

CalRecycle 2014 Enforcement Report



California Department of Resources Recycling and Recovery

S T A T E O F C A L I F O R N I A

Edmund G. Brown Jr.
Governor

Matt Rodriguez
Secretary, California Environmental Protection Agency

**DEPARTMENT OF RESOURCES RECYCLING AND
RECOVERY**

Scott Smithline
Director

Department of Resources Recycling and Recovery (CalRecycle)
Public Affairs Office
1001 I Street (MS 22-B)
P.O. Box 4025
Sacramento, CA 95812-4025
www.calrecycle.ca.gov/Publications/
1-800-RECYCLE (California only) or (916) 341-6300

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Executive Summary

The Department of Resources Recycling and Recovery, known as CalRecycle, has a variety of enforcement responsibilities and programs established under different laws. CalRecycle's enforcement program activities include:

- Oversight of permitted solid waste handling and disposal facilities.
- Evaluation of Local Enforcement Agency (LEA) performance to ensure permitted solid waste facilities meet standards.
- Enforcement of tire standards at waste tire facilities and illegal waste tire sites, and enforcement of waste tire hauler and manifest requirements.
- Enforcement when cities and counties have not implemented diversion programs to achieve their per capita disposal rate.
- Enforcement when businesses do not meet minimum recycled content requirements in products.
- Enforcement of reporting, record-keeping, and operational compliance of certified and registered beverage container collectors, recyclers, manufacturers, retailers, processors, and dealers.
- Enforcement of reporting, record-keeping, and claim documentation for approved electronic waste (e-waste) collectors and recyclers.
- Review and approval of product stewardship/extended producer responsibility plans and annual reports for carpet, paint, and mattress product stewardship programs.
- Enforcement when businesses do not meet product stewardship/extended producer responsibility requirements for certain product manufacturers including carpet, paint, and mattresses.

CalRecycle helps protect public health and the environment by effectively and efficiently managing California's solid waste disposal and recycling efforts. The following are a few highlights from CalRecycle's 2014 programs:

- **WASTE TIRES:** Completed four-year rulemaking (effective 10/29/2014) to modify/update waste tire regulations. Key changes involved incorporating changes in the 2010 and 2013 California Fire Code and streamlining waste tire facility permitting procedures.
- **WASTE TIRES:** Completed a new online hauler registration portal that enables California's 1,400-plus registered waste tire haulers to efficiently complete their

annual registration renewals and manage their business information online in lieu of the previous paper-based application/renewal process saving staff and stakeholder time.

- **SOLID WASTE:** Conducted a five-month, in-depth investigation of the potential overuse of alternative daily cover (ADC). The investigation did not find evidence of pervasive overuse of ADC. Of the 15 facilities investigated, only two overused ADC during 2012. However, staff identified record-keeping errors and misreporting issues that will be addressed through future training courses.
- **LOCAL GOVERNMENT DIVERSION:** Four compliance evaluation reviews were completed, and all four local governments met the “good faith” standard.
- **MINIMUM CONTENT:** CalRecycle fully implemented the new, phased certification process for rigid plastic packaging containers (RPPCs): registration, pre-certification, and compliance certification. Five manufacturers were selected for the 2014 measurement period.
- **BEVERAGE CONTAINER RECYCLING:** The largest administrative case in the history of the program was settled in CalRecycle’s favor. During a three-year period ending in 2007, Burbank Recycling Inc. submitted illegal claims for out-of-state beverage containers, and Arizona-based Mission Fiber Group, a noncertified entity, illegally used a different recycling company’s certification number to conduct transactions with Burbank Recycling. CalRecycle’s investigation revealed a highly complex scheme designed to siphon funds from the Beverage Container Recycling Fund. As a result of the judgment, the owners have been permanently barred from participating in any transactions involving the purchase, sale, transfer, or storage of California Redemption Value (CRV) beverage containers. The entities are also collectively liable for reimbursing \$32.6 million in fraudulent CRV claims, along with interest, civil penalties, and other costs.
- **ELECTRONIC WASTE RECYCLING:** Recyclers continue to submit properly documented claims. CalRecycle adjusted less than 1 percent of requests for payments due to noncompliant or significantly inconsistent documentation. The compliance rate was 99 percent.
- **PRODUCT STEWARDSHIP/EXTENDED PRODUCER RESPONSIBILITY PROGRAMS FOR CARPET and PAINT:** CalRecycle conducted the first year of manufacturer and retailer inspections for these two new product stewardship programs. All noncompliant businesses made the appropriate corrections to achieve compliance, so no enforcement actions were taken.
- **ENVIRONMENTAL JUSTICE:** CalRecycle participated in the first initiative of the CalEPA Environmental Justice Compliance and Enforcement Working Group that

focused on the City of Fresno and its surrounding unincorporated area. See more at: <http://www.calepa.ca.gov/Enforcement/Publications/2015/FresnoReport.pdf>

Purpose and Scope of Report

This report, which covers CalRecycle's enforcement activities for the 2014 calendar year, was created in part to carry out the reporting requirements for CalRecycle (Public Resources Code section 40507) and CalEPA (Government Code section 12812.2 (c)). It summarizes CalRecycle's wide-ranging enforcement activities for 2014, describes enforcement program elements, provides trend data, and highlights future directions for program improvements.

Enforcement Program Overview

Each year, California is challenged to divert or safely dispose of more than 90 million tons of solid waste, more than 40 million waste tires, more than 193 million pounds of e-waste, and more than 20 billion aluminum, glass, plastic, and bimetal beverage containers. CalRecycle manages programs created through two landmark laws: the Integrated Waste Management Act and the Beverage Container Recycling and Litter Reduction Act. As the state's leading authority on recycling, waste reduction, and product reuse, CalRecycle is charged with overseeing numerous programs—from regulating beverage container recyclers, solid waste landfills, and tire businesses to monitoring the recycled content of newsprint and plastic containers. Protecting public health and safety, the environment, and fund integrity, as well as ensuring a level playing field for related solid waste disposal and recycling businesses, are CalRecycle's enforcement priorities.

CalRecycle's enforcement programs ensure regulated communities comply with state laws, regulations, and standards. Potential violations of regulations are wide-ranging, and almost all can result in administrative action or civil penalties; some are subject to criminal penalties. Compliance is monitored through integrated auditing, investigations, evaluations, and enforcement efforts.

When enforcing state laws, there are several approaches to achieving and maintaining compliance from the regulated community. CalRecycle focuses its resources on compliance assistance before taking formal enforcement action and imposing penalties. State laws require that CalRecycle enforcement programs have technical assistance, outreach, and training programs. Success depends on effective coordination between government and the regulated community.

Partnerships at various levels of state and local government enhance CalRecycle's enforcement activities. To effectively ensure statewide enforcement for solid waste and waste tire programs, CalRecycle certifies and/or works with LEAs whenever possible and provides ongoing assistance to the regulated community. Partnerships with stewardship organizations enable the private sector to design and manage statewide extended

producer responsibility programs for their respective industries. For some enforcement and criminal prosecution activities in the beverage container and e-waste programs, CalRecycle partners with local governments and has interagency agreements with the California Department of Food and Agriculture, California Highway Patrol, Department of Justice, Department of Toxic Substances Control, and the state Attorney General's Office.

Varying Levels of Enforcement Authority

CalRecycle has a variety of enforcement responsibilities and programs established under different laws. One of the key differences among the laws is the various levels of enforcement authority, which determine the types of enforcement activities.

CalRecycle has direct authority for enforcing requirements for:

- Waste and used tire haulers and handlers and disposal facilities.
- Minimum recycled content programs for rigid plastic packaging containers (RPPCs), plastic trash bags, and newsprint.
- Local government (cities, counties, and CalRecycle-approved regional agencies) waste diversion programs for reaching per capita disposal targets.
- Certified beverage container recycling centers, processors, collection and drop-off programs, community service programs, and registered curbside programs.
- Product stewardship/extended producer responsibility programs for various products, including carpet, paint, and mattresses.

CalRecycle has oversight authority over:

- Solid waste handling, storage, processing, and disposal facilities. CalRecycle has the ability to take direct enforcement authority if LEAs do not choose to do so, or if they are not adequately performing enforcement duties at solid waste handling, processing, and disposal facilities.

Scope of Program and Goals

Each program has a unique set of enforcement activities and measures of performance due to the wide range of laws CalRecycle enforces. CalRecycle's enforcement program ensures that:

- Solid waste and waste tire processing and disposal facilities are regularly inspected and, if appropriate, facility operators are required to take corrective action; if they fail to carry out the corrective action, they may be penalized and the State may undertake the corrective action subject to reimbursement from the operator and/or property owner.

- Waste tire haulers are registered, bonded, and regularly inspected and, if appropriate, may be penalized or their registration may be revoked, suspended, or denied.
- All LEAs are properly certified, designated, and evaluated, and if warranted, placed on work plans; if they fail to meet the work plans, they may be decertified.
- Local governments not making a good-faith effort to implement their diversion programs are evaluated and placed on compliance orders. If they fail to meet the terms of the compliance order, they may be penalized.
- Minimum content program participants, including those in the rigid plastic packaging container program, are either certified as compliant with regulatory requirements or penalized.
- Beverage container recyclers are operating within the law and regulations; claims for program payment reimbursement are accurate, complete, and fully substantiated; material redeemed at recyclers is eligible for reimbursement; and recyclable material imported from out of state or previously redeemed is not illegally redeemed for reimbursement.
- Covered electronic waste that is recovered for recycling is eligible for reimbursement, compliantly processed, and properly disposed.
- Product stewardship program plans, and subsequent annual reports, are reviewed for compliance with statute in order to maintain a level playing field among manufacturers. In addition, product manufacturers are listed, and if appropriate, retailers and manufacturers may be penalized for noncompliance.

Program Descriptions and Enforcement Activity Data

Waste Tire Enforcement

Program Highlights

- Completed four-year rulemaking (effective October 29, 2014) to modify/update waste tire regulations. Key changes involved incorporating changes in the 2010 and 2013 California Fire Code and streamlining waste tire facility permitting procedures.
- Completed new online hauler registration portal. The new portal enables California's 1,400-plus registered waste tire haulers to efficiently complete their annual registration renewals and manage their ongoing business information online in lieu of the previous paper-based process, saving staff and stakeholder time.
- The first informal administrative hearing decision (Global Waste Management, Inc.) was issued in February 2014. This new process replaces the more formal hearings formerly conducted through the Office of Administrative Hearings (AB 1647, Gordon, Chapter 534, Statutes of 2012) and leads to quicker enforcement action and speedier resolution of cases.

Program Description

Waste tires are regulated to protect the environment and public health and safety, and to provide a level playing field for California businesses engaged in the collection and storage of waste tires. CalRecycle was given direct authority in 1990 to enforce laws and regulations related to the storage, handling, and disposal of waste tires. The Waste Tire Manifest System tracks the flow of used and waste tires within California and helps to ensure that tires are delivered to authorized disposal or storage/processing facilities by registered haulers. Staff began development of an upgrade to the WTMS to facilitate electronic batch submittal of inspection reports and will work with local tire enforcement agency (TEA) staff to continue the transition to electronic reporting. The WTMS is used to document compliance with waste tire laws by generators, haulers, and end-use facilities, and, as such, serves as a vital component of CalRecycle's waste tire enforcement program.

Enforcement efforts focus on two related fronts: waste tire haulers and handlers, and waste tire storage/processing facilities. For tire haulers, the streamlined penalty program enables CalRecycle to pursue vigorous and timely enforcement of the hauler registration and manifest requirements based upon a zero-tolerance compliance strategy adopted in

early 2007. For storage and processing facilities, aggressive and progressive enforcement ensures compliance with permit conditions and state minimum standards. Effectively tracking waste tires moving through the system deters illegal dumping and stockpiling. If illegal dumping or stockpiles are identified, close collaboration with CalRecycle cleanup programs accelerates cleanup activities if those responsible fail to act.

Tire-Related Businesses: Haulers, Generators, and Permitted Facilities

Waste or scrap tires are generated by tire-related businesses; transported by registered haulers to waste tire facilities for storage or disposal; and then sent to disposal facilities, processors, and recycling businesses. These businesses produce tire-derived products for roads, athletic turf, playground mats, mulch, and fuel for power generation, to name a few uses of waste tires. Cement kilns receive whole tires directly from haulers.

In 2014, the regulated community expanded in all categories and included approximately 31,251 California waste tire-related businesses, including:

- 1,388 registered waste tire haulers.
- 46 permitted waste tire facilities (37 minor facilities and nine major facilities).
- 29,863 other waste tire-related businesses, including new and used tire dealers, car dealers, fleet operators, repair shops, dismantlers, retreaders, cement kilns, agriculture users, and other businesses that are excluded or exempt from waste tire permit requirements.

Tire Hauler and Manifest System: Streamlined Enforcement Process

Any person transporting 10 or more used or waste tires must register with CalRecycle as a waste tire hauler. Registered haulers display an identification decal in the lower-right corner of the windshield. Registrations expire at the end of each calendar year, and renewal packages are sent out in early October. CalRecycle implemented an online portal in the fall of 2014 to streamline the annual registration renewal process and enable waste haulers to manage/update their registered vehicle and other operational information.

Transactions between the waste tire generator, hauler, and storage facility are documented on a manifest form. Haulers have the option of submitting manifest information electronically or by mail. Approximately 46 percent are submitted electronically.

Inspections of registered haulers occur at least once every two fiscal years but may be more frequent. In addition to field inspections, CalRecycle conducts office-based monitoring and evaluation of haulers as well as bilingual hauler training sessions in Central and Southern California, including areas adjacent to the Mexican border.

Civil penalties for violations of waste tire hauling and manifesting requirements are up to \$25,000 per violation per day, and the maximum administrative penalties are up to \$5,000 per violation per day (PRC Section 42962). For some violations, such as those that are noncontroversial or involve potential administrative complaint penalties of less than \$10,000, an abridged administrative hearing process or “streamlined penalty program” has been used since 2008. Essentially, a lower penalty is offered to the violator in lieu of prosecution through the more lengthy administrative complaint process. Civil and criminal actions are reserved for egregious violations and repeat offenders and are coordinated through the state Attorney General’s Office.

Permitted Tire Facilities: Progressive Enforcement

Waste tires are required to be delivered by registered haulers only to authorized waste tire facilities. Persons intending to store 500 or more waste tires must have a waste tire facility permit to operate or must qualify for an authorized exemption. There are two categories of permitted facilities based on the number of tires stored on-site: minor waste tire facilities, which may accumulate or store 500 to 4,999 waste tires; and major facilities, which may store 5,000 or more waste tires. Compliance is monitored through regular inspections, surveillance, and WTMS data analysis.

Regular inspections provide early identification of problems related to the proper storage of waste tires. Operating without a waste tire facility permit is a misdemeanor punishable with a fine up to \$10,000 per day and/or up to one-year imprisonment in county jail. If a tire business is out of compliance, the inspector issues a notice of violation and specifies a compliance date. In most cases, the business corrects the problem. However, if the violation is not resolved after a re-inspection, or a good-faith effort is not observed that justifies extending the compliance deadline further, the inspector initiates formal enforcement action, which may include issuance of cleanup and abatement orders, administrative complaints for penalties, and/or civil or criminal actions. Administrative complaints are prepared by the CalRecycle legal staff to ensure uniformity of enforcement. Criminal actions for egregious violations and repeat offenders are referred to the local district attorney or state Attorney General’s Office.

Informal Administrative Hearings

The first decision using the informal administrative hearing process to adjudicate administrative complaints for waste tire storage and hauling violations (Global Waste Management) was issued in February 2014. This process replaced the more formal hearings through the Office of Administrative Hearings (OAH) in January 2013 as a result of legislation (AB 1647, Gordon, Chapter 534, Statutes of 2012). Using in-house hearing officers rather than scheduling formal hearings at the OAH results in more timely hearings and expedites resolution of enforcement actions.

