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STATE OF CALIFORNIA

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

BOARD MEETING

JOE SERNA, JR., AUDITORIUM

1001 I STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 20, 2002

9:35 A.M.

BALINDA DUNLAP, CSR NO. 10710, RPR, CRR, RMR

A P P E A R A N C E S

BOARD MEMBERS PRESENT:

LINDA MOULTON-PATTERSON, Chair
STEVEN R. JONES
JOSE MEDINA
MICHAEL PAPARIAN
DAVID A. ROBERTI

STAFF PRESENT:

MARK LEARY, Executive Director
KARIN FISH, Chief Deputy Director
KATHRYN TOBIAS, Chief Counsel
ELLIOT BLACK, Legal Counsel
YVONNE VILLA, Board Secretary
DEBORAH McKEE, Board Administrative Assistant

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SACRAMENTO, CALIFORNIA, FEBRUARY 20, 2002

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BOARD CHAIR MOULTON PATTERSON: This is the second day of our meeting of the California Integrated Waste Management Board. And please turn off all cell phones during the meeting. We'd really appreciate it, and pagers.

And there are speaker slips in the back of the room if you would like to speak on an item. They are in the back. And Ms. Villa is right over here, and we will make sure we get your speaker list.

First of all, we better call roll.

SECRETARY VILLA: Mr. Eaton?

BOARD CHAIR MOULTON PATTERSON: Mr. Eaton is ill.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Here.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Present.

SECRETARY VILLA: Roberti? Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Here. Do you have any ex parte?

BOARD MEMBER JONES: One from David Morris from Institute for Local Self-reliance on Commercial Technology and Chip Climmons on commercial technology.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Medina?

BOARD MEMBER MEDINA: None to report.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Paparian?

BOARD MEMBER PAPARIAN: I think I have the same letter from -- we may all have the same letter as Mr. Jones' ex parte, the Institute for Local Self-reliance, agenda item 41.

BOARD CHAIR MOULTON PATTERSON: Thank you. And I have none. I am up to date with that one notice.

As far as the agenda goes for people that weren't here yesterday, items 2, 4, 12 and 44 were pulled. Items 23, 34, 35, 37, 39, 51 and 52 were approved on the consent calendar. We finished items 1 through 24 with the exception of nine and ten, which we will be starting with today. What is the -- item No. 41 will be heard at 1:30 today. And we will take up items 25 to the end of the agenda in addition to that.

Also, we will be having a closed session. It might be at our lunchtime break or it might be right after the 1:30 time certain, depending on how fast we go through the agenda today. We had a very long day yesterday, so we might move rather quickly today.

With that, we will turn it over. Anything, Mr. Leary, that you have before we go to item nine and ten?

MR. LEARY: No.

BOARD CHAIR MOULTON PATTERSON: We will start the day by saying the pledge of allegiance to the flag. Thank you.

Ms. Nauman, No. 9 and ten.

MS. NAUMAN: Good morning. Julie Nauman with the Permitting and Enforcement Division. Yesterday we presented to you items nine and ten, which involve a scope of work to perform some basic toxicology work in relationship to our CIA sites, closed sites, abandoned sites, etcetera.

And during that discussion, there were some questions raised about the contracting with OEHHA versus the Department of Toxic Substance Control.

Since you took that break yesterday, I have had an opportunity to talk with both OEHHA and the Department about their respective areas of expertise in toxicology. And based on that, in fact, I had $200,000 available. And it had always been our intent that the Board move forward with the first hundred thousand, that we would come back prior to June 30th in order to encumber the second 200,000 by close of the fiscal year.

I would like to suggest and recommend that based on the discussions I have had with them, that it is probably the Board's best interest to maintain some flexibility in working with both OEHHA and the Department.

So I would suggest at this point we move forward

with the items that you have before you, to put into an interagency agreement with OEHHA a hundred thousand dollars to do the work as described in the scope of work that we described yesterday with the amended amendments that we talked about that deleted the references to burn sites. Because I think that's probably the area where we may be able to take advantage of some of the toxicology expertise with DTSC and have a little additional time. And we will return to you prior to June 30th with a recommendation as to how best to utilize that second 200,000.

