms

- Review and discuss initial draft from USEPA, and determine next steps toward finalization

2:45 Presentation and discussion regarding the EPR legislative proposal in Vermont

3:45 Break

4:00 Identifying characteristics of a working system

- Developing set of traits of a successful, sustainable financing approach

5:30 Adjourn

Evening plans: Dinner on your own. Small work group activity as needed.

Day 2

8:30 Opening [Suzan or Jody]

- Recap of Day 1
- Preview of Day 2

8:45 Overview of GMA/FMI initiative

- Brief introduction to a relevant industry effort

9:30 Initial discussion of #5 in the straw proposal – Allocation of costs and management responsibilities/control

- Who should bear what percentage of the costs of managing end-of-life consumer packaging materials?
- Generally, what roles should the entities that are bearing these costs (e.g. municipalities, brand owners, others) play in managing these materials and controlling these costs/expenditures?

10:15 Break

10:45 Continued discussion of costs and management responsibilities

11:30 Initial discussion of #6 in the straw proposal – Driving results by establishing and measuring diversion rates

- Who should set a program's diversion-rate targets? Based on what, and using what methodology?
- Should there be one overall target or material-specific targets (or a combination; e.g. one overall target and no reduction from current diversion rates for any single material stream such as beverage containers)?

12:15 Lunch

1:00 Discussion of #6 continued

1:30 Initial discussion of #7 in the straw proposal – Diverting designated materials from disposal to recycling

- Should there be a prohibition of disposal of designated materials?

- Should there be a requirement that waste collection and disposal fees be based on quantity ("pay as you throw")?

2:45 What have we accomplished in this meeting, and what do we need to do?

- Noting changes to the evolving straw proposal.
- Identifying needs going forward –
  - Work groups?
  - Additional information?
  - Participants? Presenters?
- Discussion of how to communicate about this dialogue outside the participant group (e.g., dissemination of objectives and updates)
- Identifying next steps – objectives for the third meeting, and any between-meeting tasks and responsibilities.

3:45 Wrap-up

4:00 Adjourn

Appendix B: Attendee list

Dialogue on Sustainable Financing for Municipal Recycling
Participant List, December 15-16, 2010

Lee Anderson
Manager, State and Local Government Relations
General Mills

Janine Bogar
Beyond Waste Coordinator
Washington State Dept of Ecology

Chip Brewer
Director-Worldwide Government Relations
S. C. Johnson & Son, Inc.

Scott Cassel
Executive Director
Product Stewardship Institute

Dan Colegrove
Senior Director, State and Local Government Affairs
Kraft Foods

April Crow
Global Sustainable Packaging Manager
Coca-Cola

Steve Danahy
Supervisor, Waste Planning & Aid Unit
Nebraska Department of Environmental Quality

John A. Delfausse
Vice President
Global Package Development
Chief Environmental Officer
Estee Lauder Corporate Packaging

Resa Dimino
Special Assistant
Commissioner's Policy Office
New York State Department of Environmental Conservation

Miriam Gordon
California Director
Clean Water Action / Clean Water Fund

Garth Hickle
Product Stewardship Team Leader
Minnesota Pollution Control Agency

Jen Holliday
Environmental & Safety Compliance Manager
Chittenden Solid Waste District

Sego Jackson[1]
Principal Planner
Snohomish County, WA

Anne Johnson
Director
Sustainable Packaging Coalition

Tom Langan
Director
Government Relations & Public Affairs - U.S.
Unilever

Justin Lehrer
Program Manager
StopWaste.Org
Alameda County Waste Management Authority

[1] Alternate for Bill Smith, City of Tacoma Solid Waste Management

Kim Lymn
Senior Manager, Packaging
Target Corporation

Robert "Bob" Mann
Founder, Bridging the Gap, Inc.
Co-Director, Shadowcliff Lodge

Jack McAneny
Associate Director, Global Sustainability
Procter & Gamble

Scott Mouw
Director
North Carolina State Recycling

Joan Pierce
VP, Global Packaging
Global Supply Chain
Colgate-Palmolive

Tom Rhoads
Executive Director
OCRRA

Bill Sheehan
Executive Director
Product Policy Institute

Kate Sinding[2]
Senior Attorney
Natural Resources Defense Council
New York, NY

Theresa Stiner
Environmental Specialist Senior
Iowa Department of Natural Resources
Land Quality Bureau

Gail Tavill
Vice President, Sustainable Development
Research, Quality & Innovation
ConAgra Foods

Brad Wolbert
Hydrogeologist
Wisconsin Department of Natural Resources

[2] Participating by phone.

Russ Wood[3]
Director of Responsible and Sustainable Sourcing
Pepsico

USEPA

Chris Newman
Materials Management Branch
U.S. EPA Region 5

Jay Bassett
Chief, Materials Management
USEPA Region 4
Atlanta, GA

Kent Foerster
US Environmental Protection Agency
Office of Resource Conservation and Recovery

Sara Willis Hartwell
US EPA
Senior Policy Advisor
Office of Resource Conservation and Recovery

Facilitators

Brad Sperber
Senior Facilitator
The Keystone Center

Suzan Klein
Associate Facilitator
The Keystone Center

Jody Erikson
Senior Facilitator
The Keystone Center

[3] Alternate for Beth Sauerhaft, Pepsi Beverages America