Local Tire Enforcement Agencies (TEAs) Enhance Statewide Enforcement

Prior to 2002, most tire enforcement was conducted by five CalRecycle field staff members and focused on cases identified through complaints and referrals from other agencies. To more effectively provide statewide enforcement coverage, CalRecycle now provides grant funding to 47 local tire enforcement agencies covering approximately 76 percent of active waste tire sites in the state.

CalRecycle provides ongoing assistance to TEAs and oversees enforcement statewide to ensure applicable state laws are enforced consistently. CalRecycle also provides inspections in areas not covered by the TEAs.

TEAs perform initial and follow-up inspections for CalRecycle-designated waste tire businesses in their jurisdiction and issue violation notices. They also identify illegal waste tire sites, investigate illegal tire disposal activities, review waste tire hauler documents, and determine whether businesses are complying with all applicable waste tire laws, storage standards, and manifest requirements. Enforcement cases are referred to CalRecycle. As a direct result of the waste tire enforcement grants, local agencies play a vital and expanded role in enforcement.

Enforcement Activity Data

Inspections

Waste tire hauler, generator, and facility inspections are conducted by either TEA or CalRecycle staff at regular intervals as established by the Five-Year Tire Plan to ensure compliance with state standards and prior to issuing permits. CalRecycle staff also follow up on all enforcement activities for waste tire violations documented by TEA grantees that are not satisfactorily corrected using the initial Notice of Violation process.

The total number of inspections conducted during a year may vary due to workload priorities including:

- Number and difficulty of enforcement cases
- Assistance needs of TEAs
- Development of training for TEAs and haulers
- Program changes required as a result of new regulations and/or policy

In 2014, 20,466 inspections were conducted statewide (**Figure 1**). TEAs conducted 18,603 inspections, which was approximately 8 percent less than in 2013. CalRecycle staff conducted 1,863 inspections, which was slightly more than in 2013.

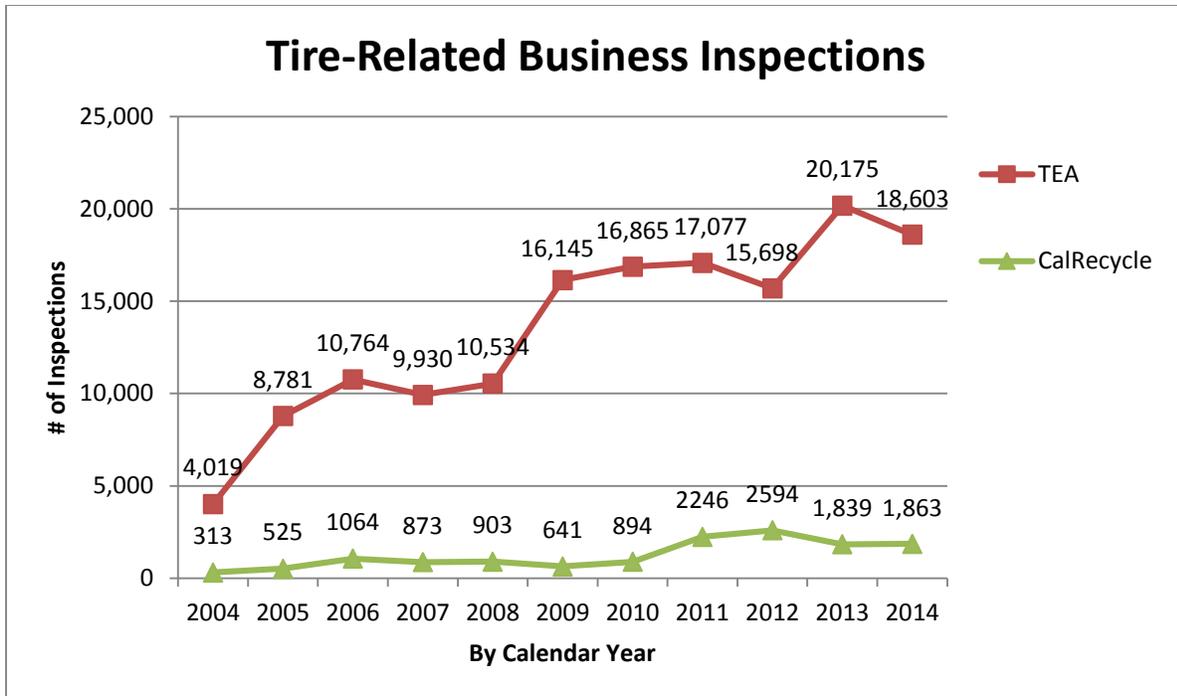


Figure 1.

Enforcement Actions: Waste Tire Hauler Registration and Manifest

Enforcement actions for waste tire haulers and generators include both streamlined penalties and administrative hearings. Noncontroversial violations and those involving potential administrative complaint penalties less than \$10,000 can be resolved through an abridged administrative hearing process or “streamlined penalty program.” A lower penalty is offered to the violator in lieu of prosecution through the more lengthy and costly administrative complaint process.

The streamlined penalty process was used for 36 hauler penalty cases and 13 manifest cases in 2014 (**Figure 2**). The total number of cases is similar to 2013 and continues the downward trend in violations since 2012.

There were five administrative complaints for hauler and manifest violations issued 2014, an increase of two from 2013 (**Figure 2**).

Streamlined Penalties and Administrative Complaints (Hauler Registration and Manifest Program)

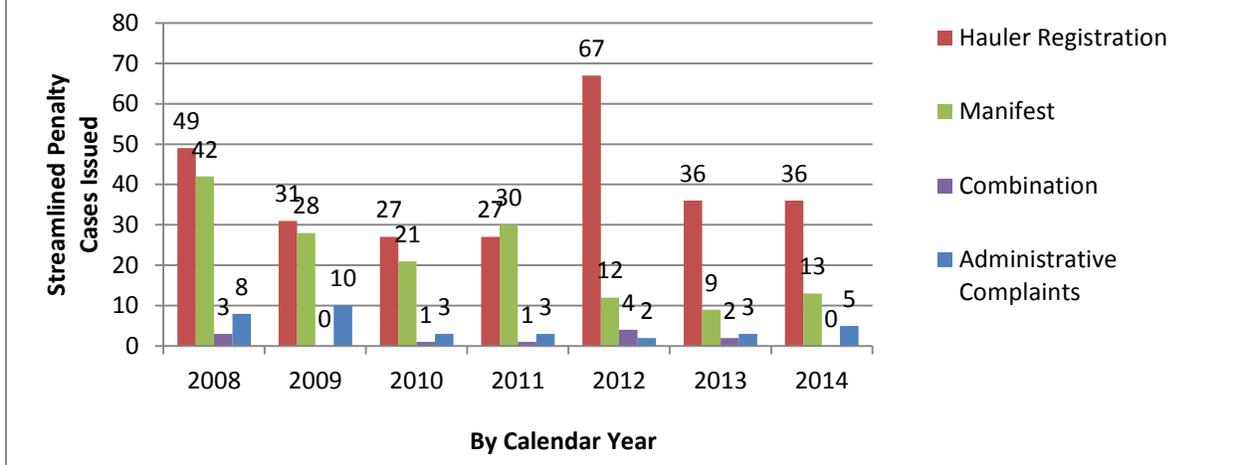


Figure 2.

Enforcement Actions: Permitted and Illegal Waste Tire Facilities

When a permitted waste tire facility is out of compliance or operating illegally, the inspector issues the waste tire facility operator a notice of violation (NOV) that identifies all violations and specifies a compliance date for correcting the violations. In most cases, the operator corrects the problem(s) within the compliance time frame. However, if the violation(s) is/are not resolved, CalRecycle issues a cleanup and abatement order (CAO), which identifies all violations and specifies a compliance date. If those provisions are not met in a timely manner, CalRecycle will then suspend or revoke the permit and/or seek civil penalties through the administrative complaint process.

Figure 3 summarizes NOV and CAO issued by CalRecycle against permitted or illegal waste tire facilities. In 2014, eight NOV were issued, and three CAOs were issued. There was only one waste tire facility administrative complaint case (Golden By-Products) in 2014.

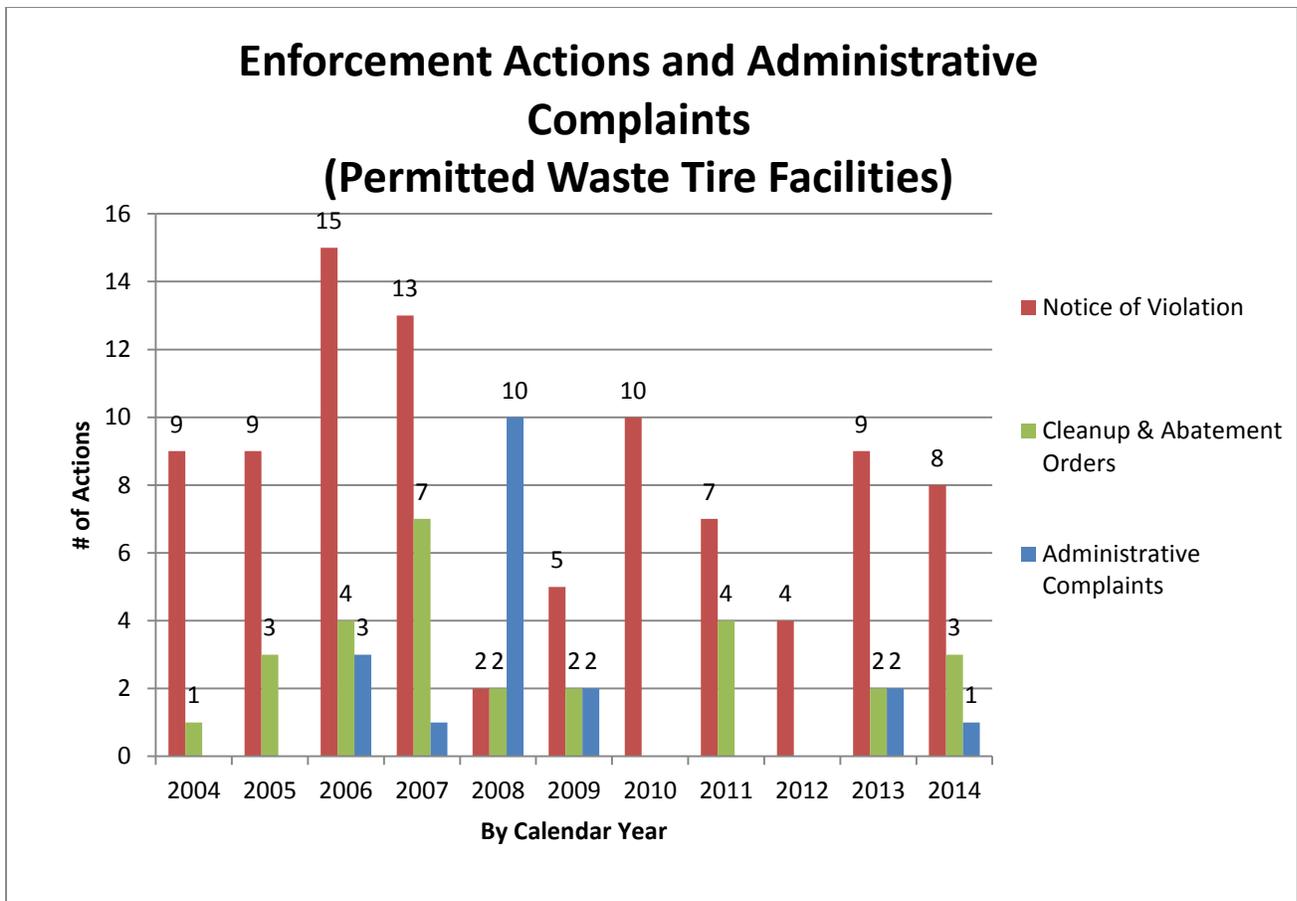


Figure 3

Solid Waste Facilities Enforcement

Program Highlights

- CalRecycle conducted a five-month, in-depth investigation of the potential overuse of alternative daily cover (ADC). The investigation did not find evidence of pervasive ADC overuse.
- The number of violations issued to transfer stations in 2014 continued its downward trend for the second year in a row.

Program Description

Solid waste enforcement programs protect public health and safety and the environment and ensure a level playing field for solid waste disposal-related businesses. CalRecycle has oversight authority for solid waste handling, processing, and disposal facilities or operations. Direct authority resides with LEAs to ensure that facilities/operations are

operated correctly. CalRecycle has the ability to take direct enforcement if LEAs do not choose to perform, or are not adequately performing, enforcement duties.

In addition to CalRecycle, the State Water Resources Control Board, the Air Resources Board, and Department of Toxic Substances Control each have regulatory authority over specific aspects of solid waste disposal and handling. CalRecycle regulations do not duplicate or conflict with other agency requirements regarding hazardous waste or the protection of water and air quality. However, CalRecycle has authority over odor issues at compost facilities. The environmental agencies are required to notify each other when they observe violations or when they issue enforcement orders under their own authority that may also constitute violations of requirements under other agencies' authorities.

CalRecycle's regulation of solid waste facilities includes:

- Reviewing permitting and closure/post-closure documents.
- Inspecting facilities to ensure state standards and permits are effectively implemented.
- Enforcing state standards and permit conditions in addition to, or in lieu of, the LEA.
- Taking appropriate enforcement action if the LEA fails to do so.
- Certifying and evaluating LEAs.

State and Local Governments Work Together

Enforcement at active and closed solid waste facilities is conducted in partnership between local and state government. LEAs have primary responsibility for ensuring that facilities within their jurisdiction operate according to state minimum standards and permit conditions. They are designated by their local governing bodies and certified by CalRecycle to implement solid waste handling and disposal regulations. LEAs make sure facilities are properly permitted and inspected to remain in compliance with state minimum standards or permit conditions. If facilities are not in compliance, LEAs take progressive enforcement action to remedy violations according to state statute, standards, and regulations as described in their approved Enforcement Program Plan (EPP), which CalRecycle approves. The EPP describes the progressive process the LEA must follow when taking enforcement action.

There are 60 LEAs statewide; their activities are funded through a mix of local funding and annual state grants. CalRecycle-certified LEAs cover all but seven jurisdictions: the cities of Berkeley, Stockton, and Paso Robles; and the counties of San Benito, San Luis Obispo, Santa Cruz, and Stanislaus. CalRecycle acts as the LEA in those seven jurisdictions.

Although each LEA is responsible for its jurisdiction, CalRecycle works with LEAs to ensure that state laws are consistently and equitably enforced. To ensure state programs are implemented effectively, CalRecycle:

- Provides training, technical assistance, support, and guidance to LEAs.

- Conducts pre-permit inspections for all facilities.
- Reviews monthly LEA inspection reports.
- Conducts 18-month inspections for all active landfills.
- Publishes a list (inventory) of facilities with chronic violations.
- Acts as the enforcement agency if no local agency is designated.
- Certifies and evaluates the LEAs and their enforcement plans.

CalRecycle has the following authority if the LEA fails to inspect facilities or appropriately enforce state standards and permit conditions:

- Place the LEA on a work plan or probation.
- Take direct enforcement action.
- Decertify a portion or the entirety of an LEA program.
- Take other measures as necessary.

Compliance Targeting Strategy

CalRecycle works to achieve statewide compliance by working with the LEAs and providing guidance and direct assistance. The intent is to deter and prevent problems through all available means before considering formal enforcement action. The [Compliance Targeting Strategy](#) (December 2007) builds upon principles developed collaboratively by the LEAs and CalRecycle, and it provides direction for CalRecycle staff on how to monitor compliance and address cases such as:

- Failure by the LEA to conduct required inspections or to adequately assess state minimum standards.
- Chronic violations for which the LEA has not issued a Notice and Order or a compliance schedule.
- Multiple enforcement orders with little or no progress toward full compliance.

