

Recycling Fund Advisory Committee Meeting Minutes of March 27, 2025

The following members were present:

Michele Nestor, Chair
Gordon Burgoyne, Vice Chair
John Frederick
Brian Guzzone
Jason Leck
Frank Mazza
Gregg Pearson
Joe Reinhart
Shannon Reiter
Kyle Rosato
Joanne Shafer
Bob Watts
Gerald Zona

The following members were absent:

Robert Barkanic
Senator Carolyn Comitta
Representative Jack Rader
Ed Vogel
Senator Gene Yaw

The following alternates were present:

Emily Eyster (on behalf of Senator Comitta)
Jacob Misal (on behalf of Representative Rader)
Matt Osenbach (on behalf of Senator Yaw)
David Smith (on behalf of Ed Vogel)

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

Jodi Brennan	Clearfield County Planning and Solid Waste Authority
Matt Buck	Pennsylvania Municipal Authorities Association (PMAA)
David Buzzell	Land Air Water Legal Solutions
Bob Bylone	Pennsylvania Recycling Markets Center (PennRMC)
Donna Cooper	Children First
Mimi Cooper	Centre County Recycling and Refuse Authority (CCRRA)
Evelyn Dyer	DEP Bureau of Waste Management (BWM)

Todd Eachus	Pure Green BioAg
Adam Finley	Waste Management, Inc. (WM)
Megan Gahring	Lawrence-Mercer County Recycling and Solid Waste
Sean Gimbel	DEP Office of Waste, Air, Radiation and Remediations (WARR)
Ron Grutza	PA State Association of Boroughs (PASB)
Veronica Harris	Montgomery County Planning Commission
Janet Heindel	DEP BWM
Laura Henry	DEP BWM/Committee Liaison
Lawrence Holley	DEP BWM
Andy Hough	Hough Associates
Ryan Ingham	Hough Associates
Ian Irvin	DEP Citizens Advisory Council (CAC)
Jeffrey Ivicic	Senator Stefano's Office
Patti Lynn	Chester County Solid Waste Authority
Trent Machamer	PA Senate Policy Office
Josephine Martin	Management for Sustainability, LLC
Amy Mazzella di Bosco	Greater Lebanon Refuse Authority (GLRA)/Professional Recyclers of Pennsylvania (PROP)
Waleria Melo de Mendonca	DEP BWM
Marc Moran	DEP BWM
Ayodeji Oluwalana	Penn State Waste Reduction and Recycling
Sarah Alessio Shea	Pennsylvania Resources Council (PRC)
Jessica Shilladay	DEP BWM
Joy Smallwood	Allegheny County Health Department
Logan Stover	PSAB
Mark Vottero	DEP BWM
William Walsh	Republic Services

Call to Order; Introduction of Members and Guests; Approval of Minutes of October 9, 2024, Meeting; Old Business

Chair Nestor called the meeting to order at 10:22 a.m. Committee Liaison Laura Henry conducted roll call. Chair Nestor called for a motion to approve the minutes of the October 9, 2024, RFAC meeting. A motion was made by John Frederick, seconded by Jason Leck. All approved, none opposed, and the motion carried. No old business was discussed.

Public Comments

Laura Henry reviewed new procedures put in place by the DEP Policy Office for providing public comment at meetings. One entity was registered to provide public comment during this meeting. Chair Nestor called for additional public comment; none was received. Chair Nestor asked the registered speaker to share their comments.

Andy Hough provided public comments on behalf of Hough Associates. Ryan Ingham was also present from Hough Associates. Andy Hough commented that Hough Associates works with 85 municipalities on the Act 101, Section 904 and 902 Grants. Mr. Hough's comments pertained to the proposed changes to the Act 101, Section 904 Grant commercial incentive award formula. Mr. Hough stated that the 904 award calculation was already changed in the past year; that

change increased the waste factor rate and was based on expected increases in trash volumes. Mr. Hough commented that the new change is being proposed because of declining Recycling Fund revenues due to decreases in waste volume and collection of less tipping fees. Mr. Hough was concerned that the previous change to the waste factor due to higher trash volume does not line up with the lower tipping fees in 2024, and with the timing of additional changes to the formula before the impacts of the first change have been realized. The speakers from Hough Associates yielded the floor.

Informational Item: New Act 101, Section 901 Battery Management Grants

Mark Vottero, Marc Moran, and Janet Heindel, Waste Minimization and Planning Division, DEP BWM, presented information about the new Act 101, Section 901 Household Battery Management Education Grant that opened January 24, 2025. This grant was developed to assist Counties in the development of household battery education due to the threat that improperly disposed batteries pose to the recycling and waste industry. This grant is noncompetitive, available to Counties every two years, and is a \$75,000 maximum award in which 80% of eligible costs can be covered. A pre-application meeting is required with the DEP Regional Recycling Coordinator prior to applying. A survey was sent to Counties gauging interest in and assessing the needs for this type of grant. The information gathered from the survey was valuable in developing the grant and showed that there was interest in and a need for this grant.

