



Consumer Transaction Load Limits – Workshop #3

January 30, 2012



AGENDA

- Background
- Overview - August 6th and October 26th 2011 Workshops
- Proposed Solutions
- Discussion and Feedback
- Next Steps



BACKGROUND

- CalRecycle believes the current daily load limits enable / facilitate fraud against the CBCRF
 - Current daily load limits for Aluminum & Plastic beverage containers is 500 pounds per person, per day
 - Current daily load limit for Glass beverage containers is 2,500 pounds per person, per day



BACKGROUND

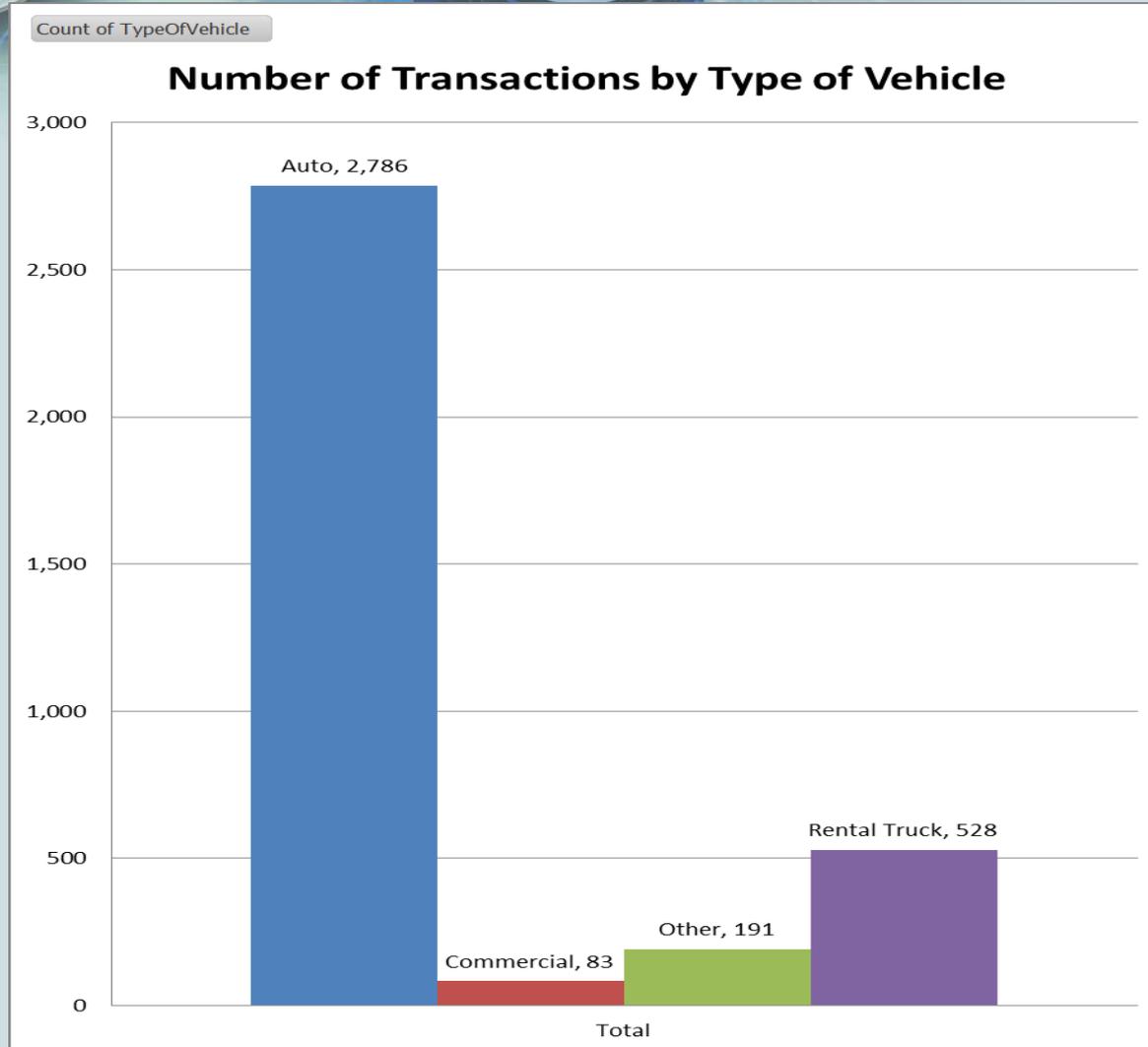
- Based upon observations made by DOJ, local law enforcement agencies and CalRecycle investigators, unscrupulous individuals and entities routinely...
 - Purchase and/or collect OOS used beverage containers (UBCs) in large quantities in Arizona, Nevada, New Mexico, etc.
 - Ship them loose into CA, typically to a designated location(s) and break down loads into quantities just below the daily load limits and/or just below 250 AL reporting threshold
 - Transport loads of loose OOS UBCs to certified recycling centers throughout CA. Representing themselves as a CA consumer or some type of 'collector' and attempt to illegally redeem for CRV



