

# CALIFORNIA PRODUCT STEWARDSHIP COUNCIL (CPSC)

## HIGHLIGHTS

**MISSION:** To shift California's product waste management system from one focused on government funded and ratepayer financed waste diversion to one that relies on producer responsibility in order to reduce public costs and drive improvements in product design.

## **FUNCTIONS**

1. Build capacity and knowledge among local governments, and build relationships with stakeholders, to bring about producer financed and managed systems for product discards, including products covered by the Universal Waste Ban.
2. Provide a forum for the exchange of information regarding existing and proposed Extended Producer Responsibility (EPR) Programs.
3. Develop and recommend practical local and statewide Extended Producer Responsibility (EPR) policy and educational tools such as model ordinances and legislation, newsletters, articles, policy briefings, etc.
4. Provide effective leadership on EPR initiatives in California and develop a prioritized list, with timelines, of future EPR programs.
5. Educate elected and appointed officials and other decision makers on the benefits to local government of EPR.

**ORGANIZATION:** The Council will operate as an unincorporated association and will be comprised of the following three entities.

**1. Steering Committee:** The Steering Committee is comprised of representatives from up to 15 local governments in California. It provides leadership to the Council, is a forum for communication, facilitates coordination with other product stewardship activities and conducts general administrative duties.

**2. Project Subcommittees:** Project Subcommittees are comprised of representatives from government, businesses and nonprofit groups that focus on specific commodities or materials to encourage product stewardship within that particular sector. Subcommittees (nonvoting) will engage other stakeholders (businesses, NGOs, etc.) on specific product-related projects. Project Subcommittees will be coordinated by Steering Committee members. Subcommittees will meet independently of the Steering Committee and will provide updates on their activities and recommendations at regularly held Steering Committee meetings for review and action, if required.

**3. Stakeholders:** Stakeholders are any individuals or organizations that wish to be kept apprised of CPSC initiatives through periodic email alerts.

## **For More Information**

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*[revised from 7Aug06 SC meeting]*



## **A Perfect Storm to Promote Extended Producer Responsibility (EPR) in California**

PPI - May2006

In February 2006, a statewide ban went into effect in California that made it illegal for households and small businesses to put certain commonly-used products in the trash, including small batteries, fluorescent lights, and many electronic products. These products contain hazardous materials that pollute the environment if disposed in landfills that are not designed or permitted to accept hazardous waste.

Local governments in California are now expected to pay for the special handling that these products require when disposed as hazardous wastes in specially-designed landfills, and also for enforcing the ban on placing these materials in the trash. The City of San Francisco anticipates that its additional costs will exceed \$5 million per year. San Luis Obispo County, on California's central coast, calculated that the current annual budget of \$300,000 for collecting household hazardous products would have to increase to \$4 million to collect and deal with the items now subject to the disposal ban. No funding for these programs accompanied the State mandate.

The Universal Waste Ban, or "U-waste" Ban as it is known, has caused many local officials in California to ask a fundamental question: Why should managing hazardous products be the responsibility of local government? Shouldn't it instead be the responsibility of the producers of the products who control product design and marketing?

Increasingly, local officials are realizing that municipalities simply do not have the capacity or funding to manage hazardous product wastes from households and small businesses. Moreover, by providing "free" disposal service to the producers of toxic and disposable products, local governments subsidize the production of hazardous goods, since the costs of disposal are borne by the public rather than the producers and users of the product.

Over the past 100 years many other now-standard costs of doing business have been shifted from the public's shoulders to business' bottom line, such as health and safety costs following the Triangle Shirt Factory, pollution prevention following the Cayuhoga River catching fire, and consumer safety costs following the publication of Nader's *Unsafe at any Speed*.

Extending producer responsibility for waste management is a similar public to private shift that has been implemented in Europe and parts of Asia and is now being adopted by a growing number of jurisdictions in North America. Known as Extended Producer Responsibility (EPR), the policy requires brand owners (or first importers) who sell hazardous products to implement a program for recovering and responsibly recycling their products at no cost to taxpayers or local government. Because the cost is borne by

producers and consumers directly, EPR policies act as market-based incentives to address the problem at the source, rewarding improved product design.

