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September 22, 2022

**Via E-mail and U.S. Mail**

Honorable Erick Larsh, Presiding Judge  
Orange County Grand Jury  
700 Civic Center Drive West  
Santa Ana, CA 92701

**Subject: Response to Grand Jury Report Entitled “Where Have All the CRVs Gone”**

Dear Honorable Judge Larsh:

Please accept this letter as the City of Santa Ana’s response to the Grand Jury’s report entitled “Where Have All the CRVs Gone”. The City’s responses to the items requested by the Grand Jury specifically for the City of Santa Ana are: F1, F2, F3, F4, R1, R2, R3, R4.

### **FINDINGS:**

Based on its investigation described here, the 2021-2022 Orange County Grand Jury has arrived at the following principal findings:

**F1** *Due to the reduced availability of convenient CRV redemption sites and the lack of accurate online information, it is difficult for resident consumers to redeem CRV fees.*

**City’s Response:** Disagree wholly - According to CalRecycle’s records, Santa Ana has 22 buyback centers. These 22 buyback centers represent 20% of the 110 total buyback centers in Orange County while Santa Ana’s population comprises less than 10% of the County’s population. These buyback centers serve a population of 310,227, an average approximate density of one redemption center for every 14,100 people, which is 84% higher density than the California average of one redemption center for every 26,000 people. The City of Santa Ana’s redemption center density is also over two times higher than the Orange County average (one redemption center for 29,000 people). The high density of CRV redemption centers allows for residents of Santa Ana, and contiguous communities, to redeem CRV

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containers in a convenient manner. A map showing 22 redemption centers within the City limits is included as Attachment 1 to this letter.

**F2** *Because redemption site locations have diminished in number, waste haulers are the beneficiaries to the CRV fees paid originally by resident consumers.*

**City's Response:** Disagree wholly – Because of the high density of CRV redemption centers in the City of Santa Ana, and the propensity of residents of Santa Ana to redeem their CRV containers at these local centers, very low volumes of CRV end up in the curbside recycling program that is operated by the City's franchise hauler. For example, according to Waste Management's 2021 annual report, aluminum is 0.02% of the total residential waste stream (27.87 tons of aluminum out of 121,430.88 tons of total residential waste in 2021). According to CalRecycle's waste characterization study, 0.10% of Orange County's residential waste stream comprises aluminum cans. The City of Santa Ana has 1/5th the amount of aluminum cans in its residential waste stream when compared to the OC average due to the high density of CRV redemption centers in the City and the ease of CRV redemption enjoyed by residents. Visit [www2.calrecycle.ca.gov/WasteCharacterization/](http://www2.calrecycle.ca.gov/WasteCharacterization/) to view CalRecycle's waste characterization study.

Additionally, based on CRV redemption data provided by CalRecycle, the City's residents utilized buyback centers for 30.2 million lbs. of the total 42.9 million lbs. of CRV redeemed in the City. The hauler redeems only 30% of the total CRV in the City via curbside programs while recycling centers are used by residents to redeem 70% of CRV in the City. In an Orange County city with a lower density of redemption centers (approximately 1 buyback center for every 85,000 residents), 70% of CRV is hauler-redeemed and 30% is redeemed by residents via redemption centers.

**F3** *CalRecycle is attempting to improve CRV redemption and reduce CRV recyclables from landfills and are offering financial incentives to do so. Orange County and its cities are not fully taking advantage of the grant or pilot program opportunities available through CalRecycle.*

**City's Response:** Disagree wholly – As evidenced by the analysis included in the City's responses to Findings 1 and 2, CRV redemption levels are sufficiently high in Santa Ana without the need for additional funding or programs.

**F4** *Orange County and most OC Cities do not make CRV redemption and recycling a priority when negotiating their waste hauler contracts which results in missed financial opportunities and convenience for their residents.*

**City's Response:** Disagree wholly – the City recently completed a competitive Request for Proposals for trash and recycling services. The contract became effective July 1, 2022 and a new service provider, Republic Services, is now collecting materials in the City. The City included language in the contract that indicates the hauler receives all revenue from CRV materials that end up in the recycling bins, as well as the scrap value of both CRV and non-

CRV materials. As a condition of receiving these revenue streams, the hauler assumes all risks and rewards associated with fluctuations in commodity values. Additionally, the hauler is prohibited from requesting rate adjustments from the City if commodity pricing results in financial losses. The City believes this system of the hauler assuming all risks and rewards associated with commodity and/or CRV revenue protects the ratepayer by keeping the rates stable and consistent. Further, it provides an incentive to the hauler to maximize the amount of clean recyclable materials it accepts through recycling programs and to take measures to reduce CRV scavenging.

## RECOMMENDATIONS

**R1** *By January of 2023, each of the cities in Orange County should research and apply for available grants or pilot programs from CalRecycle for their community that focus on returning more CRV funds to their residents. (F3)*

**City's Response:** The recommendation will not be implemented because it is not warranted as the residents of Santa Ana currently enjoy convenient access to redemption centers. Further, the pilot programs highlighted in the Grand Jury report, while innovative and convenient for residents, are not financially sustainable. In a July 15<sup>th</sup> article titled 'Pilot mobile recycling programs aren't fix for California's crumbling system', the Orange County register found that the cost of redeeming a CRV container using the City of Irvine's mobile CRV pilot program exceeded the CRV value of the container. Further, the pilot program in Irvine did not appear to be 'scalable' beyond a pilot phase due to subscription, financial non-sustainability, and participation. Due to the already high participation from Santa Ana residents in existing CRV redemption programs, it is unlikely that such a program would have better outcomes in Santa Ana. Grant funding or additional programming are not needed in Santa Ana to increase residential CRV redemption levels at this time.

**R2** *By January of 2023, the Orange County Board of Supervisors should require OC Waste & Recycling to research and apply for available grants or pilot programs from CalRecycle for the unincorporated areas of OC that focus on returning more CRV funds to their residents. (F3)*

**City's Response:** This recommendation will not be implemented by the City of Santa Ana because it is not warranted as the City does not have jurisdiction over the unincorporated areas of Orange County. However, it is the City's understanding that there are CRV redemption resources available in cities located near unincorporated areas of Orange County. The City further understands that the small geographically isolated 'islands' of unincorporated County areas make mobile CRV programs or the placement of redemption centers infeasible. For these areas, hauler-provided curbside recycling programs are the most practical way to recover CRV materials.