Elements of the Solid Waste Inspection and Enforcement Program

Inspections

Routine, unannounced inspections ensure active facilities and operations, as well as closed sites, comply with applicable state minimum standards and permit conditions. The inspector reviews the site and records for compliance with all standards for the particular facility type, and issues an inspection report based on the finding. If the facility is not in compliance, the inspector documents this on the inspection report with sufficient details regarding the findings and the violation. Inspectors submit inspection reports electronically to a statewide database. Frequent inspections allow early detection of problems that could lead to noncompliance with requirements.

CalRecycle also conducts three types of oversight inspections to ensure consistent statewide enforcement of statutes and regulations as well as to evaluate LEA performance. The three types of oversight inspections are:

- Eighteen-month inspections at landfills.
- Pre-permit inspections of all facility types to ensure compliance with state minimum standards on new, revised, or modified permits.
- Discretionary/focused inspections of all facility types to address other issues or mandates as well as evaluating the LEAs.

CalRecycle began conducting discretionary/focused inspections in 2008. In addition to the inspections, CalRecycle staff may conduct targeted investigations as needed.

Compliance Activities

Compliance activities begin with documentation that facility operators are fully aware of the design, operational, and permit requirements for their facility. If a violation is noted, it is reported to the operator. Technical assistance is provided, and reasonable time is given to correct the violation.

Enforcement Action

If violations are not corrected, enforcement action is taken. All formal enforcement actions begin with providing notice and the issuance of an enforcement order. The order describes the violations that must be addressed, compliance steps required, and dates by which compliance must be achieved, as well as the penalty or consequences if compliance is not achieved. After notifying the operator of a violation, the LEA has the authority to issue a Corrective Action Order and/or a Cease and Desist Order. If an operator fails to comply with the order, the LEA may seek the remedies stated in the order. Remedies available to the LEA include pursuing administrative civil penalties not to exceed \$5,000 for each day of violation; petitioning the Superior Court to enjoin the violation or impose civil penalties not to exceed \$10,000 for each day of violation; or suspending or revoking the permit.

CalRecycle publishes two lists on its website generated from the Solid Waste Information System database: Inventory and Enforcement Orders. The "Inventory" lists facilities that repeatedly violate state minimum standards. After two consecutive violations of the same standard are noted on an inspection report, CalRecycle issues a Notice of Intent advising the landfill operator of CalRecycle's intent to list the facility on the Inventory if the violations are not corrected within 90 days. If the violation is not corrected as documented in an inspection report, CalRecycle lists the facility on the Inventory and informs the operator. The LEA is then required to develop a compliance schedule, which is typically in the form of an enforcement order. In addition to the Inventory, CalRecycle publishes all current enforcement orders on its website.

Facilities on the Inventory require additional oversight and may receive enhanced compliance assistance from their LEA. CalRecycle works closely with the LEA to develop a strategy to bring facilities into full compliance.

Solid Waste Disposal Facilities and Operations

In 2014, California’s solid waste disposal infrastructure included 555 active, permitted solid waste facilities and 669 active operations. Operations are distinguished from facilities in that they do not require a permit; however, they do require notification be sent to the LEA. Operations are inspected less frequently than facilities. The types and number of 1,224 active facilities and operations are as follows (**Figure 4**):

- Active permitted facilities (555)
 - 313 waste transfer and processing facilities
 - 101 composting facilities
 - 138 disposal facilities
 - 3 transformation facilities
- Authorized operations (669)
 - 383 waste transfer and processing operations
 - 259 compostable material handling operations
 - 27 inert fill operations.

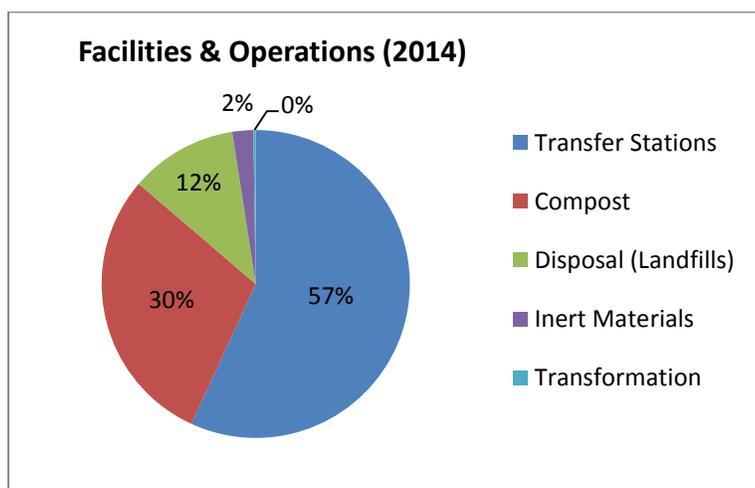


Figure 4.

Enforcement Activity Data

Inspections

Facilities and operations are inspected regularly to allow early detection of noncompliance with regulations and permit conditions (facilities only).

Figure 5 summarizes inspections performed by the enforcement agency—either the local enforcement agency or CalRecycle (for seven cities and counties with no designated LEA). During 2014, 11,765 inspections were conducted, which is less than in previous years, primarily due to a decrease in LEA inspections as LEAs perform inspections in 95 percent of the counties. During 2014, LEAs conducted 11,237 inspections, and CalRecycle conducted 528.

Solid Waste Facility Inspections		
Year	By CalRecycle as Enforcement Agency	By Local Enforcement Agencies
2000	10,765	308
2007	11,654	465
2008	10,495	477
2009	13,165	518
2010	12,783	542
2011	12,543	520
2012	12,190	545
2013	12,864	549
2014	11,237	528

Figure 5.

In contrast to the last several years, the total number of violations resulting from inspections increased in 2014—almost 25 percent more than in 2013. In 2014, there were 993 violations cited at the three major types of active permitted facilities: landfills, compost facilities, and transfer/processing facilities. This increase in total violations was primarily due to an increase in violations at landfills (**Figure 6**).

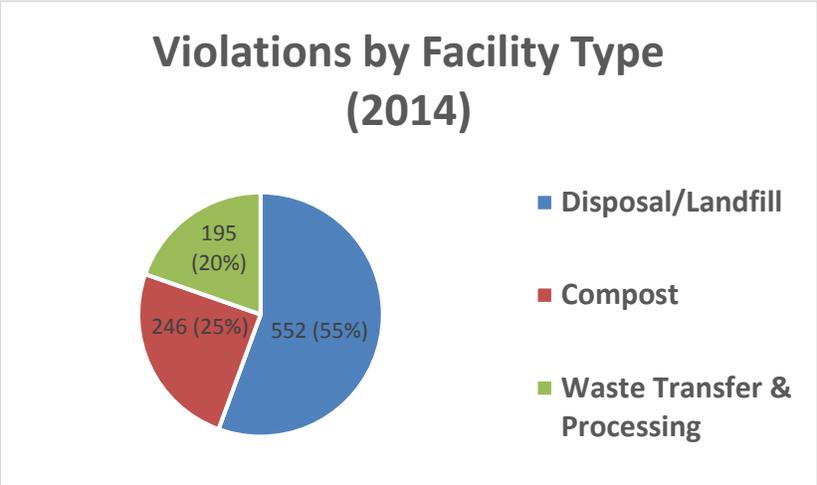


Figure 6.

The sections below list five violation categories. (Note: The percentage totals do not equal 100 percent as not all violation categories are listed.) **Figures 7, 8, and 9** summarize total violations by violation category and percentage of violations by category.

Disposal Facilities (Landfills): More than half of the total violations for 2014 were at landfills. In addition, landfills had 45 percent more violations in 2014 compared to 2013, primarily due to a larger number of violations related to the late submittal of updated closure and post-closure maintenance plans (**Figure 7**).

Of the 552 violations cited in 2014, 72 percent were for the violation categories listed below. The main violations in 2014, *Gas Monitoring and Control* and *Operator Compliance with Permit Terms and Conditions*, were the same as in the last three years. Issues with the submittal of *Closure Plans* and the *Time Frame for Closure* together rank second in total violations for 2014 with nearly 27 percent combined. For *Gas Monitoring and Control*, both the number of violations and the percentage of total violations increased this year compared to decreases in the past two years.

Landfill Violations	Percent	Violation Category
188	34%	Gas Monitoring and Control
77	14%	Operator Compliance with Permit Terms and Conditions

69	12.5%	Closure Plan
39	7%	Time Frame for Closure
24	4%	Drainage and Erosion Control
	71.5%	

Figure 7.

Compost Facilities: Approximately 25 percent of total violations for 2014 were at compost facilities. The 246 compost facility violations are fairly evenly distributed across a variety of regulations, although only five categories, representing 39 percent of total compost facility violations, are summarized below (**Figure 8**).

None of the top five violations was more than 11 percent of total compost facility violations. Violations for *Fire Prevention, Protection and Control* were most frequently cited, followed closely by *Operator Compliance with Permit Terms and Conditions*. *Vectors, Odor, Litter, Nuisance, Noise* continued to be an issue at compost facilities. In 2014, there were half as many violations noted compared to 2013 and two-thirds less than in 2012. *Sale or Giveaway of 1,000/12,500 cubic yards* was less than 5 percent of violations.

Compost Violations	Percent	Violation Category
28	11%	Fire Prevention, Protection and Control
25	10%	Operator Compliance with Permit Terms and Conditions
16	6.5%	Inspection of Records
16	6.5%	Sale or Giveaway of 1000/12,500 cubic yards
12	5%	Vectors, Odor, Litter, Nuisance, Noise
	39%	

Figure 8.

Waste Transfer and Processing Facilities: Approximately 20 percent of total violations for 2014 were at waste transfer and processing facilities. The total number of violations (195) at these facilities declined for the second year.

Half of the violations were in the five categories listed below (**Figure 9**). The majority of the transfer/processing violations continue to relate primarily to compliance with facility permits rather than state minimum standards. *Operator Compliance with Permit Terms and Conditions* remained the most common violation category, with 20 percent of total transfer station violations. *Solid Waste Removal*, a state minimum standard, was the second most frequently cited violation, and third was *Operator Authorized by Solid Waste Facility Permit* violation. New to the list in 2014 were *Record Keeping Requirements* and *Vector, Bird and Animal Control*.

Transfer Station Violations	Percent	Violation Category
40	20.5%	Operator Compliance with Terms and Conditions
26	13%	Solid Waste Removal
16	8%	Operator Authorized by SWF Permit
9	4.5%	Record Keeping Requirements
9	4.5%	Vector, Bird and Animal Control
	50.5%	

Figure 9.

CalRecycle Oversight Inspections and Investigations

In 2014, CalRecycle conducted 109 oversight inspections (18-month, pre-permit, and discretionary) to ensure consistent, statewide application of standards and regulations as well as to evaluate LEA performance (**Figure 10**). Inspections of closed facilities are not included in these totals. The vast majority of oversight inspections, 93 (85 percent), were the mandated 18-month inspections of landfills.

Ten pre-permit inspections were conducted in 2014, which accounted for 9 percent of the oversight inspections. The number of pre-permit inspections varies from year to year based on the number of new or revised permits issued in a given year.

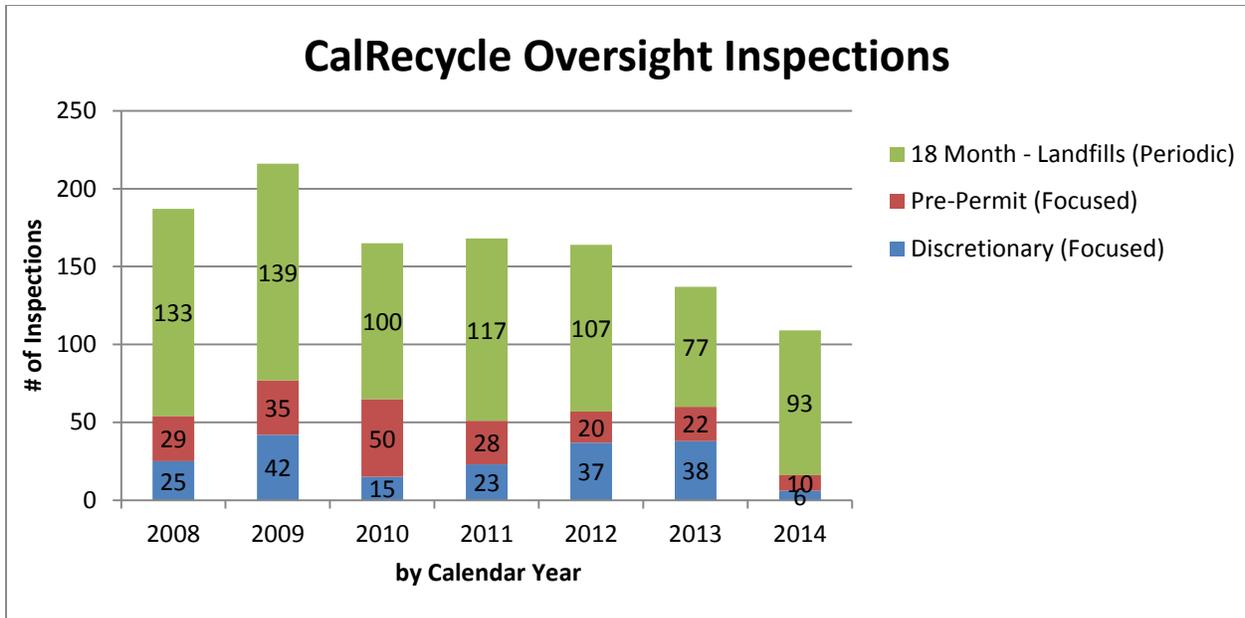


Figure 10.

Six discretionary/focused inspections were conducted in 2014 and accounted for approximately 6 percent of total oversight inspections. Of those, three were conducted at landfills, two at compost facilities, and one at a chip-and-grind facility (**Figure 11**). No discretionary inspections were conducted at transfer stations/MRFs in 2014 as seven of these facilities were inspected during pre-permit inspections.

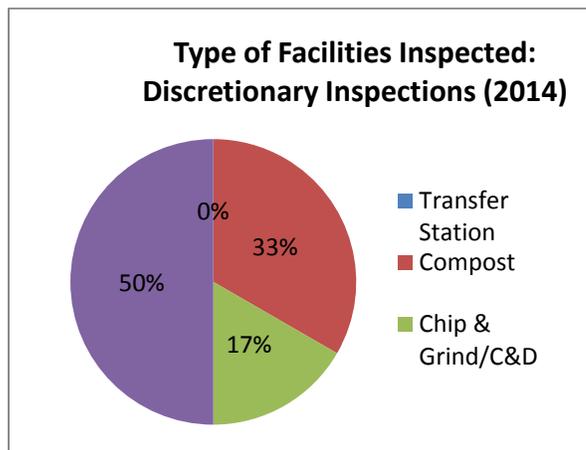


Figure 11.

The total number of discretionary inspections conducted in 2014 is lower this year as a result of considerable staff time dedicated to investigating the potential overuse of alternative daily cover (ADC). Staff identified record-keeping and misreporting issues by operators that may have contributed to the reported high ratios that prompted the investigation. These issues were largely due to misunderstandings or misinterpretations of requirements and were addressed in State Minimum Standards training as well as an increased emphasis on reporting and record keeping during 18-month inspections. The investigation results are available on the CalRecycle website in a report titled "[CalRecycle Solid Waste Enforcement Section Alternative Daily Cover 2014 Investigation.](#)"

Enforcement Actions

Noncompliance with state standards and permit conditions is tracked in several ways by CalRecycle. The [Inventory of Facilities Violating State Minimum Standards](#) lists solid waste facilities with chronic violations of one or more state minimum standards for solid waste handling and disposal. Issued enforcement orders are also tracked.

Figure 12 summarizes enforcement actions taken against facilities that chronically violate state minimum standards and/or permit conditions.

