



2015 Mid-Year Rate Hearing

May 1, 2015



Welcome

Mike Miller, Branch Chief
Division of Recycling - Operations Branch



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Division of Recycling - Operations Branch
Rate Determination Section**



Agenda

- **Our Rate Goal**
- **Why are we here?**
- **Why do rates change?**
- **Proposed Mid-Year 2015 Rates**
- **Historical Rate Trends**
- **Analysis / Explanation of Rate Changes**
- **Next Steps / Questions / Comments**



Our Rate Goal

To ensure payment of the most accurate recycling program rates feasible in order to properly compensate consumers and industry, and to protect the solvency and integrity of the California Redemption Value (CRV) Fund.



Why are we here?

**California Beverage Container Recycling & Litter Reduction Act
Section: 14549.5 (b)**

“At least 60 days prior to the effective date of any new commingled rate, hold a public hearing, after giving notice, to make available to the public and affected parties the department's review and any proposed recalculations of the commingled rate.”



Why Do Rates Change?

- **Container Production & Packaging**
 - Size of containers (small / big)
 - Weight of containers (thin/thick)
 - Increase in the use of some materials
 - Decrease in the use of some materials



Why Do Rates Change?

- **Sales**
 - **New Products & Containers**
 - **Discontinued Products & Containers**
 - **Product Trends**
 - **Overall increase in the types of products and variety of containers**



Why Do Rates Change?

- **Economic Impacts**
 - Number of Containers Sold
 - Types of Containers and Products Sold
 - Number of Containers Returned
 - Types of Containers Returned



Why Do Rates Change?

Consumer Behavior

- What containers consumers purchase and return
- Where consumers choose to return containers
 - Socio-economic factors
- The condition of returned containers
 - Residual Product Residue / Debris / etc.



Why Do Rates Change?

Change in the Median Value of the “Universe”

- The median “average” rate for all materials is dynamic, and changes over time.
- Some materials are more dynamic, and tend to have more change, and some materials are less dynamic, and tend to have less change.



Why Do Rates Change?

Survey Error

- Perfect rates are impossible, since it's not possible to survey 20+ billion containers every year.
- Rate variability is normal, and can be expected, even with the best of survey methods.
- Our survey error goals are 5% or less



Why Do Rates Change?

Improvements & Changes to Survey Methods

- Based on Industry Input
- Based on Legislation
- Based on Regulations
- Based on Special Studies



Proposed 2015 Mid-Year Rates



Recycling Center Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.59	\$ 1.58	- \$ 0.01	- < 1%
Glass	\$ 0.104	\$ 0.105	+\$0.001	+ < 1%
#1 – PET	\$ 1.16	\$ 1.17	+ \$ 0.01	+ < 1%
#2 – HDPE	\$ 0.59	\$ 0.59	-	-
#3 – PVC	\$ 0.56	\$ 0.56	-	-
#4 – LDPE	\$ 2.03	\$ 2.03	-	-
#5 – PP	\$ 0.60	\$ 0.57	- \$ 0.03	- 5.0%
#6 – PS	\$ 5.69	\$ 5.53	- \$ 0.16	- 2.8%
#7 – Other	\$ 0.31	\$ 0.31	-	-
Bi-Metal	\$ 0.35	\$ 0.35	-	-



