

**Recycling Fund Advisory Committee
Meeting Minutes of September 16, 2021**

The following RFAC members were present:

John Frederick, Chair
Eli Brill
Gordon Burgoyne
Mike Forbeck
Brian Guzzone
Jason Leck
Tanya McCoy-Caretti
Timothy O'Donnell
Gregg Pearson
Joe Reinhart
Shannon Reiter
Joanne Shafer
Bob Watts
Gerald Zona

The following alternates were present:

Elizabeth Bertha	Vogel Holding, Inc./alternate for Ed Vogel
Robert Bylone	PA Recycling Markets Center (PennRMC)/alternate for Michele Nestor
Griffin Caruso	Alternate for Representative Ryan Mackenzie
Emily Eyster	Alternate for Senator Carolyn Comitta
Nick Troutman	Alternate for Senator Gene Yaw
Keith Salador	Citizen's Advisory Council (CAC)/alternate for James Welty
Ashley White	County Commissioners' Association of Pennsylvania (CCAP)/alternate for Matthew Quesenberry

The following RFAC members were absent:

Senator Carolyn Comitta
Representative Ryan Mackenzie
Michele Nestor, Vice Chair
Matthew Quesenberry
Ed Vogel
James Welty
Senator Gene Yaw

The following guests and Department of Environmental Protection (DEP) staff members were present:

Jackie Binder	DEP Bureau of Waste Management (BWM)/Recording Secretary
Jodi Brennan	Clearfield Solid Waste Authority
Megan Gahring	Lawrence-Mercer County Recycling/Solid Waste Authority
Ronald Grutza	PA Association of Boroughs

Veronica Harris	Montgomery County Waste Authority
Lawrence Holley	DEP BWM
Darek Jagiela	DEP Office of Communications
Patti Lynn	Chester County Solid Waste Authority
Josephine Martin	No affiliation
Crystal May	RK&K Engineering
Amy Mazzella DiBosco	Greater Lebanon Refuse Authority/Professional Recyclers of PA (PROP)
Thomas Mellott	DEP BWM
Ali Tarquino Morris	DEP BWM
Charles Raudenbush, Jr.	Hough Associates
Valerie Shaffer	DEP Office of Waste, Air, Radiation & Remediation (WARR)
Jessica Shilladay	DEP Southcentral Regional Office Waste Management Program
Nikolina Smith	DEP Bureau of Regulatory Counsel (BRC)
Madison Stromswold	Greenlee Partners
Jennifer Summers	PROP

RFAC Call to Order; Introduction of Members and Guests; Old Business; Public Comment

John Fredrick, Chair, officially called the September 16, 2021, Recycling Fund Advisory Committee (RFAC) virtual hybrid meeting to order at 10:09 a.m.

Roll call was taken by Gregg Pearson. Six people signed in and were noted to be in person attendance.

Having no old business nor any public comments, Mr. Fredrick introduced Larry Holley, Chief, Division of Waste Minimization and Planning, to present an overview of expenditures of the Recycling Fund for the previous Fiscal Year.

Review of FY 2020-2021 Recycling Fund Expenditures

Mr. Holley informed the members prior to beginning his presentation that with the upgraded accounting system in place with a continuing ledger, there will be transparency to clearly demonstrate where all funding is being spent and that there is no additional revenue available in the Recycling Fund. With the continuing ledger, there will be no lapses, thereby avoiding any misrepresentation that funds are available.

Mr. Holley began by reviewing the FY 20/21 Section 901 Municipal Waste Planning Grant awards. Typically, these grants fund planning revisions, feasibility studies, waste composition studies, etc.; 7 grants were awarded totaling \$412,488.

