



# DEPARTMENT OF CONSERVATION

## DIVISION OF RECYCLING

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**October 20, 2009**

### NOTICE

**TO: All Recycling Program Participants**

**SUBJECT: Proportional Reductions in Payments**

After careful analysis, the Department of Conservation (Department) has determined that there will be inadequate monies in the Beverage Container Recycling Fund (Fund) to make all of the payments specified in Public Resources Code (PRC) Sections 14575 and 14581. The Department notified the Legislature on May 29, 2009 of the inadequacy of available funds, as required by PRC Section 14581(c). A second letter was sent to the Legislature on October 15, 2009, updating key committees about the Fund Condition and notifying them that further reductions of expenditures from the Fund are necessary.

This letter advises of the specific changes the Department expects to make due to lack of monies in the Fund to make payments specified in PRC Sections 14575 and 14581. The financial obligations specified in these sections are reduced proportionally as required by Section 14581(d). The amount of this reduction will be 100 percent for all transactions that occur on and after November 1, 2009. Note that this reduction does not affect the California Redemption or Refund Value collected or paid, nor does it affect administrative fees retained or paid as defined in the PRC.

The following table describes the impact of the proportionate reduction on the various payments, fees, and other components of the Recycling Program.

	<b>2008</b>	<b>Original 2009 Processing Fee</b>	<b>Processing Fee as of July 1, 2009</b>	<b>Processing Fee as of November 1, 2009</b>
<b>Processing Fee</b>	<b>Per Container</b>	<b>Per Container</b>	<b>Per Container</b>	<b>Per Container</b>
Glass	\$0.00240	\$0.00228	\$0.01481	\$0.01692
PET	\$0.00072	\$0.00047	\$0.00389	\$0.00445
HDPE	\$0.00216	\$0.00150	\$0.01007	\$0.01158
PVC	\$0.02505	\$0.02381	\$0.02381	\$0.02381
LDPE	\$0.01691	\$0.01573	\$0.01573	\$0.01573
PP	\$0.09013	\$0.08508	\$0.08508	\$0.08508
PS	\$0.00507	\$0.00219	\$0.00219	\$0.00219
#7 OTHER	\$0.04217	\$0.05270	\$0.05270	\$0.05270
BIMETAL	\$0.04825	\$0.06902	\$0.06902	\$0.06902

	2008	Original 2009 Processing Payment	Processing Payment as of July 1, 2009	Processing Payment as of November 1, 2009
<b>Processing Payment</b>	<b>Per Container</b>	<b>Per Container</b>	<b>Per Container</b>	<b>Per Container</b>
Glass	\$0.02461	\$0.02603	\$0.02278	\$0.01991
PET	\$0.00696	\$0.00685	\$0.00685	\$0.00593
HDPE	\$0.01803	\$0.01781	\$0.01302	\$0.01206
PVC	\$0.03855	\$0.03664	\$0.03664	\$0.03664
LDPE	\$0.02601	\$0.02420	\$0.02420	\$0.02420
PP	\$0.13866	\$0.13089	\$0.13089	\$0.13089
PS	\$0.00779	\$0.00337	\$0.00337	\$0.00337
#7 OTHER	\$0.06488	\$0.08108	\$0.08108	\$0.08108
BIMETAL	\$0.07423	\$0.10618	\$0.10618	\$0.10618
<b>Handling Fees</b>	<b>Per Container</b>	<b>Per Container</b>	<b>July 1, 2009 Per Container Payment</b>	<b>November 1, 2009 Per Container Payment</b>
Handling Fees	\$0.00980	\$0.00980	\$0.00147	\$0
<b>Other \$14581 Programs</b>	<b>Gross</b>	<b>FY 08/09 Gross</b>	<b>Funding Available as of July 1, 2009</b>	<b>Funding Available as of November 1, 2009</b>
Curbside Supplemental Payments	\$15,000,000	\$15,000,000	\$2,250,000	\$749,250
Grants - Local Conservation Corps	\$18,972,564	\$19,459,686	\$2,918,953	\$972,011
Payments to Cities and Counties	\$10,500,000	\$10,500,000	\$1,575,000	\$524,475
Non-Profit Competitive Grants	\$1,500,000	\$1,500,000	\$225,000	\$74,925
Quality Incentive Payments	\$15,000,000	\$15,000,000	\$2,250,000	\$749,250
Market Development Grants	\$20,000,000	\$20,000,000	\$3,000,000	\$999,000
Recycler Incentive Program	\$10,000,000	\$5,000,000	\$750,000	\$249,750
Plastic Market Development	\$5,000,000	\$5,000,000	\$750,000	\$249,750
Public Education and Information	\$5,000,000	\$5,000,000	\$750,000	\$249,750
Community Beverage Container Grants	NA	\$8,000,000	\$1,200,000	\$399,600

Please see Table I (Attachment) for a further breakdown of the 2009 Processing Payments. The Fund condition will continue to be reviewed on a quarterly basis and further adjustments may be implemented, contingent upon future Fund balances. As indicated above, payments to processors and recyclers for refund values (CRV) and administrative fees will continue to be made in full and will not be impacted.

Jason Marshall  
 Acting Assistant Director  
 for Recycling  
 Attachment

<b>Table I</b>										
<b>2009 Processing Payments</b>										
<b>Effective November 1, 2009</b>										
<b>Glass, Bimetal and Plastic</b>										
	Glass	Plastic								Bimetal
		PET	HDPE	Vinyl	LDPE	PP	PS	Other		
Cost of Recycling per Ton with Reasonable Financial Return	\$105.96	\$532.95	\$558.51	\$815.91	\$2,072.88	\$878.90	\$695.14	\$827.69	\$985.68	
Scrap Value per Ton	\$5.99	\$316.63	\$337.61	\$97.84	\$1.64	\$41.19	\$214.30	(\$47.96)	\$8.83	
<b>Processing Payments to Recyclers</b>										
Processing Payment Per Ton Redeemed	\$99.97	\$216.32	\$220.90	\$718.07	\$2,071.24	\$837.71	\$480.84	\$875.65	\$976.85	
Proportionally Reduced Processing Payment Per Ton	\$76.44	\$187.48	\$149.57	\$718.07	\$2,071.24	\$837.71	\$480.84	\$875.65	\$976.85	
<b>Processing Payment Per Pound Redeemed (To be used on DR6)</b>	<b>\$0.03822</b>	<b>\$0.09374</b>	<b>\$0.07478</b>	<b>\$0.35904</b>	<b>\$1.03562</b>	<b>\$0.41886</b>	<b>\$0.24042</b>	<b>\$0.43783</b>	<b>\$0.48843</b>	