Historical Rate Trends - RC



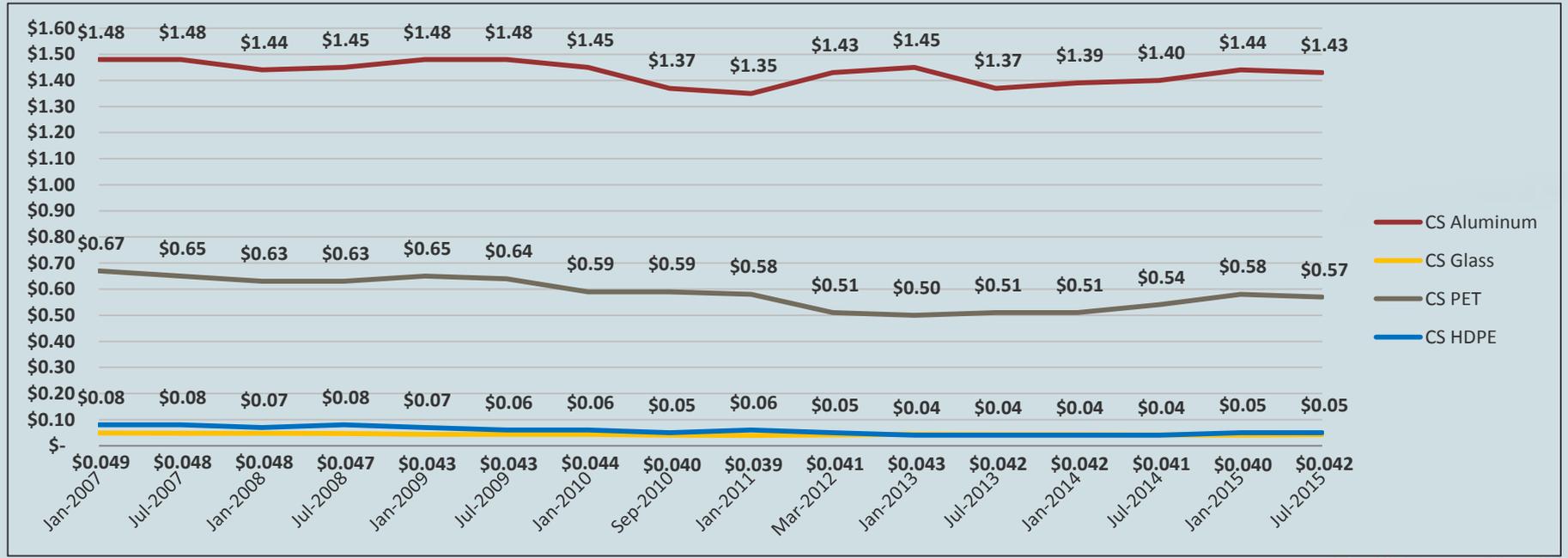


Curbside Program Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.44	\$ 1.43	- \$ 0.01	- < 1%
Glass	\$ 0.040	\$ 0.042	+ \$ 0.002	+ 5.0%
#1 – PET	\$ 0.58	\$ 0.57	- \$ 0.01	- 1.7%
#2 – HDPE	\$ 0.05	\$ 0.05	-	-