Lancaster County Solid Waste Management Authority (LCSWMA) received a HHW Education grant to conduct a household battery education pilot program including multiple educational tools to provide this information to the broad range of residents of Lancaster County. The demographics of Lancaster County include those in rural, urban, and suburban areas, those who speak various languages, areas that are and are not in environmental justice areas, and residents with varying levels of technology use. LCSWMA developed unbranded educational templates that are available for all Counties to use for their household battery education programs to provide consistent, uniform messaging about proper household battery management. Educational tools are not LCSWMA branded and will be available on the Professional Recyclers of Pennsylvania (PROP) website for use by any municipality. In addition, the Department has been working through PROP to assist and educate municipalities through Lunch and Learn programs and will present on this program at the annual PROP Conference in July.

Larry Holley stated that every day in the United States there is a fire caused by mismanagement of lithium-ion batteries. This has become a high priority for the waste program and industry because of the significant disruption to waste and recycling operations.

Mr. Frederick commented that one cannot talk about education without talking about the importance of handling batteries responsibly, and it will be difficult to educate residents in areas where battery management options are limited. Mr. Moran responded that we can only do the best we can with the resources and infrastructure that currently exist, some of which are limited in what types of batteries are accepted for collection, but which currently include recommending residents follow the national retail take back programs since each County does not have their own battery drop-off program. Right now, there is not a perfect solution and discussions need to continue.

Mr. Frederick added that drop offs are only as effective as what they are able to do, implement, and carry out and asked that the Department let County program managers know that they have to be part of the process to make sure that the local options are actually available and consistent.

Action Item: Changes to the Act 101, Section 904 Recycling Performance Grant Commercial Incentive Award Formula

Chair Nestor stated that this is an action item in which DEP is asking the RFAC to approve the changes to the Act 101, Section 904 recycling performance grant for the portion for the commercial incentive award formula.

Mr. Holley stated that this portion of the agenda is broken into two items. The first is the approval of the formula change. The second is informing the Committee about changes in how multi-municipal programs are viewed and implemented as part of the 904 Grant program and is not part of the action item. He went on to state that DEP has been transparent with how it is moving forward with these grants by discussing the need for formula changes at previous RFAC meetings. Changes are needed to ensure equitable distribution of funds while Recycling Fund revenues are decreasing due to the amount of disposal at landfills and resource recovery facilities is also declining. The incoming revenue projection for the current fiscal year is under \$40 million.

Chair Nestor requested to split the presentation into the action item and the second item.

Mr. Vottero outlined the proposed change to the bonus commercial incentive that is part of the 904 Performance Grant award formula and provided numerous examples of what budgetary numbers look like using different incentive figures. DEP proposes a \$5/ton reduction to the commercial incentive; it is currently a \$10/ton incentive. Mr. Vottero reiterated DEP has previously presented to the RFAC that the formula would change in 2025. A handout provided to RFAC members showed historic 904 Performance Grant awards and the portion of the award that was attributed to the commercial incentive as follows:

- 1) CY2019: \$18.9 million total awarded; \$6 million in incentive awarded
- 2) CY2020: \$19 million total awarded; \$5.4 million in incentive awarded
- 3) CY2021: \$18.4 million total awarded; \$6 million in incentive awarded
- 4) CY2022: \$19.2 million total awarded, over \$6 million in incentive awarded
- 5) CY2023: projected to award around \$20 million total

In the 2022 example, the commercial incentive averaged approximately 32% of the award.

The amount allocated for the 904 Grant is \$17 million, which means the budget has been exceeded since 2019. Recycling Fund revenue is anticipated to decrease from approximately \$43 million over the past few years to under \$40 million in 2024. Grant awards are exceeding the budget amount while about \$3 million less in revenue is coming into the Recycling Fund.

Mr. Vottero went on to discuss the impacts being realized from an increase in warehouse and distribution infrastructure in Pennsylvania (PA). The PA Department of Community and

Economic Development (DCED) estimates over 5000 of these facilities, produce large commercial tonnages and in turn the potential for high incentive awards for the municipalities in which they are located. A scenario was provided that showed how the commercial incentive impacts the 904 Grant program when a warehouse(s) is within the municipal boundary. Due to one warehouse, there was an increase in commercial tons of over 6500 tons.