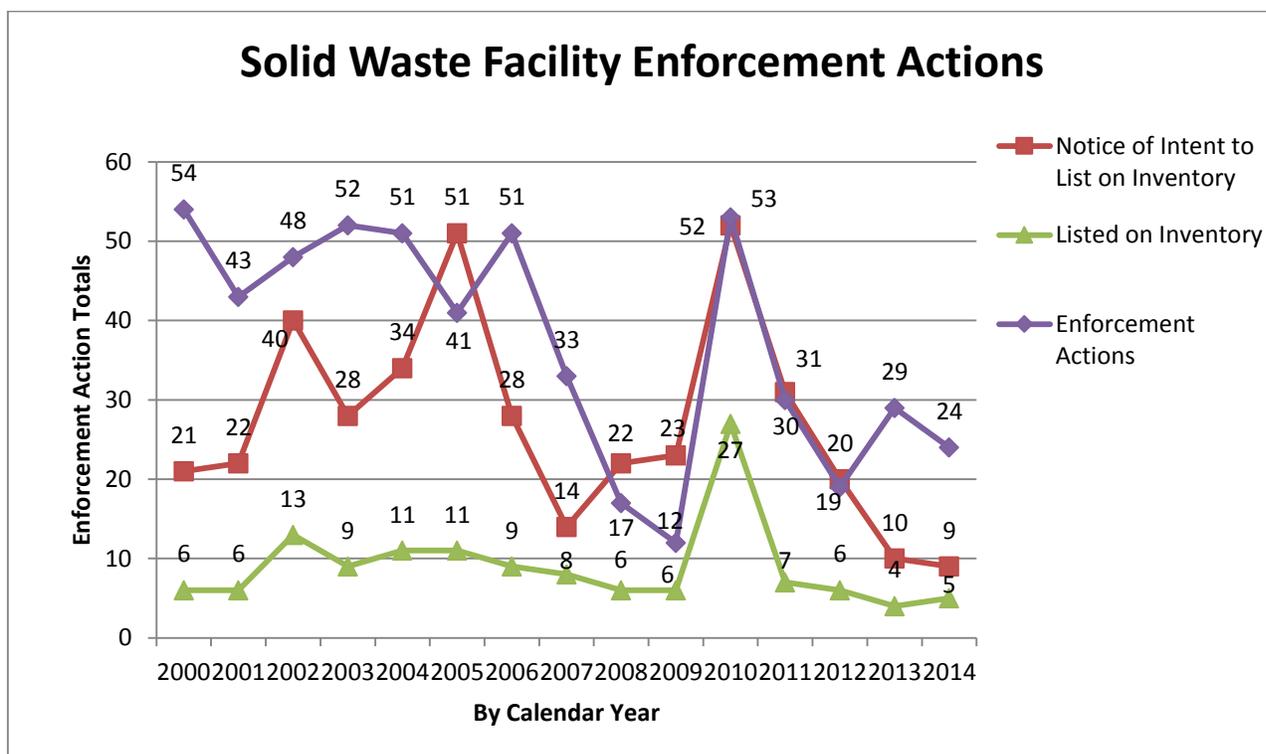


Figure 12.

Nine facilities received Notices of Intent to List on the Inventory during 2014 for repeated violations of state minimum standards. Five facilities were listed on the Inventory in 2014.

Another means of tracking compliance is by the number of facilities that are under active enforcement orders. Enforcement orders include Cease and Desist Orders, Notices and Orders, compliance schedules, stipulated Notices and Orders, and Penalty Orders. During 2014, 24 solid waste facilities, primarily landfills, were under enforcement orders.

LEA Evaluations: Significant Improvement Continues

Each LEA is evaluated by CalRecycle every three years. Staff members apply standards outlined by statute to ascertain whether the LEA has:

- Consistently enforced statutes and regulations pertaining to solid waste handling and disposal.
- Implemented its CalRecycle-approved Enforcement Program Plan, or EPP.
- Complied with certification requirements related to staffing adequacy, technical expertise, budget resources, training, and EPP processes.

An LEA is not fulfilling its duties if there is a finding that it:

1. Failed to exercise due diligence in the inspection of solid waste facilities and disposal sites.
2. Intentionally misrepresented the results of inspections.
3. Failed to prepare permits, permit revisions, or closure and post-closure maintenance plans.
4. Approved permits, permit revisions, or closure and post-closure maintenance plans that are not consistent with Part 4 and Part 5 of the Public Resources Code.
5. Failed to take appropriate enforcement actions.
6. Failed to comply with, or taken actions that are inconsistent with or unauthorized by, statute or regulations.

In addition to these findings, LEAs are evaluated on whether they have updated their EPP, have adequate staffing, and have appointed a hearing panel or officer.

LEA performance has steadily and significantly improved over the past decade. As **Figure 13** shows, the number of LEAs fulfilling all of their duties is steadily increasing.

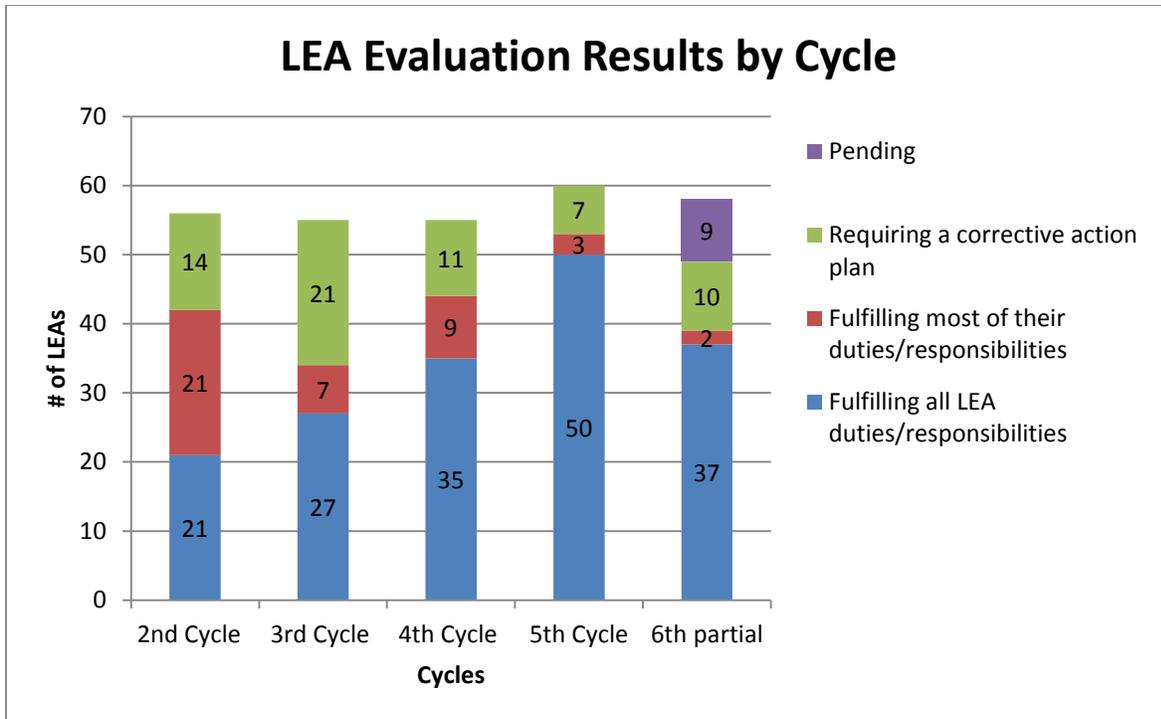


Figure 13.

The sixth cycle began in 2013, and 85 percent of the LEA evaluations were completed by the end of 2014. In 2014, 32 evaluations were completed compared to 19 during 2013.

Although the sixth cycle is not yet complete, 76 percent (39) of the LEAs were fulfilling all or most of their responsibilities during the sixth cycle. Ten LEAs required corrective action work plans. Of those, four LEAs corrected their deficiencies by the end of 2014, and six are making progress with the expectation that they will be completed during 2015 or 2016. The three remaining corrective action plans from the fifth cycle were also completed during 2014.

Local Government Diversion Enforcement

Program Highlights

- Four local governments were found to meet the “good faith” standard for implementing their diversion programs based on the results of CalRecycle compliance evaluation reviews.
- Compliance evaluation reviews are still in progress for five local government diversion programs that were referred for review during 2013.

- Only one local government, Calaveras County, remained on a compliance order during 2014.

Program Description

CalRecycle has direct authority for the evaluation and enforcement of requirements for local government waste diversion (cities, counties, and regional agencies). The goal is to minimize waste and maximize diversion of materials from landfills through waste prevention, recycling, and composting. Local governments develop plans and implement programs (source reduction, composting, and recycling) to divert 50 percent of waste disposed (based on 2000 figures).

CalRecycle's enforcement role is to:

- Conduct compliance evaluations of local government diversion programs to determine if they are failing to implement their unique diversion programs or failing to make progress in meeting their unique per capita disposal targets; and
- Monitor noncompliant local governments as they implement their corrective action plans to come into compliance with diversion requirements.

Regional Programs Reduce Costs

There are approximately 540 cities and counties in California that are required to plan and implement diversion programs to achieve 50 percent diversion goals. In order to reduce program and reporting costs, as well as to improve accuracy of measurements by reducing complex boundaries, cities and counties are allowed to join regional agencies. Because many cities and counties have joined regional agencies, in 2013 there were 413 local government programs reporting in response to these requirements.

Actual Per Capita Disposal Provides More Timely and Accurate Information

The compliance evaluation review process was adjusted to reflect the per capita disposal measurement system from Senate Bill 1016 (Chapter 343, Statutes of 2008), which changed the measurement system from estimated diversion to actual per capita disposal. The new system accounts for local growth by relying on per capita disposal as an indicator. As residents or employees increase, report-year disposal tons can increase and still be consistent with the 50 percent per capita disposal target.

Through this system, each local government's compliance will continue to be evaluated on a case-by-case basis. Local governments will not be compared to other local governments or the statewide average. Instead, each will have its own 50 percent per capita disposal target. These 2008 changes to the law enabled local governments and CalRecycle to obtain more timely and accurate information on reductions in tons disposed. These

changes also focused efforts on diversion program implementation and make compliance determinations easier.

Compliance Review Process

Local governments submit an annual report to CalRecycle on the implementation of their diversion plans. CalRecycle reviews each local government's progress in implementing its unique waste diversion programs. As a result of that review, some local governments may be referred for compliance evaluation reviews.

There are three possible outcomes of the compliance evaluation review. CalRecycle can determine that the local government:

- Met its unique per capita disposal targets.
- Made a good-faith effort to implement its diversion programs.
- Failed to make a good-faith effort to implement its diversion programs.

When local governments fail to make a good-faith effort, CalRecycle holds a hearing to determine whether to place the local government on a compliance order, which directs the local government to develop a plan outlining specific steps and deadlines to bring it into compliance. CalRecycle monitors the local governments on compliance orders. If a local government fails to meet the compliance order requirements, a public hearing is held to determine whether it is subject to penalties of up to \$10,000 per day.

Enforcement Activity Data

Compliance Evaluation Reviews

Four of the nine compliance evaluation reviews were completed in 2014, and all met the "good faith" standard for implementing their diversion programs.

Five compliance evaluation reviews are still in progress during 2014, and final analysis is expected to be completed during 2015.

Compliance Orders

During the course of a year, there are generally three categories related to compliance orders:

- **Placed on Compliance:** The local government is issued a compliance order as the result of a compliance evaluation review.
- **Compliance Ongoing:** The local government continues to fulfill the terms of the compliance order that was issued in a previous year.
- **Compliance Fulfilled:** The local government fulfills the terms of its compliance order at some point during the year and is removed from compliance status.

As shown in **Figure 14**, no local governments were placed on compliance during the year. Only one local government, Calaveras County Regional Agency, was on a compliance order during 2014. (The agency was placed on a compliance order in August 2013.) This was the lowest number of local governments on active, ongoing compliance orders in the past seven years, dropping from a high of nine in 2008.

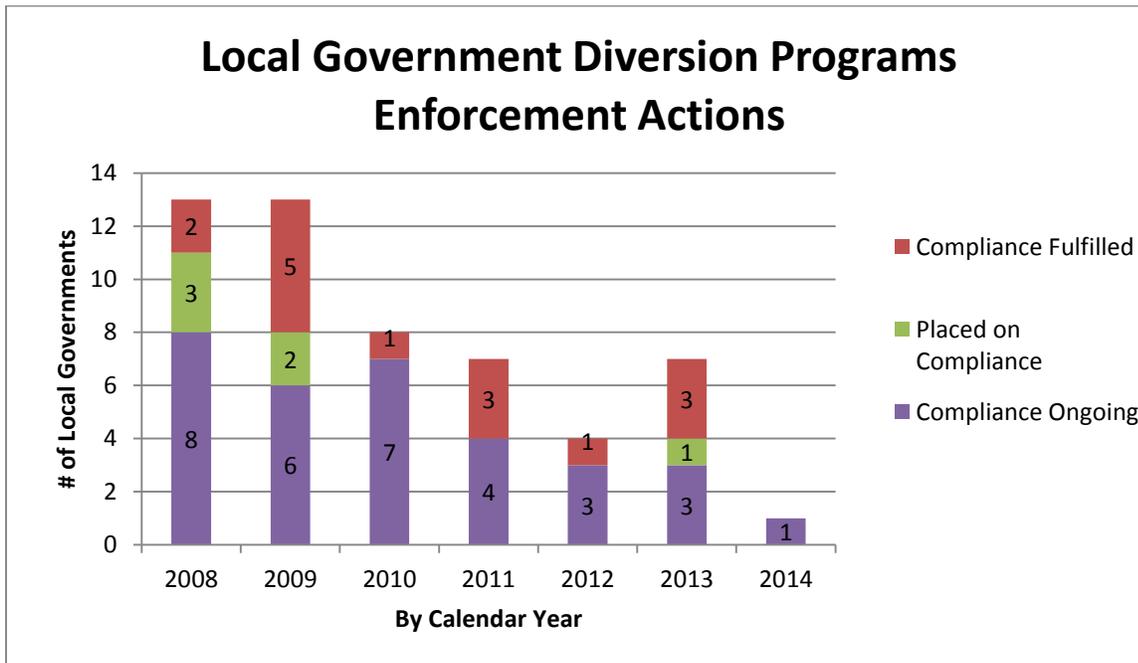


Figure 14.

Penalty Hearings

Penalty hearings are held for local governments that do not make a good-faith effort to implement their diversion programs. In 2014, there were no penalty hearings.

Minimum Content Program: Rigid Plastic Packaging Containers

Program Highlights

- CalRecycle fully implemented the new, phased certification process for RPPC during 2014: registration, pre-certification and compliance certification. Five manufacturers were selected for the 2014 measurement period.

Program Description

California's RPPC law was enacted in 1991 as part of an effort to reduce the amount of plastic disposed in landfills and to increase the use of recycled plastic resin in the manufacturing of new packaging containers. CalRecycle regulates product manufacturers that sell certain products in rigid plastic containers in California. (Some rigid plastic containers are exempt from this law due to the type of product they hold, such as food, drugs, or toxic or hazardous products). Revised regulations took effect on January 1, 2013, and provided clarity to support CalRecycle's enforcement efforts to ensure a level playing field.

Compliance Options Promote Particular Goals

Compliance can be achieved in several ways, with each option promoting a particular goal of the law. Some compliance options were designed to encourage source reduction (waste prevention) or reuse/refilling of rigid plastic containers. One promotes increased use of postconsumer resin in the manufacturing of RPPCs and reduces the amount of virgin resin required. The certification process takes a phased approach to notify regulated RPPC product manufacturers that they have been identified and may be required to certify compliance. Review of manufacturer documents for the first compliance review cycle began in mid-2015.

