

ORIGINAL

BEFORE THE  
INTEGRATED CALIFORNIA WASTE MANAGEMENT BOARD  
FOR THE STATE OF CALIFORNIA

IN THE MATTER OF THE: )  
REGULAR MONTHLY BOARD MEETING )  
AUGUST 23, 1990 )  
\_\_\_\_\_ )

DATE AND TIME: THURSDAY, AUGUST 23, 1990, 9:00 A.M.

PLACE: CITY ADMINISTRATION BUILDING  
CITY COUNCIL COMMITTEE ROOM  
202 C STREET, 12TH FLOOR  
SAN DIEGO, CALIFORNIA

REPORTER: BETH C. DRAIN, RPR, CSR  
CERTIFICATE NO. 7152

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TELEPHONE (714) 953-4447

APPEARANCES

MR. JOHN C. MOSCONE, ACTING CHAIRMAN  
 MS. GINGER BREMBERG (NOT PRESENT)  
 MR. E. L. VARNER  
 MR. LES BROWN (NOT PRESENT)  
 MR. JAMES LOCKINGTON  
 DR. GEORGE TCHOBANOGLIOUS (NOT PRESENT)  
 DR. RICHARD GEARHEART

MR. SAM EGIGIAN  
 MR. WESLEY CHESBRO

STAFF PRESENT

MR. GEORGE LARSON, CHIEF EXECUTIVE OFFICER  
 MR. HERBERT IWAHIRO, CHIEF DEPUTY EXECUTIVE  
 OFFICER

MR. ALAN OLDALL, DEPUTY EXECUTIVE OFFICER  
 MS. JOELLEN JACKSON, DIRECTOR OF LEGISLATION  
 AND PUBLIC AFFAIRS

MR. ROBERT F. CONHEIM, GENERAL COUNSEL

MS. CAREN TRGOVICH  
 MR. JOHN SMITH  
 MS. CAROLE BROW  
 MR. BRIAN FORAN  
 MR. CHRIS PECK

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1 AUGUST 23, 1990

2 CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

3  
4 CHAIRMAN MOSCONE: MEETING WILL COME TO ORDER.  
5 THIS IS A CONTINUANCE OF THE RECESSED MEETING OF  
6 YESTERDAY.

7 IS THERE ANY PREFERENCE IN THE ORDER OF THE  
8 REMAINING ITEMS, MR. LARSON?

9 MR. LARSON: MR. CHAIRMAN, I THINK WE CAN GO  
10 RIGHT IN THE ORDER AS THEY ARE.

11 CHAIRMAN MOSCONE: VERY GOOD. ITEM NO. 9, STAFF  
12 REPORT ON WESTERN LEGISLATIVE CONFERENCE OF THE COUNCIL  
13 OF STATE GOVERNMENTS.

14 MR. LARSON: YES, MR. CHAIRMAN. I'D LIKE TO  
15 INTRODUCE THE ITEM BEFORE TURNING IT OVER TO CAREN  
16 TRGOVCICH BY STATING THAT THIS NEW ORGANIZATION, OUR NEW  
17 CONFERENCE THAT HAS BEEN FORMED UNDER THE COUNCIL OF  
18 STATE GOVERNMENTS, WE VIEWED ALMOST IMMEDIATELY AS AN  
19 EXCELLENT OPPORTUNITY FOR THE STATE OF CALIFORNIA TO  
20 COMMUNICATE WITH THE 13 OR 12 OTHER STATES IN THE WESTERN  
21 REGION OF THE COUNCIL OF STATE GOVERNMENTS ON ISSUES  
22 RELATING TO THE IMPLEMENTATION OF AB 939 AND SPECIFICALLY  
23 ON THE ISSUE OF MARKETS. WE SAW SOME GREAT POTENTIAL  
24 THERE.

25 SO WITH THAT JUST GENERAL INTRODUCTION, I'D

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1 LIKE TO HAVE CAREN PROVIDE THE DETAILS OF HOW WE  
2 PARTICIPATED THUS FAR.

3 MS. TRGOVCICH: GOOD MORNING, MR. CHAIRMAN AND  
4 MEMBERS. I'D LIKE TO GIVE YOU A LITTLE BIT OF BACKGROUND  
5 INFORMATION TO START WITH ON THE WESTERN STATES RECYCLING  
6 COALITION AND UNDER WHAT ORGANIZATION IT CURRENTLY  
7 OPERATES.

8 THE WESTERN STATES RECYCLING COALITION IS A  
9 SUBCOMMITTEE OF THE RESOURCE MANAGEMENT COMMITTEE OF THE  
10 WESTERN LEGISLATIVE CONFERENCE. THE WESTERN LEGISLATIVE  
11 CONFERENCE IS ONE OF THE FOUR WESTERN REGIONAL -- ONE OF  
12 THE FOUR REGIONAL CONFERENCES OF THE COUNCIL OF STATE  
13 GOVERNMENTS.

14 THE COUNCIL OF STATE GOVERNMENTS IS AN  
15 UMBRELLA-TYPE ORGANIZATION WHICH SERVES ELECTED AND  
16 EXECUTIVE OFFICE OFFICIALS OF THE STATE THROUGHOUT THE  
17 COUNTRY PROVIDING INFORMATION EXCHANGE, PROVIDING  
18 OPPORTUNITIES TO DEVELOP INFORMATION AND DISSEMINATE IT  
19 TO OTHER MEMBER STATES, PROVIDING OPPORTUNITIES TO LOOK  
20 AT SPECIFIC ISSUES ON A MORE IN-DEPTH BASIS TO BE ABLE TO  
21 DEVELOP POSITIONS AND POLICIES AND RECOMMENDATIONS ON  
22 THOSE AREAS.

23 IN PARTICULAR, THE WESTERN STATES RECYCLING  
24 COALITION WAS RECENTLY FORMED, AND ITS FIRST MEETING WAS  
25 HELD IN SANTA FE AT THE END OF JUNE OF THIS YEAR. AT THE

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1 FIRST OFFICIAL MEETING THERE WAS MUCH DISCUSSION  
2 REGARDING THE NATURE OF THE COALITION AND WHAT TOPICS THE  
3 COALITION WOULD ATTEMPT TO LOOK AT AND PROVIDE  
4 INFORMATION TO THE OTHER STATES IN THE COALITION. THERE  
5 WAS A -- THE MAJORITY OF THE CONVERSATION IN THIS FIRST  
6 MEETING DISCUSSED MARKET DEVELOPMENT AND THE ABILITY TO  
7 DEVELOP AND STABILIZE MARKETS FOR RECYCLED PRODUCTS.

8 THE SECOND MEETING OF THE WESTERN STATES  
9 RECYCLING COALITION TOOK PLACE THIS MONDAY -- MONDAY OF  
10 THIS WEEK IN THE AFTERNOON IN CONJUNCTION WITH THE  
11 NATIONAL RECYCLING CONGRESS, WHICH IS BEING HELD HERE IN  
12 SAN DIEGO. AT THIS MEETING PARTICIPANTS DISCUSSED A  
13 PROPOSED MISSION STATEMENT AND WORK PLAN FOR THE  
14 COALITION. THIS MISSION STATEMENT AND WORK PLAN  
15 DISCUSSED MANY AREAS IN WHICH PARTICIPANTS BELIEVED THAT  
16 THE COALITION COULD PROVIDE ADDITIONAL INFORMATION AND  
17 COULD WORK TO DEVELOP POLICIES AND WORK TO DEVELOP OTHER  
18 SORTS OF TECHNICAL INFORMATION ON THESE TOPICS.

19 I'D JUST LIKE TO GO THROUGH THESE TOPICS  
20 FOR YOU SO YOU CAN GET A FEEL FOR THE TYPES OF ISSUES  
21 THAT PARTICIPANTS FELT ARE OF REGIONAL CONCERN. ONE OF  
22 THE TOPICS WAS THE PROCUREMENTS PRACTICES OF RECYCLED  
23 PRODUCTS BY STATES. THE COALITION FELT THAT THERE WAS  
24 PERHAPS MUCH WORK THAT COULD BE DONE IN THE AREA OF  
25 WORKING TO DEVELOP PROCUREMENT PRACTICES, NOT NECESSARILY

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1 FOR THE STATES WHICH ARE CURRENTLY TAKING A LEAD IN THIS  
2 AREA, SUCH AS CALIFORNIA, OREGON, AND WASHINGTON, BUT  
3 ALSO FOR OTHER STATES WHO ARE MEMBERS OF THE COALITION  
4 BUT WHO DO NOT NECESSARILY HAVE ACTIVE PROGRAMS AT THIS  
5 TIME. THESE STATES WOULD INCLUDE SUCH STATES AS  
6 COLORADO, IDAHO, MONTANA, NEVADA, NEW MEXICO, AND  
7 WYOMING.

8 ONE OF THE NEXT TOPICS THAT WE DISCUSSED  
9 WAS MARKET RESEARCH AND IDENTIFICATION. I SHOULD HAVE  
10 INCLUDED THIS TOPIC AT THE OUTSET BECAUSE THIS WAS THE  
11 TOPIC THAT ALMOST EVERY PARTICIPANT FELT WAS OF UTMOST  
12 CONCERN AND WAS SOMETHING THAT WE'VE BEEN TALKING ABOUT  
13 FOR SO LONG AND WE SHOULD FINALLY BEGIN TO DO SOMETHING  
14 ABOUT.

15 ANOTHER TOPIC THAT WAS DISCUSSED, BUT IS  
16 PERHAPS MORE SUITED TO BE DEVELOPED IN A DIFFERENT  
17 SETTING, IS THE TOPIC OF ENVIRONMENTAL LABELING. MANY  
18 STATES NOW ARE ENTERING INTO OR DEVELOPING LEGISLATION IN  
19 THE AREA OF ENVIRONMENTAL LABELING, AND HERE IN  
20 CALIFORNIA WE MAY NOT NECESSARILY FEEL THAT ENVIRONMENTAL  
21 LABELING IS A TOPIC THAT SHOULD BE CONDUCTED SOLELY ON  
22 ITS OWN. AND PERHAPS, EVEN IN ASSOCIATION WITH STUDIES  
23 THAT WE'RE CURRENTLY DOING, ENVIRONMENTAL LABELING COULD  
24 BE INCORPORATED INTO THOSE.

25 THE NEXT TOPIC WAS NEWSPAPER PUBLISHERS AND



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1 MILLS AND WHAT THE COALITION COULD DO TO ADVANCE THE  
2 RECYCLING EFFORTS THAT THE MILLS AND THE PUBLISHERS ARE  
3 CURRENTLY TRYING TO ENACT AND WHAT WE COULD DO AS A  
4 REGIONAL ORGANIZATION TO FURTHER ENHANCE THEIR ABILITIES  
5 IN THIS AREA.

6 LABELING FOR COMPOST WAS ANOTHER TOPIC, AND  
7 I THINK I WOULD CHANGE THAT TERM "LABEL" TO  
8 CLASSIFICATION. ONE STATE IN PARTICULAR AT THIS TIME,  
9 FLORIDA, HAS DEVELOPED AN EXTENSIVE CLASSIFICATION SYSTEM  
10 FOR COMPOST WHICH LOOKS, ONE, AT THE INPUT; AND, TWO, AT  
11 THE PROCESS; THREE, AT THE OUTPUT IN ORDER TO DETERMINE  
12 WHAT THAT COMPOST CAN THEN BE USED FOR. BY FOLLOWING A  
13 CLASSIFICATION SYSTEM, THIS WOULD POTENTIALLY FURTHER  
14 ENHANCE MARKETS FOR THIS PRODUCT BY IDENTIFYING WHAT THE  
15 MATERIAL IS AVAILABLE FOR.

16 THE LAST TOPIC THAT WE DISCUSSED WAS THE  
17 AREA OF IMPACT OF FEDERAL POLICIES. WHILE THE COALITION  
18 FELT THAT FEWER ORGANIZATIONS, IF ANY, HAVE MUCH IMPACT  
19 ON FEDERAL POLICIES, WE COULD TRY AND WE COULD WORK WITH  
20 OTHER ORGANIZATIONS SUCH AS ATSWOMO TO IMPACT FEDERAL  
21 POLICIES, ESPECIALLY IN THE AREA OF SOURCE REDUCTION,  
22 RECYCLING, AND COMPOSTING.

23 I'D LIKE TO JUST MENTION THE SUCCESS OF THE  
24 SIMILAR ORGANIZATION ON THE EAST COAST, WHICH IS UNDER  
25 THE AUSPICES OF THE EASTERN LEGISLATIVE CONFERENCE, AND

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1 THIS IS THE NORTHEASTERN RECYCLING COALITION OR NERC.  
2 NERC HAS BEEN ACTIVE FOR SOME TIME NOW AND IS CURRENTLY  
3 INVOLVED IN SEVERAL STUDIES WHICH ARE BEING CONDUCTED IN  
4 ASSOCIATION WITH INDUSTRY AND ENVIRONMENTAL GROUPS IN  
5 AREAS SUCH AS ENHANCING THE ABILITY TO PURCHASE RECYCLED  
6 PAPER, LOOKING INTO THE AREA OF PACKAGING AS WELL AS  
7 DEVELOPING COMMON TERMINOLOGY FOR TERMS THAT WE USE IN  
8 THE AREA OF RECYCLING AND SOURCE REDUCTION, BUT WHICH MAY  
9 HAVE DIFFERENT MEANINGS DEPENDING UPON WHO YOU ARE  
10 TALKING TO FROM WHAT STATE AND WHAT INDUSTRY OR  
11 GOVERNMENT THEY WORK FOR.

12 THE MISSION STATEMENT THAT WAS DISCUSSED  
13 WAS REVIEWED BY THE PARTICIPANTS. WE PROVIDED INPUT IN  
14 TERMS OF WHAT TYPES OF PROJECTS THE COALITION COULD GO  
15 FORWARD WITH AT THIS TIME. THESE THOUGHTS, IN ADDITION  
16 WITH ANY SUGGESTIONS THAT YOU AS BOARD MEMBERS MAY HAVE,  
17 WILL BE REFERRED TO THE WESTERN REGIONAL REPRESENTATIVE,  
18 WHO IS WILLIAM HULL LOCATED IN SAN FRANCISCO. HE WILL  
19 THEN INCORPORATE THOSE INTO THE MISSION STATEMENT AND  
20 RECOMMENDATIONS THAT HE WILL TAKE TO THE ANNUAL MEETING  
21 OF THE WESTERN LEGISLATIVE CONFERENCE WHICH IS BEING HELD  
22 NEXT MONTH.

23 AT THAT TIME THE RESOURCE MANAGEMENT  
24 COMMITTEE, UNDER WHICH THIS COALITION OPERATES, WILL LOOK  
25 AT THE RECOMMENDATIONS AND THE MISSION STATEMENT AND

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1 PROMOTE AND EITHER SAY GO AHEAD WITH IT AND PUT THEIR  
2 STAMP OF APPROVAL ON IT OR IN THE VERY OFF CHANCE THEY  
3 MAY HAVE SOME RESERVATIONS REGARDING THE CONTINUATION OF  
4 THIS COALITION. BUT WE SEE IT AS A VERY EXCITING  
5 DEVELOPMENT, AN OPPORTUNITY FOR US TO LOOK AT REGIONAL  
6 CONCERNS AND AFFECT THE RECYCLING MARKET AND DEVELOP  
7 ADDITIONAL POLICIES, REGIONAL POLICIES, IN THE AREAS OF  
8 SOURCE REDUCTION.

9 IF YOU HAVE ANY OTHER PROJECTS OR  
10 RECOMMENDATIONS, TOPICS, THAT YOU FEEL ARE OF REGIONAL  
11 CONCERN THAT YOU WOULD LIKE US TO TRANSMIT TO THE WESTERN  
12 REGIONAL OFFICE, WE WOULD BE MORE THAN HAPPY TO DO SO.  
13 OR IF YOU WOULD LIKE TO DISCUSS ANY OF THE TOPICS THAT I  
14 RAISED, WE WOULD BE MORE THAN HAPPY TO DO THAT AS WELL.

15 CHAIRMAN MOSCONE: ARE THERE ANY QUESTIONS OF  
16 CAREN?

17 MR. LARSON: MR. CHAIRMAN.

18 BOARD MEMBER MOSCONE: GEORGE.

19 MR. LARSON: I HAD JUST A POSTSCRIPT HERE. ONE  
20 TOPIC THAT WE DISCUSSED THAT I BELIEVE WOULD FIT WELL  
21 INTO A PROPOSAL OR A RESOLUTION, AT LEAST FOR  
22 INVESTIGATING, IS THE ISSUE OF FUTURES MARKETS FOR  
23 RECYCLED MATERIALS, SUCH THAT IF THEY'RE IN -- AN EXACT  
24 STRUCTURE OF HOW THIS WOULD WORK, I'M NOT CLEAR, AND  
25 THAT'S WHAT WOULD BE THE TOPIC PROBABLY FOR STUDY, IS TO



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1 PROVIDE A MECHANISM THROUGH WHICH THE MATERIALS THAT ARE  
2 COLLECTED IN THE RESPECTIVE STATES CAN BE FUNNELED  
3 THROUGH, FOR LACK OF A BETTER TERM, SOME MECHANISM BEFORE  
4 THEY'RE SOLD, FOR EXAMPLE, TO THE PACIFIC RIM COUNTRIES.

5 PACIFIC RIM COUNTRIES NOW VIEW OUR WASTES,  
6 IF YOU WILL, AS RESOURCES; AND, AS A RESULT, THE BIDDING  
7 WARS THAT GO ON TEND TO DRIVE THE PRICES OF THESE  
8 COMMODITIES DOWN RATHER THAN STABILIZE OR DRIVE THEM UP.  
9 AND IN ORDER TO MAKE THE NECESSARY TYPE OF PLANNING TO  
10 SUCCESSFULLY IMPLEMENT A LAW LIKE 939, SOMETHING LIKE A  
11 FUTURES MARKET WHERE CITIES OR PROCESSORS OR THE  
12 BUSINESSES INVOLVED IN USING THIS MATERIAL IN THE  
13 MANUFACTURING PROCESS CAN PLAN FOR WHAT VOLUME AND TYPE  
14 OF MATERIALS THEY NEED NEXT YEAR.

15 THE OPPORTUNITY FOR STABILIZATION OF THE  
16 MARKETS AND SOME PLANNING INFORMATION CAN GO INTO THE  
17 VOLUMES OF MATERIALS THAT ARE COLLECTED TO REINFORCE THIS  
18 MARKETS DEVELOPMENT, WHICH WE ALL AGREE IS A CRITICAL, IF  
19 NOT THE CRITICAL ELEMENT TO THE SUCCESS OF THESE  
20 RECYCLING PROGRAMS.

21 AGAIN, I'M A LITTLE HAZY ON WHAT  
22 GOVERNMENT'S ROLE SHOULD OR COULD BE IN THE AREA OF THIS  
23 PRIVATE SECTOR-TYPE DEVELOPMENT. AND I'M NOT  
24 RECOMMENDING SOMETHING LIKE IN THE JAPANESE ECONOMY THEY  
25 HAVE MINISTRY OF INDUSTRY, AND IT'S ACTUALLY A

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1 GOVERNMENTAL SUBSIDY TO INDUSTRY DEVELOPMENT.

2 WE DO NOT NOR DO I THINK WE COULD POSSIBLY  
3 HAVE ANYTHING LIKE THAT. I WOULDN'T ADVOCATE IT, BUT  
4 THERE MUST BE A MECHANISMS, AND WE NEED TO INVESTIGATE  
5 HOW WE COULD STRUCTURE THE -- THIS DISTRIBUTION SYSTEM OF  
6 THESE MATERIALS IN ORDER TO STABLIZE THEM. I THINK IT  
7 HAS A POTENTIAL, AND THIS MAY BE A MECHANISM THROUGH  
8 WHICH WE COULD DO THAT.

9 MR. CHESBRO: MR. CHAIRMAN.

10 BOARD MEMBER MOSCONE: WES.

11 MR. CHESBRO: ONE OF THE WORKSHOPS I ATTENDED AT  
12 THE CONFERENCE ON TUESDAY NIGHT INCLUDED A PRESENTATION  
13 BY PAUL RELLIS OF THE GILDEA CENTER IN SANTA BARBARA, AND  
14 HE HAS PREPARED A PAPER WHICH I GUESS HAS NOT BEEN  
15 RELEASED YET. HE SORT OF SUMMARIZED IT. BUT IN THE NEXT  
16 MONTH OR SO IT'S GOING TO BE AVAILABLE, WHICH ADDRESSES  
17 THIS VERY TOPIC OF THE WESTERN STATES JOINING TOGETHER  
18 FOR MARKETING STRATEGIES.

19 AND HE HAS SPENT QUITE A BIT OF TIME  
20 RESEARCHING THE SUBJECT, INCLUDING TRIPS TO PACIFIC RIM  
21 COUNTRIES TO TRY AND IDENTIFY WHAT SOME OF THE PROBLEMS  
22 ARE. AND HE'S ALSO GOT EVIDENCE THAT HE SHOWED IN SOME  
23 CHARTS THAT INDICATED THAT; WHEREAS, UP UNTIL A FEW YEARS  
24 AGO THE ASIAN MARKETS WERE DEALING WITH THESE PRODUCTS AS  
25 RESOURCES BECAUSE A LOT OF THEM DON'T HAVE TREES OF THEIR

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1 OWN OR OTHER RESOURCES AND SO WASTE MATERIALS ARE -- IN  
2 FACT, THEY THINK OF THEM A LOT DIFFERENTLY THAN WE DO.  
3 YOU DON'T HAVE ALTERNATIVE SOURCES OF MATERIALS TO  
4 MANUFACTURE THINGS. SO IT'S NOT BEING DONE IN ORDER TO  
5 KEEP IT OUT OF LANDFILLS; IT'S BEING DONE BECAUSE THAT'S  
6 THE SOURCE OF THE MATERIALS.

7 AND AS A RESULT, THE WAY THE MATERIALS WERE  
8 PAID FOR WAS VERY SIMILAR TO OTHER COMMODITIES IN THE  
9 MARKETPLACE AND THE PRICES WERE FAIRLY HIGH. WHAT'S  
10 HAPPENED, THOUGH, IS THEY'VE DISCOVERED THAT WE ARE  
11 RECYCLING FOR REASONS OTHER THAN THE VALUE OF THE  
12 MATERIALS; AND SO, THEREFORE, THEY, ALONG WITH THE  
13 DOMESTIC MARKET, HAVE -- THIS CHART THAT HE SHOWED SHOWED  
14 A SUBSTANTIAL DIFFERENCE IN THE PRICES JUST A FEW YEARS  
15 AGO, THE PRICES BEFORE MARKETS WERE PAYING AS COMPARED TO  
16 THE AMERICAN. THEY'VE NOW JOINED TOGETHER AND THE PRICE  
17 THAT'S BEING PAID IS THE SAME. AND SO THOSE COUNTRIES  
18 HAVE REALIZED THAT THEY DON'T HAVE TO PAY WHAT THEY WERE  
19 PAYING, AND WE'RE SORT OF GETTING TAKEN, IF YOU WILL.

20 THEY'RE NOT PAYING WHAT THEY -- THE TRUE  
21 VALUE TO THEM OF THOSE MATERIALS ARE. AND WE NEED TO  
22 COUNTERSTRATEGY, AND IT PROBABLY WILL INVOLVE US, OUR  
23 COUNTRY, NEEDING TO ENLIST THE COMMERCE DEPARTMENT AND  
24 OTHERS IN THE TRADE NEGOTIATION PROCESS, BUT OBVIOUSLY  
25 THE ONLY WAY THAT'S GOING TO HAPPEN IS IF A GROUP OF

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1 GOVERNMENTS JOIN TOGETHER. AND IF WE CAN'T GET THEM TO  
2 DO IT, THEN MAYBE WE CAN DO IT REGIONALLY.

3 BUT I THINK THAT THIS TASK FORCE IS A GOOD  
4 FIRST STEP TOWARDS TRYING TO -- TO -- YOU KNOW WHAT THEY  
5 SAY. IT TAKES TWO TO TANGO, YOU KNOW, GET THE -- PLAY  
6 THE SAME KIND OF GAME. THEY'RE BEING REAL TOUGH WITH OUR  
7 MARKETPLACE, AND WE HAVE TO PROBABLY RECIPROCATE AND GET  
8 A LITTLE TOUGHER ABOUT THE WAY WE MARKET OUR MATERIALS IN  
9 ORDER TO MAKE SURE THAT OUR COLLECTION AND RECYCLING  
10 PROGRAMS WORK EFFECTIVELY.

11 BOARD MEMBER MOSCONE: JIM.

12 BOARD MEMBER LOCKINGTON: I DON'T WANT TO BEAT  
13 THIS SUBJECT TO DEATH, BUT A LOT OF THIS IS COUNTERTRADE.  
14 I'M SURE YOU ALL KNOW WHAT COUNTERTRADE IS. THEY DON'T  
15 HAVE THE DOLLARS. SO ONE OF THE REASONS WHY OUR BALANCE  
16 OF TRADE IS SO BAD IS WHENEVER WE SELL SOMETHING TO THESE  
17 PEOPLE, WE HAVE TO TAKE SOMETHING BACK. WE SHOW IT ON  
18 OUR BALANCE OF TRADE.

19 THE -- WE'RE SUBJECT TO A LOT OF UPS AND  
20 DOWNS. RIGHT NOW THESE COUNTRIES ARE GOING TO HAVE TO  
21 PAY FOR OIL, IMMENSE AMOUNTS OF MONEY. THIRD WORLD  
22 COUNTRIES, AS BOB REMINDED ME YESTERDAY, WHERE A LOT OF  
23 THIS STUFF GOES, OKAY, IS GOING TO BE DEAD BECAUSE IN  
24 ORDER FOR THEM TO JUST LIVE WHEN OIL GOES TO \$30 OR 35 OR  
25 \$40 A BARREL, YOU CAN BET YOUR TAIL END THAT THESE THINGS

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1 THAT WE'RE SHIPPING OVER THERE, THEY DON'T HAVE THE  
2 DOLLARS. THEY DON'T HAVE ANYTHING TO PAY FOR IT.

3 AND I, FOR ONE, BELIEVE THAT WE'VE GOT TO  
4 LEARN TO UTILIZE THIS STUFF HERE. SHIPPING ALL THE STUFF  
5 WE DON'T WANT AND PAYING THE SHIPPING ALL THE WAY TO  
6 INDONESIA DOESN'T SEEM TO ME TOO SMART IN THE LONG RUN.  
7 I JUST FEEL THAT THAT'S THE KIND OF THING THAT WE REALLY  
8 HAVE TO ADDRESS. WE CAN'T ADDRESS IT JUST IN THE STATE  
9 OF CALIFORNIA. BUT WE SHOULD BE USING THOSE THINGS HERE.  
10 THERE'RE RESOURCES THAT WE'RE TAKING, WE'RE PAYING  
11 SHIPPING OVER THERE AND OVER BACK HERE, BUT WE'RE JUST  
12 NOT UTILIZING THEM. AND THAT DAY WILL COME TO AN END  
13 SOMEDAY. THERE'S NO QUESTION IN MY MIND ABOUT THAT. AND  
14 ALONG WITH TALKING ABOUT TRADE, WE NEED TO FIGURE OUT HOW  
15 TO USE THIS STUFF HERE OURSELVES.