Mr. Vottero discussed the difference between the base award formula and the commercial incentive and provided examples of what an award would look like if the commercial incentive was \$10/ton, \$5/ton, and \$1/ton, indicating that DEP is looking to adopt the \$5/ton adjustment for now, but will revisit annually if needed. The projected awards and the portion of the award that was attributed to the commercial incentive using a \$5/ton figure was \$15.9 million (including approximately \$3 million in incentive) in CY2019. Had the \$5/ton figure been utilized in CY2022, awards would have totaled \$16.2 million (including \$3 million incentive), which would have put the awards within the budgeted amount for the program.

Mr. Vottero also presented multiple scenarios of how warehouses/distribution centers' recycling tonnages affect commercial incentives when programs had varying levels of residential tonnage. In some instances, municipalities who have warehouses in them may not be incentivized to continue to do residential outreach/education because the bonus is so high due to the tonnages coming from the warehouses/distribution centers. For example, one township has 150 residential tons, but has warehouse/distribution centers in their boundary, which causes commercial tons to exceed 40,000, resulting in an award of \$340,000 for a low residential-tonnage program. This does not support the intent of the Grant program and takes away funding from residential programs.

Further, municipalities (excluding Counties) who receive \$10,000 or more in 904 Grant awards must meet Act 140 requirements. If those requirements are not met, the municipality must put their 904 Grant award toward meeting the requirements. Once the requirements of Act 140 are met, the municipality can spend their remaining award with no restrictions. If a municipality does not meet Act 140 requirements, a County can claim that tonnage on their 904 performance grant application. In the past, some Counties have seen increased awards (some over \$120,000) due to this commercial incentive with the inclusion of warehouse recycling tonnages and the municipalities not meeting Act 140 requirements.

All of this shows that there is a decrease in recycling fee revenue, an increase in warehouse/distribution center infrastructure, and movement away from the intent of the 904 Grant program to support strong residential programs. This made it necessary to change the commercial \$10 bonus. DEP is proposing to decrease the commercial bonus to \$5/ton with evaluation on an annual basis.

Mr. Holley added that recycling performance should be an incentive for communities engaged in implementing their residential recycling programs. The system currently allows for large awards with little community engagement. DEP needed to consider budget constraints and program priorities; it considers recycling performance as implementing a comprehensive residential program coupled with a commercial program rather than just encouraging warehouses in the community. Every dollar going into the Recycling Fund is going out, so there is no surplus. DEP needs to ensure it continues to live within its budgetary confines going forward.

Chair Nestor acknowledged the funding limitation DEP is facing and the difficulties in managing

a program that includes variables. She suggested the root of the problem is that municipalities and counties are not held accountable for their generation and recovery rates. It is impossible to recover more than is generated. Making municipalities add those tons in reduces the recovery rate portion of the formula; this disproportionately puts rural counties at a disadvantage and more populated counties at an advantage for funding. Chair Nestor suggested another approach could be to limit the percentage of warehousing and distribution tonnage that can be claimed and acknowledged the problems this could create.

Joanne Shafer asked what would happen if no change was made to the formula? Mr. Holley responded that the result in the current round could be that for the first time, DEP may be unable to award a 904 Grant to all communities because it would be moving toward processing applications using a first in, first out system and funding could run out before processing all applications. DEP could also consider reducing other grant programs further to fund the 904 Grant; however, there is already not enough money to support the infrastructure required under the 902 Grants and this does an injustice to the maintenance and expansion of recycling infrastructure.

Chair Nestor asked if Ms. Shafer was suggesting that there shouldn't be an incentive? Ms. Shafer responded no, she is asking what the direness would be if we did nothing and wanted to confirm that what DEP proposed does not change the 1:1 residential/commercial match that is still part of the base award. Mr. Vottero responded that that is correct. Only the commercial incentive would be affected, not the base award or the bonus award.

Jason Leck commented that conversation about how the Recycling Fund will continue to be funded moving forward with declining municipal solid waste (MSW) disposal rates and the increase in recycling is needed. This model does not support sustainable funding of these programs if the industry is being asked to decrease disposal and increase recycling, effectively driving down the Recycling Fund revenue every year. Chair Nestor stated that that is a universal problem.

Mr. Frederick stated that he is not opposed to an adjustment to the formula because it is needed. He went on to ask what constitutes a warehouse/distribution center as 5,000 in PA seemed like a high number, and how many thousands of square feet are at the lower end of the average? Mr. Holley responded that you would need to go to DCED for official definition, but that DEP looked at the tonnages reported. Mr. Vottero added that an increase in grant awards was seen and noted that of the 333 applications that received a commercial excess bonus, 148 received \$10,000 or more, 85 received \$20,000 or more, and 22 received \$50,000 or more. This data gives the range of materials coming out of commercial facilities and while it does not specifically point to distribution centers, it gives an idea of commercial tonnage increases. Chair Nestor and Mr. Holley indicated that when searched correctly, census data and NAICS codes are an effective way to estimate the size of a facility.