Act 190 allows DEP to move the Household Hazardous Waste (HHW) education program under Act 101 Section 901 funding with an 80/20 split versus the 50/50 split stipulated by Act 190. This increase allowed DEP to give communities more assistance, and in turn, an increase in these types of grants and further expansion of the HHW Education Program has been realized. This grant program was down slightly in 2021 as a result of the pandemic due to some programs being canceled or scaled back. Mr. Holley stated that he expects this program to increase in the current fiscal year as many programs come back online and expand their efforts. Expenditures for FY 2020/2021 HHW Education Grants under Section 901 totaled approximately \$600,000.

Mr. Holley also discussed the Section 902 Recycling Program Development and Implementation Grants. During Round 58, DEP awarded 127 grants totaling \$26.8 million dollars. Awards for the current grant round (59) are moving closer to finalization and are expected to close on September 18, 2021; DEP anticipates a large request and to have \$18M - \$25M available to fund those applicants with eligible requests.

Ms. Shafer asked if the grant awards would be going back to the \$250K limit and how that would affect every other year rotation that was in practice prior to the pandemic. Mr. Holley stated that during the evaluation of the last couple of rotational years, the off-year application requests were significantly less. DEP will go back to allowing everyone to apply during the year, making sure the criteria will allow for competition and awarding as many worthy projects as possible. The maximum total will remain at \$350K for this next round and will be evaluated after.

Mr. Holley then discussed Section 903 County Recycling Coordinator Grants. There were 59 counties that participated in CY 2019. Mr. Holley shared his continuing concern with regards to the Program as the Recycling Coordinator position has become a part time job in some counties even though the grants are awarded for a full-time job. DEP is making the requirements of applying for Section 903 grants to become a Recycling Coordinator more stringent and asking more questions to assess the level of priority that these Coordinators will be putting into their full-time position. DEP continues to reach out to and work with those counties that do not have a coordinator.

Mr. Holley went on to discuss Section 904 Recycling Performance Grants, reminding the committee that processing and award of these grants run a year behind. Given that, the grants awarded to date for CY 2019 totaled approximately \$17M. Projected grant awards for CY 2019 were estimated at \$21M. The \$4M difference between projected and actual grant awards reflects grants that haven't been paid or are still under review. The application period for CY 2020 is open until December 31, 2021. To date, DEP has received 196 applications; only applications from Act 47 distressed communities have been awarded. DEP is expecting another 500-550 applications; these awards should fall in line with the projected grant award of \$21.5M. DEP has not seen a drastic reduction in the amount of 904 grant submissions and awards based on the pandemic and marketplace issues.

Lastly, Mr. Holley reviewed the Food Recovery Infrastructure Grant. 145 applicants submitted by the May 8, 2020, deadline, and \$9,694,899 was awarded. These grants are still being actively paid, and they will appear in the budget going forward and will be fully executed by July of 2022. There were some extensions given to some of the non-profits as they were not familiar with accepting government grants. DEP conducted a survey of FRIG awardees, and the response to this program was extremely well-received throughout the Commonwealth.

Action Item: FY 2022-2023 Recycling Fund Spending Plan

Mr. Holley reviewed the prior years' lapses and noted that there will no longer be lapses in the spending plan due to the transition to the new accounting system. Under the new system, when DEP appropriates money, it remains in the budget until it is spent. Recycling Fund revenues are stable at \$40M.

John Frederick questioned the drop from \$52M available in FY2020/2021 to \$41M in FY2021/2022 and if it was due to the pandemic. Mr. Holley explained that the drop to \$41M in FY2021/2022 was due to the Treasury Gain of \$9.9M that was added to the Fund balance. Mr. Frederick asked if Recycling Fund

revenues will maintain their relative stability. Mr. Holley stated that he anticipates an increase in income coinciding with overall economic recovery to increase the Fund balance back to the FY2019/2020 figure of \$43M.

Eli Brill questioned the Treasury Investment Income and the decrease from FY 2020/2021 to the estimates extended to FY 2025/2026, and what would account for that. Mr. Holley explained that the amount of interest gained directly correlates to the Fund balance. As the Fund balance goes down, the investment income also goes down as there are less funds to invest and earn interest.