16 MR. CHESBRO: WELL, MR. CHAIRMAN, I DON'T SEE  
17 THAT'S AN EITHER/OR CHOICE. I THINK WE NEED TO HAVE AS  
18 MANY BASKETS TO PUT OUR EGGS IN AS POSSIBLE IN ORDER TO  
19 CREATE A WORLDWIDE STABILITY AND MAXIMUM CAPABILITY FOR  
20 THE ECONOMY TO ABSORB RECYCLED MATERIALS. AND SO,  
21 CERTAINLY, WE NEED TO BE PURSUING DOMESTIC MARKETS AS  
22 WELL. I DON'T THINK IT'S A QUESTION, THOUGH, OF TRYING  
23 TO DO EVERYTHING CONCEIVABLE TO BUILD A MARKETPLACE,  
24 WHETHER IT'S IN SOME OTHER COUNTRY OR IN OUR COUNTRY AND  
25 EVERYWHERE AND ANYWHERE. THERE'S AN OPPORTUNITY JUST TO

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1 CREATE MARKETS. I THINK WE NEED TO --

2 BOARD MEMBER LOCKINGTON: WES, WE'RE AWFULLY  
3 GOOD AT SHORT-TERM SOLUTIONS.

4 BOARD MEMBER GEARHEART: THE ONLY WAY YOU CAN  
5 REALLY MAKE THAT TRUE VALUE IS TO DEVELOP IN COUNTRY TRUE  
6 VALUES, SO YOU HAVE TO DO THAT FIRST. YOU HAVE TO DO  
7 THAT AND THEN THE VALUE OF THAT MATERIAL WILL GO UP, AND  
8 YOU DON'T HAVE TO DO COME UP WITH SPECIAL TRADE  
9 AGREEMENTS. THE TRUE VALUE WILL COME OUT IF WE AGREE  
10 REUSE IT HERE FOR TRUE VALUE. THAT'S THE ONLY WAY IT  
11 WILL WORK, I THINK.

12 BOARD MEMBER VARNER: MR. CHAIRMAN.

13 BOARD MEMBER MOSCONE: SKEET.

14 BOARD MEMBER VARNER: CAREN, YOU KNOW, AS I SIT  
15 HERE AND THINK ABOUT THE THING, YOU KNOW, A COUPLE YEARS  
16 AGO OR MAYBE A LITTLE LONGER, WE HAD A RATHER LARGE  
17 MARKETING CONFERENCE THAT THE WASTE BOARD PUT ON. WHAT  
18 COME OF SOME OF THOSE STUDIES? THEY WERE QUITE  
19 EXTENSIVE.

20 MR. LARSON: I'LL TAKE A SHOT AT THAT. I  
21 BELIEVE ONE PRODUCT WHICH BRINGS THE GILDEA CENTER INTO  
22 THE DISCUSSION AGAIN -- AND I CAN'T THINK OF THE TOPIC OR  
23 THE TITLE OF IT -- AT THAT STAGE OF THE GAME WHEN THAT  
24 CONFERENCE WAS HELD, WHICH I THINK THE GENERAL CONSENSUS  
25 WAS IT WAS SUCCESSFUL, AND WHAT YOU ARE ASKING IS WHAT

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1 TANGIBLE CAME OUT OF IT, IS THAT IN TERMS OF TANGIBLE,  
2 IT'S DIFFICULT TO ASSESS WHAT CAME OUT OF IT.

3 BUT IN TERMS OF DIRECTING PEOPLE'S  
4 ATTENTION TO THE ISSUES, I DON'T BELIEVE AT THAT POINT IN  
5 TIME THERE WAS EVEN A CLEAR UNDERSTANDING OF WHAT THE  
6 PROBLEM WAS, AND IT MAY HAVE BEEN ITS ONLY PRODUCTIVE  
7 OUTPUT IN TERMS OF A CHANGE OF THE POLICY OR THE PASSAGE  
8 OF A LAW NOT HAVING ACCOMPLISHED THAT. BUT THE ISSUE WAS  
9 MOVED ALONG SUCH THAT NOW I FEEL LIKE THIS EFFORT HERE IS  
10 ANOTHER STEP TOWARDS CONSTRUCTING SOMETHING TANGIBLE.

11 AND, AGAIN, BEING HAZY ON WHAT THAT PRODUCT  
12 LOOKS LIKE OR WHAT THAT STRUCTURE LOOKS LIKE, IT'S JUST  
13 THAT NEXT INCREMENTAL STEP TOWARDS RESOLVING THIS TOUGH  
14 MARKETING PROBLEM. SO THAT'S NOT PROBABLY AS CLEAR AN  
15 ANSWER AS YOU WERE SEEKING; BUT IN TERMS OF TANGIBLE  
16 PRODUCTS, MAYBE NOTHING CAME OUT OF THAT THING IN L.A.,  
17 BUT A LOT OF PEOPLE LEARNED A LOT ABOUT A VERY TOUGH  
18 ISSUE, AND WE'RE JUST PURSUING IT ONE STEP FURTHER.

19 BOARD MEMBER VARNER: OKAY. AND THAT ONE THING  
20 THAT I CAN SEE, AND I CERTAINLY AM QUITE PLEASED WITH  
21 PAUL RELLIS AS ONE THAT HE'S WORKED WITH US, AND THIS IS  
22 THE ONLY CONSISTENT THING THAT I SEE HAVING COME OUT OF  
23 THE THING.

24 A GREAT DEAL OF THE THINGS THAT WERE  
25 PRESENTED THERE A LOT OF US ALREADY KNEW. THE THING THAT



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1 BOTHERS ME EVERY TIME THERE'S ANOTHER GROUP, AND THERE'S  
2 ALL SORTS OF THEM OVER THERE, THEY SEEM TO BE REINVENTING  
3 THE WHEEL. THEY GO BACK AND REHASH THE SAME ISSUES THAT  
4 HAVE BEEN TALKED ABOUT FOR YEARS AND YEARS AND YEARS.

5 HOPEFULLY, AND THAT'S WHAT I'M TRYING TO  
6 KIND OF GET AT HERE, ARE WE STARTING TO GATHER THESE  
7 FRAGMENTED DIFFERENT ORGANIZATIONS TOGETHER AND PUT THE  
8 EFFORTS AND SOME KIND OF A COMPREHENSIVE MANNER SO THAT  
9 WE START TO ARRIVE AT SOME LOGICAL SOLUTIONS AND MAKE  
10 STEPS TOWARDS SOLVING THEM BECAUSE EVERYBODY THAT GOES  
11 OUT AND STARTS A GROUP, THEY DO THIS STUDY AND THEY COME  
12 UP WITH THE SAME ANSWERS THAT WE COME UP WITH THREE OR  
13 FOUR YEARS AGO.

14 SO MY QUESTION HERE IS JUST, ONE, DO YOU  
15 FEEL YOU'RE WORKING AT IT? DO YOU FEEL THAT WE'RE  
16 GAINING ON THIS THING AND KIND OF CUTTING DOWN ON THE  
17 FRAGMENTATION OF EVERYBODY GOING OUT AND DISCOVERING OR  
18 REDISCOVERING THE WHEEL, SO TO SPEAK?

19 MS. TRGOVCICH: I DEFINITELY DO FEEL THAT. I  
20 TRULY FEEL THAT A COALITION SUCH AS THIS CAN BRING THOSE  
21 GROUPS TOGETHER. ONE OF THE COMMITMENTS OF THIS  
22 COALITION, AND IT WAS DISCUSSED AT THE MEETING ON MONDAY,  
23 WAS WE DO NOT WANT ANOTHER GROUP THAT PASSES RESOLUTIONS,  
24 SAYS, HOORAY, AND GOES HOME. THAT DOESN'T DO ANYTHING.

25 WHAT WE WANT IS A COALITION THAT'S GOING TO



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1 WORK, NOT ONLY WITHIN THE COALITION ITSELF, BUT UTILIZE  
2 INFORMATION THAT'S BEEN DEVELOPED BY OTHER SOURCES,  
3 INCLUDING THE FIRMS THAT YOU'RE TALKING ABOUT, BUT ALSO  
4 OTHER COALITIONS.

5 THE NORTHEASTERN RECYCLING COALITION IS  
6 DOING EXTENSIVE WORK IN SOME OF THE AREAS THAT WE'RE  
7 TALKING ABOUT RIGHT NOW. WE DO NOT WANT TO REINVENT THE  
8 WHEEL. IN FACT, WHAT WE WOULD DO IS TRY TO WORK WITH  
9 THEM IF THEY'RE WORKING ON A SPECIFIC TOPIC THAT WE FEEL  
10 IS OF PARTICULAR CONCERN TO THE WESTERN REGION AS WELL.  
11 WE WOULD WORK WITH THEM TO HAVE THAT WORK PRODUCT BE  
12 SPECIFIC TO WESTERN CONCERNS ALSO.

13 WE DON'T WANT A COALITION THAT'S ON PAPER  
14 ONLY. AND I THINK YOU'RE GOING TO SEE THERE WERE  
15 INDUSTRY REPRESENTATIVES AT THE MEETING ON MONDAY AND  
16 ENVIRONMENTAL REPRESENTATIVES AS WELL, AND I THINK YOU  
17 ARE GOING TO SEE THIS REGIONAL APPROACH INCORPORATING ALL  
18 OF THOSE FRAGMENTS AND BRINGING THEM TOGETHER AS A WHOLE.

19 MR. LARSON: IF I MAY, MR. CHAIRMAN, THAT'S AN  
20 EXCELLENT POINT YOU MAKE, A VERY GOOD RESPONSE, BUT I  
21 JUST WANT TO FOLLOW UP ON IT, TOO.

22 AS ASSEMBLYMAN SHER IS ON THIS COMMITTEE,  
23 THE RESOURCE COMMITTEE, A LETTER THAT'S IN THE PACKET  
24 REFLECTS A MEETING I HAD WITH KIP LIPPER, HIS CONSULTANT,  
25 AT WHICH I MADE A COMMITMENT OR MADE A STATEMENT THAT OUR



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1           EFFORTS IN THIS WOULD BE IN DIRECT PROPORTION TO THE  
2           TANGIBLE PRODUCTS THAT WE GET OUT OF IT. WE'RE NOT -- WE  
3           HAVE STAFF RESOURCES THAT ARE SPREAD VERY THIN NOW; AND  
4           EVEN WHEN WE HAVE NEW STAFF RESOURCES, WE'RE GOING TO  
5           ALLOCATE THEM ONLY TOWARDS THE EFFORTS AND PRODUCTS THAT  
6           MAKE A TANGIBLE PRODUCT; OTHERWISE, WE'LL GET OUT OF THIS  
7           ORGANIZATION.

8                         AND I THINK CALIFORNIA, BEING THE ECONOMIC  
9           MIGHT THAT IT IS AMONGST ALL THE 13 STATES AND  
10          TERRITORIES, IF WE CAN GET THIS FRAGMENTATION ISSUE  
11          RESOLVED, I THINK SEVERAL THINGS WILL FALL OUT OF IT.

12                        ONE, IT WILL GET THE FEDERAL GOVERNMENT TO  
13          DO WHAT THEY HAVEN'T DONE FOR YEARS IS TO GET INTO THIS  
14          ISSUE OF THINGS LIKE STANDARDIZATION OF SPECIFICATIONS  
15          FOR RECYCLED PRODUCTS SO WE DON'T HAVE 40 DIFFERENT LAWS  
16          IN THE STATES SPECIFYING DIFFERENT FIBER CONTENTS FOR  
17          DIFFERENT KINDS OF PAPERS IN DIFFERENT YEARS.

18                        INDUSTRIES ARE IN FAVOR OF THIS. THEY  
19          WOULD LIKE -- THEY WOULD NEGOTIATE -- IT WOULD FACILITATE  
20          THEM EXPANDING THEIR MILL CAPACITY TO THE TYPES OF PAPERS  
21          THAT WOULD SATISFY, IN OUR CASE, AB 939. BUT AS LARGE AS  
22          CALIFORNIA IS, THE BORDERS, THE GEOGRAPHIC BORDERS OF THE  
23          STATE DON'T MATTER TO THE MARKETPLACE. BUT IF WE CAN GET  
24          ALL OF THE WESTERN STATES ON THE SAME SHEET OF MUSIC, AND  
25          IT'S GOING ON IN THE NORTHEAST OR THE SOUTHEAST

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1 ORGANIZATION, WE CAN LEAD THE FEDERAL GOVERNMENT TO WHERE  
2 THEY SHOULD -- TO AN APPROPRIATE ROLE OF HAVING SOME  
3 INTEREST IN THIS AREA. AND BUSINESSES.

4 AND TOWARDS MR. LOCKINGTON'S -- I'LL DROP  
5 IT AT THIS -- MR. LOCKINGTON'S COMMENT, I MAY HAVE  
6 INFERRED THAT THE WHOLE PURPOSE THAT I WOULD FAVOR THIS  
7 IS TO PERPETUATE AND EXPAND THE PACIFIC RIM ACTIVITIES.  
8 I AGREE 100 PERCENT THAT IS NOT WHERE IT SHOULD BE GOING,  
9 BUT IN THE SHORT RUN, RIGHT NOW, THAT'S WHERE IT'S GOING  
10 ANYWAY, BUT IT'S GOING OVER AT A DIME ON THE DOLLAR.  
11 WE'RE BUYING IT BACK FOR A DOLLAR ON THE DIME.

12 AND IF WE CAN COALESCE THIS MARKET POWER, I  
13 BELIEVE THAT WE CAN BRING THE BUSINESSES WHO WOULD USE  
14 THIS MATERIAL AND EXPAND THEIR CAPACITIES NATIONALLY,  
15 INTERNALLY, THE WAY IT SHOULD BE, TO THE BARGAINING TABLE  
16 AND, IN EFFECT, TURN THAT BALANCE OF TRADE THING AROUND  
17 BECAUSE WE'RE GIVING AWAY OUR RESOURCES AS WASTE.

18 BOARD MEMBER LOCKINGTON: YOU KNOW, WHEN YOU  
19 SAID THAT, IT REMINDS ME OF READING YOUR HISTORY BOOK  
20 ABOUT YEARS AGO WHEN THEY MADE THE NUTS AND BOLTS AND  
21 EVERYBODY HAD A DIFFERENT THREAD AND DIFFERENT BOLT SIZE,  
22 AND THE SOCIETY OF SAE CAME IN AND THEY SAID, "LISTEN,  
23 GUYS, I SEND MY BOLTS FROM THIS MANUFACTURER OVER TO THIS  
24 GUY, AND HE CAN'T USE IT AND HE SENDS IT BACK." AND SO  
25 YOU'RE RIGHT, THE STANDARDIZATION OF THIS MUST BE OR NO

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1 REASONABLE MANUFACTURER WILL USE THIS STUFF.

2 AND IT REALLY IS, WHEN YOU GET DOWN TO IT,  
3 A FEDERAL PROBLEM. AND I WROTE DOWN HERE -- I DON'T WANT  
4 TO MAKE GINGER MAD -- BUT WE'RE SITTING THERE TALKING,  
5 AND SHE SAID, "WE HAVE TO DEVELOP RECYCLE MARKETS."  
6 GLENDALE'S DOING IT. THE COUNTY OF LOS ANGELES IS DOING  
7 IT. THE CITY OF LOS ANGELES IS DOING IT. THE STATE OF  
8 CALIFORNIA IS DOING IT. THE STATE OF NEW JERSEY IS DOING  
9 IT. THERE NEEDS TO BE SOME KIND OF A REGIONALIZATION AND  
10 PROBABLY SOMETHING DONE AT A FEDERAL LEVEL, AT LEAST SO  
11 THAT WHEN YOU BUY THIS PRODUCT, YOU KNOW THAT AFTER IT'S  
12 IN-HOUSE YOU CAN USE IT. I'M NOT BIG AT CENTRALIZATION,  
13 BUT THAT'S GOING TO HAVE TO BE.

14 BOARD MEMBER VARNER: OKAY. ANYWAY, I'M PLEASED  
15 TO HEAR THAT SOME OF THESE CONCERNS THAT I HAVE ARE BEING  
16 ADDRESSED. AND NATURALLY I HAVE A GREAT DEAL OF  
17 CONFIDENCE IN CAREN BECAUSE I WORKED WITH HER AND KNOW  
18 THAT SHE'S VERY THOROUGH AND VERY UNDERSTANDING. SO I  
19 FEEL BETTER ALREADY.

20 MS. TRGOVCICH: THANK YOU.

21 CHAIRMAN MOSCONE: ANY FURTHER DISCUSSION?

22 MR. LARSON: IN CLOSING, THIS WAS AN INFORMATION  
23 ITEM, BUT I JUDGE FROM THE COMMENTS OF THE BOARD THAT YOU  
24 CONCUR WITH OUR PARTICIPATION, AND WE'LL REPORT BACK AT  
25 PROGRESS IN THE FUTURE.

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1 CHAIRMAN MOSCONE: THANK YOU, CAREN.

2 WE'LL PROCEED TO ITEM 10, REPORT ON LOCAL  
3 TASK FORCES FOR COUNTY INTEGRATED WASTE MANAGEMENT PLANS  
4 ACCORDING TO PUBLIC RESOURCES CODE SECTION 40950.

5 MR. OLDALL: THANK YOU, MR. CHAIRMAN.

6 THE REGULAR ITEM THAT WE BRING UP TO THE  
7 BOARD EVERY MONTH TO PROVIDE THE REGULAR UPDATE, AND JOHN  
8 SMITH, THE MANAGER OF THE PLANNING DIVISION, WILL PRESENT  
9 THE ITEM.

10 JOHN.

11 MR. SMITH: THANK YOU, ALAN.

12 WHILE I HAVE SOME SIGNIFICANT PROGRESS TO  
13 REPORT SINCE THE LAST BOARD MEETING AND SINCE THE WRITING  
14 OF THIS ITEM, THIS ITEM IS A PROGRESS REPORT ON THE LOCAL  
15 GOVERNMENTS IN FORMING THE LOCAL TASK FORCES.

16 AS YOU RECALL, LOCAL TASK FORCES ARE  
17 REQUIRED TO BE FORMED IN EACH COUNTY EXCEPT THE CITY AND  
18 COUNTY OF SAN FRANCISCO. THEY'RE EXCLUDED FROM THE  
19 REQUIREMENT. ALSO, AS YOU RECALL, TASK FORCES NEED TO BE  
20 APPROVED BY BOTH THE BOARD OF SUPERVISORS AND A MAJORITY  
21 OF THE CITIES WITH A MAJORITY OF THE POPULATION IN THE  
22 COUNTY.

23 I'D LIKE TO HAVE YOU TURN TO PAGE 167 OF  
24 YOUR BOARD PACKET TO SEE THE CHANGES SINCE THE LAST ITEM  
25 WAS PRESENTED. THE SHADED INFORMATION INDICATES THE

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1 STATUS CHANGE FOR THE LOCAL TASK FORCES; AND LOOKING DOWN  
2 THIS TABLE, WE SEE THAT THE CHANGES HAVE MAINLY BEEN IN  
3 GETTING TASK FORCES COMPLETELY FORMED.

4 SINCE THE LAST ITEM WAS PRESENTED, THE  
5 COUNTIES OF AMADOR, BUTTE, COLUSA, EL DORADO, GLENN,  
6 MARIN, NAPA, SAN LUIS OBISPO, AND TEHAMA COUNTIES HAVE  
7 APPROVED LOCAL TASK FORCES.

8 SINCE THIS PACKET WAS WRITTEN, FIVE  
9 ADDITIONAL COUNTIES HAVE COMPLETELY FORMED THEIR TASK  
10 FORCES. THOSE INCLUDE HUMBOLDT, MONTEREY, STANISLAUS,  
11 TULARE, AND YESTERDAY SUTTER AND YUBA COUNTIES.

12 THERE ARE STILL EIGHT COUNTIES WITH THE  
13 FIRST APPROVAL, AND THAT'S THE BOARD OF SUPERVISORS  
14 APPROVAL THAT IS UNCHANGED SINCE THE LAST BOARD MEETING.  
15 HOWEVER, MANY OF THOSE -- ALL OF THOSE COUNTIES IN THAT  
16 CATEGORY ARE PROCEEDING WITH GETTING THE REQUIRED  
17 APPROVALS BY THE MAJORITY OF THE CITIES WITH THE MAJORITY  
18 OF THE POPULATION. THERE ARE -- THERE WERE FIVE AND NOW  
19 FOUR COUNTIES, WHICH HAVE YET TO GET EITHER BOARD OF  
20 SUPERVISOR APPROVAL OR CITY APPROVAL FOR THE LOCAL TASK  
21 FORCE, AND I'D LIKE TO SPEND A LITTLE TIME ON EACH OF  
22 THOSE.

23 THOSE COUNTIES RIGHT NOW INCLUDE ALAMEDA,  
24 MODOC, LASSEN, AND SAN MATEO. YESTERDAY, AS I SAID,  
25 SUTTER AND YUBA COUNTIES GOT THE UNANIMOUS ENDORSEMENT

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1 FOR THEIR TASK FORCE FROM THE BOARD OF SUPERVISORS AND  
2 THE CITY COUNCILS IN BOTH COUNTIES.

3 TURNING TO ALAMEDA COUNTY, ALAMEDA COUNTY  
4 HAS A JOINT POWERS AUTHORITY FOR SOLID WASTE. THEY HAVE  
5 FORMED A LOCAL TASK FORCE; HOWEVER, THEY FELT THAT SIMPLY  
6 THAT JOINT POWERS AUTHORITY COULD SERVE AS THE BODY  
7 APPROVING THE TASK FORCE. WE HAVE COMMUNICATED TO THEM  
8 THAT WE WOULD LIKE THE BOARD OF SUPERVISORS APPROVING  
9 THAT AND THE INDIVIDUAL CITIES. THEY'RE IN THE PROCESS  
10 OF OBTAINING THOSE APPROVALS RIGHT NOW.

11 MODOC COUNTY, I DON'T KNOW, IT SEEMS LIKE  
12 IT'S HARD TO COMMUNICATE TO THAT COUNTY, BUT WE'VE BEEN  
13 TRYING VERY HARD. THEY WISH TO USE THEIR EXISTING SOLID  
14 WASTE COMMITTEE AS THEIR LOCAL TASK FORCE. AND IN  
15 TALKING TO THEM ON SEVERAL OCCASIONS, I'VE INDICATED TO  
16 THEM THAT THEY NEED -- IF THEY WANT TO USE THE EXISTING  
17 COMMITTEE AS A LOCAL TASK FORCE, THE BOARD OF SUPERVISORS  
18 AND THE CITY OF ALTURAS IS THE ONLY CITY THERE, NEED TO  
19 APPROVE THAT AS THE LOCAL TASK FORCE. SO I'M HOPING WITH  
20 THE LAST LETTER THAT I SENT THAT THEY WILL PROCEED AND  
21 GET THAT DONE WITHIN 30 DAYS.

22 THE TWO COUNTIES THAT I'M REALLY CONCERNED  
23 ABOUT ARE LASSEN COUNTY AND SAN MATEO COUNTY. AS OF YET  
24 THEY HAVE NOT EVEN COME UP WITH AN ACCEPTABLE LIST OF  
25 CANDIDATES OR THEY HAVE NOT COME UP WITH THE MAKEUP OF

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1 THEIR LOCAL TASK FORCE AND THE MEMBERS YET. SO WHAT I'M  
2 RECOMMENDING IS THAT WE SEND A LETTER TO THOSE COUNTIES,  
3 AND POSSIBLY ALL THE OTHERS THAT HAVEN'T COMPLETED THE  
4 PROCESS, SAYING GET THE TASK FORCE FORMED WITHIN 30 DAYS  
5 OR THE MATTER'S GOING TO BE REFERRED TO THE ATTORNEY  
6 GENERAL.

7 SO I THINK, IN CONCLUSION, THAT OVER --  
8 APPROXIMATELY 80 PERCENT OF THE LOCAL TASK FORCES HAVE  
9 BEEN FULLY FORMED AND AN ADDITIONAL 14 PERCENT HAVE ONE  
10 APPROVAL, AND 7 PERCENT OF ALL THE COUNTIES HAVE NOT AS  
11 YET APPROVED THE LOCAL TASK FORCES.

12 THAT CONCLUDES MY PRESENTATION. IF YOU  
13 HAVE ANY QUESTIONS, I'D BE GLAD TO ANSWER.

14 BOARD MEMBER GEARHEART: YES. I HAVE SOME  
15 QUESTIONS ABOUT BRINGING DOWN THE HAMMER HARD AT SOME  
16 POINT. DO YOU HAVE ANY FEELING -- I MEAN YOU SAY YOU  
17 HAVEN'T HEARD ANYTHING FROM LASSEN. HAVE THEY NOT  
18 RESPONDED AT ALL?

19 MR. SMITH: I'VE HAD TWO OR THREE PHONE  
20 CONVERSATIONS WITH THE STAFF THAT'S WORKING ON THAT,  
21 FORMING THAT LOCAL TASK FORCE. AND IT JUST DOESN'T SEEM  
22 THAT THEY'VE REALLY DONE ANYTHING.

23 BOARD MEMBER GEARHEART: DO THEY UNDERSTAND --  
24 DO YOU THINK THEY UNDERSTAND THE REQUIREMENTS?

25 MR. SMITH: THEY DO UNDERSTAND IT, BOTH THEY AND

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1 SAN MATEO. IN THE CASE OF SAN MATEO COUNTY, THE  
2 CITIES -- I GUESS THERE WAS AN ORIGINAL LIST OF PROPOSED  
3 TASK FORCE MEMBERS SENT OUT TO THE CITIES, AND THEY  
4 WEREN'T COMPLETELY HAPPY WITH THAT. SO SAN MATEO IS  
5 WORKING WITH THE CITIES TO GET AN ACCEPTABLE LIST.

6 BOARD MEMBER GEARHEART: IT SEEMS LIKE EARLY IN  
7 THIS PROCESS OF 939, THE MORE FACILITATIVE YOU CAN BE IN  
8 GETTING THINGS STARTED THE BETTER. THERE'S ALL THESE  
9 OTHER OPPORTUNITIES TO DO THINGS LATER, BUT THERE'S LOTS  
10 OF OTHER REASONS WHY IT MIGHT NOT BE HAPPENING AS FAST AS  
11 WE MIGHT WANT IT. SO ALL I'M SAYING IS MAYBE EXPLORE  
12 SOME OF THOSE REASONS AND BE A LITTLE MORE FACILITATIVE  
13 IN THE PROCESS.