The three phases of the certification process include:

- **Registration:** During 2014, CalRecycle contacted and registered another 345 product manufacturers for the certification process. As a result, a total of 1,345 product manufacturers were registered for the program by the end of 2014.
- **Precertification:** Although registration is ongoing, a new precertification pool is randomly selected each year. Product manufacturers are notified by March 31 if they will be required to provide documentation for compliance certification. During 2014, 30 randomly selected manufacturers were sent precertification notices for the 2015 measurement period. (Documentation is due in April 2016.)
- **Compliance Certification:** Five product manufacturers randomly selected to participate in the first compliance certification review cycle (2014 measurement period) are required to provide documentation by April 1, 2015 to certify that all their products that were packaged in regulated RPPCs during 2014 are in compliance. This will be the first compliance review cycle since the revised regulations were adopted.

California statute allows CalRecycle to assess penalties of up to \$50,000 for any violation, up to a maximum of \$100,000 annually. Violations include, but are not limited to, failure to

submit all required information, submitting incomplete information, and/or failing to comply with the RPPC law.

Enforcement Activity Data

A number of manufacturers missed the submittal due date for registration and precertification information and were sent a 30-day late letter. However, no enforcement actions were taken during 2014 because all the manufacturers contacted responded in a timely fashion. (Note: The revised RPPC regulations took effect in January 2013, and the documentation for certification was due in April 2015.)

Beverage Container Recycling Enforcement

Program Highlights

- The largest administrative case in the history of the program was settled in CalRecycle's favor against Burbank Recycling and Mission Fiber Group. The entities are collectively liable for reimbursing \$32.6 million in fraudulent CRV claims, along with interest, civil penalties, and other costs and are prohibited from participating in the program. CalRecycle's investigation revealed a highly complex scheme designed to siphon funds from the Beverage Container Recycling Fund by submitting illegal claims for out-of-state beverage containers and using a different recycling company's certification number to conduct transactions and claim reimbursement from CalRecycle. As a result of the judgment, the owners of Mission Fiber Group and Burbank Recycling Inc. have been permanently barred from participating in any transactions involving the purchase, sale, transfer, or storage of CRV beverage containers. Burbank Recycling Inc. had its certification permanently revoked.
- CalRecycle successfully implemented two enforcement-related regulation packages to deter, detect, and mitigate program-related fraud and abuse. The first reduced the allowable daily load limit each consumer can redeem per day by more than half at certified recycling centers. The second, the *Imported Empty Beverage Container Reporting and Inspection Program*, was implemented in partnership with California Department of Food & Agriculture (CDFA) at all open and operating CDFA quarantine inspection stations in California. The program includes reporting and inspection requirements for individuals importing empty beverage container materials and mandates that they enter California through a CDFA plant quarantine inspection station.
- A criminal case highlighted the effective collaboration between CalRecycle, the DOJ, and CDFA as a result of the implementation of the partnership described

above. DOJ agents tracked a semi-truck loaded with empty beverage containers from Phoenix through the agricultural checkpoint in Blythe. A man later identified as Mario Mendoza then delivered two loads to Sequoia Resources in Bakersfield. Mendoza was arrested. With assistance from CalRecycle, DOJ agents later learned the loads were claimed in the names of S&S Recycling, Ignacio Recycling, and Gonzalez Recycling, all operated by James Gonzales of Bakersfield. Evidence obtained through search warrants showed Sequoia Resources, a certified processor, loaned more than \$20,000 per week to Gonzalez Recycling. Gonzalez would bring in enough CRV material to pay back the weekly advances within three days. The investigation ultimately determined that Gonzalo Rodriguez organized the fraud scheme and relied upon his family to either directly operate or form associations with approximately 18 recycling centers in Southern California. Those centers redeemed an estimated \$14 million in fraudulent material from the summer of 2012 to the summer of 2014.

Program Description

Currently, more than 22 billion CRV-eligible beverage containers made from aluminum, glass, plastic, and bimetal are sold in California each year. When not recycled, they contribute significantly to the state's litter or end up in landfills. In 1986, the Legislature created a funding mechanism to encourage the recycling of certain beverage containers.

To finance the beverage container recycling program, processing fees and redemption fees are collected from beverage manufacturers and distributors for each CRV-eligible beverage container sold in California. The money is deposited into a special account, the California Beverage Container Recycling Fund, and is used to cover refunds, processing payments, handling fees, grants, and administrative costs. Most beverages sold in the state and packaged in aluminum, glass, plastic, and bimetal containers are subject to CRV. Notable exceptions are milk, wine, distilled spirits, 100 percent vegetable juice in containers larger than 16 ounces, and 100 percent fruit juice in containers 46 ounces or larger.

Consumers play a key role in this program and receive a refund for recycling beverage containers. They pay CRV at the checkout stand: 5 cents on containers less than 24 ounces and 10 cents for containers 24 ounces or larger. Consumers receive CRV reimbursement when the empty beverage container is returned to a certified recycling center. Effective January 1, 2014, CalRecycle reduced the amount of used beverage containers each consumer can redeem for CRV per day at certified recycling centers. The new limits are 100 pounds of CRV aluminum, 100 pounds of plastic, and 1,000 pounds of CRV glass empty beverage containers per person, per day. Aluminum and plastic, due to their relatively light weight, are the most common materials found in truckloads brought across California's borders for illegal CRV redemption.

The recyclers then sell the eligible containers to processors. As noted above, recyclers are responsible for verifying that the beverage containers qualify for CRV before claiming a refund from the processor. Regulations also now restrict recycling centers from taking delivery of loads of empty beverage containers they know or should have known were imported into California. Recycling centers who knowingly accept imported empty beverage containers are subject to civil penalties and could have their certification suspended or revoked. CalRecycle also posts information about importers in an ongoing effort to inform certified recyclers and processors of those who may be seeking to illegally redeem the materials for CRV.

Processors also receive material through curbside recycling programs and certified collection or drop-off programs, and pay for the material at rates specified by CalRecycle. The processor requests reimbursement from CalRecycle to cover the payments it makes to recyclers and other program participants. More than 55,500 invoices were submitted by processors in 2014. If recyclers or processors submit fraudulent or improperly documented claims, CalRecycle can deny or reduce payments.

Statewide Infrastructure for Convenient Beverage Container Recycling

Californians recycled an average of more than 48.4 million beverage containers each day, or about 17.7 billion beverage containers in 2014. The network of regulated businesses that make this possible includes:

Beverage Container Distribution

- Retailer Beverage Dealers: 30,000 (approximately as not required to register)
- Beverage Manufacturers: 1,685
- Distributors: 1,848

Collection/Processing

- Recycling Centers: 2,233
- Curbside: 603
- Collection/Drop-Off Programs: 216
- Processors: 218
- Community Service Programs: 174

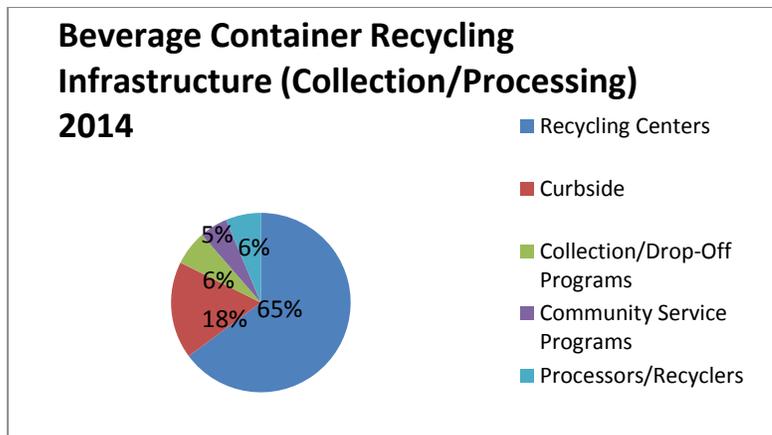


Figure 15.

The number of regulated businesses in each category was essentially the same in 2014 as in 2013 with the exception of community service programs that increased by approximately 50 percent. **(Figure 15).**

Fraud Management Strategy

CalRecycle’s enforcement efforts focus on identifying and investigating certified and/or registered entities that are potentially operating in violation of the law or regulations. CalRecycle engages in both pre-payment activities to deter, prevent, and mitigate program fraud and post-payment activities to investigate and prosecute certified and/or registered entities operating in violation of the law or regulations. In 2014, CalRecycle continued to implement strategic efforts to strike an effective balance between pre-payment activities and post-payment activities.

Enforcement is supported by data and information gathered through a combination of the following activities:

- Probationary review of recycling centers (on site and compliance history/file review)
- Annual inspections of recycling centers
- On-site inspections of recycler loads delivered to processors
- Risk assessment and data analysis
- Pre-payment review/audit of claim for reimbursement
- On-site investigations leading to various administrative remedies including accusations for restitution, administrative penalties, revocation of certification, or criminal prosecution, as warranted

Given the large volume of data managed by the program, the Division of Recycling Integrated Information System (DORIIS) is an essential tool. This system integrates various data and tracking systems to pinpoint reporting anomalies and target suspect claims. Using DORIIS, CalRecycle can place anomalous claims for program payments on

hold until supporting documents can be reviewed for accuracy and completeness. DORIIS also enables investigators to place suspect recycling operations on pre-payment inspection status until CalRecycle can perform an on-site inspection of the corresponding load of beverage container materials. When used collectively, these systems and processes provide CalRecycle both pre-payment and post-payment opportunities to mitigate loss to the fund and identify potential fraud.

CalRecycle currently has interagency agreements with the DOJ and the state Attorney General's Office to conduct criminal investigations and prosecute beverage container recycling fraud cases. At the local level, CalRecycle works with local law enforcement personnel, most recently in Los Angeles, Riverside, and San Bernardino counties. CalRecycle is actively working to establish partnerships with other local and state law enforcement agencies.

Program fraud associated with the illegal redemption of empty beverage containers imported into California is a significant threat to the solvency of the fund. In 2014, CalRecycle, in conjunction with CDFA, fully implemented the Imported Empty Beverage Container Reporting and Inspection Program at all 16 plant quarantine inspection stations operated by CDFA. Information gathered from individuals and/or entities in this program is compiled and routinely provided to DOJ for potential criminal investigation and prosecution. CalRecycle is also posting select information about importers in an ongoing effort to inform certified recyclers and processors of the individuals, entities, and vehicles importing empty beverage container materials who may be seeking to illegally redeem the materials for CRV.

Regulatory Changes

In 2014, CalRecycle successfully implemented two enforcement-related regulatory changes to further deter, detect, and mitigate program-related fraud and abuse.

- **Daily Load Limits:** The revised per-person, per-day daily load limits (effective January 1, 2014) are 100 pounds of CRV aluminum, 100 pounds of plastic, and 1,000 pounds of glass beverage containers. Previously, the limits were 500 pounds of aluminum or plastic and 2,500 pounds of glass. Aluminum and plastic, due to their relatively light weight, are the most common materials found in truckloads brought across California's borders for illegal redemption.
- **Imported Material Reporting and Inspection Requirements:** Anyone transporting into California a load of empty plastic or aluminum beverage containers weighing 25 pounds or more, or 250 pounds or more of glass, is required to pass through a CDFA quarantine inspection station and obtain a proof of inspection form. A form documenting the source and destination of the material must also be completed and retained along with the proof of inspection. Importers who fail to accurately complete the required documentation and submit it to a CDFA agent, or who refuse to allow CDFA personnel to inspect the load of empty beverage

containers, can be fined up to \$1,000 per violation or be prohibited from entering California. All certified or registered program participants, other than processors, are restricted from taking delivery of loads of empty beverage containers they know or should have known were imported into California. Certified processors may accept imported material but must only pay the associated scrap value. No CRV can be paid on out-of-state material.

Enforcement Activity Data

Recycling Center Probationary Reviews

Recycling centers are on probation for the first two years of operation. CalRecycle staff review their operations to ensure that participants are complying with applicable statutes and regulations. As a result of the reviews, CalRecycle may extend a recycling center’s probationary certification status, approve a non-probationary certification, or revoke a participant’s probationary certification.

CalRecycle reviewed 1,092 probationary certificates during 2014, which was a 69 percent increase compared to 2013 (**Figure 16**). Based upon a standard risk assessment, staff determines whether a compliance history/file review is sufficient or a site visit is warranted. The increase in total probationary reviews reflects almost twice as many file reviews conducted by staff during 2014. As a result of the risk assessment, no action was taken at 63 sites that were processors, curbside programs, collection programs, or community service programs since the recycling centers are the primary focus of probationary reviews.

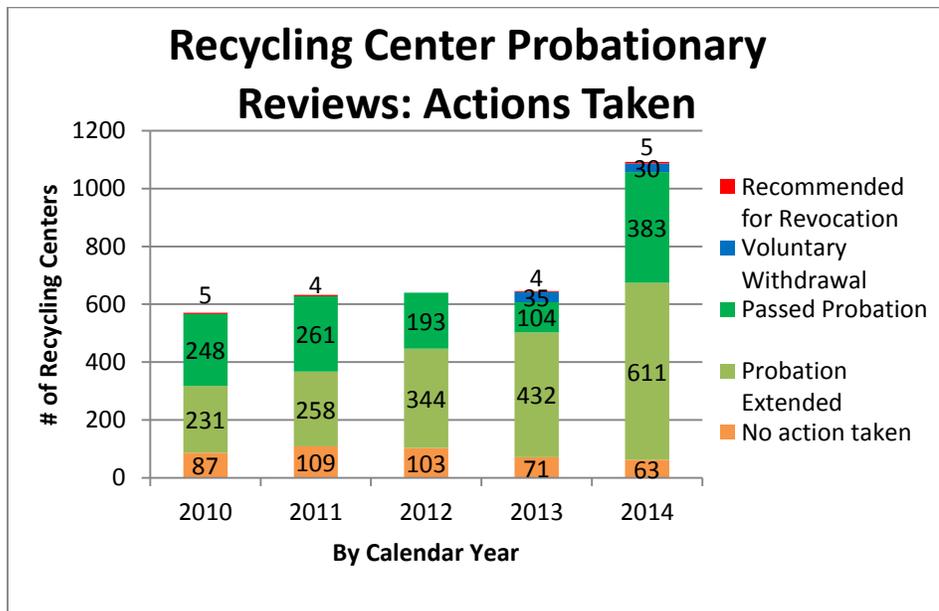


Figure 16

Figure 16 above summarized all actions taken as a result of the probationary reviews **Figures 17 and 18** summarize actions taken by the type of review: compliance history/file review (**Figure 17**) or site visit (**Figure 18**).

- Compliance History/File Review:** Compliance history/file reviews were conducted for 865 recycling centers, approximately twice as many as during the previous year. More than half of the recycling centers had their probationary certificates extended for another year (460 recycling centers). Thirty-seven percent, or 316 recycling centers, passed probation, which is significantly more than in any previous year. Twenty-four recycling centers voluntarily decertified from the program or were abandoned. Two certifications were recommended for revocation. (**Figure 17**).

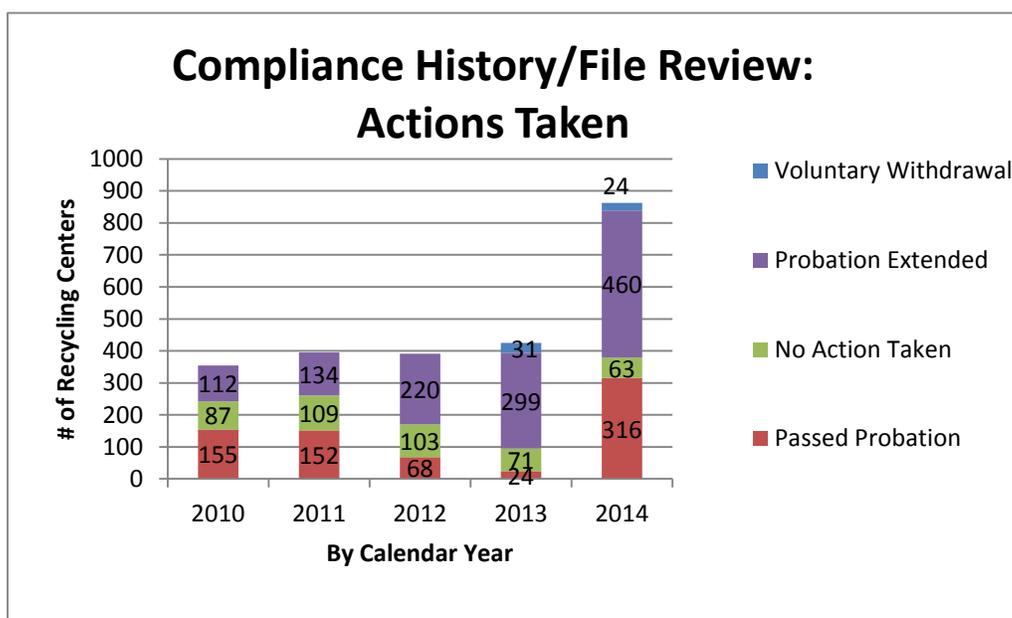


Figure 17.