**R3** *When renegotiating their current waste hauler contract, all cities and the County of Orange should assess the value of the CRV funds received by the waste hauler in their jurisdiction and creatively leverage this revenue for the benefit of their residents. (F2, F4)*

**City's Response:** This recommendation has been implemented. The City recently completed a competitive Request for Proposals for trash and recycling services. The contract became effective July 1, 2022 and a new service provider, Republic Services, is now collecting materials in the City. The City included language in the contract that indicates the hauler receives all revenue from CRV materials that end up in the recycling bins, as well as the scrap value of both CRV and non-CRV materials. As a condition of receiving these revenue streams, the hauler assumes all risks and rewards associated with fluctuations in commodity values. Additionally, the hauler is prohibited from requesting rate adjustments from the City if commodity pricing results in financial losses.

**R4** *By January of 2023, all cities and the County of Orange should develop extensive community outreach programs aimed at educating the public about how to access CRV redemption in their jurisdiction. (F1, F3)*

**City's Response:** The recommendation will not be implemented as it is not warranted. As noted in previous responses, residents of the City of Santa Ana enjoy convenient access to CRV redemption centers and are currently redeeming CRV containers at higher-than-average rates. It is the City's opinion that additional targeted marketing to increase residential CRV redemption is not needed in Santa Ana.

Thank you for the opportunity to respond to your request. If you have any questions, please feel free to call me at (714) 647-5200.

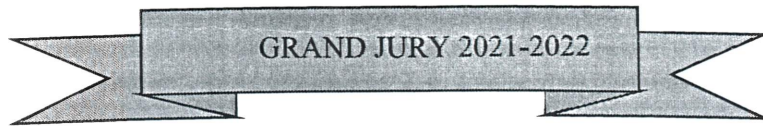
Sincerely,



Kristine Ridge  
City Manager

# Where Have All the CRVs Gone?

**CONFIDENTIAL**



# Where Have All the CRVs Gone?

Table of Contents

<b>SUMMARY</b> .....	3
<b>BACKGROUND</b> .....	3
<b>REASON FOR THE STUDY</b> .....	4
<b>METHOD OF STUDY</b> .....	5
<b>INVESTIGATION AND ANALYSIS</b> .....	5
<i>CRV Redemption</i> .....	5
<i>Waste Haulers</i> .....	9
<i>Beverage Container Recycling Pilot Program</i> .....	11
<i>Additional Grant Opportunities</i> .....	12
<i>Current State of Redemption Efforts in Orange County</i> .....	13
<b>FINDINGS</b> .....	14
<b>RECOMMENDATIONS</b> .....	14
<b>COMMENDATIONS</b> .....	15
<b>RESPONSES</b> .....	15
<b>Responses Required</b> .....	16
<b>Responses Requested</b> .....	19
<b>GLOSSARY</b> .....	20

# Where Have All the CRVs Gone?

## **SUMMARY**

Each year Californians pay over \$1.4 billion in California Refund Value (CRV) fees to the State of California, yet only a portion of those funds are redeemed by the consumer. Since 2013, more than 1,000 redemption centers have closed throughout California leaving 1,265 redemption centers statewide and only 109 in Orange County.<sup>1</sup> The quantity of convenient redemption centers is constantly changing. Where once the consumer need only return their cans and bottles to the grocery store to receive their money, today redemption could mean traveling many miles. Due to the reduction of CRV redemption sites, waste haulers have become the default beneficiaries and are paid the CRV redemption for the containers collected at curbside. Millions of dollars in CRV fees still go unclaimed. Currently this amount is over \$600 million, a portion of which belongs to Orange County residents.

This report will explore the lack of redemption sites and the innovative programs being piloted to return the CRV dollars to Orange County consumers. Based on the Orange County Grand Jury (OCGJ) investigation, we recommend all Orange County cities and the County of Orange assess the revenue stream from curbside pickup, processing, and sale of recyclable materials, and leverage this to benefit their residents when negotiating waste hauler contracts. They should also require waste hauler-funded additional redemption centers when negotiating contracts.

Additionally, the OCGJ recommends all cities and the County of Orange research and apply for available grants or pilot programs from Cal/EPA California Department of Resources Recycling and Recovery (CalRecycle) that focus on returning CRV funds to their residents. Lastly, the OCGJ recommends development of programs aimed at educating residents regarding CRV redemption opportunities.

## **BACKGROUND**

California Redemption Value (CRV), also known as California Refund Value, is a regulatory fee paid on recyclable beverage containers in California. The fee was established by the California Beverage Container Recycling and Litter Reduction Act of 1986, also called the Bottle Bill (AB 2020, Margolin).<sup>2</sup> Since 2010 the program has been administered by the Cal/EPA California Department of Resources Recycling and Recovery (CalRecycle). This Act was intended to increase the recycling rate to 80 percent of all recyclable containers and to provide for convenience in redeeming consumer deposits (CRV).

This Act established convenience zones. A retailer/dealer in an unserved convenience zone (one without a functioning redemption center) may choose, after a 60-day grace period, to pay CalRecycle \$100 fine per day in lieu of redeeming containers on site or establishing a redemption center in the convenience zone. From the CalRecycle website, a convenience zone is

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<sup>1</sup> <http://www2.calrecycle.ca.gov/bevcontainer/recyclingcenters>,

<sup>2</sup> <http://www.bottlebill.org>

## Where Have All the CRVs Gone?

typically a half-mile radius circle with the center point originating at a supermarket that meets the following definitions based on Public Resources Code Sections 14509.4 and 14526.5:

- Supermarket is identified in the Progressive Grocer Market Guidebook.
- Supermarket gross annual sales are \$2 million or more.
- Supermarket is considered a full-line store that sells a line of dry groceries, canned goods, or non-food items and perishable items.