Historical Rate Trends - CS



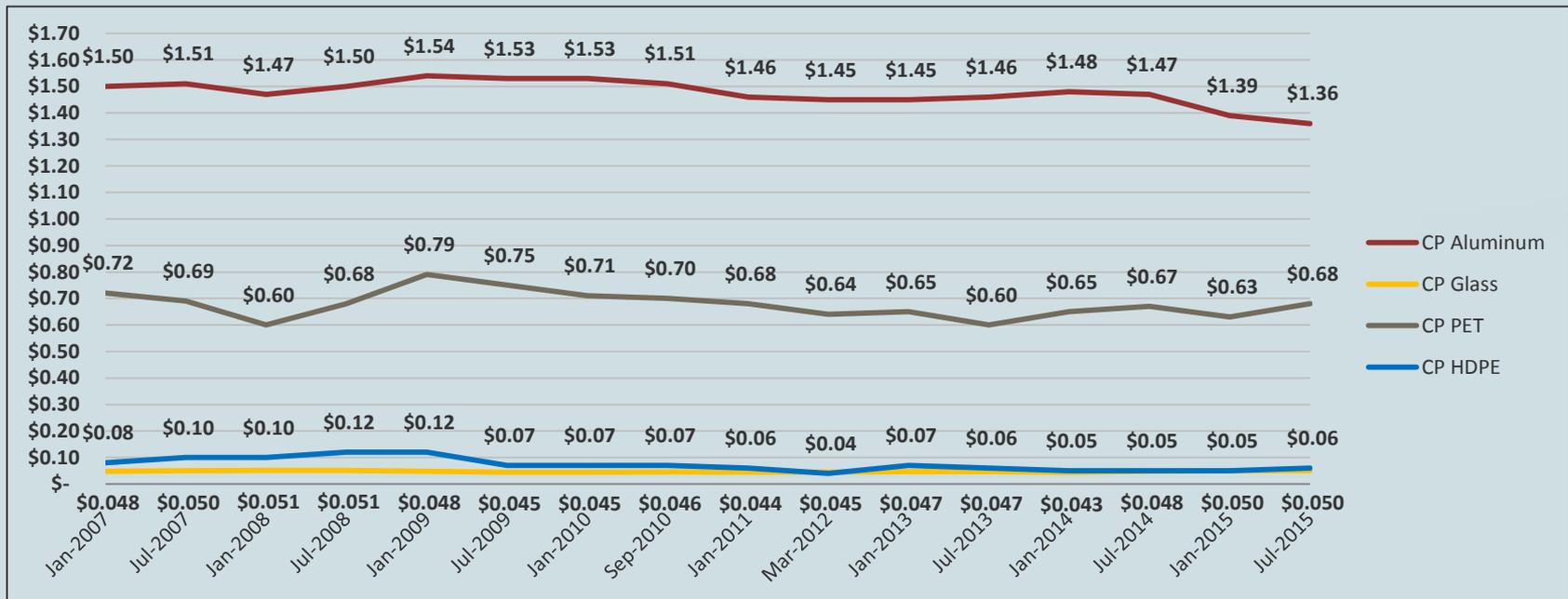


Drop-Off / Collection Program Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.39	\$ 1.36	- \$ 0.03	- 2.2%
Glass	\$ 0.050	\$ 0.050	-	-
#1 – PET	\$ 0.63	\$ 0.68	+ \$ 0.05	+ 7.9%
#2 – HDPE	\$ 0.05	\$ 0.06	+ \$ 0.01	+ 20.0%



Historical Rate Trends - CP



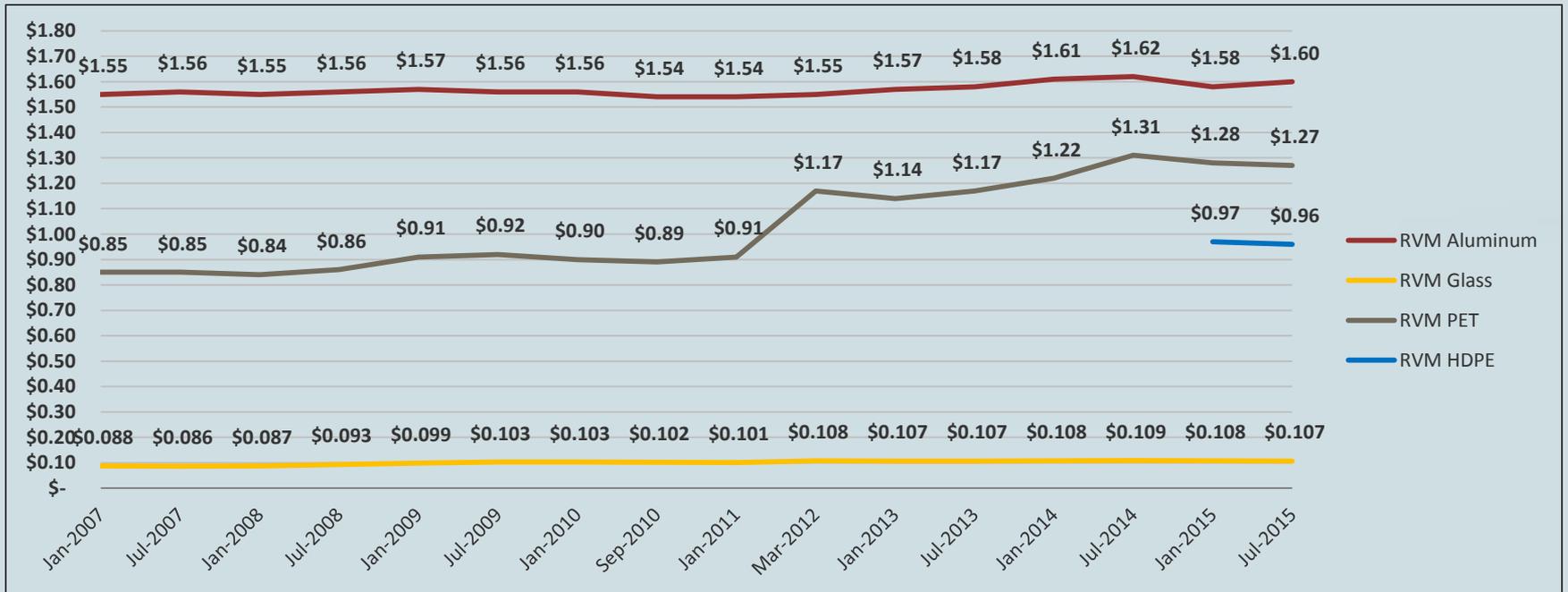


Reverse Vending Machine Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.58	\$ 1.60	+\$ 0.02	+ 1.3%
Glass	\$ 0.108	\$ 0.107	- \$ 0.001	- < 1%
#1 – PET	\$ 1.28	\$ 1.27	- \$ 0.01	- < 1%
#2 – HDPE	\$ 0.97	\$ 0.96	- \$ 0.01	- 1.0%