BACKGROUND

- CalRecycle/CDFA Border Protection Station (BPS) Pilot Project:
 - From June 2011 – August 2011, CDFA BPS captured data associated with vehicles importing UBCs into CA through all 16 CDFA BPS
 - CDFA BPS Agents captured data during all hours BPS was open and operating. Provided data daily to CalRecycle
 - Objective was to establish baseline data of number, frequency & type of vehicles importing OOS UBCs into CA

CDEA BPS PILOT PROGRAM DATA



**Approx. 500 lbs. Aluminum
UBCs (loose/crushed)**





ANNUALIZED DAILY LOAD LIMITS

ALUMINUM Daily Load Limit:	500
Daily Containers @ 29.1 per LB:	14,550
Daily CRV @ \$ 1.54 LB:	\$770
Annualized Containers @ 250 Workdays / Yr	3,637,500
Annualized CRV @ 250 Workdays / Yr	\$192,500

*Work days per year based on a 50 week work year and 5 days per week = 250 workdays in a standard work year.



DEFINITION OF A CONSUMER

- Per Public Resources Code Section 14508:
 - “Consumer means every person, for his or her use or consumption, purchases a beverage container from a dealer. “Consumer” includes, but is not limited to, a lodging, eating, or drinking establishment, and soft drink vending machines.”



OVERVIEW OF AUGUST 6TH WORKSHOP



DESCRIPTION OF PROJECT

- CalRecycle initiated a project to provide an analytical basis for daily load limits that reflect legitimate CA consumer recycling behaviors
 - Recycling Enforcement Branch utilized data captured through recycler volume surveys (aka. Consumer Transaction Profiles)



DESCRIPTION OF PROJECT

➤ Scope of Data:

- **Aluminum, Glass, and PET** material types
- Transactions cover periods from May 2001 through August 2011
- **95,825** transactions accounting for **2,431,293** pounds of material were keyed into a database for analysis
- **158** Recycling Centers are included in the data



SUMMARY OF ALUMINUM RESULTS

- Total count of Aluminum transactions is **40,277**
- Total weight of Aluminum transactions is **352,076.7** pounds
- Average weight of Aluminum transactions is **8.7** pounds
- **99.38%** of all transactions surveyed for Aluminum are \leq **80** pounds
- Transactions equal to or greater than 250 pounds comprised **0.04%** of the transaction counts, and **1.587%** of weight, a factor of **39.7** (1.587/0.04)



SUMMARY OF PET RESULTS

- Total count of PET transactions is **33,744**
- Total weight of PET transactions is **390,592.2** pounds
- Average weight of PET transactions is **11.6** pounds
- **98.7%** of all transactions surveyed for PET are \leq **80** pounds



SUMMARY OF GLASS RESULTS

- Total count of Glass transactions is **21,804**
- Total weight of Glass transactions is **1,688,687.2** pounds
- Average weight of Glass transactions is **77.4** pounds
- **99.11%** of all transactions surveyed for Glass are **1,000** pounds or less



AUGUST 6TH WORKSHOP - OUTCOMES

- Attendees expressed general support for a reduction in the load limits and their commitment to move forward
- Attendees raised issues/concerns that reduced load limits could adversely impact legitimate recycling opportunities
- General preference expressed to leverage existing regulations to address the issue



AUGUST 6TH WORKSHOP - OUTCOMES

- Suggestion that other, non PRC & 14CCR, provisions could be used as part of a possible solution (i.e., Business & Professions Code Sections 21600 thru 21606)
- DOR agreed to convene an internal workgroup to review various issues and scenarios and draft 'building blocks' for developing a potential solution



SOLUTION CRITERIA

Solution must...

