

# Handling Fee Guidelines

Recycle



JULY 1, 2008

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# INTRODUCTION

These guidelines describe the methods the California Department of Conservation (Department) will use to make handling fee payments (HFs) to qualified recyclers. These guidelines also provide information and procedures that recyclers should understand and follow in order to apply for and receive HFs. The Department has adopted these guidelines pursuant to Public Resources Code (PRC) Section 14585 as amended by Chapter 907, Statutes of 2006, effective September 30, 2006. PRC Codes in this text are mentioned in Appendix A.

While the Department has made every attempt to ensure accuracy and completeness, these guidelines are advisory only and do not replace or supersede either the Public Resources Code or the Department's California Code of Regulations (CCR). Questions relating to handling fees ultimately will be resolved using the provisions of statute and regulation and not by reference to these guidelines.

## DEFINITION AND PURPOSE OF HANDLING FEES

### WHAT ARE HANDLING FEES?

Handling fees are monthly payments made by the Department to recycling centers that meet certain eligibility requirements. A recycler can receive a monthly HF payment of 0.98 cents (\$0.0098) for each eligible container redeemed at an eligible center.

### WHAT IS THE PURPOSE OF HANDLING FEES?

The Department makes HF payments to recyclers in order to provide incentives for the convenient redemption of empty beverage containers. These payments encourage increased redemptions and reward operational efficiency at supermarket site recycling centers, nonprofit convenience zone recycling centers and rural region recycling centers operating within convenience zones (CZ).

The HF is based solely on actual numbers of containers redeemed as reported on a calendar monthly basis.

A monthly report of redemption weights will serve as a monthly HF application. (See Section: "Applying for Handling Fees".) There is no cap on the monthly handling fee payment amount.



## ELIGIBILITY

### WHAT RECYCLING CENTER CATEGORIES ARE ELIGIBLE FOR HFS?

To be eligible for HFs, a recycler must be one of the following types of recycling centers:

- **Supermarket Site Recycling Center**

To be qualified as a "supermarket site", your recycling center must be located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

- **Nonprofit Convenience Zone Recycling Center**

To be qualified as a nonprofit convenience zone recycling center, the operator of the site must be a **nonprofit** organization as established under Section 501(c) or 501(d) of Title 26 of the United States Code and has recycling centers which are certified and located **somewhere** within a convenience zone. The location of the recycling center need not be at a supermarket site.

- **Rural Region Recycling Center**

To be qualified as a rural region recycling center, the recycling center must be located in a rural region as defined by the Farmer's Home Loan Administration criteria pursuant to 14571 (b)(2)(A) and the recycling center is located **somewhere** within a convenience zone. The location of the recycling center need not be at a supermarket site. Please refer to the "Rural Region Recycler Information" segment within this section for more options pertaining to HFs.

The Department will inspect each of the above recycling centers to determine whether such sites meet their respective proximity requirements within a convenience zone.

### WHAT CRITERIA MUST ALL ELIGIBLE RECYCLING CENTERS MEET?

The Department determines each month the handling fee eligibility for every recycling location. To be eligible for a HF, a recycling center must be all of the following on the first day of the calendar month for which HFs are claimed:

- **Certified and Operational Requirements**

As a certified recycling center, you are obligated to be certified and operational as of the first day of the reporting month in accordance with Division 12.1 of the California PRC and Title 14 of the CCRs. Repeated violations of these laws or regulations can result in decertification of your facility and the loss of your HF award. The Department closely monitors each facility for violations. (See PRC Section 14585(a).)

- **The Sole Recycler in the Zone**

The only certified, non-grandfathered recycling center in a convenience zone. (See PRC Section 14585(c)(1).)

## A RECYCLING CENTER MUST NOT BE ANY OF THE FOLLOWING:

- **Second-In-A-Zone**  
An entity that causes another recycler in the same zone to no longer be eligible to receive HFs. Entities that locate in a particular zone thereby causing another recycler to become ineligible to receive handling fees, will never be eligible for handling fees in that zone. This prohibition will apply even if the original recycler decertifies. It also applies to grandfathered facilities which elect to begin accepting all material types. (See PRC Section 14585(c)(1).)
- **Grandfathered**  
A "grandfathered" facility, accepting fewer than all material types. (See PRC Section 14572(b).)