A convenience zone is required by law to have within the zone's boundaries a recycling center that redeems all California Redemption Value (CRV) containers. A convenience zone with a recycler inside its boundaries is considered a served zone. Convenience zone recyclers provide opportunities to redeem containers near where the beverages were purchased.

For the past several years, using the California redemption program has been a challenge for Orange County consumers. Several factors have led to this difficulty, including lack of access to fewer redemption centers. More than 1,369 supermarket redemption centers have closed since the peak in 2013. Just over 1,200 redemption centers remain in operation in California compared to nearly 2,600 centers in 2013. According to three separate surveys, supermarket chains and other beverage retailers legally obligated to be recyclers of last resort are refusing to redeem consumer deposits up to two-thirds of the time.<sup>3</sup>

CalRecycle brings together the state's recycling and waste management programs. They have provided grants to five pilot programs in California which make resident consumer CRV refunds more accessible and convenient, with the goal of diverting more recyclables from landfills. One pilot grant program is currently operating in Orange County.

### **REASON FOR THE STUDY**

The subject of unclaimed CRV, and a pilot program being developed to address it, were brought to the attention of the OCJG through recently published articles and personal experience.

A yearlong investigation of the California bottle deposit program found that the system could collapse without fundamental reform and that best practices are not being used.<sup>4</sup> Currently, redemption centers in Orange County are few and far between and have been closing at an alarming rate. The lack of redemption centers has increased the statewide unclaimed deposits held by CalRecycle to over \$600 million.

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<sup>3</sup> Liz Tucker, "Trashed, How California Recycling Failed and How to Fix It," Consumer Watchdog, published January 2020. For surveys showing that obligated stores refuse to redeem empties two thirds of the time, see: <https://www.consumerwatchdog.org/energy/consumer-watchdog-report-shows-66-grocery-stores-surveyed-refused-recycle> and <https://www.nbcbayarea.com/news/local/Cash-in-the-Can-Californias-Recycling-Run-Around-564236811.html> and <https://abc7news.com/society/stores-required-to-redeem-crv-on-bottles/5553583/>.

<sup>4</sup> Liz Tucker, "Trashed, How California Recycling Failed and How to Fix It," Consumer Watchdog, January 2020.



The largest single recycling operator, rePlanet Recycling Centers, that had 600 locations in California, closed their last 284 centers on August 5, 2019, many of which were in Orange County. With fewer options, consumers have relinquished their CRV refunds to the trash haulers by resorting to single stream curbside collections. This CRV and material revenue is in addition to fees paid by residents to collect the recyclable materials. Waste haulers, including municipal haulers, were paid \$146 million in 2020 for consumer CRV *donated* to their recycling bins at curbside and rural drop off locations.<sup>5</sup>

The OCGJ discovered CalRecycle was exploring new ways to encourage recycling through five pilot programs. *Recycle From Home* in Irvine makes redemption of CRV as easy as taking out your trash. This report examines the issues and solutions behind recycling and CRV redemption and explores opportunities to expand innovative programs throughout the County.

## **METHOD OF STUDY**

The OCGJ used a variety of methods to gather information for our investigation.

- Interviews with individuals with expertise in state and local waste and recycling management.
- Research about CRV, waste haulers, Convenience Zones, Cash for Trash, local newspapers, grant programs pertaining to Orange County and various sources relating to the overall operations of recycling and CRV fees.
- Report studies from CalRecycle, Consumer Watchdog, and Container Recycling Institute (CRI).
- Tours of Orange County landfills.
- Review of various Assembly and Senate Bills pertaining to recycling.
- Conducted a survey of Orange County cities recycling coordinators regarding their current CRV recycling programs.

## **INVESTIGATION AND ANALYSIS**

### **CRV Redemption**

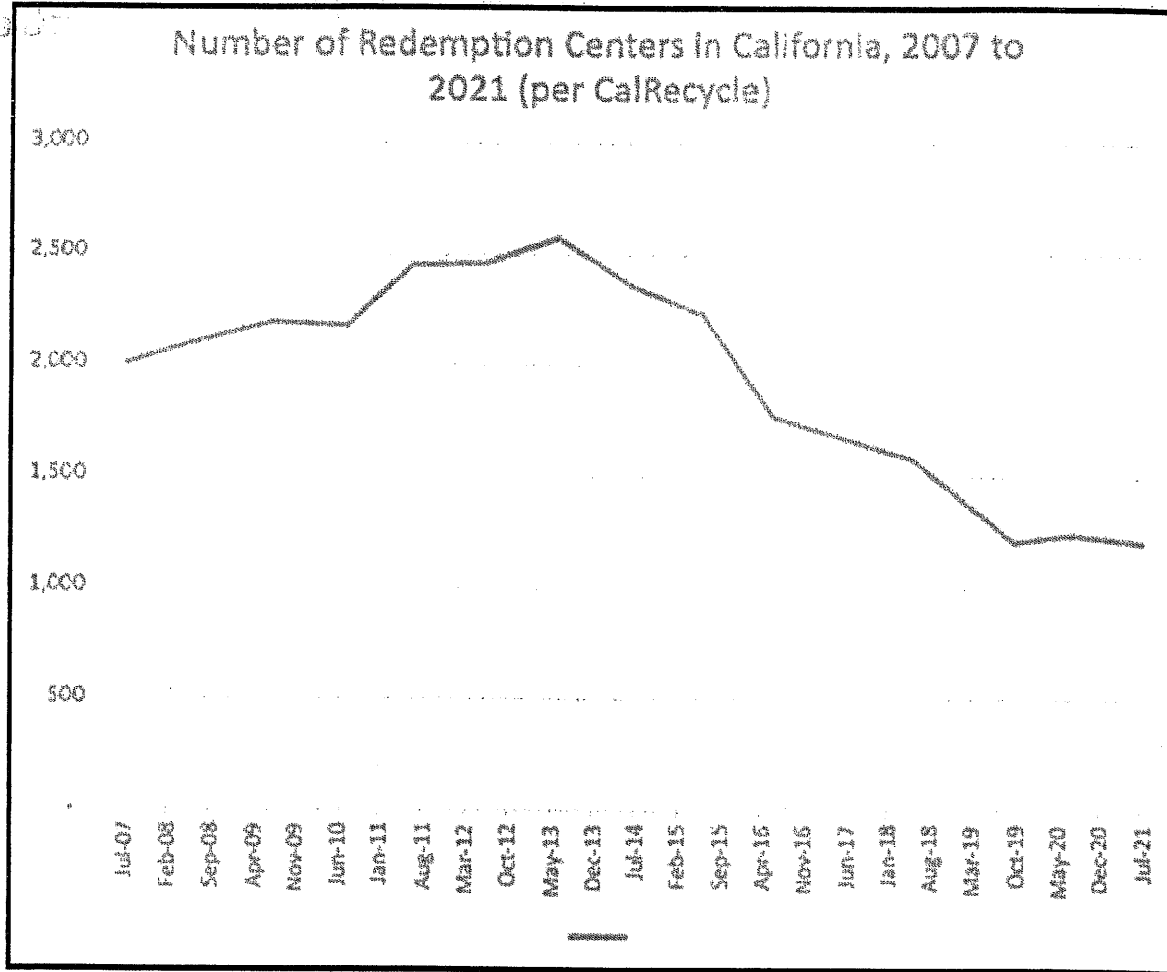
California's bottle and can recycling program was once considered successful. Today it has become a failed model. California now has a very inconvenient redemption structure compared to other states. As of May 2021, Californians have only one redemption center for about every 26,000 people. Oregon, in comparison, has 74 percent higher quantity of redemption centers than California,<sup>6</sup> even though Oregon's population is one-ninth the size of California's.