The Canadian province of British Columbia (BC) has the most advanced EPR policies in North America. In late 2004, BC updated its EPR programs for paint, solvents, pesticides, residual fuel, pharmaceuticals, automotive oil products and beverage containers by rolling them into a framework Recycling Regulation that establishes procedures for adding new product categories. These products no longer burden municipal recycling programs. Since 2004, electronic discards have been added to the regulation.

In March 2006, Governor Christine Gregoire of Washington signed into law the strongest EPR program so far in the U.S., applying to old TVs and computers. Before implementation in January 2009, product brand owners are required to submit plans to the State of Washington detailing how they will recover and recycle their products at no cost to local governments. The law allows for competing collection plans and incentivizes aggressive collection performance with financial rewards. State government is responsible for approving plans and for ensuring transparency and accountability.

Following implementation of the California Universal Waste Disposal Ban in February 2006, the City of San Francisco passed a resolution calling for EPR for a range of products starting with universal waste products. The resolution, which acknowledges that City-funded waste services are a “subsidy” to the producers of toxic products, has created considerable interest among other local governments, both in California and beyond. The resolution directs City staff to develop take-back specifications for City equipment purchases and also to lobby for state-wide producer responsibility legislation.

Local governments in both Washington State and British Columbia were the critical factor in passage of EPR legislation. The Universal Waste Ban in California is providing the “perfect storm” for local governments to band together to seek a statewide EPR solution to banned hazardous products.

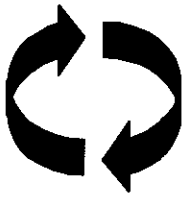
# **Ten Compelling Reasons Manufacturers Should Provide Recycling for Their Electronic Products**

*(And why Producer Responsibility is better than an ARF approach)*

*Producer Responsibility means that manufacturers are responsible for financing and arranging the collection and recycling of their products at end-of-life. The cost of the collection and recycling programs would be included in the price of new products rather than funded through taxes, solid waste fees or additional fees at the time products are discarded.*

- 1. *Only manufacturers have the ability to design less toxic products.*** Governments and consumers can't control product design. That is industry's job. Electronic products currently contain lead, mercury, brominated flame retardants, and other hazardous substances. When these products are landfilled, incinerated or shipped to developing nations, they pose a very real threat to human health and the environment. A producer-paid recycling program gives manufacturers a financial incentive to decrease their recycling and disposal costs by designing "greener" products. When manufacturers pay to handle toxics from their products at end-of-life, they will design products with fewer toxics. When manufacturers pay to recycle the products they sell, they'll design products that are easier to dismantle.
- 2. *Producer Responsibility removes the financial burden from local governments.*** In the past, local governments have been responsible for providing end-of-life management and disposal for all kinds of products. These costs are high due to poor product design - use of toxic substances, complex products that are hard-to-disassemble, etc. The potential value of manufacturer responsibility to local governments across the U.S. is \$67 million per year – and that's just for covering collection costs. Governments simply should not be asked to raise and expend funds to solve a private sector problem.
- 3. *It's a non-tax solution.*** Citizens often perceive Advanced Recycling Fees –visible fees collected by government at the point of purchase - as a government tax. With manufacturer responsibility, collection and recycling costs are "internalized" - included in the price of new products - rather than funded through taxes, solid waste fees or additional fees at the time products are discarded.
- 4. *Recycling becomes a cost of doing business.*** When manufacturers pay to recycle their products, recycling becomes a cost of doing business (just like supplies or salaries or health benefits). The recycling costs will likely be included in the price of the product, and the price will be closer to telling the truth about the environmental cost of the product.
- 5. *Manufacturers will use their business know how and create innovative solutions that work for them.*** Producer Responsibility harnesses private market forces and private sector ingenuity to develop smart, efficient and effective recycling programs. Manufacturers plan and finance the programs, but are not expected to process the equipment or provide the collection services themselves. Instead, they enter into business-to-business arrangements with businesses and programs, such as private recyclers, charities, haulers, retailers, and government facilities. Producer Responsibility allows flexibility for manufacturers to decide how best to implement the recycling program given their individual business models. It also creates a level playing field, making it easier for manufacturers to do the right thing.

