Solid Waste Master Plan Workgroup on Market Development/State Procurement
Summary Notes of Meeting #1, March 13, 2009

In attendance: Linda Paquet, MassRecycle; Jon Blundo, MA Asphalt Paving Association (MAAPA); Marcia Deegler, Operational Services Division (OSD), Commonwealth of MA; Dan Peters, Covanta SEMASS; Bob Cappadona, Casella Recycling; Bob Seega, MassDevelopment; Sheila Mackinnon, private citizen from Hardwick, MA; Tom Tomaszek, Spectrum Group; Dan Brodeur, PJ Keating; Steve Changaris, MA Chapter, NSWMA; Tom Ricciardelli, Selectech; Meredith Lee, Toxics Action Coalition; Nancy Gibeau, BDC Capital; Sandy Totter, Northern Berkshires Solid Waste Management District (NBSWMD) ; Gretchen Brewer, MassDEP; Alissa Bilfield, MassDEP; Peggy Harlow, MassDEP.

Introduction

Peggy Harlow provided an overview of the stakeholder workgroup process and explained the purpose of the Market Development/State Procurement Workgroup. The goal of this workgroup is to provide inputs on market development tools, programs, and incentives to:

1) strengthen and increase in-state and regional industrial capacity to utilize recovered materials collected in Massachusetts for the manufacture of new products, and
2) strengthen market demand for recycled content end-products made by local companies, thus supporting the state's existing and future recovery and diversion efforts.

Participant Introductions and Challenges, Barriers, and Needs

- Challenges: The group reflected on the major challenges moving forward, which include the current make-up of the Massachusetts economy and the current economic downturn. Particular points included:
    - Loss of Manufacturing and Processing capacity over the last century, and especially in the wake of the recent global economic downturn
        - Example: Ten to fifteen years ago there were 25 viable plastics recyclers in New England. Now there are none left in VT, NH, ME; only one left in RI; one left in CT; and a handful in MA.
    - Massachusetts is no longer primarily a manufacturing state (industries and jobs have been outsourced to other domestic and international locations)
    - Recent REI study confirms that Massachusetts' recycling economy is primarily composed of collection and processing infrastructure
    - Lack of a regional and local network of manufacturers, processors, and purchasers, and necessary incentives to foster this network

- Barriers: The group noted several barriers to market development in Massachusetts and New England, including:
    - High cost of doing business in Massachusetts and New England (both real and perceived)
    - High cost of advertising/marketing available material and recycled content products
    - High cost of energy in Massachusetts and New England, and conducting energy efficiency retrofits/upgrades (one company's energy cost rose 40 percent in one year)

    - Massachusetts and New England not perceived as a manufacturing region
    - Area MRFs are not taking materials from private companies to the extent that they could; cleaner streams of high value materials with good recycling potential (e.g., corrugated cardboard) are being lost from the recovery system
    - State permitting process for recycling infrastructure is perceived as burdensome.

- Needs: The group identified several major needs for increasing markets for recycled content and environmentally preferable products locally and regionally:
    - State or Regional Market Development Center
        - There was a general consensus that the Chelsea Center was a valuable model for marrying material sources with manufacturers who could use the material as feedstocks for new products.
        - A more robust match-making entity of this sort is needed.
        - Participants agreed that the Chelsea Center provided a forum for networking, research, product development, and funding that is currently not present in Massachusetts or the New England Region.
        - The idea of a regional development center run by a regional group like the Northeast Recycling Council (NERC) was discussed.
        - Market development efforts should be on a regional basis—including all New England states, and possibly New York, Pennsylvania, and New Jersey—to match the scale of commerce in the region.
        - While global markets should be kept in mind, the recent global economic downturn in the markets is an example of how global supply lines can become unstable, and a shift to more localized production may be prudent.
        - Possible expansion of the Pennsylvania Market Development Center to include other NERC states.
    - Regional Purchasing Network to focus on material reuse and recycling
        - Participants noted that while there is a Massachusetts Materials Exchange, it is not being actively used.
        - A more interactive materials exchange model would be beneficial to help link manufacturers and materials/and or product end-users.
        - A Northeast markets blog could be set up to help broker connections between materials and end-use industries.
    - Outreach to small and medium companies
        - Possibly through the Chamber of Commerce network
        - Or through smaller industry groups and trade associations
    - Increased State and local government purchasing of recycled content and environmentally preferable products and especially products with recycled content
        - The Operational Services Division (OSD) is a national leader in environmentally preferable purchasing (EPP)
        - Help to increase awareness of EPP purchasing opportunities
        - Augment the ability of OSD to enforce or provide incentives for EPP purchasing for all entities including state agencies and other institutions
        - Work within the EPP guidelines to give preference to products produced locally or regionally, and products with recycled content per the LEED standard (OSD has attempted to do this in the past, but World Trade

    Organization (WTO) restrictions require that language does not discriminate against products that are outside of a local/regional zone).
- Development of a local/regional paper recycling and manufacturing industry
    - Would address the recent decline in both availability of recycled paper, competitive pricing of recycling paper, and closing of local paper mills producing recycled content paper products.
    - Challenge overcoming misperception of Forest Stewardship Council certification versus recycled content paper, and other similar misperceptions related to environmentally preferable paper labeling and certification.
    - Example: 30% and 100% recycled copy paper is becoming less available and more expensive than virgin because many manufacturers are switching to Forest Stewardship Council (FSC) certification for their paper
    - Paper produced from recycled paper sourced locally would be more sustainable than paper produced from distant paper production from harvested trees
- Support EPP purchasing from Massachusetts businesses, especially through larger state purchasing agents like Division of Capital Assessment Management (DCAM) and MassHighway.
- A recognized EPP certification scheme to distinguish truly green products from greenwashed products
    - Build on LEED standard, other labeling schemes like Eco-Logo and Green Seal.

