

Tire Management Workshop: Increasing Recycling

December 2, 2015, 1:30-4:30 p.m.

CalEPA Headquarters Building

Klamath Training Room,

1001 I Street, Sacramento

Tire Management Workshop: Increasing Recycling

AGENDA

- 1) Introduction and Overview
- 2) Incentive Payment for Products
- 3) Incentivize the Greater Movement of Waste Tires to California Processors for Higher Uses
- 4) Tire Manifesting
- 5) Tire Fee
- 6) Next Steps

Introductions and Overview

Goals and Challenges to Increase Tire Recycling and Flow of Tires to Processors

- ▶ Goals - Five Year Plan
 - ▶ AB 341's 75 percent recycling goal
 - ▶ Handle waste materials within California
 - ▶ Handle in an environmentally safe manner
 - ▶ Support generating jobs within the State
- ▶ Five Year Plan - Need for Stakeholder Input

Introductions and Overview

Goals and Challenges to Increase Tire Recycling and Flow of Tires to Processors

▶ Challenges

- ▶ Tire recycling rate stagnated at 40%
- ▶ CA processors have challenge in competing with export and landfilling
- ▶ Export baling causes unstable outlet of material, resulting in compliance issues
- ▶ Tire fee unable to provide adequate funding to incentivize markets

Introductions and Overview

Goals and Challenges to Increase Tire Recycling and Flow of Tires to Processors

Today's Workshop

Potential approach, which would require enabling legislation, to increase waste tire recycling and continue protecting public health and safety:

- 1) incentive payments for products;
- 2) incentivize movement of waste tires from exports to California processors;
- 3) tire manifesting; and
- 4) tire fee

Incentive Payments for Products

Problem Statement:

- ▶ Tire recycling rate is below 40 percent
- ▶ Markets for value-added end uses are stagnant or declining
- ▶ More waste tires are being landfilled and exported.
 - ▶ Loss of resources
- ▶ Effect on California businesses

Incentive Payments for Products

Potential Solution(s):

- ▶ Financial incentive to encourage development of (higher) value-added end uses for waste tires.
 - ▶ Incentivize as close to the end user as practical to optimize the market impact.
 - ▶ Demand-pull approach
 - ▶ Incentive payment to replace most or all of CalRecycle's tire market development grants

Incentive Payments for Products

Potential Solution(s):

- ▶ Public workshops to establish criteria to address:
 - ▶ Eligible entities, minimum and maximum payment amounts per entity, frequency, rates for different materials and products, etc.
 - ▶ How best to move waste tire materials to higher value-added uses and larger volume uses.

Incentive Payments for Products

Potential Solution(s):

- ▶ Possible structures for differential incentive payments:
 - ▶ Higher value-added uses, such as molded and extruded products, could receive higher incentive and be targeted at product manufacturer level.
 - ▶ Large volume uses, such as crumb rubber used in rubberized pavement, may have different incentives provided at processor level and mix plant or contractor level.
 - ▶ Incentives at processor level may be necessary to compete with out-of-state and out-of-country crumb rubber used in rubberized pavement projects.
 - ▶ Large volume but lower value-added uses, such as tire-derived aggregate or rubber nugget mulch, may have lesser incentive.
- ▶ Incentives would not be allowed for tire-derived fuel.

Incentive Payments for Products

Questions and Discussion Topics:

- ▶ *Consistent with the demand-pull approach, where should incentives be targeted (processor, product manufacturer, actual end user)?*
- ▶ *How should the incentive be determined (based on the cost of competing crumb rubber, policy goals, market conditions, price of oil [for rubberized pavement], etc.)?*
- ▶ *Should different products/end uses receive a higher incentive? If yes, which ones and why?*
- ▶ *What is a reasonable frequency for payment?*
- ▶ *Should there be a limit as to how much any one entity receives in a quarterly or annual payment scheme?*

Incentivize the Greater Movement of Waste Tires to California Processors for Higher Uses

Problem Statement:

- ▶ Current incentive is for haulers to use the lowest cost option, often landfills or exports
- ▶ Million of waste tires go to landfills and seaports for export
- ▶ Seaport exports provide inconsistent demand
 - ▶ Result in compliance/capacity issues
- ▶ Mexico import of used tires exacerbates illegal disposal of waste tires along border region

Incentivize the Greater Movement of Waste Tires to California Processors for Higher Uses

Potential Solution(s):

- ▶ Fund to compensate cost for transporting *waste* tires from generator to permitted tire processor
- ▶ Funds would be given to permitted tire processor who would in turn pay hauler

Incentivize the Greater Movement of Waste Tires to California Processors for Higher Uses

Questions and Discussion Topics:

- ▶ *How large of an issue is this?*
- ▶ *Are there other potential solutions and what are they?*
- ▶ *Should the fund cover the entire cost of transportation or just provide an additional incentive?*
- ▶ *Should the new tire dealer be able to charge recycling fees on top of the tire fee? Why or why not?*
- ▶ *Should the customer be charged whether or not the customer leaves the waste/used tire at the tire dealer?*

Incentivize the Greater Movement of Waste Tires to California Processors for Higher Uses

Questions and Discussion Topics:

- ▶ *What's the percentage of used versus waste tires in loads? If a hauler was only paid by the processor for waste tires, will it cover a hauler's costs?*
- ▶ *What would the additional cost per tire be? What is the average per-tire cost for a hauler to transport a tire to the end user?*
- ▶ *Are there legal or tax issues in hauling waste tires from Mexico to California?*
- ▶ *Are there incentives that would address the border issue? Should there be a differential fee at the border? What should that be?*

Tire Manifesting

Problem Statement:

- ▶ Manifests can be submitted as late as 90 days
 - ▶ Does not act as an alert for violations
 - ▶ Will not support incentive payment
- ▶ Electronic manifests submittal available
 - ▶ Over 50% are still paper
 - ▶ Cost \$500,000/year
 - ▶ Errors

Tire Manifesting

Potential Solution(s):

- ▶ Phased approach
 - ▶ Improve timeliness and accuracy of waste tire manifest data
 - ▶ Ensure verification from generators and end users
- ▶ By 2018:
 - ▶ Reduce manifest submittal time frame from 90 days to 7 or 14 days
 - ▶ Require electronic manifest submittal via Web-Based or Batch
 - ▶ Feasibility of manifests submittal via cell phone or tablet application - *(Tire Tracking Application Pilot/Program (T-TAP))*
 - ▶ Require haulers to take an online training class and pass a written test prior to being issued a hauler registration

Tire Manifesting

Potential Solution(s):

- ▶ By 2020:
 - ▶ Require manifest submittal 1 to 3 days
 - ▶ Require Batch EDT submittal or T-TAP submittal
 - ▶ Require all drivers for haulers to take an online training class and pass a written test
- ▶ Other variations might include:
 - ▶ Mandatory electronic submittal only when high number of errors/omissions
 - ▶ Make EDT more appealing by reducing the requirement to keep paper forms on file

Tire Manifesting

Questions and Discussion Topics:

- ▶ *Increase Electronic Submittal*
- ▶ *Significantly reduce the timeframe for submittal. What is feasible? Immediate/real-time, within 3, 7, or 14 days?*
- ▶ *What level of electronic submittal would be appropriate? If different levels were phased in over time, what would be an appropriate timeframe?*
- ▶ *Do we need more verification or accountability by generator and end user?*
- ▶ *Would the proposed timeframes for a phased-in approach be feasible?*
- ▶ *Would a training and test/certification process at the hauler and/or driver level be feasible and/or effective?*

Tire Fee

Problem Statement:

- ▶ Programs that need funding, not envisioned in AB 1239, nor covered by the incentive payment approach.
 - ▶ **Existing non-grant Market Development Activities;** including market trend analysis and targeted outreach, research on new applications and end-of-life management, technical support for rubberized asphalt concrete and tire-derived aggregate projects --- \$5 million.
 - ▶ **Enforcement/Hauler Registration** --- \$14 million
 - ▶ **Cleanup;** including Tire Cleanup grants, Farm and Ranch grants, Local Conservation Corp grants, and emergency reserve --- \$9 million
 - ▶ **Mandatory Contracts and Border** (i.e. Board of Equalization, Department of Finance, Attorney General, etc.) --- \$1.5 million.

Tip Fee

Problem Statement:

- ▶ Current tire fee of \$1.75 (\$1.00/tire and \$40 million annually)
- ▶ Approximately \$30 million for fundamental programs
- ▶ Tens of millions of \$\$/year in additional funding needed to:
 - 1) cover basic regulatory costs;
 - 2) provide incentives to move recycled waste tire products into market place and support California-based business competing with other national/international markets;
 - 3) enhance the manifest system; and
 - 4) cover costs of existing non-grant market development programs and activities, cleanup grants and activities, mandatory contracts, and associated staffing.

Tip Fee

Potential Solution(s):

- ▶ Increase the Tire Fee from \$1.75 to \$3.50-\$4.00
- ▶ Redirect a portion of the recycling fee currently collected by tire dealers (generators)

Questions and Discussion Topics:

- ▶ *Are there other activities that should be included?*
- ▶ *Are these proposals and potential fee increases reasonable?*

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The central text is positioned in the white space between these green elements.

Final Discussion & Questions

Incentive Payments for Products

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