Historical Rate Trends - RVM



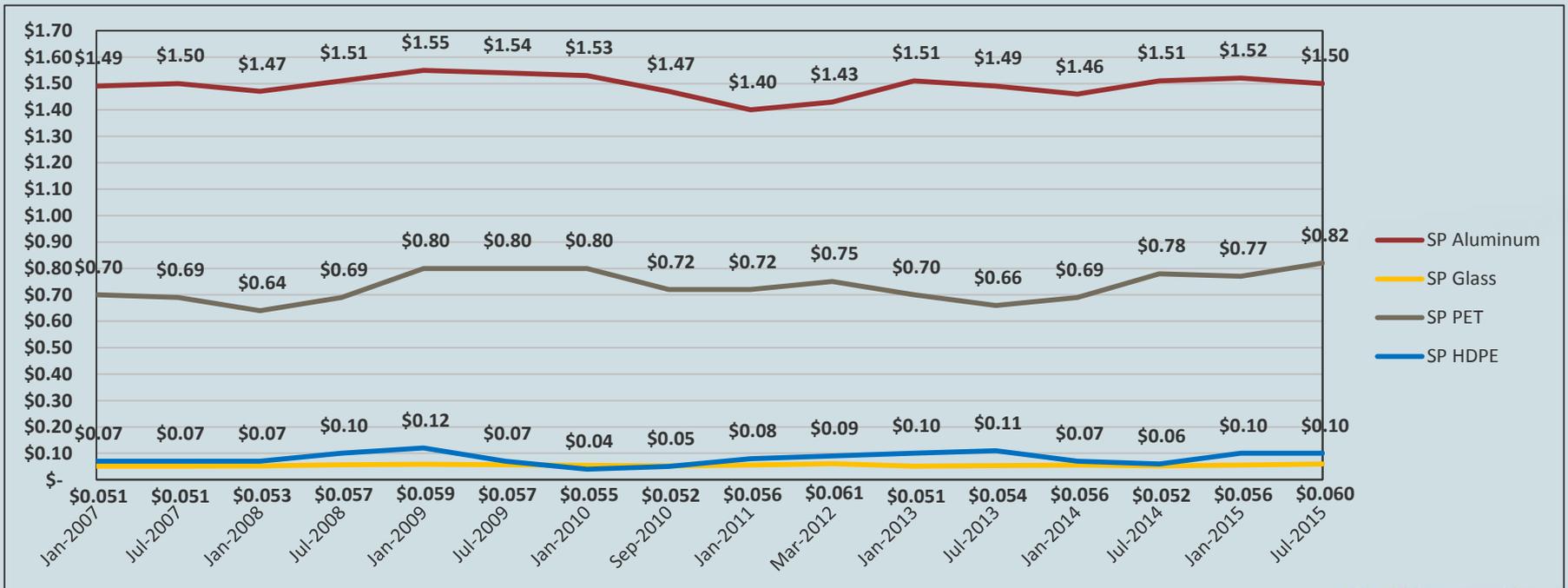


Community Service Program Rates

	Current Rate	Proposed Rate	\$ Change	% Change
Aluminum	\$ 1.52	\$ 1.50	- \$ 0.02	- 1.3%
Glass	\$ 0.056	\$ 0.060	+ \$ 0.004	+ 7.1%
#1 – PET	\$ 0.77	\$ 0.82	+ \$ 0.05	+ 6.5%
#2 – HDPE	\$ 0.10	\$ 0.10	-	-



Historical Rate Trends - SP





Rate Changes

- There are 26 Total Rates We Calculate and Publish
- 8 Rates Did Not Change
- 18 Rates Changed
- 14 Rates Changed 5% or Less
- 10 Rates Changed 2% or Less
- 4 Rates Changed More Than 5%



Rates That Changed 5% or More

- CP PET + 7.9%
- CP HDPE + 20.0%
- SP Glass + 7.1%
- SP PET + 6.5%



Conclusion

- Our Goal
- Again - Why Do Rates Change?
- What Will CalRecycle Do Now?
- Closing Comments



Questions / Comments / Input



Thank you!



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