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<sup>5</sup> For more on haulers and why consumers do not get back deposits, see: <https://www.consumerwatchdog.org/news-story/opinion-why-californians-don't-get-thier-bottle-and-can-deposits-back>.

<sup>6</sup> OBRC, Quarterly Report Q4 2020

## Where Have All the CRVs Gone?



More than half California's redemption centers have closed since 2013 due to State underpayments, commodities markets, and later the coronavirus pandemic. Redemption centers have faced financial hardships due to both scrap price declines and inadequate payments from CalRecycle. An additional hardship has been the increase in minimum wage for redemption center employees that has not been accounted for by the payment formula. More than 1,369 redemption centers have closed in California since the peak in 2013. Just over 1,200 redemption centers remain in operation in California, compared to nearly 2,600 centers in 2013.

According to CalRecycle, grocery stores can be granted exemptions if recycling centers would not be economically viable, or if another redemption center is sufficiently close by, or if consumers predominantly use curbside services in their location.<sup>7</sup>

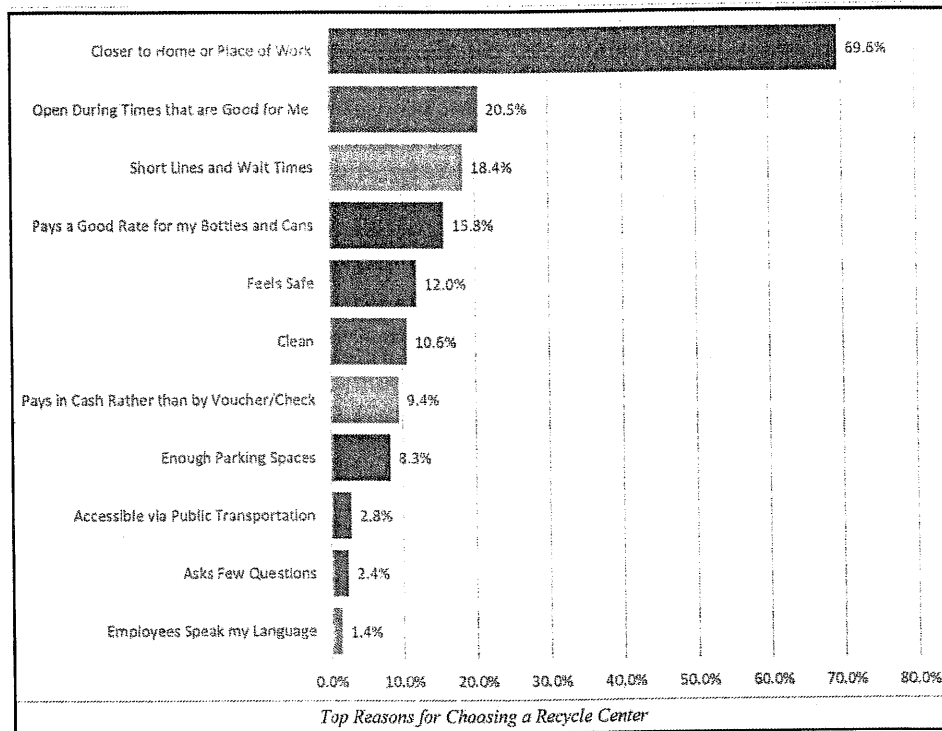
Orange County currently has 338 convenience zones, but only 134 of the convenience zones have a redemption center. There are 59 zones made exempt by CalRecycle, 10 more on hold,

<sup>7</sup> For more on exemptions and other program rules, see: <https://www.calrecycle.ca.gov/bevcontainer/retailers/zones>.

## Where Have All the CRVs Gone?

and 135 unserved.<sup>8</sup> In the rest of the unserved zones lacking redemption centers, retailers are supposed to provide on-site redemption or pay State fees to avoid responsibility. Returning CRV containers to the local grocery store increases consumer convenience.

In an intercept survey, people were asked to choose from eleven options as to why they redeemed bottles at the recycling center. The top three reasons were 'close to home' (70 percent), 'open at good times' (21 percent), and 'short lines and wait times' (18 percent).<sup>9</sup>



Consumer Watchdog conducted an audit of 50 Los Angeles-area grocery, convenience and drug stores required by the State to refund consumer bottle deposits. The audit found up to two-thirds of retailers responsible for redemption may be refusing to take bottles back. The penalty from CalRecycle for refusing CRV redemption is between \$100 and \$1,000, depending on whether it is a repeat offense. It is very rare that retailers will be inspected and penalized by CalRecycle.<sup>10</sup> Close to 4,000 California stores have signed up with CalRecycle to redeem CRV containers in zones lacking recycling centers.<sup>11</sup> In Orange County, 109 Recycling/Redemption centers remain open,<sup>12</sup> many with limited days and hours of operation. In addition, there are currently 195 in-

<sup>8</sup> <https://www2.calrecycle.ca.gov/bevcontainer/recyclingcenters>.