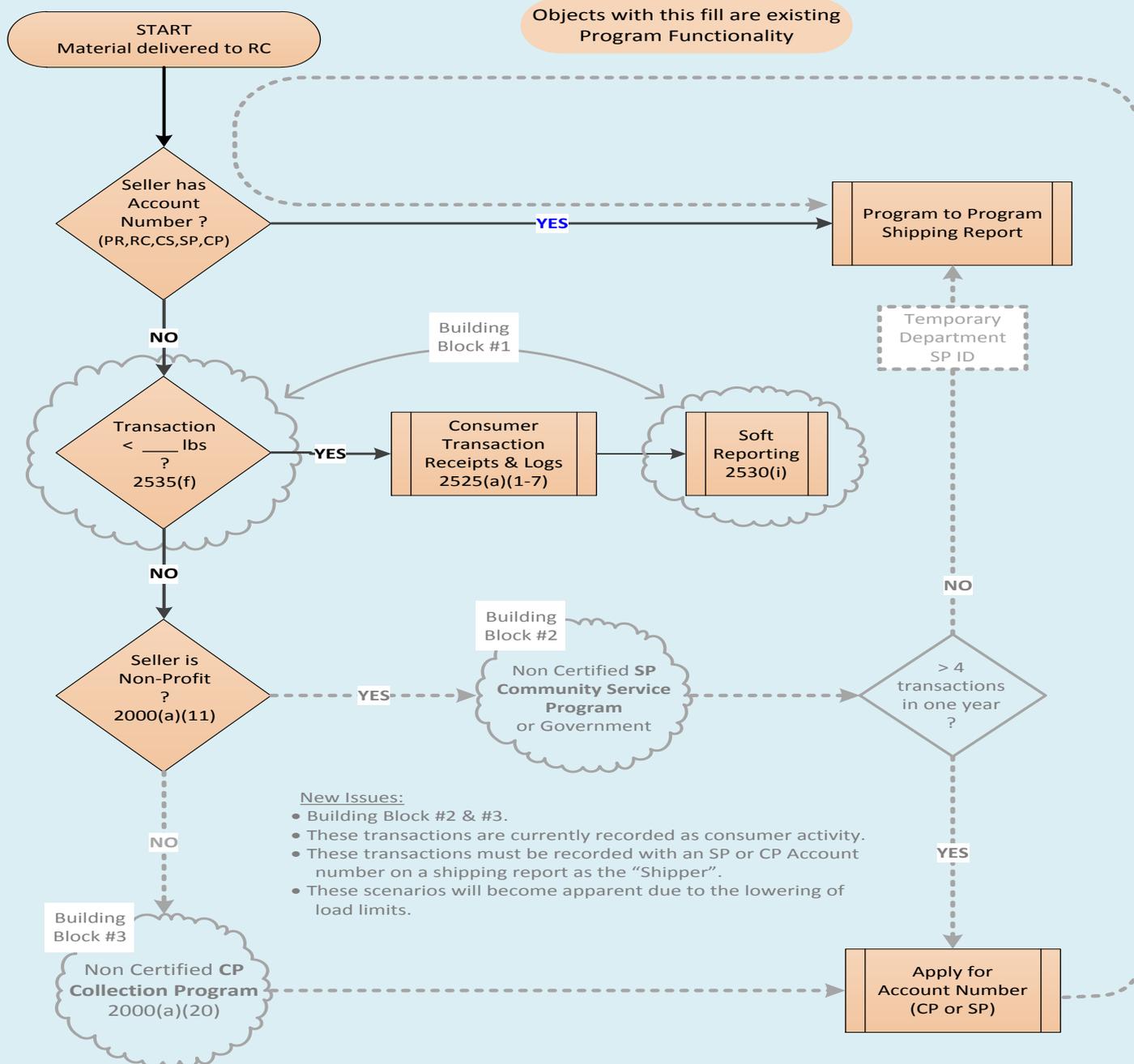
- Address opportunities for fraud inherent in current daily load limits
- Mitigate impacts reduced daily load limits could have on community-based, nonprofit and/or consumer recycling efforts
- Leverage existing process, procedures and regulations
- Effectively represent actual CA consumer transaction activity
- Minimize additional recordkeeping/reporting requirements



OVERVIEW - OCTOBER 26TH WORKSHOP

- CalRecycle/REB presented workshop attendees with a variety of ‘building blocks’ and supporting information for discussion & feedback
- Objective was to provide context and to use ‘building blocks’ to derive a reduced daily load limit and to address potential impacts to legitimate recycling opportunities

Consumer Transaction Load Limits Functional Model



Building Blocks Identified in the Consumer Transaction Load Limit Functional Model