Mr. Holley concluded by presenting the proposed Spending Plan for the Recycling Fund. Proposed spending will remain at the same levels as last year or better.

Mr. Holley noted an uptick in the amount budgeted for Host Municipal Inspector reimbursements to \$400K. This is to allow for evaluation and modernization of the certification training materials and program. Mr. Holley is working with Laura Henry to decide whether to contract with a third party, manage internally, or a combination of both, to accomplish these goals.

Reimbursements to host municipalities for permit application review remains at \$10K as a place holder; this program has not been utilized in three (3) fiscal years. DEP is evaluating the viability of the program going forward, as most communities have their own engineers on staff and are not inclined to apply for this grant.

Administration of the Recycling Program funding remains at \$1.3M. DEP is maximizing the 3% use of the Fund's total annual revenue authorized by Act 101; these funds are utilized to cover staff time, computers, travel and training and software support.

Section 901 County Planning Grants currently are budgeted for \$1.75M but will be decreased to \$1.5M; the remaining \$500K will be reallocated to support other grant programs.

Section 902 Municipal Recycling Grants were then discussed. The new continuing ledger accounting system allowed DEP to consolidate grants from multiple fiscal years into 1 fiscal year at \$44M. There will not be any further lapses in the coming years. DEP has allowed a range of \$18M - \$25M for current grant applications for the coming year, and the projected \$18M will be the funding amount available into the foreseeable future.

Amy Mazzella di Bosco questioned what 904 Grant multiplier will be used for the calendar year 2020. Mr. Holley responded that DEP allocates \$21.5M annually for Municipal Recycling Performance Grants based on annual revenue, and that DEP is currently evaluating how the formula would be modified to remain within budget. He estimated the formula will be reduced by 50%-55%, and DEP may need to reallocate funding from Section 901 County Planning Grants to support Section 902 Performance Grants and adjust the formula accordingly. DEP will come back to the Committee to share what the final formula will be for CY 2021 prior to making those awards.

Mr. Holley noted that the appropriation for Public Education and Technical Assistance for FY2022-2023 is budgeted at \$3.65M. He specifically noted the Department of Transportation MOU appropriation of \$450K; PennDOT is using this funding to work on their specifications for incorporating recycled content into highway construction projects. The primary project they are working on is the utilization of plastic

in asphalt. They are currently working with one of the State Parks for testing use of the material and should be paving some plastic improved asphalt within the next few weeks.

Chair Frederick inquired if Mr. Holley could provide an update on the Permit-by-Rule for Convenience Centers. Mr. Holley stated that DEP hopes that the Permit by Rule will go to the Environmental Quality Board (EQB) in November and then start its way through the regulatory process, which may take up to two years before it becomes a final regulation. DEP is still able to fund some projects with 902 Grants; however, those facilities are currently not authorized to take municipal waste.

Joanne Shafer raised some concern regarding impending retirements within the Department and the subsequent loss of all the institutional knowledge and recommended that DEP should consider spending some of the administrative monies to do formal succession planning.

John Frederick asked for a motion to approve the Recycling Fund Spending Plan. Tim O'Donnell made a motion to approve; seconded by Shannon Reiter. The motion carried by unanimous yay/nay verbal approval without dissent.

New Business

Joanne Shafer asked when the report from the Waste Composition Study could be expected. Mr. Holley stated that DEP was hoping to have this information by October/November.

Chair Frederick reiterated the concern regarding the recent \$50M withdrawal from the Recycling Fund and the significant impact this had. This impact was specifically seen and realized in the Section Performance Grant reduction. He indicated that the concerns about the overall health of the Recycling Fund have been expressed to local government groups and the General Assembly.

With no other items to discuss, Chair John Frederick asked for a motion for adjournment. Joanne Shafer moved for adjournment, seconded by Bob Watts. The motion carried, and the meeting adjourned at 11:44 a.m.