<sup>9</sup> Intercept Survey conducted by the University of California, Berkeley research team.

<sup>10</sup> Liz Tucker, "Trashed, How California Recycling Failed and How to Fix It," *Consumer Watchdog*, published January 2020.

<sup>11</sup> [www2.calrecycle.ca.gov/BevContainer/InStoreRedemption](https://www2.calrecycle.ca.gov/BevContainer/InStoreRedemption).

<sup>12</sup> [www2.calrecycle.ca.gov/bevcontainer>recyclingcenters](https://www2.calrecycle.ca.gov/bevcontainer>recyclingcenters).

## Where Have All the CRVs Gone?

store CRV redemption locations.<sup>13</sup> Although the CalRecycle website lists the status, hours, and days of operation of recycling and redemption centers, the OCGJ determined the information is not always accurate.

The primary cause of redemption center closure is the lack of compensation received from CalRecycle. Liza Tucker, a consumer advocate with Container Recycling Institute, stated, “the formula for calculating state payments to recycling centers is flawed.” CalRecycle, she said, “averages costs to run centers across the state. But the cost of operating a redemption center in a grocery store parking lot – which is the most convenient for consumers – is substantially higher.”<sup>14</sup>

The rePlanet Recycling Centers suffered the largest closure. Established in 1984, rePlanet grew to 600 redemption centers in California at its peak. In 2016, it closed 191 centers and terminated 300 employees. On August 5, 2019, it closed the remaining 284 centers and laid off the remaining 750 employees. David Lawrence, rePlanet’s President said the factors were:

Reduction in State Fees:

- Depressed pricing of aluminum and plastic
- Minimum wage increases
- Required Health and Workers Compensation Insurance<sup>15</sup>

The decline in Redemption Centers will result in:

- Tons of metal, plastics, and glassware going into landfills
- Increased greenhouse gas
- Increased litter
- Lost jobs in recycling and redemption industry
- Income for families and individuals who gather discarded cans and bottles to earn extra cash

A letter from Container Recycling Institute (CRI) urged the State to extend the Processing Payment Emergency Regulations for one year.<sup>16</sup> The Emergency Regulations add a 10 percent reasonable financial return to calculate the processing payments that will be made to certified recyclers for 2021. This processing payment subsidy is intended to offset the difference between their operating costs and the revenue earned from scrap sales and handling fees. “Recyclers” include recycling centers, and curbside and drop-off programs.

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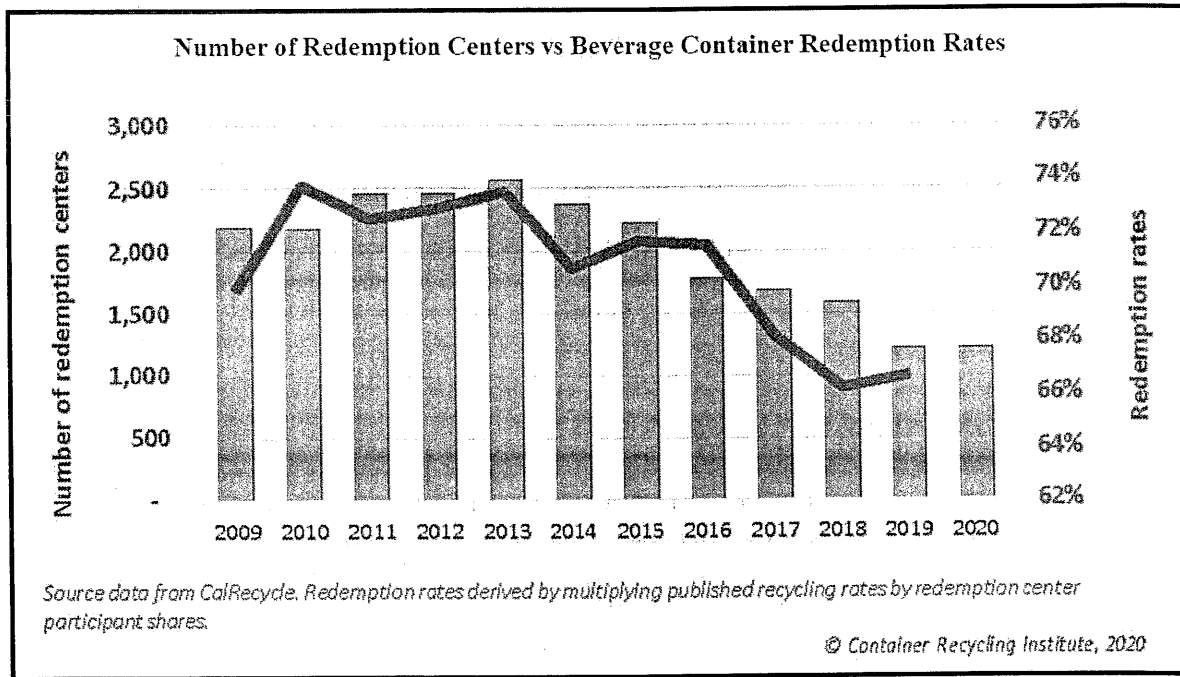
<sup>13</sup> [www2.calrecycle.ca.gov/beveragecontainer/instore](http://www2.calrecycle.ca.gov/beveragecontainer/instore) redemption.

<sup>14</sup> Kevin Smith, “rePlanet Closes all Recycling Centers, Prompting a Call for Bottle, Can Redemption at Stores,” San Gabriel Valley Tribune, August 6, 2019.

<sup>15</sup> Ibid.

<sup>16</sup> December 6, 2021, letter from Container Recycling Institute President and Executive Director, Susan Collins to The State of California Office of Administrative Law.