14 MR. CHESBRO: MR. CHAIRMAN.

15 BOARD MEMBER MOSCONE: WES.

16 MR. CHESBRO: I WOULD CONCUR WITH BOB'S  
17 COMMENTS. I KNOW THAT THIS IS NOT A MATTER OF LAW. IT'S  
18 MORE A MATTER OF -- WHAT'S THE RIGHT WAY TO PUT IT?  
19 FACILITATION IS A GOOD WORD, BOB -- BUT WHAT I WOULD BE  
20 LOOKING TOWARDS WOULD BE GOOD FAITH EFFORT BECAUSE EACH  
21 COMMUNITY HAS LOCAL POLITICAL CIRCUMSTANCES. I KNOW WE  
22 WERE A LITTLE EMBARRASSED FOR A WHILE ABOUT THE  
23 DIFFICULTY WE WERE HAVING, BUT IT WAS BECAUSE OF TRYING  
24 TO GET THE CITIES AND THE COUNTIES IN SYNC TOGETHER,  
25 MOVING IN THE SAME DIRECTION AND THAT'S NOT ALWAYS AN

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1 EASY THING TO DO BECAUSE THERE'S A LOT OF JEALOUSY AND  
2 COMPETITIVENESS IN LOCAL GOVERNMENT, PROBLEMS WITH  
3 PERSONALITIES, ET CETERA.

4 IF THE COUNTY HAS TAKEN STEPS, YOU KNOW,  
5 ANY STEPS OR SOME STEPS AND IS IN THE PROCESS, THEN I  
6 THINK WE NEED TO ESPECIALLY GIVE THE KIND OF FLEXIBILITY  
7 THAT BOB'S INDICATED AND ALLOW THAT COMMUNITY TO WORK OUT  
8 THE LOCAL PROBLEMS. NOW, IF THERE'S SOMEBODY WHO'S --  
9 YOU KNOW, HASN'T DONE A THING, REFUSES TO DO A THING AND  
10 IS NOT GOING ANYWHERE, THAT'S A DIFFERENT MATTER. BUT I  
11 THINK WE DO NEED TO BE SENSITIVE TO THE FACT THAT THIS  
12 IS -- ESPECIALLY FOR COMMUN- -- AND THERE'S OTHER KIND OF  
13 COMMUNITIES WHERE IT'S A BRAND NEW SUBJECT MATTER AND  
14 THEY'VE NEVER EVEN DEALT WITH IT AT ALL.

15 SO I AGREE WITH BOB. FACILITATION IS THE  
16 FIRST CHOICE; AND, YOU KNOW, PUTTING THE PRESSURE ON IS  
17 SOMETHING THAT SHOULD ONLY BE UTILIZED WHERE THERE'S  
18 ABSOLUTE LACK OF WILLINGNESS TO MOVE.

19 MR. SMITH: I MIGHT ADD SOMETHING. FACILITATION  
20 IS OUR FIRST APPROACH, AND WE DO WORK CLOSELY WITH THE  
21 COUNTIES. I GUESS STAFF CONCERN IS THAT THE LOCAL TASK  
22 FORCES WERE TO BE FORMED BY MARCH. THEY DO PERFORM A  
23 VERY IMPORTANT TASK IN ENSURING THAT THE SOURCE REDUCTION  
24 AND RECYCLING ELEMENTS GET PREPARED. AND I GUESS IT'S  
25 REALLY JUST A LITTLE CONCERNED THAT THEY'LL -- THE SOURCE

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1 REDUCTION ELEMENTS WILL ALREADY BE HERE WITHOUT THEIR  
2 INPUT. BUT WE'LL WORK WITH THEM TO GET THE THINGS --

3 ATTORNEY CONHEIM: MR. CHAIRMAN.

4 BOARD MEMBER MOSCONE: MR. CONHEIM.

5 ATTORNEY CONHEIM: I YIELD TO MR. VARNER.

6 BOARD MEMBER VARNER: I HAVE TO MAKE THE COMMENT  
7 AGAIN FOR YOUR BENEFIT AND ALSO FOR BOB'S. THIS BOARD  
8 TRADITIONALLY HAS ALWAYS DONE EXACTLY WHAT YOU'RE ASKING  
9 TO DO. WE HAVE BENT OVER BACKWARDS TO GIVE LOCAL  
10 GOVERNMENT EVERY OPPORTUNITY TO COMPLY WITH THE LAW, AND  
11 OUR WHOLE ATTITUDE TOWARDS THEM HAS BEEN TO HELP THEM TO  
12 SOLVE THEIR PROBLEMS IN EVERY POSSIBLE WAY THAT WE CAN.

13 SO I REALLY WANT TO MAKE THAT POINT, AND  
14 IT'S ONE -- THIS BOARD HAS BEEN MALIGNED FOR ALL SORTS OF  
15 THINGS THAT ARE ABSOLUTELY UNTRUE AND HERE'S ONE OF THEM.  
16 AND IT ISN'T ONE THAT WE EVER APPROACHED SOMEBODY WITH A  
17 HAMMER TRYING TO DRIVE THEM IN THE GROUND. WE NEVER  
18 HAVE, HASN'T BEEN DONE IN THE PAST, AND I WOULD HOPE THAT  
19 THE FUTURE BOARD, LIKEWISE, WOULD USE THAT SAME CONCERN.

20 SO I'M GLAD TO SEE THAT YOU HAVE THIS  
21 CONCERN, BUT I WANT TO LET YOU KNOW THAT'S BEEN THE  
22 POLICY ALWAYS. AND IT'S BEEN THE DIRECTION WE'VE ALWAYS  
23 GIVEN THE STAFF, AND THEY APPROACH IT THAT WAY. AND I  
24 THINK THE STAFF WILL CONCUR.

25 BOARD MEMBER MOSCONE: MR. CONHEIM.

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1           ATTORNEY CONHEIM: I HAD A QUESTION TO JOHN. I  
2 NOTICE IN THE ITEM THAT THERE WAS A LETTER SENT OUT  
3 FEBRUARY 23RD TO THE COUNTIES. HAS LASSEN COUNTY  
4 RECEIVED ANY FURTHER WRITTEN CORRESPONDENCE FROM -- OVER  
5 GEORGE'S SIGNATURE OR FROM YOU?

6           MR. SMITH: I HAVE TO CHECK THAT.

7           ATTORNEY CONHEIM: WELL, BECAUSE APPROPO OF  
8 YESTERDAY'S DISCUSSION, IF YOU HAVE BEEN WORKING WITH  
9 STAFF AND STAFF IS HAVING A DIFFICULT TIME DOING THAT,  
10 AND THE BOARD OF SUPERVISORS DON'T KNOW THAT THIS  
11 DIFFICULTY PERSISTS, THEN WHETHER THE LETTER IS A LETTER  
12 THREATENING 30 DAYS FROM THE AG OR ONE IN WHICH YOU  
13 FASHION SOMETHING MORE FACILITATING AND LESS THREATENING,  
14 IT STILL SOUNDS LIKE THIS WOULD BE AN APPROPRIATE TIME  
15 FOR THIS ONE DIFFICULT OR TWO DIFFICULT COUNTIES TO  
16 ADDRESS A LETTER WHICH IS COPIED -- WHICH IS ADDRESSED  
17 FIRST AND THEN COPIED TO THE PEOPLE THAT WE ALL AGREED IN  
18 OTHER MATTERS YESTERDAY THAT WE WOULD ADDRESS SUCH  
19 CORRESPONDENCE. SOUNDS LIKE AN OPPORTUNITY RATHER THAN  
20 THE END OF THE LINE.

21           MR. SMITH: WE DID SEND A FOLLOW-UP LETTER ON --

22           MR. OLDALL: JUNE 15TH, I THINK, JOHN, YOU SENT  
23 ONE.

24           MR. SMITH: YEAH. I'M NOT SURE THAT LASSEN  
25 RECEIVED IT, BUT I CAN CHECK THE RECORDS ON THAT.

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1 WE'VE TALKED WITH THEM SEVERAL TIMES. WE  
2 HAD VISITED THE COUNTY ONCE. WE'LL CONTINUE TO WORK WITH  
3 THEM TO GET IT.

4 MR. OLDALL: WHY DON'T WE JUST GIVE IT TO THE  
5 NEXT BOARD MEETING AND REPORT BACK IN DETAIL ON EACH ONE  
6 OF THOSE, AND THEN THE BOARD CAN THEN DECIDE WHICH ACTION  
7 IT WANTS TO TAKE INDIVIDUALLY AGAINST -- SOME MAY BE  
8 HARDER THAN OTHERS AND REQUIRE THE AG, OTHERS MAY NOT.  
9 SO WHY DON'T WE JUST BRING IT BACK AT THE NEXT BOARD  
10 MEETING IN DETAIL.

11 CHAIRMAN MOSCONE: ANY OTHER DISCUSSION? WE'LL  
12 PROCEED THEN TO ITEM 11, STAFF PRESENTATION ON WASTE  
13 CHARACTERIZATION STUDY AT CALIFORNIA INTEGRATED WASTE  
14 MANAGEMENT BOARD.

15 MR. OLDALL: YES, MR. CHAIRMAN. YOU REMEMBER  
16 THE LAST BOARD MEETING WE DEALT WITH AN ITEM CONCERNING A  
17 RESOURCE CONSERVATION POLICY. WE HAD LONG CONSIDERED THE  
18 ISSUE THAT THE BOARD SHOULD START ESTABLISHING A  
19 LEADERSHIP ROLE IN THIS WHOLE AREA AND AT LEAST THINK  
20 ABOUT ESTABLISHING A POLICY WHICH COULD THEN BE  
21 DISSEMINATED.

22 AND AS ONE OF THE STEPS IN ANALYZING THE  
23 ISSUES WITHIN THAT POLICY, WE DECIDED THAT WE WOULD DO  
24 OUR OWN WASTE CHARACTERIZATION STUDY AT THE BOARD AND  
25 COMPARE THAT TO, YOU KNOW, INFORMATION THAT EXISTED IN

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1 OTHER GOVERNMENT LOCATIONS.

2 JIM CROPPER AND CAROLE BROW WERE  
3 INSTRUMENTAL IN CONDUCTING THAT STUDY AND THEY'LL PRESENT  
4 THE ITEM.

5 MS. BROW: MR. CHAIRMAN, MEMBERS OF THE BOARD,  
6 I'M REALLY PLEASED TO BE HERE TODAY TO TELL YOU ABOUT THE  
7 RESULTS OF THIS WASTE CHARACTERIZATION THAT WE'VE DONE.  
8 IT WAS A REALLY INTERESTING EFFORT BOTH IN THE CONDUCT OF  
9 THE DATA COLLECTION AND THE ANALYSIS AND ALSO FROM THE  
10 STANDPOINT OF WHAT OUR RESULTS WERE.

11 IN THE CONDUCT OF THE STUDY, IT WAS REALLY  
12 EDIFYING THAT THERE WAS SO MUCH INTEREST AMONG BOARD  
13 STAFF IN ASSISTING WITH THIS. WE HAD VOLUNTEERS FROM ALL  
14 THE DIVISIONS OF THE BOARD WHO GAVE UP SOME OF THEIR FREE  
15 TIME IN THE EVENING TO GO DOWN TO THE SECOND FLOOR WITH  
16 BAGS OF GARBAGE COLLECTED FROM ALL OVER THE BOARD AND  
17 SORT THROUGH IT INTO VARIOUS CATEGORIES AND WEIGH IT.  
18 THEN WE GOT TOGETHER AND DISCUSSED WHAT WE FOUND.

19 WHAT WE FOUND IS SOMETHING I THINK WE  
20 SHOULD ALL BE VERY PROUD OF. JIM WILL DESCRIBE IT IN  
21 DETAIL; BUT, ESSENTIALLY, WE ARE FAR, FAR BETTER THAN  
22 WHAT A TYPICAL OFFICE WHICH, OF COURSE, DOES NOT EXIST,  
23 BUT A TYPICAL OFFICE WOULD BE EXPECTED TO PRODUCE IN THE  
24 WAY OF GARBAGE THAT GOES INTO THE GARBAGE BASKETS.

25 SO WITH THAT, I'D LIKE TO TURN THIS OVER TO

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1 JIM, AND HE'LL TELL YOU JUST EXACTLY WHAT WE DID AND WHAT  
2 HE FOUND.

3 MR. CROPPER: GOOD MORNING, MR. CHAIRMAN, BOARD  
4 MEMBERS. AS A FIRST STEP IN REDUCING THE AMOUNT OF WASTE  
5 GENERATED AT THE BOARD'S OFFICE IN SACRAMENTO AND ALSO  
6 DEVELOPING A RESOURCE CONSERVATION POLICY AND RESOLUTION,  
7 WE CONDUCTED THIS WASTE CHARACTERIZATION STUDY. AND THE  
8 PURPOSE OF THE STUDY, BESIDES WHAT CAROLE HAD MENTIONED,  
9 WAS TO DETERMINE THE AMOUNTS OF GARBAGE AND RECYCLABLES  
10 GENERATED AT THE BOARD OFFICE, DETERMINE WHERE CHANGES  
11 COULD BE MADE TO DECREASE THE AMOUNT OF GARBAGE GOING TO  
12 THE LANDFILL, PROVIDE STAFF EXPERIENCE IN CONDUCTING A  
13 WASTE CHARACTERIZATION STUDY -- AND, PERSONALLY, I WOULD  
14 SAY THAT YOU REALLY HAVE A LOT OF FUN IN DOING A WASTE  
15 CHARACTERIZATION STUDY -- AND ALSO PROVIDE BASE LINE  
16 INFORMATION SO THAT THE STAFF CAN DETERMINE IF SOURCE  
17 REDUCTION AND RECYCLING PROCEDURES ARE EFFECTIVE AND SEE  
18 HOW THIS CHANGES WHEN WE GET MORE STAFF ONBOARD.

19 IN CONDUCTING THE WASTE CHARACTERIZATION  
20 STUDY, WE FOLLOWED SEVERAL PROCEDURES WHICH WE HAD  
21 OUTLINED PREVIOUSLY. AND THIS WAS DONE BACK IN MAY,  
22 BETWEEN MAY 21ST AND 25TH, AND WE HAD CHOSEN A WEEK WHEN  
23 THERE WASN'T A BOARD MEETING SO THAT THAT WOULDN'T SKEW  
24 THE RESULTS IN ANY WAY.

25 WE GOT A SCALE FROM R. W. BECK WHICH USES



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1 THE SCALE IN THEIR OWN WASTE CHARACTERIZATION STUDIES.  
2 AND THEN WE HAD THE COMPANY THAT -- THE PEOPLE THAT  
3 NORMALLY PICK UP THE GARBAGE TO STORE IT IN THE JANITOR'S  
4 ROOM; AND AFTER THEY WERE DONE PICKING UP THE GARBAGE,  
5 THEN WE WOULD TAKE IT DOWN TO A VACANT OFFICE ON THE  
6 SECOND FLOOR.

7 AND IT STARTED -- AS THE WEEK WENT ON, IT  
8 STARTED TO GET KIND OF EXCITED ABOUT THIS AND THEY  
9 STARTED BRINGING US ALL THE GARBAGE FROM ALL THE OTHER  
10 OFFICES IN THE BUILDING. AND THEN WE SORTED -- AND THEN  
11 WE SORTED THE GARBAGE ON A PLASTIC SHEET IN WHICH WE PUT  
12 DOWN DIFFERENT CATEGORIES FOR THE RECYCLABLES AND FOR THE  
13 DIFFERENT MATERIALS. AND THE RESULTS OF THE STUDY ARE ON  
14 THE SHEET THAT I HAD PASSED OUT. AND I JUST WANTED TO  
15 TELL YOU SOME OF THE RESULTS THAT WE HAD FOUND.

16 FIRST OF ALL, WE FOUND THAT WE GENERATE  
17 ABOUT 96.4 POUNDS OF WASTE PER DAY. AND OF THAT, 55.5  
18 POUNDS ARE RECYCLED AND 41 POUNDS ARE DISCARDED. AND  
19 WHAT THAT COMES OUT TO BE IS WE'RE RECYCLING 58 PERCENT  
20 OF OUR WASTE, FAR ABOVE THE 25 PERCENT THAT WILL BE  
21 REQUIRED BY THE LAW FOR THE COUNTIES. AND THIS COMES OUT  
22 TO .1 TONS PER PERSON PER YEAR AS OPPOSED TO .6 TONS PER  
23 PERSON PER YEAR, WHICH IS AN AVERAGE FOR GOVERNMENT  
24 BUILDINGS.

25 BOARD MEMBER GEARHEART: EXCUSE ME. YOU HAVE

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1 .14 HERE. YOU SAID .1. IS IT --

2 MR. CROPPER: WE HAD CHANGED SOME THINGS IN  
3 GOING THROUGH IT AND, I'M SORRY, I DON'T REMEMBER: IT'S  
4 BEEN A COUPLE OF MONTHS SINCE I HAD DONE THESE  
5 CALCULATIONS AND I CAN'T REMEMBER WHETHER IT WAS -- WE  
6 ROUNDED IT TO .1. YEAH, ON THE RESULTS I DO HAVE .14,  
7 SO, YEAH, THAT IS CORRECT.

8 BOARD MEMBER GEARHEART: .14 IS CORRECT?

9 MR. CROPPER: YEAH. AND JUST GOING THROUGH SOME  
10 OF THE DIFFERENT CATEGORIES THAT WE HAD ITEMIZED, FOR  
11 INSTANCE, ON THE LARGEST CATEGORY THAT IS RECYCLED IS  
12 WHITE OFFICE PAPER WHICH WOULD SEEMS -- WHICH SEEMS  
13 OBVIOUS. AND WE GENERATE OR RECYCLE ABOUT 31 POUNDS PER  
14 DAY. AND I HAD GOTTEN -- AT THIS CONFERENCE I HAD HEARD  
15 THAT THE WHITE HOUSE PRODUCES 2,000 POUNDS OF WHITE  
16 OFFICE PAPER PER DAY. IT WAS KIND OF INTERESTING  
17 COMPARING THEM WITH US.

18 AND ALSO SOME OF THE OTHER CATEGORIES OF  
19 RECYCLABLES ARE OLD NEWSPAPER, GLASS, ALUMINUM CANS, AND  
20 ALSO COLORED LEDGER. AND SOME OF THE THINGS -- SOME OF  
21 THE BIG CATEGORIES OF THE DISCARDED ARE THE COMPOSTABLES,  
22 ALSO THE TISSUE AND TOWELING, MAGAZINES, AND THEN ALSO  
23 WHITE OFFICE PAPER.

24 AND THEN LOOKING AT WHAT WE COULD DO TO  
25 DIVERT AN ADDITIONAL 25 PERCENT OF THE BOARD'S WASTE, WE



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1 FOUND THAT IF WE RECYCLE ALL THE WHITE PAPER, ALL THE  
2 COLORED LEDGER, NEWSPAPER, MANILA ENVELOPES WE THREW  
3 AWAY, WE COULD RECYCLE AN ADDITIONAL 25 PERCENT. AND THE  
4 IF ALL THE MAGAZINES AND GLOSSY PAPER WERE RECYCLED, 35  
5 PERCENT OF THE WASTESTREAM COULD BE DIVERTED.

6 AND AS -- I HAD WRITTEN IN THERE SOME  
7 SPECIFIC RECOMMENDATIONS OF WHAT WE COULD DO, AND THAT'S  
8 IN YOUR BOARD PACKET. AND JUST TO GO THROUGH SOME OF  
9 THOSE, THE LARGEST CATEGORY OF THINGS THAT WE THROW AWAY,  
10 TISSUE AND TOWELING, IS 6 POUNDS PER DAY OR 14 PERCENT,  
11 AND SOME OF THE THINGS THAT WE COULD DO IS PERHAPS TO GET  
12 A TOWEL SERVICE OR PERHAPS GET SOME BLOWERS IN THE  
13 RESTROOMS.

14 THE COMPOSTABLE WASTE, WE HOPE TO AT THE  
15 NEW FACILITY TO HAVE DIFFERENT TYPES OF COMPOSTING  
16 OPERATIONS AS AN EXAMPLE -- AS EXAMPLES TO PEOPLE WHEN  
17 THEY COME TO THE BOARD OFFICE.

18 AND MAGAZINES, PERHAPS TO TAKE NAMES OF  
19 STAFF MEMBERS OFF CATALOG LISTS, REDUCE THE NUMBER OF  
20 DUPLICATE SUBSCRIPTIONS. SO AMUSING TO ME IS THAT WE GET  
21 FOUR OR FIVE COPIES OF RESOURCE RECYCLING FROM -- I GUESS  
22 THAT COMES FROM NRC, YOU KNOW, JUST DUPLICATE COPIES.  
23 ELIMINATE SUBSCRIPTIONS TO EX-EMPLOYEES.

24 SOME OF THE THINGS WE HAD FOUND AS ONE  
25 PERSON WAS GOING THROUGH THEIR DESK AND THEN THROWING

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1 AWAY OLD MAGAZINES THAT THEY HAD FOUND THERE AND WERE  
2 CONTINUING TO COME TO THIS PERSON. PERHAPS TO ROUTE SOME  
3 OF THE MAGAZINES, RECYCLE THE MAGAZINES WHEN WE NO LONGER  
4 USE THEM.

5 WHITE LEDGER PAPER, THAT WILL OBVIOUSLY  
6 CONTINUE TO BE A LARGE AMOUNT OF OUR WASTESTREAM. AND  
7 WE'VE ALREADY GOTTEN ABOUT 400 -- WELL, THE MOST  
8 IMPORTANT THING THAT I CAN SEE IS TO MAKE RECYCLING AS  
9 EASY AS POSSIBLE -- AS EASY AND CONVENIENT AS POSSIBLE TO  
10 PEOPLE. AND SO WE'VE GOTTEN 400 DESKTOP CONTAINERS FOR  
11 PEOPLE, FOR THE EMPLOYEES, AND ALSO WE'VE GOTTEN SOME  
12 OTHER BAGS AND STANDS TOO AS INTERMEDIATE CONTAINERS.  
13 AND WE ALSO HAVE TO HAVE -- HOPE TO HAVE A TRAINING  
14 SESSION FOR NEW EMPLOYEES, AND ALSO WE PUT IN SOME USEFUL  
15 TIPS ON HOW TO RECYCLE IN THE NEW EMPLOYEE PACKETS.

16 THIS CONCLUDES MY PRESENTATION. IF YOU  
17 HAVE ANY QUESTIONS FOR ME, BE HAPPY TO ANSWER THEM.

18 CHAIRMAN MOSCONE: ANY QUESTIONS?

19 BOARD MEMBER LOCKINGTON: PREVIOUS TO THIS TIME,  
20 JIM, WOULD ANY OF THIS WASTESTREAM HAVE BEEN RECYCLED?  
21 AS FAR AS THE JANITORS OR WHOEVER THEY ARE, DID THEY DO  
22 ANYTHING WITH ANY OF THESE?

23 MR. CROPPER: NORMALLY, THEY DO PICK OUT THE  
24 ALUMINUM CANS, AND WE HAD PERHAPS IN A DAY MAYBE FOUR OR  
25 FIVE ALUMINUM CANS. AND, NORMALLY, THEY JUST TAKE THE

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1 GARBAGE AND THEN THROW IT INTO THE DUMPSTER.

2 BOARD MEMBER LOCKINGTON: WHICH, IN TURN, WENT  
3 TO THE LANDFILL?

4 MR. CROPPER: EXACTLY.

5 MS. BROW: IF I MIGHT ADD ONE THING, AND THAT IS  
6 THAT WE ACTUALLY ARE SLIGHTLY UNDERCOUNTING THE AMOUNT OF  
7 RECYCLING BECAUSE A LOT OF PEOPLE AT THE BOARD HAVE THEIR  
8 OWN STASHES OF THEIR ALUMINUM CANS. I DO, FOR EXAMPLE.  
9 AND I HAVE A BAG, AND WHEN IT FILLS UP, I TAKE IT HOME  
10 AND TAKE TO A RECYCLING CENTER. WE DID NOT TRY TO COUNT  
11 THINGS THAT PEOPLE ARE PERSONALLY RECYCLING. WE ONLY  
12 COUNTED THE THINGS THAT ARE RECYCLED IN KIND OF AN  
13 ORGANIZED EFFORT, EITHER BY ALL THE EMPLOYEES AS A GROUP  
14 OR BY THE STATE OF CALIFORNIA THROUGH THE WHITE OFFICE  
15 PAPER PROGRAM.

16 CHAIRMAN MOSCONE: I THINK IT'S BEEN PROBABLY  
17 TWO, THREE YEARS AT LEAST IN THE OFFICE ITSELF THAT  
18 RECYCLING HAS GONE ON.

19 MS. BROW: I THINK FOREVER.

20 CHAIRMAN MOSCONE: I KNOW IT'S AT LEAST TWO OR  
21 THREE.

22 MS. BROW: YEAH. AS LONG AS I'VE BEEN THERE,  
23 AND I'M SURE QUITE A LOT LONGER THAN THAT.

24 BOARD MEMBER VARNER: MR. CHAIRMAN.

25 BOARD MEMBER MOSCONE: MR. VARNER.



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1 BOARD MEMBER VARNER: YOU KNOW, AS I THINK -- I  
2 THINK THIS IS A GREAT THING YOU'RE DOING. I'M SITTING  
3 HERE TRYING TO CYCLE THIS THROUGH MY MIND HOW YOU CAN  
4 APPLY THIS TO THE TOTAL OVERALL PICTURE OF THE THING.  
5 AND I CAN'T REALLY FIGURE OUT HOW THAT'S GOING TO WORK.

6 IT ONLY BRINGS TO MIND ANOTHER THING THAT  
7 WE THAT HAVE BEEN IN THE DISPOSAL BUSINESS FOR A LONG  
8 TIME KNOW, THAT THERE NEVER WAS ANY REALLY KNOWLEDGEABLE  
9 CRITERIA OUT THERE AS HOW MUCH WAS BEING RECYCLED ALL  
10 ALONG. AND CONVERSELY, WE NEVER REALLY KNEW HOW MUCH  
11 MATERIAL WAS DISCARDED. WE ONLY TALK ABOUT WHAT GOES TO  
12 THE LANDFILL.

13 I HOPE THAT IN THE PROCESS OF THIS THAT YOU  
14 CAN DEVELOP SOME KIND OF MEANS TO BE ABLE TO APPLY THIS  
15 INFORMATION TO THE TOTAL PICTURE. AS I THINK ABOUT IT  
16 AND MY KNOWLEDGE OF THE COMPLEXITIES OF THE WHOLE THING,  
17 I REALLY DON'T KNOW THAT IT WOULD FIT INTO THE GENERAL  
18 PUBLIC OR THE COMMERCIAL ESTABLISHMENTS OF -- THAT HAVE  
19 TO HANDLE WASTE AS HOW YOU ARE GOING TO KEEP TRACK OF  
20 THIS OR COUNT IT AS TO WHAT IS ACTUALLY HAPPENING.

