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WORKSHOP

STATE OF CALIFORNIA

INTEGRATED WASTE MANAGEMENT BOARD

SPECIAL WASTE AND MARKET DEVELOPMENT COMMITTEE

JOE SERNA, JR., CALEPA BUILDING

1001 I STREET

2ND FLOOR

CENTRAL VALLEY AUDITORIUM

SACRAMENTO, CALIFORNIA

THURSDAY, AUGUST 15, 2002

9:30 A.M.

JAMES F. PETERS, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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APPEARANCES

COMMITTEE MEMBERS

Steven R. Jones, Chairperson

Dan Eaton

Michael Paparian

STAFF

Martha Gildart

Jeannine Bakulich

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PROCEEDINGS

CHAIRPERSON JONES: Good morning. Welcome, everybody, to the Special Waste Workshop today.

We are welcoming everybody. And I want to give you just a little bit of background.

This subsidy was part of our tire plan to look at different options. Dr. Wassmer came to the Board to make his presentation of this document on a night that was running pretty late. And we didn't think it would do justice to the effort, so we scheduled a special workshop so it gave more people the opportunity to speak.

And I think that we're going to hear this -- this is not going to be an action of the Board as far as, you know, how we are going to accept or treat this report. This report is, in my view, is a resource for us to use in our decision making. But, clearly, we need to hear people's points of view.

I want to welcome Committee members and Board members, Mr. Eaton and Mr. Paparian, for taking the time on this important issue. I will turnover it over to each of them for a minute if they have something to say.

Welcome, all of you. Would you please, if you're going to speak, I think we will keep some order and we will have people fill out speaker slips. And I'm sure we have the facility to deliver those speaker slips to

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1 somebody.
2 Oh there. Okay.
3 So there will be somebody up here that will take
4 the speaker slips, and we'll take them in order.
5 And if you've got cell phones, why don't you turn
6 them off so that we can get through this meeting without
7 being interrupted by Ma Bell.
8 Mr. Eaton.
9 COMMITTEE MEMBER EATON: Thank you, Mr. Jones.
10 And Welcome, everyone.
11 As you well know, this workshop is I think going
12 to be the initial process by which we eventually will come
13 to some policy decisions regarding tire policy. And this
14 becomes just one sort of building block by which to -- or
15 information block, I should say, to help us come to some
16 consensus.
17 What I would like from my perspective today to
18 hear from those of you who were gracious enough to come
19 and attend is comments about the report in particular
20 and/or some of the conclusions or things that may have
21 been either inadvertently left out or need to be added, or
22 also what's good or bad since it is a I draft still.
23 So if you could keep your comments to that
24 instead of a greater policy about grant programs or
25 anything else, that would be helpful at least from my

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perspective.

Mr. Paparian.

COMMITTEE MEMBER PAPARIAN: Yeah, I'm looking forward to a lively discussion today. I think that there are some issues that the report has helped bring to the surface that I think we need to talk about in terms of the fundamental directions of the tire program.

And hopefully we'll have a chance to get into some of that today.

CHAIRPERSON JONES: Thanks, Mr. Paparian.

Martha -- I do want to start this by saying Martha Gildart is basically -- for those of you that haven't seen an agenda -- and I don't if you have --

SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

They're in the back.

CHAIRPERSON JONES: They're in the back.

Martha is going to be running this show. And we will to look to her for keeping this thing moving.

Ms. Gildart.

SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

Thank you, Mr. Jones.

I wanted to cover a couple of the little mechanics here on the proceedings.

For folks who are new to this building, there are restrooms both around to the left outside the door and

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then across the walkway that goes passed the elevators, and you turn left again.

As Chairman Jones said, there are speaker slips in the back on the table. Please sign those and give them to Sally French, who's up front here and making sure everything runs smoothly today.

Just so folks are in the right room, this is a workshop to discuss the subsidy report that the Board had prepared for them. It's a draft at this time. And we are accepting comments and revisions. The report is: "An analysis of subsidies and other options to expand tire recycling/diversion in California."

I wanted to briefly describe what today's process is and our intent. I'm going to be starting with a discussion, a background presentation of how the Board came to commission this study and how it was researched, developed and put together. After that I'll turn it over to Professor Rob Wassmer with the California State University Sacramento. He will go step by step through the alternatives that were selected for evaluation and the criteria rankings and weighting factors that were used to analyze those alternatives in a matrix that is used in the report.

The Committee may ask questions at any point during the presentation. And, indeed, we hope will engage

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in a lively discussion at the end of Rob's presentation. And at that point then the Committee may take comments from stakeholders.

I do want to reiterate what Chairman Jones said, that time -- you know, in the interests of time we want people to speak to the point, you know, how the analysis was carried out. Please try not to repeat if the points you wish to make had been made by an earlier speaker. And then at that point we'll take direction from the Committee.

To get some brief background on how this came to be, in 1990 Assembly Bill 1843 by Willy Brown first established the Waste Tire Recycling Act and created a fee on waste tires left for disposal of 25 cents. This funded the Board's tire management program for the first ten years and provided a funding level around $6 to $7 million a year. That fee sunsetted in June of 1999.

To extend the fee Assembly Bill 117 by Escutia was passed. It extended the sunset through the end of December 2000; and, more importantly, directed the Board to do an evaluation of its tire management program and prepare a report to the legislature with recommendations on how the program should be restructured.

Indeed, it pointed out that they felt the report needed to describe sustainable end-uses for waste tires

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1 generated in California. The Board was directed to work
2 closely with stakeholders and interested parties, and held
3 a series of workshops to collect information, solicit
4 comments, and have the public and interested parties
5 review and comment on the report.
6 Many of the stakeholders attending those
7 workshops advocated establishing a subsidy or an incentive
8 program to support waste tire recycling, arguing that the
9 existing markets were not strong enough to absorb the
10 annual flow of waste tires.
11 The board felt that an end-use incentive or
12 subsidy would not create the sustainable markets that had
13 been directed by the Legislature, and did not include it
14 in its recommendations to the Legislature in the June 1999
15 report.
16 Recommendations from the AB 117 report were
17 folded into the language that was developed for Senate
18 Bill 876, also by Escutia, which restructured the Board's
19 waste tire management program and directed the Board to
20 prepare a five-year plan that laid out how the new funds
21 provided by the increased fee of a $1 per tire were to be
22 used to accomplish the recommendations.
23 During the development of this five-year plan,
24 stakeholders, particularly those in the crumb rubber
25 industry and the molded rubber industry, continued to

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1 advocate for a subsidy.

2 The Board directed in the five-year plan that an

3 evaluation of such subsidies be done and a recommendation

4 brought to them for consideration.

5 The contract for the subsidy study was awarded

6 the California State University's Graduate Program in

7 Public Policy and Administration. And under Professor

8 Wassmer, six graduate students researched different

9 aspects of the tire recycling industry for their graduate

10 theses.

11 The class met with stakeholders in public

12 workshops and invited individuals to make presentations to

13 the class and submit comments on early drafts of the

14 report. Professor Wassmer then compiled the six documents

15 and comments into the draft report, an analysis of

16 subsidies and other options to expand tire recycling in

17 California, which was presented to the Board, as Steve

18 mentioned, in April of this year.

19 Some revisions have been incorporated into the

20 report and it is has been post on the university's web

21 site for further public review and comment.

22 Today's workshop, we hope, will yield

23 constructive discussion of the issues. Concerns have been

24 raised about language in early versions of the report

25 dealing with energy recovery as a form of recycling.

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1 Revisions have been made to define energy recovery as an
2 appropriate form of diversion, but not recycling, so as
3 not to conflict with the Board's AB 939 mandates. Indeed,
4 the title of the report was changed to reflect that
5 concern, and changes have been made in the text.
6 I want to emphasize that this subject should not
7 be the focus of today's discussion. Rather we wish to
8 focus on the funding alternatives discussed and whether
9 the criteria and the values assigned reflect the Board's
10 vision.
11 So at this point I'll ask Professor Wassmer to
12 run through a step-by-step presentation of those
13 alternatives and the various rankings and criteria used to
14 evaluate them.
15 COMMITTEE MEMBER PAPARIAN: Could I just ask one
16 quick question.
17 What the report was focusing on is market
18 development, right, as opposed to research? It's supposed
19 to be market development -- subsidies for things that are
20 already available?
21 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
22 It was whether a subsidy was the appropriate form
23 support to foster sustainable markets. Now, that might
24 include research into new markets. It was the mechanism
25 rather than the actual technologies.

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1 COMMITTEE MEMBER PAPARIAN: Right. But the
2 concentration was supposed to be as a market development
3 tool, right?
4 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
5 For sustainable markets, correct.
6 COMMITTEE MEMBER PAPARIAN: Okay.
7 CHAIRPERSON JONES: But was it -- I think that
8 the way I viewed this thing from day one was that it was
9 the best thinking of the Cal State Master's program to
10 bring to us different ideas that we may not have explored
11 for -- to be put on our menu, to pick and choose and see
12 if we thought they were valid or not valid. Right? I
13 mean that's how I would view it. Because I don't view the
14 acceptance of this report as anything more than the
15 acceptance of a menu of some opinions of things we may use
16 in the future for market -- you know, for how to enhance
17 market development.
18 COMMITTEE MEMBER PAPARIAN: I'm just trying to
19 differentiate. I mean we have talked about using
20 university assistance in the research area. But this --
21 that's not what this is. This is -- in fact I have the
22 scope of work. The scope of work talks about the contract
23 being used to evaluate end-use incentives as a market
24 development option.
25 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

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1 Yes. And the reason we contracted with the
2 Public Policy and Administration Program is that they had
3 the expertise to evaluate the economics and policy effects
4 of such actions. It is in a sense research in how those
5 incentives could be applied to the various alternatives
6 considered.
7 The recommendation is a mechanism. It's not
8 necessarily an absolute. And I'm hoping Professor Wassmer
9 will be able to take you through that mechanism so you
10 understood how it was applied to the alternatives and how
11 it yielded the recommendation.
12 What we're hoping to hear from the Committee is
13 whether it would like to express a difference of opinion
14 or even a supporting opinion on whether those were the
15 correct criteria and weighting factors and alternatives.
16 And that can be adopted to the Board's purposes if it so
17 wishes. And we could amend such recommendations to
18 reflect the Board. You know, the document is the
19 recommendation from the CSUS, but the action the Board
20 takes can amend that to show its own policy directions.
21 COMMITTEE MEMBER PAPARIAN: Or an option could be
22 just to have the report speak for itself and we do with it
23 as we think appropriate.
24 CHAIRPERSON JONES: Yeah.
25 DR. WASSMER: Thank you, Martha. Thank you, Mr.

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1 Paparian, Mr. Jones, and Mr. Eaton for taking the time for
2 putting together this session. I appreciate it.
3 As Martha has already said, the title is there.
4 That is the same title that appears on the report. It may
5 not be the same title that comes out when the Waste
6 Management Board does it. She's given you the background
7 on it.
8 It was about a year ago, I think almost to the
9 date, that I even received notice on this report. So it's
10 been a year-long process in regard to working with the
11 graduate students in the fall and then putting together
12 the report during the winter.
13 --o0o--
14 DR. WASSMER: What I want to do is just take you
15 very quickly through a layout of the presentation. I
16 believe there's 50 copies of the presentation in the back.
17 And it's available at the web site that's been listed on
18 some of the documents that's been given to you. But, you
19 know, we wanted to make this a report that was accessible
20 to the general public, so we go into some background on
21 waste tires in California, which was basically drawn from
22 the Waste Management Board's previous reports.
23 Some of the newer stuff that we look at, and
24 these are each of the chapters that are in this report,
25 are some of the environments surrounding California waste

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1 tire management, which I'm not going to talk a lot. But
2 it brings out some of the variables that need to be looked
3 at when you try to deal with waste tire management and
4 trying to improve the recycling or diversion rate. Such
5 things as tipping fees, technology, landfill regulations
6 are all discussed, some history and some institutional
7 details in California.
8 Then we go and propose our specific alternatives,
9 which I will talk about today, and then talk about the
10 criteria for evaluating those alternatives. There's a lot
11 more detail, a lot more information in the report I
12 encourage you to look at, to pick that up, or we can have
13 further discussion later on. But I'm going to keep this
14 presentation as brief as possible, giving the information
15 that's needed.
16 Then we do our analysis of the policy
17 alternatives. And there is value judgment that's involved
18 in this. And I think that one of the benefits of having
19 six different graduated students and myself, you know, and
20 spending a whole semester thinking about this. What this
21 final report -- even though, you know, my name is on it as
22 the lead author, it really is the joint work of all the
23 students and our own joint thinking on this. And some of
24 the students didn't agree with what our final policy and
25 alternatives were. But it was kind of a consensus on it.

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1 So I want to make you aware of that and talk
2 about how, you know, this is really a method for you to
3 begin thinking about this and reaching your own consensus
4 on it.
5 And then we make some recommendations, which are
6 based upon our own thinking. And in coming up with this
7 criteria in the evaluation we did try to -- you know, we
8 did interview some Board members and we went to public
9 forums. We did try to think of the people of California
10 and what the Board has expressed its opinion in bringing
11 that into it. And I'll make that clear as we go on.
12 --o0o--
13 DR. WASSMER: Some of the background on the
14 report, besides what Martha had stated, is -- you know, in
15 beginning something like this there's an academic -- you
16 know, as I tell my students beginning a thesis, you need
17 some type of problem statement, you know, in one sentence
18 summarize what you're trying to do. So this is what we
19 came up with, passed it through Martha and some other
20 people. And she agreed this was -- I think this is what
21 Mr. Paparian was alluding to.
22 You know, "If stockpiles and landfills are not
23 considered acceptable alternatives" -- which I think the
24 Board has agreed upon, the people of California, the
25 Legislature has agreed upon for tires -- "the supply of

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1 scrap tires in California currently exceeds the demand or
2 the uses by about 25 percent, are there solutions to this
3 problem of excess supply, including subsidies or other
4 end-use, which are different than the California
5 Integrated Waste Management Board is currently pursuing?"
6 So we think about these alternatives, you know,
7 market incentives, market development. But a few of the
8 other ones, which, you know, maybe slightly periphery to
9 market development, but they are, in my mind, all related.
10 And compare those to what the Board is currently doing,
11 and you'll see the methodology as we go along.
12 --o0o--
13 DR. WASSMER: You know, I'm an economist, but I'm
14 a public policy economist. So, you know, I'm
15 characterizing a of this as a market approach, as an
16 economic approach. And I think that was what was given to
17 me as to begin this. So we talk about the problem as a
18 balance between market supply and market demand. You
19 know, there's a supply of tires that are in the California
20 market and there's a demand for tires. You know, part of
21 the demand could be considered going to landfills or to
22 stockpiles. And, you know, should the Government do
23 something about this? Is there a need for the Waste
24 Management Board to become involved?
25 Well, you can go back to economic theory and

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1 interventions in the markets and talk about market
2 failure, which environmentalists and others I'm sure are
3 familiar with. You know, where the market is failing,
4 that the resources aren't being directed to the most
5 socially optimal uses because the costs of putting them
6 in -- the social costs of putting them into landfills or
7 stockpiles is not being considered by the landfill
8 operators. They're only considering their own private
9 costs. This could be, you know, that tipping fees are too
10 low. And the benefits of using them elsewhere, you know,
11 in regard to long-term sustainability, in regard to the
12 future of the planet aren't being considered. And both of
13 this is what's driving this 25 percent to be going to
14 these, you know, nonsocially optimal uses.
15 So that's the idea of market failure. It's
16 pretty well accepted. It's what economists use to justify
17 intervention into private markets, you know, in a
18 capitalist economy.
19 So that, you know, what we're talking about here
20 is alternatives of correct. A lot of the alternatives we
21 talk about are ones that are, you know, well developed and
22 well thought out in regard to the economics literature and
23 the public economics literature.
24 The variables that was talked about in that one
25 environmental chapter, you know, things that -- again I

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1 was not an expert on tires or tire recycling or the
2 institutions in California, so this was a learning process
3 for all us. But, you know, what we came to I think was
4 what people would have developed here at the same time.
5 The idea of a tipping fee is an important
6 variable to think about in this whole market process in
7 regard to the signal that's being sent to tire distribute
8 -- what's the appropriate term? I go back to tire
9 jockeys, but I always talked about that that wasn't the
10 appropriate -- tire distributors and the people who pick
11 up the tires and then eventually have to dispose of it
12 from a retail place.
13 Landfill disposal rules are a variable that needs
14 to be thought about in regard to where tires go; technical
15 limitations in the processing of tires for crumb rubber
16 and other uses; the public perception on the
17 tire-derived -- the burning of tires for fuel; and
18 transportation costs for tire transporters, especially
19 when you talk about bringing tires from rural areas to
20 processors that are far away. And that's a factor that
21 needs to be considered, you know, in the decision of where
22 the tires are going to be distributed. So, you know, in
23 much more detail this is talked about in the report. But
24 I'm certainly most of the people here know about these
25 variables already.

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--o0o--

DR. WASSMER: So what we came up with was our policy alternatives to be considered. And perhaps we did step a little bit out of the bounds of the initial, you know, RFP in regard to what was being done here. But I think it was kind of necessary in development of this to be thinking about the market development to put it in the context of some of these other alternatives that's being done and could be done, even though it may not be directly market development.

The first alternative, you know, which is usually done in these type of studies is we need a base of comparison. So we just talked about maintaining the status quo. You know, what the Waste Management Board talked about in their five-year plan in regard to what they're currently doing and what they plan on doing, there was a matrix for the next five years of where the spending was going to go.

We talked about the possibility of further regulating landfill disposal.