## Where Have All the CRVs Gone?



California retailers are the failsafe for the program in locations lacking redemption centers. California has an average of one center for every 26,000 consumers,<sup>17</sup> leading to CRV non-redemption.

### **Waste Haulers**

Municipal curbside drop-off programs and trash haulers benefit from the redemption of CRV containers the consumers discard. When the Bottle Bill<sup>18</sup> passed, environmental groups and lawmakers envisioned a network of redemption centers in supermarket parking lots to redeem containers. But California lawmakers and environmentalists also wanted to encourage developing curbside recycling. Operators of curbside and rural drop-off recycling programs are eligible to bill the State for the CRV stamped on the labels of containers without offering consumers refunds.<sup>19</sup> Waste haulers were paid \$146 million in 2020 for consumer CRV *donated* to their recycling bins at curbside and rural drop off locations.<sup>20</sup> The rate at which consumers take bottles and cans for direct deposit refunds stands at 58.8 percent as of November 2021.

<sup>17</sup> California's population of 40 million is served by 1,553 redemption centers, per CalRecycle presentation, Beverage Container Recycling Program, Certification and Registration Branch, 4<sup>th</sup> Quarter 2018, presented in January 2019.

<sup>18</sup> AB 2020, Margolin.

<sup>19</sup> <https://www.CalRecycle.ca.gov/bevcontainer>.

<sup>20</sup> In 2020 haulers were paid \$118 million for the CRV in curbside bins and \$28 million for the CRV at rural, drop off locations, according to the CalRecycle data analyzed by Container Recycling Institute. Corporate waste haulers operate a majority of these of these programs. Municipalities operate at least ten percent of these programs statewide.

## Where Have All the CRVs Gone?

Meanwhile, unredeemed deposits in the State's main beverage fund are more than \$600 million.<sup>21</sup>

Curbside haulers in many cities use a single stream method of gathering recyclables. People put their recyclables into one bin and trucks take them to a processing center where machinery sorts the materials. But during transport, the materials are jostled together, rendering at least one quarter of the materials useless because they are contaminated with ground-in bits of organic waste, paper, plastic, and metal. This contamination contributes to increased landfill waste rather than recycling.

In California, waste haulers profit in numerous ways:

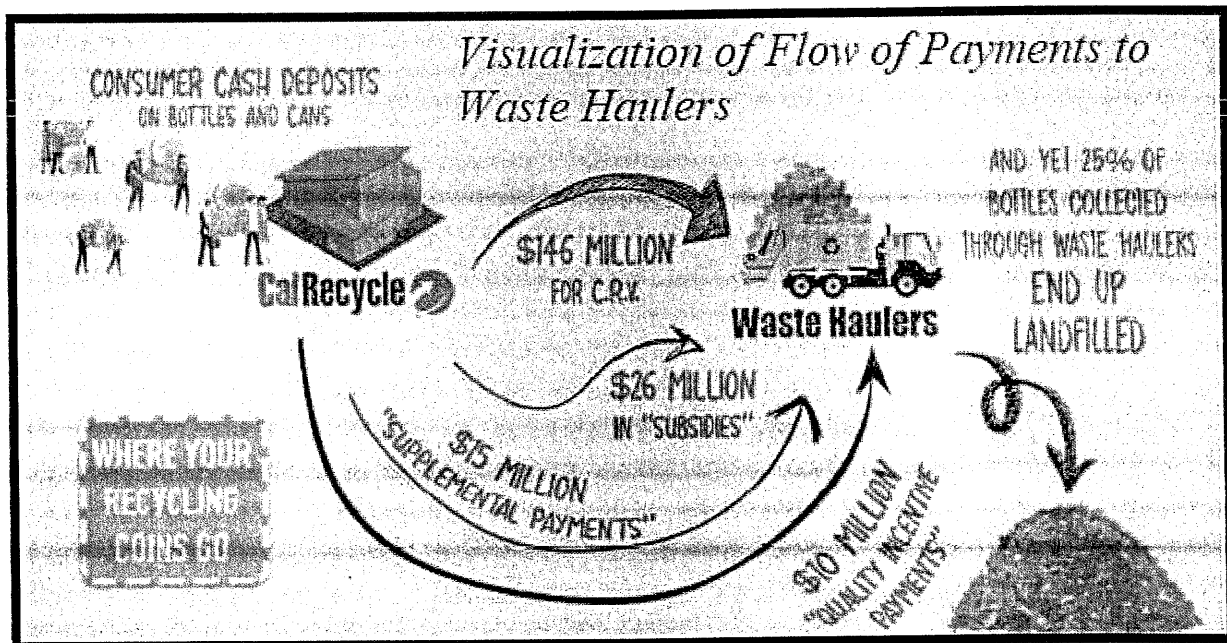
- They receive the CRV value, and the material scrap value of recyclables collected.
- Those that process recyclable materials are paid an additional three quarters of one percent, based on the total value of CRV collected, for administrative costs.
- They are paid subsidies to compensate for the difference between the cost of recycling and the market scrap value.
- They are awarded supplemental payments.

California awards "supplemental payments" to operators of curbside programs. These payments were initially created as an incentive to start and support curbside collection programs. Now that most cities have curbside collection programs supported by ratepayers, the supplemental payments are additional profit.

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<sup>21</sup> Liza Tucker, "State Obscures Extent of a Half-Billion-Dollar Surplus of Unredeemed CRV Deposits as Redemption Rate Stays Stuck at 58 percent," Consumer Watchdog, February 9, 2022.

## Where Have All the CRVs Gone?



*Visualization of flow of Payments to Waste Haulers<sup>22</sup>*

### **Beverage Container Recycling Pilot Program**

Under previous legislation,<sup>23</sup> CalRecycle approved five pilot programs to boost consumer redemption access in the following jurisdictions: Culver City, San Francisco, San Mateo County, Sonoma County, and the City of Irvine.

Communities can create CRV redemption programs that work for them. Pilot programs allow flexible operating requirements and customized redemption programs designed to meet a region's unique needs. The CalRecycle Pilot Project Grant Program is designed to assist jurisdictions that lack CRV beverage container recycling opportunities for their residents.