- On-Site Review:** On-site reviews were conducted at 227 recycling centers. Approximately 67 percent had their probationary certificates extended for another year (151 recycling centers), which was an increase compared to 2013. Another 30 percent passed probation (67 recycling centers). Six recycling centers voluntarily decertified during or as a result of the site visit, or were abandoned. Three recycling centers had their probationary certificates recommended for revocation (**Figure 18**). As a result of these site reviews, auditors assessed \$883,180 in restitution, civil penalties, and/or interest in 2014.

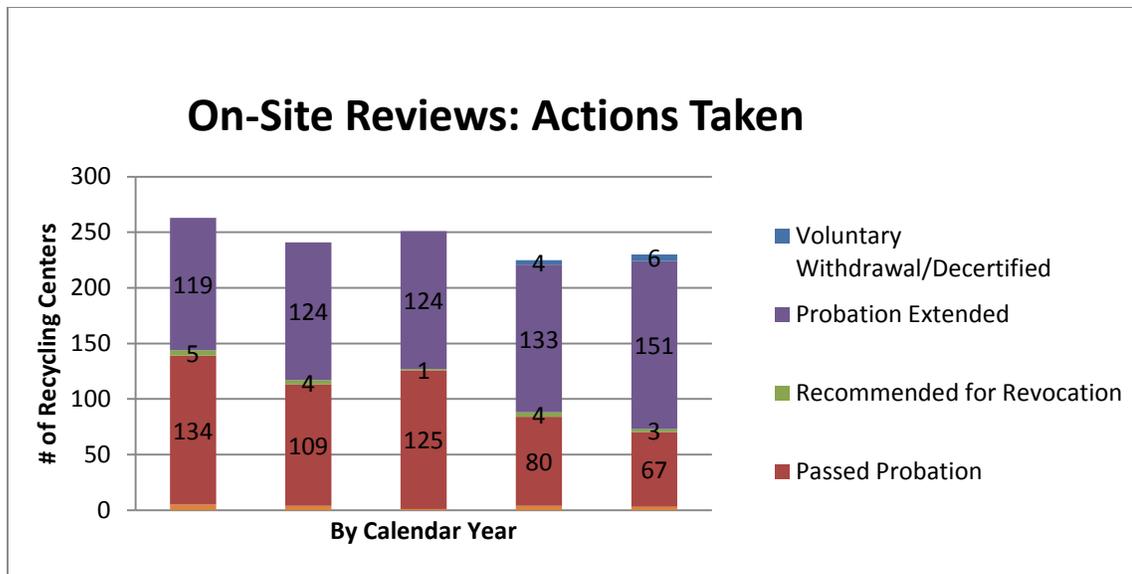


Figure 18.

Recycling Center Inspections

CalRecycle inspects each certified recycling center at least once annually to ensure compliance with program requirements. The inspection typically consists of a test sale to verify that the recycler is inspecting loads of material from consumers to determine payment eligibility, is paying consumers the correct amount, and is complying with operational requirements such as signage that support consumer convenience. If the program participant is not in compliance, the inspector issues either a Notice of Noncompliance or a Notice of Violation. If the recycler fails to achieve compliance when a follow-up inspection is conducted, a Notice of Violation, including a fine, is issued.

In areas where there is no certified recycling center, retail beverage dealers may be required to serve as the recycling center. They are also inspected to ensure compliance with signage and CRV shelf-labeling requirements.

Recycling center inspections increased by 35 percent in 2014 as compared to 2013, with 4,691 conducted during the year. There were 1,769 Notices of Noncompliance issued in 2014, which is approximately 8 percent more (as a percentage of total inspections) than in 2013 (**Figure 19**). There were 622 violations issued, which was a 5 percent increase (as a percentage of total inspections) from 2013. CalRecycle assessed civil penalties of \$109,000 on noncompliant recycling center operators as a result of the inspections—a 51 percent increase in dollars collected compared to 2013.

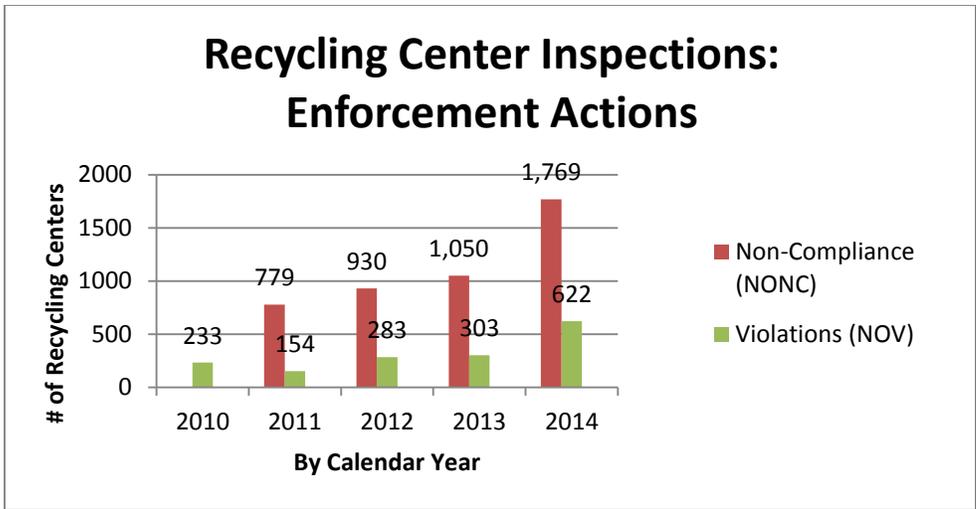


Figure 19.

Processor Load Inspections

Investigators inspect shipments from recycling centers to processors to verify the eligibility of the material and review the accuracy/completeness of the claim for reimbursement. In 2014, CalRecycle inspected approximately 4,858 processor loads (**Figure 20**), which was 30 percent more than in 2013. Approximately 4 percent, or 190 loads, were reduced or denied as a result of the inspections.

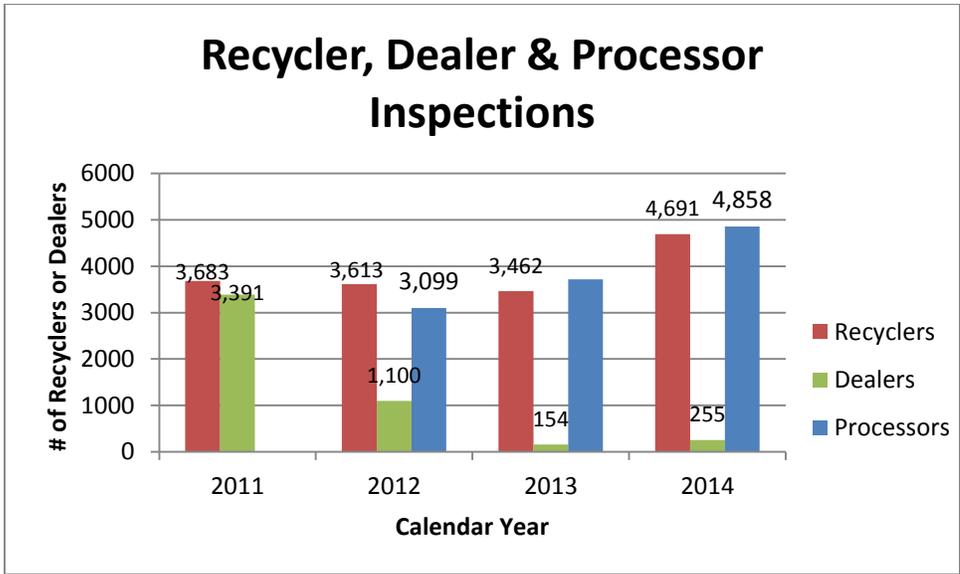


Figure 20.

Dealer Inspections

Dealer inspections increased by 66 percent in 2014 as compared to 2013, with 225 conducted during the year. There were 82 Notices of Noncompliance issued in 2014, which is slightly less (as a percentage of total inspections) than in 2013. There were 31 violations issued, which was a 5 percent increase (as a percentage of total inspections) from 2013 (**Figure 21**). CalRecycle assessed civil penalties of \$4,800 on noncompliant dealers as a result of the inspections—four times as much as in 2013.

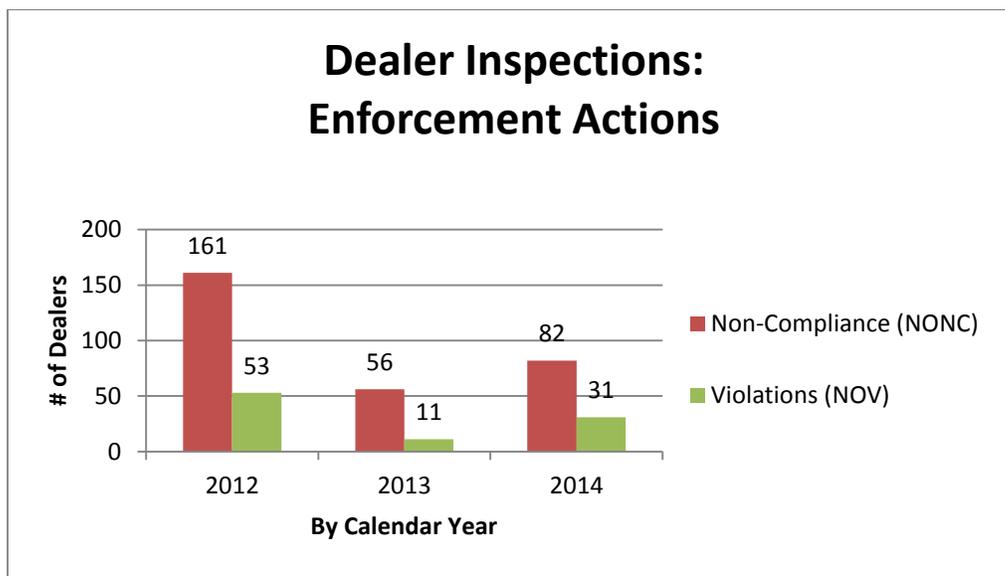


Figure 21.

Risk Assessment and Data Analysis

Risk assessment and data analysis tools and techniques identify high-risk participants based on anomalies in reported data. Anomalous claims, and the program participants who submit them, are subject to further investigation or review by CalRecycle or the DOJ. Given that approximately 2,500 shipping reports valued at \$1.5 million to \$3 million per day are submitted, automated analysis is an essential tool for preventing potential fraud. In 2014, processors submitted 55,521 invoices, and there were 915,863 shipping reports valued at more than \$1.013 billion.

On a daily basis, all shipping reports are reviewed using an automated claimed volume report that is built using DORIIS. The report identifies anomalies such as high average purchase volumes or spikes in daily volumes before claims are processed for payment. On average, 10 percent of the shipping reports are flagged for further follow-up or investigation. Using prepayment controls within DORIIS, CalRecycle can stop the processing of a shipping report for payment shortly after a determination is made. Staff can then place suspect shipping reports on hold for further review, reduce the amount

claimed, deny the claim for reimbursement, or allow the shipping report to be processed for reimbursement.

Investigations, Accusations, and Criminal Prosecution

Many investigations result from risk analysis or inspections. After high-risk participants are flagged, administrative investigations are conducted to evaluate the validity and eligibility of reimbursement claims, look for possible document falsifications, or investigate potentially fraudulent claims. CalRecycle's forensic document reviews can lead to the recovery of unsubstantiated and/or illegal payments. Findings can result in administrative civil penalties, restitution, and/or revocation of the recycler's certification. Some investigations can take years to complete. The largest administrative case in program history (Mission Fibers/Burbank Recycling) was filed in early 2009 and was not settled until 2014.

In 2014, CalRecycle opened 509 investigations and closed 487. (Note: These statistics are not comparable with previous years as CalRecycle has changed the way cases are tracked and reported. Previously, the Department tracked and reported post-payment investigation activity only. In January 2014, CalRecycle began tracking detailed performance metrics for both pre-payment and post-payment investigation cases. As a result, the "opened" and "closed" cases performance metrics for 2014 are higher than for 2013.) Results from completed investigations during 2014 include:

- 14 recycling center certifications were recommended for revocation
- 16 certification applications were recommended for denial
- 92 forensic documents were reviewed

As stated previously, CalRecycle does not have statutory authority to conduct criminal investigations or to criminally prosecute. When CalRecycle investigations reveal potential criminal activity, the case is referred to DOJ for further investigation and subsequent prosecution, if warranted, by the state Attorney General. Below are summaries of one administrative and three criminal cases concluded in 2014.

Administrative Case

- **Mission Fibers/Burbank Recycling:** In 2014, the largest administrative case in the history of the program was settled in CalRecycle's favor. During a three-year period ending in 2007, Burbank Recycling Inc. submitted illegal claims for out-of-state beverage containers, and Arizona-based Mission Fiber Group, a noncertified entity, illegally used a different recycling company's certification number to conduct transactions with Burbank Recycling.

CalRecycle's investigation revealed a highly complex scheme designed to siphon funds from the Beverage Container Recycling Fund. CalRecycle found that Mission

Fiber hired a trucking company to bring used beverage containers from other states to Fontana and Long Beach. Mission Fiber then used a stolen certification number and address on required shipping documents to mask the true origin of the out-of-state materials, which cannot legally be redeemed for CRV. Mission Fiber then sold the materials to Burbank Recycling, which subsequently claimed reimbursement and other costs from CalRecycle. As a result of the judgment, the owners of Mission Fiber Group and Burbank Recycling Inc. have been permanently barred from participating in any transactions involving the purchase, sale, transfer, or storage of CRV beverage containers. Burbank Recycling Inc. also had its certification permanently revoked. The entities are also collectively liable for reimbursing \$32.6 million in fraudulent CRV claims, along with interest, civil penalties, and other costs.

Criminal Cases

- **Importers from Washington State:** Cases of fraudulent loads transported over the border for illegal redemption have involved multiple nearby states, not just those touching the California border. In January 2014, DOJ arrested six people for illegally redeeming containers for CRV from Washington State. Agents estimate the amount of fraud totaled approximately \$425,000.

That case involved an Oakland resident certified by CalRecycle to operate a beverage container collection program which typically serviced bars and restaurants. DOJ's investigation found that Mario Morales Nolasco regularly traveled to Washington and returned to California with 1,800 pound loads of empty aluminum beverage containers and illegally redeemed them for CRV. The DOJ investigation culminated on January 26, 2014, when the three Washington co-conspirators arrived at a certified processing facility to sell 9,000 pounds of aluminum beverage containers using Nolasco's collection program as cover. Based upon the investigation and CalRecycle records, they are suspected of defrauding the recycling fund of approximately \$329,887. The individuals were charged with conspiracy, grand theft, and recycling fraud. They were sentenced to jail time and probation and were ordered to pay restitution to CalRecycle.

