

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: April 19, 2024

TO: Honorable Katy Yaroslavsky, Chair
Honorable Tim Mcosker, Vice Chair
Honorable Nithya Raman, Member
Honorable Bob Blumenfield, Member
Honorable Eunisses Hernandez, Member
Energy and Environmental Committee

FROM: Barbara Romero
Director and General Manager
LA Sanitation and the Environment (LASAN)



**SUBJECT: RESPONSE TO [COUNCIL FILE: 21-1208-S5](#): LA ORGANICS
COMPLIANCE INCENTIVE PROGRAM FOR RECYCLA CUSTOMERS**

California Senate Bill 1383 (SB 1383) set methane emissions reduction targets for California in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP). The targets must reduce organic waste disposal 75% by 2025, and rescue at least 20% of currently disposed surplus food by 2025 for people to eat. SB 1383 requires all residential and commercial customers to subscribe to and participate in organics recycling. In December 2022, the City Council adopted a new ordinance, in compliance with the requirements of SB 1383, requiring all residential and commercial customers to subscribe and participate in organics recycling. Currently, the City lags in compliance with only 32,414 or 48% of commercial and multifamily customers serviced by the recycLA program are compliant. To improve compliance and participation, LASAN proposes to establish the LA Organic Compliance Incentive Program for qualified recycLA customers who have not yet subscribed to organics service and are thereby non compliant with the City's ordinance and with the requirements of SB 1383.

Recommendations:

1. APPROVE the following LA Organic Compliance Incentive Program designed to support recycLA commercial and multifamily customers:
 - Priority One Customers- Standalone restaurants in the recycLA program that have not subscribed to the organics program.
 - Priority Two Customers- Multifamily properties in the recycLA program that have not subscribed to the organics program.

Background

Senate Bill (SB) 1383 requires all jurisdictions in the state of California to offer organics waste collection services by 2022. Commercial and multifamily owners are mandated to comply with SB1383 by subscribing to organics collection services and can comply through securing services via the recycLA program.

Beginning on January 1, 2024, LASAN commercial and multifamily properties without organic waste collection service are subject to penalties, of up to \$250 per noted violation, in accordance with Section 66.07 (ENFORCEMENT) of the Los Angeles Municipal Code. Advance notice of State compliance requirements have been disseminated to commercial and multifamily customers, including most recently in December 2023, when customers without organics service were issued letters of non compliance and instructed to contact their recycLA Service Provider (RSP) to secure organics service to avoid penalties, which has helped boost participation.

The State's implementation of the SB 1383 regulations in the commercial sector results in increased costs to commercial and multifamily owners. LASAN projects that at full implementation, the cost increase to the commercial sector for organics service could exceed \$220 million annually. Some of this cost could be mitigated by commercial customers fully utilizing the recycling incentives built into the recycLA contract by decreasing their black bin solid waste service and increasing blue bin service.

To help address the gap in recycling compliance with SB 1383 and assist customers in the necessary transition to reduce reliance on the black bins, LASAN proposes to establish the LA Organic Compliance Incentive Program for qualified recycLA customers who have not yet subscribed to organics service, as detailed in this report. LASAN anticipates the LA Organic Compliance Incentive program to be in effect through December 2024 at a cost of approximately \$4 million to be funded through the Citywide Recycling Trust Fund (CRTF).

Current SB 1383 Compliance

In January 2022, only 4% of recycLA customers were compliant with SB 1383. As of April 16, 2024 there are a total of 32,414 or 48% of the recycLA commercial and multifamily customers in Los Angeles that are compliant with SB 1383, see Figure 1. 22,369 customers have subscribed to organic collection services and 10,045 have been granted waivers. Despite extensive outreach by LASAN, the RSPs and recent notices of impending enforcement, approximately 34,255 customers remain non compliant. While enforcement is the last resort LASAN wants to take, the State regulations require it. The proposed program will incentivize participation from certain customers and thus delay the need for enforcement. Further, to reach our required

diversion numbers, it is essential that non compliant customers subscribe to organics service.