Talked about a per-tire subsidy to waste tire processors, so a subsidy to processors for bringing a tire in and processing it. Or the alternative -- you know, these are the two types subsidies that are being used throughout the country -- giving a subsidy to the

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1 end-users of the waste tires. You know, once they're
2 processed, you know, if they're used in a playground mat,
3 give a subsidy to the producer of the playground mat based
4 upon a number of tires they used. You know, those are the
5 two basic ways of doing it.
6 You know, as far as the end result on the
7 markets, it doesn't make all that much difference. It's
8 probably more political, institutional and administrative
9 type concerns that need to be considered about which is
10 the better type of subsidy to go for.
11 Also, what the Board is currently doing of
12 subsidizing capital purchases for waste tire processors,
13 but expanding that. Again, you know, not direct market
14 development. But in a sense it is market development if
15 it allows processors to process more and to encourage
16 these markets and make them more sustainable.
17 And then, finally, thinking about the idea of the
18 cost for tire transporters, a per-mile per-tire subsidy
19 for in-state transportation of scrap tires. And this has
20 been done in other states.
21 So that, you know -- I'm sorry. Then the final
22 thing, which -- six was not the final thing -- is
23 informational campaigns; you know, getting the information
24 out, developing markets by just, you know, putting out
25 factual information about the benefits of crumb rubber,

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1 the benefits of rubberized asphalt, making clear -- you
2 know, getting all the most-up-to-date scientific
3 information about tire-derived fuel burns out. Perhaps
4 there was even some suggestions in the end that came out
5 about a liaison -- a permanent liaison between the Waste
6 Management Board and CalTrans. Those type of issues, you
7 know, getting the information out.
8 So those were all the ones that were considered.
9 And you can see there really is no new ideas there. You
10 know, those have been tried in other states. And there
11 is -- you know, that's talked about in there, about where
12 it's been tried and the successes and the failures. And
13 that's what we built upon in regard to our evaluation.
14 And, you know, brought in people like Terry Gray,
15 Terry Leveille, you know, you know nationally known
16 experts on these areas -- Mark hope -- to talk about their
17 experiences, you know, what they observed in California,
18 what they've observed in Texas, Oregon. We talked to
19 British Columbia people that came to Indio for the Western
20 Regional Tire Recycling Conference. So we all build this
21 into our evaluation.
22 --o0o--
23 DR. WASSMER: But, you know, what I think is most
24 important for today is talking about, you know, the
25 methodology that we used. And what I think is the value

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1 of this report is a methodology that the Board could take
2 and stakeholders could take and do their own evaluation in
3 regard to this.
4 So, you know, we proposed those alternatives
5 before. And now we need to evaluate them. You know, we
6 need to come up with what is the best of these
7 alternatives, the best in a social sense, the best of what
8 is for the people of California. And these are the
9 criteria that we came up with.
10 The first was efficiency. You know, if we're
11 going to spend money on this program, you know, what's
12 going to give us the greatest diversion rate, what's going
13 to give us the greatest recycling rate, what's going to
14 give us the greatest bang for the buck.
15 And then -- the numbers in parentheses are the
16 weights that we placed on them. You know, there's five
17 different criteria. So if we put equal weights on them,
18 they would each be weighed at 20 percent. You know, we
19 didn't think that that was appropriate, so we weighed some
20 a little bit higher and some a little bit less.
21 Now, this is the first step where the Board may
22 disagree with what we've done, right? This was a
23 consensus among myself and the students in regard to doing
24 this. But we weighed efficiency the highest. And I'll
25 give you some reasons in a second on some slides. I

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1 detail why we did that.
2 You know, equity is in regard to fairness, the
3 differential effects on different economic actors,
4 different stakeholders. Rated that second highest .25.
5 You know, again 20 percent would be if they were all
6 weighted equally.
7 Sustainable was given and equal weight in this
8 one out of five ranking. And this came from the direction
9 of the Board and the directions of the previous reports
10 saying that this was important and the reason why that it
11 was rejected in the past.
12 That should really say, "continued beneficial
13 impact," you know, after intervention and perhaps if the
14 intervention is removed, right, the idea of sustaining a
15 market and letting it continue.
16 --o0o--
17 DR. WASSMER: Political and legal feasibility.
18 You know, how politically feasible is this, the likelihood
19 that it could receive a four out of six vote? You know,
20 we talked to stakeholders and Board members and realized
21 the institutional constraints that, you know, these
22 regulations would face in California as getting the four
23 out of six vote of the Board, and whether it could be
24 implemented by the Board or whether it would have to
25 require some legislation or some other agency implementing

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it. That's the feasibility -- the legal feasibility.

And then, finally -- you know, and that we gave a slightly lower weight, because to give the other ones higher we had to take away from somewhere.

And then the Administration/improvability, the ease in implementing and improving once implemented, gave the lowest rate.

But let me go to the next slide. Justification for these weight choices.

--o0o--

DR. WASSMER: We rated efficiency highest because we believe, you know, that taxpayers, stakeholders, you know, in this area, in California, you know, want this payoff per dollar spent. And in fact we think that this overlaps quite a bit with the political feasibility idea, you know. So in a sense there's some overlap between these categories. They're not all free standing.

So, you know, if something is efficient, you know, if it's giving a lot of bang for the buck of what's being spent, monies being spent appropriately, this is also going to become politically acceptable. And also an efficient program by its definition, you know, by its broad overriding definition, is going to be easier to administrate.

So those are kind of in that category to begin

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with. And that's why we gave it the highest weight. You know, we put administration down there a little bit lower. You know, it could be possible to just remove the political feasibility or administration and just collapse it all into the efficiency one.

Now, equity was the one that was given the second highest weight, I believe at .25. You know, slightly above the .20. And, again, from our public interaction with some of the stakeholder meetings that we had in the fall, we perceived then as people visiting our classroom that they were very concerned about the fairness and how it was going to affect the different industries. And again this is for politically acceptability on the Board also in regard to representing different segments and the concern about the segment that's being represented by the Board member, whether they're being treated fairly in regard to this.

--o0o--

DR. WASSMER: The sustainability is given the same rank. And that reason is because it's been raised in previous rejection of subsidies. And then, as I said before, the overlap on these other two categories are why they were given a slightly lower rank. So, again, you know, this is not something that's scientific. You know, this is something where value judgments come in. And this

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is where I would fully expect the Board to apply their own value judgments and their own knowledge in doing this. I mean we were kind of outsiders on this. There's benefits to doing that, but there's hindrances also.

--o0o--

DR. WASSMER: You know, the next step in this analysis -- and this is a fairly well established analysis that's taught in public policy schools, you know, how to approach a public problem and how to come up with alternatives and evaluate them in a very transparent way. You know, and it's really not an appropriate way to come up with a decision, but it's an appropriate way to think about the decision-making process and illuminate it, and then bring it to a forum like this where the public can give discussion or a legislative body can give discussion upon it.

So we come up with first a qualitative alternative criterion matrix, which I'll show you in a second, which lists the alternatives in the criteria and then describes, you know, in words how he think those alternatives satisfy the criteria. And then later on we put that into numbers, you know, so we can quantify it in some way and, you know, come up with a ranking so we can rank the different alternatives. You know, 1 being very weak and 5 being very strong. So high numbers rate higher

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in this evaluation.

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DR. WASSMER: You know, the details of the 6 new policy alternatives, you know, might come up in discussion. But I'll leave that for the paper primarily, not to talk about. You can see the general notion of it.

Again, as I said, it's ripe with value judgment, but it's a transparent method that's easily altered if you disagree.

Two tables as examples. This is it taken right out of the paper. I believe it was in the memo that was sent out attached to and it's in the paper. But this is one of those qualitative alternative criterion matrices where you see the criteria being listed across the top. And the alternative hear is the further regulation of landfill disposal. Particularly we talk about requiring landfills to process tire chips down to a 2 1/2 inch size and, in effect, making it more expensive for them to bury tires and, in effect, putting a tax on burying tires.

You know, it's not for any environmental or for any other reason. It's just to raise the price of burying tires.

Now, another way you could approach it, you could put a direct tax and have them buried any way they want. But this is the way that we came up with.

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1 And we talk about, you know, the efficiency --
2 you know, highly effective at getting tires out of
3 landfills due to these increased processing costs. And we
4 talked to experts in regard to how small it would have to
5 be in order to raise tipping fees, you know, to make it
6 high enough that these tire transporters would take it
7 elsewhere, being on par with what tipping fees that
8 processors or derived-fuel people now charge.
9 You know, equity -- there's an equity issue there
10 because you really are hitting the landfill operators
11 hard, right, you're taking your pound of flesh out of them
12 in regard to try to do this. So that is a concern. And
13 there may be costs imposed upon tire haulers, right, rural
14 tire haulers that are used to taking them to landfills now
15 having to take them elsewhere.
16 Sustainable. Well, that's where it really is
17 hurt, right? If you just would put this in place, you
18 know, and then -- you know, leave it in place for a couple
19 years and take it off later on. It's not likely to be
20 sustainable, right? There is no -- really no market
21 development, as Mr. Paparian talked about, in this
22 proposal. And as you'll see later on, it gets a low
23 ranking in regard to sustainable.
24 The Political and legal feasibility, again may be
25 difficult because of the equity concerns that are raised

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by the waste management -- solid waste management people. But we do understand that the Waste Management Board has the legal authority to authorize something like this.

The administration and improvability. Again, minimal administration costs here. And there could be some improvability later on in regard to changing the tire chip size if that's not enough to raise tipping fees. That's what we meant by improvability. You know, once putting in place, you would just change the regulation later on.

--o0o--

DR. WASSMER: Now that's then put into this quantitative -- actually I believe that table was taken off an earlier draft. That table's really labeled as a Qualitative Alternative-Criterion Matrix. That's a quantitative one. I'm sorry for that typo up on the top there.

This is a quantitative where you actually take the numbers and assign that 1 through 5, you know, how the Alternative 2 meets the efficiency, equity, you know, and sustainability, political feasibility, such. And you see we gave -- you know, for efficiency the per-tire subsidy -- I'm sorry -- the further reduction of landfill disposal we gave that a rating of 5, right? As far as bang for the buck, as far as what the Board would have to

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1 spend to do this, it would be very efficient, right? I
2 mean the easiest thing is just to band them from
3 landfills, right? And you wouldn't have any more landfill
4 disposal, right? So from an efficiency point of view,
5 it's rather high.
6 From an equity point of view, right, in that it
7 puts more of the burden on waste management, right, it's
8 rated rather low. It's rated Number 2 or somewhat weak in
9 regard fairness.
10 Sustainable, it's rated very weak, right, not a
11 very sustainable program. Once you would remove that
12 regulation, right, or that tax, in effect, they would go
13 back to landfills. And, hence, that's the reason why it's
14 given a rather low political feasibility rating. And --
15 but at the same time it's given a high administrative
16 rating, right? It would be quite easy to administrate
17 other than maybe some enforcement that would have to be
18 done, right, in regard to making sure that this is being
19 done. But given a high administration.
20 So what you do is you take those different
21 ratings, multiply them time the weights, and you come up
22 with a total for each of the different categories. Sum up
23 those totals across the five criteria categories and you
24 get a total score on it.
25 Now, by no means is this -- as I said, it -- the

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1 process is somewhat scientific, you know, in thinking
2 about it. But the actual numbers are not, right? Those
3 are judgments, you know, that I -- we had discussions with
4 the students. In the end they're really my judgments in
5 regard to it, right, and it would -- you know, that's why
6 I encourage the Board to look at this process and think
7 about it and use it in their own way to come up with their
8 own numbers on that.
9 And you can see what jumps out of this table is,
10 you know, per-tire subsidies to waste-tire processors, to
11 end-users. The capital purchases and the information
12 campaigns, you know, are fairly close in regard to their
13 total scores, whereas the regulation and the per-mile
14 per-tire subsidies come out low.
15 So in the end, you know, that's not part of our
16 recommendations. It's based upon what's come out of this
17 alternative -- this quantitative alternative criterion
18 matrix.
19 --o0o--
20 DR. WASSMER: You know, so the numbers I repeat
21 here, which you saw before, and there is some grouping.
22 You know, although we come with a per-tire subsidy to
23 waste-tire process as being the greatest at 3.35, the
24 end-user subsidy and the capital purchase is not far
25 behind, and including the information campaigns.

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1 But there's a lot of detail in the report about
2 further justification of why we gave those numbers. And I
3 would encourage the Board to look at that, or their staff
4 to look at, you know, and then see where they disagree
5 with that in regard to our assignment of numbers -- or
6 they agree.
7 Finally, our recommendation is that the Board
8 think about beginning some form of a per-tire
9 reimbursement program. Now, we worked within the budget
10 that was laid out within the five-year plan, which I think
11 was around $6 million was going to be talked about for
12 tire subsidy programs, market intervention, et cetera,
13 currently being done. So that's -- you know, and in
14 penciling out some back-of-the-end envelope calculations
15 about the approximate number of tires that would be
16 recycled under these two different types of programs,
17 that's where we came out with these numbers. All of 17
18 cents.
19 And if you see in the report -- or in some of the
20 tables that were given out in the memo, it's in line with
21 what's been done in other states, right? 15 to 20 cents
22 is what has been done in other states, you know. The
23 issue here is when you start giving these per-tire
24 subsidies, you give them to people that are currently
25 recycling that would have done it without it, right, and

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that's where it jacks up the costs.

The ideal thing is just to give the subsidy to the marginal recycler who's not currently doing it, right? But there's really no way to find out who that person is and, you know, it becomes a costly program in that regard.

You know, for end-use products, you know, again the ratings was very close in regard to those two. There might be a little bit more administrative issues regard to giving per-tie subsidies to end-use products. And at this point we also come in and recommend that a higher -- if you're going to go to end-use products, that a higher subsidy be given to non-TDF uses, right, as the social hierarchy, the beneficial hierarchy, you know, that has been established by the Board and by others view that, you know, recycling as being better than this diversion in the tire-derived fuel.

--o0o--

DR. WASSMER: Second recommendation is that, you know, the idea of -- you know, it came out very low in our evaluation, that scrap tires be processed to at least a 2 1/2 chip be tabled at this point, not be put into place because, you know, although it would cause a diversion, it's going to, you know, have the same problem that Texas and other states have experienced: Where are these tires going to go?

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1 But I think that, you know, once these markets
2 were further developed, this might be, you know, a final
3 tool to be put in place, thinking about, you know, either
4 this processing -- additional processing requirement or
5 the outright ban of tires from landfills, which other
6 states have done, you know, once the markets are further
7 developed. But this would not be, as Ms. Paparian has
8 raised, the best way to develop a market, right, just by
9 this brute force. There really is no development. You're
10 just putting the tires out there and creating this supply
11 of tires that really have no uses without further market
12 development -- demand development for their uses.
13 --o0o--
14 DR. WASSMER: And, you know, this demand
15 development we think should come from the continue
16 refunding of these capital studies. And I believe the
17 Board is planning at about one million annually. We were
18 talking about doubling it. But as far as I understand it,
19 being a little bit more strict in regard to the number of
20 tires that have to be processed in order to get this.
21 And, you know, not making -- making this initially a loan.
22 And if these requirements are not met, you know, that it
23 would have to be owed back to the Board and then turned
24 into a grant once these requirements are met over a
25 period.

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--o0o--

DR. WASSMER: Recommendation Number 4 involves the information campaigns. So, you know, these are the things that came out as being high in regard to our evaluation. Spending more money on encouraging the further use of tire-derived fuel. As we understand it, there are some cement kilns that are licensed to use them right now, but are not using them due to public resistance movement in that area. And, again, not telling the public anything that is factually or is the best scientific evidence that's currently available, but getting it out there and raising public awareness on this.

The further use of crumb rubber in general and end-uses and the further use of rubberized asphalt.

Informal recommendations. I think I mentioned six million before. I guess the -- I think six million that's currently being spent over the next fix years is planned to be ratcheted up to $8 or $9 million.

But, you know, when we looked at this and we thought about the additional of money that now the dollar fee that's being charged, you know, there could be possibly $30 million coming into this program, you know, over the next few years, that the Board should step back and maybe think about spending more than the $8 to $9 million. You know, especially if you go to a per-tire

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1 subsidy, the concern is going to have to be the cost of
2 it. But we think the resources are there. In fact, you
3 know, the Board may face a problem later on where people
4 start questioning, "Why are we paying this dollar? Why
5 are we giving $30 million? What's it being spent on?"
6 And, you know, if the goal is really to divert 25
7 percent of these tires, we think that the markets, you
8 know, are not going to be developed without further help.
9 And perhaps the best way to do it is through these
10 per-tire subsidies; at the same time, you know, working at
11 the other end, working at capital subsidies and getting
12 the information out. So we talk about this division, if
13 more money's going to be spent, you know, dividing up the
14 money in this way; which is similar to what our
15 recommendations were under the $8 to $9 million budget.
16 And, again, the importance is that the need to
17 stress the flexibility. The people we talked to through
18 other states that have done this, the tire consultants
19 have said that, you know, this needs to be a very flexible
20 program, needs to be put in place, and needs to be
21 monitored, you know, enforcement needs to be looked at,
22 administration.
23 And, you know, 17 cents may not be the right
24 number, right? It may be 15 cents, it maybe 20 cents, it
25 may be 25 cents. You know, there needs to be continued

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1 studies of this and thought about it.
2 And it needs to be something likely that's going
3 to be put in place without a sunset date. You know,
4 that's one of the problems that -- you know, that not
5 considering this to be a continual program creates
6 uncertainty in the industry. And the industry needs to
7 know that it's going to be a continued program to take the
8 capital investments and to use these tires in the way that
9 they want them to be use. And we see no problem in making
10 it a continual program because that's what the legislation
11 currently says. Other than dropping down to what, 75
12 cents, you know, which could be factored into it,
13 currently this money is going to be available, you know,
14 for at least the near term future.
15 --o0o--
16 DR. WASSMER: With that -- I had some questions
17 there. But I'm glad to answer them whenever it would be
18 appropriate, you know, in this session.
19 Thank you.
20 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
21 One of the things we've got prepared is sort of
22 an interactive version of those tables. If the Committee
23 so wishes, part of this next discussion could include
24 altering some of the weighting factors or numbers on those
25 alternatives to see how that would result in changes to

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1 recommendations.
2 So if the Committee wishes, we can go into that,
3 or we can first have more of a, you know, topical
4 discussion.
5 CHAIRPERSON JONES: I think we probably need to
6 have a little topical discussion on a few things first.
7 Anybody want to start?
8 Mr. Paparian.
9 COMMITTEE MEMBER PAPARIAN: Sure.
10 Well, let me just throw the big issue on the
11 table, the issue of transformation of tires. I assume
12 that was the staff direction to include transformation as
13 part of the market development analysis that Mr. Wassmer
14 prepared, is that -- would that be right?
15 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
16 Based on the original Tire Recycling Act,
17 transformation had always been in the mix of diversion
18 options available to use for tires. So that was included
19 in the direction that the staff gave to the contractor.
20 COMMITTEE MEMBER PAPARIAN: Okay. Let me ask the
21 Legal Office. If you look at the 876 legislation, Section
22 42889G -- you got your codes with you?
23 CHIEF COUNSEL TOBIAS: What was the number again?
24 COMMITTEE MEMBER PAPARIAN: Page 99, 42889.
25 What 42889 does is give us the specifications

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about how we can spend the money under 876. And then 42889G talks about market development. And I just want to make sure I'm right on this. As I read 42889G, it says: "To assist in developing markets and new technologies for used tires and waste tires. The Board's expenditure of funds for purposes of this subdivision shall reflect the priorities for waste management practices specified in Subdivision A of Section 40051." As I read that, our market development activities need to follow the waste hierarchy matrix; 40051 is the waste hierarchy matrix.

Am I right so far?

CHIEF COUNSEL TOBIAS: I think it's susceptible to that interpretation.

COMMITTEE MEMBER PAPARIAN: Okay. The waste tire hierarchy matrix puts source reduction at the top, followed by recycling, followed by environmentally safe transformation and environmentally safe land disposal.

