



Revenue Opportunities

presented by
Division of Recycling
Industry Services Section
December 16, 2014



Revenue Opportunities To Help Address

The Beverage Container Recycling Fund projected structural deficit - \$72 million per year for FYs 2014-15 to 2017-18 *.

(per Quarterly Report dated October 31, 2014)*

A collage of recycled plastic bottles and a metal can lid. The image shows a blue metal can lid with a pull tab, a clear plastic bottle, a blue plastic bottle, and a green plastic bottle, all arranged in a circular pattern. The background is a light blue and white gradient.

Same Burning Questions Continue from 2013:

What can we do to ensure that all legally required payments are collected?

Are we collecting all the nickels and dimes (CRV)?

A collage of recycled plastic bottles and a metal can lid. The background features several clear and green plastic bottles, some with their caps removed, and a blue metal can lid with a pull tab. The text is overlaid on a semi-transparent white banner.

A Closer Look at Possible “Missing CRV”

- Potential causes:
 - Registered distributors did not report and pay correctly
 - Unregistered distributors



Registered Beverage Distributors - CRV at a Glance

- 1,828 registered distributors (DS) as of Dec. 2014
- 90% of CRV, or \$1.09 billion, came from 80 DS which is 4.4% of total registered DS
- 1,748 DS made up the remaining \$118 million of CRV

Registered Beverage Manufacturers (BM) and DS Compliance

- Under-payers: dunning letter process resulted in \$1.2 million revenue collected in FY 2013-14 (avg. 48 letters/month)
- Non-reporters: dunning letter process with limited reviews by auditors resulted in \$9 million receivables recorded in FY 2013-14 (avg. 178 letters/month)

Registered BM and DS Compliance (cont'd)

- **DORIIS:**



Benefits:

- ✓ Avoid calculation errors
- ✓ Updated Processing Fee rates
- ✓ Eliminate possible mail loss/delay



86% of revenues (\$86.5 million) were reported through DORIIS for the October 2014 period. This is an increase of 32% (\$27.8 million) from October 2013.

Registered BM and DS (cont'd)

- **Hotline: 1-855-380-9172**
 - Resulted in \$28,066 receivables
- **Online Sales:** educating accurate beverage online sales reporting

Identifying Unregistered Entities -

- Web-based online registration implemented July 2013 –
 - Result:
 - ✓ 2013: 88 out of 198 registrations received via web
 - ✓ 2014: 270 out of 682 registrations received via web



Identifying Unregistered Entities - Industry Research Institute (IRI)

- Under the current Act, beverage manufacturer and distributor registration in the Program is on an “honor system”.
- To complement existing database for registered beverages manufacturers and distributors, IRI data was purchased in 2013
- Analyzed 43,000 line items
- A year ago – 1,887 potential leads

Identifying Unregistered Entities - IRI Research Completed October 2014

| | |
|---------------------------------|----------|
| Prospects identified | 1,887 |
| Dry lead* | 1,869 |
| Companies registered | 18 |
| Beverage Manufacturer ID issued | 14 |
| Processing fees reported | \$25,324 |
| Distributor ID issued | 12 |
| CRV Reported | \$14,532 |

“Dry lead” – dead-end leads. Examples include out-of-state companies without CA presence, products and/or container type not covered in the program, out of business, and no responses from contact.

Identifying Unregistered Entities - Shelf Survey Pilot Project (April – Oct 2014)

| | |
|---|---------|
| Number of stores visited | 45 |
| Prospects identified | 471 |
| Already registered / in DORIIS | 124 |
| Contacts made to unregistered companies | 160 |
| Dry lead | 163 |
| Closed / deactivated accounts | 22 |
| Beverage Manufacturer ID issued | 2 |
| Processing fees reported | \$7 |
| Distributor ID issued | 2 |
| CRV Reported | \$2,138 |

Identifying Unregistered Entities - Beverage Marketing Directory 2013-2014

| | |
|---|-----|
| Prospects identified | 532 |
| Already registered / in DORIIS | 464 |
| Sent Emails/Contact Letters - No Response | 33 |
| Dry lead | 9 |
| Closed / deactivated accounts | 26 |
| Beverage Manufacturer ID issued | 0 |
| Processing fees reported | 0 |
| Distributor ID issued | 0 |
| CRV Reported | 0 |

Identifying Unregistered Entities - Market Rate Determination Unit Field Survey (October 2014)

| | |
|---|-----|
| Number of beverage containers sampled | 820 |
| Prospects identified | 117 |
| Already registered / in DORIIS | 115 |
| Contacts made to unregistered companies | 1 |
| Dry lead | 1 |
| Beverage Manufacturer ID issued | 0 |
| Processing fees reported | \$0 |
| Distributor ID issued | 0 |
| CRV Reported | \$0 |

Identifying Unregistered Entities - San Diego Guild (September 2014)

| | |
|---|---------|
| Prospects identified | 96 |
| Already registered / in DORIIS | 56 |
| Contacts made to unregistered companies | 19 |
| Dry lead | 21 |
| Closed / deactivated accounts | 0 |
| Beverage Manufacturer ID issued | 10 |
| Processing fees reported | \$2,975 |
| Distributor ID issued | 9 |
| CRV Reported | \$1,359 |

Identifying Unregistered Entities - Department of Health – Bottled Water Plants (September 2014)

| | |
|---|-----|
| Prospects identified | 106 |
| Already registered / in DORIIS | 74 |
| Contacts made to unregistered companies | 19 |
| Dry lead | 13 |
| Closed / deactivated accounts | 0 |
| Beverage Manufacturer ID issued | 1 |
| Processing fees reported | \$2 |
| Distributor ID issued | 2 |
| CRV Reported | \$0 |



Identifying Unregistered Entities - Board of Equalization - In-state Beer Wholesalers (in progress since September 2014)

| | |
|--------------------------------|---------|
| Company names provided | 1,491 |
| Already registered / in DORIIS | 341 |
| Companies to research | 1,150 |
| Dry lead | unknown |
| Closed / deactivated accounts | 0 |



Identifying Unregistered Entities - Dept. of Alcoholic Beverage Control – In-state Beer Licensees (in progress since September 2014)

| | |
|---|-----|
| Prospects identified | 476 |
| Already registered / in DORIIS | 221 |
| Contacts made to unregistered companies | 244 |
| Dry lead | 11 |
| Closed / deactivated accounts | 0 |



CA State Auditor

“CalRecycle has taken reasonable steps to verify and identify those who owe funds.”*

**** On page 31 of its audit finding report released November 2014***



Questions?



Contact Information

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