Figure 1 - SB 1383 Compliance

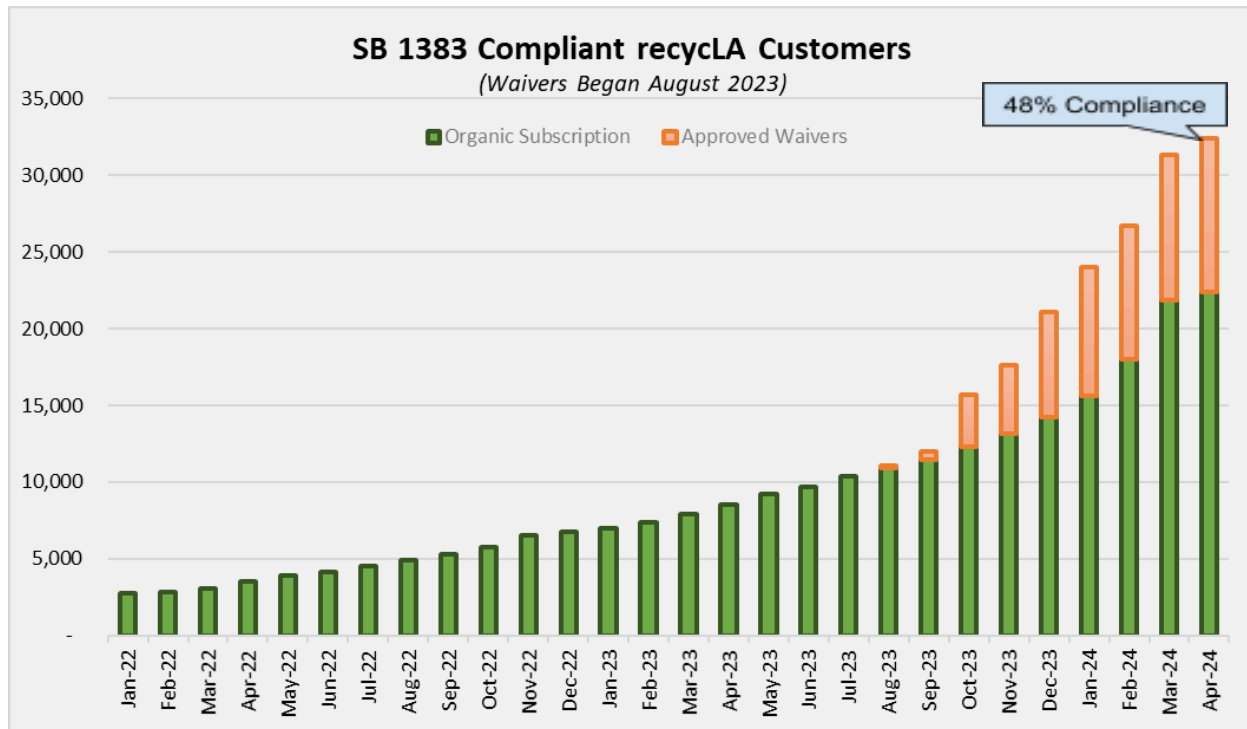


Table 1 - Customer Compliance Breakdown

Status	Commercial Customers	Multifamily Customers	Total Customers
Organics Service	10,068	12,301	22,369
Waivers	8,651	1,394	10,045
Non-compliant	19,269	14,986	34,255
Total	37,988	28,681	66,669

SB 1383 Outreach

LASAN, to the greatest extent possible, has attempted to assist customers, see Table 2 - SB 1383 Outreach Efforts. In the May 2023 notice to non compliant customers, LASAN offered a complimentary waste assessment with their RSP in order to determine the optimal level of service for the lowest possible cost. Additionally, the enforcement notices encouraged eligible non compliant customers to apply for LASAN's

waiver program. To date, LASAN has granted 10,045 waivers. Currently, there are only two ways a commercial or property owner is deemed to be compliant with the State mandate for organics service: 1) secure organics collection service from their RSP; or, 2) secure a LASAN approved Organics Waiver.

Organics Waivers - RecycLA customers may be eligible for an organics waiver if the customer meets one of the waiver criteria described below.

De minimis Waiver

- The commercial business's total solid waste collection service is two (2) cubic yards or more per week and organic waste subject to collection in a blue container or a green container as specified in Section 18984.1(a) comprises less than 20 gallons per week per applicable container of the business' total waste.
- The commercial business's total solid waste collection service is less than two (2) cubic yards per week and organic waste subject to collection in a blue container or a green container as specified in Section 18984.1(a) comprises less than 10 gallons per week per applicable container of the business' total waste.