6. ***Producer Responsibility avoids a big government bureaucracy.*** By establishing a recycling system entirely planned and paid for by manufacturers, there is no need for state or local governments to set up an expensive bureaucracy for collecting fees or to run and manage programs. State government is responsible for doing what it does best - oversight and enforcement. 2 - 4 state employees will oversee Washington's new manufacturer responsibility law. On the other hand, California's Advanced Recycling Fee law creates a big government bureaucracy needing over 60 staff to implement.
7. ***The private sector will provide more convenient drop-off options.*** Collection sites that are limited to government transfer stations or hazardous waste facilities are not adequately convenient (and many of those facilities do not have enough space to store computers and TVs). Alternately, manufacturer responsibility systems like the one in Washington will encourage (but not mandate) a diversity of collectors such as large and small retailers, recyclers, and charities as well as government sites. Drop-off will be free and convenient to residents, schools and small businesses, and this will mean larger amounts of equipment collected and recycled.
8. ***Consumers will pay – but costs will be lower.*** When manufacturers fund collection and recycling programs, the costs will likely get passed on to the consumer as a small increase in the product's price. However, market forces and efficiencies in the Producer Responsibility system will drive costs down. The same market forces that result in improved products at lower prices will be applied to the recycling of those products. Customers will pay less than they do now to recycle a TV or computer.
9. ***Manufacturers already provide green design and recycling in Europe.*** Manufacturer responsibility for electronics has already taken hold in Europe and Japan, and manufacturers are voluntarily developing a system in Canada. The same electronics manufacturers are also selling products to U.S. citizens. We should receive the same level and quality of service as provided elsewhere.
10. ***Producer Responsibility is better than Advanced Recycling Fees (ARF).***
  - With Advanced Recycling Fees (ARFs), manufacturers have no financial responsibility for the recycling programs. Instead, consumers pay a fee to the retailer when they buy a product. The retailers then pass the money along to the state government, which uses it to pay for the recycling programs. The manufacturers are off the hook.
  - The ARF system does not provide an incentive for greener product design. Unlike Producer Responsibility, manufacturers do not have any connection to the end of life of their products. They don't save money as they reduce their use of toxic materials.
  - ARFs place the entire burden of implementing the program on the state and retailers. Because a fee is charged at retail, the system encourages out-of-state purchases and increases paperwork, hurting local retailers.
  - ARFs create a large government bureaucracy and complicated fee collection system. California, the only state with an ARF system, hired 60 staff to administer the program.
  - Fees are set by legislation. If the amount collected is not enough to cover the costs of recycling all products returned, local or state government would likely pay the difference.
  - Government funds created by ARFs can be easily raided.
  - Citizens often perceive Advanced Recycling Fees as a government tax.



## LETTER OF AGREEMENT

**MISSION:** To shift California's product waste management system from one focused on government funded and ratepayer financed waste diversion to one that relies on producer responsibility in order to reduce public costs and drive improvements in product design that promote environmental sustainability.

### **FUNCTIONS**

1. Build capacity and knowledge among local governments, and build relationships with stakeholders, to bring about producer financed and managed systems for product discards, including, but not restricted to, products covered by the Universal Waste Ban.
2. Provide a forum for the exchange of information regarding existing and proposed Extended Producer Responsibility (EPR) Programs.
3. Develop and recommend practical local and statewide Extended Producer Responsibility (EPR) policy and educational tools such as model ordinances and legislation, newsletters, articles, policy briefings, etc.
4. Provide effective leadership on EPR initiatives in California and develop a prioritized list, with timelines, of future EPR programs.
5. Educate elected and appointed officials and other decision makers on the benefits to local government of EPR.

