



Office of the City Manager

CONSENT CALENDAR

June 10, 2014

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Michael Caplan, Manager, Office of Economic Development

Subject: Oakland/Berkeley Recycling Market Development Zone Renewal

RECOMMENDATION

Adopt a Resolution renewing the Oakland/Berkeley Recycling Market Development Zone (RMDZ) and authorizing the City of Oakland to submit a renewal application to the California Department of Resources Recycling and Recovery (CalRecycle) for the Cities of Berkeley and Oakland.

FISCAL IMPACTS OF RECOMMENDATION

There is no direct fiscal impact to the City's General Fund.

CalRecycle funds and administers the RMDZ program at no cost to participating cities. RMDZ efforts fall within existing economic development staff resources. In addition, RMDZ participation adds to City capacity since CalRecycle personnel work with staff to provide educational materials, business outreach, referrals, and loan assistance.

CURRENT SITUATION AND ITS EFFECTS

CalRecycle (formerly the California Integrated Waste Management Board) requires that the cities of Berkeley and Oakland adopt a resolution to renew the Recycling Market Development Zone (RMDZ or the Zone). Without this resolution, Oakland and Berkeley must reapply to be a RMDZ, which involves a lengthy submission process.

As outlined in Public Resources Code section 42011, each RMDZ is designated for ten (10) years. In 2003, Council resolved to renew participation in the zone. It is now time to renew the zone again for another ten-year term. Continuation of the program requires that all participating Zone jurisdictions approve the attached resolution. As the lead agency, the City of Oakland must also complete a renewal application.

The goals of the RMDZ program are to encourage manufacturing with recovered materials in order to (1) reduce waste and greenhouse gas generation, (2) divert materials from landfills, (3) market reused and recycled content products, and (4) support the local economy.

The RMDZ program assists companies using recycled materials in domestic value-added processing, manufacturing and reuse. The program helps businesses (1) gain

access to low-interest loans; (2) obtain reliable sources of non-hazardous recycled raw materials; and (3) receive assistance with waste reduction strategies, business planning, siting, permitting, and city processes. Program outcomes include reducing materials going to landfills, increasing products made from recycled content, expanding green jobs, and a creating a higher tax base of businesses in the Zone. Projects arising out of the RMDZ program create skilled and entry level employment as well as job-training compatible with the needs of Berkeley/Oakland residents.

Agreeing to renew the Zone will not oblige the City to remain in the RMDZ until the end of the 10 year term; the City could choose to withdraw at a future date without penalty.

### BACKGROUND

In 1992, the State Legislature passed the Public Resources code 42010. This code provided for the establishment of Recycling Market Development Zones across the state to incentivize local and regional demand for recyclable materials. Originally, the RMDZ program was intended to complement broader legislation requiring all California cities and counties to divert 50% of discarded materials from landfills by the year 2000 (AB 939). More recently, in 2011, the Legislature acted to include a statewide goal of 75% recycling by the year 2020, which further supports renewal of the Oakland/Berkeley RMDZ at this time.

In 1993 Oakland and Berkeley submitted a successful application to the former California Integrated Waste Management Board (CIWMB) to designate the Oakland/Berkeley RMDZ as one of the first 12 zones in the program. The Oakland/Berkeley RMDZ includes all of the industrially-zoned land in the two cities. In Berkeley, the RMDZ comprises West Berkeley (the area west of San Pablo Avenue, east of Interstate 80, north of the Emeryville/Oakland borders and south of the Albany border).

Since the City of Oakland accounts for approximately 90% of the industrially zoned parcels in the zone, the RMDZ is officially headquartered in the City of Oakland, with an assigned Zone Administrator in that city's Economic Development Division.

Over the history of the Oakland/Berkeley Zone, staff has provided direct assistance to support companies looking to reduce waste, promote reuse, and enterprises that are recycling-based processors and manufacturers. The business-related resources of the program are applicable to startups, existing companies, and businesses attraction to the Zone. As the new statewide 75% recycling mandate drives further market development and infrastructure formation, proximity of the Oakland/Berkeley RMDZ to UC Berkeley may spur research and development into reuse and remanufacturing strategies for materials that do not currently have strongly developed markets.

### ENVIRONMENTAL SUSTAINABILITY

The RMDZ program assists businesses that combine environmental innovation with economic growth. The program encourages increased efficiencies in business

processes, which can result in reduced use of water, energy, and landfill, along with decreases in air and water pollution. Expanding the formation of business built on reaching environmental goals and increasing efficiencies of existing businesses are two of the cornerstones of sustainable economic development.

The RMDZ provides an additional set of tools and incentives to assist Berkeley businesses in reaching the community's Measure G Climate Action goals.