<p>Block #1</p> 	<p>CONSUMER LOAD LIMITS</p>	<p>2535 (f)</p>
<p>Block #1</p> 	<p>SOFT REPORTING LIMITS</p>	<p>2530 (i)</p>
<p>Block #2</p> 	<p>Non CERTIFIED COMMUNITY SERVICE PROGRAMS</p>	<p>2000 (a) (11)</p>
<p>Block #3</p> 	<p>Non CERTIFIED COLLECTION PROGRAMS</p>	<p>2000 (a) (20)</p>

Building Block #1: Options A through D - Matrix

Option	Soft Reporting Limits	Aluminum and Plastic Load limits	Glass Load limits
A	None	50 lbs.	250 lbs.
B	None	100 lbs.	500 lbs.
C	$\geq \$100$	150 lbs.	1,500 lbs.
D	AL > 250 lbs.	500 lbs.	2,500 lbs.

150 lbs. Aluminum UBCs
(loose)





ANNUALIZED DAILY LOAD LIMITS

ALUMINUM Daily Load Limit:	150
Daily Containers @ 29.1 per LB:	4,365
Daily CRV @ \$ 1.54 LB:	\$231
Annualized Containers @ 250 Workdays / Yr	1,091,250
Annualized CRV @ 250 Workdays / Yr	\$57,750

*Work days per year based on a 50 week work year and 5 days per week = 250 workdays in a standard work year.

**100 lbs. Aluminum UBCs
(loose)**



Las Botellas de
VIDRIO Deben estar
Separadas por color

Las Cajas
De Vidrio Ancho
Reservado por
Color





ANNUALIZED DAILY LOAD LIMITS

ALUMINUM Daily Load Limit:	100
Daily Containers @ 29.1 per LB:	2,910
Daily CRV @ \$ 1.54 LB:	\$154
Annualized Containers @ 250 Workdays / Yr	727,500
Annualized CRV @ 250 Workdays / Yr	\$38,500

*Work days per year based on a 50 week work year and 5 days per week = 250 workdays in a standard work year.

50 lbs. Aluminum UBCs (loose)



SUS BOTELLAS DE VIDRIO Deben estar Separadas por color

SUS CUBOS BOTELLAS ALUMINUM RECICLADO DE COLORES



ANNUALIZED DAILY LOAD LIMITS

ALUMINUM Daily Load Limit:	50
Daily Containers @ 29.1 per LB:	1,455
Daily CRV @ \$ 1.54 LB:	\$77
Annualized Containers @ 250 Workdays / Yr	363,750
Annualized CRV @ 250 Workdays / Yr	\$19,250

*Work days per year based on a 50 week work year and 5 days per week = 250 workdays in a standard work year.



ANNUALIZED DAILY LOAD LIMITS

PET Daily Load Limit:	500	150	100	50
Containers @ 14.5 per LB:	7,250	2,175	1,450	725
Daily CRV @ \$ 0.93 Lb:	\$465	\$140	\$93	\$47
Annualized Containers @ 250 Workdays / YR	1,812,500	543,750	362,500	181,250
Annualized CRV 250 Workdays / YR	\$116,250	\$35,000	\$23,250	\$11,750

*Work days per year based on a 50 week work year and 5 days per week = 250 workdays in a standard work year.



ANNUALIZED DAILY LOAD LIMITS

GLASS Daily Load Limit:	2,500	1,500	500	250
Containers @ 1.86 per LB:	4,650	2,790	930	465
Daily CRV @ \$ 0.104 Lb:	\$260	\$156	\$52	\$26
Annualized Containers @ 250 Workdays / YR	1,162,500	697,500	232,500	116,250

*Work days per year based on a 50 week work year and 5 days per week = 250 workdays in a standard work year.



BLOCK #2: NON-CERTIFIED COMMUNITY SERVICE PROGRAMS

Background:

- At August 4th workshop, concerns were raised that community based / non-profit fund raising efforts could be negatively impacted by reduction in daily load limits were raised (e.g., schools, Boy/Girl Scout groups, etc.)



