



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo

SUBJECT: SEE BELOW

DATE: January 14, 2019

Approved

Date

01/14/19

**SUBJECT: ACTIONS RELATED TO CHINA'S POLICY ON IMPORTING
RECYCLABLE MATERIAL**

RECOMMENDATION

Accept staff recommendation, with the following additions:

1. Pursuant to the urging of CalRecycle, prioritize the identification of potential sites for recycling infrastructure through the upcoming 4-year General Plan review process.
2. Explore potential partnerships to form a consortium or incubator— similar to the model deployed in the City of Phoenix with Arizona State University—that might include Prospect Silicon Valley, local universities, local recyclers, and innovative companies seeking to test, demonstrate, and replicate new recycling solutions to the challenge of long-term growth of material that is no longer exportable.
 - a. Explore state grants and loan programs, such as the greenhouse gas (GHG) grant and loan program and the Recycling Market Development Zone (RMDZ) program, that could help to fund such an initiative.
 - b. Return to Council or the Transportation and Environment Committee by May 2019 to discuss results of exploration.

BACKGROUND

Over the past few years, China has been the primary buyer of much of the recycling from the market and as a result, from our City. But in 2017, China began to reform the import process of recycling materials through its National Sword policy, leading to the shrinking of buyers for recycling materials. Waste recyclers have expressed their concerns with meeting the mandates they have under AB 939 - a concern shared by policy makers at the state and local level alike.

In the short term, the City Manager should determine whether to waive all or a portion of the contractor disincentives for not meeting the required diversion rates for 2018 as recommended by staff. But going forward, it is critical that we explore how to create a more sustainable, circular economy in San José. Despite the short-term impact on the recycling generated in our City, this is an opportunity to innovate and explore how we can create a cleaner and healthier environment.

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In response to China's National Sword policy, CalRecycle has indicated a need to build more infrastructure to better manage our recyclable materials. With the 4-year General Plan review coming up, staff should explore the opportunity to identify potential sites for new recycling infrastructure. The State provides funding through its greenhouse gas (GHG) grant and loan programs and Recycling Market Development Zone program (RMDZ) to assist manufacturers that want to site or expand their operations in the State. With \$86 million in GHG grants over the past four years and \$145 million in funding through RMDZ to recycling manufacturers over the past two and a half decades, we need to take advantage of these programs.

Staff should also explore potential partnerships to form a consortium or incubator— similar to the model deployed in the City of Phoenix with Arizona State University—that might include Prospect Silicon Valley, local universities, local recyclers, and innovative companies seeking to test, demonstrate, and replicate new recycling solutions to the challenge of long-term growth of material that is no longer exportable.