Mr. Frederick asked how many of the big outliers were counties? Mr. Vottero responded that DEP looked at several, not all, counties, and have seen increased tonnages and awards in two of them. The increases were attributed to large warehouses/distribution centers where the local municipalities did not claim the tonnage due to meeting Act 140 requirements or for other reasons, thereby allowing the county to claim the tonnage. Mr. Frederick responded that Act 140 accomplished what it should have to address commercial and residential tonnage disparities, so is it possible to tell counties they cannot claim the tonnage? DEP responded there may be other

options, but the statute does not allow for this.

Mr. Frederick asked DEP to consider how the communities who do not have warehouses and that implement traditional commercial recycling figure into the equation. He commented that it is already hard to get full municipal compliance at the desired level; cutting the incentive in half may undermine and/or disincentivize commercial recycling in these municipalities because they are going to get penalized despite not having warehouses/distribution centers and the associated tonnages. Mr. Holley replied that DEP has discussed options to create a more level playing field for communities across the Commonwealth, so no one type of community has disproportionate access to funding. Regardless of the fact that the law does not allow for separate standards, funding equity cannot be maintained with separate standards for different communities. The law allows for one formula to manage the whole program. DEP looked at all scenarios in how to be equitable in managing the fund.

There was more discussion about alternative changes to the formula and the impacts to rural vs. suburban/urban communities. DEP indicated it is willing to continue to evaluate ways to address the disparities and “level the playing field” among communities, but the particular changes being proposed need to be implemented ASAP due to the where DEP is in the budget cycle and so the next grant round can be solicited.

Mr. Frederick proposed that RFAC establish a committee to discuss and vet the possibilities and see if they can figure out what makes sense. The perspective of folks who have managed programs may be helpful in getting us to a place where it is the best we can do under the circumstances.

After some discussion amongst members about the specific verbiage of the motion and confirmation that the committee bylaws allow for creation of a subcommittee to facilitate discussions, Chair Nestor called for a motion to form a subcommittee to discuss and work with DEP on the 904 performance grants formula. John Frederick made the motion; seconded by Jason Leck. Chair Nestor called for a vote. All approved, none opposed, and the motion carried.

Chair Nestor then made a motion to approve the proposed change to the commercial incentive formula for the 904 performance grants. Joanne Shafer seconded the motion. Chair Nestor called for a vote. The motion carried with one abstention.

Chair Nestor called for a 5-minute recess prior to discussing the changes to the 904 multi-municipal form submission.

Mr. Vottero discuss changes to how DEP will be reviewing multi-municipal applications to the Act 101, Section 904 Performance Grant program. He explained that DEP is seeing a decline in overall applications and an increase in multi-municipal applications (not including Counties) submitted. DEP received 18 multi-municipal applications for 2023. DEP accepts multi-municipal applications from Councils of Government (COGs), consortiums and the like; however, there are some applicants who are submitting multi-municipal applications that have no true cooperation established other than joint reporting, only to get a larger award. Beginning with calendar year 2024 awards, if an applicant other than a county wants to submit a multi-municipal application, they must do the following:

- 1) Submit specific information and documentation indicating a true relationship/partnership in program implementation as described in Act 101; and

- 2) All municipalities involved in the multi-municipal application must hold a pre-application meeting with the Department prior to applying.

If these provisions are not met, the application will not be accepted as multi-government, and DEP will review and award each municipality in the application separately. Mr. Vottero explained that the pre-application meeting is being instituted to ultimately make the review and award process quicker for multi-municipal applicants.

Mr. Holley reiterated the importance of this practice to reward performance, support true cooperation between multi-municipal programs, and be transparent in what DEP is doing to be good stewards of the Recycling Fund.

Chair Nestor commented that it is sensible that these standards are set. Mr. Frederick agreed that a standard to ensure true multi-municipal cooperation is appropriate and everything the DEP can do to hold municipalities accountable on performance in general is important.

New Business

Chair Nestor stated that she will work with DEP to move the formation of the new subcommittee forward.

Mr. Leck requested that the RFAC hold an additional meeting to discuss the declining rate of MSW in the Commonwealth and how grants will be sustainably funded with the declining MSW tonnages during the June 12 SWAC meeting since the RFAC does not meet as regularly as SWAC and a budget will need to be voted upon (including grants) during the next RFAC meeting. Chair Nestor responded that she would see what can be done to incorporate discussion into the next SWAC meeting.

Chair Nestor Called for any additional new business. No additional new business was brought up. Chair Nestor stated the next meeting of the RFAC is scheduled for September 25, 2025.

Adjourn

Chair Nestor called for a motion to adjourn. The motion was made by Shannon Reiter and seconded by Jason Leck. All approved, none opposed, and the motion carried. The meeting adjourned at 12:06 p.m.