21 I THINK THAT IT'S A GOOD THING THAT  
22 PARTICULARLY THOSE ITEMS THAT ARE REDEEMABLE AND SO FORTH  
23 SHOULD BE TAKEN OUT OF THE WASTESTREAM. OBVIOUSLY THAT'S  
24 THE WAY IT SHOULD BE DONE. I ARRIVE AT FITTING INTO 939  
25 WITH THIS REQUIRED PERCENTAGES AND SO FORTH BECAUSE YOU

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1 HAVE TO TAKE A PERCENTAGE. FOR INSTANCE, THE COMMERCIAL  
2 HAULER HAS TO TAKE A PERCENTAGE OR THE CITY HAS TO TAKE A  
3 PERCENTAGE OF THE WHOLE WASTESTREAM; AND IN ORDER TO DO  
4 THAT, YOU HAVE TO SOMEHOW GET THE WHOLE WASTESTREAM  
5 THROUGH ONE SITUATION WHERE IT CAN BE CONTROLLED. THE  
6 MORE THAT IT'S FRAGMENTED, THEN YOU HAVE A WHOLE LOT OF  
7 DIFFERENT STATISTICS THAT DO NOT NECESSARILY MATCH ONE  
8 ANOTHER OR THEY'RE NOT COMPARING APPLES TO APPLES. AND  
9 THAT WAS KIND OF GOING THROUGH MY MIND.

10 I THINK THIS IS AN EXCELLENT THING FOR YOU  
11 TO BE DOING. IT SHOWS WHAT CAN BE DONE IN AN INDIVIDUAL  
12 OFFICE, IN THIS CASE, AND CAN UNDOUBTEDLY BE TRANSFERRED  
13 OVER TO INDIVIDUAL HOMES AND SO FORTH. HOW IT CAN BE  
14 APPLIED TO THE TOTAL PICTURE, THOUGH, REALLY, AS I THINK  
15 IT OVER, IS GOING TO BE A LITTLE BIT CONFUSING.

16 MS. BROW: YES, MR. VARNER. FRANKLY, I DON'T  
17 THINK YOU CAN TAKE THIS DATA AND USE IT IN ANY WAY TO  
18 DESCRIBE A COMMUNITYWIDE WASTESTREAM. WHAT IT COULD BE  
19 USED FOR IS TO TELL US SOMETHING ABOUT WHAT A HIGHLY  
20 DEDICATED STAFF WHO REALLY WANTS TO TRY HARD TO DO THE  
21 RIGHT THING AS FAR AS WASTE MANAGEMENT GOES, WHAT THEY  
22 CAN ACCOMPLISH. AND THAT'S NOT GOING TO BE PARTICULARLY  
23 A UNIVERSAL SITUATION. YOU KNOW, WE'RE APPROACHING  
24 PROBABLY THE MAXIMUM FEASIBLE LEVEL OF RECOVERY AND WASTE  
25 REDUCTION, BUT IT'S IMPORTANT FOR US TO LEAD BY EXAMPLE.

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1 BOARD MEMBER VARNER: OH, I AGREE WITH THAT.

2 MS. BROW: AND IF WE DIDN'T DO THIS, THEN WE'D,  
3 YOU KNOW, BE AFRAID TO SHOW OUR HEADS.

4 BOARD MEMBER VARNER: WHEN I SAID -- AS I SAID  
5 TO BEGIN WITH, I DON'T DISAGREE AT ALL. IN FACT, I THINK  
6 THIS IS GREAT. AND THIS INFORMATION PROBABLY IS -- CAN  
7 BE, IF IT CAN BE PUT IN ITS RIGHT CONTEXT, CAN BE VERY  
8 USABLE.

9 AS A MATTER OF FACT, IF WE COULD APPLY IT  
10 TO ALL THE DIFFERENT THINGS THAT ARE DONE, WHICH IS  
11 ALMOST IMPOSSIBLE BECAUSE A LOT OF THEM HAPPEN TO CONTAIN  
12 PROPRIETARY INFORMATION, THAT'S ONE OF THE REASONS THAT  
13 YOU COULD NEVER GET COMPLETE INFORMATION, BUT HOPEFULLY  
14 WE CAN AT LEAST STUDY IT OR USE IT AS AN EXAMPLE THAT  
15 WILL BE USABLE.

16 MS. BROW: WE'LL ALSO BE USING THE INFORMATION,  
17 NOT SO MUCH THE DATA, BUT WHAT WE'VE LEARNED BY DOING THE  
18 STUDY TO TRAIN PEOPLE IN OTHER OFFICES TO TAKE ON A  
19 SIMILAR EFFORT. JIM IS GOING TO BE WITH A GROUP -- I  
20 GUESS WE'RE CALLING IT RESOURCE MANAGEMENT STATE PROGRAMS  
21 NOW -- TO SET UP OFFICE PAPER COLLECTION PROGRAMS AT ALL  
22 STATE AGENCIES AND INSTITUTIONS.

23 MR. CHESBRO: THROUGHOUT THE STATE?

24 MS. BROW: THOUGHOUT THE STATE.

25 MR. CHESBRO: NOT JUST IN SACRAMENTO?



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1 MS. BROW: ALL OVER THE STATE. IT'S REQUIRED  
2 BY -- THE ONE PROGRAM IS BY SB 1322 AND THE OTHER IS AB  
3 4. AND BETWEEN THE TWO, WE'RE PRETTY WELL COMMITTED TO  
4 DO MUCH THE SAME KIND OF THING, PROVIDE TRAINING TO THE  
5 TENANTS OF STATE OWNED AND LEASED.

6 MR. CHESBRO: INCLUDING THE UNIVERSITIES AND  
7 COLLEGES?

8 MS. BROW: UNIVERSITIES AND COLLEGES, YES.  
9 WE'RE NOT GOING TO DO IT OVERNIGHT, BUT WE'RE GOING TO  
10 MAKE A REALLY GOOD START SOON.

11 BOARD MEMBER VARNER: SO YOU'RE GOING TO DEVELOP  
12 A KIND OF A PROTOTYPE THAT OTHERS CAN USE. I THINK  
13 THAT'S GREAT BECAUSE OBVIOUSLY, AT THIS POINT, I KNOW IN  
14 MY OWN COUNTY AND CITY, THEY'RE DOING MUCH THE SAME TYPE  
15 OF THING IN ALL THE PUBLIC BUILDINGS, AND IT'S VERY  
16 HIGHLY ADVERTISED. AND MAYBE ONE GOOD THING THAT CAN  
17 COME OUT OF THIS, YOU CAN SET A PROTOTYPE THAT OTHERS CAN  
18 FOLLOW WITHOUT HAVING TO REINVENT THE WHEEL AGAIN.

19 MS. BROW: PRECISELY. WE'LL ALSO BE WORKING  
20 WITH LOCAL GOVERNMENTS, MANY OF WHOM WILL HAVE SIMILAR  
21 PROGRAMS TO WORK WITH THEIR OWN COMMERCIAL GENERATORS,  
22 WHETHER THEY'RE GOVERNMENT BUILDINGS OR BANKS, INSURANCE  
23 COMPANIES, STORES, AND SO ON. IT'S GOING TO BE A GREAT  
24 PROGRAM.

25 BOARD MEMBER VARNER: WELL, VERY GOOD.



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1 BOARD MEMBER MOSCONE: WES.

2 MR. CHESBRO: YEAH, I THINK THAT THE  
3 APPLICABILITY OF OTHER AGENCIES IS PROBABLY THE MOST  
4 IMPORTANT ASPECT OF THIS BECAUSE CLEARLY THE VOLUMES  
5 INVOLVED ARE -- ARE GOING TO BE GREATLY EXPANDED AS WE  
6 GET BEYOND THE MOTIVATED AGENCIES, ONES THAT SPECIFICALLY  
7 FOCUSED ON THIS PROBLEM. PLUS I THINK IT'S A BIG  
8 ASSISTANCE TO LOCAL GOVERNMENTS IN CARRYING OUT THEIR  
9 GOALS TO HAVE STATE AGENCIES DOING THEIR PART, AND IT'S A  
10 LITTLE LESS HYPOCRITICAL ON THE PART OF THE STATE TO BE  
11 TELLING COUNTIES AND CITIES WHAT TO DO IF WE'RE DOING OUR  
12 PART.

13 THE OTHER THING, THOUGH, I'M CONCERNED  
14 ABOUT IS THAT WE ARE AN AGENCY THAT -- IN WHICH THE  
15 EMPLOYEES ARE FOCUSED ON THIS ISSUE AND MOTIVATED. AND  
16 SO IT SEEMS TO ME THAT EDUCATION AND TRAINING AND  
17 PROMOTION TO THE EMPLOYEES THEMSELVES, IT REQUIRES THE  
18 EMPLOYEES TO TAKE THE STEP FOR IT TO WORK.

19 YOU CAN HAVE A SYSTEM IN PLACE, BUT IF THE  
20 PEOPLE DON'T PUT THE STUFF IN THE RIGHT PLACE, THEN IT  
21 JUST ISN'T GOING TO WORK. SO I HOPE GOING ALONG WITH  
22 THAT WILL BE ONE PROGRAM FOR -- WE'LL DEVELOP A PROGRAM  
23 FOR REGULARLY MOTIVATING AND TRAINING EMPLOYEES IN THE  
24 RIGHT ACTIONS AND THE REASONS WHY THEY'RE BEING TAKEN AND  
25 ALL THAT SORT OF THING.

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1 MS. BROW: PRECISELY.

2 BOARD MEMBER GEARHEART: I TOOK A LOOK AT THIS.  
3 I GUESS I LOOKED AT THIS DIFFERENT THAN MR. VARNER. I  
4 LOOKED AT THIS AND I SAW ALL KINDS OF APPLICATIONS. AND  
5 IT'S KIND OF INTERESTING TO ME BECAUSE I THINK IF YOU  
6 LOOK AT THE NUMBERS THEMSELVES, IF YOU USE THE TYPICAL  
7 OCCUPANT, COMMERCIAL PRODUCTION NUMBER .60 TONS OR  
8 WHATEVER AND TRANSLATE THAT PER DAY, THAT'S A SIGNIFICANT  
9 AMOUNT OF THE PER CAPITA PRODUCTION ON THE U.S. AVERAGE.

10 AND WE'RE TALKING ABOUT SOMETHING THAT  
11 MIGHT BE 20 PERCENT OF THE HOUSE -- OR OF THE AVERAGE  
12 U.S. MIGHT BE ASSOCIATED WITH SOME COMMERCIAL ACTIVITY  
13 POTENTIALLY. DEPENDING UPON -- SO I MEAN YOU'RE NOT  
14 TALKING ABOUT INSIGNIFICANT PART OF THE STREAM WHEN  
15 YOU'RE TALKING ABOUT THE COMMERCIAL PRODUCTION IN CERTAIN  
16 COMMUNITIES.

17 SO, YOU KNOW, I LOOK AT THIS AND IT'S THE  
18 KIND OF STUFF I LIKE. I LIKE TO SEE DATA AND I LIKE TO  
19 SEE CLASSIFICATION, AND THEN ESPECIALLY THIS WRITEUP, I  
20 THINK THIS -- THIS IS EXCELLENT, THE LESSONS LEARNED AND  
21 WHAT YOU LEARN FROM THIS BECAUSE THAT'S DIRECTLY  
22 APPLICABLE.

23 I'M CURIOUS TO KNOW WHERE THIS IS GOING TO  
24 GO. ARE YOU GOING TO SEND COPIES OF THIS TO -- I THINK  
25 THIS IS EXCELLENT, YOUR WRITEUP.

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1 MS. BROW: WE'LL PROBABLY PUT IT INTO WHAT  
2 AMOUNTS TO A FIRST OF A SERIES OF TECHNICAL BULLETINS  
3 ALONG THE SAME LINES.

4 BOARD MEMBER GEARHEART: IT MIGHT BE INTERESTING  
5 TO SEND ONE OF THESE TO EACH OF THE TASK FORCES TO SHOW  
6 EACH OF THESE -- THESE COMMITTEES BEING PUT TOGETHER  
7 THAT, YOU KNOW, THAT YOU'VE DONE THIS. AND ACTUALLY  
8 THERE'S A LOT OF THINGS TO LEARN HERE. I MEAN PEOPLE  
9 KNOW HOW TO CHARACTERIZE OFFICE WASTE NOW, JUST A LOT OF  
10 INFORMATION. IT'S VERY, VERY USEFUL. AND THE SOONER YOU  
11 GET IT OUT, THE BETTER. EVEN IF IT'S -- YOU KNOW, IT'S  
12 JUST ACCRUED, YOU KNOW, BUT DON'T SPEND A LOT OF TIME.

13 MS. BROW: MIGHT NOT BE A BAD IDEA ALSO  
14 SOMETHING, JUST AS YOU'RE TALKING, KIND OF OCCURS TO ME,  
15 MAYBE SOME JOURNAL ARTICLES EVEN.

16 BOARD MEMBER GEARHEART: YEAH. THAT WOULD BE  
17 EXCELLENT.

18 CHAIRMAN MOSCONE: IS THERE A CONTRACT STILL OUT  
19 IN SACRAMENTO TO -- FROM ISSUE TO PAPER HOUSES, THE BIDS  
20 FOR PICKING UP RECYCLABLE PAPER? IS THAT STILL GOING ON  
21 OR NOT?

22 MS. BROW: YES. THE STATE HAS A CONTRACT WITH  
23 WEYERHAUSER TO PICK UP OFFICE PAPER IN THE STATE OWNED  
24 BUILDINGS, THEN IN THE LEASED BUILDINGS THEY'RE WORKING  
25 WITH CALIFORNIA LOCAL CONSERVATION CORPS TO DO THE



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1 COLLECTION, NOT ONLY OFFICE PAPERS, BUT OTHER MATERIALS  
2 AS WELL.

3 CHAIRMAN MOSCONE: WHO'S PICKING UP AT 10TH  
4 STREET -- I MEAN 9TH STREET?

5 MR. CROPPER: C AND C RECYCLING. THEY PICK UP  
6 THE PAPER. WE HAVE OUR OWN ARRANGEMENTS BECAUSE WE WERE  
7 A SMALL AGENCY. AND THEY PICK UP THE PAPER. WE DON'T --  
8 THEY JUST -- WE DON'T CHARGE THEM ANYTHING.

9 MS. BROW: AND THEY DON'T PAY US ANYTHING.

10 MR. CROPPER: RIGHT. YEAH.

11 CHAIRMAN MOSCONE: ARE YOU SORTING IT BEFORE  
12 THEY PICK IT UP?

13 MR. CROPPER: YES. WE HAVE WHITE OFFICE --  
14 WHITE LEDGER, COLOR LEDGER.

15 MS. BROW: PEOPLE, WHEN THEY ARE RECYCLING THEIR  
16 PAPER, THEY GO TO A BIN AND THERE'S A WHITE -- THERE'S A  
17 BIN FOR WHITE PAPER. IN FACT, THERE'S SEVERAL, MANY OF  
18 THEM, THEY'RE ALL OVER THE OFFICE. AND THERE'S ONE OR  
19 TWO BINS FOR COLORED LEDGER.

20 SINCE WE'RE IN THE PROCESS OF MOVING AROUND  
21 WITHIN THE BUILDING, WE'RE TAKING THE OPPORTUNITY TO DO A  
22 LOT OF HOUSECLEANING. SO WE'VE GOT A LOT OF ADDITIONAL  
23 BINS FOR MAGAZINES AND SO ON TO MAKE SURE THAT THOSE ARE  
24 ALSO GOING TO BE RECYCLED SO PEOPLE CLEANING OUT THEIR  
25 OFFICES AND THROWING THINGS AWAY AND -- SO WE SHOULD HAVE

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1           QUITE A GOOD VOLUME.

2                   CHAIRMAN MOSCONE:   OF COURSE, I THINK WE'RE ALL  
3           HAPPY TO SEE THAT THEY HAVE MORE OF THESE CONTAINERS  
4           AROUND THE OFFICE BECAUSE WHEN WE GET VISITORS COMING IN,  
5           I THINK MAYBE THEY'RE GOING TO BE LOOKING AND THEY'LL  
6           SAY, "HEY, THESE PEOPLE ARE TELLING US TO DO THIS, THAT,  
7           OR THE OTHER THING, AND THEY DON'T DO ANY OF THAT  
8           THEMSELVES."   SO I THINK WE PUT ON A LITTLE BRAG AS THIS  
9           THING SHOWS.

10                   MS. BROW:   ONE THING I'D LIKE TO JUST ADD WAS IT  
11           .6 TONS PER CAPITA PER YEAR?

12                   MR. CROPPER:   THAT'S PER PERSON PER YEAR.

13                   MS. BROW:   OKAY.   ACTUALLY THAT'S PROBABLY NOT  
14           TYPICAL EITHER OF AN OFFICE BUILDING.   IN ADDITION TO THE  
15           FACT THAT WE'RE VERY GOOD ABOUT RECYCLING, OR RELATIVELY  
16           GOOD ANYWAY, WE'VE BEEN PURSUING EFFORTS FOR QUITE A  
17           WHILE IN SOURCE REDUCTION.   MINIMIZING THE NUMBER OF  
18           COPIES, FOR EXAMPLE, DOING TWO-SIDED COPIES.   SO  
19           CONCEIVABLY WOULD BE A LOT HIGHER.

20                   BUT YOU'RE RIGHT, IF YOU KNEW, IN FACT,  
21           WHAT THAT NUMBER WAS AND YOU KNEW THE NUMBER OF  
22           EMPLOYEES, FOR EXAMPLE, IN A TYPICAL OFFICE OR TYPICAL  
23           OFFICES ALL OVER CALIFORNIA, YOU COULD DERIVE WHAT THAT  
24           WASTESTREAM WAS.

25                   BOARD MEMBER GEARHEART:   FOR EXAMPLE, IN ARCATA



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1 IT WOULD BE BE SIGNIFICANT WITH THE UNIVERSITY. THE  
2 UNIVERSITY IS A SIGNIFICANT FACTOR, IN THAT THERE ARE  
3 14,000 PEOPLE WITH THIS KIND OF WASTE.

4 MS. BROW: YES. RIGHT. IN FACT, YOU PROBABLY  
5 KNOW ALMOST EVERYTHING YOU NEEDED TO KNOW ABOUT THAT  
6 WASTE -- COMMERCIAL WASTESTREAM IF YOU JUST DID THE  
7 UNIVERSITY.

8 BOARD MEMBER GEARHEART: YES.

9 CHAIRMAN MOSCONE: WELL, I THINK PROBABLY -- I  
10 WAS GOING TO ASK CAROLE. WE RECEIVED THIS MORNING THIS  
11 RECYCLING MARKETS REPORT, AND I WAS JUST LOOKING AND  
12 GOING THROUGH, AND I THINK EXACTLY THE SAME AS WE'VE  
13 RECEIVED BEFORE. THERE'S SOME DUPLICATION HERE, SO WE  
14 COULD HAVE SAVED THIS AMOUNT OF PAPER FOR EACH ONE OF US.

15 MS. BROW: IS IT EXACTLY THE SAME?

16 CHAIRMAN MOSCONE: I BELIEVE SO, FROM WHAT I SEE  
17 ON HERE. I'M COMPARING --

18 MR. OLDALL: IS THAT THE ONE YOU GOT IN THE  
19 MAIL, JOHN?

20 BOARD MEMBER MOSCONE: YES.

21 MR. OLDALL: YEAH. WELL, I THINK ALL BRIAN DID  
22 WAS BRING IN A SECURITY COPY IN CASE YOU DIDN'T GET THE  
23 COPY IN THE MAIL A DAY OR TWO AGO. IF YOU GIVE IT BACK  
24 TO US, WE'LL RECYCLE IT FOR YOU.

25 CHAIRMAN MOSCONE: I'LL DO THAT MYSELF.



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1 MR. OLDALL: I KNOW. SORRY.

2 MS. BROW: ACTUALLY, WE'LL REUSE IT.

3 CHAIRMAN MOSCONE: I THOUGHT AT FIRST MAYBE THAT  
4 IT WAS DIFFERENT BECAUSE THEY CORRECTED THE DATES ON THE  
5 OTHER PAGE. IT'S STILL THE SAME.

6 MR. OLDALL: THERE'S NOT 32 DAYS IN AUGUST.

7 MS. BROW: AND NEVER HAVE BEEN.

8 MR. OLDALL: ONE OTHER ASPECT I WOULD LIKE TO  
9 ADD, IF I MAY. CAROLE BROUGHT UP THE SOURCE REDUCTION  
10 ASPECT, AND THAT IS THAT AS A RESULT OF THIS STUDY, 12  
11 PERCENT WAS RELATED TO THESE MAGAZINES THAT WE FOUND  
12 PROLIFERATED EVERYWHERE IN THE OFFICE. AND WE DECIDED  
13 THAT WE'RE GOING TO HAVE A CENTRALIZED LIBRARY, AND WE'RE  
14 STARTING IT ALREADY. AND THAT WAS THE MAIN IDEA WHEN WE  
15 MOVED INTO THE NEW LOCATION. AND THEN WE'RE GOING TO GET  
16 RID OF A LOT OF THE DUPLICATION OF ALL OF THESE, YOU  
17 KNOW, 25 COPIES OF WASTE AGE AND RECYCLING NEWS COMING TO  
18 THE OFFICE. AND THE CENTRALIZATION, I THINK, WILL HELP  
19 IN THAT AREA, TOO. SO ANOTHER LESSON WE LEARNED.

20 CHAIRMAN MOSCONE: YOU KNOW, INASMUCH AS MY PART  
21 ON THIS BOARD IS RAPIDLY COMING TO AN END AND ALL, AND  
22 I'VE ACCUMULATED SO MUCH STUFF, I WAS TALKING TO HERB ONE  
23 DAY AND I SAID IF YOU WANT TO SEND A TRUCK DOWN TO MY  
24 HOUSE SOMEDAY, YOU MIGHT GET SOME STUFF THAT GOES BACK TO  
25 1973 THAT MAYBE EVEN HERB CAN KEEP THEM ALL. SO --

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1 MS. BROW: THAT MIGHT BE INTERESTING FOR OUR  
2 LIBRARY. THERE ARE, IN FACT, THINGS LIKE WE'RE MISSING  
3 ISSUES, SELECTED ISSUES OF IMPORTANT MAGAZINES, AND YOU  
4 MIGHT HELP US TO FILL IN SOME GAPS.

5 CHAIRMAN MOSCONE: I USED TO KEEP ACCUMULATING  
6 THOSE, BUT I'M DOING AWAY WITH THEM NOW AFTER I READ WHAT  
7 I WANT OF THEM. AND I ALWAYS WAS ONE OF THOSE THAT,  
8 WELL, I'M GOING TO KEEP THIS, IT MAY BE USEFUL SOMEDAY.  
9 BUT AFTER A YEAR, I'VE STILL GOT THAT PILE THERE AND I  
10 HAVEN'T TOUCHED THEM AND EVERYTHING, AND I STILL CAN'T  
11 GET MYSELF TO DUMP IT. I'M JUST A PACK RAT.

12 MR. EGIGIAN: MR. CHAIRMAN.

13 BOARD MEMBER MOSCONE: SAM.

14 MR. EGIGIAN: THERE WAS SOME COMPARISON MADE  
15 WITH WHAT WE PUT OUT AS OPPOSED TO WHAT THE WHITE HOUSE  
16 PUTS OUT. DO WE HAVE ANY COMPARISON AS TO WHAT -- OR  
17 SHOULDN'T I ASK THIS -- WHAT THE LOCAL GOVERNMENT HERE  
18 DOES IN SACRAMENTO?

19 MS. BROW: WE COULD PROBABLY TRY TO FIND THAT  
20 INFORMATION, BUT WE DON'T HAVE IT NOW. IN FACT, THE  
21 2,000 DOESN'T MAKE REALLY ANY DIFFERENCE BECAUSE WE DON'T  
22 KNOW THE NUMBER OF EMPLOYEES AT THE WHITE HOUSE.

23 MR. EGIGIAN: WELL, INASMUCH AS OUR ECONOMY IS  
24 SUPPOSED TO BE THE FIFTH LARGEST IN THE WORLD, IT WOULD  
25 BE A GOOD COMPARISON TO SEE WHAT'S HAPPENING BETWEEN THE

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1 FIFTH AND THE FIRST. BE INTERESTING TO KNOW.

2 CHAIRMAN MOSCONE: IF WE GET THE MONEY TO GET  
3 THE EMPLOYEES ON THE STAFF TO DO SOME OF THESE THINGS, WE  
4 COULD PROBABLY STRETCH A LOT OF THESE STUDIES.

5 MS. BROW: WORK WONDERS.

6 CHAIRMAN MOSCONE: IS THERE ANYTHING FURTHER ON  
7 THIS, JIM?

8 MR. CROPPER: NO. THAT CONCLUDES MY REMARKS.

9 CHAIRMAN MOSCONE: THANKS VERY MUCH. I WAS VERY  
10 HAPPY TO SEE THAT THIS WAS DONE AND COMPLETED.

11 MR. OLDALL: AND HOW'S THE REPORTER FEEL? FIVE  
12 MINUTES, JOHN.

13 CHAIRMAN MOSCONE: ALL RIGHT. WE'LL TAKE A  
14 BREAK AT THIS TIME. FIVE MINUTES THAT'S FINE FOR ME.

15 (A BREAK WAS TAKEN.)

16 CHAIRMAN MOSCONE: COME TO ORDER. ITEM 12,  
17 REPORT ON CALIFORNIA'S RECYCLING MARKETS, JANUARY THROUGH  
18 JUNE 1990.

19 MR. OLDALL: YES, MR. CHAIRMAN. THIS IS A  
20 REGULAR REPORT TO THE BOARD. IT'S USUALLY ON A QUARTERLY  
21 BASIS, BUT WE'VE BEEN BACKED UP QUITE A BIT, AS YOU WELL  
22 KNOW, WITH A NUMBER OF OTHER ISSUES THIS YEAR.

23 BRIAN FORAN WILL PRESENT THE ITEM, AND THIS  
24 TIME IT'S GOING TO COVER TWO QUARTERS FOR THE -- THAT IS  
25 THE FIRST HALF OF THIS CURRENT YEAR.

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1 BRIAN.