**DEFINITIONS:** *Extended Producer Responsibility* (EPR) – also known as *Product Stewardship*<sup>1</sup> – is a policy approach that holds producers liable for the costs of responsibly managing their products at end of life. Extending producer responsibility for products from “cradle to cradle” acknowledges that producers (usually brand owners) have the greatest control over product design and marketing and therefore have the greatest ability and responsibility to reduce toxicity and waste. Under the *Shared Responsibility Model*, the brand owner (producer)

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<sup>1</sup> The terms *Extended Producer Responsibility* (EPR) and *Product Stewardship* (PS) have been defined differently by different users. For example, some organizations and authors have referred to PS as being a “shared responsibility” between local governments and manufacturers. Conversely, the British Columbia PS model refers to results-based “shifting of responsibility away from general taxpayers to manufacturers and users.” CPSC uses EPR and PS interchangeably. This is done intentionally to avoid debate over terminologies and focus instead on efforts to move towards full producer responsibility. Our usage acknowledges that there are different levels of responsibility that manufacturers can assume on the path to taking full responsibility for their products. CPSC will focus efforts on implementing regulations and programs that move towards manufacturers taking full responsibility for their products at end of life, including programs that employ a phased approach with ever increasing responsibility for products over a period of time.

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**Mission** To shift California's product waste management system from one focused on government funded and ratepayer financed waste diversion to one that relies on producer responsibility in order to reduce public costs and drive improvements in product design that promote environmental sustainability.

will arrange for and finance the collection and appropriate recycling or disposal of their products at the end of their useful lives; local governments, community groups and local retailers will help educate consumers about location and logistics of collection and drop-off sites and services (based on a manufacturer-financed system); consumers will turn in their product to designated sites and services; and state government will provide oversight and enforcement. Brand owners do not have to become collectors and recyclers themselves, but they must arrange for these services and pay for them, individually or collectively with other brand owners.

**ORGANIZATION:** The Council will be comprised of the following three entities.

**1. General Council:** Members of the CPSC are cities, counties or other local government bodies that a) sign this Letter of Agreement or b) request membership and publicly support the principles of Product Stewardship as defined in this document.

**Steering Committee:** The Steering Committee provides leadership to the Council, is a forum for communication, facilitates coordination with other product stewardship activities and conducts general administrative duties.

- The founding Steering Committee of the Council includes representatives of cities/counties that participated in a formational meeting on May 9, 2006.
- While not restricted in size, the Steering Committee will best function if it consists of no more than 20 active government representatives, primarily from Cities or Counties in California that provide funding and/or staff time to CPSC activities and projects. Representatives from state and federal agencies (DTSC, CIWMB and EPA Region 9) may also be invited as non-voting Steering Committee members.
- No jurisdiction will have more than one designated voting member of the Steering Committee. More than one person from a jurisdiction may attend Steering Committee meetings.

**Executive Subcommittee:** The Steering Committee may set up and delegate budget, administrative and related planning matters to an Executive Subcommittee. Once budgets and work plans are approved by the full Steering Committee, the Executive Subcommittee may authorize expenditures within the approved budget. Steering Committee input will be solicited on all substantive matters.

On time-sensitive funding and policy decisions requiring immediate turn-around that come up between Steering Committee meetings, the Executive Subcommittee is authorized to act/respond on behalf of the Steering Committee. If time permits on such time-sensitive decisions, the Executive Subcommittee will attempt to solicit input via conference calls or emails from steering committee members.

**Roles and Responsibilities of Steering Committee Members:**

- **Meetings:** Attend and participate (in person or by phone) in CPSC Steering Committee meetings, anticipated to occur no less frequently than quarterly. Steering Committee members participate at least quarterly to retain standing on the Steering Committee.



