

# MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

## STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

Agency (Department) Name Department of Resources Recycling and Recovery	Contact Person Ken Decio	Mailing Address P.O. Box 4025 Sacramento, CA 95812-4025
Email Address ken.decio@calrecycle.ca.gov	Telephone Number (916) 341-6313	
<p><b>1. Statement of the need for the proposed major regulation.</b></p> <p>The central purpose of the proposed regulations is to more effectively regulate solid waste facilities that handle compostable materials to protect public health, safety, and the environment. The proposed regulations modify the existing Compostable Material Handling Operations and Facilities Regulatory Requirements by: clarifying several feedstock definitions and the types of operations and facilities that can accept these materials; revising the maximum concentrations of metals allowed in compost to reflect changes adopted by US EPA; providing Enforcement Agencies with discretion to authorize temporary storage of additional material; revising Enforcement Agency inspection frequency language to ensure consistency throughout Title 14; providing operators and Enforcement Agencies with a mechanism to address chronic odor complaints and identify sources of odor; establishing criteria for safe land application of compostable material; requiring compost products to meet a 0.1% physical contaminant limit by weight; and clarifying small-scale composting requirements at sites, such as community gardens and schools. The proposed regulations provide a standardized regulatory framework for in-vessel digestion activities. Currently, in-vessel digestion activities are subject to either existing Transfer/Processing Operations and Facilities Regulatory Requirements or Compostable Material Handling Operations and Facilities Regulatory Requirements, depending on the nature of the feedstock and how it is handled. The proposed regulations combine transfer/processing and compostable material handling requirements into a stand-alone set of in-vessel digestion regulations, which will have marginal impacts on in-vessel digestion activities compared to existing regulations. The proposed regulations also clarify permitted maximum tonnage on the solid waste facility permit application.</p>		
<p><b>2. The categories of individuals and business enterprises who will be impacted by the proposed major regulation and the amount of the economic impact on each such category.</b></p> <p>See Appendices B1 – B4</p>		
<p><b>3. Description of all costs and all benefits due to the proposed regulatory change (calculated on an annual basis from estimated date of filing with the Secretary of State through 12 months after the estimated date the proposed major regulation will be fully implemented as estimated by the agency).</b></p> <p><b>Costs:</b> The Department estimates the economic impact of this regulation (including the fiscal impact) is over \$50 million. Low Cost Scenario: \$804,967 - \$1,620,970 High Cost Scenario: \$50,770,999 \$63,548,762</p> <p><b>Benefits:</b> The principal benefit of the proposed regulations is protecting public health, safety and the environment. Requiring compost products to meet a 0.1% physical contaminant limit will reduce litter and minimize the amount of plastic entering surface water and the ocean while creating new jobs and increasing the market value of compost. Establishing criteria for safe land application of compostable material will reduce litter and minimize the amount of plastic entering surface water and the ocean and improve food safety and animal health by reducing toxic metals, disease-causing organisms, physical contaminants, and invasive/noxious species in compostable material. Other benefits of the proposed regulations include minimizing odors at compostable material handling and in-vessel digestion facilities; decreasing greenhouse gases, air pollution, and long-distance transportation of organic material by facilitating small-scale composting; providing clarity to the regulated community and regulators. Finally, the regulations will ensure safe operations and facilities to handle organic material diverted as the result of California's goal to source-reduce, recycle, or compost 75% of the solid waste generated in the State by 2020. The new, "stand-alone" in-vessel digestion portion of the proposed regulations will establish a clear regulatory framework for the digestion of organic material. Digesting this material will decrease greenhouse gas generation and increase production of biofuels/bioenergy.</p>		
<p><b>4. Description of the 12-month period in which the agency estimates the economic impact of the proposed major regulation will exceed \$50 million.</b></p> <p>The Department assumes costs associated with changes to the Compostable Materials Handling Operations and Facilities will begin incurring in year one (after operative date).</p> <p>The Department assumes the majority of the costs associated with the In-vessel Digestion Operations and Facilities Regulatory Requirements will begin incurring in year three (as a result of a proposed regulation that allows a pre-existing activity to continue to operate in accordance with its existing authorization for a period of two years).</p>		

## MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

### 5. Description of the agency's baseline:

The Department's baseline is the Governor's Budget of 2014.

### 6. For each alternative that the agency considered (including those provided by the public or another governmental agency), please describe:

- a. All costs and all benefits of the alternative
- b. The reason for rejecting alternative

Alternative 1: No action.

Cost: There would be no cost associated with this alternative.

Benefits: This alternative would not achieve any of the benefits listed in the above section - Description of the Costs and All Benefits Due to the Proposed Regulatory Change.

Reason for Rejecting: The no action alternative would not address the stated need for the regulations, namely protecting public health, safety, and the environment.

Alternative 2: Increase the physical contaminant level of compost and land applied material to a higher limit than 0.1%.

Cost: While increasing the allowable physical contaminant level may seem like it would save in both time and labor, staff does not estimate a significant cost savings. Based on stakeholder input, there will be certain amount of baseline level of costs (e.g., equipment capital costs; basic labor costs) regardless of the physical contaminant level set. Therefore, staff does not estimate a direct correlation between increasing the physical contaminant level and a reduction in costs.

Benefits: Increasing the allowable physical contaminant level would increase revenues for Compostable Material Handling Facilities and Operations, as more product could be sold in segments of the market where higher physical contaminants levels are acceptable. However, increasing the allowable physical contaminant level would negatively impact public health, safety, and the environment (see Reason for Rejecting below).

Reason for Rejecting: Increasing the physical contaminant level would not address the stated need for the regulations, namely protecting public health, safety, and the environment. Increasing the physical contaminant level could adversely impact food safety and animal health by increasing toxic metals, disease-causing organisms, physical contaminants, and invasive/noxious species in compost and compostable material; increase the amount of plastic entering surface water and the ocean; and increase litter in areas where compost and compostable material is applied.

### 7. A description of the methods by which the agency sought public input. (Please include documentation of that public outreach).

Staff conducted 16 statewide workshops and meetings between October 2011 and May 2013 to solicit comments from affected stakeholders regarding the proposed regulations. Staff received numerous comments on various aspects of the proposed rulemaking ranging from supportive to suggested revisions. Staff considered all suggested revisions and made changes to draft proposed regulations as deemed appropriate for the protection of public health, safety, and the environment.

A listing of the notices to public workshops is available at: <http://www.calrecycle.ca.gov/Laws/Rulemaking/Compost/default.htm>

A summary of the comments received are available at: <http://www.calrecycle.ca.gov/Actions/PublicNoticeDetail.aspx?id=696&aiid=656>

### 8. A description of the economic impact method and approach (including the underlying assumptions the agency used and the rationale and basis for those assumptions).

The Department used a Regional Economic Models, Inc. (REMI) model to estimate the economic impacts of the proposed regulations. The REMI model is an analytical tool which can model a regional economy and analyze year-by-year impacts and total impacts on a macro scale. The current regulations (baseline) were compared to the proposed regulations, and economic impacts on businesses complying with the proposed regulations were estimated using the REMI model.

The REMI PI+ model employed for this analysis was "Software Build 1.5.2" (Build 3283, 6/4/2013). It is a one-region, 160-sector model, which was modified using the California-specific data for population, demographics and employment (as specified by the Department of Finance).

Agency Signature

Date

Agency Head (Printed)

Ken Darrosa, Chief Deputy Director

3 July 2014