- **Importers from Arizona:** This criminal case highlights the effective collaboration between CalRecycle, the DOJ, and CDFA as a result of the implementation of the border inspection partnership described earlier. DOJ agents tracked a semi-truck loaded with empty beverage containers from Phoenix through the agricultural checkpoint in Blythe. A man, later identified as Mario Mendoza, then delivered two loads to Sequoia Resources in Bakersfield. Mendoza was arrested. With assistance from CalRecycle, DOJ agents later learned the loads were claimed in the names of S&S Recycling, Ignacio Recycling, and Gonzalez Recycling, all operated by James

Gonzales of Bakersfield. Evidence obtained through search warrants showed Sequoia Resources, a certified processor, loaned more than \$20,000 per week to Gonzalez Recycling. Gonzalez would bring in enough CRV material to pay back the weekly advances within three days. The investigation ultimately determined that Gonzalo Rodriguez organized the fraud scheme and relied upon his family to either directly operate or form associations with approximately 18 recycling centers in Southern California. Those centers redeemed an estimated \$14 million in fraudulent material from the summer of 2012 to the summer of 2014.

- **Modesto / Turlock Arrests:** DOJ arrested five individuals from the Modesto-Turlock area suspected of illegally claiming CRV on empty beverage containers that had already been redeemed for CRV. After serving search warrants on 12 locations, DOJ seized records and \$125,000 in cash. During a two-day effort that included CalRecycle personnel, nearly 250,000 pounds—22 truckloads—of empty beverage containers were removed from two of the locations. Five individuals were booked into the Stanislaus County Jail on charges of conspiracy, grand theft, and recycling fraud, with bail set at \$250,000 each.

Electronic Waste Enforcement

Program Highlights

- Recyclers continue to submit properly documented claims. CalRecycle adjusted approximately less than 1 percent of requests for payments due to noncompliant or significantly inconsistent documentation. The compliance rate was 99 percent, which is the highest compliance rate since the program's inception.
- In 2014, 183 million pounds of covered e-waste were claimed for reimbursement—the lowest volume in the last five years as the e-waste stream shifts away from heavy cathode ray tube (CRT) technologies.
- CalRecycle requested funding for an inter-agency agreement with the California Department of Food and Agriculture, Division of Measurement Standards, Weighmaster Enforcement Program (WEP), for auditors and field inspectors to assess operational conformance with applicable record-keeping requirements and ensure compliance with Weighmaster rules. Since payments to collectors and recyclers are based on weight, it is vital that these measures are determined and recorded compliantly.

Program Description

E-waste is an informal term for unwanted electronic products such as computers, televisions, and DVD players nearing the end of their “useful life.” Discarded electronic

products can present environmental hazards if not properly managed because they contain lead, mercury, and other elements that can be hazardous to humans and the environment.

In 2003, the Electronic Waste Recycling Act created a funding mechanism to encourage the proper recycling of certain video display devices such as televisions and computer monitors (covered electronic devices). The covered electronic waste recycling program pays qualified collectors and recyclers a standard rate to cover the average cost of managing discarded covered electronic devices.

To finance the program, consumers pay a fee when they buy covered electronic devices. (Only covered electronic wastes originating from California sources are eligible for payment in the program, but all electronic discards are considered hazardous waste and may not be discarded in the trash.) Collected fees are remitted by retailers to the state and deposited in an account.

Approved collectors and recyclers make it convenient for consumers to properly dispose of e-waste. They request payment from the state to cover the cost of covered electronic waste collection, processing, and recycling activities. Recyclers (and collectors) are reimbursed by CalRecycle at a standard rate per pound of covered electronic waste recovered and recycled. If recyclers submit improperly documented claims, CalRecycle can deny or reduce payments.

Partnership for E-Waste Enforcement

Compliance and enforcement responsibilities are largely shared between CalRecycle and the Department of Toxic Substances Control (DTSC). However, the Department of Justice, California Department of Food and Agriculture, and the Board of Equalization (BOE) also play vital roles in ensuring program integrity.

Recyclers and collectors are reimbursed by CalRecycle at standard rates per pound of covered electronic waste recycled. In 2014, CalRecycle requested funding for an inter-agency agreement with the California Department of Food and Agriculture, Division of Measurement Standards, Weighmaster Enforcement Program, for auditors and field inspectors to assess operational conformance with applicable record-keeping requirements and ensure compliance with Weighmaster rules. Since payments to recyclers are based on weight, it is vital that these measures are determined and recorded compliantly.

If recyclers do not submit properly documented claims, or if they make false statements in their documentation, CalRecycle can deny or reduce payments. Additionally, for claim review or other compliance-related matters, CalRecycle can suspend or revoke approval for collectors or recyclers to participate in the program. In some instances, civil penalties are imposed.

CalRecycle's compliance and enforcement activities include:

- Reviewing recycler claim documentation to ensure that covered e-waste that is recovered for recycling is eligible for reimbursement, compliantly processed, and properly disposed. Payments can be approved in full, adjusted, or denied.
- Reviewing annual net cost reports and adjusting standard payment rates based on calculated industry average net costs. Collectors and recyclers may have their approval to participate revoked for failing to submit complete and accurate net cost reports.
- Suspending or revoking participant approval for false statements or representation, significant noncompliance, or a pattern of operation in conflict with the Electronic Waste Recycling Act.
- Imposing civil liability up to \$25,000 per violation against any person, including an authorized covered electronic waste collector or recycler, that makes a false statement or representation in any document used for purposes of compliance with the act.

Due to the hazardous characteristics of electronic waste, CalRecycle works closely with DTSC to ensure all participants are in compliance with all applicable DTSC requirements. Hence, DTSC's primary focus is on enforcing standards for the physical management of electronic waste through inspections of e-waste storage, collection, and recycling facilities and handlers to ensure their compliance with regulations. They periodically post press releases on e-waste along with other enforcement cases at its [news room webpage](#).

Bestowed with a responsibility to safeguard the integrity of the e-waste fund, CalRecycle coordinates with the BOE to ensure the proper fees are collected to fund the program, and with the DOJ to prevent financial crimes against the fund. BOE's enforcement role is to ensure that the appropriate fees are remitted and deposited into the Electronic Waste Recovery and Recycling Account to fund the program. If fees are not collected or remitted by the retailers, CalRecycle can levy administrative penalties up to \$2,500 per offense; civil penalties up to \$5,000 per offense; or civil liability against manufacturers up to \$25,000.

DOJ's enforcement role is to provide focused assistance to CalRecycle in detecting, investigating, and prosecuting criminal activity by persons operating under e-waste collection, processing, and recycling program provisions specified under the Electronic Waste Recycling Act.

Statewide Infrastructure for Convenient Collection

Growth in California's electronic waste collection and recycling infrastructure has been fostered by the recycling payment system. CalRecycle pays approved recyclers, and those recyclers are required to pay collectors. Voluntary participants represent a diverse group,

including nonprofit organizations, landfills, local governments, and traditional e-waste collection and recycling businesses. The e-waste infrastructure also recovers substantial quantities of miscellaneous electronic waste not covered by the payment system.

In 2014, there were 497 approved collectors and 35 approved recyclers. To maintain active status, participants must re-apply every two years. The number of approved recyclers decreased by 22 percent, mostly due to withdrawals from the program (**Figure 22**). Annual participant turnover of more than 10 percent is typical. As profit margins drop and commodity prices soften, less-profitable operations leave the industry.



Figure 22.

Enforcement Activity Data

Enforcement actions taken by CalRecycle fall into two main categories: adjustment or denial of payment claims, and suspension or revocation of approval to participate.

Payment Claim Reviews

Recyclers (and collectors) are reimbursed by CalRecycle at a standard payment rate per pound of covered electronic waste recovered and recycled. If recyclers do not submit properly documented claims, CalRecycle can deny or reduce payments. In 2014, recyclers submitted 273 reimbursement claims for approximately 183 million pounds of covered e-waste processed. Although the number of claims is consistent with the previous year (2013), approximately 9 percent less volume of e-waste was collected. This decrease in e-waste collected continues the downward trend as the e-waste stream shifts away from heavy CRT technologies.

The level of payment claim adjustments reached the lowest level in 2014—less than 1 percent of claims were adjusted. Although more than half of the claims submitted incurred some degree of adjustment, payment adjustments as a percentage of total dollars requested were very minor. On average, collectors and recyclers attained a 99 percent overall compliance rate on total dollars claimed. This represents the highest compliance rate for the program.

- Total Dollars Claimed in 2014: \$77,152,716
- Total Dollars Paid in 2014 (estimated): \$74,820,573

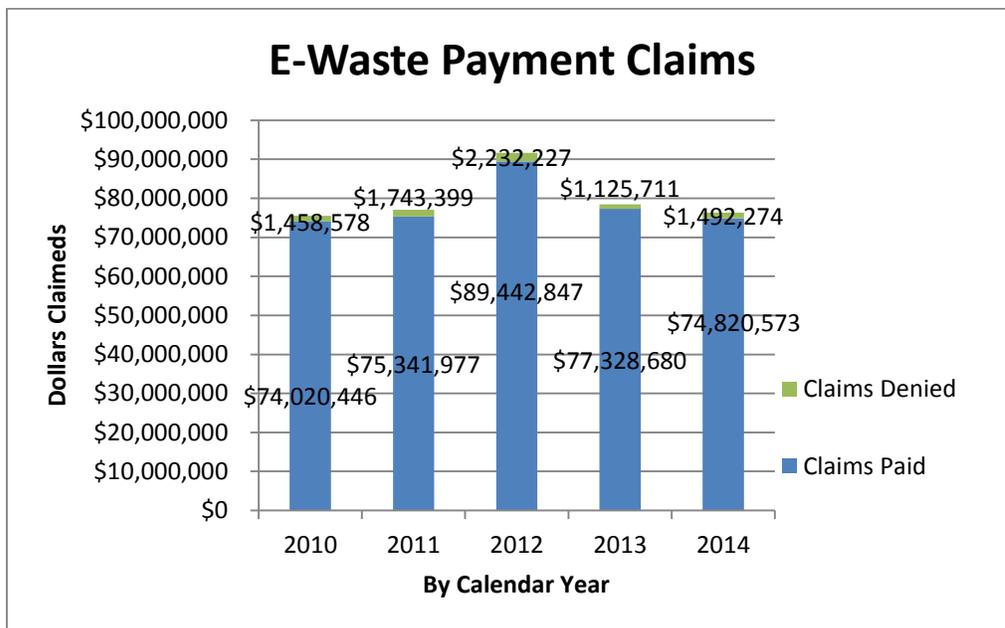


Figure 23.

Revocations and Suspensions

In 2014, 30 certifications for collectors and recyclers were revoked. This is a 36 percent decrease compared to the previous year. Nearly all revocations were for failure to submit an annual net cost report. Revocations, unless successfully appealed, prevent a participant from reapplying to the program for 180 days. There was also a 36 percent decrease in suspensions during 2014 (Figure 24).

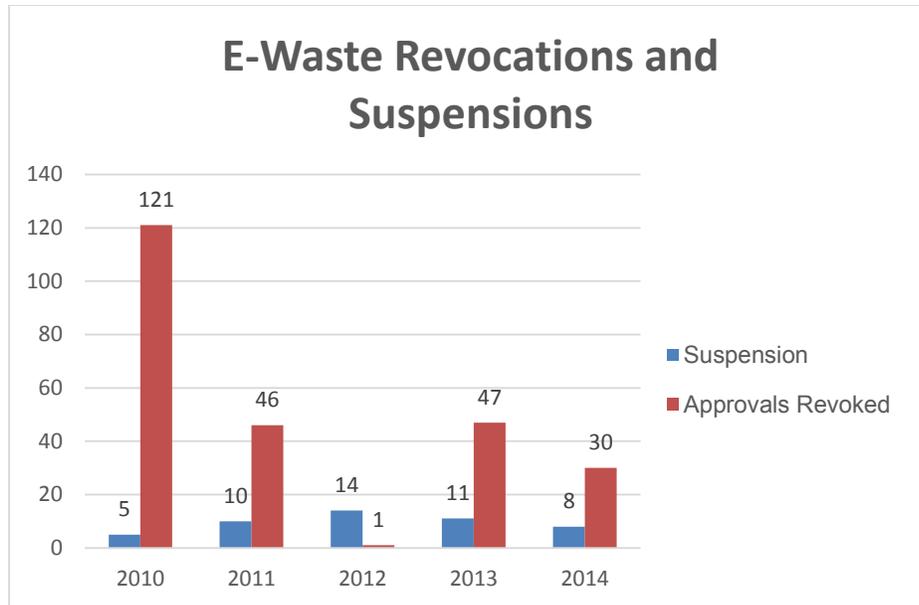


Figure 24.

Suspensions are imposed until the participant is determined to be back in compliance. Of the eight suspended in 2014, six failed to operate in conformance with DTSC hazardous materials management requirements, and two failed to notify CalRecycle of changes to their application. None were engaged in other prohibited activities (**Figure 25**).

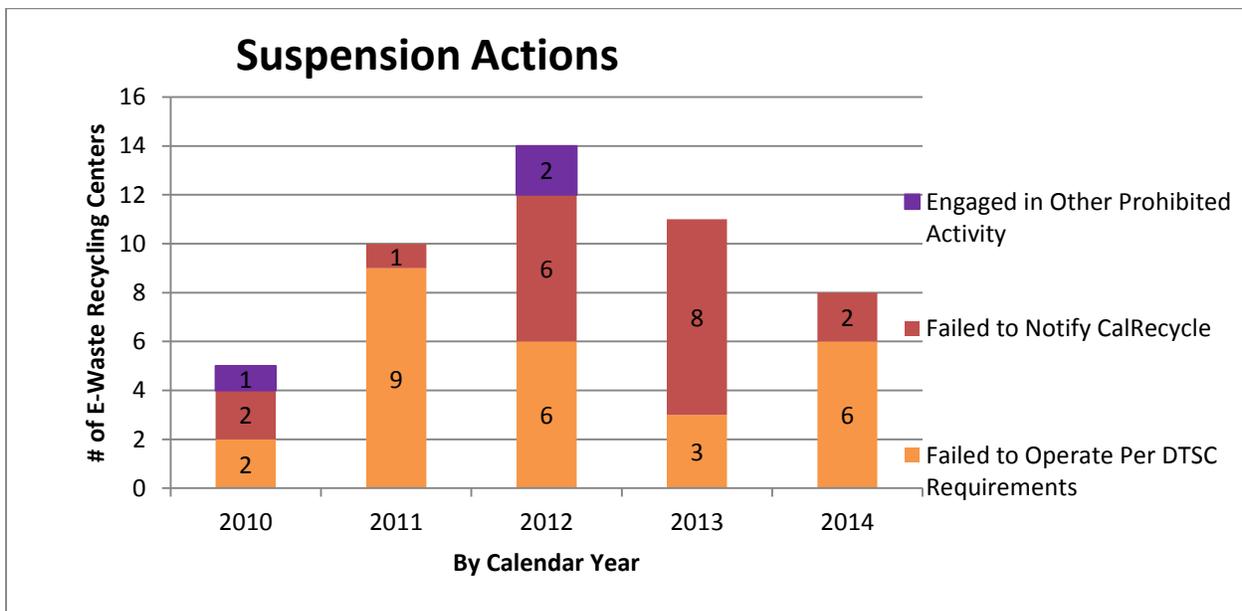


Figure 25.

Civil Penalties

Legislation was recently signed into law authorizing CalRecycle to impose civil penalties against a person who makes a false statement or representation in any document filed, submitted, maintained, or used for purposes of compliance with the Electronic Waste Recycling Act per amendments in [Senate Bill 1018 \(Chapter 39, Statutes of 2012\)](#). Staff is developing emergency regulations to implement this new authority.

Product Stewardship (Extended Producer Responsibility) Enforcement

Program Highlights

- CalRecycle conducted the first group of carpet and paint retailer and manufacturer inspections and educational site visits to verify compliance with carpet and paint recycling requirements during 2014.
- CalRecycle certified a statewide mattress recycling organization and is developing formal regulations to implement the Used Mattress Recovery and Recycling Program.