## RURAL REGION RECYCLER INFORMATION

**Rural Sites**  
In common with supermarket site recycling centers and nonprofit convenience zone recycling centers, a rural region recycling center can apply for a single handling fee payment for each recycling center within a convenience zone. Each Handling Fee Application (DR-14) would be calculated to determine the handling fee payment. The handling fee payment would reflect the containers redeemed at one and only one recycling location. (See PRC Section 14585(c)(2) and PRC Section 14525.5.1.)

To qualify for this handling fee option a recycling center location must:

- Operate a minimum of 30 hours per week, and
- Meet the requirements under the ELIGIBILITY Section.

## WHAT MIGHT MAKE ALL RECYCLING CENTERS INELIGIBLE FOR HANDLING FEES?

Despite being eligible for HFs in previous months, your site could become ineligible in subsequent months based on a variety of situations. For example:

- **Second Recycler Certifies**  
Another recycling center certifies and begins operating within the convenience zone in which you are otherwise eligible to receive HFs. Your site's HF eligibility will end sixty (60) days from the operational date of the second recycling center.
- **Deletion of a Zone**  
The convenience zone served by your facility is deleted due to the permanent closure of the supermarket. In this situation, your site will become ineligible for HFs at the end of the month in which the supermarket closes.
- **Non-Operation or Decertification**  
Your center ceases to operate or decertifies. You will not receive HFs for any period during which your site was not certified and operational as of the first day of the reporting month.



# APPLYING FOR HANDLING FEES

## HOW DO YOU APPLY?

Recycling Center operators must submit a Handling Fee Application (DR-14) each month to:

### **IKON Business Information Service**

P.O. Box 277850  
Attention: PRPS UNIT DR-14  
Sacramento, CA 95827

A copy of the DR-14 to be used is located in Appendix C. The "reporting month" is the calendar month for which a HF is being claimed. On this application you must accurately report your receipts-and-logs redemption weights, in tenths of pounds, for all material types redeemed from consumers during the reporting month. The information submitted on these applications must correspond to your daily receipts and logs.

Each application must be for only one calendar month and one eligible recycling site (See Eligibility Section). Your application must be submitted monthly and **must be postmarked no later than the first day of the second month following the reporting month, for example, for the reporting month of January 2007, the handling fee application (DR-14) is due to be postmarked no later than March 1, 2007. Your application will be rejected if it is (1) postmarked after this date, or (2) incorrectly completed. If your application is rejected, you will not receive payment for that reporting month and your HF payment will be forfeited.** This forfeiture will not affect your HF eligibility for any future month. As an applicant, you bear sole responsibility for meeting the reporting deadline.

These reporting requirements, along with line-by-line instructions on completing the DR-14, can be found in the Participant Manual for recyclers, which is available from:

### **IKON Business Information Service**

3062 Prospect Park Drive, Suite A  
Attn.: PRPS Unit-Order Department  
Sacramento, CA 95670

**(916) 852-1010**

## WHAT CONSIDERATIONS PERTAIN TO YOUR APPLICATION?

Several considerations pertain to your HF application. Keep these issues in mind as you complete your application.

**First**, the Handling Fee Application covers one calendar month only. To continue receiving HFs, you must reapply for each subsequent month.

**Second**, by signing and submitting the DR-14, you are certifying that the reported redemption weights were redeemed: (1) only by the recycling center at the site reported on the application, (2) only from

consumers, (3) only during the reporting month and (4) only during periods when the recycling center was open for business.

**Third**, by signing the DR-14 you are certifying that you understand that the form is only an application for HF and that the final determination of eligibility for, and amount of, HF payments will be made by the Department.

**Fourth**, civil penalties of up to five thousand dollars (\$5,000) per day may be assessed for violation of the laws and regulations governing the DR-14. Submission of false information on a HF application with intent to defraud is a crime punishable by substantial fines, up to three years of imprisonment, or both.



# CALCULATIONS & PAYMENTS

## HOW WILL THE DEPARTMENT CALCULATE YOUR HANDLING FEE?

After determining that a site meets the eligibility criteria as described in the Eligibility Section, the Department will then calculate your handling fee.

### STEP ONE

## WEIGHT-TO-CONTAINER CONVERSION

The Department first converts the reported redemption weights to containers using, for each material type, the Department's statewide-average container-per-pound rates.