<u>Background on Potential Funding</u>

Peggy reviewed the historical sources of funding for state market development programs that are no longer financially supported, and gave a brief overview about potential funding sources – the Waste to Energy Credits (WECs) program and expanded bottle bill, as context for discussion.

Historical Funding Sources

- Recycling programs (including the Chelsea Center, Recycling Industry Reimbursement Credit Grant Program, Recycling Loan Fund, and Municipal Grant Program) used to be financed in part from the unredeemed bottle bill funds that went into the Clean Environment Fund (CEF)
- In 2003 , CEF funds were transitioned into the state general fund.

Green Communities Act and Waste to Energy Credits (WECs)

- Part of this law makes waste-to-energy (WTE) plants eligible to earn Renewable Energy Credits (RECs)
- Six WTE plants owned by Waste Management, Inc and Covanta are classified as renewable energy sources
- Utilities must purchase a portion of their energy from renewable sources, therefore must buy from Waste and Covanta
- 50% of the proceeds from sale of renewable energy credits will go for recycling projects approved by MassDEP
- Public hearings for the regulations on WECs are: March 31 and April 1, 2009

- Under this program, funds may be provided to all sectors: governments, not-for-profits, businesses, industry, haulers, etc
- Funding cycles can be longer than one year
- Possibly will have funds available in January 2010
- MassDEP will issue an initial solicitation for these projects around August 2009

Expanded Bottle Bill

- Governor's budget for FY2010 proposed expanding bottle bill to include non-carbonated juice, water, and sport drink containers
- Could generate up to $25 million in additional funds annually; Governor has proposed some of this funding would go to recycling programs, through MassDEP.
- Legislature would need to adopt legislation to expand bottle bill.

Current Funding Sources

- MassDevelopment can fund facilities handling solid waste that fit MassDevelopment guidelines:
    - Asset lending
    - Export loan financing
    - Tax exempt bonds – minimum $1 million project
- Recycling Loan Fund, funded by MassDEP and administered jointly through BDC Capital can do low interest loans of $50,000 to $300,000 with 4% fixed rate loans available for organics recycling firms
- Recycling Industries Reimbursement Credit Grant Program through MassDEP offers grants from $50,000 to $150,000 (subject to funding availability) for manufacturing and processing business that recycle difficult to manage material streams

Suggestions for Funding/Financing Outreach

- Environmental Business Council
- Massachusetts Chamber of Commerce and Associated Industries of Massachusetts (AIM)
- National Institute of Office Parks (NAIOP)
- DEP could issue a news release about the financial resources available
- Small Business Development Center

State Agency Roles

The group spent the rest of the meeting in an open discussion that focused on the role of state agencies in helping to foster market development and environmentally preferable purchasing.

- MassHighway: General need to engage MassHighway
    - Include the use of recycled content asphalt including asphalt shingles on highway paving projects, which could save a lot of money due to the high price of virgin asphalt. In Berkshires, asphalt shingles are the number one most illegally dumped material.
    - Include the use of compost in stormwater management projects and other highway landscaping projects
    - Help develop needed specifications for these products

- DCAM: General need to engage DCAM
    - Work with them to use local and regional products in LEED Plus projects
    - Work with them to use recycled content and environmentally preferable products in LEED Plus projects
    - Help develop needed specifications for these products
    - Help to develop a guidance document based on OSD procurement guidelines and LEED metrics to make environmentally preferable state purchasing easier for procurement officers
- OSD
    - Facilitate procurement of EPP by state agencies, especially MassHighway and DCAM
    - Supplement existing OSD EPP documents (EPP Guide to State Contracts) to reflect existing standards (BPI), certifications (FSC), and LEED guidelines to facilitate awareness and decision making
- MassDEP: foster synergy with EPP and market development
    - Help bring together relevant agencies and stakeholders, as mentioned above
    - Waste Ban Enforcement and outreach
    - Promote recycled product purchasing

Conclusions and Next Steps

The group concluded the session by reviewing the discussion points and by highlighting the following issues for discussion at the next meeting:

- Research what barriers are preventing big companies from developing manufacturing assets in Massachusetts
- Education/Training
- More details on a Market Development Center
- Branding products and eco-labeling
- Recognition program for industry leaders
- Incentives for different sized businesses

The next meeting is scheduled for Wednesday, March 30, 1:00 – 4:00 pm at MassDEP's Boston office.