- **Projects:** Propose, review, approve and participate in activities and projects conducted in the name of CPSC.
- **Decision Making:** The Steering Committee makes decisions by consensus. If consensus cannot be reached, a decision will be made by majority vote. Each Steering Committee member will have one vote.
- **Chairperson:** A Steering Committee chair or co-chairs will be elected at the beginning of each year from the steering committee. The chair (s) will represent CPSC on general correspondence and communications.
- **Director:** A Director may be hired to serve the needs of the Steering Committee and will coordinate activities with the chair or co-chairs. Duties will include initiating and shepherding CPSC related projects, coordinating the Steering Committee, assisting Subcommittees, preparing agendas, convening meetings, recording and disseminating meeting summaries, and responding to inquiries.

**2. Project Subcommittees:** Project Subcommittees are comprised of representatives from government, businesses and nonprofit groups that focus their work on specific commodities or materials (such as mercury-containing products, electronic equipment or batteries) to encourage product stewardship within that particular sector, or that focus on cross-cutting issues or functions that advance the mission of the Council (such as education, local initiatives, or framework legislation). Project Subcommittees will be coordinated by Steering Committee members. Subcommittees will meet independently of the Steering Committee and will provide updates on their activities and recommendations at regularly held Steering Committee meetings for review and action, if required.

**3. Stakeholders:** Stakeholders are any individual or organization that wish to be kept apprised of CPSC initiatives through periodic email alerts. Any individual or organization that endorses the CPSC mission is invited to be a Stakeholder of the CPSC. Stakeholders will receive periodic electronic updates and newsletters and will be invited to participate in CPSC meetings which will be held on an as-needed basis. To become a Stakeholder of CPSC, contact Carol Misseldine, CPSC Director, at 510/238-6808, [cmiseldine@oaklandnet.com](mailto:cmiseldine@oaklandnet.com).

### **CHOOSING PRODUCTS TO FOCUS ON**

The council utilizes the following criteria for selecting the products/sectors that will be the focus of CPSC's product stewardship efforts.

- The cost to local governments and ratepayers for the handling and recycling/disposal of the products;
- The quantity of the products entering the waste stream;
- The toxicity of the product throughout its lifecycle and its relevance to solid waste reduction, and hazardous waste and water quality pollutant reduction priorities.
- The potential for private sector participation in voluntary product stewardship programs and activities;
- The potential for mandatory action or legislative support to encourage the development of product stewardship programs;

- The potential for innovation in design that results in an environmentally-sound and sustainable product.

**FUNDING: (Proposed Options)**

- Projects and activities conducted on behalf of the council may be funded directly by agencies, as appropriate.
- The Steering Committee may seek additional funding for project work through grants and contributions.
- Each local government represented on the Steering Committee will be asked to contribute annually to CPSC for general operational support.

**LOGOS AND CREDITS:** All projects undertaken on behalf of the CPSC shall use the CPSC logo on project materials.

**General Correspondence**

CPSC letterhead will be used on all general correspondence and the Council Chair or Council Director will sign letters.

**Project Materials**

All materials developed in coordination with and on behalf of the CPSC shall display the CPSC logo and mission statement.

Agencies that fund a portion of specific projects and materials on behalf of the CPSC will be credited using the following language (agency logos may also be displayed):

***This product was funded by agency and agency, members of the CPSC.***

**LETTER OF AGREEMENT**

This Letter of Agreement, reviewed and modified at five Steering Committee meetings (June 20, August 2, November 17 and December 13, 2006 and Feb. 7, 2007), provides general organizational and structural recommendations for the CPSC. It shall be revised at the beginning of each year by the Steering Committee. New members to the Steering Committee may be added at this time or by majority vote of the Steering Committee. Letters of Agreement will be signed by the appropriate representative of each government entity participating on the Steering Committee. Steering Committee members will prepare a scope of work and budget at the beginning of each year.

**Signed:**

\_\_\_\_\_  
Signature, Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Organization