

Solid Waste Industry Group

*California State Association of Counties
California Refuse Recycling Council, North
California Refuse Recycling Council, South
City of Murrieta
Inland Empire Disposal Association
Kern County Waste Management Department
League of California Cities
Los Angeles County Waste Management Association
Republic Services, Inc.
Rural Counties' Environmental Services JPA
Solid Waste Association of Orange County
SWANA Legislative Task Force
Urban Counties Caucus
Waste Management*

May 1, 2014

Assembly Member Bloom, Chair
Budget Subcommittee No. 3 on
Resources & Transportation
State Capitol, Room
Sacramento, CA 95814
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Senator Jim Beall, Chair
Budget Subcommittee 2 – Resources,
Environmental Protection, Energy & Transportation
State Capitol, Room 2068
Sacramento, CA 95814
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Re: Governor's Budget Proposal - Beverage Container Recycling – Oppose Unless Revised

Dear Assembly Member Bloom and Senator Beall:

Thank you for the opportunity to comment on the Governor's Budget Proposal regarding our state's beverage container recycling program. We appreciate the efforts of the Department of Resources Recycling and Recovery (CalRecycle) to address fiscal issues surrounding the Beverage Container Recycling Fund. However, we are concerned with the elimination of curbside supplemental payments and the severe reduction in local government funding for recycling and litter clean up. We believe that each reduction will curtail our ability to maintain core beverage recycling efforts.

The signatories to this letter represent a cross section of local governments and private companies that have built much of the solid waste management and recycling infrastructure in California. Our

core programs make a significant contribution to the success of the beverage container recycling Program. The diversion infrastructure and programs in place today required significant financial investments over the past several decades. Cities, counties, solid waste companies and recyclers have made important decisions in selecting the mix of programs and infrastructure that were the most suitable for their areas. This investment and these business decisions become more critical as we implement programs designed to reduce greenhouse gas emissions and achieve the statewide 75% recycling goal.

CalRecycle deserves credit for attempting to tackle head-on the structural deficit in the Beverage Container Recycling Fund. But we are concerned that the current proposal, which cuts funding to recycling programs by 55% (from \$133.6 million to \$73.8 million), will result in real and tangible damage to the state's recycling infrastructure. The causes of the program's structural deficit are multi-faceted, were years in the making and cannot be largely attributed to core recycling programs such as the curbside supplemental or local government recycling and litter clean-up funding. We believe the solution lies in a variety of reforms and will be achieved most effectively with a disciplined approach over a manageable period of fraud prevention, program streamlining and closing CRV loopholes.

Because we want to maintain the very healthy recycling rates and volumes, we must oppose two elements of the Administration's proposal.

The Budget Proposal Eliminates \$15 million for Curbside Recycling Programs

Curbside pick-up provides the residential recycling system a critical tool in meeting the State's 75% Recycling Goal. Curbside also is burdened with handling an inordinate amount of glass containers, which are the most expensive to recycle. Curbside, due to excessive piracy, processes very little of the highest-value material (e.g., aluminum). In 2012-13, curbside programs will handle almost 20% of all CRV glass and 77% of all glass that is non-CRV and does not pay into the bottle bill program. Meanwhile, curbside processes only 3% of CRV aluminum, mainly due to extensive scavenging of valuable recycling materials from our curbside bins. Our curbside programs are often left with low-quality recyclables that are not only difficult but also increasingly expensive to recycle at our material recovery facilities. Curbside Supplemental payments help to offset these costs and insure that we maintain high recycling rates at our facilities. Without this funding, curbside programs will be forced to either raise residential rates or stop collecting glass for recycling.

The Budget Proposal Eliminates/Restructures \$10.5 million for Local Government Recycling and Litter Clean-Up

Local Governments are facing increasing pressure and financial demands to both reduce storm drain litter and increase recycling. These funds represent the only annually available source of state resources to achieve both objectives. The flexibility in the use of these dollars assists with litter abatement (another core mission of the original law) as well as recycling programs. And while these expenditures from the Beverage Container Recycling Fund may not always yield a high recycling rate or valuable recyclables, these local programs are critical for the effective collection of recyclables that would otherwise be illegally disposed or end up in landfills. We understand that monies stemming from these payments could help reduce fraud—a core goal of CalRecycle. However, the proposed restructuring is likely to have the effect of reducing the recycling of all types of materials

We believe that both of these core beverage container recycling programs can and must be preserved through other reforms which do not jeopardize the core recycling infrastructure. We would suggest two other reforms be pursued prior to taking action on these aspects of the program. We recommend closing CRV loopholes on containers that are currently exempt because of arbitrary and dated container size restrictions. Closing the CRV loopholes could potentially raise an additional \$55 million for the fund. In addition, the data demonstrates CRV ‘overpayments’ are the real problem and CalRecycle has begun focusing on program efficiencies, streamlining and fraud prevention. We urge the committee to analyze the impact of increased enforcement of these efforts as well. We also support elimination of fund expenditures that are not core recycling payments and diversification of Conservation Corps funding. Finally, we would request a thorough examination of the administrative costs associated with the program as well and make adjustments accordingly.

We look forward to the opportunity to work with the Legislature, the Administration and other stakeholder on a comprehensive reform package that will preserve such core recycling programs as the Curbside Supplemental Payment and the Local Government Recycling and Litter Clean-Up program.

Sincerely,

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