

2010 Legislation

Position Letters Sent by RCRC on Solid Waste Related Bills

- AB 8x 7 (Budget) Clean Water State Revolving Fund and the Beverage Container Recycling Fund (support 2/23/10)
- SB 390 Kehoe Recycling Market Development Zone Loan Program (support 2/24/10)

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February 24, 2010

The Honorable Nancy Skinner
Chair, Assembly Natural Resources Committee
Room 4126, State Capitol
Sacramento, CA 95814

Dear Assembly Member Skinner:

On behalf of the thirty-one member counties of the Regional Council of Rural Counties (RCRC), I offer our support for Senate Bill 390, authored by Senator Christine Kehoe, which addresses issues surrounding the Recycling Market Development Zone (RMDZ) Loan Program within California's Integrated Waste Management Board (the Waste Board).

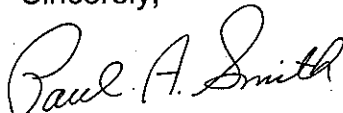
RCRC is comprised of members of the Boards of Supervisors from thirty-one California counties. In addition, twenty-two RCRC member counties have formed the Rural Counties' Environmental Services Joint Powers Authority (ESJPA) to provide assistance to solid waste managers in rural counties. These solid waste managers have been charged with ensuring that their respective counties meet state-imposed requirements to reduce the amount of waste that is disposed in California.

The RMDZ Loan Program has been very instrumental to a number of jurisdictions throughout California by establishing industries and markets for recyclables thus assisting in diverting solid waste from landfills. This program provides low-interest loans to businesses and organizations located in a Zone that has been designated by the Waste Board. Unfortunately, the resources available to the Waste Board are limited. Eight RCRC/ESJPA counties have been designated as RMDZ's and an additional five RCRC/ESJPA counties desire to be included into the Program. Currently, the Waste Board is limiting new enrollment to new jurisdictions statewide due to the funding limitations. One aspect of SB 390 is to restructure the funding scheme, and RCRC believes that would be beneficial to all types of jurisdictions.

Furthermore, the RMDZ Loan Program is set to expire at the end of the year, and if that were to occur, a large number of jurisdictions, including those in RCRC, would lose a valuable tool for assisting new recycling enterprises. RCRC wholeheartedly supports extending this program several years or making it permanent to ensure that

long-term commitments can be made by businesses and other organizations and cities/counties to ensure a variety of diversion tools are in place.

Sincerely,

A handwritten signature in black ink that reads "Paul A. Smith". The signature is written in a cursive style with a large, prominent initial "P".

PAUL A. SMITH
Senior Legislative Advocate

cc: The Honorable Christine Kehoe, Member of the State Senate
Members of the Assembly Natural Resources Committee
Ms. Carroll Mortensen, Senate Environmental Quality Committee
Ms. Margo Reid, Department of Resources Recycling and Recovery

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February 23, 2010

Assembly Member Noreen Evans
Chair, Assembly Budget Committee
Room 6026, State Capitol
Sacramento, CA 95814

Re: Assembly Bill 8x 7 (SUPPORT) -- Clean Water State Revolving Fund and the Beverage Container Recycling Fund

Dear Assembly Member Evans:

On behalf of the thirty-one member counties of the Regional Council of Rural Counties (RCRC), we are writing in support of Assembly Bill 8x 7 which addresses two items – the Clean Water State Revolving Fund and Beverage Container Recycling Fund.

Clean Water State Revolving Fund

In late 2009, the federal government passed H.R. 2996 which appropriates \$2.1 billion in new funding for CWSRF programs throughout the nation. Of this amount, the U.S. EPA estimates that California would receive approximately \$145 million in new federal CWSRF funding. Among other things, H.R. 2996 requires states to allocate at least 15 percent of the CWSRF funds appropriated in the bill in the form of "additional subsidies".

Current state law does not authorize the State Water Board to provide "additional subsidies" such as grants, forgive principal on loans, and provide other types of assistance from the CWSRF except in the case of funds received under the federal American Reinvestment and Recovery Act of 2009 (ARRA).

Additionally, AB 8x 7 clarifies that all California cities and counties are eligible to receive loans under the CWSRF program. Although it was the intent of the original statutes that all cities and counties be eligible to receive CWSRF loans, some general law cities and counties cannot do so unless specifically authorized in statute. This has created serious problems for these communities who need funding assistance in order to comply with regulatory requirements.

Without this change in State law, California will not be eligible to receive the estimated \$145 million for CWSRF projects.

Beverage Container Recycling Program

California's Beverage Container Recycling Program – commonly known as the Bottle Bill - is a key part of overall solid waste management activities in rural counties. Specifically, two revenue streams derived from the Program are essential to rural county programs – the City/County Payment and the payment of "Handling Fees."

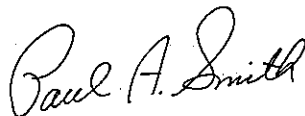
Counties receive, upon application to the State, an annual minimum payment of \$10,000; larger-population counties exceed the minimum amount due to a population-based formula. Currently, the statutory aggregate amount to be used for City/County Payments is \$10,500,000 annually and is derived from un-redeemed California Redemption Value (CRV) monies that are held by the State. In most rural counties, these monies are used for overall recycling and solid waste management. Due to Department of Conservation's (and now the Department of Resources Recycling and Recovery) requirement to impose 'proportionate reduction', cities and counties are receiving virtually nothing due to the precariously low level of funds available.

Just as important to rural counties are the Handling Fee Payments. For consumers to redeem their containers, they must return them at an authorized recycler. These authorized recyclers are eligible to receive a supplemental payment from the state – known as a handling fee – to help defray their operational costs. The amount of the payment is determined by the number of containers handled per month per site. In most rural areas, recyclers of beverage containers are also the same entities which recycle all types of commodities (paper, cardboard, non-CRV plastic, glass, and metal containers, copper, etc.) In the absence of these state subsidies, many private recyclers in rural areas – that also accept and recycle these other commodities - will no longer be able to remain in business, which will ultimately impact a county's diversion requirements.

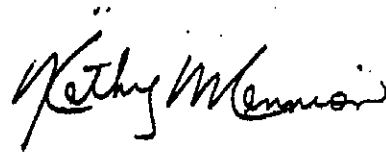
AB 8x 7 proposes a short-term solution to ensure that the City/County Payment and the Handling Fee Payment can be made for the second half of the fiscal year. Specifically, the bill imposes a temporary 60-day reporting period upon beverage distributors to immediately accelerate one-time revenues into the Program. The measure also authorizes Handling Fee Payments and the City/County Payments be made retroactively to January 1, 2010. These efforts allow for the continued operation of programs and recyclers and are much needed before the recycling infrastructure withers.

RCRC strongly supports AB 8x 7 and encourages the immediate passage of this measure.

Sincerely,



Paul A. Smith
Senior Legislative Advocate



Kathy Mannion
Legislative Advocate

cc: Governor Arnold Schwarzenegger
Members of the State Assembly
Members of the State Senate
Ms. Elizabeth MacMillan, Assembly Natural Resources Committee
Ms. Carrol Mortensen, Senate Environmental Quality Committee
Ms. Ana Matasantos, Department of Finance
Ms. Margo Reid, Department of Resources Recycling and Recovery
Mr. Jason Marshall, Department of Resources Recycling and Recovery
Ms. Dorothy Rice, Executive Director, State Water Resources Control Board
Mr. Charles Hoppin, Chair, State Water Resources Control Board