Program Description

Two pieces of landmark product stewardship legislation were passed in 2010, and a third was enacted in 2013. These laws require industry-led, statewide programs to address the following concerns:

- **California Carpet Stewardship Law** ([AB 2398, Perez, Chapter 681, Statutes of 2010](#))—increase landfill diversion and recycling of post-consumer carpet generated in California.
- **California Paint Stewardship Law** ([AB 1343, Huffman, Chapter 420, Statutes of 2010](#))—reduce generation, promote reuse, and manage end-of-life post-consumer architectural paint in an environmentally sound manner.
- **California Used Mattress Recovery and Recycling Law** ([SB 254, Hancock, Chapter 388, Statutes of 2013](#))—reduce illegal dumping, increase recycling, and substantially reduce public agency costs for end-of-use management of used mattresses.

California is the first state to establish a statewide carpet extended producer responsibility program; the second to enact a statewide paint recovery program; and the third to introduce an industry-run statewide mattress recycling program. The programs follow producer responsibility principles to ensure that discarded or leftover products are properly managed in a manner that is sustainably funded, but vary in their approaches.

Under each law, product manufacturers (either individually or through a stewardship organization) design their own stewardship program. They prepare and implement a plan to reach certain goals, finance and distribute funds to support the stewardship program, and report to CalRecycle on their progress via annual reports. CalRecycle approves plans, checks progress, and provides oversight and enforcement to ensure a level playing field among manufacturers and retailers (and any other regulated entity such as renovators for the mattress program) as specified by the laws. For the mattress recovery program, CalRecycle also appoints an advisory committee to the stewardship organization. Other program participants, such as collectors, processors, recyclers, or retailers, participate in the programs as negotiated through the stewardship organizations and/or as specified in the stewardship plans or legislation.

Stewardship Plans

Stewardship plans define how a manufacturer or stewardship organization intends to fulfill its responsibilities under the law and communicate with stakeholders and the public. Stewardship organizations (or individual manufacturers that are not represented by a stewardship organization) are responsible for submitting plans to CalRecycle for approval. After approving them, CalRecycle posts the plans on its website for transparency that allows stakeholders and the public to evaluate progress.

To ensure a level playing field, the law requires all manufacturers who sell covered products in California (as well as all renovators, distributors, wholesalers, and retailers) to comply with the law. A list of compliant manufacturers and brands is generally compiled by the stewardship organization and posted on the CalRecycle website for retailers to verify that the manufacturers/brands being sold are compliant.

To sustainably finance the programs, consumers pay an assessment when they buy a covered product such as carpet and paint. The assessments are remitted to the stewardship organization and used to fund costs associated with end-of-life management or, in the case of carpet, incentive programs to increase recycling. The stewardship organization also pays a fee to CalRecycle to cover administrative and enforcement costs associated with each of the product stewardship laws.

Key Elements of Current Stewardship Programs

Carpet

Unlike most product stewardship programs, the California Carpet Stewardship Plan is designed to fund an incentive program for carpet recycling processors rather than the cost of end-of-life management. Incentives are paid to processors based on the amount of covered material that is recovered with the expectation that recyclers invest in new, innovative technologies or develop new products or markets per statutory goals.

The assessment will be collected as a non-taxed item on the invoice throughout the sales and distribution chain, including from the retailer/dealer to the end user. The carpet manufacturer will include the assessment when the manufacturer invoices the retailer. Retailers and wholesalers add the assessment to the purchase price of all carpet sold in the state, allowing them to recoup their assessment. The assessment shall be clearly visible on invoices or functionally equivalent billing documents as a separate line item and shall be accompanied by a brief description of the assessment or a label approved by CalRecycle. The labels educate consumers about the purpose of the Carpet Stewardship Assessment.

For manufacturers to be in compliance, they must be covered under the Carpet America Recovery Effort (CARE) program or have their own approved plan and demonstrate achievement of continuous and meaningful improvement in the rates of recycling and other goals. Sale of carpet that is not listed as a compliant product is a violation that may result in penalties of up to \$10,000 per day.

Paint

The California Paint Stewardship Plan is a more traditional stewardship program and is designed to finance all costs associated with end-of-life architectural paint management. Funds from the assessments are paid to processors to cover costs for paint collection sites, either with existing household hazardous waste collection programs or at retail stores. This approach decreases local government costs associated with management of unused paint.

California retailers and distributors add the PaintCare assessment to their purchase price for the paint, but are not required to show the assessment as a separate item on the customer receipt. The assessments are remitted to PaintCare. Retailers and distributors must monitor the CalRecycle list to ascertain which manufacturers/brands are registered (compliant) and may be legally be sold in California. Sale of paint that is not listed as a compliant product is a violation that may result in penalties of up to \$10,000 per day.

Mattresses

The Used Mattress Recovery and Recycling Program is a more traditional stewardship program designed to finance costs associated with end-of-life management of used mattresses and box springs. On January 1, 2016, a sales ban will be in place for any manufacturer or renovator selling mattresses in California who is not in compliance with the law. A “recycling charge” is collected at the point of sale for all new or renovated mattresses and remitted to the mattress recycling organization for mattress recycling centers, permitted solid waste facilities, or other municipal facilities to cover the cost of recycling used mattresses.

One unique feature of the mattress program compared to the other two stewardship programs is the retailer take-back provision designed to reduce local government costs associated with illegal dumping of mattresses. Beginning July 1, 2014, mattress retailers must offer consumers the option to have a used mattress picked up when a new mattress is delivered, at no additional cost. The law also allows an individual to drop off a mattress at a mattress recycling center, permitted solid waste facility, or other municipal facility that accepts mattresses.

California retailers must monitor the CalRecycle list to ascertain which manufacturers or renovators are registered (compliant) and may legally sell mattresses in California. The sale of mattresses not listed as compliant is a violation that may result in administrative civil penalties of up to \$5,000 per day.

Compliance and Enforcement Activities

CalRecycle's compliance and enforcement role in the stewardship programs relates to both the stewardship organizations (review and approve plans, check progress via annual reports) and industry (list compliant manufacturers, verify compliance with program requirements). CalRecycle establishes penalty ranges that reflect a progressive enforcement approach.

CalRecycle's compliance and enforcement activities relate to both the stewardship organizations and the manufacturers and retailers/wholesalers/distributors. Relative to the stewardship organizations, CalRecycle reviews and accepts their stewardship plans and reviews the annual reports containing required program elements and records that demonstrate continuous, meaningful improvement in carpet recycling and diversion.

In summary, CalRecycle's compliance and enforcement activities include:

- Reviewing and approving stewardship plans.
- Reviewing and approving annual reports and program progress.
- Listing compliant manufacturers and brands (registered with a stewardship organization or CalRecycle).
- Conducting inspections and investigations to verify program compliance of regulated manufacturers and retailers/wholesalers.
- Imposing civil penalties.

Enforcement Activity Data: Carpet

Inspections

CalRecycle reviews program participants (manufacturers and wholesalers/retailers) to ensure compliance with program requirements if they are selling carpet in California.

- **Manufacturers:** Must be listed on the CalRecycle website. That listing ensures that they are covered/registered under the approved product stewardship program or have their own approved plan. Approximately 80 manufacturers are currently listed with CARE/CalRecycle. The stewardship assessment must also be clearly visible as a separate line item on the invoice/billing document and accompanied by a CalRecycle label or description of the stewardship assessment.
- **Wholesalers/Retailers:** Shall only sell carpet in California that is on the most current CalRecycle list of compliant manufacturers/brands. The stewardship assessment must also be clearly visible as a separate line item on the invoice/billing document and accompanied by a CalRecycle label or description of the stewardship assessment.

If the manufacturer, wholesaler, or retailer is not in compliance, the inspector issues a Notice of Violation but works with the participant to take appropriate action to correct the deficiency. If the participant fails to achieve compliance when a follow-up review or inspection is conducted, the business is subject to fines.

Manufacturer Inspections

During 2014, the first year of inspections for this program, staff conducted file reviews of nine carpet manufacturers (mills). All nine were initially noncompliant with program requirements. However, following notification by CalRecycle of the violations, all nine took appropriate action to achieve compliance. The two most common violations were 1) not registering their carpet with CARE/CalRecycle and 2) incorrect labeling.

Retailer/Wholesaler Inspections

During the first year of inspections for this new program, staff inspected 47 carpet retailers or wholesalers. Fourteen retailers/wholesalers were compliant with all the program requirements. Notices of Noncompliance/Violation were issued to 33 businesses for selling carpet not listed for sale in California. However, all of those retailers/wholesalers complied in a timely manner.

Enforcement Actions

No enforcement actions seeking penalties were taken by CalRecycle during 2014.

Stewardship Organization Compliance Assessment:

CalRecycle found that CARE, the carpet stewardship organization, was noncompliant on September 30, 2014. In order to address noncompliance issues, CARE submitted an

addendum to the carpet stewardship plan (Version 3.2.2). CalRecycle accepted the addendum but will not evaluate compliance until the next annual report, which was due July 2015. At that time, CalRecycle will determine if the approved changes are working.

Enforcement Activity Data: Paint

Inspections

CalRecycle reviews program participants (manufacturers and wholesalers/retailers) to ensure compliance with program requirements if they are selling architectural paint in California.

- **Manufacturers:** Must be listed on the CalRecycle website. That listing ensures that they are covered/registered under the approved product stewardship program or have their own approved plan. Approximately 190 manufacturers were registered. Also included in the listing are 2,295 “brands” that are sold under private labels.
- **Retailers/ Wholesalers/Distributors:** Shall only sell paint in California listed as a compliant product/brand on the most current CalRecycle list and meet record-keeping requirements.

If the manufacturer, wholesaler, or retailer is not in compliance, the inspector issues a notification of violation but works with the participant to take appropriate action to correct the deficiency. If the participant fails to achieve compliance when a follow-up inspection is conducted, the business is subject to fines.

Manufacturer Inspections

During the first year of this new program, one manufacturer was initially noncompliant with registration requirements. However, following the Notice of Violation from CalRecycle, the paint manufacturer complied in a timely manner.

Retailer/Wholesaler/Distributor Inspections

During the first year of this new program, staff conducted 30 educational site visits to ensure that participants understood all the program requirements.

Enforcement Actions

No enforcement actions were taken by CalRecycle during 2014.

Stewardship Organization Compliance Assessment:

CalRecycle found that PaintCare, the paint stewardship organization, was compliant on April 15, 2014, per its Year 1 Annual Report. PaintCare requested an extension for the

Year 2 Annual Report until November 2014 to allow sufficient time to obtain data from its service providers and partners. All requirements were met, and the report was determined compliant on January 27, 2015.

Enforcement Activity Data: Mattresses

No inspections or enforcement actions were conducted during 2014 as the statewide used mattress recovery and recycling plan will not be submitted by the stewardship organization, the Mattress Recycling Council, until 2015. Full implementation of the inspection and enforcement program will not take effect until 2016.

Future Directions

Although each CalRecycle enforcement program has a unique set of activities and performance measures, program improvement is a consistent focus for all the programs. Whether through streamlining processes or pursuing regulatory reform, staff is committed to adapting proven strategies to increase compliance. The following began in 2015 or are anticipated based on previous successes.

Beverage Container Program Rulemaking (Formal): CalRecycle plans to promulgate regulations to amend various reporting and record-keeping requirements to strengthen CalRecycle's ability to protect the integrity of the Beverage Container Recycling Fund.

Beverage Container Program Rulemaking (Informal): CalRecycle will convene a series of informal regulatory workshops to discuss potential changes to certified processor requirements for canceling redeemed beverage containers to minimize risk to the fund associated with CRV redemption of previously redeemed beverage containers.

Beverage Container Program Partnership with U.S. Department of Labor, Wages & Hours Division (WHD): CalRecycle was approached by WHD to establish a partnership to promote and increase compliance with labor standards. WHD recently prosecuted a case against a certified recycling center and plans to expand compliance and enforcement efforts more broadly to protect and enhance the welfare of individuals working in California's recycling industry. This partnership will help ensure certified and registered entities are operating in compliance with all state and federal laws and not gaining a competitive advantage over competitors by failing to do so.

Electronic Submission of Tire Facility and Hauler Inspections: The program transitioned to the electronic system for CalRecycle inspectors in 2015. Based on experience with the solid waste program, electronic submission of inspection reports provides compliance staff with quicker access to data for follow-up enforcement action as well as significant cost savings in avoided printing, mailing, pre-paid return postage, scanning, etc. Requiring local enforcement agency inspectors to submit their reports electronically is being considered as a requirement for the 2016 cycle of TEA grants.

Waste Tire Broker Rulemaking (Formal): CalRecycle will initiate the formal rulemaking based on input from the regulated waste tire community to guide the development of regulations to implement the tire broker requirements of AB 1647 (Gordon, Chapter 34, Statutes of 2012).

Increased Focus on Tire Issues at Mexican Border: CalRecycle plans to work closely with California Highway Patrol at targeted checkpoints and continue holding bilingual waste tire hauler training events in areas near the Mexican border.

Compost Facilities Rulemaking (Formal): CalRecycle will submit the “Compostable Material Handling and In-Vessel Digestion Regulations” to the Office of Administrative Law, including a newly required economic and fiscal impact analysis of the regulations.

Local Government Compliance Monitoring: Staff will complete compliance evaluation reviews for five local government diversion programs.

RPPC Compliance Certification: CalRecycle is offering technical assistance and developing model certifications to streamline the first compliance review cycle to implement the new regulations efficiently and effectively. The five product manufacturers that were randomly selected to participate in the first compliance certification process and were to provide documentation by April 1, 2015, to certify that all their products that are packaged in regulated RPPCs are in compliance.

Refining E-Waste Data Analysis: CalRecycle continued to expand online reporting and documentation capabilities in 2015 to enable more real-time monitoring of activities. These new features enhance early intervention to prevent small problems from becoming a compliance crisis.

E-Waste Recycling Business Practice Assessment: CalRecycle will initiate an inter-agency agreement with the California Department of Food and Agriculture, Division of Measurement Standards, Weighmaster Enforcement Program (WEP) for auditors and field inspectors to assess operational conformance with applicable record-keeping requirements and ensure compliance with Weighmaster rules. With payments in the program based on weight, it is vital that these measures are determined and recorded compliantly. As a result of this agreement, WEP will further focus on the electronic waste management industry as a whole and on participants in the covered electronic waste program in particular.

Civil Penalty Regulations for E-Waste (Formal): CalRecycle is working on emergency regulations in response to recent legislation authorizing CalRecycle to administratively impose civil penalties upon a person, authorized covered electronic waste collector, or recycler that makes false statements. Regulations incorporate stakeholder input solicited during the regulatory development process.

Used Mattress Recovery and Recycling Program Plan Review: CalRecycle will review the statewide used mattress recovery and recycling plan to be submitted by the Mattress Recycling Council (MRC).

Used Mattress Recovery and Recycling Regulations (Formal): Drafting of regulations for the used mattress recovery and recycling program began in 2014, and final regulations were expected to be approved in 2015.

List of Acronyms

Acronym	Full Name
CalRecycle	Department of Resources Recycling and Recovery
CARE	Carpet America Recovery Effort—stewardship organization
CDFA	California Department of Food and Agriculture
CRV	California Redemption Value and California Refund Value <ul style="list-style-type: none"> • Redemption is paid when the container is purchased. • Refund is paid when the container is recycled.
DOJ	Department of Justice
DORIIS	Division of Recycling Integrated Information System
DTSC	Department of Toxic Substances Control
EPP	Enforcement Program Plan—solid waste
E-waste	Electronic waste
LEA	Local Enforcement Agency—solid waste
MRC	Mattress Recycling Council—stewardship organization
MRF	Materials Recovery Facility—solid waste
NOV	Notice of Violation—applies to beverage container, carpet, paint, solid waste, and tire enforcement
PaintCare	Stewardship organization for paint recovery and recycling
PRC	Public Resources Code—state
RPPC	Rigid Plastic Packaging Container
TEA	Tire Enforcement Agency
WTMS	Waste Tire Manifest System