Physical Space Waiver

- The City may waive a commercial business' or property owner's obligation to comply with the organic waste collection service requirements if the commercial business or property owner provides documentation, or the jurisdiction has evidence from its staff, a hauler, licensed architect, or licensed engineer demonstrating that the premises lack adequate space for any of the organic waste container configurations allowed under the SB 1383 regulations.

Table 2- SB 1383 Outreach Efforts

Outreach 2022	Outreach 2023	Planned Outreach
<u>RSPs</u> <ul style="list-style-type: none"> • Direct mailer for AB 1826 and SB 1383 requirements for organics service, including surplus food donation. • Quarterly Newsletters • Website updates • Social media outreach. 	<u>RSP</u> <p>Continued outreach through newsletter and waste assessments.</p> <u>LASAN</u> <ul style="list-style-type: none"> • May - Oct - 57,300 notices mailed to all non-compliant recycLA customers • November 2023 - Online Waiver Request Form available at 	<u>RSP</u> <p>Continued outreach through newsletter and waste assessments.</p> <u>LASAN</u> <p>Secured over \$2 million in CalRecycle grant funds for a City wide organics outreach and education program. Program component include:</p> <ul style="list-style-type: none"> • Education campaigns/Outreach Consultants encouraging broad public participation, informed by

	www.recycLA.com/organics . <ul style="list-style-type: none"> December 2023 - 53,500 2nd notice mailed out to all non-compliant customers. 	focus groups, with professional branding unique to LA <ul style="list-style-type: none"> Printing of Outreach Materials: flyers (multiple languages), posters, signs, bin tags. Paid Advertising: LASAN's organic programs, such as organics collection, contamination minimization, and backyard composting will be advertised through digital and print ads on various social media platforms including Nextdoor, X, LinkedIn, Facebook, and Instagram, as well as in community and ethnic newspapers.
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LA Organics Compliance Incentive Program

LASAN will allocate \$4 million, funded through the CRTF, for an incentive program to assist qualified customers that are currently not subscribed to an organics service by providing one 64 gallon green bin, serviced one time per week for up to 9 months depending on available funding. The incentive program will help accomplish two goals. The first is to maximize organics diversion. The second, is to reduce the potential financial impacts for those who may be the most adversely affected by increased cost.

The targeted incentive will focus on two priority categories* of customers:

- Priority One Customers - Standalone restaurants, not part of chain establishments, with their own recycLA accounts. These types of customers are high organics generators that will have the greatest environmental impact if their organic waste is diverted from landfills;
- Priority Two Customers - Multifamily properties that are located within a designated HUD Qualified Census Tract boundary, with 85% of residents classified as low/moderate income.

The program is limited to the availability of funding. Current funding for this program, \$4 million, would be exhausted in early 2025, assuming all Priority One and Two customers participate in the program. If additional funding is identified, LASAN may extend the program. If additional funding is not secured the program will cease. Upon the

expiration of the incentive program, customers are expected to continue to maintain their organic services and be responsible for their payment directly to their RSPs. If a customer discontinues subscription to green bin service, enforcement as outlined in the Organics Ordinance will ensue.

Customer compliance is a vital part of the City's own compliance with SB 1383 regulations. LASAN has identified approximately 5,496 qualified customers for the incentive program, approximately 1,404 standalone restaurants and 4,092 multifamily properties in the recycLA program that have not subscribed to the organics program, who will be informed of the incentive program through LASAN direct mailing. Depending on the level of participation and funding availability additional customers may be added.

An online form/application has been developed and will be on the recycLA webpage upon program approval. Paper forms will also be available and accepted. Letters will be sent to those customers who are approved with instructions for how to utilize the incentive funding. A list of approved incentive program customers will also be sent to the RSPs.

LASAN will coordinate with the RSPs for reimbursement for qualified customers. RSPs will be asked to attach a list of customer(s) that have received a credit for their organic bin services, in association with approved incentive vouchers granted with their AB 939 Compliance Quarterly Payment Form.

Summary

As previously discussed, Customer compliance is essential to the City's overall compliance with SB 1383 regulations. LASAN's proposed LA Organic Compliance Incentive Program will assist the City in its ongoing efforts to comply with State organics mandates by enrolling some of the highest generators of organics waste. The program will also offer financial relief to multifamily property owners in some of the lowest income areas.