As I read the hierarchy, environmentally safe transformation is below recycling and equivalent to environmentally safe land disposal. So if I were -- and I don't want to -- I'm making this argument for argument's sake at this point. But if I were a landfill operator and would have a waste tire monofill, I would say that my business of landfilling tires is equivalent under the market development sections of 876 to transformation; and,

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1 therefore, any subsidies that happen to transformation
2 ought to be available for environmentally safe land
3 disposal as well. We actually had some -- a witness on
4 Monday tell us that they thought that land disposal was
5 better than transformation. I'm not sure I want to go
6 there yet. But I think in just terms of reading the
7 statute, it seems that recycling for market development
8 purposes, recycling does not include transformation, and
9 recycling is rough -- or transformation is roughly
10 equivalent to land disposal under the hierarchy. So I
11 think we're kind of in. -- we're in kind of a quandary
12 with this report. I think we've got some interesting
13 ideas worth pursuing. And I don't -- I think Professor
14 Wassmer has done a great job with what he was given by the
15 staff. But I think he maybe was given a little bit of a
16 wrong direction given what's in the statute and given how
17 the hierarchy works.
18 CHAIRPERSON JONES: Mr. Paparian, before he
19 answers, I just want to say, I'm not sure he was. Just
20 based on the standpoint that as part of the negotiations
21 for this bill, that Mr. Eaton and I were pretty involved
22 in, this issue came up at Committee, came up a couple of
23 times. And one of the requests out of Assembly Member
24 Keeley's office was to document the emissions that existed
25 in an inventory. And then as energy recoveries increased,

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1 to continue to have some reporting -- I may have this
2 wrong, Mark, the exact language, but it was -- it was an
3 inventory issue about some emissions on TDF because it was
4 the concern of the Legislature that we didn't dedicate all
5 of our efforts into that. And we assured them we
6 wouldn't. And this was a way to sort of, you know, deal
7 with it. But clearly, you know, in all those negotiations
8 I never heard anybody say to take out any of the
9 hierarchy. I heard them say, you know, the hierarchy is
10 the hierarchy. And, you know, I just think this is an
11 unusual -- I don't think staff did anything other than say
12 to the school to look at all of the options that are
13 currently there and figure out how we can grow these
14 markets. I mean I don't think -- you know, I don't want
15 the inference to be that staff somehow directed this
16 contractor contrary to the Board, because this Board
17 member doesn't think they did that. If that's fair. I'll
18 leave it at that.
19 COMMITTEE MEMBER PAPARIAN: Yeah, I mean I think
20 that -- I mean and I've looked back at the scope of work.
21 It talked about market development, it talked about tire
22 recycling. And I think it just gets back to this
23 fundamental question of do some people believe that
24 transformation of tires is different than transformation
25 of solid waste; and that transformation of tires in some

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1 people's view is equivalent to recycling. I don't think
2 it is. And I don't think the statute -- I think the
3 statute's very clear that transformation is different than
4 recycling and is a lower priority than recycling. And I
5 think that somehow transformation was communicated as
6 being equivalent to recycling when it relates to tires for
7 purposes of preparing this report.
8 And I think that's unfortunate. I wish that we
9 could focus just on the recycling aspects of the report,
10 as the original scope of work called for. Because I think
11 there are some interesting concepts in there on recycling
12 that we ought to talk about, and hopefully we will get a
13 chance to talk about later today.
14 CHAIRPERSON JONES: Professor.
15 DR. WASSMER: I would just like to comment
16 briefly on that.
17 No, that the staff never directed us -- you know,
18 my understanding of what the scope of work was was market
19 development. You know, as in that problem statement that
20 we have, you know, 8 million -- 6 to 8 million tires now
21 currently being landfilled, stock piled; and, you know,
22 what's the quickest, what's the most efficient way, and
23 based on these other criterion, of stopping that from
24 happening? You know, and our understanding, you know, in
25 this brief period, these three or four months that we

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1 looked at it, was that there are developed markets already
2 for TDF burns. In fact, you know, the cement kilns that
3 are currently licensed could probably take up those 6 to 8
4 million tires in their current uses, you know. And that
5 is what -- where we came upon this evaluation in regard to
6 that's something that should be thinking about. Where, as
7 the cost of developing crumb rubber or other alternatives
8 for tires would be much more expensive, and it's something
9 that the Board should pursue, but in the short-term even
10 under this hierarchy -- I guess I don't agree that --
11 again, I'm no expert on this -- but that land filling is
12 the same as burning, because I think there's some social
13 value that comes out of burning. You know, it replaces
14 mining. It replaces another alternative that's much more
15 expensive to pull out. And as our reading of the
16 literature, the one student who was assigned in this area,
17 you know, doesn't have, you know, that bad of
18 environmental effects, not much more worse than burning --
19 what's currently burned to generate, you know, the cement
20 kilns or in some of the electricity generation where it's
21 possible.
22 California doesn't use a lot of coal for
23 electricity. That's why it really isn't possible. And
24 that would have to be concentrated on the cement kilns.
25 But I just want to stress that the staff never

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1 pushed us in this direction at all. In fact it was the
2 interest of one student in this, that he spent a lot of
3 time visiting -- he actually visited a couple cement
4 kilns, talked to industry people, you know, read the
5 Sierra Club literature on it, read the environmental
6 literature on it, and came to his conclusion, you know.
7 And the federal EPA's conclusion that this is -- you know,
8 that is safe. And as I think the Board, we've even found
9 out, has even talked about that they've approved the use
10 of TDF in these cement kilns, right, in the six cement
11 kilns. It has been approved. It's only being used in
12 three of them. And it's primarily due to public
13 opposition. That's where we went on this information
14 campaign.
15 COMMITTEE MEMBER PAPARIAN: I don't -- just to
16 correct something. We don't -- we're not in the business
17 of approving. We don't grant approvals to cement kilns
18 here. We don't. That's not --
19 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
20 There is an action the Board takes. And that is,
21 approving the storage of the tires at the cement kiln.
22 COMMITTEE MEMBER PAPARIAN: Right. But we don't
23 approve --
24 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
25 They are eligible for an exemption that the

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1 Legislature created that they can have a 30-day fuel
2 supply without having to have a waste tire facilities
3 permit. And we have to determine whether or not they've
4 complied with that limit. So there's an action.
5 COMMITTEE MEMBER PAPARIAN: But our determination
6 is based on the storage of tires, not the burning of the
7 tires. We don't issue a permit for burning the tires.
8 That's somebody else's business.
9 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
10 Obviously they get the permission from the Air
11 Quality District. And all the six kilns that Professor
12 Wassmer has referred to have received such permits from
13 their districts.
14 COMMITTEE MEMBER PAPARIAN: But our allowance of
15 the tires at those facilities in fact I think legally
16 cannot be based on whether or not we think it's a good
17 thing or not to burn the tires at that facility.
18 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
19 Only in that they must have that permit from the
20 district first.
21 COMMITTEE MEMBER PAPARIAN: Right. So it' not
22 our -- we don't make that judgment call. It's somebody
23 else's call.
24 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
25 The experts in Air Quality make the judgment

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1 call, and then the kilns come to us for the permission to
2 receive those fuels.
3 COMMITTEE MEMBER PAPARIAN: Okay. Let me move
4 on. I'll bet we'll come back to this. But let me move on
5 to some questions about the report.
6 The criteria -- the one thing I noticed about the
7 five criteria, the efficiency, equity, sustainability, and
8 so forth, there's no environmental criteria. Was that
9 thought about at all or --
10 DR. WASSMER: What do mean by environmental?
11 COMMITTEE MEMBER PAPARIAN: You know, concerns
12 about public health and the environment, contamination of
13 air, land, and water.
14 DR. WASSMER: I think that was the initial
15 concern about, you know, why we want to move away from
16 landfilling and stockpiling, right? I mean, you know,
17 some -- regarding -- and talked about some social
18 hierarchy in regard to what the best way to use tires.
19 You know, that wasn't explicitly talked about as a
20 criteria, but we were aware of it, you know, and
21 knowledgeable of it, and had read the literature on it,
22 and in general agreement with that hierarchy that the
23 board has talked about, you know, is one that's well
24 accepted throughout the literature. And I think that is
25 reflected in the end-user subsidy we talked about, right,

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1 being higher -- being lower for TDF use. You know, For
2 TDF is going to get an end-user subsidy being 10 cents as
3 opposed to 50 cents for other end-users.
4 COMMITTEE MEMBER PAPARIAN: As a dollar amount
5 though I think it would be -- at least as you described
6 the potential uses in the next few years, it would
7 potentially be much higher. On a per-tire basis it might
8 be lower, but on an absolute dollar basis it would be
9 higher?
10 DR. WASSMER: Sure.
11 And, again, I'm largely relying on -- you know, I
12 read some literature myself. I'm largely relying on the
13 student's evaluation of the literature on TDF and the
14 consensus at least that he came about in reading it, that
15 it's not any worse than what's currently being burned to
16 produce fuel for cement kilns or co-generation plants.
17 COMMITTEE MEMBER PAPARIAN: Okay. The
18 landfill -- it's suggested in the report that we move away
19 from landfilling tires. And let me make clear on that,
20 what I said before again, I'm not trying to advocate one
21 or another on landfilling of tires. I'm just trying to
22 look at the statutes and what our requirements are.
23 But there's a suggestion in the report that we
24 move away from landfilling tires, yet keeping the ability
25 to use tires as ADC, alternative daily cover.

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1 I see kind of an inconsistency there. And I'm
2 wondering if you -- how you were able to differentiate ADC
3 from, you know, chopped up disposal of tires?
4 DR. WASSMER: Well, I think AD -- you know, the
5 use of tires, in some sense tires may be the best, at
6 least in my reading of the literature, use, you know, for
7 this purpose of covering landfills. And, you know, if we
8 don't use tires, we have to use something else that needs
9 to be produced or mined or dug up. And, you know, tires
10 have a lot of nice qualities in regard to that purpose.
11 And it serves a social benefit, right, of presenting, you
12 know, the disease or the smell or whatever from the cover.
13 And that's why, you know, at least from the stakeholders
14 we talked about it and from the experts that, you know,
15 where this has been done, even where it has been banned
16 from landfills, it's a disposal of tires, you know, whole
17 tires or tires just for disposal purposes, you know, not
18 for alternative daily cover. You know, that's still used
19 throughout the country.
20 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
21 And if I could make one comment.
22 I believe he may have been aware that there is a
23 Board standing policy that tire use as ADC can count for
24 diversion credit. And I don't believe the Board has
25 readdressed that issue in any time recently to make any

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1 change to it.

2 COMMITTEE MEMBER PAPARIAN: Okay. And then the

3 discussions with the TDF folks, did you get any indication

4 that they would like to have the subsidies? The reason I

5 ask the question is that the Board had $2 million in

6 research money available put out there for TDF facilities

7 a few months ago. And it was undersubscribed. Only

8 $500,000 was requested. $1 1/2 millions went un asked for

9 from the TDF folks. I'm wondering -- and I've heard

10 personally from them that they're not looking for state

11 subsidies. But I'm wondering if you heard that same --

12 DR. WASSMER: No, I don't -- I think that was

13 just the matter of fairness and political acceptability,

14 that if you're going to give subsidies, that you likely

15 have to give them to TDF users also. And that -- I think,

16 at least discussions with my students, is that they're

17 looking more for these information campaigns. You know,

18 they face the grass-roots resistance from burning, even

19 though they're pitted to burn and they don't burn, because

20 of the fear of what could happen. So I think that they

21 would benefit more from these information campaigns and

22 would welcome an effort by the Waste Management Board to

23 bring the facts out in regard to the TDF burns.

24 But, no, the -- that was, you know -- there's a

25 lot of issues in regard to per-tire subsidies, you know,

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that -- in regard to if you go into them, you know, the consensus basically is that they have to be given statewide. You know, it's very hard to distinguish -- perhaps they only need to be given in southern California. That's one thing that we found. You know, that -- you know, 8 million, 6 million of these tires go to Azusa Landfill. You know, if you do the numbers, that's where all the problem is, right? Banned them from Azusa, give a subsidy in southern California to processors, right, and you might have the problem solved. But we were told early on that that just is not going to fly, right, from people from northern California, from Martha and others, right?

SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: Staff direction.

DR. WASSMER: So that's where you get these subsidies that probably has to be given across the board.

But, yeah, if you think about tire-derived fuel, its really an input that they, you know, get paid to use, right, so, you know, in regard to charging a tipping fee. So the tipping fee really is not the variable that's making the difference in regard to their use. It's the information campaigns, the public resistance to the burn.

COMMITTEE MEMBER PAPARIAN: That's all I've got for now.

CHAIRPERSON JONES: Okay. We really did spend an

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1 awful lot of time on TDF. And I know this is about a
2 whole lot of issues.
3 Mr. Eaton, any questions?
4 COMMITTEE MEMBER EATON: No, I just want to kind
5 of just reiterate one thing that I picked up from your
6 presentation. Given the fact of all your value judgments
7 and all the other things, the one thing that at least your
8 report or your group has unanimously concluded is that the
9 current economic system of tires and how we move away from
10 the excess supply problem with no, you know, bias towards
11 one way or the other is in need of repair. Would that be
12 a fair statement?
13 DR. WASSMER: I think so. I mean in regard to
14 our evaluation that, you know, if the Board --
15 COMMITTEE MEMBER EATON: Our serious goal is to
16 rid ourselves of the excess supply. And I'm not, you
17 know, having any bias. Then we need -- there needs to be
18 some repair or intervention, shall we say, to achieve that
19 end goal.
20 DR. WASSMER: Yeah. I mean it's the idea of the
21 economic concept of diminishing returns. The Board has
22 done so much in regard raising the diversion rate from 25
23 percent to 75 percent, diversion/recycling rate, you know,
24 this last 25 percent is a difficult one to get after,
25 right? And, you know, it involves the tipping fees, it

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1 revolves around transportation costs, it revolves and
2 public perception on burns. And if you really wanted to
3 do that, you know, and not have these in landfills, we
4 think -- you know, it's our opinion that there needs to be
5 some outside invention. And the resources are there now,
6 right? The dollar has been put in place. If there is a
7 dollar fee to encourage tire recycling / tire diversion,
8 you know, that money should be use for that effort.
9 And we think that -- at least our opinion -- my
10 opinion is that the per-tire subsidy is something that
11 needs to be seriously thought about and put in place.
12 It's an expensive program again because you're subsidizing
13 all the tires that would have been recycled even without
14 it. But you need to do that in order to get at the
15 additional ones, you know, and to change those tipping
16 fees. Because the processing costs for crumb rubber
17 people are so high that they have to charge these tipping
18 fees that encourage the tire transporters here to take it
19 to the landfill.
20 COMMITTEE MEMBER EATON: And there just was one
21 other question, Mr. Jones. And then I think there's a lot
22 of people want to speak.
23 But, conversely, that influence, that
24 intervention, let me just put it that way -- you had
25 mentioned that there's some roughly 25 percent excess.

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1 You know, and I'm not -- that's just a figure that's out
2 there. You know, it's a fair and reasonable figure. Any
3 influence that we have or intervention we may have may
4 affect the so-called current uses, the -- for instance, if
5 we -- if intervention is placed in another sector, we
6 could actually reduce one of the current use's consumption
7 and hopefully that will be made up on the side where the
8 intervention or the shift happens to be.
9 DR. WASSMER: Yeah. And I think if the Board
10 wanted to go down that path, I think it's a reasonable
11 path to go down, where you have differential subsidy
12 rates. You know, if you follow your social hierarchy, you
13 can give higher subsidies for specific uses of tires, but
14 it's more expensive to administrate in regard to doing
15 that.
16 And you're right. I mean you could pull tires
17 out of TDF and you could put them into crumb rubber. You
18 know, pull them away from diversion and put them into
19 recycling. But at least in my opinion, I would think
20 that -- you know, going from a no subsidy program to
21 something as difficult to administrate as that, I think
22 the baby step would be to put some type of subsidy program
23 in place and then play around with it. You know, play
24 around with some differential rates if you wanted to move
25 away. You know, the initial goal is just to get that 25

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1 percent out of landfills, out of stockpiles, and then, you
2 know, later on move away from TDF burns or other lower
3 social hierarchy uses of tires.
4 COMMITTEE MEMBER EATON: And I was just speaking
5 not in terms of any particular type of use, but just the
6 structural. I think that's kind of it.
7 And just for political correctness, we use
8 "incentive" as opposed to "subsidy."
9 CHAIRPERSON JONES: Thanks, Mr. Eaton.
10 I have just a couple questions.
11 I think that the issue about action and then
12 consequence is clearly one that is the most important to
13 me. You know, I mean when we do an infusion, I personally
14 am -- I've always looked to putting money into the
15 end-user to create a market.
16 Now, unfortunately, with some of our processors,
17 because of influence from outside of this country, they're
18 at a disadvantage. So there obviously needs to be some
19 issues to be dealt with. But it is -- there's an awful
20 lot of historical data that, where subsidies are used in
21 certain states, they never really sustained, because once
22 the subsidy went away, so did the program or the need.
23 And that weighs heavily on me as to, you know, trying to
24 figure out what' the right mix. And I'm not saying that
25 that doesn't mean there isn't a place.

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1 But one of the issues that I do want to know if
2 you were given -- Mr. Planarian's question about the
3 columns and was there one for the environmental
4 correctness or environmental point-of-view or whatever
5 that title could be.
6 Did the staff provide you copies or did they even
7 think to provide you copies of letters of opposition,
8 vehement letters of opposition to not only TDF, but
9 rubberized asphalt concrete from citizens?
10 DR. WASSMER: No. I mean we never asked the
11 staff for that. Or I don't think they were following our
12 process close enough to even -- to give that. I mean we
13 were aware of that in reading some of the literature on
14 this. And that's where the information campaign came
15 about, you know, that -- you know, is this opposition
16 based in fact or is it based in just a gut opposition to
17 burning?
18 CHAIRPERSON JONES: Okay. No, no, I'm not
19 talking about TDF. I'm talking about rubberized asphalt.
20 We get letters that oppose the use of rubberized asphalt.
21 We get letters that oppose the use or us granting money to
22 playground mats in schools. We get letters of opposition
23 to us putting out grants for running tracks. So if we're
24 going to list --
25 DR. WASSMER: Is this for health concerns in

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regard to that?

CHAIRPERSON JONES: They list all kinds of things. I think it's health, it's odor, it's --

SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: Latex rubber allergies.

CHAIRPERSON JONES: Latex rubber allergies. It's a whole myriad of whatever happens to be, you know, on somebody's mind. But it's every market that we have -- that I've ever seen. And every grant program we've ever done since I've been at this Board has had opposition from one group or another as to the negative effects of that particular thing, whether it's rubberized asphalt, playground mats, running mats, TDF, landfilling of tires -- anything.

So, you know, it just create -- and I want to bring it up because I worry when we say, you know, we should have the standard, because then we eliminate -- you know, we may think that others wouldn't object to rubberized asphalt or playground mats or stuff like that, when in fact there is a whole group of people out there that object to it.

So it makes it pretty hard to figure out who -- how you rate that, you know, I mean. And I just didn't know if you had been made aware of that kind of opposition every time we put grant together.