The site reports redemption weights for January 2000 that the Department has converted to the following container counts:

$$\begin{array}{r} \text{Aluminum} = 125,000 \\ \text{Plus Glass} = 31,000 \\ \text{Plus PET} = 20,000 \\ \text{Plus Bimetal} = 0 \\ \hline \text{Equals } 176,000 \text{ Total Containers} \end{array}$$

### STEP TWO

## ELIGIBLE CONTAINER DETERMINATION

The Department then determines the Site's number of eligible containers by taking the lesser of the Site's total containers or the Site's total glass and PET containers divided by the eligibility percentage, which is fixed at 10 percent, effective January 1, 2000.

$$\begin{array}{r} \text{Plus Aluminum} \\ \text{Plus Glass} \\ \text{Plus PET} \\ \text{Plus Bimetal} \\ \hline \text{Equals Eligible Containers} \end{array}$$

OR

$$\begin{array}{r} \text{Plus Glass} \\ \text{Plus PET} \\ \hline \text{Equals Total Glass and PET} \end{array}$$

Total Glass and PET Divided by Eligibility Percentage

Equals Eligible Containers  
whichever is less.

What is the Site's eligible monthly volume?

**(Containers)**

	125,000
Plus	31,000
Plus	20,000
Plus	0
<hr/>	
Equals	176,000

**OR**

	31,000
Plus	20,000
<hr/>	
Equals	51,000
	51,000
Divided by	.10
<hr/>	
Equals	510,000

whichever is less.

The Site's eligible volume is 176,000 containers.

**STEP THREE**

**HANDLING FEE  
CALCULATION**

The Department then calculates the Site's handling fee as \$0.0098 times the eligible number of containers.

	Eligible Containers
Multiplied by	\$0.0098
<hr/>	
Equals	Handling Fees.

	176,000
Multiplied by	\$0.0098
<hr/>	
Equals	\$1,724.80.

**HOW ARE SITES  
RANKED?**

In the situation described above, sites will be ranked in descending order of their eligible number of containers. Sites with higher numbers of eligible containers will receive their full HFs before sites with lower numbers of containers receive any HFs. This ranking acts as an additional incentive for you to increase your redemptions.

## HOW WILL YOUR HANDLING FEE CLAIMS BE PROCESSED?

The Department will process handling fee payments as follows:

- **Eligibility Determination**

The Department's Industry Services Branch produces a monthly listing of all sites that meet the eligibility requirements shown in the "Eligibility Section" and submits this list to IKON.

- **Application Processing**

IKON receives applications (DR-14s) from recyclers, checks each for completeness and accuracy, determines whether the applicant is on the Department's eligibility list, calculates the handling fees and submits a report to the Department for review.

- **Final Review**

The Department reviews the report, makes a final determination that funds are available, and, as appropriate, authorizes payment.

- **Award Notices and Claims Schedules**

IKON mails a notice to each recycler listing the status of each handling fee application. The Department authorizes a claims schedule which is submitted to the State Controller's Office.

- **Checks**

The State Controller's Office produces checks based on the claims schedule and sends those checks to the mailing address shown on the HF application.

## RECORD KEEPING

### WHAT RECORDS DO YOU NEED TO KEEP?

As an operator of a site receiving handling fees, you must maintain certain records for each location where beverage containers are redeemed. You also must be prepared to take any other action necessary for the Department to determine that your site does not receive an excessive or incorrect handling fee. Specifically, the Department requires that you keep the following records for every recycling site:

- The Site's daily transaction receipts and logs
- The Site's daily summaries
- The participant's copy of any submitted Handling Fee Applications.

These record-keeping requirements are in addition to, and do not supersede, any other requirements imposed by statute or regulation.

# APPEALS

## HOW DO YOU APPEAL A HANDLING FEE DENIAL?

If you believe that the Department incorrectly determined or denied your HF claim, you may appeal the Department's decision. Prior to filing a formal appeal, however, you should first contact IKON at (916) 852-1010. IKON's analysts will attempt to answer your questions and may refer your call to Department staff for further research and review. If this process does not resolve the issue to your satisfaction and if you still believe that the Department's determination or denial is in error, you may file a formal appeal in the manner outlined below.

Regardless of whether or not you contact IKON by telephone, if you choose to appeal a HF denial, your appeal must be submitted in writing within 30 calendar days of the payment date or of the date of the applicable Notice of Denial. Appeals submitted after this 30-day period may be rejected by the Department.