BLOCK #2: NON-CERTIFIED COMMUNITY SERVICE PROGRAMS

- 14CCR Section 2000(a)(11) defines “Community Service Program” as:
 - ❑ Program that does not pay refund value
 - ❑ Accepts or collects empty beverage containers at a specific location or locations
 - ❑ Must meet ONE of the following criteria:
 - Organized under Section 501(c) or 501(d) or the Internal Revenue Code [23U.S.C. 501(c) and 501(d)]
 - Charitable group organized under Section 23701 of the CA Revenue and Taxation Code
 - Program is operated by, or caused to be operated by, a city, county or other public agency

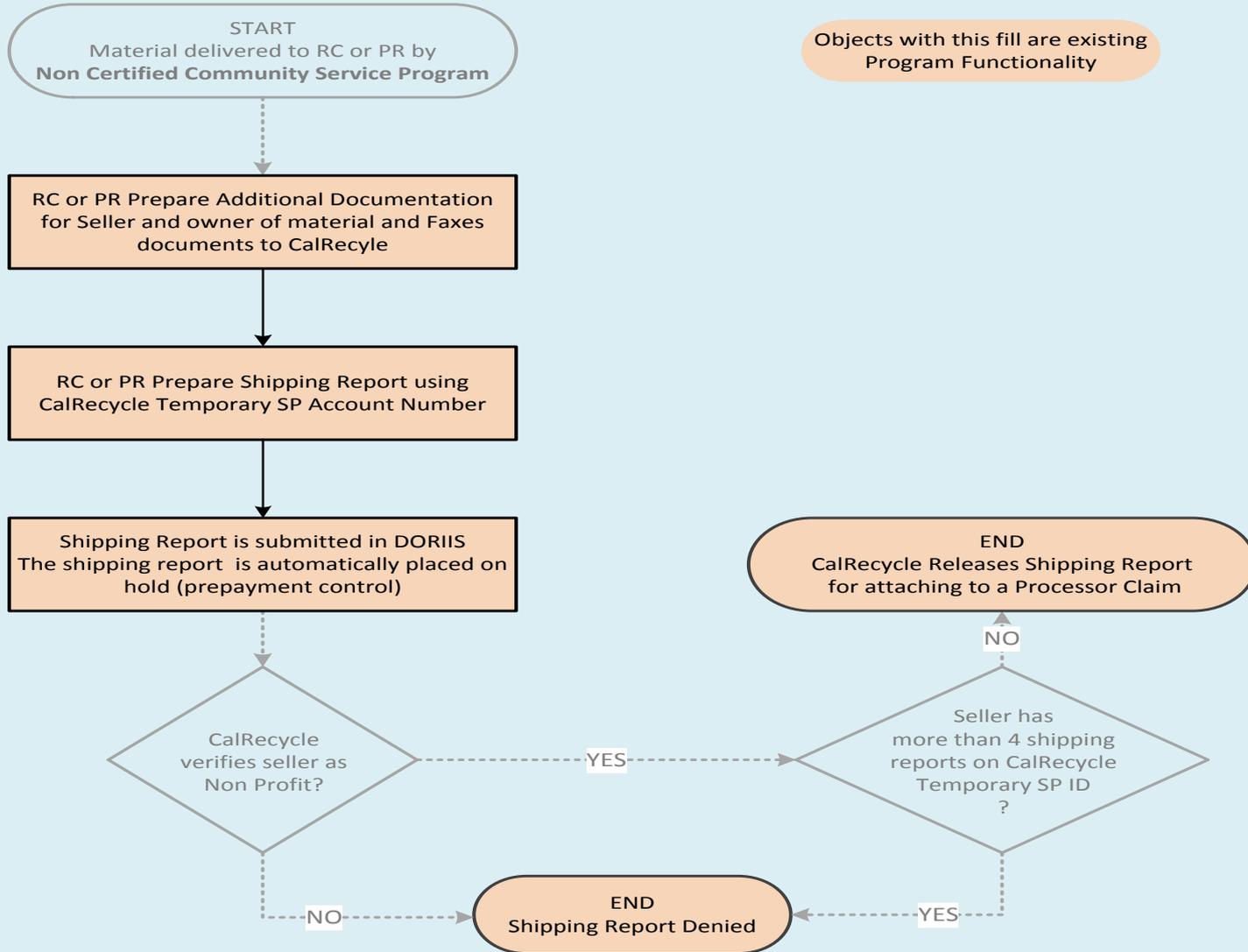
- 14CCR Section 2700 contains requirements for certified community service programs.

Consumer Transaction Load Limits

Non Certified Community Service Program Functional Model

Building Block #2

Opportunity to enter into agreement with the Department to redeem materials using a Department authorized SP Account number





BLOCK #3: NON-CERTIFIED DROPOFF OR COLLECTION PROGRAMS

Background:

- At the August 4th workshop, concerns were raised that reduced daily load limits could negatively impact 'large volume' / 'regular' customers redeeming empty beverage containers at recycling centers.