2 MR. FORAN: THANK YOU, MR. OLDALL. GOOD  
3 MORNING, MEMBERS OF THE BOARD. IT'S NICE TO BE HERE IN  
4 SAN DIEGO TO PRESENT THIS ITEM TO YOU, AND I APPRECIATE  
5 THE OPPORTUNITY TO BOTH ATTEND THE NRC CONFERENCE AND TO  
6 PRESENT THIS ITEM. THE NRC CONFERENCE IS REALLY  
7 SOMETHING, AND WE APPRECIATE YOUR GIVING THE STAFF AN  
8 OPPORTUNITY TO COME DOWN HERE AND ATTEND THIS CONFERENCE.

9 THIS REPORT REVIEWS THE STATUS OF  
10 CALIFORNIA'S MARKETS FOR SELECTED RECYCLABLE MATERIALS  
11 FOR THE PERIOD OF JANUARY THROUGH JUNE OF THIS YEAR. THE  
12 REPORT IDENTIFIES FACTORS THAT AFFECT MARKET CONDITIONS  
13 AND ALSO GIVES AVERAGE PRICES FOR THE SELECTED RECYCLABLE  
14 MATERIALS.

15 FIRST MATERIAL THAT I'LL BE COVERING IS  
16 HIGH-GRADE WASTE PAPER. I MIGHT ENCOURAGE YOU TO FOLLOW  
17 ALONG IN YOUR AGENDA PACKET; THAT IS, THE FULL AGENDA  
18 ITEM THAT WAS SENT TO YOU UNDER SEPARATE COVER OR  
19 PROVIDED TO YOU THIS MORNING.

20 THERE ARE PRICES QUOTED IN THAT AS WELL AS  
21 GRAPHS AT THE BACK OF THE REPORT, WHICH I DID HAVE SOME  
22 TRANSPARANCIES TO SHOW YOU; BUT, UNFORTUNATELY, THE  
23 OVERHEAD PROJECTOR WE HAD HERE DIDN'T WORK, SO IT'S BEST  
24 JUST TO FOLLOW ALONG WITH THE PRICES THAT I QUOTE  
25 THROUGHOUT THE REPORT, WHICH ARE IN THE TEXT OF THE ITEM.

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1 BEGINNING WITH HIGH-GRADE WASTE PAPER, THE  
2 MARKET FOR ALL OF THE HIGH GRADES, WHICH INCLUDES  
3 COMPUTER PRINTOUT, WHITE LEDGER, AND COLORED LEDGER,  
4 WEAKENED CONSIDERABLY DURING THE FIRST AND SECOND  
5 QUARTERS OF THE YEAR. THIS WAS IN STARK CONTRAST OF A  
6 VERY STRONG MARKET FOR THE HIGH GRADES DURING THE THIRD  
7 AND FOURTH QUARTERS OF '89. SO AS THE GRAPH WOULD  
8 INDICATE, WHICH AGAIN WE'LL DEFER LOOKING AT RIGHT NOW,  
9 THERE WAS A VERY LARGE PEAK FROM DECEMBER ON DOWN TO  
10 JUNE, THE END OF THE SECOND QUARTER.

11 FOR EXAMPLE, PRICES FOR COMPUTER PRINTOUT,  
12 WHICH ENDED THE FOURTH QUARTER AT \$365, THIS IS A PRICE  
13 THAT'S PAID TO COLLECTORS FROM END MARKETS, FELL FROM  
14 \$365 PER TON DOWN TO \$288 PER TON ENDING THE SECOND  
15 QUARTER OF 1990.

16 THERE WERE SIMILAR PRICE FALLS FOR WHITE  
17 LEDGER, SLIGHTLY LESS PRICE FALLS FOR COLORED LEDGER.  
18 THE REASON THAT THE PRICE FALLS ARE SO MUCH MORE FOR  
19 WHITE LEDGER AND COMPUTER PRINTOUT IS THOSE ARE THE  
20 PRIMARY PULP SUBSTITUTES USED IN PAPER MAKING, AT LEAST  
21 THE PRIMARY DEINKING POSTCONSUMER GRADES.

22 AND WHAT HAS HAPPENED IS THAT THE PRICE PER  
23 MARKET PULP, WHICH IS USED TO MAKE PAPER, TOOK SEVERAL  
24 PRICE DROPS DURING THE FIRST AND SECOND QUARTERS AS WELL.  
25 AND WHEN THE PRICE OF MARKET PULP DROPS, THE PRICE FOR

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1 THE SUBSTITUTE MATERIALS FOR PULP CONSEQUENTLY DROP. AND  
2 SOME OF THE FACTORS THAT DROVE DOWN THE PRICE OF MARKET  
3 PULP WERE -- WAS -- WELL, THERE WAS AN OVERSUPPLY OF PULP  
4 ON THE MARKET AND SOME OF THE DOMESTIC PAPER PRODUCERS  
5 HAD -- HAVE BEEN REDUCING THEIR PURCHASING OF THAT, AND  
6 SO THEY DECIDED TO TRY TO DRIVE DOWN THAT PRICE OF PULP  
7 THAT THEY CUT BACK ON THE PURCHASING.

8 WELL, THIS IS WHAT -- THE THING THAT DROVE  
9 DOWN THE PRICE OF PULP WAS THAT THE CONSUMERS OF PULP,  
10 WHICH IS THE PAPER MANUFACTURERS, CUT BACK ON THEIR  
11 CONSUMPTION OF PULP. THEY BEGAN UTILIZING THEIR OWN  
12 INVENTORIES OF PULP TO PUT DOWNWARD PRESSURE ON THE PRICE  
13 OF PULP AND CONSEQUENTLY IT WENT DOWN, AND LIKEWISE THE  
14 PRICE FOR HIGH-GRADE WASTE PAPERS.

15 ALSO, THERE'S BEEN ECONOMIC SLOWDOWNS IN  
16 THE PACIFIC RIM COUNTRIES THAT WE TRADE WITH PRIMARILY  
17 FOR OUR HIGH-GRADE WASTE PAPERS, AND THE ECONOMIC  
18 SLOWDOWNS HAVE ALSO CUT DOWN THEIR PRODUCTION OF PAPER  
19 PRODUCTS AND THUS THEIR DEMAND FOR WASTE PAPER TO MAKE  
20 THESE PRODUCTS. PACIFIC RIM COUNTRIES PRIMARILY DO  
21 DEPEND ON WASTE PAPER TO MAKE THEIR PAPER, SO WITH LESS  
22 DEMAND, OF COURSE, THE PRICE FALLS OFF.

23 ON PAGE 5 OF YOUR AGENDA ITEM, I SET UP A  
24 TABLE SHOWING THE EXCHANGE RATES FOR THE U.S. DOLLAR FROM  
25 JAPAN, SOUTH KOREA, AND TAIWAN; AND AS YOU REVIEW THOSE



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1 TABLES, YOU CAN SEE THAT EACH OF THE EXCHANGE RATES FOR  
2 THE DOLLAR RECEIVED MORE OF EACH OF THE FOREIGN  
3 CURRENCIES OR, IN OTHER WORDS, THESE CURRENCIES WEAKENED  
4 IN RELATION TO THE U.S. DOLLAR.

5 SO THEY COULDN'T -- SO AN OVERSEAS MILL, IF  
6 THEY WERE TO PURCHASE WASTE PAPER, COULD NOT RECEIVE AS  
7 MUCH FOR A GIVEN UNIT OF FOREIGN CURRENCY. SO THAT WAS  
8 ANOTHER FACTOR IN DRIVING DOWN THE DEMAND FOR THE WASTE  
9 PAPER. YOU KNOW, IF THEY CAN'T GET AS MUCH FOR THEIR  
10 BUCK OR THEIR YEN OR WHATEVER, THEY'RE GOING TO BUY LESS,  
11 AND THAT'S WHAT HAPPENED.

12 ANOTHER FACTOR WAS THE EXPORT -- THERE WAS  
13 SHIPPING RATE INCREASES FOR THE SHIPPING LINES THAT CARRY  
14 THE WASTE PAPER OVER TO THE PACIFIC RIM COUNTRIES AS WELL  
15 AS A SHORTAGE OF SHIPPING CONTAINERS, WHICH WAS, IN PART,  
16 DUE TO A STRONG EXPORT -- U.S. EXPORT MARKET FOR NONWASTE  
17 PAPER COMMODITIES AND ALSO BECAUSE WASTE PAPER TENDS TO  
18 BE SECOND FILL ITEM IN PREFERENCE FOR SHIPPERS BECAUSE  
19 IT'S A LOW VALUE ITEM AND IT RECEIVES THEM -- BRINGS THEM  
20 LESS REVENUE.

21 THE PREVIEW FOR THE THIRD QUARTER, WHICH  
22 WE'RE PRESENTLY IN FOR THE HIGH GRADE MARKET, IS ONE OF  
23 CONTINUED DOWNFALL UP TO A POINT AND PRICES APPEAR TO  
24 HAVE LEVELED OFF. WHEN I COMPLETED MY SURVEYS IN  
25 MID-MONTH, PRICES HAD ALREADY FALLEN FURTHER, BUT THEY

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1 SEEM TO HAVE LEVELED OFF, AND MOST OF THE COLLECTORS WHO  
2 I SURVEYED FEEL THAT THE PRICE WILL LIKELY REMAIN STABLE  
3 BECAUSE IT HAD FALLEN SO MUCH FURTHER, AND GENERALLY THE  
4 MARKET CAN'T SUSTAIN CONTINUAL DROPS IN THE PRICE OF HIGH  
5 GRADES OR THE SUPPLY STARTS DRYING UP.

6 NEXT MATERIAL I'M GOING TO COVER IS OLD  
7 CORROGATED CONTAINERS. THE MARKET FOR OCC WAS FAIRLY  
8 STRONG THROUGH THE FIRST AND SECOND QUARTERS. THE AGENDA  
9 ITEM INDICATES RELATIVELY STABLE. ACTUALLY THERE WAS  
10 SOME PRICE STRENGTHENING BOTH IN THE FIRST AND SECOND  
11 QUARTERS. MOST OF THAT CAME THROUGH THE LATTER PART OF  
12 THE FIRST AND THROUGHOUT THE SECOND.

13 THE PRIMARY FACTOR THAT ACCOUNTED FOR THE  
14 STRONG OCC MARKET WAS STRONG DOMESTIC DEMAND IN SPITE OF  
15 THE WEAKENED OVERSEAS DEMAND. ONE THING ABOUT OCC IS  
16 THAT WE DO HAVE A STRONG DOMESTIC MARKET CONTRARY TO OUR  
17 HIGH-GRADE MARKET. AT LEAST HERE IN CALIFORNIA, WHICH IS  
18 DIFFERENT FROM THE UNITED STATES, WE DEPEND HEAVILY ON  
19 THE EXPORT MARKET FOR THE HIGH GRADES. WHEREAS, FOR OCC,  
20 OVER HALF AND I WOULD ESTIMATE ABOUT TWO-THIRDS OF THE  
21 OCC RECOVERED IN OUR STATE IS CONSUMED EITHER BY IN STATE  
22 OR DOMESTIC MILLS. ACTUALLY, AT LEAST HALF OF THAT IS BY  
23 IN STATE MILLS, WAS NEVER A MILL IN CALIFORNIA THAT  
24 CONSUMED OCC. SO THERE WAS NOT NECESSARILY AN ECONOMIC  
25 SLOWDOWN IN OUR STATE FOR OCC. THE MILLS CONTINUED TO

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1 PURCHASE.

2 THE PREVIEW FOR THE THIRD QUARTER IS  
3 STABILITY FOR THE OCC MARKET. DOMESTIC CONSUMPTION IS  
4 STILL STRONG, AND THE FOREIGN MARKET IS LIKELY TO START  
5 PICKING UP BECAUSE WHAT THE MILLS HAVE BEEN DOING  
6 OVERSEAS IS CONSUMING THEIR OWN INVENTORIES AGAIN BECAUSE  
7 OF THE POOR CURRENCY EXCHANGE AND THERE IS HOPE FOR SOME  
8 ECONOMIC RECOVERY IN THOSE COUNTRIES.

9 NEXT MATERIAL IS OLD NEWSPAPERS. THE  
10 MARKET FOR OLD NEWS, IT INCREASED A LITTLE BIT AT THE  
11 BEGINNING OF THE FIRST QUARTER AND THEN IT BEGAN TO  
12 DECLINE TOWARDS THE END OF THE FIRST AND THROUGH THE  
13 SECOND QUARTER. THE MAIN FACTOR DRIVING DOWN THE PRICE  
14 THROUGH THE LATE FIRST AND SECOND QUARTERS WAS A SEASONAL  
15 FACTOR WHICH BRINGS ON A LOT OF OLD NEWS THROUGH THE  
16 SPRING SEASON.

17 MOST OF THAT NEWS -- MOST OF THAT PEAK IN  
18 THE RECOVERY COMES FROM THE EASTERN STATES, WHEN THEY'RE  
19 ABLE TO RECOVER MORE, BUT BECAUSE THEY'RE NOT HAVING TO  
20 BATTLE THE HARSH WINTER CONDITIONS. EVEN THOUGH WE DON'T  
21 HAVE THAT FACTOR TO DEAL WITH SO MUCH HERE ON THE WEST  
22 COAST, NONETHELESS THE SEASONALITIES FACTOR DOES AFFECT  
23 OUR MARKET FROM THE INCREASED RECOVERY ON THE EAST COAST  
24 AS THEY DO SEND SOME OF THEIR RECOVERED NEWS TO THE  
25 PACIFIC RIM MARKET. AND EVEN SO, THAT FINDS ITS WAY TO

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1 DOMESTIC MILLS IN THE MIDWEST AND EVEN THE WEST BY RAIL,  
2 SO WE FEEL THE IMPACT OF THAT SEASONALITY FACTOR.

3 CHAIRMAN MOSCONE: BRIAN, EXCUSE ME.

4 THE FIGURES YOU HAVE ON THE FIRST QUARTER  
5 SHOULD BE REVERSED, SHOULD THEY NOT?

6 MR. FORAN: YEAH. THEY SHOULD HAVE BEEN SHRUNK.  
7 IT'S SHARP OF YOU TO CATCH THAT. THAT WAS AN ERROR, AND  
8 IT WILL BE CORRECTED.

9 THE MARKET FOR OLD NEWS PRESENTLY IN THE  
10 THIRD QUARTER AS -- HAS BEEN GOING DOWN THROUGH THE  
11 BEGINNING PART OF THE QUARTER, AND IT SEEMS TO HAVE  
12 STABILIZED SOMEWHAT. OLD NEWS IS -- EVERYONE IS ASKING  
13 ABOUT OLD NEWS. WHERE IS THE MARKET GOING, PARTICULARLY  
14 CITIES AND COUNTIES UNDER -- YOU KNOW, WITH THE AB 939,  
15 THEY'RE SAYING, "WELL, WHAT WILL THE MARKET CAN BE LIKE?  
16 AND IS THING COMPLETELY GOING TO COLLAPSE?"

17 WELL, IN THE SHORT-TERM, IT DOESN'T LOOK  
18 GOOD BECAUSE, EVEN THOUGH THERE ARE MILLS PLANNING  
19 ADDITIONAL CAPACITY FOR OLD NEWS TO RECYCLE IT INTO  
20 NEWSPRINT AND OTHER PRODUCTS, THIS NEW CAPACITY IS NOT  
21 SCHEDULED TO COME ON-LINE FOR A COUPLE OF YEARS, WITH ONE  
22 EXCEPTION OF A MILL UP IN LONGVIEW, WASHINGTON, COMING ON  
23 NEXT YEAR.

24 THERE'S ONE OTHER FACTOR, TOO, WHICH IS  
25 OFFSETTING SOME OF THE ONP PURCHASING AT DOMESTIC MILLS,

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1 AND THAT'S AN INCREASE IN THE USE OF MAGAZINES IN THE  
2 MANUFACTURE OF RECYCLED NEWSPRINT. IN THE PAST MAGAZINES  
3 AND OTHER COATED PAPERS HAVE ACTUALLY BEEN CONTAMINATED  
4 IN THE RECYCLING PROCESS, AT LEAST FOR NEWSPRINT BECAUSE  
5 OF THE CLAY WOULD ACTUALLY GUM UP THE WORKS.

6 NOW, THERE'S A NEW DEINKING TECHNOLOGY  
7 WHICH SOME OF THE WEST COAST MILLS ARE CONVERTING TO AND  
8 ALMOST ALL OF THE NEW MILLS THAT ARE GOING TO BE BUILT  
9 WILL BE INCORPORATING, AND THAT'S A FLOTATION DEINKING  
10 TECHNOLOGY WHICH ACTUALLY NEEDS THAT CLAY CONTENT IN  
11 ORDER TO REMOVE THE INK. SO THE COATED PAPERS ARE  
12 BENEFICIAL AND THEY'RE STARTING TO PURCHASE -- THEY'RE  
13 STARTING TO REPLACE CERTAIN PERCENTAGE OF ALL NEWS WITH  
14 THE COATED PAPERS, GENERALLY BETWEEN ABOUT 20 AND 40  
15 PERCENT, AT LEAST IN THE MILLS IN THE STATE OF OREGON,  
16 THE TWO TEXANS.

17 JEFFERSON SMURFIT NEWSPRINT CORPORATION  
18 MILLS HAVE ALREADY CONVERTED TO DEINKING, AND THEY'RE  
19 USING ABOUT 20 TO 40 PERCENT OLD MAGAZINES WITHOUT  
20 CONCURRENT INCREASE IN OVERALL CAPACITY. SO WE'RE SEEING  
21 SOME DISPLACEMENT OF THE OLD NEWS AT THOSE MILLS. AND  
22 SOME OF THE COLLECTORS IN NORTHERN CALIFORNIA HAVE FELT  
23 THAT BECAUSE THEY SHIP TO THOSE MILLS IN OREGON AND THOSE  
24 MILLS HAVE ACTUALLY CUT BACK ON THEIR DELIVERY ALLOTMENT  
25 TO THOSE MILLS.

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1                   IN THE SHORT TERM, THIS CONVERSION TO THE  
2 FLOTATION DEINKING TECHNOLOGY, ALTHOUGH IT WILL CREATE A  
3 MARKET FOR THE COATED PAPERS AND IT ACTUALLY PRODUCES A  
4 BETTER RECYCLED SHEET, WILL LIKELY DISPLACE SOME OF THE  
5 OLD NEWS CAPACITY AND FURTHER DRIVE DOWN THE MARKET.

6                   CHAIRMAN MOSCONE: WILL THAT -- WILL THIS  
7 AFFECT -- WILL THE MILLS REQUIRE THAT OLD NEWS AND THE  
8 MAGAZINES BE SEPARATED OR WILL THEY TAKE THEM MIXED?

9                   MR. FORAN: THAT'S A VERY GOOD QUESTION.  
10 ACTUALLY, THEY WILL WANT THEM SEPARATED BECAUSE THEY WANT  
11 SOME CONTROL OVER THE MIXTURE BETWEEN THE COATED PAPER  
12 AND THE O AND P. IN THE PAST THEY REALLY DIDN'T CARE.  
13 UP TO A POINT, THEY COULD TOLERATE A CERTAIN AMOUNT OF  
14 THE CLAY BASE, AND THEY DIDN'T CARE UP TO THAT POINT HOW  
15 MUCH THERE WAS. NOW, I THINK THEY'RE GOING TO BE A  
16 LITTLE TIGHTER ABOUT HOW MUCH IS IN THE REGULAR O AND P.  
17 THEY'RE GOING TO WANT IT SEGREGATED A LITTLE BIT MORE,  
18 WHICH WILL CREATE MORE OF A CHALLENGE FOR THE  
19 MUNICIPALITIES TO KEEP THOSE COATED PAPERS SEPARATE FROM  
20 THE O AND P.

21                   CHAIRMAN MOSCONE: WELL, THERE WAS -- IT LOOKS  
22 LIKE IT MIGHT STILL BE A GOOD REASON FOR REJECTING LOADS  
23 OR CARLOADS OR WHATEVER MIGHT BE IF THAT MIXTURE IS TOO  
24 MUCH WITH OLD NEWS AND MAGAZINES.

25                   MR. FORAN: RIGHT. MIGHT NOT BE REJECTED, BUT



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1 PROBABLY THEIR OWN PRICING. AND THAT'S ONE OF THE  
2 PROBLEMS WITH THE SUBSTITUTION OF O AND P FOR MAGAZINES  
3 IS THAT MAGAZINES RIGHT NOW ARE SELLING FOR ABOUT \$20 AT  
4 THE MILL -- OR BEING PURCHASED FOR ABOUT \$20 AT THE MILL  
5 AS OPPOSED TO MID-30S FOR OLD NEWS, SO YOU CAN SEE THAT  
6 THE COLLECTORS ARE NOT THRILLED ABOUT THIS. NOW, THEY  
7 CAN COLLECT MAGAZINES AND SELL THEM, BUT THERE'S ALSO --  
8 MAGAZINES ARE A LOT HARDER TO HANDLE THAN NEWS ANYWAY.  
9 THEY'RE REAL TOUGH TO BALE. THEY'RE --

10 BOARD MEMBER MOSCONE: OH, BOY.

11 MR. FORAN: YEAH. YOU KNOW ABOUT --

12 CHAIRMAN MOSCONE: NEWSPAPERS ARE HARD ENOUGH TO  
13 BALE.

14 MR. FORAN: RIGHT. SO THEY'RE -- THERE'S GOING  
15 TO BE -- BEAR IN MIND EITHER A SHORT-TERM PROBLEM, THERE  
16 IS GOING TO BE ADDITIONAL CAPACITY WHICH WILL LIKELY  
17 OFFSET THE SUBSTITUTION OF MAGAZINES FOR NEWSPAPERS. AND  
18 IN THE LONG RUN IT'S GOING TO HELP OUT BECAUSE IT'S  
19 CREATING A MARKET FOR THESE COATED PAPERS. AND, AGAIN, A  
20 FLOTATION TECHNOLOGY DOES CREATE A BETTER RECYCLED SHEET,  
21 WHICH WILL BE BETTER FOR THE NEWSPRINT PUBLISHERS.

22 MR. CHESBRO: IS THERE A SUPPLY OF OLD MAGAZINES  
23 THAT -- TO MEET THE NEED, I MEAN, IS THERE COLLECTORS IN  
24 CALIFORNIA AND CENTERS, ETC., COLLECTING MAGAZINES AT A  
25 RATE THAT WILL PROVIDE THE SUPPLY?

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1 MR. FORAN: THAT'S ANOTHER GOOD QUESTION.  
2 PRESENTLY, NO, THERE'S NOT AN ADEQUATE SUPPLY. JEFFERSON  
3 SMURFIT CORPORATION, WHICH IS PRESENTLY THE ONLY  
4 NEWSPRINT MILL HERE ON THE WEST COAST THAT'S TAKING IN  
5 THE COATED PAPERS, IS REALLY REALLY PUSHING HARD RIGHT  
6 NOW TO TRY TO GET THAT SUPPLY. THEY'RE ENCOURAGING --  
7 WELL, THROUGH ALL THEIR OWN OUTLETS, THEIR PAPER DEAL  
8 OUTLETS, THEY'RE ACCEPTING MAGAZINES AND PUSHING ALL  
9 OTHER PAPER STOCK DEALERS TO COLLECT THEM AND SELL TO  
10 THEM.

11 BUT, UNFORTUNATELY, THE EXISTING  
12 INFRASTRUCTURE DOES NOT ACCOMMODATE MAGAZINE COLLECTION,  
13 CERTAINLY NOT CURBSIDE PROGRAMS. AND PAPER STOCK DEALERS  
14 WILL BE ABLE TO, YOU KNOW, ADJUST SOONER BECAUSE THEY  
15 SIMPLY SAY, WELL, NOW WE'RE ACCEPTING AND WILL PAY YOU  
16 FIVE BUCKS A TON OR WHATEVER. WHERE CURBSIDE PROGRAMS,  
17 IT'S A LOT TOUGHER TO ADD THAT TYPE AND ADDITIONAL  
18 MATERIAL WITH YOUR GIVEN BINS ON THE TRUCK, ETC., AND,  
19 AGAIN, THEY WILL NEED TO BE KEPT SEPARATE. SO, NO, THERE  
20 IS NOT ADEQUATE SUPPLY RIGHT NOW TO PROVIDE THE DEMAND.

21 MR. CHESBRO: IS THAT SHORTAGE LIKELY TO  
22 INCREASE THE PRICES THEN? THEY NEED IT, AND THERE ISN'T  
23 A SUPPLY, IT SEEMS LIKE IT WOULD.

24 MR. FORAN: WELL, IF THAT'S TRUE, THAT DOESN'T  
25 BODE WELL FOR THE PRICE OF MAGAZINES IF THEY'RE ONLY



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1 BUYING THEM FOR \$20 A TON RIGHT NOW AND THERE'S GOING TO  
 2 BE AN INCREASE IN SUPPLY SOON. SO YOU WOULD THINK THAT  
 3 THE PRICE RIGHT NOW WOULD REFLECT THE MINIMUM SUPPLY, BUT  
 4 I DON'T KNOW WHERE THAT'S GOING TO GO.

5 CHAIRMAN MOSCONE: HOW FAR OFF -- EXCUSE ME,  
 6 BRIAN, MR. CHESBRO -- HOW FAR OFF IS THE ACTUAL USE OF  
 7 THE MIXTURE OF NEWS AND MAGAZINE?

8 MR. FORAN: WELL, THE SMURFIT NEWSPRINT MILLS IN  
 9 OREGON CITY AND NEWBERG, OREGON, ARE BOTH PRESENTLY  
 10 CONSUMING -- THEY'RE MAKING NEWSPRINT RIGHT NOW WITH THE  
 11 COATED PAPERS. AND ALSO THE MILL IN POMONA THAT WE'VE  
 12 ALL KNOWN AS ORIGINALLY THE GARDEN STATE AND THEN GOLDEN  
 13 STATE, NOW IS THE JEFFER -- SMURFIT NEWSPRINT  
 14 CORPORATION, KNOWN AS WELL AS BY THE SMURFIT CORPORATION  
 15 EARLIER THIS YEAR. AND THERE'S NO QUESTION THAT THEY  
 16 WILL BE CONVERTING THAT MILL TO FLOTATION DEINK  
 17 TECHNOLOGY, AND THERE'S ALSO A CONSIDERATION OF TRIPLING  
 18 OF THE OVERALL CAPACITY OF THAT MILL TO TAKE IN  
 19 WASTEPAPER, AND WE SURE HOPE THAT HAPPENS.