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1 DR. WASSMER: No, we are aware of that. I mean
2 in the framework of our evaluation, you know, that's where
3 it's appropriate to use a benefit-cost-type study. You
4 know, there are costs to doing these type of things. You
5 know, do those costs -- are they less than the benefits
6 that would come from doing it? And that's where it's
7 important to think from both sides of it.
8 And that's where, you know, you could more
9 explicitly build that into the matrix if you wanted to.
10 You know, we kind of just implicitly built that into the
11 matrix in some of our evaluations. But, you know -- I'll
12 just leave it at that.
13 CHAIRPERSON JONES: Okay.
14 COMMITTEE MEMBER PAPARIAN: Mr. Chairman, I
15 haven't seen these letters. I am aware that there have
16 been concerns about latex rubber, as Ms. Gildart mentions.
17 But to the extent that staff is sharing these with you, I
18 would certainly love to see some of these.
19 CHAIRPERSON JONES: No, no. This was -- I mean
20 they didn't come out of their way not to share it with
21 you. This is something that happened over my last six
22 years. And it's just part of the normal process of
23 sitting on a board and getting whatever the available
24 information is. So there's some historical information
25 that they can provide to you.

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1 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
2 I believe we could find -- I think I've kept some
3 of the petitions that we've received in opposition to
4 playground mats. And, in fact, currently we are dealing
5 with one community where there is opposition to the tire
6 crumb in a playground. And we can try and compile
7 whatever letters we've got in our files if you're
8 interested, and we'll make them available to you.
9 CHAIRPERSON JONES: Just normal course of being
10 here for a while --
11 COMMITTEE MEMBER PAPARIAN: Well, I'd like to
12 see -- to the extent you're getting informed about these
13 by staff, I'd certainly like to be informed about them
14 too.
15 CHAIRPERSON JONES: Actually, Mr. Paparian,
16 that's the point I'm trying to make. They're not
17 informing me separately from you. It's in the course of
18 dealing with this for six years, just like you've been
19 informed since you've been here on issues. So if you guys
20 can get them for him, that would --
21 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
22 Yeah, some of them go back several years and
23 predate your term here.
24 CHAIRPERSON JONES: Yeah, whatever.
25 I think what I -- unless anybody has another

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1 question, I think what I'd like to do -- because we're
2 going to open this up to public comment -- is take about a
3 10-minute break now. Take about a 10-minute break. I
4 know Mr. Eaton is going to have to break away for a little
5 bit for a meeting and then however that works out.
6 Break away for about 10 minutes, come back, start
7 taking public comment, and see how we go?
8 Is that okay with the members? Is that all
9 right?
10 Okay?
11 COMMITTEE MEMBER EATON: That's fine.
12 CHAIRPERSON JONES: Very good.
13 All right. We'll come back in about 10 minutes.
14 (Thereupon a short recess was taken.)
15 CHAIRPERSON JONES: Hello. We're going to
16 reconvene the Committee.
17 We are going to hear -- I don't know that there's
18 a need for ex partes, but I'll offer if anybody's got any.
19 Mr. Paparian.
20 COMMITTEE MEMBER PAPARIAN: Yeah, I spoke with
21 Randy Roth from Lake and Tire, and with Tom Faust from
22 Redwood Rubber.
23 CHAIRPERSON JONES: Okay. And I didn't really
24 speak to anybody. But I say "hi" To people as I walked by
25 them. So -- I don't want to get into trouble.

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1 Mr. Eaton's at a meeting with a bunch of folks.
2 He'll be back joining us a little bit later.
3 We'll start our public comment period, Martha, if
4 that's okay.
5 And we are going to not exceed five minutes. But
6 if you could make your comments brief and to -- you know,
7 that would be helpful. But we're going to go no more than
8 five minutes per speaker.
9 And the first speak is Bob Winters from Atlos
10 Rubber.
11 MR. WINTERS: Good morning, Member Jones and
12 Member Paparian, staff.
13 Basically I am opposed to subsidies. Always have
14 been, always will be. I think the Board has reflected
15 that opinion on several occasions.
16 There is now a situation that has me differing
17 from my opinion on subsidies, however. And the Board is
18 well aware of the Canadian imports to California,
19 primarily for use in CalTrans work. This is something
20 that has increased dramatically this year as opposed to
21 last year, even though there is less work that is being
22 put out by CalTrans.
23 In order to level the playing field, if for no
24 other reason, the processors of crumb rubber definitely
25 feel that we need a subsidy or some type of assistance in

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1 competing with what is a subsidized material coming in
2 from Canada.
3 This is something that definitely needs to be
4 addressed in one form or another, whether it be
5 assistance, whether it be -- I can't imagine anything more
6 onerous than a ban on importing materials, but -- so I
7 think a leveling of the playing field is what's
8 appropriate.
9 In addition to that, I do want to make clear to
10 the Board that if any subsidy of any type or assistance of
11 any type is made available to processors, that tire
12 buffings be included in whole tire on the basis of PTE's,
13 which is primarily the feedstock that Atlos rubber uses.
14 We do utilize retread buffings. However, we also
15 manufacture buffings internally from whole scrap truck
16 tires to generate more buffings for our feedstock.
17 Incidentally, we also use quite a bit of shredded
18 tires now in many of our products, so we're not strictly a
19 buffings company anymore. But I did want to be sure that
20 buffings was not excluded in any of the proposals that may
21 come before you or put forward by you for subsidies when
22 it comes to both the use of California tires as well as
23 transportation. And that's my comment.
24 CHAIRPERSON JONES: Thank you, Mr. Winters.
25 Just one quick question. The energy issues that

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1 you -- that your whole association brought to the Board, I
2 don't know, a year ago, probably, where the cost of
3 operating your plant took on a -- how do you see, you
4 know -- has anything changed? I mean have those energy --
5 I know a lot of you are operating on different times now
6 to take advantage of non-peak hours. But what's the
7 energy issues like on your business right now?
8 MR. WINTERS: The energy issues for our
9 company -- and I can only speak for our company because
10 I'm really not aware of the impact on our other companies
11 in the state -- our energy costs have not gone down. Even
12 though the energy companies themselves are paying less for
13 power, that has not been passed on to us, the consumer.
14 We generate quite a bit of our own electricity with diesel
15 generators that are permitted. But the per-kilowatt-hour
16 cost is equivalent or right at equivalent to what Edison
17 is charging us. But it does keep us from having to expand
18 our electrical capacity, which is something that we have
19 tried to avoid. So that has not been affected at all, Mr.
20 Jones.
21 CHAIRPERSON JONES: Okay. Thank you. Appreciate
22 it, Mr. Winters.
23 Mr. Paparian, anything?
24 Okay. We are going to -- I'm going to give this
25 group a choice of how they want to come forward.

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1 We've got Joyce Eden, Dr. Priscilla Albright,
2 Ruth Sethe, Wendy Mezilis.
3 Is there an order you would prefer to go in or --
4 Okay. I'll let you come up. Just identify yourself for
5 us so we know who's speaking please. Thank you.
6 And you are?
7 MS. SETHE: Ruth Sethe.
8 CHAIRPERSON JONES: Thank you.
9 MS. EDEN: My name is Joyce Eden. I'm with West
10 Valley Citizens Air Watch. We are a citizen group who has
11 been concerned with tire burning and true recycling since
12 1995.
13 I want to address a few different items regarding
14 the report and some of the underlying bases or non-bases
15 in the report.
16 First of all, I want to address the fact that:
17 Where is the public and the public's needs and concerns in
18 Professor Wassmer's report? And what is the Board's
19 definition of "stakeholder" and Professor Wassmer's
20 definition of "stakeholder"?
21 I wondered if you could address, do you have a
22 definition of stakeholder, Mr. Jones or Mr. Paparian?
23 Does the Board have a definition --
24 CHAIRPERSON JONES: Absolutely. Stakeholder -- I
25 mean you've participated in this process as long as I've

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1 been here. And stakeholder means that we open our doors
2 to anybody that's got something to say, let them speak.
3 We don't confine stakeholder to a particular class of
4 interest.
5 MS. EDEN: Okay. Thank you for clarifying that.
6 Because the way it's been used it has seemed to me that
7 it's been for the various, you know, commercial interests
8 and the industry interests. And it didn't seem to include
9 the citizens or citizen groups.
10 Okay. We were not -- then it sounds like we are
11 considered a stakeholder and, therefore, as a
12 stakeholder -- you know, and you've noted that we have
13 been active in this since you've been here. We were not
14 notified of this report until very recently. You know,
15 maybe -- I'm not sure -- two weeks ago, three weeks ago.
16 But certainly -- you know, I understand from Professor
17 Wassmer's presentation that the Board went to him about a
18 year ago or so. So, you know, I would like to be sure
19 that our group is plugged into this process so that we are
20 notified of the -- you know, our issue is the tire
21 issues -- so we are put on notice, whatever notice goes
22 out, so that we can participate in this, not just -- you
23 know, at this point in the process, which I'm glad -- you
24 know, we found out about it and we're here.
25 But Professor Wassmer brought in a lot of

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1 stakeholders, which is how he termed it, into his
2 classroom to speak to him and his students. You know,
3 we've been highly visible, we've presented -- made
4 presentations, brought in reports and, you know, yet the
5 way we are characterized in one line in Professor
6 Wassmer's report, I don't feel we were adequately brought
7 into the process of the development of the report.
8 And we would have been happy to make ourselves
9 available and send information.
10 I want to make a comment also that -- something
11 was brought up today about the staff and TDF. And I do
12 want to make an observation as a group that's dealt with
13 this issue over many years. And it does appear to us that
14 the staff is heavily vested in the tire-derived fuel issue
15 and that as a solution, which obviously we don't agree
16 with.
17 Okay. Then the social costs again -- well, Board
18 Member Paparian brought up the environmental issue. And
19 so I think he covered that quite well, that it wasn't
20 covered adequately in the report, and we heartily agree
21 with that.
22 Public perception was brought up in the report.
23 On Page 46 of the report, I'm going to briefly read.
24 "The reason is simply that negative public
25 opinion and the adamant opposition of some communities to

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1 TDF and groups has thwarted the use of tires as a fuel
2 source." And then at the cites Bennett, 2001 in the
3 references. That is an E-mail or a conservation or
4 something like that. I would like to have the source of
5 that and the text of that, and also know who Mr. Bennett
6 is and what his qualifications are.
7 And he did not contact us. Is he here.
8 "An example of such community opposition" --
9 continuing from the report. I'm just going to read this
10 one paragraph. "An example of such community opposition
11 to burning tires in a local cement kiln comes from Santa
12 Cruz, California. The local plant past the required
13 rigorous air testing. However, once the tire burning
14 became likely, community groups put pressure on elected
15 officials to prevent it."
16 Now, the rigorous testing -- I mean we are very
17 familiar with test burns, having dealt with this issue
18 over the years. We're also familiar with the bay -- with
19 the Air Quality Management District's criteria, and those
20 are not what I would call rigorous. And the criteria are
21 not health protective in any sense of the word.
22 Continuing: "However, once tire burning became
23 likely, community groups put pressure on elected officials
24 to prevent it. In the San Jose area the Hanson cement
25 kiln in Cupertino met a similar fate."

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1 We are the thwarters. We are proud to be the
2 thwarters. We feel we have protected our community and
3 hopefully other communities from an increase in toxic
4 emissions by preventing tire burning.
5 "The initial testing" -- continuing: "The
6 initial testing of the plant's emissions produced poor
7 results and community activists labeled testing done in
8 cooperation with the Bay Area Air District 'secretive'."
9 Okay. This is -- this does not reflect in any
10 way what really happened. And it gives a somewhat
11 pejorative tone to it. What in fact happened was that the
12 Air District allowed the cement kiln -- Hanson cement
13 kiln, which was previously Kaiser cement kiln, to do a
14 test burn without notifying the community.
15 That was secretive, if you want to use that term.
16 "The plant's emissions produced poor results." Well, poor
17 results, yes; we agree they were poor results. But, you
18 know, in other words poor results in terms of the plant
19 couldn't show that this wasn't detrimental to the health.
20 In fact, the emissions -- and one of my colleagues will
21 detail some of them -- went up. The toxic emissions went
22 up, the NOx went up in the test burn. And, in fact, that
23 test burn was touted as one of the best test burns that
24 had been done. That test burn did, in fact -- unlike like
25 many or most of the test burns throughout the country, did

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1 in fact measure the actual emissions from coal-only as
2 existed in the kiln and compared those to coal plus 10
3 percent tire-derived fuel. So we actually had a
4 controlled type of data to compare the two. And the
5 comparison is what we saw and studied and came to the
6 conclusion that this was an unacceptable increase in the
7 already highly toxic emissions and criteria pollutants
8 that come out of the coal-only facility at Hanson. And as
9 my colleague said the other day, it is the largest point
10 source polluter in Santa Clara County.
11 Continuing: "So far community outcry has
12 prevented this plant from using tires in the production of
13 cement even after final air emissions tests prove
14 successful."
15 Well, as I said, we have the results. And those
16 were in no way successful. And as a matter of fact, they
17 exceeded the amount of, you know, people per million that
18 the Bay Area Air Quality Management District allows the
19 cement kiln to kill per year by emissions.
20 Okay. On Table 8, Alternative 4, for the -- let
21 me get that -- in your Attachment 3 to your notice of
22 public workshop for today, you have the public campaign to
23 spend $4 million to, among other things, teach the public
24 the benefits of tire-derived fuel.
25 You know, yes, tire derived fuel, toxic waste,

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1 mercury, dioxin, small particulates, those are good for us
2 and we just don't know it, and we need the Board to teach
3 us -- the Integrated Waste Management Board to spend
4 taxpayer money to teach us that that's good for us.
5 The suggestion in Criteria 2 under "equity" is
6 one-third of the monies for this be used on the
7 information budget for TDF.
8 And then Criteria 3 says, "By definition, if this
9 program succeeds, its goal is to permanently change
10 people's and government's perceptions." You will not
11 change our perceptions. You will not change the
12 perceptions of the people in the Santa Cruz area because
13 they understand. We are not some diluted group that
14 doesn't know what we're talking about. We have studied
15 extensively the research and the test burn criteria. And
16 we also know there are many reports out there that are
17 based on junk science and they would not stand up with
18 real peer-reviewed scientific scrutiny.
19 Okay. I was going to discuss the Public Resource
20 Code. But I think Board Member Paparian covered that very
21 well.
22 It's quite clear. It's on Page 50 of the Wassmer
23 report. I will say one thing about it. It's quite clear
24 that there is a hierarchy, which we have been discussing
25 before this Board for years, which is Public Resource Code

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1 400151.

2 I will mention that we believe that source

3 reduction is not being in any way adequately or even if at

4 all utilized and looked into and promoted by the Board.

5 Although I understand -- It sounds like recently the Board

6 is pursuing the idea of longer lasting tires. And I know

7 there's been discussion in the past of more recycled

8 material in the -- in new tires.

9 Our position is that source reduction and -- you

10 know, and we are in absolute agreement with the California

11 law and the Public Resources Code -- that source reduction

12 is top priority. One of our major suggestions is that the

13 tires -- all the tires on all the new cars sold in

14 California be required to have a minimum of 150,000 to

15 200,000 mile rating. So that would do a huge amount to

16 reduce the amount of tires -- used tires produced in

17 California per year. And obviously this is one of the

18 things that California can lead the way on, as it has done

19 on other things.

20 As far as --oh, okay. On page 50, I want to

21 point out that after discussing these various public

22 resource codes which make it very clear that

23 transformation is not recycling, burning is not recycling.

24 And recycling has its own very specific definition, which

25 I won't spend your time reading. Professor Wassmer says,

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1 "The existence of Public Resource Code 40180 has produced
2 disagreement as to whether the use of scrap tires as
3 tire-derived fuel counts as 'recycling' under California's
4 Public Resource Code."
5 Your paying for this?
6 CHAIRPERSON JONES: Pretty close, Ms. Eden.
7 MS. EDEN: Okay. Do I have the --
8 CHAIRPERSON JONES: You got hers. You've been
9 using hers for the last seven minutes.
10 MS. EDEN: Okay. Thank you.
11 I'm almost done. Let's see.
12 Actually I think I've probably covered most
13 everything.
14 CHAIRPERSON JONES: Check your notes.
15 MS. EDEN: One other thing.
16 Okay. One other thing I would request the Board
17 to consider strongly is -- oh, I didn't tell you the joys
18 of RAC. Maybe, I have to tell the joys of RAC.
19 Okay. First of all, the crumb used in RAC should
20 come from California, obviously. You need to work out how
21 to ensure that.
22 I did a calculation on the number of road miles
23 in California and the number of tires used per road mile
24 for RAC. That would take care of the 30 million tires
25 generated per year.

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1 There is no problem. It's just -- you know, we
2 just need to get things where they should be going. You
3 can use -- RAC uses two-inch material, not four -- instead
4 of the usual 4 inch. It lasts longer, 20 years some roads
5 in Arizona. It's easier to repair. It's quieter. The
6 clincher is that car and truck tires that drive on RAC
7 lasts longer themselves. And what we -- our suggestion is
8 that tire-derived fuel should be phased out over the next
9 five years.
10 Thank you.
11 CHAIRPERSON JONES: Thank you, Ms. Eden.
12 Any questions?
13 All right. Dr. -- Well, you've got two left.
14 And I'll let you identify whoever's going to do it.
15 MS. MEZILIS: Good morning. My name is Wendy
16 Mezilis from Cupertino. And I'll be pretty brief.
17 I am opposed to subsidizing transformation. I
18 think these funds should be used to promote source
19 reduction. That is less tires to deal with.
20 Source reduction should be our primary objective.
21 And it's not dealt with in this report. This would be a
22 different answer to the problem statement stated today by
23 Professor Wassmer.
24 Our group, the West Valley Citizens Air Watch,
25 recommends the State requirement that new tires be sold in

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1 California and need to have tires rated for high mileage,
2 as Joyce also said.
3 California citizens have gotten used to required
4 smog checks. This would be a much simpler program than
5 that.
6 Another possibility for sales of replacement
7 tires would be to tax low-mileage tires and offer a rebate
8 on the high-mileage tires perhaps.
9 We are in favor of subsidies for end-use products
10 that truly recycle when such a subsidy is helpful.
11 And I'd just like to give a personal comment on
12 driving on RAC. I was driving on a road that I'm pretty
13 sure was RAC in a heavy rain storm. And I felt that it
14 was much safer than the old road that was -- that I'd just
15 been on. And I just was -- I just felt that it was a
16 really good product.
17 CHAIRPERSON JONES: Thank you.
18 MS. MEZILIS: Thank you.
19 CHAIRPERSON JONES: We spend an incredible amount
20 time and effort trying to work with the State of
21 California, with local governments. We fund technical
22 centers to try to bring an educational element to local
23 government and to CalTrans on the use to rubberized
24 asphalt. We agree with you. We think it's safer. We
25 think there's huge benefits. It's just getting people to

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do it and -- you know -- or to buy it. And we've put some things in place to help minimize or at least incentivize the use of rubberized asphalt. And we -- I agree with you a hundred percent. You're not going to have a Board member on this Board that doesn't -- disagree with you.

MS. MEZILIS: Have the source reduction ideas been discussed? I realize it's difficult to --

CHAIRPERSON JONES: We've been working on that. Mr. Planarian's been leading the charge. Senator Roberti on the long lasting -- we just had a report from the tire manufacturers the other day. There are some out there. There are some that aren't. And it's never not been on our radar screen.

Mr. Paparian.

COMMITTEE MEMBER PAPARIAN: Yeah, I mean that is on -- it is very important the me, to really look at source reduction as it applies to tires. And the primary way that I see of doing that is to promote longer-lived tires.