To ensure a timely review, your written appeal must include all of the following:

A list of the certification number(s) and facility address(es) involved  
The month(s) and year(s) in question  
For appeals of denials, the canceled, original DR-14(s) and Notice(s) of Denial

- For appeals of payment determinations, a copy of the Remittance Advice(s)
- A short explanation of why you believe each denial or determination is in error
- Any other documentation that supports your appeal

You should submit your appeal to:

State of California  
**Department of Conservation**  
**Division of Recycling**  
ATTN: Handling Fees MS 15-29  
801 K Street  
Sacramento, CA 95814-3533

**(916) 322-4867** or  
**1-800-RECYCLE** (in CA only)

The Department will respond to your appeal in writing within fifteen (15) working days of the receipt of your letter.

This departmental appeal process may not exhaust your administrative and legal options. If you are not satisfied with the Department's decision, you should seek legal advice on your available remedies.



## ADDITIONAL INFORMATION

### IMPORTANT PHONE NUMBERS AND ADDRESSES

If you have questions regarding the overall administration of the handling fee program, or questions regarding the HF eligibility of a particular recycling location, please contact the Department's Industry Services Branch at **(916) 322-4867**.

If you need additional **DR-14s**, please contact **IKON** at **(916) 852-1010**.

### WHERE YOU CAN REACH US

#### **For General Questions:**

State of California  
**Department of Conservation**  
**Division of Recycling**  
ATTN: Handling Fees MS 15-29  
801 K Street  
Sacramento, CA 95814-3533

**(916) 322-4867** or  
**1-800-RECYCLE** (in CA only)

#### **To Submit Handling Fee Applications (DR-14s):**

**IKON Business Information Service**  
P.O. Box 277850  
Attention: PRPS UNIT DR-14  
Sacramento, CA 95827

#### **To Order Application Form or Inquire About Application Status:**

**IKON Business Information Service**  
3062 Prospect Park Drive, Suite A  
Attn.: PRPS Unit-Order Department  
Sacramento, CA 95670

**(916) 852-1010**  
FAX **(916) 638-0909**

# APPENDIX A: EXCERPTS FROM THE CALIFORNIA BEVERAGE CONTAINER RECYCLING & LITTER REDUCTION ACT & RELATED CODE SECTIONS

The following excerpted sections of the California Beverage Container Recycling and Litter Reduction Act (the Act), Public Resources Code Division 12.1 as effective January 1, 2004, are provided here to assist you in completing the Handling Fee Application. A complete copy of the Act may be obtained by contacting the Department of Conservation at 1-800-RECYCLE (in CA only). (All section numbers refer to the Public Resources Code.)

## DEFINITIONS

**14509.4.** "Convenience zone" means all of the following:

- (a) The area within a one-half mile radius of a supermarket.
- (b) The area designated by the department pursuant to Section 14571.5.

**14571.5. Convenience Zones In Rural Regions:** The department may, in a rural region, as identified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, upon petition by an interested person, do either of the following:

- (a) (1) Increase a convenience zone to include the area within a three-mile radius of a supermarket, if the expanded convenience zone would then be served by a single existing certified recycling center or location.  
  
(2) This subdivision applies only to a convenience zone that is otherwise not being served by a certified recycling center or location meeting the requirements of Section 14571 or is exempted by the department pursuant to Section 14571.8.
- (b) (1) Designate a convenience zone pursuant to Section 14571.1 in an area where there is no supermarket, but with two or more dealers located within a one-mile radius of each other, and that meets all of the following criteria:
  - (A) The dealers in that area have combined gross annual sales of two million dollars (\$2,000,000) or more, as certified by the petitioner in an affidavit filed with the petition.
  - (B) The convenience zone encompasses a three-mile radius, with the center of the zone established at the dealer, located closest to the existing recycling center specified in subparagraph (D).
  - (C) The convenience zone does not overlap any other existing convenience zone.
  - (D) The convenience zone is served by a single existing certified recycling center.
- (2) The department shall identify the dealer locations only for



the purpose of providing a reference point in the establishment of the convenience zone pursuant to this subdivision.

- (3) If the existing recycling location in a convenience zone designated pursuant to this subdivision ceases operations, the convenience zone shall also cease to exist until a new recycling location is established, and the department is petitioned by an interested person to designate a convenience zone.