The goals of the Pilot Project Grant Program are:

- Improving redemption opportunities in underserved areas.
- Allowing local governments and private industry to work together, to create new, convenient, and innovative recycling opportunities that work in their region or area.
- Increasing consumer redemption access.
- Increasing recycling percentages in pilot program areas.

<sup>22</sup> Liza Tucker, "Waste Haulers: The Square Peg in the Circular Economy," *Consumer Watchdog*, May 2021. Used with permission of the author.

<sup>23</sup> California Beverage Container Recycling and Litter Reduction Act (Assembly Bill 2020, Margolin, Statutes of 1986 Chapter 1290) (Public Resources Code 14571.9) SB458 (Wiener Chapter 648 Statutes of 2017).

## Where Have All the CRVs Gone?

Pilot program jurisdiction is defined as a city, county, or a combination thereof, that has authority to issue a grant permission for a certified pilot program recycler to operate in the designated pilot project area. Jurisdiction must meet at least one of the following criteria:

- The jurisdiction must have at least six unserved convenience zones.
- At least 75 percent of all convenience zones are unserved.

Local jurisdictions can now apply to turn their recycling deserts into hubs for convenient bottle and can redemption. California has approved five additional pilot grants, and the grant pilot program has been extended until June 30, 2026. The Governor has allocated an additional \$10 million to support the local pilot programs.

### **Additional Grant Opportunities**

Currently, in Orange County, there is one grant pilot program operating. This program, called *Recycle from Home*, is a joint effort between the City of Irvine and the program's founder, Ryan Bloom. Irvine was an ideal location for a pilot program because of its high-density population with unserved CRV redemption zones. *Recycle from Home* picks up recycling directly from the resident's doorstep and deposits CRV refunds into the user's account of choice, minus 10 percent paid to the program. Participants are responsible for sorting their CRV recyclables and placing them in specially coded bags provided. Once the bag is ready, residents simply schedule a pick-up with *Recycle from Home* through an app or phone call and place the bag(s) on their porch. The OCGJ found this program to be an innovative way to return CRV funds to the consumers.

Additionally, CalRecycle offers the Beverage Container Recycling Grant Program. Beginning September 30, 2021, and ending June 28, 2024, grants are available to cities for beverage container recycling. The goal of this program is to reach and maintain an 80 percent recycling rate for all of California refund value beverage containers-aluminum, glass, plastic, and bi-metal. Unlike the Grant Pilot Program, no redemption element to consumers is required. The requirements are:

- The projects must be in California.
- Reimbursement will not exceed the amount stated on the Grant Agreement Cover Sheet (CalRecycle 110).
- The grantee will ensure that the recycling bins, if applicable, are serviced on a regular basis and that collected material is transported to a certified recycling center.
- The grantee will ensure, if applicable, that it and/or other entities certified to collect beverage containers are certified or registered by CalRecycle in the proper category and will provide the Grant Manager a copy of the certification certificates(s) upon request.



The grantee shall monitor the project for the tonnage and revenues collected by material type, if applicable, and will report to the Grant Manager in the progress and final reports. Information for both these programs is available on the CalRecycle web site.<sup>24</sup>

The OCGJ strongly encourages other cities and the County to research and apply for available grants or pilot programs from CalRecycle for their communities that focus on returning more CRV funds to their residents' benefit and to reduce recyclables from entering landfills.

### **Current State of Redemption Efforts in Orange County**

The OCGJ surveyed the thirty-four cities in Orange County. The purpose of the survey was to evaluate the efforts the cities are currently undertaking to help residents obtain their CRV refunds and remove recycling from the waste stream. The City of Irvine is currently participating in the *Recycle from Home* grant pilot program and requires its solid waste hauler to operate a buy-back center for Irvine residents.

Over 40 percent of the 14 cities that responded to the OCGJ survey failed to offer an organized program for public outreach and education regarding CRV redemption and recycling. Many relied on their waste haulers to make recycling available and to educate their community. Brea had applied for CalRecycle Beverage Container Recycling grants for the purchase of designated recycling containers at several city and school locations.

Three of the responding cities took into consideration waste hauler revenue from CRV redemption and raw material sales in different ways. Laguna Beach had a windfall recycling payment clause in their waste hauler contract. It stipulated that the contractor agreed to pay Laguna Beach 25 percent of revenue that is attributable to the sale of recyclable material collected in the city that exceeds \$135 per ton (net processing costs). Similarly, Fountain Valley had CRV revenue sharing which required the waste hauler share CRV revenue with the city once the contractor's baseline CRV revenue exceeded \$275,000. San Juan Capistrano considered fundraising efforts by requiring the waste hauler to offer free 30-yard roll-off containers to local schools for collecting CRV from students and families. When these containers are filled, the contractor is required to provide the redemption value to the school as a fundraising source. The OCGJ applauds the efforts by these cities to benefit their citizenry and increase material recycling.

The OCGJ sees a missed opportunity for the cities that are not leveraging CRV or the raw material revenue when negotiating their waste hauler contracts. Orange County cities should be more proactive in encouraging CRV redemption and recycling by their residents. The OCGJ also encourages each City's participation and promotion of the grant pilot programs currently offered by CalRecycle.

An additional tool for sharing information about each City's recycling efforts is the City Recycling Coordinators Meeting. This meeting is held quarterly and facilitated by staff of OC Waste & Recycling (OCWR), a department of the County of Orange. A recent meeting included

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<sup>24</sup> [www.calrecycle.ca.gov](http://www.calrecycle.ca.gov)

## Where Have All the CRVs Gone?

recycling coordinators, representatives from CalRecycle and OCWR, consultant groups, and industry professionals. Agenda items included:

- Education Outreach Updates.
- CalRecycle Update.
- City/Consultant Q&A.

The OCGJ believes this is an educational and informative opportunity for City Recycling Managers and encourages participation by all cities.