One of the areas that I hope to get into in the next couple of years is State procurement. The State buys a lot of tires -- buys a lot of cars, buys a lot of tires. And hopefully coming up with some ways to identify those tires that are both longer lived and have recycled content. And perhaps if we're able to do that, some

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1 efforts can be placed in getting, you know, other
2 government agencies throughout the State or -- hopefully
3 not government agencies -- and consumers to use these
4 products as well.
5 CHAIRPERSON JONES: Yeah, I agree with Mr.
6 Paparian. I mean when we get into the items that these --
7 you know, you can get lasting tires, but you've got to
8 make sure they stop. There are different trade-offs, as
9 we heard the other day and as we've heard for -- as long
10 as I've been here. And I think that's what we're trying
11 to work through, you know, at least keep it on the tire
12 manufacturers' table that California wants to see a
13 combination of a safe tire with a long-lasting tire. And
14 unfortunately you give up different pieces, depending upon
15 what market you're selling to. So we're going to keep
16 hammering them and see what we can do.
17 All right. Anything else?
18 MS. MEZILIS: That's all for me.
19 Thank you.
20 CHAIRPERSON JONES: Great. Thank you.
21 And now Dr. Priscilla Albright.
22 DR. ALBRIGHT: I just want to say I was concerned
23 when I read Wassmer's report. On Page 44 he states that
24 using TDF reduces emissions of certain metals and others
25 remain at the same level, which is not the case in tests

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1 that we've read about.
2 I'd like to read excerpts from a document by Dr.
3 Neil Carmen, which should be on file with the CIWMB. Dr.
4 Carmen has a Ph.D. in chemistry, not economics. He served
5 as Texas Air Control Board Regional Investigator for 12
6 years, with technical experience in synthetic rubber
7 plants making rubber for tires. As a TACB official he
8 conducted State air pollution inspections in one of the
9 largest synthetic rubber plants in the United States.
10 Many inspections were performed at the facility
11 for compliance purposes. And they led to three state
12 informants actions in Texas, including a major lawsuit by
13 the State Attorney General's Environmental Protection
14 Division, in which Carmen served as the State's chief
15 investigator in the case. He became knowledgeable with
16 toxic air emissions being released and their relationship
17 to plant problems in the synthetic rubber process.
18 During his tenure as State Air Pollution Control
19 Official he also inspected large cement manufacturing
20 facilities with one -- two large kilns that produced
21 Portland cement and based his State experience and
22 knowledge of these -- based on this, a knowledge of these
23 facilities, he offers technical grounds to oppose the
24 disposal of waste such as tire-derived fuel in cement
25 kilns.

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1 Hazardous chemicals used in synthetic rubber
2 manufacturing are regulated under the Federal Clean Air
3 Act, Title 3, as hazardous air pollutants. Tires are
4 often made from petrochemical feedstocks, including two
5 organic chemicals, styrene and one three butadiene.
6 Substances used to produce synthetic rubber for tires
7 contain several hazardous chemicals as primary
8 constituents, which may be emitted into the air during
9 high temperature incineration of tires in cement kilns.
10 The large volume of Benzene present in the TDF waste
11 stream and its high temperature requirement for complete
12 combustion provides a pathway of creation for more highly
13 toxic species such as dioxins -- and we all know how toxic
14 that is -- furans, PCB's and PAH's. That's polycyclic
15 aromatic hydrocarbons.
16 Additional hazardous chemicals are used in
17 synthetic rubber too numerous to list at this time. But I
18 just want to emphasize that many of these substances used
19 in synthetic rubbers are typically not naturally found in
20 coal. So we are adding these.
21 In summary, synthetic rubber tires contain
22 significant concentrations of these toxics. An
23 incineration of tires has the clear potential to produce
24 toxic emissions of numerous carcinogenic, mutogenic, and
25 teratogenic chemicals. Teratogenic chemicals disrupt

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1 normal fetal development.
2 The fact that the synthetic rubber industry
3 utilizes large volumes of so many toxic chemicals in their
4 process is testimony to the issue that burning tires even
5 in relatively well-controlled combustion devices may
6 result in harmful emissions and cause undesirable impacts
7 to the neighboring communities.
8 Cement kilns are not designed, constructed,
9 operated or intended to be used as scrap-tire
10 incinerators. Also, they are permitted and regulated as
11 cement manufacturing facilities, under different rules,
12 regulations, and regulatory policies with respect to the
13 best of available control technology.
14 In terms of review, air mottling public health
15 evaluation.
16 Cement kilns are not designed or required to have
17 major fail-safe combustion devices, such as large
18 afterburners that all state-of-the-art incinerators must
19 have by federal law today.
20 All medical, municipal, hazardous waste
21 incinerators cannot operate without their afterburner or
22 secondary combustion chamber in normal operation.
23 But cement kilns have no such fail-safe
24 combustion devices. I believe this is unthinkable today.
25 During stack tests of TDF chemical kilns will do

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1 several things to making emissions and combustion look
2 good to decent. They run at higher excess air to improve
3 combustion efficiency. They control kiln parameters more
4 precisely. They prevent kiln solid-ring formation and
5 buildup that creates havoc for good combustion of any
6 fuels. And they operate and maintain their ESP's or bag
7 houses in top condition to keep particulate emissions to a
8 reduced level. They operate at slightly higher kiln
9 temperatures and other factors.
10 This doesn't always occur at other times.
11 Combustion upsets. This is a significant public
12 health issue near cement kilns. Cement kilns certainly do
13 have combustion upsets, and smoke particles as well as
14 other unburned waste which may be a emitted during such
15 events. Different operating problems and fluctuating
16 conditions in the cement kiln may trigger combustion
17 upset. Higher rates of toxic emissions will be more
18 probable during a combustion upset.
19 These indicate just a few of the technical issues
20 surrounding combustion problems.
21 The pollution hazards of tires. It is highly
22 inaccurate to State that TDF do not contain hazardous
23 materials. Some of the substances that increased when
24 adding TDF to the coal and test burn results are carbon
25 monoxide, particulate matter, chlorine, Benzene, dioxins,

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1 PCB's, PAH's, hexavalent chromium, copper, lead,
2 manganese, mercury, zinc, NOx, and PM 10.
3 These staff results show that increases in toxic
4 emissions are consistent with a variety of test results at
5 other cement kilns. No community should endure toxic
6 byproducts of tire burning. Burning of scrap tires in
7 cement kilns creates an array of toxic byproducts. And
8 I've mentioned some of them before. These chemicals are
9 recognized by health officials as causing cancer or
10 reproductive toxicity. Other toxic byproducts, like
11 mercury, lead, nickel, beryllium, xylene, toluene, phenol,
12 monochlorobenzene, formaldehyde, and dozens of others are
13 products of incomplete combustion.
14 A chief health issue is the fact that chlorinated
15 chemicals, those are dioxins, furans, PCB's, emitting from
16 burning waste are linked to the increased incident of
17 breast cancer.
18 Hence, tires are toxic when they are burned.
19 Cement plants have inadequate pollution control equipment
20 for tire disposal. Health problems from heavy metal,
21 hydrocarbons, products of incomplete combustion, and newly
22 created substances like dioxin emitted when burning tires
23 are magnified, when combined with dust emissions are part
24 of cement production -- which are part of cement
25 production processes. And you can read the United States

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1 EPA's draft of scientific reassessment on dioxin in
2 September 13, 1994.
3 No matter what kind of waste or fuel is being
4 burned in them, cement kilns themselves are large air
5 polluters. They are a major source of particulate
6 matter -- soot and dust -- which is found to be toxic to
7 human health in its own right even at the small measurable
8 amounts of exposure. When waste is burned in cement
9 kilns, this particulate matter acts as a magnet for
10 unburned toxic metals such as lead, cadmium, and chromium.
11 In other words, they come together.
12 This toxic enrichment creates a major public
13 hazard, which we believe should not be imposed upon us and
14 our children.
15 Cement kilns are one of the largest sources of
16 dioxin emissions in the United States. And I can give you
17 the reference later. The most toxic dioxins have been
18 found only in cement plant emissions where synthetic
19 substances are burned, like tires. Incineration plus
20 chlorine makes dioxin. And I'm sure you've all read about
21 the terrible things -- dioxin.
22 Many people who live downwind of cement plants
23 already carry unhealthy body burdens of toxic heavy metal
24 or synthetic chemicals, many of which mimic hormones and
25 have other toxic effects. The slightest additional

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1 exposure will cause these people harm.
2 Tire incineration in cement chemicals is not
3 recycling as some people say, for obvious reasons. Cement
4 kilns allow 100 percent of the metals to be returned to
5 the environment as air pollution, cement kiln dust, or
6 cement product. This is not recycling. Cement kilns are
7 not designed to be incinerators and do not have to meet
8 the same stringent standards of performance and emission
9 limits required of commercial incineration facilities.
10 I just want to list -- this was the test at the
11 Hanson cement plant, the formerly Kaiser plant, and the
12 test burn, comparing burning coal to burning coal with
13 only 10 percent tire chips. Benzene, there was 12 1/2
14 percent increase; dioxins, 29.8 percent; PAH, 88 percent;
15 hexavalent chromium, 837 percent -- this is the Erin
16 Brockovich toxin I'm sure you've all heard of even if you
17 haven't seen the movie about it -- copper, 31 percent;
18 lead, 603 percent; manganese, 1.8; mercury, 14.8; zinc,
19 54.55 percent; NOx, nitrogen oxide, 6.08; and PM 10,
20 14.29.
21 I mean these were the results in a test taken in
22 our area. So I really hope you'll consider these
23 pollution problems in your decision.
24 Thank you.
25 CHAIRPERSON JONES: Thank you, Doctor.

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1 We are going to do Tom Faust, Dr. Barry Takallou,
2 followed by Jim Dodenhoff.
3 Tom Faust.
4 SECRETARY BAKULICH: Board members Jones, one of
5 our speakers needs to leave. And he was wondering if he
6 could be moved up.
7 CHAIRPERSON JONES: Which one?
8 SECRETARY BAKULICH: Chuck White.
9 CHAIRPERSON JONES: No problem.
10 Mr. White, and then Faust.
11 MR. WHITE: Thank you, Mr. Chairman. I did
12 wait --
13 COMMITTEE MEMBER EATON: Wait a minute. I want
14 to savor this moment that Mr. White's actually going to go
15 before any of the others.
16 Thank you.
17 MR. WHITE: Well, I did try to get my card in
18 early because I did have a conflict here. I do appreciate
19 you taking me. I tried to get my card in as early as
20 possible today.
21 I'm sorry I missed that meeting with you, Danny.
22 I tried to look for the meeting, but I couldn't find it.
23 COMMITTEE MEMBER EATON: I knew they were talking
24 about Azusa.
25 MR. WHITE: Well, it certainly caught my

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1 attention.
2 My name is Chuck White, and I represent Waste
3 Management. And we own and operate the Azusa landfill,
4 which figured prominently in Dr. Wassmer's report and in
5 his testimony this morning.
6 And we also operate landfills that use tires for
7 ADC, alternate daily cover. And we also have entered into
8 partnerships with others to create crumb rubber at some of
9 our facilities. So we'd like to think we're pretty well
10 represented throughout the waste tire hierarchy that's
11 represented in existing law.
12 We do have some concerns about the report.
13 Number 1, the problem statement, particularly the
14 statement that stockpiles and landfills are not considered
15 acceptable alternatives. And we would certainly like to
16 know a little bit more about where that assumption came
17 from. It seems to be grouping landfills with all other
18 types of stockpiles, including illegal stockpiles. And we
19 don't think that is really a proper characterization.
20 It's probably overly and dangerously simplistic.
21 Dr. Wassmer indicated that the Legislature, the
22 people, and even the Waste Board agreed that landfills are
23 not good. And I would like to know where that is more
24 clearly substantiated on the record.
25 As was mentioned, there is an existing hierarchy

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in the law, the first being source reduction, the second being recycling, the third being environmentally safe transformation and environmentally safe landfilling. Although I'm not sure I want to share that category after the testimony this morning with the transformation people.

But what's not stated in the hierarchy though is there's fourth level to the hierarchy and, that is, environmentally unsafe transformation, environmentally unsafe landfilling, and illegal stockpiles. The Legislature didn't want to list that because they didn't want to give any credence that that should in any way be considered.

We believe that the three that are in the hierarchy are those that are preferable to those other fourth tier hierarchy, illegal stockpiles and unsafe -- environmentally unsafe landfilling, for example.

And we believe the report, rather than grouping all landfills and all stockpiles together, should have focused on how to get materials out of illegal stockpiles or environmentally unsafe landfills or land application activities.

And in particular I want to talk about the negative tone of the report, which really almost any page you turn to, it seems to be a negative statement about landfills in general that accept tires. We don't believe

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there's any substantiation of this, although there is some vague references to landfills are not socially acceptable. But we'd like to see the report make specific references to what are the socially unacceptable and what landfills he may be talking about in the report.

There's a wide variety of landfills -- illegal landfills that are just piles that catch fire. Well, obviously the State is against that. And in fact we believe that's probably the impetus for the recent legislation, is to ensure that we don't have these illegal stockpiling landfills.

But there are -- the Azusa landfill, for example, which we operate, is a mine reclamation activity, using tires to reclaim that. The fill area, the pit, was not constructed for purposes of disposing of tires. It was constructed as a mining activity to remove the mined materials. As a result of that, it's a fallow part of earth that really serves no beneficial use. And the intent of the city of Azusa and other surrounding communities is to fill these pits in in the most safe and effective way. They weren't created to be a landfill. They weren't created to be a tire pile. They were created for other purposes. And now that we're left with that legacy, we'd like to try to reclaim and restore these. Sure, we want to make a profit doing that. But the point

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is, we're trying to return this land ultimately to beneficial use and prevent contamination of ground water.

The watermaster down there is on record for wanting to get these pits filled in because they create a source of potential infiltration into the groundwater. And if you filled them up and cover them and bring them back to grade, they provide less of a threat.

Okay. So we believe that reclamation of -- using reclamation sites could be a beneficial use -- not necessarily a beneficial use in terms of recycling. But it should be considered for its beneficial aspects.

We're not taking any position on the recommendation for a tire subsidy. Although we urge the Board and Legislature ultimately to be very careful on how you impose a tire subsidy if you decide to do so, that you don't absolutely warp situations and create disincentives to continue other operations that may in fact be able to use tires in a beneficial and effective fashion within the hierarchy that is established in statute.

With respect to Alternative 2, we're glad to see that that's not a final recommendation. The requirement to chip tires to 2 1/2 inch really is more of a tax than actually anything that is used to protect human health or the environment. And In fact the report essentially says that. But the really concern is what's the basis of 2.5.

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1 It's just simply to increase cost so landfilling or the
2 use of chip tires in landfills, shredded tires, would be
3 so expensive as to make it uncompetitive of other uses.
4 I'm not sure that's really -- the Board has the authority
5 to indirectly impose a tax under the mask of creating some
6 additional requirement that's not based on a protection of
7 human health or the environment.
8 So I would urge you to be real cautious in ever
9 taking up Alternative 2, just to arbitrarily impose a
10 requirement to chip tires.
11 Finally, I would like to mention that we're
12 concerned that the evaluation of Alternative 1, that is
13 the current condition, really is not being evaluated in
14 the report. And we think that's curious given the fact
15 that there is an existing 75 percent recycling of tires.
16 That means 75 percent of the tires are going to recycling
17 and recovery, 25 percent may be going to hopefully
18 beneficial -- environmentally safe landfilling uses. I'm
19 not sure that's really a basis of concern. And in fact
20 there ought to be a more thorough evaluation of a current
21 situation to provide a basis for evaluating other
22 recommendations.
23 Thank you.
24 CHAIRPERSON JONES: Thank you, Mr. White.
25 Questions?

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1 Tom Faust.
2 MR. FAUST: Board Member Jones, Board Member
3 Paparian, Board Member Eaton.
4 I read the report and I looked at the back of the
5 report to see the contents of the report and how they
6 reached the report. And I thought it was very weak on
7 environmental issues. It was very weak on sustainability.
8 And the report that Professor Wassmer did is only the
9 result of a selective use of materials. If you
10 selectively use certain amount of inputs, you're going to
11 get the result that he came out with. So what I do is
12 I -- I'm going to show you that you can achieve a
13 different result.
14 --o0o--
15 MR. FAUST: Something happened in California on
16 July 22nd, and this Board has to take cognizance of this
17 fact, that -- of the global warming issue. It takes
18 67,000 BTU's to manufacture a pound of synthetic rubber.
19 That's 67,000. When you use it -- when you burn it you
20 only recover anywhere, depending on who's arguing, 13,000
21 BTU's, or the Rubber Manufacturers Association would argue
22 16,000 BTU's.
23 So, anyway, if you use the figure that we're
24 doing right now, roughly about 15 -- at least in 1997 they
25 were doing 15 million tires, were being burnt in the

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State. And, you see, that's causing a lot of carbon -- needless carbon dioxide. So here on one side of the State we're passing laws for automobile manufacturers to reduce the amount of CO2ï, and the other side the EPA is encouraging.

Something doesn't make sense. I think we all have to march in the same message. And the message has been sent by the people of California. They say 81 percent of the people agree with the CO2ï law. 71 percent of the SUV owners even agree. So this is a law that...

--o0o--

MR. FAUST: I'm having problems here.

CHAIRPERSON JONES: Okay. How many slides do you have? I mean I want to try to keep you close to the time.

MR. FAUST: I have 10.

Okay. So the next one is -- in his report he used sustainability -- he used everything. All the weights were, more or less, the same. So what you do is, when you leave all the weights the same, you have status quo, and you don't get any change. So the only one that really benefits are the existing stakeholders that have the current tire flow, for example, you know, the cement -- people that are burning the cement and the others. So what we -- so what I did is -- sustainability is maximum profitability following environmental laws.

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And so by changing the weight, you get a completely different result.

--o0o--

MR. FAUST: These figures on the trees, that was out of another book, and so -- so no matter how many trees we planted in California, I doubt if we'd have enough water to water them. But there's no way we can reduce the damage that's being caused by global warming, you know, by this tire burning thing.

--o0o--

MR. FAUST: Okay. There was a tire-burning plant in the Bay Area that has turned down -- that has closed down. And I just wanted to compare the results of -- you spend all this money on pollution control and just $15 million on doing a sustainable -- for example, this is tire devulcanization plant, would have this dramatic effect on the thing. So what I urge you do is consider that.

--o0o--

MR. FAUST: When you take Professor Wassmer's results, he had all these numbers and gradings. And all I've done on this particular thing is show that if you change the weight of sustainability, that's in column 3, Criteria 3, sustainability, to 80 percent and just redo the math on the thing, you'd get a completely different

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result. And it's already been -- as I said, his report did not take -- it was written before the State Legislature came up with the law that California has to do something about global warming. So I'm sure that had he had that acknowledge he would have -- he probably could have incorporated it in his report.

--o0o--

MR. FAUST: I agree with Joyce Eden's group.

These are -- all these -- there are other additional harmful pollutants.

--o0o--

MR. FAUST: There's absolutely no reason to be doing any tire burning. And I urge this Board to act as quickly as possible to terminate any way of tire storage or anything that encourages tire burning in California.