**14510.** *"Dealer"* means a retail establishment which offers the sale of beverages in beverage containers to consumers. However, any lodging, eating, or drinking establishment, or soft drink vending machine operator who engages in the sale of beverages in beverage containers to consumers shall not be deemed a dealer for the purposes of this division, except that these sales are subject to Section 14560. To determine which retail establishments are dealers, the Department shall use annual or more frequent updates provided by American Business Information, Inc., as long as the information provided by American Business Information, Inc., is updated at least annually.

**14513.4.** *"Handling fees"* means an amount paid to an operator of a supermarket site, a rural region recycler, as defined in Section 14525.5.1, or a nonprofit convenience zone recycler, as defined in Section 14514.7, that is located in a convenience zone for every beverage container redeemed by the operator at the supermarket or within the zone in which the supermarket site is located, by the rural region recycler, or by the nonprofit convenience zone recycler.

**14514.7.** *"Nonprofit convenience zone recycler"* means a recycling center that meets all of the following criteria: (a) The recycling center is operated by an organization established under Section 501(c) or 501(d) of Title 26 of the United States Code. (b) The recycling center is certified by the Department pursuant to Section 14538. (c) The recycling center is located within a convenience zone, but is not necessarily a supermarket site.

**14522.5.** *"Redemption"* and *"redeem"* mean the return to a recycling center or location of an empty beverage container for a refund of at least the refund value.

**14525.5.1.** *"Rural region recycler"* means an operator that is certified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, and who accepts or collects empty beverage containers from consumers pursuant to Section 14572 with the intention to recycle them.

**14526.6.** *"Supermarket site"* means any certified recycling center which redeems all types of empty beverage containers in accordance with Section 14572, and which is located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

## RELATED CODE SECTIONS

**14538. ... (c)** The Department may recover, in restitution pursuant to paragraph (5) of subdivision (c) of Section 14591.2, payments made from the fund to the certified recycling center pursuant to Section 14573.5 that are based on the documents specified in paragraph (7) and that are not prepared or maintained in compliance with the Department's regulations and that do not allow the Department to verify claims for program payments.

**14571(b)(2)(A).** ... The recycling center is in a rural region. For purposes of this subparagraph, "rural region" means a nonurban area identified by the Department on an annual basis using Farmers Home Loan Administration criteria. Those criteria include, but are not limited to places, open country, cities, towns, or census designated places with populations that are less than 10,000 persons. The Department may designate an area with a population of between 10,000 and 50,000 persons as a rural region, unless the area is identified as part of, or associated with, an urban area, as determined by the Department on an individual basis.

## HANDLING FEES

**14585. (a)** The department shall adopt guidelines and methods for paying handling fees to supermarket sites, nonprofit convenience zone recyclers, or rural region recyclers to provide an incentive for the redemption of empty beverage containers in convenience zones. The guidelines shall include, but not be limited to, all of the following:

(1) Handling fees shall be paid on a monthly basis, in the form and manner adopted by the department. The department shall require that claims for the handling fee be filed with the department not later than the first day of the second month following the month for which the handling fee is claimed as a condition of receiving any handling fee.

(2) (A) To be eligible for any handling fee, a supermarket site recycling center, nonprofit convenience zone recycler, or rural region recycler shall redeem not less than 60,000 beverage containers, during the calendar month in which the handling fee is claimed or have redeemed not less than an average of 60,000 beverage containers per month during the previous 12 months.

(B) Subparagraph (A) shall not apply on and after July 1, 2008.

(3) (A) A beverage container with a capacity of 24 fluid ounces or more shall be considered as two beverage containers for purposes of determining the eligibility percentage, any handling fee calculations, and payments.

(B) Subparagraph (A) shall not apply on and after July 1, 2008.

(4) The department shall determine the number of eligible containers per site for which a handling fee will be paid in the following manner:

(A) Each eligible site's combined monthly volume of glass and plastic beverage containers shall be divided by the site's total monthly volume of all empty beverage container types.



(B) If the quotient determined pursuant to subparagraph (A) is equal to, or more than, 10 percent, the total monthly volume of the site shall be the maximum volume which is eligible for a handling fee for that month.

(C) If the quotient determined pursuant to subparagraph (A) is less than 10 percent, the department shall divide the volume of glass and plastic beverage containers by 10 percent. That quotient shall be the maximum volume that is eligible for a handling fee for that month.

(5) (A) From the effective date of the statute enacted by Assembly Bill 3056 of the 2005-06 Regular Session to June 30, 2008, inclusive, the department shall pay a handling fee of 1.8 cents (\$0.018) per eligible beverage container, as determined pursuant to paragraph (4).