BLOCK #3: NON-CERTIFIED DROPOFF OR COLLECTION PROGRAMS

Background:

- 14CCR Section 2000(a)(20), defines a “Dropoff or Collection Program” as
 - ❑ A recycling program which does not pay refund value
 - ❑ Accepts or collects empty beverage containers
 - ❑ Includes programs which separate recyclables from mixed municipal waste
 - ❑ Includes a Neighborhood Dropoff Program

- 14CCR Section 2600 contains requirements for certified Dropoff or Collection Programs



NON-CERTIFIED DROPOFF OR COLLECTION PROGRAMS

- Prior to the effective date, CalRecycle will:
 - ❑ Notify all certified entities, and the public, of the restrictions on sales of empty beverage containers in excess of the daily load limits.
 - ❑ CalRecycle will provide certified recycling centers with applicable materials (e.g., Division Notice, CP/DP applications, certification guidelines & timeframes, etc.)
 - ❑ Certified recycling center operators will be asked to distribute to their frequent/large volume customers in advance of the effective date.



BLOCK #3: NON-CERTIFIED DROPOFF OR COLLECTION PROGRAMS

- After effective date of the revised regulations, recycling centers must deny/refuse to pay CRV loads of empty beverage containers in excess of daily load limits delivered by an individual or entity...:
 - Not certified and operational as a recycling center
 - Not certified and operational as a Dropoff or Collection Program
 - Not certified and operational as a Community Service Program



PROPOSED SOLUTIONS FOR DISCUSSION & FEEDBACK



WITHDRAWN

- **Block #2** – After further study, CalRecycle has determined it is not viable to use an SP operated by CalRecycle as previously proposed because...
 - Would result in unnecessary delays / reduced reimbursement payments to RCs using CalRecycle SP
 - Conflict of Interest – CalRecycle would operate the SP and also enforce compliance of the SP
 - CalRecycle would have to require all SP users to prepare and maintain same records as a certified SP in order to operate in compliance



PROPOSED SOLUTION

➤ Block #1 – Option A

- Reduce daily allowable load limit to 50 pounds, per person, per day, for aluminum and plastic beverage containers. [14CCR, Section 2535(f)]
- Reduce daily allowable load limit to 250 pounds, per person, per day, for glass beverage containers. [14CCR, Section 2535(f)]
- Eliminate the regulatory requirement to report aluminum transactions greater than 250 pounds. [14CCR, Section 2530(i)]



PROPOSED SOLUTION

➤ Block #1 – Option A

- Revised receipting requirements to require additional identifying information be obtained for all transactions greater than \$50.00 in refund value. **[14CCR, Section 2525(a)]**
- Eliminate press pre-numbered receipting requirement for all transactions in excess of \$50.00 in refund value. Allow recording of additional identifying information on log sheet or on a receipt. **[14CCR, Section 2525(a)]**
- Add additional ID types to meet additional identifying information requirement (i.e., Mexican Consulate IDs & Military IDs) **[14CCR, Section 2525(a)(7)]**



PROPOSED SOLUTION

➤ Block #3 –

- Require all individuals/entities that wish to redeem in excess of the allowable daily load limits, after the effective date of the revised regulations, to be certified as a Dropoff or Collection, or Community Service Program
- Between now and effective date of revised regulations, CalRecycle and certified recycling centers will collaborate on implementing an outreach/education campaign regarding potential reduction in daily load limits



PROPOSED SOLUTION

➤ Proposed Outreach & Education Activities:

- Provide one-page FAQ document to certified recyclers to provide to their respective large volume customers and the public outlining the potential load limit reductions
- Provide certified recycling centers with supply of certification application forms/instructions for Dropoff or Collection and Community Service Programs
- Designate a single point of contact in CalRecycle for questions associated with becoming certified and operating in compliance as a CP or SP



PROPOSED SOLUTION

➤ Proposed Outreach & Education Activities:

- Host series of webinars to provide status updates/additional information as CalRecycle proceeds through the rulemaking process
- If funding is available, CalRecycle will host regional workshops for certified recycling center operators/newly certified CP and SP programs



DISCUSSION AND FEEDBACK



NEXT STEPS

- DOR / REB will review & analyze feedback received during this workshop for potential revisions to the proposals presented today
- DOR / REB will draft proposed revisions to regulations, compile rulemaking package and submit to CalRecycle Executive Office for review & approval
- If approved, rulemaking package will be submitted to Resources Agency for review & approval
- If approved, rulemaking package will be submitted to Office of Administrative Law (OAL) with request to initiate required 45-day public comment period