Here's my hierarchy of how all the tires can be recycled in California. This has previously been supplied to the State. But none of this information was given to Professor Wassmer.

So, you know, your grants that you're allocating should reflect the uses -- the potential markets. And none of your grants are -- I mean they're all keyed to a completely different strategy. So I urge you to reallocate funding that follows this hierarchy and use of needs.

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CHAIRPERSON JONES: Thanks, Mr. Faust.

MR. FAUST: Okay. I have 30 seconds more.

Okay. Next slide please.

--o0o--

MR. FAUST: This is something I picked up on the the Internet. There's a new poll out there that has been completed. And it shows how important global warming is. And what it says is even two-thirds of republicans are against Bush's failure to do a solution. So it -- I mean it's a bipartisan goal to end global warming. And you can do it right here with -- tires are an important factor.

My last slide please.

--o0o--

MR. FAUST: I'm asking that funding be prioritized as to the Code Section 40051. The laws on the books -- this Board for almost eight years has ignored the laws that are on the book. And you funded things that you shouldn't be funding. And when I say you're funding things that you shouldn't be funding, as long as there's another project -- for example, ultrasonic devulcanization, and you grant funds in support of tire burning, then you're not following the law. I mean you have limited your categories -- you've limited the funding for the higher hierarchy of needs and you have made it impossible for companies like myself to arrange for

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1 funding.

2 CHAIRPERSON JONES: Mr. Faust, how many grants

3 have you gotten from this Board?

4 MR. FAUST: Two.

5 CHAIRPERSON JONES: Thank you.

6 MR. FAUST: How many times have I been turned

7 down? Three.

8 CHAIRPERSON JONES: Yeah.

9 MR. FAUST: So how many times have I been turned

10 down by your chairmanship? Three times.

11 CHAIRPERSON JONES: I'm not the Chairman of this

12 Board. I'm just the Chairman of Special Waste, and Policy

13 back then.

14 But the assertion that we don't give money, we've

15 given grant funds to you twice on this project. And,

16 yeah, a couple times you've fallen short. But I don't

17 think it's fair to say we haven't given money to you,

18 because it gives the public the impression that we've

19 ignored the potential solution. We haven't done that.

20 MR. FAUST: Well, I've arranged funds for more --

21 I've arranged funds from other sources. When the State of

22 California doesn't follow the law, you know, I've arranged

23 for sources from other areas. But it just -- it's a shame

24 that we have the laws and the Board is not following them.

25 So, anyway, that's -- here's my solution.

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1 Thank you.
2 CHAIRPERSON JONES: We appreciate it, Mr. Faust.
3 Thank you.
4 Dr. Barry Takallou.
5 DR. TAKALLOU: I'm Barry Takallou, President of
6 CRM company located in southern California. We process
7 predominantly passenger and truck tires in this state.
8 I would like to publicly cast my opposition
9 against any type of marketing intervention or subsidy. We
10 have learned from other states -- Texas. Whenever state
11 got involved in the intervention to the market, the
12 program really failed on itself.
13 However, today in California we are facing a very
14 huge problem. And as Mr. Bob Winters mentioned, we
15 processors, we want playing level field. When a
16 government of Canada, European governments, they have
17 heavily subsidizing their crumb rubber and they are
18 dumping in our market, we cannot compete.
19 Right now there are seven producers in this
20 State. On last two weeks, July 25th, there was one
21 million pounds of crumb rubber bidded for CalTrans. And
22 none of the seven producers could compete against Canadian
23 supplier. July 24th, 1.2 million bounds. There's another
24 CalTrans project is going to bid on August 22nd. My
25 forecast would be the same.

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1 And, you know, today we are spending time talking
2 about transformation landfill. Every tire coming from
3 Canada, one of our tires is going to the landfill. And I
4 would like to bring to attention of the Board, this Board
5 allocated money for the past several years to CalTrans,
6 over millions of dollars in the form of providing grants,
7 for development of construction design manuals, buying
8 equipment for CalTrans. Just recently, two months ago,
9 this Board allocated another $600,000 dollars worth of
10 grant from tire fund to CalTrans. So the money which is
11 focused to recycle California tires, CalTrans take it,
12 "Thank you very much," recycling Canadian tires. We are
13 subsidizing -- we are making the market now for Canada and
14 other countries. This is not fair.
15 My suggestions: An emergency meeting on this
16 matter. The Board should convene an emergency meeting
17 with CalTrans and perhaps the Governor's office to discuss
18 this matter. You know, it's good to develop new markets.
19 However, even our existing markets, we are giving it to
20 other countries. And this is the California taxpayers
21 paid for that -- development of that market.
22 And in my opinion, if it's going to be subsidy to
23 develop a level playing field, it should go to end-user.
24 If it's in rubberized asphalt, in my opinion it should go
25 to asphalt contractors, to people who are buying these

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1 products. And that would help us to develop a level
2 playing field. Even if it's going to be a short period of
3 time, that's an emergency move this Board can do.
4 Instead of putting money in the hands of CalTrans
5 $600,000, and may not get no results, even not even a
6 report from CalTrans in two years, that -- if that money
7 put in subsidy to end-user, not to me as a producer. The
8 only I'm asking, give me a chance at competitive level,
9 level playing field. That's all we need.
10 And there was a question by Mr. Jones about
11 energy costs. We are running our facilities 24 hour, 7
12 days. Our energy costs prior energy shortage, and now we
13 are looking about 275 percent increase of energy costs.
14 And this is fully documented.
15 And the last comment I want to make, I think we
16 should keep all of the alternatives open while you're
17 finding a solution. However, one of the alternatives
18 which is landfilling, we should not let other state taking
19 advantage of our open landfills. We are looking about two
20 to three million tires are coming to Azusa landfill from
21 other states. How about if -- I don't know if the Board
22 can do that. It's okay if we have this monofill for our
23 use. We shouldn't have this monofill open for other
24 states. Can we do something to close the landfilling at
25 least to other State tires.

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1 That's my comments.
2 Any questions?
3 CHAIRPERSON JONES: Thanks, Takallou.
4 Mr. Paparian.
5 COMMITTEE MEMBER PAPARIAN: Yeah, a couple quick
6 things. I actually -- I visited Mr. Takallou's facility
7 and actually looked at his utility bills with him. And he
8 was absolute right. He actually used less energy one year
9 to the next and had more than a doubling of his energy
10 bills. It was amazing.
11 On Monday, Mr. Takallou, I think you were here.
12 We heard from the tire manufacturers, Goodyear and
13 Michelin specifically that they are using recycled content
14 in their tires, that they're willing to let us know -- let
15 the State of California know which tire lines are using
16 that recycled content. And that a according to their best
17 estimates, about 15 percent of the crumb rubber in the
18 country is going into new tire manufacturing. That number
19 actually, frankly, seemed a little high to me. It's not
20 15 percent of waste tires. It's 15 percent of crumb
21 rubber. But even so, it seemed a little high. But if
22 they're right, that's wonderful.
23 If we were able to figure out a way to get crumb
24 from your facility to the tire manufacturers, can you
25 produce the type of crumb that they look for, which I

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1 think is an 80 mesh?
2 DR. TAKALLOU: We can make any type of mesh they
3 want. That's -- the size doesn't matter. When it comes
4 to develop other -- it goes other specifications for it.
5 For instance, the color, they want all black. We can --
6 when we're recycling tires, even the tires with no white
7 wall, still there's some white inside in the making of the
8 tires. So we cannot be assure you not 100 percent black.
9 And also they're going to develop some sort of
10 a -- they may ask some other chemistry requirements.
11 Because when we recycling tires, we make -- we recycling
12 500 tires every hour. We cannot separate Michelin from
13 Goodyear. They all goes together.
14 That's not practical. I was actually -- after
15 our meeting with RMA I went and asked them, would you
16 please -- this 15 percent looks very high to me because
17 there's seven producers here. And I'm not aware of any
18 producer in State of California supply to any of these
19 manufacturers yet. So if there's a 15 percent of the
20 total crumb rubber granulates going to tires, where these
21 tires are coming from -- where's this crumb rubber coming
22 from? And I asked them is 15 percent based on what is the
23 total crumb rubber production in the United States? They
24 couldn't answer that. I think that number is awfully,
25 awfully high.

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1 COMMITTEE MEMBER PAPARIAN: Well, it's a little
2 bit off the topic today, but I think it's something I
3 would like to continue to explore with the Committee and
4 as we implement our contract regarding recycled content in
5 tires. This is a potential here for some fruitful use of
6 our tires.
7 DR. TAKALLOU: I Just made a comment, I requested
8 the Board if they can have like a meeting with CalTrans to
9 discuss this matter with CalTrans officials use of
10 out-of-the-country rubber. Because I did meet with Mr.
11 Morales, and he was not aware of it, he was not aware of
12 the problem. So I encourage the Board -- if it's coming
13 from the Board, it has a higher weight. He was not aware
14 actually importing rubber from out of the country.
15 CHAIRPERSON JONES: Okay, Mr. Takallou. I think
16 somebody did -- one of our -- I think our members have had
17 those discussions. But we'll follow up with that and
18 check, because when it came to the Board, and I think Mr.
19 Paparian and I were both kind of looking at each other
20 because it seemed to me that somebody was going to take
21 that responsibility.
22 COMMITTEE MEMBER PAPARIAN: We should look into
23 that. And if it hasn't happened, we should make it
24 happen. But I think may be it has.
25 CHAIRPERSON JONES: Yeah.

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DR. TAKALLOU: What about paying tax -- tire fund money going to CalTrans and CalTrans is not responsible because CalTrans -- Board has a policy, if you are giving money -- grant money to me or to whoever, even a public agency, they should use California rubber.

Why --

CHAIRPERSON JONES: Well, you guys wanted us to change that. We didn't make it just California. We made it United States because --

DR. TAKALLOU: United States is fine too. That's fine. But I'm just saying that's -- you know where is the responsibility of CalTrans in this matter?

CHAIRPERSON JONES: We will check that out. We're sympathetic with you, believe me. I mean we brought the issue up the other day. We will check it out. But I think one of our members has had the discussion. But we'll follow up and we'll make sure.

DR. TAKALLOU: Thank you very much.

CHAIRPERSON JONES: You bet. Thank you.

From Green Man Technologies. I butchered his name probably the last time because I can't read his writing. But Jim.

MR. DODENHOFF: My name is Jim Dodenhoff.

CHAIRPERSON JONES: Would you hold on just half a second.

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MR. DODENHOFF: Sure.

CHAIRPERSON JONES: Is anybody else intending to speak? We're trying to do a little time management on this thing. That's why I'd asked earlier for slips to come in. I got yours, Lars.

Is there anybody else that has not turned in a slip?

Okay. I appreciate it, because we're trying to -- we're going to try to work and get this done. And it's not fair to the people in the audience to keeping adding -- so is that fair? Okay we keep going?

I'm sorry.

MR. DODENHOFF: That's all right.

My notes say, "Good morning." But I looked at the clock, and it's "good afternoon."

Good afternoon, Members of the BOARD and staff. My name is Jim Dodenhoff. I'm Vice President of Green Man Technologies of California. We operate a tire recycling and shredding facility in southern California.

I appreciate the opportunity to make some comments about Professor Wassmer's report.

In Green Man's nearly 10 years of experience as collector, processor, and marketer of waste tires we've seen many different policy models implemented to stimulate recycling of waste tires. We're concerned that the

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1 highest rated policy alternative in this study, namely
2 subsidies to waste tire processors, will invite players
3 into the market that may not otherwise possess the
4 financial strength to success in a highly competitive
5 industry.
6 As we've seen when direct subsidies have been
7 used as a policy alternative in other industries,
8 sustainable market development has often not occurred.
9 Although this is our general view, we believe
10 that certain elements of Professor Wassmer's excellent
11 study merit close scrutiny.
12 First, we question the weighting provided for
13 three of the five evaluative criteria: Efficiency,
14 equity, and sustainability.
15 We believe that efficiency and equity are weighed
16 too high and that sustainability is weighed too low. If
17 we understand the evaluative criteria correctly, a policy
18 alternative that is highly efficient is anticipated to
19 further the diversion of California scrap tires currently
20 being disposed of in landfills.
21 We wonder, however, how this criteria can be
22 weighted higher than sustainability. Is not the true
23 measure of efficiency the sustainability of the recycling
24 initiative? We believe that sustainability, with its
25 emphasis on minimal market distortions and long-term

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1 and/or perpetual benefits must be the most important
2 evaluative criteria.
3 Although equity among key stakeholders is
4 important, we do not deem it more important than
5 sustainability or efficiency. Consequently we would
6 suggest that consideration be given to modifying the
7 weighting of the evaluative criteria as follows:
8 Efficiency would be given a 25-percent weighting;
9 equity would be given a 20-percent weighting;
10 sustainability would be given a 30-percent weighting;
11 political/legal feasibility would remain as is, at 15
12 percent; and administration and improvability would remain
13 as is, at 10 percents.
14 This change in weighting results in Alternative
15 5, further subsidizing capital purchases for waste tire
16 processors as the highest rated policy alternative, not
17 surprisingly Green Man supports this as the best policy
18 option.
19 I just -- I made a number of points in a letter
20 that I will submit to you. But I want to just focus on
21 one of them in terms of the ratings.
22 The study in our view underestimates the
23 sustainability of Alternative 5. Through the use of new
24 technology, whether for research and development or for
25 production, firms like ours gain valuable insights into

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1 equipment capabilities.

2 Furthermore, there's a linked benefit that comes

3 through progression down a process and operational

4 learning curve that provides valuable lessons. These

5 lessons allow the firm to hone in on the exact technology

6 and operational processes that will produce the highest

7 quality product for the market place. This is true even

8 if the underlying technology or equipment does not operate

9 as anticipated.

10 By providing grants for new technology and

11 equipment, the State helps to mitigate the financial risks

12 that might otherwise prevent firms from pursuing

13 production processes that ultimately result in higher

14 levels of recycling. The State, after careful review of

15 the applicant's grant application, effectively jump-starts

16 firms onto the learning curve.

17 As the present commercial grant program is

18 designed, the firm shares in this risk through matching

19 funds and adherence to grant guidelines.

20 In conclusion, changes in criterion weightings as

21 we have recommended, along with slight modifications to

22 some of the ratings for Alternatives 2, 3 and 5, result in

23 Alternative 5 further subsidizing capital purchases for

24 waste processors being the superior policy alternative in

25 Green Man's view.

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1 And we thank you for the opportunity to provide
2 input into the process.
3 CHAIRPERSON JONES: Thank you very much.
4 Any questions?
5 John Bennett, followed by Bill Magavern, followed
6 by Randy Roth.
7 MR. BENNETT: Good afternoon, Board members,
8 staff. Appreciate the opportunity to comment on the
9 report.
10 My comments today are along the lines of an
11 attempt to encourage the Board to do further studies as
12 they have with Dr. Wassmer. I think it's an interesting
13 opportunity to explore one potential with respect to
14 subsidies. And I would ask you to continue along this
15 line and go out with other types of studies to look at
16 specifically the economics of some of these policy
17 decisions.
18 And one that I'm particularly interested in and
19 would like to suggest, which is to look at the life cycle
20 analysis of the scrap tires that are produced here. I'm
21 concerned that some of the policy alternatives that are
22 being offered simply place products in a temporary state
23 of use. And I'm drawn to this conclusion as a result of a
24 personal observation; and, that is, I watched a tire mat
25 being installed at a field, at a playground that my family

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1 uses, and over a period of time I watched that mat being
2 removed, and another one being replacing it with. And
3 when I asked them what was being done with it, it was
4 being thrown away. And I want to make sure that the
5 public funds that the Board is acquiring and spending to
6 change post-consumer behavior achieves what you want it to
7 do; and, that is, that it meets the mandate that you've
8 been given with respect to reducing the flow to landfills
9 and stockpiles, however that is ultimately defined.
10 I want to make sure that if you go the route of
11 incentivizing portions of the market, that we do so in a
12 way that permanently eliminates those materials from
13 landfills or stockpiles. And that that's done, and that's
14 figured into the hierarchy in terms of the expenditure of
15 funds. And I think in order to do that we need to study
16 more policy alternatives. The Wassmer report is
17 excellent. It follows the RFP that was given them. They
18 moved through a set of options. But I think we need to go
19 beyond that, and I encourage to board to utilize some of
20 the funds that we have. You're currently understaffed in
21 this area. That's not something that you can deal with
22 right this minute. But the use of contracts through the
23 Cal State system and other government fundings provides
24 you with an opportunity to explore some of those
25 alternatives that you can't with staff time. So I'd

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1 encourage you to take advantage of that.
2 I do feel the need to respond to the one thing,
3 and that there was some -- a comment was made with respect
4 to your staff and any -- the way they conduct themselves
5 with respect to encouraging stakeholders' participation or
6 any biases that they may have. And I want to let you know
7 that I think your staff is highly professional and I think
8 they do an excellent job of dealing with the public
9 interest and in response to the legislative mandates that
10 you have, and bend over backwards to include all
11 stakeholders and to deal with all entities in a fair
12 manner. And you just need to hear that about your staff.
13 Thank you.
14 CHAIRPERSON JONES: Thanks, Mr. Bennett.
15 Any questions?
16 Mr. Paparian.
17 COMMITTEE MEMBER PAPARIAN: Yeah. Mr. Bennett,
18 one of the earlier witnesses I think was referring -- I
19 guess the reference in the report to the conversation was
20 with you, right?
21 MR. BENNETT: Yes, sir.
22 COMMITTEE MEMBER PAPARIAN: Okay. And it seemed
23 like they didn't know who you were or what -- and I didn't
24 really -- you didn't really introduce yourself in terms
25 of --

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1 MR. BENNETT: I was speaking on behalf of myself.
2 COMMITTEE MEMBER PAPARIAN: Okay. And do you
3 have a connection to this issue?
4 MR. BENNETT: Absolutely. I have been in the
5 industry for almost 30 years in terms of cement
6 manufacturing, and I represent the California Cement
7 Manufacturers Environmental Coalition, which is
8 representatives from each of the producing cement
9 companies in California, and have been represented to the
10 Board under those auspices for 10, 12 years on this
11 subject now. And when I found out about -- through public
12 information about the meetings that were being held, I did
13 sit in on the public meetings with respect to the tire
14 report. And I was contacted by one of the students for
15 comments -- industry-specific comments.
16 COMMITTEE MEMBER PAPARIAN: And then -- I know
17 you said you're speaking on behalf of yourself today.
18 I've spoken to some of the cogeneration-end folks, but not
19 so much to the cement kiln folks.
20 MR. BENNETT: Although we've invited you to come
21 down many times.
22 COMMITTEE MEMBER PAPARIAN: Yeah. And I will one
23 of these days.
24 Do you have a sense of the desire of the industry
25 to have subsidies or not have subsidies?