(B) On and after July 1, 2008, the department shall pay a handling fee per eligible container in the amount determined pursuant to subdivision (f)

(6) (A) Notwithstanding paragraph (5), the total handling fee payment to a supermarket site, nonprofit convenience zone recycler, or rural region recycler shall not exceed two thousand three hundred dollars (\$2,300) per month.

(B) Subparagraph (A) shall not apply on and after July 1, 2008.

(7) If the eligible volume in any given month would result in handling fee payments that exceed the allocation of funds for that month, as provided in subdivision (b), sites with higher eligible monthly volumes shall receive handling fees for their entire eligible monthly volume before sites with lower eligible monthly volumes receive any handling fees.

(8) (A) If a dealer where a supermarket site, nonprofit convenience zone recycler, or rural region recycler is located ceases operation for remodeling or for a change of ownership, the operator of that supermarket site nonprofit convenience zone recycler, or rural region recycler shall be eligible to apply for handling fees for that site for a period of three months following the date of the closure of the dealer.

(B) Every supermarket site operator, nonprofit convenience zone recycler, or rural region recycler shall promptly notify the department of the closure of the dealer where the supermarket site, nonprofit convenience zone recycler, or rural region recycler is located.

(C) Notwithstanding subparagraph (A), any operator who fails to provide notification to the department pursuant to subparagraph (B) shall not be eligible to apply for handling fees.

(b) The department may allocate the amount authorized for expenditure for the payment of handling fees pursuant to paragraph (1) of subdivision (a) of Section 14581 on a monthly

basis and may carry over any unexpended monthly allocation to a subsequent month or months. However, unexpended monthly allocations shall not be carried over to a subsequent fiscal year for the purpose of paying handling fees but may be carried over for any other purpose pursuant to Section 14581.

(c) (1) The department shall not make handling fee payments to more than one certified recycling center in a convenience zone. If a dealer is located in more than one convenience zone, the department shall offer a single handling fee payment to a supermarket site located at that dealer. This handling fee payment shall not be split between the affected zones. The department shall stop making handling fee payments if another recycling center certifies to operate within the convenience zone without receiving payments pursuant to this section, if the department monitors the performance of the other recycling center for 60 days and determines that the recycling center is in compliance with this division. Any recycling center that locates in a convenience zone, thereby causing a preexisting recycling center to become ineligible to receive handling fee payments, is ineligible to receive any handling fee payments in that convenience zone.

(2) The department shall offer a single handling fee payment to a rural region recycler located anywhere inside a convenience zone, if that convenience zone is not served by another certified recycling center and the rural region recycler does either of the following:

(A) Operates a minimum of 30 hours per week in one convenience zone.

(B) Serves two or more convenience zones, and meets all of the following criteria:

(i) Is the only certified recycler within each convenience zone.

(ii) Is open and operating at least eight hours per week in each convenience zone and is certified at each location.

(iii) Operates at least 30 hours per week in total for all convenience zones served.

(d) The department may require the operator of a supermarket site or rural region recycler receiving handling fees to maintain records for each location where beverage containers are redeemed, and may require the supermarket site or rural region recycler to take any other action necessary for the department to determine that the supermarket site or rural region recycler does not receive an excessive handling fee.

(e) The department may determine and utilize a standard container per pound rate, for each material type, for the purpose of calculating volumes and making handling fee payments.



(f) (1) On or before January 1, 2008, and every two years thereafter, the department shall conduct a survey pursuant to this subdivision of a statistically significant sample of certified recycling centers that receive handling fee payments to determine the actual cost incurred for the redemption of empty beverage containers by those certified recycling centers. The department shall conduct these cost surveys in conjunction with the cost surveys performed by the department pursuant to subdivision (b) of Section 14575 to determine processing payments and processing fees. The department shall include, in determining the actual costs, only those allowable costs contained in the regulations adopted pursuant to this division that are used by the department to conduct cost surveys pursuant to subdivision (b) of Section 14575.