#### RATIONALE FOR RECOMMENDATION

There is no cost to the City of Berkeley to renew the Zone. The program has dedicated State funding. RMDZ is consistent with the City's economic and environmental goals, and represents an ongoing partnership between the two cities which has also included joint development of successful energy conservation initiatives such as the Smart Lights program, as well as the expansion of Oakland's Enterprise Zone to include and benefit Berkeley businesses.

Continuation of the RMDZ will have a positive impact on solid waste reduction, job creation, and the local economy. Businesses that develop waste reduction strategies, convert existing raw materials to recycled materials, and businesses that provide markets for reused and recycled content products will continue to grow and expand if the RMDZ is renewed.

This request for renewal is intended to continue administration of the Oakland/Berkeley Zone without changes to its boundaries or day-to-day operations. Renewal of the Zone will affirm to CalRecycle that the Zone's host cities wish to continue participating in this program.

#### ALTERNATIVE ACTIONS CONSIDERED

Council can choose not to renew the RMDZ. Choosing not to renew the Zone will mean that Berkeley businesses manufacturing with recycled materials will no longer have access to a State-funded loan program and State-funded staff support and resources.

#### CONTACT PERSON

Jennifer Cogley, Sustainable Business Coordinator, Office of Economic Development, 510-981-7532

Attachments:  
1: Resolution

RESOLUTION NO.##,###-N.S.

RENEW THE OAKLAND/BERKELEY RECYCLING MARKET DEVELOPMENT ZONE

WHEREAS, California Public Resources Code Section 42010, et al. provides for the establishment of the Recycling Market Development Zone (RMDZ) program throughout the State which provides incentives to stimulate development of post-consumer and secondary materials markets for recyclables; and

WHEREAS, all California jurisdictions must meet a 50% reduction in landfill waste disposal as mandated by the California Integrated Waste Management Act; and

WHEREAS, the Oakland/Berkeley RMDZ includes designated areas in the City of Berkeley; and

WHEREAS, the Oakland/Berkeley RMDZ is dedicated to establishing, sustaining and expanding recycling-based manufacturing businesses, which is essential for market development and to assist these jurisdictions in meeting the established landfill waste reduction goals; and

WHEREAS, the City of Berkeley desires existing and new recycling-based manufacturing businesses located within the Oakland/Berkeley RMDZ to be eligible for the technical and financial incentives associated with the RMDZ program; and

WHEREAS, the renewal of the Oakland/Berkeley RMDZ as a RMDZ is still necessary to facilitate local and regional planning, coordination, and support existing recycling-based manufacturing businesses, as well as attract private sector recycling investments to the RMDZ; and

WHEREAS, the continued development of local markets for recycled materials would reduce the need to transport them out of the region in the future; and

WHEREAS, the current and proposed waste management practices and conditions are favorable to the development of post-consumer and secondary waste materials markets; and

WHEREAS, the California Legislature has defined environmental justice as "the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies" [Government Code section 65040.12(e)], and has directed the California Environmental Protection Agency to conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the state [Public Resources Code section 71110(a)]; and

WHEREAS, CalRecycle has adopted a goal to continuously integrate environmental justice concerns into all of its programs and activities; and

WHEREAS, the Cities of Berkeley and Oakland have agreed to submit an application to CalRecycle requesting renewal as a RMDZ; and

WHEREAS, the City of Oakland has agreed to act as Lead Agency for the proposed renewal of the RMDZ; and

WHEREAS, the Lead Agency is responsible for ensuring compliance with the California Environmental Quality Act (CEQA); and

WHEREAS, in accordance with the California Environmental Quality Act (CEQA), as the lead agency for the zone, the City of Oakland prepared, filed and adopted a Negative Declaration when the RMDZ was renewed in 2003 that found that the project would not present a significant impact on the environment; and

WHEREAS, the City of Oakland, on the basis of the entire record before it, found that the 2003 Negative Declaration still applies, with no further environmental review necessary, and approved renewal of the Oakland/Berkeley RMDZ on April 22, 2014; and

WHEREAS, the City of Berkeley finds there are no grounds for the City of Berkeley to assume the Lead Agency role or to prepare a subsequent or supplemental environmental document.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley hereby adopts the City of Oakland's determination and the previous Negative Declaration as it still applies to the current renewal.

BE IT FURTHER RESOLVED that the Berkeley City Council, as Responsible Agency, approves the renewal of Oakland/Berkeley as a RMDZ and directs the Oakland RMDZ Administrator to submit an application to CalRecycle requesting renewal of the Oakland/Berkeley RMDZ as a RMDZ which includes Oakland and Berkeley.

BE IT FURTHER RESOLVED that the City of Oakland will administer the RMDZ program in a manner that seeks to ensure the fair treatment of people of all races, cultures and incomes, including but not limited to soliciting public participation in all communities within the RMDZ, including minority and low income populations.

BE IT FURTHER RESOLVED that the Oakland RMDZ Administrator shall file a Notice of Determination respecting this Project with the State Clearinghouse pursuant to CEQA Guidelines Section 15096(i).