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1 MR. BENNETT: We have consistently expressed our
2 concern that, if you feel that it's your mandate to
3 utilize public monies to redirect post-consumer behavior,
4 that you do so in a way that simply does not trade one use
5 for another. If you create a market for 10 million tires
6 to the detriment of an existing market, that's not the
7 direction you need to go. And I think you're well aware
8 of that.
9 Are we in favor of subsidies? In general, no.
10 But if the mandate is to apply the money that you have in
11 that manner, it needs to be done in a fair and consistent
12 manner that doesn't disrupt existing markets.
13 COMMITTEE MEMBER PAPARIAN: Thank you.
14 CHAIRPERSON JONES: Thank you.
15 Thanks, Mr. Bennett.
16 MR. BENNETT: You're welcome.
17 CHAIRPERSON JONES: The money issue came up a
18 long time ago, and those folks said, "We don't need your
19 money. We just need to get some testing And things."
20 because I helped work on that because they were the one
21 group that, when we looked at all the allocations, had
22 received about 60,000 after we had given away about 5
23 million. So I asked. They said, "No, we don't need your
24 money. We just want to be able to do testing."
25 Mr. Magavern.

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1

2 MR. MAGAVERN: Bill Magavern with Sierra Club
3 California. Thanks for the opportunity to speak.
4 It's unfortunate that when the Board contracted
5 for a study on such an important issue, it got back a
6 draft report that is so biased and inaccurate. And the
7 biases run through the report, but are revealed in their
8 most stark form on Page 55 with the conclusion that the
9 opposition to tire burning is just a matter of public
10 perception and is not based on science and is a result of
11 what's called asymmetric information where one where side,
12 in this case those who support tire burning, have all the
13 information and those who oppose it don't have the
14 information. And so later we have the suggestion of a PR
15 campaign to education these misinformed people.
16 This is really a contemptuous attitude towards
17 the public. And it's egregiously offensive, especially in
18 coming from a report that itself is so woefully ignorant
19 on environmental and policy issues.
20 One would have thought that a report on this
21 topic would have sought to include the views of the
22 environmental community. Within the Sierra Club we have a
23 number of experts. There are other experts in the field,
24 who are independent, academics, who are not cited in the
25 report at all. For example, Dr. SY Schwartz, who is a

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1 professor of Environmental Policy and science at UC Davis,
2 is not cited in the report despite the fact that he's
3 right there in Davis. I'm sure people at Sac State know
4 how to find UC Davis. And Dr. Schwartz wrote a letter to
5 this Board in January of 1998 where he specified the
6 results of test burns at four California cement kilns, and
7 he reported percentage changes in several important toxic
8 emissions. He found increases between 53 and 100 percent
9 of dioxins and furans in four tests. He found increases
10 of polycyclic aromatic hydrocarbons in three tests of
11 between 296 percent and 2,230 percent, but a decrease of
12 68 percent in a fourth test. He found lead emissions
13 increased in three tests and decreased in one. He found
14 hexavalent chromium increase in one test and decreased
15 two.
16 This is useful information that really should
17 have been considered by the report.
18 Another expert in the field has already been
19 cited, Dr. Neil Carmen. I will quote just briefly from
20 his reactions. He says, quote, "The Wassmer report seems
21 highly biased toward TDF use as an energy source. So it
22 leaves me asking if this study was premeditated towards
23 reaching a special desired conclusion. The Wassmer report
24 utterly fails to properly review the wealth of available
25 technical literature on air pollution due to TDF use and,

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thus, to address the broad range of legitimate air quality impacts resulting from TDF co-firing, including increases of air toxics such as metals, dioxins, furans, PAH's, Benzene; and other PIC's and criteria pollutant increases such as SO2ïCO, PM and NOx," unquote.

There's an effort I think to portray tire burning as being environmentally beneficial because it's better than burning coal. I'm not sure that it is better than using coal. But that certainly is not a standard that we would use. We burn very little coal in California. And the burning of coal and other materials in cement kilns does make those kilns some of the largest polluters in the State of California. We should be getting out of burning coal and cement kilns and moving instead to natural gas. So burning coal with tires is not environmentally acceptable.

Moving away from the tire issue identify and looking at the policies recommended by the report. The recommendations are heavily skewed towards subsidies, and almost completely noncognizant of regulation. And we think you should go exactly in the opposite direction. The single biggest thing that the State could do to resolve this problem is to require that State and local governments use rubberized asphalt in their road-building projects.

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1 I know you've been working towards using more
2 RAC. I think you need to do more. And I'd be happy to
3 help. Source reduction, you've already talked about.
4 Same thing. Where is this in the report? Instead what
5 you get is recommendations of a lot of subsidies, which I
6 think are not going to solve the problems.
7 One of the appeals of rubberized asphalt I think
8 to community groups will be the fact that it's quieter. I
9 live in an area that's bounded on two sides by freeways
10 and we can hear the freeway from my house. I think a lot
11 of people would like the idea of having a quieter surface.
12 Our recommendations to the Board are that you
13 reject this draft and cut your losses. I also would
14 recommend that you review your procedures for contracting
15 out reports like this. I don't know how you do it. But I
16 think it would be a good idea to in the future contract
17 with someone who knows something about environmental
18 policy. Anyone familiar at all with environmental policy
19 in the State of California would have known that this
20 Board, this agency, and the Legislature frequently do
21 consider and adopt regulatory measures, which are almost
22 absent from this report.
23 I also think it would be a good idea to give the
24 author some direction in the future when you contract for
25 reports just at issues that they should look at. Not

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1 telling them how to conclude, but make sure that they do
2 consider the relevant issues. And, finally, to consult
3 with a wide range of experts in the field. And it would
4 help you I think to avoid reports like this one, which are
5 not going to move the ball forward at all.
6 And in terms of what to do on the issue, I would
7 recommend, first of all, that you completely take off the
8 table the idea of subsidizing tire burning and, in fact,
9 move to phase out the burning of tires in California
10 because of the pollution problems; and to work on source
11 reduction and recycling. And, again, I sincerely offer to
12 help with those efforts.
13 Thank you.
14 CHAIRPERSON JONES: Thank you.
15 Questions?
16 COMMITTEE MEMBER EATON: No, just a comment. I
17 would agree with the CalTrans. But are you going to be
18 testifying on something with Rebecca Cohen's bill next
19 week in Senate Appropriations?
20 MR. MAGAVERN: We've sent a --
21 COMMITTEE MEMBER EATON: We need help -- on that
22 bill, that just basically they've come to me recently as
23 well, that apparently the Canadian government has now
24 weighed in. So I think, you know, that would help at
25 least some of it. But there are efforts, I mean -- and I

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1 know you know them -- but that -- if I can just take a
2 little personal time to enlist help here publicly. It is
3 becoming endangered, even though it passed quite handily
4 out of Senate Transportation. That would go a long way,
5 as you well know, with the fight stems that are created by
6 some of our fellow agencies.
7 MR. MAGAVERN: I have sent a letter in support of
8 that bill. And given your request, I will make every
9 effort to be at that hearing.
10 COMMITTEE MEMBER EATON: Thank you.
11 CHAIRPERSON JONES: Thank you.
12 Randy Roth, followed by Bonnie Holmes-Gen, by
13 George Larson, Chuck Helget, and us.
14 MR. ROTH: Good afternoon, Board Members, staff.
15 Randy Roth, Vice President, Lake and Tire.
16 Rather than address Mr. Wassmer's study, I'd like
17 to make two points, one of which is the current
18 characterization of landfills; and the second point is to
19 Mr. Eaton's point earlier as to whether or not we have a
20 system in need of repair, that is, whether or not it's
21 broken and it needs to fixed.
22 Lake and Tire is the largest scrap tire processor
23 in the history of California. Unfortunately gives us
24 probably the dubious virtue that the -- the dubious
25 distinction of also being the largest landfiller in the

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1 State of California.

2 Twenty years ago when we were landfilling and

3 reclaiming at Azusa, our competitors, Chuck Royster and Ed

4 Philbin, were putting tires in the ground. The landfill,

5 particularly mine reclamation, has served a very important

6 part of the scrap tire management program in the State of

7 California.

8 I think as we look forward to solve the problems

9 in the State of California, I think we need to get

10 inclusive rather than exclusive in terms of all the

11 alternatives available.

12 Our business, as I said, is probably a pretty

13 accurate reflection of the State of California on tire

14 recycling. As early as five years ago we were landfilling

15 60 percent of our tire material. This year that will be

16 less than 30 percent. We've had a 50 percent -- greater

17 than 50 percent decrease in the rate of landfilling,

18 mostly due to our partnerships with the entire range of

19 scrap tire users -- crumb rubber users, tire-derived fuel

20 users, civil engineering use. And, frankly, our

21 partnership with the state through their commercialization

22 grant program has been successful in helping us move the

23 ball and move tires out of the landfill. This has

24 happened without any subsidization. It's happened through

25 market conditions. And in my opinion where I sit, the

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California program is on track and on schedule.

We are in southern California, two small civil engineering projects away from no landfilling from our company at all, or -- I can't give you the exact number of relaying miles -- but a few additional crumb rubber projects in southern California.

Where I sit, the way I see it, the problem is not in subsidization or development of additional markets. I think you do a good job with that through grants. It's over on N Street with CalTrans. If CalTrans was using more crumb rubber or using civil engined material, we wouldn't be landfilling in southern California. And as the biggest landfiller, I think that would be characteristic of what would happen in the entire State of California.

I believe that's it.

Any questions?

CHAIRPERSON JONES: Thank you, Mr. Roth.

Any questions?

Appreciate it.

MR. ROTH: Thanks.

CHAIRPERSON JONES: Bonnie Holmes-Gen.

MS. HOLMES-GEN: Good afternoon. I'm Bonnie Holmes-Gen with the American Lung Association of California. And I have a couple brief comments.

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1 From our perspective any analysis of State
2 policies that may affect tire burning must include a
3 thorough evaluation of health data and to pollution
4 emissions. And we believe this report is fatally flawed
5 because it does not have this kind of evaluation and that
6 because it treats TDF as equivalent to other options, such
7 as recycling of tires into rubberized asphalt. Given the
8 long history of this issue, which you've gone over in the
9 course of this morning, it is disappointing to us that the
10 Board would commission a report that ignores this
11 important health data.
12 The idea of spending public money to educate
13 people on TDF, to educate folks that there are no harmful
14 air emissions, is a bad idea, it's a nonstarter from our
15 perspective. As you know, this was considered several
16 years ago. This came up before the Board. And it was met
17 by substantial public outcry and opposition and withdrawn
18 at that time. We ask you to drop this idea again from
19 further consideration.
20 There has been much testimony through the years,
21 and some today, on emissions and health effects of TDF.
22 As you well know, it's clear from our perspective that
23 even though cement kilns receive air permits, this does
24 not mean there are no harmful emissions to people that
25 live near these facilities. There are many good studies

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that show troubling air quality data from cement kilns, especially for many of the reasons raised earlier that these kilns were not designed to burn this material and they're burning material that releases highly toxic contaminants. This data should not be ignored. Clearly there is data that conflicts with statements by some agencies that there is no -- that there are no harmful air emissions. And the Board should not ignore that data, but bring it into its discussion.

Our bottom line is that we're asking you to please put staff and financial resources into the top tier categories in the hierarchy and to source reduction and recycling. Incentives can be a good idea, but we ask you to please not give incentives to cement kilns that burn tires. We think that's a bad idea.

We thank you for considering our comment today.

CHAIRPERSON JONES: Thank you very much. We appreciate it.

Any questions?

Okay. Thank you.

George Larson representing two hats today, Waste Management and Lake and Tire.

MR. LARSON: Thank you, Mr. Chair, Members. I'll try not and I will not repeat any of Chuck's comments. I will play off one issue that he did raise though in terms

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of landfills. The report itself does not address the issue of monofills. I think there's the definite opportunity to have monofills examined in a different light than landfills, even though we fundamentally disagree with the bias directed towards environmentally sound management through landfills.

Second point: The problem statement and the approach of the study promotes the push-the-rope rather than pull-the-rope policy. When we consider that 75 percent of the tires in California today are ending up in higher-end use versus 25, as was noted by the author, some years ago, I think that's a measure of the fact that the State of California and this Board in particular are headed in the right direction.

Thirdly: I think this should be classified as an academic report and should be treated thusly. Unfortunately the students who put the study together have little knowledge, and by his own admission, the author today, have little knowledge of some of the impacts that the radical recommendations of this study would have on the marketplace and the management of tires in California. The impacts could be described as somewhere between significant and devastating.

Subsidies have already been addressed. I reiterate our opposition to them. However, recognizing

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1 that that's not going to be taken off the plate, if they
2 are considered, they should be considered as far down the
3 process as possible. For someone who takes waste tires
4 and makes a real product and puts it out on the commercial
5 market, might be the only ones that should be considered
6 at all for subsidy.
7 Next point: The values given to the criteria
8 rating scale are based on subjective analysis. The
9 exclusion of the analysis of this -- what is called the
10 status quo, or the effective management of waste tires
11 through landfills, I think invalidates the analysis of all
12 options. In other analysis process in California,
13 including CEQA, and the cost benefit analysis associated
14 with the development of regulations, you must evaluate all
15 alternatives. This does not evaluate landfills. And if
16 analysis were done, I think there would be some distinct
17 environmental and public health benefits that would be
18 attributed to landfill and be compared with the other
19 options under consideration.
20 Please define social cost. I'll leave it at
21 that.
22 To the issue of transformation: The AB 939
23 hierarchy, transformation is less desirable than recycling
24 and more desirable or, as listed as, on an equal par with
25 the landfill option. Acknowledging that 25 percent of the

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1 tires currently generated in California do not have a
2 market under the recycling option, transformation should
3 be -- continue to be accepted -- considered as an
4 acceptable option, at least until such time as other
5 options higher up the hierarchy can accept and consume
6 those tires that would otherwise be managed under
7 transformation.
8 Secondly, the bias of the report that disparages
9 the landfill option, which is on the lowest level of the
10 hierarchy, reflects the inconsistency of the report with a
11 mandate of the Board to enforce that very hierarchy of AB
12 939.
13 Thirdly, the percentage of waste tires that are
14 used as augment fuel in cement kilns and cogen operations
15 replaces a virgin resource that will otherwise be
16 extracted from the earth.
17 Finally, a general comment: I'm concerned about
18 the discussion that would seek to eliminate landfilling as
19 an option, to eliminate TDF as an option, to eliminate ADC
20 as an option. To eliminate all of these options and to
21 mandate that production of crumb rubber products, molded
22 rubber products, which is the focus of the Board's
23 commercialization grant of late, will not assist the Board
24 and local governments and private industry to solve the
25 problem in California.

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1 A more logical approach would be to enhance the
2 alternative end-uses while simultaneously allowing other
3 options to aid in the management of tires until markets
4 can be developed. Moving from the 25 percent to the 75
5 percent diversion level should be a cause for celebration,
6 not the basis from which we should develop recommendations
7 to destroy what has helped us get us far as we have today.
8 Thank you.
9 CHAIRPERSON JONES: Thank you, Mr. Larson.
10 Any questions?
11 I think our next speaker left or -- Chuck Helget.
12 SECRETARY BAKULICH: We will provide written
13 comments.
14 CHAIRPERSON JONES: Great. Mr. Helget will
15 provide written comments.
16 That is the end of the slips that we've got.
17 And I appreciate all the folks trying to keep it
18 close to the time limit. I do appreciate that.
19 Members?
20 Mr. Eaton.
21 COMMITTEE MEMBER EATON: I just -- before I
22 speak, I just -- is there anything from staff that they
23 want to add before we make our comments? I mean -- or Mr.
24 Wassmer given the opportunity to -- I've been in his
25 position before where, you know -- if there's anything, I

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1 mean -- don't feel compelled, but I just wanted to provide
2 the opportunity. I'm not going to really call it
3 rebuttal, but just clarification or any points.
4 CHAIRPERSON JONES: Thanks, Mr. Eaton.
5 DR. WASSMER: Well, I think the intention of the
6 Board and Martha and myself was to generate discussion and
7 ideas and exchange of ideas and controversy. And I think
8 this report has achieved that. So I feel vindicated in
9 some sense.
10 The discussion about regulation, you know, as
11 being an option, you know, we've briefly mentioned in
12 regard to landfills. But, you know, my understanding of
13 this report was in regard to market development, to use
14 markets, and not go down the regulation route. And that's
15 why it was not widely discussed in this report, to address
16 one comment that I heard.
17 But, again, as I said, this was a project that we
18 worked on effectively about 5 or 6 months with 5 or 6
19 students and myself. And we were not experts to begin
20 with. We were lay people in that sense. We used some of
21 the techniques that is widely used in public policy
22 analysis. And the goal again is not to offer the final
23 answer. The goal was to begin a discussion, to lay
24 everything out on the table and to, you know, allow an
25 appropriately appointed or elected body to make the

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1 decisions that are necessary to do something. So I hope
2 that at least I've achieved this.
3 And, you know, the TDF in regard -- which has,
4 you know, garnered the most controversy, was done by one
5 student. You know, I won't reveal that student's name.
6 And his choice of who he talked to was his own. You know,
7 I was not actively involved and following through on that.
8 So, you know, again, that largely represents one student's
9 opinion and the Board should take that. I screened it
10 somewhat and, if you can believe, took out some of the
11 more controversial stuff that was there. But as no
12 surprise, there probably is somewhat of a bias in there,
13 you know, as there may be a bias in the entire report of
14 some sort. But, you know, now there needs to be some
15 discussion in regard to all these ideas.
16 So I thank you for the opportunity of doing it.
17 But also, as some other people have suggested, I think now
18 the opportunity would be to bring in some real experts,
19 you know, some industry experts, some experts from other
20 states, that -- if you decide to go along the line of
21 end-use incentives, you know, to talk about their
22 experience and how best to design a program, because there
23 are many lessons to be learned by what has been done.
24 One final point I wanted to make, an economic
25 point, which I do have some expertise in, is in regard to

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1 if you have an incentive, whether it needs to be given to
2 a final user or whether it can be given to a processor.
3 I think the issue is that as long as you give it
4 to a processor that holds a contract to delivery for an
5 end-user and the incentive is not given to that product
6 that's delivered to the end-user, then it makes no
7 difference. And that would encourage, you know -- and
8 some of the end-users say, "Well, they're not going to cut
9 the price of crumb rubber." Well the only way they're
10 going to be able to sell that crumb rubber and get that
11 contract and deliver it -- that's important. That was the
12 Texas mistake. There were plenty of contracts written in
13 Texas, but it was never delivered, right? And delivered
14 is to cut the prices. That will cut the prices to the
15 end-user processors, that will cut the prices of the
16 end-use products which will create a bigger market for
17 and, you know, will achieve the desired results. We
18 suggest doing it to the processor because it's easier to
19 administrate.
20 In regards to if you want to give a per-tire
21 equivalent incentive, it's very hard on a bunch of
22 different end-uses to figure out how many tires are in a
23 playground mat, how many tires are in a rubber mat, and
24 there would be a lot of room -- you know, difficulty in
25 doing that and room for fraud, honestly, in regard to

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1 overestimating and such. So that's why we went the route
2 of an incentive at the processor level, providing that
3 it's only given once it's delivered. And it achieves the
4 same results giving it to an end-user.
5 CHAIRPERSON JONES: Great. Thank you.
6 Any questions?
7 All right. Members.
8 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
9 At this time, if you're interested, we could take
10 comments from you on the criteria or weighting factors.
11 And we do have sort of an interactive version of the
12 table. You've seen a couple of the speakers who had made
13 suggestions on how to change weighting factors, you know,
14 for instance, to emphasize sustainability more. We could
15 run through an exercise like that, if you wanted, at this
16 time. Or we could hold off and just take your direction
17 now.
18 CHAIRPERSON JONES: I would prefer not to do that
19 right now. I mean -- but I'll --
20 COMMITTEE MEMBER PAPARIAN: Yeah, Mr. Chairman.
21 I see no need to do that at this point. I think we
22 understand the report. We understand, you know -- I don't
23 see any need to do that.
24 CHAIRPERSON JONES: All right. So I think we'll
25 probably deliver some comments and probably come up with a

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1 conclusion after we all get our couple of minutes.
2 Mr. Paparian.
3 COMMITTEE MEMBER PAPARIAN: Thank you, Mr. Chair.
4 In terms of what I'd like to see from here -- I
5 think -- we heard that the report is in a draft form.
6 Presumably that means there's going to be some changes. I
7 think that there were some points that some of the
8 speakers made today that were obviously technical in
9 nature, some that go a little bit beyond, that -- things
10 like what I brought up about the comment about the use of
11 tires as a secondary fuel in cement kilns has gotten the
12 green light from CIWMB, on Page 45. I'm not sure it's
13 gotten any green light or it should be characterized as
14 such. But, you know, as changes are being made to the
15 report, I'd like to maybe see another circulation of that.
16 And presumably those changes are going to include some of
17 the requests that I made as far back as last May to deal
18 with the characterization of TDF and recycling.
19 Once the report is final, I suggest that we
20 accept the report with something similar to the current
21 title page, so it's not inferred that it's a publication
22 of the Board or something that would have all of our names
23 on the cover or the back of the cover as some of our
24 publications do, so that there's no misinterpretation that
25 it's a position of us or a position of the Board, some of

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1 the recommendations.