- (2) Using the information obtained pursuant to paragraph (1), the department shall then determine the statewide weighted average cost incurred for the redemption of empty beverage containers, per empty beverage container, at recycling centers that receive handling fees.
- (3) On and after July 1, 2008, the department shall determine the amount of the handling fee to be paid for each empty beverage container by subtracting the amount of the statewide weighted average cost per container to redeem empty beverage containers by recycling centers that do not receive handling fees from the amount of the statewide weighted average cost per container determined pursuant to paragraph (2).
- (4) The department shall adjust the statewide average cost determined pursuant to paragraph (2) for each beverage container annually to reflect changes in the cost of living, as measured by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency of the United States government.
- (5) The cost information collected pursuant to this section at recycling centers that receive handling fees shall not be used in the calculation of the processing payments determined pursuant to Section 14575.

**14585.5. (a)** The department shall not make handling fee payments to a supermarket site if the department determines that all empty beverage container types are not redeemed at the same physical location within the recycling location

- (b) A supermarket site that redeems all empty beverage container types at the same physical location within the recycling location, and issues script to consumers which is required to be redeemed at a nearby host business, is eligible to receive handling fee payments.

## APPENDIX B: GLOSSARY

The definitions provided below are intended to assist you in understanding the information presented in these guidelines. Like the guidelines themselves, however, these definitions are only advisory and do not replace or supersede the definitions contained in either the Public Resources Code or the Department's regulations. Questions about the meaning of any term related to handling fees will be resolved using the provisions of statute and regulation and not by reference to these guidelines.

### **Appeal**

A recycler's request for resolution of a HF payment problem.

### **Application**

The Handling Fee Application, Form DR-14

### **Award Notice**

A report which shows the status of HF determinations for a particular month for a particular recycling firm.

### **Certified**

An operator of a recycling center that has met the requirements for certification, pursuant to PRC Section 14538.

### **Claims Schedules**

Direction for the Controller on how to issue checks. Includes the name of the payee and the dollar amount and is accompanied by a Remittance Advice.

### **Convenience Zone**

A zone designated by the Department, defined as an area within a one-half mile radius of a supermarket with annual gross sales exceeding \$2 million. For more information, check our web site at <http://www.consrv.ca.gov/DOR/dmr/retailers/cz.htm>

### **Department**

Department of Conservation

### **Division**

Division of Recycling

### **DISC**

Please see IKON.

### **DR-14**

Handling Fee Application

### **Eligibility**

Eligibility refers to a recycler's qualifications for HFs.

### **Eligible Center**

A recycling center which meets the site requirements for HFs.



**Eligible Containers**

The lesser of the site’s total containers or the site’s glass and plastic containers divided by the eligibility percentage which is fixed at 10 percent effective January 1, 2000.

**Eligibility Percentage**

The eligibility percentage is fixed at 10 percent and is set by legislation. Historically the eligibility percentages have amounted to the following:

<b>Year</b>	<b>Eligibility Percentage</b>
1993 .....	30 %
1994 .....	24 %
1995 .....	26 %
1996 .....	20 %
2000 .....	10 %

**Fiscal Year**

The twelve month period beginning July 1 and ending June 30.

**Grandfathered**

A status given to any recycling center which was in existence on January 1, 1986 and has chosen not to accept all types of empty beverage containers, pursuant to PRC Section 14572(b).

**HF**

Handling fee

**Handling Fee Application**

Form DR-14 used by recyclers to apply for Handling Fees.

**IKON**

IKON Business Information Service (IKON). Formerly Data-Image Systems Corporation, the Department’s fiscal intermediary.

**Monthly Allocation**

The amount determined by the Department as appropriate for expenditure for handling fees for a particular month.

**Nonprofit convenience zone recycler**

“Nonprofit convenience zone recycler” means a recycling center that meets all of the following criteria:

- (a) The recycling center is operated by an organization established under Section 501(c) or 501(d) of Title 26 of the United States Code.
- (b) The recycling center is certified by the Department pursuant to Section 14538.
- (c) The recycling center is located within a convenience zone, but is not necessarily a supermarket site. (See PRC Section 14514.7)

**Notice of Denial**

A notice sent by IKON to the operator of sites which were denied handling fees. One notice is sent for each denied site, during a

particular month and explains why the site was denied. Notice of Denial is abbreviated as NOD.

### **PRC**

Public Resources Code

### **Participant Manual**

A manual prepared by IKON for industry participants of the Act. The manual contains basic information concerning the submission of documents as required by the accounting and reporting procedures regulations and operations policies.

### **Receipts and Logs**

Records kept by participants to record and substantiate their purchases, pursuant to PRC Section 14573.7. Used as a basis for reports and program payments.