20 CHAIRMAN MOSCONE: WELL, I WAS WONDERING, YOU  
 21 KNOW, IN CURBSIDE COLLECTIONS AND ALL IF THERE WAS A  
 22 POINT WHERE SOMETIME WHERE -- I KNOW THEY'RE -- A GOOD  
 23 MANY PEOPLE KNOW ARE MIXING THE NEWS AND MAGAZINES, AND  
 24 THEY'RE MIXING THE MAG BECAUSE THEY WANT TO GET RID OF  
 25 THE MAGAZINES, AND SOME PLACES I THINK THAT THEY TELL THE



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1 PEOPLE TO KEEP THEIR MAGAZINES AND OLD NEWS SEPARATE.  
2 BUT PLACES WHERE THEY SAY DO NOT MIX ANY MAGAZINES, SO  
3 THEY EITHER WIND UP IN THE GARBAGE OR THEY CHEAT, AS I  
4 DO, AND MIX THEM IN WITH --

5 MR. FORAN: MAY WE DELETE THAT FROM THE RECORD,  
6 PLEASE.

7 CHAIRMAN MOSCONE: TO A POINT. I WILL MIX IN  
8 SOME OF THE SLICK STUFF UP TO A POINT, AND I KNOW THAT --

9 MR. EGIGIAN: EVERY OTHER SHEET.

10 CHAIRMAN MOSCONE: NO. NO. NOT THAT MUCH. BUT  
11 I WOULD GUESS THAT THIS SHOULD BE THAT ON CURBSIDE  
12 COLLECTION AND EVERYTHING, I THINK WHERE APPLICABLE WHERE  
13 PAPER IS GOING TO -- DEPENDING ON WHAT MILLS THEY'RE  
14 GOING TO, I GUESS, THAT PEOPLE SHOULD BE MADE AWARE OF  
15 THE FACT THAT THEY WILL ACCEPT MAGAZINES, BUT THEY MUST  
16 BE KEPT SEPARATE AND DON'T CHEAT AND MIX THEM IN LIKE  
17 SOME PEOPLE DO.

18 MR. FORAN: THAT NEWS IS LIKELY TO TRICKLE DOWN  
19 THROUGH THE PAPER STOCK DEALERS TO THE MUNICIPALITIES, AS  
20 THAT'S THE WAY IT ALWAYS WORKS. WASTE PAPER AND  
21 COLLECTION HAS ALWAYS BEEN A PRIVATE SECTOR OPERATION AND  
22 WILL LIKELY REMAIN PRIMARILY SO IN SPITE OF THE MUNICIPAL  
23 PROGRAM COLLECTION.

24 CHAIRMAN MOSCONE: IT HURTS WHEN YOU GET A  
25 REJECTION, ESPECIALLY WHEN THEY'RE ON THE CARLOAD SIZES.

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1 MR. FORAN: YEP.

2 MR. LARSON: MR. CHAIRMAN.

3 BOARD MEMBER MOSCONE: GEORGE.

4 MR. LARSON: MAY I ASK BRIAN, DO YOU HAVE ANY  
5 ADDITIONAL INFORMATION ON WHAT WAS A PROPOSAL OR AT LEAST  
6 IN THE NEWSPAPER ABOUT A DEINKING MILL IN WEST SACRAMENTO  
7 BY A JAPANESE FIRM?

8 MR. FORAN: I -- ONLY THE ARTICLES THAT YOU'VE  
9 READ. I DON'T HAVE ANY ADDITIONAL INFORMATION. THERE'S  
10 BEEN SOME CONSIDERATION TO BUILDING SOME TYPE OF A -- NOT  
11 SURE IF IT'S ACTUALLY A MILL AS OPPOSED -- OH, YES,  
12 THAT'S RIGHT, IT WAS A MILL THAT WOULD BE CONSUMING --  
13 I'M NOT SURE WHAT TYPE OF WASTEPAPER MAKING WHAT TYPE OF  
14 PRODUCT. IT WOULD BE A DEINKING MILL THAT WOULD BE  
15 TAKING POSTCONSUMER WASTEPAPER, MANUFACTURING NEW PAPER  
16 PRODUCTS AND SENDING THEM EXCLUSIVELY OVER -- I BELIEVE  
17 IT WAS JAPAN. I KNOW IT WAS A JAPANESE COMPANY THAT WAS  
18 CONSIDERING BUILDING THIS MILL. I'LL LOOK INTO THAT FOR  
19 YOU.

20 MR. LARSON: YEAH. I WAS EXCITED THAT FROM ONE  
21 PERSPECTIVE THAT THERE APPEARED TO BE SIGNIFICANT, EVEN  
22 THOUGH JAPANESE OWNED DOMESTIC MARKET FOR THE MATERIALS  
23 WE MIGHT STILL BE COLLECTING THROUGH OUR PROGRAM, THE  
24 ENVIRONMENTAL ISSUES OF BUILDING A PULP MILL WOULD, OF  
25 COURSE, HAVE TO BE RESOLVED.



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1 MR. FORAN: YEAH. AND THE TRADE ISSUES ARE VERY  
2 CONVERSIAL ABOUT OUR WASTEPAPER WHICH EVENTUALLY WILL BE  
3 NEEDED FOR DOMESTIC MILLS BEING MANUFACTURED INTO PAPER  
4 PRODUCTS TO BE SENT OVERSEAS. SEE WHERE THAT GOES.

5 OKAY. ON TO BEVERAGE CONTAINERS. AS YOU  
6 ALL KNOW, THE BEVERAGE CONTAINER MARKET HERE IN THE STATE  
7 IS LARGELY CONTROL -- AT LEAST PRICES ARE LARGELY  
8 CONTROLLED BY THE BEVERAGE CONTAINER RECYCLING AND LITTER  
9 REJECTION ACT OF THE AB 2020.

10 THERE WAS A MAJOR CHANGE IN THE AB 2020  
11 THAT WENT INTO EFFECT JANUARY 1ST OF THIS YEAR, THE  
12 PRINCIPAL ONE BEING INCREASE IN THE REDEMPTION VALUE FOR  
13 THE BEVERAGE CONTAINERS; THAT IS, THE REDEMPTION VALUE  
14 PAID TO THE PUBLIC AS THEY REDEEM THE CONTAINERS. THE  
15 INCREASE IN THE REDEMPTION VALUE WAS FROM A PENNY PER  
16 CONTAINER TO TWO CENTS FOR INDIVIDUAL CONTAINERS OR TWO  
17 FOR A NICKEL FOR A PAIR OF CONTAINERS. THAT'S FOR  
18 CONTAINERS LESS THAN 24 OUNCES, AND FOR THOSE OVER 24  
19 OUNCES, SUCH AS THE TWO LITER PET, SODA POP BOTTLES, THE  
20 REDEMPTION VALUE RAISED TO A NICKEL PER CONTAINER.

21 THE -- ANOTHER CHANGE WAS THAT THE  
22 REDEMPTION BONUS MECHANISM WHICH ADDED AN ADDITIONAL  
23 VALUE TO THE PER POUND RATES THAT WERE PAID TO THE  
24 PUBLIC, THAT REDEMPTION BONUS MECHANISM WAS DONE AWAY  
25 WITH. AND, FINALLY, WINE COOLERS WERE BROUGHT UNDER THE

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1 PROGRAM TO BEAR THE REDEMPTION VALUE LABEL AS OF JANUARY  
2 1ST AS WELL.

3 FOR THE SPECIFIC BEVERAGE CONTAINERS,  
4 STARTING WITH ALUMINUM, THE MARKET FOR ALUMINUM BEVERAGE  
5 CONTAINERS CONTINUED ITS DOWNWARD TREND DURING THE EARLY  
6 PART OF THE FIRST QUARTER AND IT HAD TAKEN QUITE A  
7 PLUNGE, IN FACT, THE PREVIOUS TWO QUARTERS AS THE --  
8 AGAIN THE GRAPHS IN THE BACK WOULD INDICATE.

9 HOWEVER, THE MARKET RALLIED SOMEWHAT IN THE  
10 LATE FIRST QUARTER AND THEN HELD STEADY THROUGHOUT THE  
11 SECOND QUARTER. AS YOU CAN SEE FROM THE PRICE TABLES,  
12 THE PRICES PAID TO THE COLLECTORS IN -- ENDING THE FOURTH  
13 QUARTER '89, THE PRICE AVERAGE WAS 87 CENTS. NOW, BEAR  
14 IN MIND THAT INCLUDED 37 AND A HALF CENTS REDEMPTION  
15 VALUE AND REDEMPTION BONUS SO THAT ACTUAL TRUE SCRAP  
16 VALUE PAID TO COLLECTORS WAS 49 AND A HALF CENTS PER  
17 POUND.

18 AND WE'LL BE MAKING AN ADJUSTMENT IN THE  
19 FORMAT OF THIS REPORT TO ELIMINATE THE REDEMPTION VALUE  
20 INDICATED AT THE PRICE PAID TO COLLECTORS BECAUSE THE  
21 REDEMPTION VALUE IS SIMPLY PASSED ON FROM THE COLLECTORS  
22 TO THE PUBLIC, WHICH DOESN'T GIVE A TRUE INDICATION OF  
23 WHAT COLLECTORS ARE RECEIVING; NONETHELESS, 49 AND A HALF  
24 CENTS SCRAP VALUE ENDING THE FOURTH QUARTER OF '89 TO  
25 COLLECTORS DROPPED DOWN TO 46 CENTS PER POUND, WHICH IS

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1 THE SCRAP VALUE PORTION OF THAT AVERAGE PRICE FOR THE  
2 FIRST QUARTER OF 1990. AND THEN IT PICKED BACK UP TO 49  
3 CENTS A POUND SECOND QUARTER 1990.

4 SO SOME OF THE FACTORS THAT WERE DRIVING  
5 THE ALUMINUM MARKET DURING THE TWO QUARTERS, THE PRIMARY  
6 FACTOR DRIVING DOWN THE MARKET WAS, AGAIN, A CONTINUED  
7 SOFTENING OF THE MARKET FOR PRIMARY ALUMINUM FOR WHICH  
8 ALUMINUM BEVERAGE CONTAINERS ARE USED AS A SUBSTITUTE  
9 FOR. SO WHEN THERE'S LESS DEMAND FOR ALUMINUM AND  
10 FINISHED ALUMINUM PRODUCTS, THERE'S LESS DEMAND FOR THE  
11 ALUMINUM BEVERAGE CONTAINERS AND CONSEQUENTLY THE PRICE  
12 GOES DOWN.

13 THERE WAS ALSO A DECLINE IN U.S. INDUSTRIAL  
14 OUTPUT THAT UTILIZES ALUMINUM, PRIMARILY THE AUTOMOTIVE  
15 INDUSTRY AND ALSO VERY STRONG CAPACITY PRODUCTION ON THE  
16 PART OF THE PRIMARY ALUMINUM PRODUCERS, WHICH REALLY HAD  
17 NOT RESPONDED TO THE DECREASE IN DEMAND FOR THEIR  
18 PRODUCT. THEY CONTINUED TO CRANK THIS STUFF OUT. IT'S  
19 BEEN DRIVING THE PRICE OF PRIMARY ALUMINUM FOR QUITE SOME  
20 TIME ALTHOUGH THERE WAS A SLIGHT UPTURN DURING THE SECOND  
21 QUARTER.

22 ANOTHER FACTOR WAS THAT DECREASED DEMAND BY  
23 THE ALUMINUM BEVERAGE CONTAINER MANUFACTURERS, THOSE WHO  
24 ACTUALLY MAKE THE CANS, BUY THE SHEET STOCK AND MAKE THE  
25 CANS, THERE WAS A DECREASE IN DEMAND FOR THAT PRODUCT

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1 DURING THE FOURTH QUARTER AND ALSO THE FIRST QUARTER --  
2 FOURTH QUARTER '89, FIRST QUARTER 1990.

3 BELIEVE IT OR NOT, ALUMINUM CAN STOCK  
4 REPRESENTS 22.6 PERCENT OF OVERALL ALUMINUM PRODUCT  
5 PRODUCTION FOR THE WHOLE INDUSTRY. THAT'S JUST  
6 REMARKABLE. I HAD NO IDEA IT WAS THAT HIGH. AND IT'S  
7 MUCH BIGGER THAN AEROSPACE-TYPE ALUMINUM AND CONSTRUCTION  
8 ALUMINUM, THE BIGGEST SINGLE MARKET FOR PRIMARY ALUMINUM  
9 PRODUCTS.

10 ANOTHER FACTOR DRIVING THE -- WELL, ONE  
11 FACTOR THAT DROVE -- THAT HELPED BOLSTER THE PRICE IN THE  
12 SECOND QUARTER WAS THE CONTINUED DEPRESSED PRICE FOR  
13 ALUMINUM BEVERAGE CONTAINERS, STARTED DRYING THE SUPPLY  
14 UP AT THE DEALERS. YOU KNOW, PEOPLE JUST WOULDN'T BE  
15 TAKING THEM IN IF THEY'RE ONLY BEING PAID 20 CENTS A  
16 POUND OR WHATEVER IT WAS.

17 OUR PRICE HERE IN CALIFORNIA INCLUDES THE  
18 REDEMPTION VALUE. OTHER PARTS OF THE COUNTRY SIMPLY --  
19 THE PUBLIC IS SIMPLY PAID THE SCRAP VALUE. SO WHEN A  
20 DEALER'S RECEIVING ABOUT 45 CENTS PER POUND, HE'S PASSING  
21 ON MAYBE 20 CENTS PER POUND OR MAYBE 25 TO THE PERSON OFF  
22 THE STREET, AND THAT'S JUST NOT ENOUGH TO SUSTAIN THE  
23 SUPPLY; CONSEQUENTLY, THE SUPPLY DRIES UP AND THE  
24 MANUFACTURERS NEED TO PICK THEIR PRICE UP TO GET THOSE  
25 CANS.

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1                   AND ONE OTHER FACTOR WAS AS THAT PRICE GOES  
2                   DOWN, THE SECONDARY ALUMINUM SMELTERS, WHO GENERALLY RELY  
3                   ON OTHER TYPES OF ALUMINUM SCRAP BESIDES BEVERAGE  
4                   CONTAINERS, START PICKING UP THEIR ACTIVITY IN THE  
5                   MARKET, COMPETING WITH THE PRIMARY ALUMINUM PRODUCERS FOR  
6                   THE BEVERAGE CONTAINERS AND THEN THE ALCOA'S AND THE  
7                   REYNOLDS SAY, WHOOPS, WE'D BETTER GET THE PRICE UP TO  
8                   ASSURE OUR SUPPLY. THAT'S WHAT HAPPENED IN THE SECOND  
9                   QUARTER.

10                   THIRD QUARTER WAS -- THE PRESENT QUARTER  
11                   RIGHT NOW, THE PRICE HAD CONTINUED TO DROP SINCE THE  
12                   CLOSE OF THE SECOND QUARTER AND, LET'S SEE, IT ENDED  
13                   SECOND QUARTER AT 49 TO 52 CENTS -- THIS IS A MILL PRICE,  
14                   THIS IS A TRUE MARKET PRICE. THAT DROPPED DOWN TO 45 TO  
15                   49 CENTS A POUND IN MID-JULY AND THEN ROSE UP TO 46 TO 50  
16                   ON JULY 27TH, WHERE IT REMAINS AT THE TIME I CONCLUDED MY  
17                   SURVEYS.

18                   AS FAR AS THE FUTURE OF THE BEVERAGE  
19                   CONTAINER MARKET, THERE'S POSITIVE AND NEGATIVE  
20                   INDICATORS. ON THE POSITIVE SIDE, NOBODY IS REALLY  
21                   EXPECTING ALUMINUM -- PRIMARY ALUMINUM PRODUCERS TO  
22                   CONTINUE THIS PEAK CAPACITY PRODUCTION BECAUSE IT'S JUST  
23                   NOT PAYING FOR THEM.

24                   AND ON THE NEGATIVE SIDE IS THAT THE  
25                   POSTSUMMER PERIOD FOR ALUMINUM BEVERAGE CONTAINER



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1 RECOVERY -- I'M SORRY -- THE POSTSUMMER PERIOD FOR  
2 ALUMINUM CONTAINER PRICES USUALLY BRING THE DOWNTREND IN  
3 THE PRICES BECAUSE THE MILLS DO A LOT OF THEIR PURCHASING  
4 DURING THE SUMMER MONTHS WHEN WE'RE DRINKING A LOT OF  
5 SODA POP, BUILD UP THEIR INVENTORIES AND CUT BACK THEIR  
6 PURCHASING IN THE FALL. AND SO WE'RE NEARING THAT PERIOD  
7 NOW, AND LIKELY THAT'S GOING TO OFFSET -- CONTINUE A  
8 DOWNWARD PRESSURE ON PRICES IN THE THIRD QUARTER.

9 GLASS CONTAINERS. GLASS CONTAINERS, AS YOU  
10 WELL KNOW, THE GLASS MARKET IS A REAL PROBLEM HERE IN THE  
11 STATE. AND THE SOME OF THE PROBLEMS WHICH I REPORTED TO  
12 YOU AT -- DURING MY LAST MARKETS REPORT HAVE CONTINUED.  
13 THE PRIMARY PROBLEM, HOWEVER, WHICH WAS REJECTION OF  
14 GLASS LOADS DUE TO VERY QUESTIONABLE CONTAMINATION, THAT  
15 HAS SEEMED TO ALMOST ENTIRELY STOP BECAUSE THE PRICES FOR  
16 VARIOUS GLASS COLOR LOADS HAVE BEEN ADJUSTED TO REFLECT  
17 WHAT THE GLASS CONTAINER MANUFACTURERS WANT; AND SO,  
18 CONSEQUENTLY, THEY'LL BUY THE LOADS.

19 BUT THERE STILL IS A PROBLEM WITH CAPACITY.  
20 A LOT OF THE GLASS -- A LOT OF THE DEALERS ARE HAVING TO  
21 WAIT IN LINE -- OR THEIR DRIVERS ARE HAVING TO WAIT IN  
22 LINE THREE TO FOUR HOURS JUST TO MAKE A GLASS LOAD  
23 DELIVERY. AND SOMETIMES THEY'LL WAIT IN LINE THAT LONG  
24 ONLY TO BE TURNED AWAY WHEN THEY GET UP TO THE GATE  
25 BECAUSE THAT PARTICULAR FACILITY HAS REACHED ITS LIMIT BY

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1 THE TIME THEY GET UP. THAT WAS REPORTED TO ME BY A  
2 NUMBER OF DEALERS IN MY SURVEY. SO IT'S STILL A REAL  
3 PROBLEM WITH CAPACITY.

4 ALSO, A PROBLEM IN PAYMENTS FROM SOME -- AT  
5 LEAST ONE OF THE GLASS CONTAINER MANUFACTURING  
6 BENEFICIATION FACILITIES. PRICES FOR GLASS CONTAINERS --  
7 NOW WITH THE NEW ADJUSTED PRICE SCHEDULES THAT THE GLASS  
8 COMPANIES ARE PAYING, THERE'S STILL A RELATIVELY HIGH  
9 PRICE FOR THE CLEAR OR FLINT GLASS WHICH IS UP TO THE  
10 STATE REQUIRED MINIMUM SCRAP VALUE.

11 HOWEVER, THE PRICES FOR THE TWO-COLOR MIX  
12 AND THREE-COLOR MIX GLASS, THE THREE-COLOR MIX COMING  
13 FROM CURBSIDE PROGRAMS IS CONSIDERABLY LESS THAN THAT  
14 MINIMUM AVERAGE SCRAP VALUE REQUIRED BY THE DIVISION OF  
15 RECYCLING AT THE DEPARTMENT OF CONSERVATION. AND THE  
16 TABLES ON PAGE 16 INDICATE THOSE PRICES.

17 WE'VE JUST SEEN A REAL DOWNTREND IN THE  
18 OVERALL PRICE PAID FOR GLASS CONTAINERS BECAUSE OF THIS  
19 ADJUSTED SCHEDULE FOR HOW IT'S DELIVERED.

20 THE DIVISION OF RECYCLING, IN RECOGNIZING  
21 THAT THE OVERALL PRICES PAID FOR CALIFORNIA REDEMPTION  
22 VALUE GLASS CONTAINERS HAS FALLEN BELOW THE MINIMUM  
23 AVERAGE SCRAP VALUE THAT THEY HAD SET, DECIDED TO TAKE  
24 ACTION IN THIS MATTER. AND WHAT THEY DID IS THEY IMPOSED  
25 A PROCESSING FEE ON THE GLASS CONTAINER MANUFACTURERS

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1 ON -- LET'S SEE THE -- IT WAS EFFECTIVE MAY 1ST. THEY  
2 TOOK ACTION ON MARCH 5TH, 1990.

3 THE PROCESSING FEE IS BASICALLY THE STICK  
4 THAT THE DECISION OF RECYCLING HOLDS OVER THE CONTAINER  
5 MANUFACTURERS SAYING IF YOU DO NOT MAINTAIN THE MINIMUM  
6 AVERAGE SCRAP VALUE, WHICH WE HAVE SET AND YOU AGREE TO  
7 MAINTAIN, THE PROCESSING FEE IS IMPOSED. AND A  
8 PROCESSING FEE HAS TO BE PAID ON A PER CONTAINER BASIS OF  
9 CONTAINERS SOLD IN THE STATE.

10 THIS IS THE FIRST TIME THAT THE DIVISION  
11 HAD IMPOSED THE PROCESSING FEE ON ANY CONTAINER  
12 MANUFACTURER THAT HAD AGREED TO MAINTAIN A MINIMUM  
13 AVERAGE SCRAP VALUE, AND THAT SET OFF A BIG CONTROVERSY  
14 BECAUSE THE GLASS INDUSTRY, THROUGH THEIR REPRESENTATIVE  
15 ORGANIZATION, THE CALIFORNIA GLASS RECYCLING CORPORATION,  
16 FILED A SUIT OR PETITION WITH SACRAMENTO SUPERIOR COURT  
17 CHALLENGING THAT IMPOSITION OF FEE ON TWO GROUNDS. ONE  
18 BEING THAT THE DIVISION COULD NOT PROVIDE AMPLE EVIDENCE  
19 THAT THE MINIMUM AVERAGE SCRAP VALUE HAD INDEED FALLEN  
20 BELOW THE SET LEVEL AND ALSO THAT THEY DIDN'T HAVE LEGAL  
21 AUTHORITY TO IMPOSE THE FEE UNTIL OCTOBER 1, 1991.

22 WELL, THE JUDGE AT -- I FEEL LIKE I HAVE  
23 THAT STUFF COMING OUT OF MY MOUTH --

24 (INTERRUPTION IN PROCEEDINGS.)

25 MR. FORAN: OKAY. IN SUMMARY, THE -- OKAY. THE



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1 GLASS CONTAINER INDUSTRY FILED PETITION AGAINST THE  
2 PROCESSING FEE. THE PETITION WAS UPHELD BY THE SUPERIOR  
3 COURT JUDGE, SO THE PROCESSING FEE WAS STAYED AND THAT IS  
4 BLOCKED. AND AT THIS TIME, I'M NOT CERTAIN WHAT ACTIONS  
5 DOC ARE GOING TO TAKE COME OCTOBER '91 WHEN THEY DO HAVE  
6 THE LEGAL AUTHORITY PER AB 2020 TO IMPOSE THE FEE;  
7 NONETHELESS, THE PROBLEMS REMAIN WITH THE GLASS CONTAINER  
8 MARKET.

9 COUPLE OF FACTORS AFFECTING THE TRUE MARKET  
10 FOR GLASS CONTAINERS, ONE WAS THAT -- ONE OF THE LARGER  
11 BENEFICIATION FACILITIES, WHICH ARE THE FACILITIES WHICH  
12 ACTUALLY TAKE IN THE GLASS, CLEAN IT UP, PREPARE IT FOR  
13 THE FURNACES FOR THE GLASS PLANTS, ONE OF THE LARGER  
14 FACILITIES IN NORTHERN CALIFORNIA WAS CLOSED THROUGHOUT  
15 THE FIRST AND SECOND QUARTERS, AND THIS WAS -- AND THIS  
16 HAD TO REDIRECT A LOT OF THE GLASS TO THE OTHER  
17 BENEFICIATION FACILITIES IN NORTHERN CALIFORNIA AND  
18 CAUSED A LOT OF THE BACKUPS, YOU KNOW, THE LONG DELIVERY  
19 TIMES, A LOT OF THE OVERSUPPLY AT THOSE FACILITIES, AND  
20 IT WAS JUST A MESS.

21 AND ALSO A BENEFICIATION FACILITY IN  
22 SOUTHERN CALIFORNIA CLOSED FOR A PERIOD OF ABOUT A MONTH  
23 BETWEEN MAY 15TH AND JUNE 18TH, WHICH AGAIN CAUSED  
24 DELIVERY PROBLEMS AND REDIRECTION -- REDIRECTED A NUMBER  
25 OF GLASS DELIVERIES.

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1 THE MARKET, THE PREVIEW FOR THIS QUARTER IS  
2 THAT -- MORE BAD NEWS. IT'S HARD TO, YOU KNOW, MAKE  
3 DELIVERIES OF GLASS. THE GLASS IS MOVING, BUT, YOU KNOW,  
4 IT'S A LONG WAIT, PAYMENTS ARE HARD. AND THERE HAVE BEEN  
5 SOME PROPOSED SOLUTIONS TO THE PROBLEM, ONE OF THOSE  
6 BEING DELAINE EASTIN, ASSEMBLYWOMAN DELAINE EASTIN AND  
7 ASSEMBLYMEMBER DAN HOWSERS ASSEMBLY BILL 2622, WHICH  
8 WOULD REQUIRE A MINIMUM PERCENTAGE OF CULLET TO BE  
9 CONSUMED BY GLASS CONTAINER MANUFACTURERS IN THEIR  
10 PRODUCTION. THEY'VE PROPOSED 25 PERCENT CULLET  
11 PERCENTAGE BEGINNING JANUARY 1, 1993, INCREASING TO A  
12 MINIMUM OF 55 PERCENT BY JANUARY 1ST OF THE YEAR 2002.  
13 AND THAT BILL IS STILL PENDING IN THE LEGISLATURE RIGHT  
14 NOW.

15 THE FINAL BEVERAGE CONTAINER AND SECONDARY  
16 MATERIAL I'M GOING TO COVER IS PET PLASTIC BEVERAGE  
17 CONTAINERS. AGAIN, THEY WERE THE ONE BEVERAGE CONTAINER  
18 THAT WAS AFFECTED BY THE INCREASE IN THE REDEMPTION VALUE  
19 FROM ONE SENT TO A NICKEL, AT LEAST FOR THOSE THAT ARE  
20 TWO LITER AND ABOVE. THOSE WHICH -- I UNDERSTAND THERE  
21 ARE A NUMBER OF LESS THAN 24 OUNCE PET BEVERAGE  
22 CONTAINERS ON THE MARKET AS WELL, WHICH DON'T RECEIVE THE  
23 NICKEL, BUT STILL HAVE THE OTHER INCREASE IN THE  
24 REDEMPTION VALUE.