2 I'd also like to see the Legal Office take a look

3 at the report, particularly those Pages 50 and 51, to see

4 whether they would recommend changes in the

5 characterization of some of the legal issues. I think

6 they may go beyond the scope of the expertise of some of

7 the students in coming up with a legal analysis and some

8 legal conclusions. And I think that it would, therefore,

9 be appropriate for the Legal Office to take a look at that

10 and provide us some comments.

11 Despite my comments today about some of the

12 concerns about what's in here, I really do thank Mr.

13 Wassmer and his students. I think they did a remarkable

14 job in consolidating a lot of information and, as Mr.

15 Wassmer pointed out, sparking a very interesting and

16 intriguing debate that I think it's important for us to

17 have.

18 So I do appreciate the amount of work and effort

19 that he and his students put into the report.

20 And I'd also like to thank all the folks who came

21 out today to testify. We've seen I think more people here

22 today from community groups and from out of our normal

23 realm of folks who show up here at the meetings. And it's

24 really refreshing to see that and I think that the input

25 has been very important and valuable to us in our

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1 discussion and deliberations.

2 CHAIRPERSON JONES: Thank you, Mr. Paparian.

3 Mr. Eaton.

4 COMMITTEE MEMBER EATON: Yeah, just a few

5 comments, some general and then one to help with staff

6 direction.

7 I think this today reminded me a lot of the

8 debate over the original tire bill, because a lot of the

9 items that were discussed did manifest themselves in the

10 negotiations or eventual passage of that particular

11 legislation.

12 And as such, this report kind of, sort of -- it

13 fuels the fire once more about the direction as to where

14 we should be going. And I any that's the positive aspect

15 of it, without commenting directly on some items in the

16 report.

17 You know, I think the report kind of lays out

18 where we've been. I'm not interested in going back to

19 where we were. I think California has made progress, and

20 now we know where we are. The real question is where will

21 we go. And that provides food for thought here in the

22 mechanisms. And I think eventually that's going to be the

23 exciting thing for us as a Board and staff and for

24 stakeholders, is to figure out a way based upon a public

25 policy how we phase in that public policy.

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1 I am sensitive to the fact that financial
2 incentives, subsidies, whatever you want to call them, can
3 affect the market places and dramatically create an
4 imbalance that may not be proper. But I think that over
5 time those imbalances, if done -- phased in properly, can
6 reach us to the goal where we want to be, which is
7 basically how do we find productive uses for our scrap
8 tires and in a place where that will be sustainable. And
9 I think that's the real unique challenge for all of us to
10 get to. And I think it can be accomplished. I think
11 there's enough evidence out there of where others have
12 made mistakes in trying to do it. But if we are ever
13 going to get a lot of these products manufactured, we as a
14 Board have to do something to get them, whether it be
15 through financial incentives, regulation, or otherwise.
16 As to the report, what I would like to see prior
17 to whatever we do -- and I don't think the correct word
18 perhaps is "adoption" -- but consideration, approval or
19 whatever it might be, or submission, is to also have some
20 addendum to the report as to what took place today --
21 comments, so that they are on the record. So if anyone
22 does try and pick out a section of the report and, say,
23 the Board there -- you know, sometimes we've done that as
24 a way -- I don't want to say a minority position because
25 that implies that the report's a majority position, but

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1 somehow an addendum as to the workshop which took place
2 today and the appropriate comments that we have, because
3 that will be helpful. Because I don't want anyone coming
4 back and saying that we as a board did not look or
5 consider, you know, things or ask for additional research
6 projects to be undertaken, and that would provide a basis
7 for it.
8 But I'm encouraged by the fact that we now have a
9 puzzle. Now, how we go about, you know, piecing that
10 together is really going to be the key. And I think that
11 we as a board have a unique opportunity to do it and to do
12 it better than others who may have preceded us in other
13 states because we do have not only the financial resources
14 to do it, but we have the stakeholders and others,
15 including ourselves, to be able to try and work there.
16 The other issue that was missing, for instance,
17 is that when we talked about TDF, we didn't talk about the
18 cogeneration plants and how that works and is that -- you
19 know, we going to split that TDF, and those kinds of
20 issues. Those are all unresolved, you know, issues as we
21 go down the line. Just like, you know, is ADC, you know,
22 landfilling or not? I mean -- and I'm not trying to point
23 those out. But those are issues that will all eventually
24 I think resolve themselves if we do the right thing in
25 setting a blueprint and then implementing that blueprint.

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1 Eventually if we do -- my own personal opinion
2 is, is to try and see productive uses wherein you know the
3 market place will eventually move those products away from
4 the less desirable uses, whether you classify them as a
5 hierarchy, nonbeneficial, what have you. And that will be
6 our task. And I look forward to working on that.
7 CHAIRPERSON JONES: Thank you, Mr. Eaton and Mr.
8 Paparian.
9 I just have a couple of comments.
10 I always looked at this exercise as some folks
11 providing us with something to think about, you know.
12 Didn't have to use it, might use it. You know, at least
13 exploring different issues.
14 I, quite frankly, was really surprised when it
15 became a TDF issue. And I think this Board has a history
16 that's pretty well documented. When MELP wanted subsidies
17 at the State and not only went to the Legislature but also
18 came in front of this Board, this Board did not endorse
19 that. It stayed true to that what it's always stayed true
20 to. And I don't know if you remember the fight, Mr.
21 Eaton, when we were talking about allocating dollars to
22 keep that facility open. We didn't do that. We had a
23 couple may have wanted to, but we didn't do it.
24 It had always been I thought the direction that
25 we were just going to look at all the different things

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1 that were out there and what are the pieces, because where
2 do you put -- where do you funnel money to try to make a
3 sustainable marketplace?
4 And you have to be careful. Like both members
5 have said, there's been so much history of failed
6 government dole out in other states, where they thought
7 they were doing the right thing and it turned out to be a
8 disaster. And obviously we don't want to go down that
9 road. That was one of the reasons we commissioned these
10 folks to take a look at it, spend a little time thinking
11 about the ramifications of if you put money into one
12 place, what's the effect somewhere else, you know. What
13 can we do to help promote?
14 Because we've -- we came -- we've changed, we've
15 matured. We've done a lot of things over the years to try
16 to continue. And then with the tire fee, that I will say,
17 on the record, I was privileged to pay $5 in tire fees for
18 the State of California. Not only was I happy. I made
19 sure to point it out that I had a little bit to do with
20 that, and that those dollars were being used as
21 effectively as we could. The person on the other end of
22 that conversation wasn't necessarily very happy with up.
23 But, irregardless, it was -- it's an important area.
24 And I look at this as a tool. I mean I would
25 like to see us -- I'm going to back up a little bit. The

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1 Board -- when Mr. Wassmer -- or Professor Wassmer came to
2 the Board late at the end of an evening session, there
3 was -- people were ready to vote and accept the report, or
4 at least entertain a motion, and we asked that it be held
5 over and that we could do some work at the request of Mr.
6 Paparian. And we're doing that. And I'd like to see us
7 look at -- I don't think this report -- in my mind, in my
8 view, my one-sixth view, this report is not going to tell
9 me how to put policy together for the State of California.
10 It's going to be a tool that I'm going to use, just like
11 the comments of all of the stakeholders, not only today,
12 but for the last 6 1/2 years. And I want to keep it in
13 that context. And I'm going to debate to keep it in that
14 context, because it is a tool that I want to be able to
15 refer to. And, you know, I'd like to see us make
16 notations on issues that are at conflict, you know, with
17 different members.
18 And maybe -- and I'm not -- I'm never good at
19 the art of the perfect word to use for this, but almost
20 look at this as the acceptance of the submittal from CSUS
21 of a project that they worked on where these six
22 individuals analyzed different options to provide a tool
23 for the Board. And then attach the comments of this
24 working group and the comments of different members and
25 accept it, not as the policy of this Board, not as the

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1 direction that this Board is going to take, but merely as
2 a submittal of a tool that we could consider if we chose
3 to, individually or on maybe the item when it came forward
4 to the Board as a, you know, policy discussion of "Are we
5 going to do subsidies?".
6 I don't know if it really helps to prolong this
7 much further, because I think it gives more credence to
8 this document than it truly deserves, in my -- no, I'm not
9 saying your work's bad, but I'm saying I don't want it to
10 be so important that people feel led to it.
11 That's a view that I put out there. And just see
12 if there's -- if that kind of makes sense, so we can move
13 on and, you know, at least to make an offer to the Board.
14 COMMITTEE MEMBER EATON: Well, I agree, you know,
15 that it's a tool. What I'd like to perhaps see is to see
16 some of our colleagues or other fellow Board members now
17 get involved. And, I don't know, maybe the three of us,
18 you know, in another setting can design -- you know, I'd
19 love to do a retreat where we have everyone, stakeholders
20 and everything go together. And now that we have one
21 tool, and maybe there's some other tools that we have to
22 develop or obtain before we go forward, and then get
23 their -- and get that going and set that aside. That
24 would be the way, because they need to be involved as
25 well.

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1 CHAIRPERSON JONES: Right.
2 COMMITTEE MEMBER PAPARIAN: Some of the context
3 may be the -- I think we're going to start having public
4 meetings in the next month or two on the update on the
5 five-year tire plan. And that might be the appropriate
6 context to look at this in conjunction with the range of
7 things that we spend money on with the five-year plan.
8 But just so that -- I think I'm in synch with
9 what you're suggesting in terms of accepting the report.
10 I just don't want to see it with the type of cover on it
11 that implies it's a report of the Board with our five
12 names on it -- or six names.
13 CHAIRPERSON JONES: I agree with --
14 COMMITTEE MEMBER PAPARIAN: Five names after
15 September 4th.
16 CHAIRPERSON JONES: I agree with you 100 percent,
17 because I don't see this as a report of the Board. I see
18 it as a report to the Board to use as a tool. And I
19 don't -- and that's why I said, my -- you guys are better
20 at figuring out the right words to do there. And I think
21 we are in synch with that. But that'll let us move on.
22 And then we can have discussions of how better to get our
23 other members involved so that they can get a sense of
24 comfort with how they want to view this thing.
25 But I think at some point we've got to put an end

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1 to it, because it's just gone on, and it's creating this
2 life of its own. And no offense to all of our
3 stakeholders, because I've had you folks in front of me
4 lots and lots of times and I've always enjoyed the input,
5 no matter what the stakeholder group, right? I mean we've
6 had pretty good dialogues over the years. But it's got
7 to -- we've got to move on.
8 So if -- Mr. Eaton, your finger's on the trigger.
9 COMMITTEE MEMBER EATON: No. And I share your
10 view. This is not a document by which we have to approve
11 it, then submit through the appropriate channels and then
12 get the official okay or what have you. I think it's just
13 like any other contractor we had, whether it's in the area
14 of planning and where we have case studies or what have
15 you. This is just one report that has been commissioned,
16 and the appropriate disclaimers ought to be included. And
17 I don't think there are any disclaimers on this. Have you
18 seen any? I haven't, you know -- and maybe that's one way
19 I think where you're trying to get at too and how we work
20 that. And that would be sufficient as a tool. And so at
21 least I'm in synch with that, that it is a -- and I'm not
22 running away from the report or anything, because I think
23 it really does challenge us to look at those things. It's
24 just one of those things. And, you're right, with the
25 appropriate disclaimers, it becomes one of the tools. And

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it may be on someone's shelf, it may be not be, you know.

CHAIRPERSON JONES: As a way to keep following up on this discussion, would there be value in your offices working with staff, you and you, and whoever else wants to, that Martha and Shirley and the group could work with you to come up with what that appropriate language is? I think we ought to include a copy -- whether it's a summary or the transcript, I don't care, to attach, that is witnessing this event today, at the end of it. Come up with the language that's pretty -- you know, takes care of the issues we need to take care of. And I'd like my issue of -- that it's just a submittal of some work that, I mean, we may or may not use. It's a tool. So that we can bring this in front of the Board and accept it as submitted, and then choose to take it somewhere else, you know, if we choose to.

COMMITTEE MEMBER PAPARIAN: Yeah, I mean I think we would be accepting it as fulfilling the terms of the contract.

CHAIRPERSON JONES: -- of the contract, exactly.

COMMITTEE MEMBER PAPARIAN: And not -- it doesn't become a publication of the Board.

CHAIRPERSON JONES: And that's why I'm asking you to make sure you've got comfortable language with that. But you and I are exactly on the same page on that.

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COMMITTEE MEMBER PAPARIAN: Okay. Good.

CHAIRPERSON JONES: Mr. Eaton, does that work?

COMMITTEE MEMBER EATON: Yes.

CHAIRPERSON JONES: Then after that's done we can bring it to the full Board. And then at that point we can check with the full Board how they would like to take the next step, if they want to have further discussions, break it into pieces, or leave it on their shelf. Is that reasonable?

COMMITTEE MEMBER PAPARIAN: Yeah.

CHAIRPERSON JONES: Okay.

COMMITTEE MEMBER PAPARIAN: And then I think we're going to see probably another draft of --

CHAIRPERSON JONES: Right. Okay.

COMMITTEE MEMBER PAPARIAN: -- you know, with some of the stuff we talked about.

CHAIRPERSON JONES: Okay. Martha, is that reasonable direction?

SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

Yes. If I could just ask sort of a question, and maybe I'm also pointing something out, on the timeline.

As Member Paparian has mentioned, we're going to be starting the workshops for collecting comment on the idea of revising the five-year plan.

CHAIRMAN JONES: Right.

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1 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
2 If members in the audience aren't aware: The
3 plan was directed by the Legislature to be revised every
4 two years. We have completed one entire year and we are
5 now in our second year. The plan was to start this effort
6 sometime toward the end of September, October, hold public
7 workshops, get comments on how much we've done, and try
8 and fold together recommendations to the Board, for your
9 consideration possibly in February, so we could have a
10 report for the Legislature by March. That was the time
11 line we're looking at.
12 One of the reasons we were trying to push some
13 kind of decision on this report was whether or not we were
14 going to have to fold any recommendations into that plan.
15 Obviously it wouldn't be in the next year or two because
16 any implementation of a subsidy would require a regulatory
17 process to be conducted first. But it's possible that in
18 the fourth or fifth year of the plan we might be shifting
19 monies to reflect any direction the Board gave on
20 implementing a subsidy.
21 So that was just why we were bringing this back,
22 you know, as quickly as we could, to give the Board that
23 opportunity, if they chose, to fold it into the five-year
24 plan revisions.
25 If we make these changes that you're asking, some

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of the revisions, make it as an addendum and some disclaimer language, I don't think we can make it in time for the September meeting. It might have to come in October.

Does that sound like that would fit well enough with the Board's overall needs?

COMMITTEE MEMBER PAPARIAN: Yeah. And just to -- you know, I think that perhaps at our September Special Waste Committee meeting we can go over the process for the workshops and so forth for the five-year plan and what our involvement will be and so forth. And if you're concerned about what you put out there in terms of drafts related to the five-year plan and so forth, at this point I would suggest not incorporating this report into what you're doing on the five-year plan, let us make that suggestion as appropriate as we digest the information. If we from the Committee feel that it ought to go in some fashion, some portion of it into the five-year plan, we can debate it and we can try to inject it. But I don't think it needs to come out as part of the initial proposal.

CHAIRPERSON JONES: Right. I don't either. I don't think this is part of -- I mean I think this is a tool that we may end up with an item that says do we want to subsidize these certain products and how do we think we want to do that? That may be something that comes

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1 somewhere down the road. But I don't see it right this
2 minute, personally. But others may. But, you know, I'd
3 certainly look at it to figure out the math and the
4 ramifications.
5 So could you bring that -- I think the October
6 deadline to come back makes sense. And I think the
7 request to bring the game plan and a discussion about the
8 five-year plan, it's only appropriate that that comes to
9 the Special Waste Committee in September if it can be, and
10 whatever your time line is. If nothing else, there's -- I
11 mean it really does need to come as an item.
12 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
13 We can do that.
14 CHAIRPERSON JONES: And then you can also be
15 working on, with these offices, that disclaimer and
16 whatever your best thinking is on how to include those
17 things so that we can be doing that at the same time,
18 right?
19 Okay. Is that Reasonable?
20 I want to thank all the members, all the
21 stakeholders that are out there that took time to come up.
22 We do appreciate all of the input, all of the ideas.
23 Professor Wassmer, we appreciate the effort. And
24 we appreciate you having to show up at about five Board
25 meetings to finally get this done. We got the full

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presentation. As well as your presentations down at the tire conferences.

Mr. Eaton, Mr. Paparian, as always, thank you very much. It was a good thing.

Anything else?

We're done.

(Thereupon the California Integrated Waste Management Board, Special Waste and Market Development Committee Workshop adjourned at 1:15 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:
5 That I am a disinterested person herein; that the
6 foregoing California Integrated Waste Management Board,
7 Special Waste and Market Development workshop was reported
8 in shorthand by me, James F. Peters, a Certified Shorthand
9 Reporter of the State of California, and thereafter
10 transcribed into typewriting.
11 I further certify that I am not of counsel or
12 attorney for any of the parties to said workshop nor in
13 any way interested in the outcome of said workshop.
14 IN WITNESS WHEREOF, I have hereunto set my hand
15 this 6th day of September, 2002.
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