### **Receipts-and-logs Redemption Weights**

Redemption weights reported on the DR-14 which reflect the participant's receipts and logs.

### **Recycling Center**

A recycling operation which is certified by the Department and which accepts from consumers, and pays or provides the refund value for, empty beverage containers intended to be recycled. Recycling Center is abbreviated as RC.

### **Redemption Weight**

The weight of the materials redeemed by consumers at the participant's facility.

### **Remittance Advice**

A document for mailing the check to the proper entity (recycler) which includes the payee's name and address and a description, for the participant, of what is being paid.

### **Reporting Month**

The calendar month for which the handling fee application is submitted.

### **Reverse Vending Machine**

A mechanical device which accepts one or more types of empty beverage containers and issues a cash refund or a redeemable credit slip with a value not less than the container's refund value. Reverse Vending Machine is abbreviated as RVM.

### **Rural Region**

"*Rural region*" means a nonurban area identified by the Department on an annual basis using Farmers Home Loan Administration criteria. Those criteria include, but are not limited to places, open country, cities, towns, or census designated places with populations that are less than 10,000 persons. The Department may designate an area with a population of between 10,000 and 50,000 persons as a rural region, unless the area is identified as part of, or associated with, an urban area, as determined by the Department on an individual basis. (See PRC Section 14571(b)(2)(A).)



**Rural Region Recycler**

*“Rural region recycler”* means an operator that is certified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, and who accepts or collects empty beverage containers from consumers pursuant to Section 14572 with the intention to recycle them. (See PRC Section 14525.5.1.)

**State Controller’s Office**

Agency responsible for the actual distribution of the checks for handling fees, based on the claims schedule provided by the Department. State Controller’s Office is abbreviated as SCO.

**Supermarket Site Recycling Center**

Any certified recycling center which redeems all types of empty beverage containers in accordance with Section 14572, and which is located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

# APPENDIX C: HANDLING FEE APPLICATION (DR-14)

## HANDLING FEE APPLICATION

STATE OF CALIFORNIA - The Resources Agency  
 DEPARTMENT OF CONSERVATION  
 Division of Recycling  
 DR-14 (1/00)



PRINTED ON RECYCLED PAPER

FOR STATE USE ONLY

CCN

FOR STATE USE ONLY

POSTMARK	AMOUNT	REC'D BY

### MONTHLY REPORT FOR THE MONTH OF \_\_\_\_\_, 20\_\_

NAME

MAILING ADDRESS

CONTACT PERSON

TELEPHONE NUMBER

CERT.#

- CHECK THIS BOX IF YOU HAVE A CHANGE OF MAILING ADDRESS.
- CHECK THIS BOX IF THERE IS A CHANGE OF OWNERSHIP OR CLOSE OF BUSINESS.

MATERIAL TYPE	RECEIPTS & LOGS REDEMPTION WEIGHT (TENTH OF LBS)	MATERIAL TYPE	RECEIPTS & LOGS REDEMPTION WEIGHT (TENTH OF LBS)
ALUMINUM	.	PLASTIC VINYL	.
GLASS	.	PLASTIC LDPE	.
BI-METAL	.	PLASTIC PP	.
PLASTIC PETE	.	PLASTIC PS	.
PLASTIC HDPE	.	PLASTIC OTHER	.

In order to be eligible for payment, the Handling Fee Application must be postmarked no later than the first day of the second month following the reporting month. Forms postmarked after this date and incorrectly completed forms will be denied for payment and the Handling Fee will be forfeited.

By signing and submitting this form, I certify that the redemption weights reported herein are only for the supermarket site, nonprofit convenience zone recycler, or rural region recycler indicated above. I also certify that I understand that this form is an application and that a final determination of eligibility for, and amount of, Handling Fee payments, if any, will be made by the Department of Conservation.

Civil penalties of up to five thousand dollars (\$5,000.00) per day may be assessed for violation of the laws and regulations governing this application. In addition, the submission of false information with intent to defraud is a crime punishable by substantial fines, up to three years of imprisonment, or both. Knowing this, I certify that the facts presented herein are true and correct to the best of my knowledge.

Recycler's Signature/Title

Date

FOR STATE ONLY

FORM SERIAL NUMBER (FSN):

RETURN TO: DEPARTMENT OF CONSERVATION, P.O. BOX 277850, SACRAMENTO, CA 95827

# NOTES