



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

December 15, 2010

NOTICE

To: All Interested Parties

Subject: 2011 Processing Fees

Section 14575 of the Public Resources Code (PRC) requires the Department of Resources Recycling and Recovery (Department) to establish a processing payment and a processing fee for any beverage container type that has a scrap value less than the cost of recycling. The Department makes processing payments to processors. Processors pay recyclers the entire processing payment. Beverage manufacturers pay processing fees to the Department. This notice announces the 2011 processing fees.

Pursuant to PRC Section 14575, the calculation of the 2011 processing payments is based on the difference between the scrap values offered to recyclers and the sum of the actual costs of recycling for certified recycling centers, excluding centers receiving handling fees, plus a reasonable financial return. In addition, a cost of living adjustment will be applied to the 2011 calculations as the measured costs of recycling were completed the prior year.

Scrap values are based on the average scrap values paid to recyclers for the period between October 1, 2009, and September 30, 2010.

Other than as specified in Section 14575(f), Section 14575(e) provides that a processing fee will equal 65 percent of the processing payment. Section 14575(f) provides that a processing fee be equal to a specified percentage of a processing payment based on the recycling rate for the specified material.

Section 14575(j) directs the Department to reduce total processing fees for glass and PET plastic if sufficient surplus funds remain in the respective processing fee accounts and if the recycling rates equaled or exceeded 45 percent in the preceding calendar year. Since there are insufficient funds in the respective processing fee accounts, no reduction for glass and PET will be provided.

Section 14581(a)(6)(C) and AB7 (8X) (Chapter 5, statutes of 2010) caps the amount the Department may transfer from the Beverage Container Recycling Fund as processing fee offsets for calendar years ("CY") 2010 and 2011. The bill specifies that the offset amount shall not exceed the amount transferred into each material's processing fee account during CY 2008. For CY 2011, HDPE plastic processing fee offset exceeds the allowable transferred amount (\$5.6 million as opposed to \$4.6 million). As a result, the HDPE plastic processing fee was recalculated using the 2008 expenditure to determine the amount to be paid by beverage manufacturers.



The processing fees shown below become effective January 1, 2011.

<i>2011 Processing Fees per Container Sold</i>	
<i>(effective January 1, 2011)</i>	
Glass	\$0.00216
Plastic	
#1 – PET (Polyethylene Terephthalate)	\$0.00051
#2 – HDPE (High Density Polyethylene)	\$0.00472
#3 – PVC (Polyvinyl Chloride)	\$0.00995
#4 – LDPE (Low Density Polyethylene)	\$0.00954
#5 – PP (Polypropylene)	\$0.08552
#6 – PS (Polystyrene)	\$0.00247
#7 – Other	\$0.05060
Bi-metal	\$0.04226

Table 1, attached, shows the following detailed information for glass, plastic, and bimetal beverage containers:

- The cost of recycling
- The scrap value paid to recyclers
- The processing payment (if any)
- The processing fee payable by manufacturers (if any)

Note to beverage manufacturers: Pursuant to PRC Section 14575(g)(1), beverage manufacturers shall pay applicable processing fees for each container sold or transferred to a distributor or dealer within 40 days of the sale.

To review notices of changes impacting participants in the beverage container recycling program, please visit the Department's Beverage Container Recycling Program website at www.calrecycle.ca.gov/BevContainer/ or call the Department of Resources Recycling and Recovery at (916) 323-3836.

For further information on the determination of processing fees, please contact Mr. Hieu Le, Operations Branch, Audits and Data Analysis Division, at (916) 323-1493. If you have any questions concerning processing fee reporting requirements, please contact your assigned account representative in the Client Services Section at (916) 322-4027.

Margo Reid Brown
Director

Attachment

Table I											
2011 Processing Fees											
Effective January 1, 2011											
Glass, Bimetal and Plastic											
	Glass	Plastic								Other	Bimetal
		PET	HDPE	Vinyl	LDPE	PP	PS				
Cost of Recycling per Ton with Reasonable Financial Return	\$84.49	\$441.88	\$519.44	\$817.12	\$1,165.69	\$1,045.77	\$647.77	\$709.73	\$654.62		
Scrap Value per Ton	\$4.24	\$307.55	\$280.85	\$0.00	\$0.47	\$203.75	\$10.50	\$ (6.46)	\$4.39		
Processing Payments to Recyclers											
Processing Payment Per Ton Redeemed	\$80.25	\$134.33	\$238.59	\$817.12	\$1,165.22	\$842.02	\$637.27	\$716.19	\$650.23		
Processing Payment Per Pound Redeemed	\$0.04013	\$0.06717	\$0.11930	\$0.40856	\$0.58261	\$0.42101	\$0.31864	\$0.35810	\$0.32512		
Containers Per Pound	1.86	14.5	6.5	26.7	39.7	3.2	83.7	4.6	5.0		
Processing Payment Per Container	\$0.02157	\$0.00463	\$0.01835	\$0.01530	\$0.01468	\$0.13157	\$0.00381	\$0.07785	\$0.06502		
Processing Fees to be Paid by Beverage Manufacturers											
Manufacturers' Percentage of Processing Payment	10%	11%	10%	65%	65%	65%	65%	65%	65%		
Processing Fee Pursuant to Section 14575(f)	\$0.00216	\$0.00051	\$0.00472*	\$0.00995	\$0.00954	\$0.08552	\$0.00247	\$0.05060	\$0.04226		
Section 14575(k) Processing Fee Reduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Processing Fee to be Paid by Beverage Manufacturers	\$0.00216	\$0.00051	\$0.00472*	\$0.00995	\$0.00954	\$0.08552	\$0.00247	\$0.05060	\$0.04226		

* PRC Section 14581(a)(6)(c) caps the amount the Department may transfer from the Beverage Container Recycling Fund as processing fee offsets for calendar year ("CY") 2011. AB 7(8X) specifies that the offset amount shall not exceed the amount transferred into material's processing fee account during CY 2008. For CY 2011, plastic #2 (HDPE) processing fee offset exceeds the allowable transferred amount (\$5.6 million as opposed to \$4.6 million). As a result, the new plastic #2 (HDPE) processing fee was recalculated using the 2008 expenditure to determine the amount to be paid by beverage manufacturers.

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