25 PRICES THAT WERE PAID FOR PET WERE

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1 INCREASED ONLY DUE TO THE INCREASE IN THE REDEMPTION  
2 VALUE. AGAIN, THE PRICES WHICH I HAVE INDICATED ON PAGE  
3 19 OF YOUR ITEM TO COLLECTORS -- YOU SEE THIS BIG JUMP  
4 FROM 31 CENTS A POUND TO 60 CENTS A POUND, THAT ONLY --  
5 THE ONLY DIFFERENCE ACCOUNTED FOR THERE IS THE INCREASE  
6 IN THE REDEMPTION VALUE. THE AVERAGE SCRAP VALUE PAID TO  
7 COLLECTORS REMAINS ABOUT 22 TO 25 CENTS PER POUND AS  
8 MANDATED BY AB 2020.

9 THE TRUE MARKET FOR PET PLASTIC CONTAINERS  
10 REMAINS ABOUT 10 CENTS A POUND. THE -- IN THE LAST  
11 REPORT I GAVE, I WAS -- I PAINTED A VERY BRIGHT PICTURE  
12 FOR THE PET MARKET BECAUSE THERE WAS A LOT OF INTEREST ON  
13 THE PART OF DOMESTIC REPROCESSORS IN THE MIDWEST AND BACK  
14 EAST FOR CALIFORNIA PET CONTAINERS. APPARENTLY, THAT --  
15 AND THEY HAD ALSO INCREASED THE PRICE THAT THEY WERE  
16 PAYING. THEY WANTED OUR PET BEVERAGE CONTAINERS.

17 NOW THEY HAVE BACKED OFF SOMEWHAT BECAUSE  
18 APPARENTLY WE'RE GETTING CLOSER TO ESTABLISHING A  
19 REPROCESSING FACILITY HERE ON THE WEST COAST; THAT IS,  
20 THE PLASTICS RECYCLING CORPORATION OF CALIFORNIA. HAVING  
21 HEARD THAT NEWS, THEY FIGURED, WELL, FORGET IT, WE'RE NOT  
22 GOING TO BE BUYING SOMETHING WE CAN'T BE ASSURED OF A  
23 LONG SUPPLY FOR, SO THEY CUT BACK THEIR PURCHASING. BUT  
24 THE OVERSEAS MARKET IN CHINA, WHICH HAS BEEN THE  
25 TRADITIONAL MARKET FOR PET RECOVERED IN CALIFORNIA,

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1 REMAINS STRONG AT ABOUT 10 CENTS PER POUND DELIVERED, AND  
2 SO THAT'S WHERE MOST OF THE PET WAS GOING IN THE SECOND  
3 QUARTER.

4 THERE WAS NO CHANGES IN THE PRICES OF  
5 VIRGIN PET WHICH DID BOLSTER THE MARKET PRICE FOR PET  
6 DURING THE THIRD AND FOURTH QUARTERS OF LAST YEAR.

7 AGAIN, THE PRCC IS CONSIDERING BUILDING  
8 IN -- A JOINT PROJECT WITH EXISTING PET HIGH DENSITY  
9 POLYETHYLENE REPROCESSORS, A FACILITY HERE IN CALIFORNIA.  
10 I DON'T HAVE A CLUE WHEN SOMETHING LIKE THAT'S GOING TO  
11 BREAK GROUND OR BE ANNOUNCED, BUT THE INDUSTRY FOLKS  
12 ALWAYS SAY IT'S JUST AROUND THE CORNER, YOU KNOW. BEEN  
13 HEARING THAT FOR ABOUT TWO YEARS NOW. WELL, SEE WHAT  
14 HAPPENS.

15 THAT CONCLUDES MY ITEM FOR CALIFORNIA  
16 RECYCLING MARKETS. BE GLAD TO TAKE ANY ADDITIONAL  
17 QUESTIONS YOU HAVE RIGHT NOW.

18 CHAIRMAN MOSCONE: ANY QUESTIONS?

19 BOB.

20 BOARD MEMBER GEARHEART: JUST A QUICK QUESTION.  
21 BRIAN, WHAT DO YOU THINK IS GOING TO HAPPEN TO THESE  
22 VARIOUS MARKETS IF THE OIL PRICE GOES UP TO 35 TO \$40 A  
23 TON?

24 MR. FORAN: YOU MEAN FOR PLASTIC CONTAINERS?

25 BOARD MEMBER GEARHEART: FOR PLASTIC AND ALSO



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1 FOR THE ENERGY REQUIREMENT IN REPROCESSING VIRGIN  
2 MATERIALS.

3 MR. FORAN: WELL, THE ONLY ENERGY PROCESS  
4 REQUIRED IN THE REPROCESSING IS THE ELECTRICITY TO DRIVE  
5 THE GRINDERS AND APPLY THE HEAT, SO I DON'T KNOW IF IT'S  
6 GOING TO AFFECT REPROCESSING.

7 MS. BROW: TALK TO HIM ABOUT ALUMINUM.

8 BOARD MEMBER GEARHEART: YEAH. I TOLD HIM I  
9 LIKE ALUMINUM OR --

10 MR. FORAN: OH, OKAY.

11 MS. BROW: HIGH ENERGY INTENSITY.

12 MR. FORAN: OH, YEAH, IT IS. I DON'T KNOW IF I  
13 CAN FORECAST ANY INCREASES THERE, BUT CERTAINLY THE  
14 INCREASE IN PRICE OF OIL WILL DIRECTLY IMPACT THE PRICE  
15 OF VIRGIN RESIN, WHICH WILL INDIRECTLY AFFECT THE PRICE  
16 OF SECONDARY RESIN INCLUDING POSTCONSUMER.

17 THERE'S NO QUESTION THAT IF THE PRICE OF  
18 VIRGIN PET GOES FROM ITS EXISTING 60 CENTS PER POUND UP  
19 TO 80 CENTS A POUND, THAT THAT GROUND UP POSTCONSUMER PET  
20 IS GOING TO JUMP QUITE A BIT. AND, CONSEQUENTLY, THERE  
21 WILL BE A BIGGER MARKET FOR IT AND THE PRICES WILL  
22 INCREASE.

23 BUT PRICES PAID TO COLLECTORS AND PUBLIC  
24 HERE IN THE STATE HAVE A LONG WAY TO GO FROM WHAT THE  
25 TRUE MARKET IS PRESENTLY AND WHAT THE AB 2020 MANDATED



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1 PRICE IS. FOR OTHER PLASTICS, IT WILL DEFINITELY HELP  
2 HIGH DENSITY POLYETHYLENE AND POLYSTYRENES.

3 BOARD MEMBER MOSCONE: SAM.

4 MR. EGIGIAN: MR. CHAIRMAN, WHAT I HEAR TODAY IS  
5 THE SAME THING I'VE HEARD FOR ABOUT 30 YEARS. THIS  
6 PICTURE, TO ME, SEEMS AS THOUGH AS LONG AS THE  
7 ENVIRONMENTAL WORD IS POPULAR, A LOT OF THESE COMPANIES  
8 AND THE PEOPLE INVOLVED IN THIS PROCESS ARE ALL GUNG HO  
9 AND THEY'RE DOING THEIR JOB. BUT VERY SHORTLY WHEN THE  
10 GLITTER WEARS OFF OF IT, WHAT PROTECTION -- WHAT  
11 PROTECTION DOES THE STATE HAVE AND THE PEOPLE IN THE  
12 STATE HAVE THAT THIS -- BESIDES ALL THE LAWS THAT HAVE  
13 BEEN PASSED, THAT THE RECYCLING PROGRAM WILL CONTINUE?

14 NOW, YOU TALK ABOUT THE PEOPLE THAT SELL  
15 GLASS, THEY HAVE TO WAIT HOURS IN LINE TO DUMP THEIR  
16 LOADS, THEN THEY'RE TOLD THAT IT'S DIRTY AND THEY CUT THE  
17 PRICE OF WHAT THEY PAY FOR THEM.

18 ALUMINUM CANS, IT'S NOT POPULAR BUT BECAUSE  
19 IT'S THE NATIONAL PROGRAM TODAY TO RECYCLE, THE ALUMINUM  
20 PEOPLE ARE USING THE CANS WHERE THEY'D BETTER PROBABLY  
21 WANT TO USE THE INGOTS FOR THEIR WORK. I DON'T KNOW.

22 BUT THEN YOU HAVE ANOTHER PHASE OF THIS,  
23 THE LANDFILLS IN SOUTHERN CALIFORNIA. A LOT OF THEM  
24 CLOSE AT 10 AND 11 O'CLOCK IN THE MORNING. AND HOW IS  
25 THIS GOING TO IMPACT THE RECYCLING PROGRAM THAT WE'RE

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1 WORKING SO HARD TO IMPLEMENT TODAY? WHAT'S GOING TO  
2 HAPPEN TWO OR THREE YEARS UP THE ROAD? ARE WE GOING TO  
3 HAVE THIS PROGRAM OR IS IT JUST GOING TO FADE OFF INTO  
4 THE SUNSET AND BE FORGOTTEN ABOUT?

5 I DON'T KNOW. THIS IS SOMETHING THAT WE  
6 SHOULD PROBABLY ENTERTAIN AS A PROGRAM MAYBE TO LOOK INTO  
7 AND SEE WHAT IMPACTS THIS HAS ON THE TOTAL PROGRAM.  
8 BECAUSE FOR 30 YEARS THE WASTEPAPER PEOPLE HAVE HAD REAL  
9 GOOD EXCUSE EVERY TIME THEY WANT TO BRING THE PRICES  
10 DOWN. USUALLY IT'S IN THE FOURTH QUARTER WHEN THEY WANT  
11 TO USE UP ALL THEIR INVENTORY AND BEAT THE PRICES DOWN,  
12 SO IN JANUARY AND FEBRUARY THE PRICES ARE DOWN 10 OR \$15  
13 A TON, AND THEY COULD START RESTACKING AGAIN UNTIL THEY  
14 CUT IT OFF.

15 SO I'M CONCERNED ABOUT THIS AND HOW  
16 SUCCESSFUL WE'RE GOING TO BE IN THE FUTURE IN THE  
17 RECYCLING PROGRAM. WHETHER OR NOT LAWSUITS ARE GOING TO  
18 BE BROUGHT LIKE ONE IN THE -- WHAT INDUSTRY WAS THAT?

19 MR. FORAN: THE GLASS INDUSTRY.

20 MR. EGIGIAN: THE GLASS INDUSTRY. IT'S GOING TO  
21 TIE THE HANDS OF THE RECYCLING PROGRAM TO SOME EXTENT. I  
22 DON'T KNOW WHETHER I MADE MYSELF PLAIN OR CLEAR, BUT I  
23 THINK THERE'S A REAL THREAT OUT THERE THAT WE SHOULD BE  
24 LOOKING AT.

25 MR. LARSON: MR. CHAIRMAN, CERTAINLY UNABLE TO

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1 HAVE THE ABSOLUTE RESPONSE TO THE QUESTION, I BELIEVE  
2 THAT, MR. EGIGIAN, YOU HAVE IDENTIFIED WHAT WILL BE THE  
3 MAJOR CHALLENGE THAT WE WILL FACE IN THE DECADE OF THE  
4 '90S. AND IF I CAN, BY ANALOGY, MAKE A COMPARISON TO THE  
5 CHANGE IN ATTITUDE OF THE PRIVATE AND PUBLIC WASTE  
6 COLLECTION SECTOR, HAVING NOW MADE THE COMMITMENT AND  
7 DELIVERED IN TERMS OF THE CHANGES IN THE INFRASTRUCTURE  
8 FOR SOLID WASTE COLLECTION SERVICES TO ACCOMMODATE THE  
9 FRONT END OF THE SYSTEM, AT LEAST THE COLLECTION OF THE  
10 MATERIAL, BUT THE CHALLENGE WE HAVE NOW WILL BE WITH THE  
11 MANUFACTURING SECTOR IN CALIFORNIA AND IN THE NATION, TO  
12 HAVE THEM MAKE THE APPROPRIATE AND NECESSARY CHANGES IN  
13 THEIR INFRASTRUCTURE, THEIR ORGANIZATIONAL STRUCTURES TO  
14 RETOOL TO CONSUME THE MATERIALS. AND IT'S GOT TO BE  
15 BASED -- CERTAINLY THE PASSAGE OF A LAW IN SACRAMENTO  
16 DOESN'T ACCOMPLISH AUTOMATICALLY ITS GOAL AND INTENT.

17 WE HAVE A BIG JOB WITH THE BIG CORPORATIONS  
18 OUT THERE TO BRING THEM INTO OUR FOLD, IF YOU WILL, ON  
19 THIS ISSUE. AND, AGAIN, I DON'T HAVE AN ANSWER, BUT  
20 YOU'VE HIT THE NAIL ON THE HEAD IN TERMS OF IDENTIFYING  
21 WHAT OUR CHALLENGE AND THE PROBLEM IS. IN TERMS OF THE  
22 WAY BRIAN HAS OVER A PERIOD OF YEARS NOW MONITORED THESE  
23 MARKETS, IT'S GIVING US A BETTER -- A MORE CLEAR FOCUSED  
24 PICTURE OF WHERE WE NEED TO PUT OUR ENERGY.

25 MS. BROW: MR. CHAIRMAN, MAY I ADD SOMETHING,



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1 TOO, PLEASE?

2 BOARD MEMBER MOSCONE: YES.

3 MS. BROW: IN ADDITION, I'D LIKE TO POINT OUT  
4 WHAT I THINK SHOULD PROBABLY BE OBVIOUS TO ALL OF US.  
5 THE BUYERS OF THESE COMMODITIES ARE IN BUSINESS TO MAKE  
6 MONEY. AND WHAT WE'RE REPORTING IN THIS QUARTERLY OR  
7 SEMIANNUALLY MARKETS REPORT IS THE FACTORS THAT THEY, IN  
8 FACT, ARE RESPONDING TO. WE CANNOT REALLY FAULT THEM FOR  
9 THIS KIND OF BEHAVIOR.

10 ON THE MORE POSITIVE SIDE, THE THINGS  
11 ARE -- THERE ARE MARKET DEVELOPMENT ACTIVITIES GOING ON  
12 THROUGHOUT THE COUNTRY RIGHT NOW, THAT ONCE COMPLETED --  
13 ONCE WE HAVE THE INFRASTRUCTURE OF BILLIONS OF DOLLARS OF  
14 NEW DEINKING MILLS, FOR EXAMPLE, WHICH ARE NOW BEING  
15 PLANNED AND IMPLEMENTED, SITED AND SO ON, TO RECOVER THE  
16 INVESTMENT, THOSE MILLS ARE GOING TO HAVE TO CONTINUE  
17 BUYING WASTEPAPER, FOR EXAMPLE. SO WE ARE, IN FACT,  
18 INVESTING IN THAT FUTURE RIGHT NOW. I THINK THAT'S  
19 PRETTY MUCH THE IDEA.

20 BOARD MEMBER MOSCONE: JIM.

21 BOARD MEMBER LOCKINGTON: I THINK OF ALL THE  
22 CONFERENCES I'VE GONE TO, AND EVERYBODY TALKS ABOUT THE  
23 LEVEL PLAYING FIELD, THAT'S REALLY WHAT YOU'RE REFERRING  
24 TO. FOR MANY YEARS OUR COUNTRY HAS BEEN GROWTH ORIENTED.  
25 I MEAN, LET'S NOT FIX UP AN OLD HOUSE; LET'S BUY A NEW



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1 HOUSE. IT GOES ON AND ON AND ON. I THINK THE COMMITMENT  
2 IS HERE TODAY TO SHIFT THAT PLAYING FIELD A LITTLE BIT,  
3 AND I THINK -- AND I'LL GIVE YOU AN EXAMPLE.

4 I'M INVOLVED IN THE TIRE BUSINESS AND MR.  
5 ESTEBAN TORRES HAS RAISED THE SPECTER OF MORE GOVERNMENT  
6 REGULATION AND WHAT WE WOULD CALL AN ADVANCE DISPOSAL  
7 FEE. HE CALLS IT BY SOMETHING ELSE. AND HE HAS THIS  
8 MONSTROUS SYSTEM OF CREDITS AND SO ON. AND I'VE GOT TO  
9 TELL YOU, HE SURE AS HELL GOT THE ATTENTION OF THE RUBBER  
10 INDUSTRY, FOR ONE, BECAUSE THEY SEE THIS AS ONEROUS AND  
11 RIDICULOUS AND PAPERWORK ORIENTED AND SO ON.

12 BUT I'LL TELL YOU ONE THING. THEY ALL GOT  
13 UP OFF THEIR CHAIRS AND WENT TO WASHINGTON TO THAT  
14 HEARING, AND THEY HAVE NOW FORMED A COALITION FOR RUBBER  
15 RECYCLING IN GOOD YEAR AND FIRESTONE, AND THESE PEOPLE  
16 ARE POURING MONEY IN THERE TO GET SOMETHING DONE.

17 IS IT GOING TO HAPPEN OVERNIGHT? NO, IT  
18 ISN'T. AND THE THING YOU'RE GOING TO HAVE TO CONTEND  
19 WITH, WORSE THAN ANYTHING ELSE, IS WHAT CAROL SAID.  
20 UNTIL THESE THINGS ARE ECONOMICALLY FEASIBLE -- WELL,  
21 PART OF ECONOMICALLY FEASIBLE IS THE CAPITALIZATION OF  
22 THIS NEW INDUSTRY. ONCE YOU CAPITALIZE THAT, YOU ARE NOT  
23 GOING TO STAND THERE AND SAY, GEE, THAT'S A LOVELY  
24 EFFECT, BUT WE AREN'T GOING TO USE IT.

25 SO WE'RE GOING TO GO THROUGH THIS PERIOD OF

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1 TIME, WHICH IS NOT GOING TO BE EASY FOR ANY OF US, BUT I  
2 TELL YOU THAT ESPECIALLY IN THE LARGER INDUSTRIES,  
3 NEWSPAPERS, THE OIL RECYCLING, ALL OF THESE THINGS, IT IS  
4 GOING TO HAPPEN. IT IS FOREORDAINED. HOW QUICKLY? HOW  
5 MUCH GOVERNMENT INTERVENTION THERE'LL HAVE TO BE, WE  
6 DON'T KNOW. WE CAN'T BRING IT DOWN AS GEORGE SAID.

7 BUT I'M TELLING YOU, I BELONG TO A FEW OF  
8 THESE THINGS AND THE MANUFACTURERS' ATTENTION HAS BEEN  
9 GOTTEN. OUR PROBLEM IS GOING TO BE NOT WITH THE UNION  
10 CARBIDES AND THE GENERAL MOTORS AND SO ON, IT'S GOING TO  
11 BE IN THE SMALLER BUSINESSES, WHAT YOU AND I TALKED ABOUT  
12 TODAY. WE'VE GOT THE BIG GUYS' ATTENTION AND THEY'RE  
13 MOVING. IT'S THE SMALLER GUY, WHO HAS GREAT DIFFICULTY  
14 IN TERMS OF COMPETITIVENESS AND DOESN'T HAVE THE  
15 RESOURCES.

16 AND OUR TAX STRATEGY AT A GOVERNMENT LEVEL  
17 REALLY DOESN'T HELP THIS GUY TO DO WHAT HE'S GOT TO DO.  
18 WE'VE GOT TO RETHINK A LOT OF THINGS. BUT I, FOR ONE, AM  
19 CONVINCED, SAM, IT'S GOING TO HAPPEN. YOU WANT IT TO  
20 HAPPEN AND YOU'RE A PERSON. I WANT IT TO HAPPEN AND I'M  
21 A PERSON. AND IT'S GOING TO HAPPEN.

22 BOARD MEMBER VARNER: MR. CHAIRMAN.

23 BOARD MEMBER MOSCONE: MR. VARNER.

24 BOARD MEMBER VARNER: I BELIEVE FOR THE PASSAGE  
25 OF AB 939 IT'S NOT A MATTER OF WHETHER IT'S GOING TO BE

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1 DONE OR NOT BECAUSE IT'S LEGISLATED, A CERTAIN PERCENTAGE  
2 HAS TO BE DIVERTED. THE REAL KEY WORD IS "DIVERSION."  
3 AND, OBVIOUSLY, THAT PART OF THE MATERIALS THAT ARE  
4 DIVERTED THAT CAN BE RECYCLED IS THAT MUCH MORE  
5 BENEFICIAL.

6 SO THE REAL QUESTION IS GOING TO BE IS WHAT  
7 THE COST OF DIVERSION IS GOING TO BE, AND A LARGE PORTION  
8 OF WHAT DETERMINES THAT COST IS WHAT KIND OF MARKETS ARE  
9 AVAILABLE. BUT I DON'T THINK THAT IT'S GOING TO BE A  
10 QUESTION OF WHETHER IT'S GOING TO BE DONE OR NOT BECAUSE  
11 IT IS ALREADY A MATTER OF LAW THAT IT MUST BE DONE.

12 SO THE UNKNOWN QUESTION IS WHAT THE COST --  
13 THE HANDLING COST OF DIVERTING THIS MATERIAL AND WHAT --  
14 I'M SURE THERE WILL BE SOME INNOVATIVE NEW IDEAS OF WHAT  
15 TO DO WITH CERTAIN TYPES OF MATERIAL THAT WILL BE THE  
16 MOST COST-EFFECTIVE. I THINK THAT JUST THE GENERAL  
17 CONSENSUS WILL CAUSE THAT, BUT THERE WILL BE SOME PERIOD  
18 OF TIME WHEN THE HANDLING COST OF IT WILL BE CONSIDERABLY  
19 MORE THAN IT IS NOW.

20 I THINK THAT GOVERNOR DEUKMEJIAN, WHEN HE  
21 SIGNED THE BILL AB 939, MADE A VERY SUCCINCT STATEMENT  
22 WHEN HE SAID THE COST OF WASTE DISPOSAL IS GOING TO  
23 INCREASE SUBSTANTIALLY. SOMEHOW OR ANOTHER THAT COMMENT  
24 WAS NEVER EXPANDED UPON, BUT IT IS A VERY TRUE STATEMENT,  
25 AND THE REAL KEY TO THE ARGUMENT IS GOING TO BE WHETHER

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1 THE COST IN THE LONG RUN FOR NOT DOING IT IS GOING TO BE  
2 MUCH GREATER THAN THE COST OF DOING IT.

3 I THINK THE CONSENSUS IS GOING TO BE THAT  
4 THE COST OF DOING IT IS THE LEAST EXPENSIVE WAY IN THE  
5 LONG RUN BECAUSE OF PRESERVING USEFUL MATERIAL THAT IS  
6 BEING LOST. AND THE THING THAT WE HAD BEFORE IS NOW THE  
7 PROTECTION OF THE ENVIRONMENT AND THE HEALTH OF THE  
8 PEOPLE INVOLVED, SO THAT YOU REMOVE FROM MIXED WASTE  
9 LANDFILLS THE DANGEROUS CONSTITUENTS OR AS MUCH OF IT AS  
10 YOU CAN FROM A MAJORITY OF THE MATERIALS.

11 SO THERE'S AN AWFUL LOT OF INERT MATERIAL,  
12 FOR INSTANCE, THAT WE MAY HAVE TO FIND OTHER WAYS OF  
13 DISPOSING OF IT OR EVEN LANDFILLING IT, IF YOU CAN  
14 LANDFILL INERT MATERIALS, IT DOES NOT HURT THE  
15 ENVIRONMENT. AND WE HAVE THAT SET UP ALREADY, BUT IT IS  
16 NOT GREATLY USED FOR A NUMBER OF DIFFERENT REASONS.

17 BUT I THINK THAT A NUMBER OF THESE  
18 DIFFERENT THINGS ARE GOING TO HAPPEN AND MAYBE A FEW  
19 IDEAS THAT HAVEN'T BEEN THOUGHT OF, BUT THE REAL KEY IS  
20 DIVERSION AND THE LAW SAYS WE MUST DIVERT X PERCENT. AND  
21 IT STATES HOW THAT YOU ARE GOING TO GO ABOUT DIVERTING IT  
22 IN A HIERARCHY. BUT I THINK THAT THERE ISN'T ANY  
23 QUESTION THAT IT'S GOING TO HAVE TO BE DIVERTED. THE  
24 REAL KEY IS WHAT THE COSTS ARE GOING TO BE.

25 MR. EGIGIAN: SKEET, THE REASON -- ONE OF



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1 REASONS I BROUGHT THIS POINT UP IS A NUMBER OF YEARS BACK  
2 THE CITY OF LOS ANGELES, MAYOR POLSON WITH THE CHANDLER  
3 FAMILY AND THE L.A. BY-PRODUCTS COMPANY, WE WERE SITTING  
4 ALL OUR STEEL CANS ON THE CURB AND THEY WERE USING  
5 RECYCLING. AS SOON AS WE HAD A NEW MAYOR COME IN THERE,  
6 HE RAN AGAINST PUTTING CANS ON THE CURB AND THEY TURNED  
7 IT OFF. OKAY.

8 BUT WE'RE GOING TO HAVE A NEW GOVERNMENT  
9 HEAD IN THIS STATE IN NOT TOO MANY MONTHS. AND IF SOME  
10 OF THIS IS NOT POPULAR, ALONG WITH THE LAWSUITS THAT SOME  
11 OF THESE INDUSTRIES CAN WIN IN COURT, THE GLITTER IS NOT  
12 GOING TO BE THERE. THE GLITTER IS NOT GOING TO BE THERE,  
13 AND NOW IT'S GOING TO BE DIFFICULT TO DO. AND THIS IS  
14 WHY I RAISE THE QUESTION: WHAT CAN WE DO TO MAKE SURE  
15 THAT DON'T HAPPEN?

16 BOARD MEMBER VARNER: THAT'S A VERY GOOD  
17 QUESTION, SAM. AND I UNDERSTAND BECAUSE I RUN A PLANT  
18 FOR THE LOS ANGELES BY-PRODUCTS MANY YEARS. AND WE HAD  
19 THE VERY SYSTEM THAT WE WANT TO GET BACK INTO OPERATION  
20 NOW, AND IT WAS PUT OUT OF BUSINESS FOR POLITICAL  
21 REASONS. POLITICAL REASONS, NOW, ARE BRINGING IT BACK IN  
22 BECAUSE IT'S THE POPULAR THING TO DO. AND I THINK THAT  
23 FOR A WHILE, BUT NOT WITHOUT SOME DIFFICULTY --

24 MR. EGIGIAN: SKEET, YOU SHOULD HAVE TOLD ME  
25 THIS. I DIDN'T KNOW THAT --

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1 MR. CHESBRO: MR. CHAIRMAN, I JUST WANTED TO SAY  
2 THAT THIS IS A -- I'VE SEEN A LOT OF MARKET REPORTS IN  
3 THE PAST THAT WERE FAR MORE DIFFICULT TO UNDERSTAND AND  
4 FAR MORE SCANTY IN TERMS OF THE FACTORS INVOLVED IN  
5 MAKING THINGS DRIVING -- DRIVING THE MARKET FORCES. IT'S  
6 A GREAT REPORT. AND I WOULD HOPE THAT WE WOULD  
7 CONSIDER -- I WAS MAKING, IN MY MIND, A LITTLE LIST OF  
8 PEOPLE I WANT TO MAKE COPIES OF THIS TO SEND IT TO.