### **FINDINGS**

Based on its investigation described here, the 2021-2022 Orange County Grand Jury has arrived at the following principal findings:

- F1 Due to the reduced availability of convenient CRV redemption sites and the lack of accurate online information, it is difficult for resident consumers to redeem CRV fees.
- F2 Because redemption site locations have diminished in number, waste haulers are the beneficiaries to the CRV fees paid originally by resident consumers.
- F3 CalRecycle is attempting to improve CRV redemption and reduce CRV recyclables from landfills and are offering financial incentives to do so. Orange County and its cities are not fully taking advantage of the grant or pilot program opportunities available through CalRecycle.
- F4 Orange County and most OC Cities do not make CRV redemption and recycling a priority when negotiating their waste hauler contracts which results in missed financial opportunities and convenience for their residents.

In accordance with California Penal Code Sections 933 and 933.05, the 2021-2022 Grand Jury requires responses from each agency affected by the findings presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court.

### **RECOMMENDATIONS**

- R1 By January of 2023, each of the cities in Orange County should research and apply for available grants or pilot programs from CalRecycle for their community that focus on returning more CRV funds to their residents. (F3)
- R2 By January of 2023, the Orange County Board of Supervisors should require OC Waste & Recycling to research and apply for available grants or pilot programs from CalRecycle for the unincorporated areas of OC that focus on returning more CRV funds to their residents. (F3)

## Where Have All the CRVs Gone?

- R3 When renegotiating their current waste hauler contract, all cities and the County of Orange should assess the value of the CRV funds received by the waste hauler in their jurisdiction and creatively leverage this revenue for the benefit of their residents. (F2, F4)
- R4 By January of 2023, all cities and the County of Orange should develop extensive community outreach programs aimed at educating the public about how to access CRV redemption in their jurisdiction. (F1, F3)

### COMMENDATIONS

The OCGJ commends *Recycle From Home* in the City of Irvine as CalRecycle's only pilot project grant program in Orange County. A collaboration between the City and private enterprise, *Recycle From Home* is a unique collaborative concept to service the entire City of Irvine's CRV recycling needs. This is an eco-friendly way to recycle right from your driveway or doorstep. This mobile residential recycling service was selected and approved as part of a new pilot project grant program established by the State of California. The pilot program is innovative, convenient, helps keep CRV recyclable material out of the waste stream and returns the deposits directly to the consumer.

### RESPONSES

The following excerpts from the California Penal Code provide the requirements for public agencies to respond to the Findings and Recommendations of this Grand Jury report:

California Penal Code Section 933 requires the governing body of any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the governing body. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court). Additionally, in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g., District Attorney, Sheriff, etc.), such elected County official shall comment on the findings and recommendations pertaining to the matters under that elected official's control *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section 933.05 specifies the way such comment(s) are to be made as follows:

(a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

## Where Have All the CRVs Gone?

- (1) The respondent agrees with the finding.
  - (2) The respondent disagrees wholly or partially with the finding; in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:
- (1) The recommendation has been implemented, with a summary regarding the implemented action.
  - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
  - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
  - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary /or personnel matters over which it has some decision-making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

### **Responses Required**

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code §933.05 are required from:

90 Day Response Required	F1	F2	F3	F4
Orange County Board of Supervisors	X	X		X

90 Day Response Required	R1	R2	R3	R4
Orange County Board of Supervisors	X	X	X	X

## Where Have All the CRVs Gone?

90 Day Response Required	F1	F2	F3
City Council of Laguna Hills	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Laguna Hills	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Laguna Niguel	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Laguna Niguel	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Laguna Woods	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Laguna Woods	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Lake Forest	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Lake Forest	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Los Alamitos	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Los Alamitos	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Mission Viejo	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Mission Viejo	X	X	X	X

## Where Have All the CRVs Gone?

90 Day Response Required	F1	F2	F3
City Council of Rancho Santa Margarita	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Rancho Santa Margarita	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of San Clemente	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of San Clemente	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of San Juan Capistrano	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of San Juan Capistrano	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Santa Ana	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Santa Ana	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Seal Beach	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Seal Beach	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Stanton	X	X	X

## Where Have All the CRVs Gone?

90 Day Response Required	R1	R2	R3	R4
City Council of Stanton	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Tustin	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Tustin	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Villa Park	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Villa Park	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Westminster	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Westminster	X	X	X	X

90 Day Response Required	F1	F2	F3
City Council of Yorba Linda	X	X	X

90 Day Response Required	R1	R2	R3	R4
City Council of Yorba Linda	X	X	X	X

### Responses Requested

90 Day Response Requested	F1	F2	F3	F4
OC Waste & Recycling		X	X	X

90 Day Response Requested	R1	R2	R3	R4
OC Waste & Recycling		X	X	X

## Where Have All the CRVs Gone?

### **GLOSSARY**

Assembly Bill 2020	Encourage recycling and reduce litter.
Assembly Bill 939	Integrated Waste Act – mandates reduction of waste being disposed.
Bottle Bill	Senate Bill 38.
CalRecycle	California Department of Resources, Recycling and Recovery.
CIP	Convenience Incentive Payment.
Convenience Zone	A convenience zone is required by law to have within the zone’s boundaries, a recycling center that redeems all California Redemption Value (CRV) containers. A convenience zone with a recycler inside its boundaries is considered a served zone.
CRV	California Refund Value.
Handling Fee	Monthly payments made by the CalRecycle to recycling centers that meet certain eligibility requirements.
MRF	A facility utilized for the purpose of collecting, sorting, and processing materials to be recycled.
PRA	Public Records Act.
OAL	Office of Administrative Law.
OCWR	OC Waste & Recycling, a department of the County of Orange.
OCGJ	Orange County Grand Jury.
Processing Fee	Total cost charged per online transaction.
Redemption Center	Accepts empty deposit beverage containers from redeemers.
Senate Bill 38	“Bottle Bill” – requires beverage industry to establish convenient recycling and redemption places so consumers may get their deposits back.
Single Stream	Waste haulers pick up Recycle bins from customer’s location.
Transaction Fee	Flat dollar amount charged based on the number of transactions.
Waste Hauler	Any person carrying or engaging in the collection of waste.