9 WE MIGHT WANT TO CONSIDER IN THE FUTURE, AS  
10 A SERVICE OF THIS BOARD, SOME SORT OF A PUBLICATION THAT  
11 COULD BE SUBSCRIBED TO BECAUSE I THINK IT'S PROBABLY ONE  
12 OF THE BETTER SOURCES OF AN OVERVIEW OF THE MARKETPLACE  
13 THAT EXISTS, AT LEAST THAT I'M AWARE OF. AND WE'D BE  
14 DOING A REAL GREAT PUBLIC SERVICE TO THOSE INVOLVED IN  
15 THE VARIOUS ASPECTS OF THE BUSINESS AND THE POLITICAL  
16 SIDE OF THIS STUFF TO BE PROVIDING IT BECAUSE IT IS VERY  
17 GOOD INFORMATION.

18 MS. BROW: ACTUALLY, WE HAVE A LIST OF PEOPLE  
19 WHO ALREADY RECEIVE THIS ON A ROUTINE BASIS. WE SEND IT  
20 OUT CONSTANTLY TO ANYBODY AND EVERYBODY CONCEIVABLY WHO  
21 HAS AN INTEREST IN IT. WE DON'T SEND OUT A COPY THAT  
22 LOOKS JUST LIKE THE PACKAGE THAT YOU GOT -- WOULD HAVE  
23 GOTTEN IN THE BOARD AGENDA. WE HAVE A KIND OF A FANCY  
24 CLEANED UP VERSION, LOOKS MORE LIKE A PUBLICATION AND  
25 LESS LIKE AN AGENDA ITEM. AND WE CAN PROVIDE YOU --

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1 MR. CHESBRO: SO WE ALREADY DO IT, IN OTHER  
2 WORDS?

3 MS. BROW: YEAH. IF YOU GIVE US THE LIST OF THE  
4 PEOPLE YOU WOULD LIKE TO RECEIVE IT, WE'LL TAKE CARE OF  
5 IT.

6 MR. LARSON: MR. CHAIRMAN, IF I CAN FOLLOW UP ON  
7 MR. CHESBRO'S COMMENTS, I TOO WANTED TO TAKE THE  
8 OPPORTUNITY, SPECIFICALLY FOR BRIAN, SINCE HE RUNS A  
9 ONE-MAN SHOW ON THIS ACTIVITY, WHICH HE DOES IN ADDITION  
10 TO THE OTHER DUTIES HE DOES AT THE BOARD. WE HAVE --  
11 IT'S SCHOLARLY IN ITS CONSTRUCTION, I BELIEVE, AND WE  
12 HAVE GOTTEN A GREAT DEAL OF COMPLIMENTS.

13 AND WE HAVE ALSO DISCUSSED, SHALL WE SAY,  
14 THE UPGRADING, AT LEAST, OF THE PRESENTATION OF THE  
15 MATERIAL INTO SOMETHING LIKE A JOURNAL THAT WOULD, AS IT  
16 IS NOW, I BELIEVE, OFTEN REFERRED TO AS THE MOST ACCURATE  
17 AND TIMELY ASSESSMENT OF THE MARKET CONDITIONS.

18 SO WE'VE THOUGHT ALONG THOSE LINES; AND AS  
19 WE GET MORE RESOURCES IN TERMS OF STAFF AND GET BRIAN  
20 SOME HELP SO THAT HE DOESN'T HAVE TO WORK TILL THREE IN  
21 THE MORNING TO MEET BOARD PACKET DEADLINES, THAT'S  
22 EXACTLY WHAT WE WOULD RECOMMEND TO THE BOARD.

23 MR. CHESBRO: WELL, MY COMPLIMENTS.

24 MR. EGIGIAN: I WOULD LIKE TO SEE THAT PROBABLY  
25 A REAL CONDENSED PIECE OF PAPER LIKE THIS QUARTERLY, IF



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1 IT'S AT ALL POSSIBLE. YOU KNOW, IT WOULD GIVE US A GOOD  
2 UNDERSTANDING OF WHERE THE MARKET IS. I THINK IT'S A  
3 VERY GOOD REPORT ALSO.

4 MS. BROW: MR. CHAIRMAN.

5 BOARD MEMBER MOSCONE: CAROLE.

6 MS. BROW: IT WAS MEANT TO BE A QUARTERLY  
7 REPORT. IT'S NOT BEEN FOR -- SINCE MIDDLE OF LAST YEAR,  
8 SIMPLY BECAUSE WITH ALL THE OTHER PRESSING DUTIES, IT WAS  
9 BEYOND US TO PUBLISH IT TWICE IN A SIX-MONTH PERIOD. BUT  
10 AS WE'RE HIRING STAFF, THAT WILL DEFINITELY CHANGE.  
11 DEFINITELY.

12 CHAIRMAN MOSCONE: ANY FURTHER QUESTIONS? ANY  
13 OTHER COMMENTS?

14 THANKS, BRIAN, FOR A VERY NICE REPORT.

15 MR. FORAN: THANK YOU, MR. CHAIRMAN.

16 CHAIRMAN MOSCONE: ITEM 13, UPDATE ON INTEGRATED  
17 WASTE MANAGEMENT PROGRAM IMPLEMENTATION.

18 MR. OLDALL: YES, MR. CHAIRMAN, BOARD MEMBERS.  
19 WE'VE BEEN DISCUSSING AB 939, AND WE WERE VERY PLEASED  
20 WHEN THAT GOT SIGNED BY THE GOVERNOR. WE WERE ALSO  
21 PLEASED WHEN HE SIGNED AB 1820. WE WERE PROBABLY MORE  
22 PLEASED WHEN HE SIGNED THE BUDGET ACT OF JULY 30TH OF  
23 THIS YEAR, SO THAT WE COULD ALL GET PAID, AND YOU COULD  
24 AND WE COULD TAKE CARE OF THE TRAVEL EXPENSES OF  
25 EVERYBODY DOWN TO THIS MEETING.

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1 BUT IN ADDITION, PERHAPS MORE SIGNIFICANT.  
2 WAS THE FACT THAT WE ENDED UP WITH \$53.5 MILLION IN OUR  
3 BUDGET THIS YEAR, WHICH WAS REALLY A STRANGE CASE BECAUSE  
4 MOST PEOPLE ENDED UP GETTING THEIRS CUT AND HAD TO GO  
5 THROUGH A 3-PERCENT REDUCTION PROCESS. BECAUSE OF THE  
6 FACT THAT WE WERE SPECIAL FUNDED WITH OUR LANDFILL  
7 DISPOSAL FEE, WE WERE EXEMPT FROM THAT REDUCTION.

8 AND IN ADDITION TO THE SUBMITTED GOVERNOR'S  
9 BUDGET IN JANUARY THAT HAD US WITH JUST UNDER \$52  
10 MILLION, WE GOT THE ADDITIONAL MONEY FOR OUR NEW COMPUTER  
11 SYSTEM THAT WE PROVIDED ADDITIONAL DOCUMENTATION INTO THE  
12 PROCESS. AND SO I'M PLEASED TO REPORT THAT WE ARE FULLY  
13 FUNDED. THAT MEANS THAT WE CAN GO OUT AND DO A LOT MORE  
14 OF THE HIRING THAT WE'VE BEEN WORKING ON FOR THE LAST SIX  
15 MONTHS OR SO.

16 WHEN WE WERE FRUSTRATED AT HAVING A NUMBER  
17 OF QUALIFIED PEOPLE, BUT UNABLE TO HIRE THEM BECAUSE WE  
18 SIMPLY DID NOT HAVE THE BUDGET AUTHORIZATION, NOW, WE  
19 HAVE THAT MONEY, WE'RE TAKING A SERIOUS LOOK AT SOME OF  
20 THE CONTRACTS THAT WE HAD COMMITTED TO SPEND SOME OF  
21 THOSE FUNDS ON AND WE'LL BE BRINGING THOSE TO YOU.

22 I THINK YOU WILL BE AWARE THAT YESTERDAY AS  
23 A RESULT OF THE ACTION, WE'RE NOW \$300,000 LESS BECAUSE  
24 WE GAVE THE MONEY TO THE MUSEUM OF SCIENCE AND INDUSTRY.  
25 BUT WE HAVE A NUMBER OF OTHER PROPOSALS THAT WE'LL BE

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1 BRINGING TO YOU IN THE NEAR FUTURE.

2 IN ADDITION TO THE FACT THAT WE'RE JUST  
3 STARTING THIS BUDGET YEAR, I'LL REMIND THOSE OF YOU THAT  
4 HAVE BEEN AROUND BUDGET PLANNING FOR A WHILE, THAT  
5 THERE'S A REQUIREMENT TO START PLANNING NOW FOR THE  
6 FISCAL YEAR OF '91-'92, WHERE WE WILL BE.

7 IN ADDITION TO THE FUNDS THAT WE CURRENTLY  
8 ARE RECEIVING, PROBABLY ANOTHER \$10 MILLION OVER THE  
9 AMOUNT THAT WE'RE GETTING THIS YEAR, MERELY BECAUSE THAT  
10 LANDFILL DISPOSAL FEE WILL BE RAISING TO A DOLLAR NEXT  
11 YEAR. SO THE \$27.5 MILLION THAT WE ARE CURRENTLY  
12 RECEIVING FROM THAT ONE FUND WILL BE INCREASED TO  
13 APPROXIMATELY \$37.5 MILLION. IN ORDER TO HAVE  
14 AUTHORIZATION TO EXPEND SOME OF THOSE FUNDS, WE WILL ALSO  
15 BE COMING UP WITH IDEAS THAT WILL HAVE TO BE PREPARED AND  
16 SUBMITTED IN THE PROCESS OF THE NEXT MONTH OR SO THROUGH  
17 AGENCIES AND THE CONTROL AGENCIES FOR PROPOSALS TO EXPEND  
18 THOSE FUNDS.

19 WE ARE EXPANDING IN OUR CURRENT LOCATION,  
20 TAKING OVER BOTH THE FIRST AND SECOND FLOORS OF OUR  
21 CURRENT HEADQUARTERS BUILDING. WE HAVE, I THINK, AT  
22 LEAST 75 COMMITMENTS MADE TO NEW STAFF. WE WILL PROBABLY  
23 BE HIRING ANOTHER 75 IN ADDITION TO THAT, TO BRING US UP  
24 TO MORE THAN 150 NEW STAFF BY THE END OF THE YEAR. WE  
25 CANNOT TAKE ON OUR FULL COMPLEMENT PROBABLY UNTIL WE MOVE

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1 TO OUR NEW LOCATION IN DECEMBER.

2 THE NEW LOCATION, WE HAVE THE ARCHITECT'S  
3 LAYOUTS AND THE FIRST LAYOUTS FOR THE OFFICE SPACE  
4 THEY'RE CURRENTLY REVIEWING. WE'RE HOPING ALSO TO HAVE  
5 THE LOCATION DOWNTOWN LOCKED UP WITHIN THE NEXT FEW WEEKS  
6 OR SO, AND PERHAPS THAT COULD BE OCCUPIABLE AS EARLY AS  
7 OCTOBER.

8 THE PROGRAMS. I THINK YOU ARE AWARE OF THE  
9 LEGISLATION AD NAUSEUM THAT WE WENT OVER YESTERDAY,  
10 WHETHER IT'S CLEANUP GAPS OR WAIVERS.

11 THE SOURCE REDUCTION AND RECYCLING  
12 ELEMENTS, WE'RE WORKING HARD ON GETTING THE PERMANENT  
13 REGULATIONS TO REFLECT THE CHANGES THAT AB 1820 MADE.  
14 THE PLANNING STAFF AND THE RECYCLING STAFF, I KNOW, MET  
15 TOGETHER WITH GEORGE -- HAS MET WITH THE LEAGUE OF  
16 CALIFORNIA CITIES AND CSAC TO GET THEIR INPUT ON THOSE  
17 PERMANENT REGULATIONS.

18 IN ADDITION, I THINK, RATHER SIGNIFICANTLY,  
19 YOU WILL REMEMBER THAT THAT ADVANCE DISPOSAL FEE STUDY,  
20 WE DID GO OUT TO BID ON THAT. THE NUMBER OF PEOPLE WHO  
21 ASKED FOR THAT, I THINK, WERE IN EXCESS OF 60 -- I THINK  
22 WE HAD 62 PEOPLE, 62 INDIVIDUAL COMPANIES WERE MAILED THE  
23 IFB.

24 THE FINAL DEADLINE TO RECEIVE THAT IS NEXT  
25 FRIDAY. SO WE'RE HOPING TO GET SOME RESPONSIBLE BIDS IN

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1           RESPONSE TO THAT. WE HAVE, HOWEVER, RECEIVED A NUMBER OF  
2           LETTERS FROM WHAT I WOULD CONSIDER TO BE THE LARGER  
3           POTENTIAL COMPANIES SAYING THAT PERHAPS THEY WILL NOT BID  
4           BECAUSE OF THE SHORT TIME FRAME AND THE STRICT  
5           REQUIREMENTS THAT ARE IN THERE ACCORDING TO THE  
6           LEGISLATION.

7                               WE'VE BEEN AWARE OF THAT FOR A LONG TIME.  
8           OF COURSE, THE REPORT IS DUE IN JANUARY. YOU HAVE TO  
9           RECEIVE IT AND REVIEW IT IN THE NOVEMBER, DECEMBER TIME  
10          FRAME. IT REALLY ONLY LEFT THEM A MONTH OR SO FOR THE  
11          ACTUAL WORK TO BE CONDUCTED. SINCE WE DIDN'T GET THE  
12          FUNDS UNTIL LATE IN THE YEAR, IT COULDN'T BE DONE  
13          EARLIER. SO THAT MAY, INDEED, BE A PROBLEM. BUT UNTIL  
14          WE GET THE RESPONSES IN NEXT FRIDAY, WE CAN'T REALLY SEE  
15          WHERE WE'RE AT IN THAT RESPECT.

16                              ANYBODY ELSE?

17                           MR. LARSON: MR. CHAIRMAN, I WANT TO ADD A  
18          FOLLOW-UP COMMENT ON THE DEADLINE ISSUE IN THE DISPOSAL  
19          COST FEE STUDY. I DID GO OVER AND SPEAK TO ASSEMBLYMAN  
20          SHER'S CONSULTANT, KIP LIPPER, INDICATING TO HIM, ONE,  
21          OUR COMMITMENT TO CARRY OUT THE LAW AS IT IS WRITTEN;  
22          BUT, TWO, THE REALITY CHECK THAT THIS IS NOT ENOUGH TIME  
23          TO DO THE QUALITY OF PRODUCT, AND THAT WE WOULD NOT -- AT  
24          LEAST I WOULD NOT RECOMMEND TO YOU AND YOU WOULD NOT WANT  
25          TO SEND A PRODUCT OVER THERE THAT DID NOT MEET YOUR

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1           STANDARDS.

2                           AND RAISED THE ISSUE OF REVISING THAT DATE  
3           AT LEAST TILL THE MARCH -- BEGINNING OF MARCH OR END OF  
4           MARCH TIME FRAME. THEIR GOAL BEING -- BEING ABLE TO GET  
5           A PIECE OF LEGISLATION IN FOR CONSIDERATION, MARCH WOULD  
6           STILL BE SUFFICIENT TIME FOR POLICY COMMITTEE SCHEDULING,  
7           BUT WOULD PROVIDE AN ADDITIONAL COUPLE OF MONTHS WHICH  
8           EVEN THAT MAY NOT BE SUFFICIENT.

9                           SO HE WAS -- HE MADE A COMMITMENT TO TALK  
10          TO ASSEMBLYMAN SHER, AND I'LL FOLLOW UP AND GET SOME  
11          FEEDBACK ON THAT, TOO.

12                          BOARD MEMBER LOCKINGTON: GEORGE, DID IT BOTHER  
13          YOU THAT SOME OF THESE LARGER OUTFITS OR THE BETTER  
14          PEOPLE SAID THAT THEY DIDN'T THINK THEY COULD DO IT?

15                          MR. LARSON: IMMENSELY. AND I FEEL THAT IF I  
16          WERE IN THE ROLE OF CONSULTANT, THE TWO SIDES OF THE  
17          BLADE I'M DEALING WITH IS, ONE, I WOULD LOVE TO BE THE  
18          FIRM THAT UNDERTOOK WHAT WILL PROBABLY BE THE MOST  
19          SIGNIFICANT ACTIVITY IN THE AREA OF THE SUCCESS OF THIS  
20          PROGRAM, BUT ON THE OTHER HAND, ASSUMING THE QUALITY OF  
21          MY PRODUCT AS A CONSULTANT IS IMPORTANT TO ME FOR FUTURE  
22          WORK, I WOULD NOT WANT TO BE CONSTRAINED SUCH THAT I  
23          COULD NOT DELIVER A PRODUCT THAT MET MY STANDARDS EITHER.  
24          SO IT'S A TOUGH SITUATION.

25                          IF I WERE A SOOTHSAYER, I WOULD THINK THAT



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1 THIS ISSUE IS NOT RESOLVED YET; AND THAT WHEN THE  
2 PRODUCTS -- WHEN THE PEOPLE GO TO WORK AND I DO BELIEVE  
3 WE'LL GET SOME QUALITY PEOPLE BIDDING ON IT, THAT IT WILL  
4 BE YOUR DETERMINATION TO TELL THOSE WHO WOULD ASK WHERE  
5 IS OUR REPORT, THAT OUR RESPONSE MAY BE THE REPORT WILL  
6 BE SUBMITTED WHEN IT'S DONE. BECAUSE WE'VE BEEN PUT IN  
7 THE UNATTAINABLE SITUATION TRYING TO CARRY A LAW THAT  
8 WENT INTO EFFECT JANUARY 1 OF 1990, AND NOT BEEN ALLOWED  
9 TO DO IT.

10 BOARD MEMBER LOCKINGTON: YOU OBVIOUSLY ARE  
11 GOING TO PUT THAT IN WRITING?

12 MR. LARSON: I WILL RECOMMEND AT THE TIME WE'RE  
13 AT THAT CROSSROADS THAT POLICY TO YOU, AND CERTAINLY IT'S  
14 THE POLICY OF -- THE AUTHORITY OF THE BOARD TO ESTABLISH  
15 THE POLICY.

16 CHAIRMAN MOSCONE: ANY QUESTIONS? VERY GOOD.  
17 STAFF ACTIVITIES?

18 MR. LARSON: ONE BRIEF ONE THAT I HAVE HAD AN  
19 OPPORTUNITY TO SPEAK WITH DR. GEARHEART ON. IN ADDITION  
20 TO HAVING VISITED WITH THE MUSEUM OF SCIENCE AND HISTORY  
21 LAST WEEK, CHRIS PECK AND I WENT AND VISITED WITH A NEW  
22 ORGANIZATION THAT WAS STATUTORILY CREATED LAST YEAR UNDER  
23 THE AUSPICES OF THE UNIVERSITY SYSTEM, THE UC SYSTEM, THE  
24 STATE COLLEGE SYSTEM, THE STANFORD UNIVERSITY, AND CAL  
25 TECH, AND USC, CALLED THE CALIFORNIA COUNCIL ON SCIENCE

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1 AND TECHNOLOGY, WHICH WE'RE VIEWING AS AN OPPORTUNITY FOR  
2 THIS BOARD TO TAKE ISSUES OF SIGNIFICANT IMPORTANCE AND  
3 POLICY DEVELOPMENT TO SEE IF THERE'S A SERVICE THAT THIS  
4 COUNCIL CAN RENDER US IN THE EVALUATION OF THE APPLIED  
5 TECHNOLOGY.

6 IT IS AN INDEPENDENT ORGANIZATION. IT'S  
7 MADE UP OF THE TENURED STAFF OF THE UNIVERSITY SYSTEMS  
8 THAT I MENTIONED. THEY DO NOT DO ORIGINAL POLICY STUDY,  
9 BUT THEY PASS JUDGMENT ON, IF YOU WILL, AND EVALUATE THE  
10 QUALITY OF STUDY THAT HAS BEEN DONE. SO IT'S APPLIED  
11 TECHNOLOGY. AND WE WOULD LIKE TO CONTINUE TO EVALUATE  
12 WHAT RELATIONSHIP THE BOARD MAY DESIRE TO HAVE WITH SUCH  
13 AN ORGANIZATION IN THE FUTURE. I THINK SOME POTENTIAL  
14 EXISTS THERE. THAT CONCLUDES.

15 CHAIRMAN MOSCONE: ANY OTHER STAFF ACTIVITIES?

16 MR. PECK: MR. CHAIRMAN, I'LL BE GOING OVER TO  
17 THE TOWN AND COUNTRY HOTEL THIS AFTERNOON, THE BOARD OF  
18 DIRECTORS FOR THE CALIFORNIA KEEP AMERICA BEAUTIFUL  
19 ORGANIZATION IS HOLDING ITS SECOND MEETING, AND I THINK  
20 IT'S REAL LIKELY THAT THEY'LL ANNOUNCE THEIR SELECTION  
21 FOR THE EXECUTIVE DIRECTORSHIP.

22 THE BOARD WILL RECALL THAT A COUPLE OF  
23 MONTHS AGO WE AUTHORIZED A CONTRACT WITH THIS NEW  
24 ORGANIZATION IN THE AMOUNT OF \$75,000 TO SUPPORT THEIR  
25 EFFORTS. THEY'VE ISSUED A NOTICE IN TERMS OF HIRING AN

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1 EXECUTIVE DIRECTOR THERE. THEY EXPECT TO PAY A DIRECTOR  
2 \$65,000, SOME OF WHICH WILL PROBABLY COME FROM THE MONEY  
3 THAT THE BOARD SET ASIDE FOR THEM AND SOME ALSO THROUGH  
4 PROBABLY CORPORATE CONTRIBUTIONS.

5 WE ATTENDED THEIR FIRST MEETING LAST MONTH,  
6 AND THEY WERE REALLY GUNG HO. THERE WERE A LOT OF  
7 QUESTIONS ABOUT HOW IT WAS FORMED AND WHY AND WHAT ITS  
8 REAL THRUST FOR THE INDIVIDUAL BOARD MEMBERS' ACTIVITIES  
9 WERE GOING TO BE AS DIRECTORS OF THIS BOARD. AND I THINK  
10 THAT THEY'VE COALESCED INTO A REAL HARDWORKING GROUP.  
11 THEY'RE ENTHUSIASTIC, THEY'RE EXCITED ABOUT THE  
12 OPPORTUNITY TO WORK WITH THE BOARD AND WITH LOCAL  
13 GOVERNMENT IMPLEMENTING THE INTEGRATED WASTE MANAGEMENT  
14 PROGRAMS LOCALLY.

15 I THINK THAT WE'LL ALL BE GLAD THAT WE  
16 HELPED FACILITATE THIS ORGANIZATION.

17 CHAIRMAN MOSCONE: ANYTHING FURTHER? I  
18 UNDERSTAND THAT SOME STAFF MADE SOME PRESENTATIONS AT  
19 THIS CONFERENCE GOING ON, AND I KNOW THAT YOU WOULD  
20 PROBABLY GIVE REPORTS AT THE NEXT MEETING AND COULD BE  
21 THAT SOME OF US MAY NOT BE THERE. I WAS JUST A LITTLE  
22 CURIOUS AS TO WHO MADE PRESENTATIONS AND --

23 MR. CHESBRO: I WAS NOT IN MY CAPACITY AS A  
24 BOARD MEMBER, BUT AS A COUNTY SUPERVISOR AT THE TIME I  
25 WAS INVITED. I MODERATED A PANEL OF REPRESENTATIVES OF,

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1 I THINK, FIVE STATES -- FIVE DIFFERENT STATES TO TALK  
2 ABOUT LEGISLATION, INVOLVING SOLID WASTE AND RECYCLING,  
3 AND ONE OF THE SPEAKERS ON THAT PANEL WAS GEORGE  
4 REPRESENTING CALIFORNIA. AND I WOUND UP CHAIRING IT --  
5 OR MODERATING IT AS A NEWLY APPOINTED BOARD MEMBER TO  
6 THIS BOARD. BUT ANYWAY, THAT WAS ONE ROLE I PLAYED. AND  
7 GEORGE MIGHT WANT TO COMMENT ON HIS PARTICIPATION.

8 MR. LARSON: I DID GET THAT OPPORTUNITY, AND IT  
9 WAS THE VARIETY OF PEOPLE AT THIS CONFERENCE. AND I DID  
10 ASK THOSE, BY RAISE OF HAND, WHO CAME FROM OUT OF STATE,  
11 AND IT WAS A VAST MAJORITY CAME FROM OUT OF STATE SO THE  
12 SHARING OF INFORMATION BETWEEN THE STATES THAT HAD  
13 RECENTLY, WITHIN THE LAST COUPLE OF YEARS, INSTITUTED OR  
14 IMPLEMENTED OR IN THE PROCESS OF IMPLEMENTING AN  
15 INTEGRATED WASTE MANAGEMENT LAW. THERE WAS, I THOUGHT,  
16 GOOD OPPORTUNITY THERE, AND I JUST GAVE THE CALIFORNIA  
17 EXPERIENCE, WHERE WE ARE RIGHT NOW, AND I SAW IT AS A BIG  
18 BENEFIT.

19 MR. OLDALL: AND CAROLE BROW DID ALSO ACT AS A  
20 MODERATOR ON ONE OF THE PLANNING RECYCLING PROGRAMS  
21 PANELS AS WELL, JOHN.

22 CHAIRMAN MOSCONE: VERY GOOD. GLAD TO HEAR IT.

23 IF THERE'S NOTHING FURTHER AND WITH THE  
24 ANNOUNCEMENT THAT THE NEXT MEETING WILL BE THE 27TH AND  
25 28TH OF SEPTEMBER IN SACRAMENTO, THE MEETING IS THEN

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ADJOURNED.

(END OF PROCEEDINGS.)



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REPORTER'S CERTIFICATE

I, Beth C. Drain HEREBY CERTIFY  
THAT ON THE 23<sup>rd</sup> DAY OF AUGUST 1990,  
I DID REPORT IN SHORTHAND THE TESTIMONY AND PROCEEDINGS  
OF THE FOREGOING HEARING;

THAT AT THE CONCLUSION OF THE ABOVE ENTITLED  
MATTER, I DID TRANSCRIBE MY SHORTHAND NOTES INTO  
TYPEWRITING, AND THAT THE FOREGOING TRANSCRIPT IS A TRUE  
AND CORRECT COPY OF MY SHORTHAND NOTES THEREOF.

Beth C. Drain  
CERTIFIED SHORTHAND REPORTER  
CERTIFICATE NO. 7152



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