Again, recommendation is to move forward with OEHHA with the second hundred thousand -- for 100,000, and the second hundred thousand we will be back with the subsequent item.

BOARD CHAIR MOULTON PATTERSON: So we move forward with these items just in amending them?

MS. NAUMAN: I would suggest that we amend the scope, and I can read those back into the record. It is on page 9-4, which is page 1 of attachment nine and the Roman numeral two, subsection one, delete the reference to burn sites. Delete item No. 2 entirely. And No. 3 end -- and No. 3 with investigations have been conducted, period, and strike the rest. And then the resolution, both resolution should be amended to refer to 100,000 instead of $200,000.

BOARD MEMBER JONES: Okay. One is staying -- go

through your scope again.

MS. NAUMAN: No. 1 in the scope would be review of risk assessment reports done by consultant for CIA sites, parens, equal disposal sites, etcetera, prepare a review letter with comments on adequacy of reporting recommendations, period.

BOARD MEMBER JONES: OEHHA is going to do that?

MS. NAUMAN: Yes. No. 2 is deleted in its entirety.

BOARD MEMBER JONES: So there's not going to be a work plan?

MS. NAUMAN: The idea was to have a risk assessment and work plan for burn sites. And after I talked with DTSC yesterday, they are strongly recommending not to proceed with the boilerplate risk assessment work plan. They feel that based on their experience to date with burn sites, that each of them are so unique that they really are advising against us moving forward with a boilerplate risk assessment.

So it is really on the basis of that dialogue and recommendation from DTSC that I am suggesting that we not call out that specific piece of work. If there comes a time when DTSC and the Waste Board and Water Board, probably through the working group, determines that such a generic boilerplate assessment work plan would be appropriate, then

we could always come back and amend the interagency agreement with work to do that.

But until we are sure that we need that work, I don't want to put it in the scope.

BOARD MEMBER JONES: I am going to go along with this thing. But if we reinvent the wheel on every one of these, all we do is dump money into an endless pit. It seems to me that we need to have a matrix that gets followed. If they don't have one, isn't there a benefit to them and us that somebody develops a matrix for this?

MS. NAUMAN: Mr. Jones, when you talk about a matrix.

BOARD MEMBER JONES: Well, boilerplate risk assessment could be part of a matrix. I am having a hard time understanding -- I am going to go along with this thing, but I am having a hard time understanding why that's not valuable. That should be a tool that could be used by both agencies to assess risk at some point maybe a little quicker and easier.

MS. NAUMAN: There may be some sites, or there may be multiple work plans for different types of sites. But we don't know that at this point. Again, we are still involved in this interagency or interdepartmental working group, and we are still kind of sorting through how best to approach these burn sites, and they are just not there yet.

BOARD MEMBER JONES: Then what do you want to scratch off on three?

MS. NAUMAN: No. 3 I want to strike out beginning with the grounds, the entire section reads prepare risk assessment reports and conjunction sites and base to field investigations have been conducted.

In discussing with OEHHA, they really felt we were going kind of beyond their normal scope and area of expertise and talking about preparing reports with recommendations for remedies. Scratch that and still have the idea that they are looking at the reports.

BOARD MEMBER JONES: And four?

MS. NAUMAN: Four stays unchanged. And there are no other changes in the scope.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, if there are no further questions or changes, I would like to move resolution 2002-93 for 100,000 as amended.

BOARD CHAIR MOULTON PATTERSON: And I'll second that. We have a motion by Mr. Medina seconded by Moulton Patterson to approve resolution 2002-93 with the changes read into the record by staff. And before we vote, Senator Roberti is here. Senator, do you have any ex partes?

BOARD MEMBER ROBERTI: I am up to date, thank you.

BOARD CHAIR MOULTON PATTERSON: Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Okay. No. 10.

MS. NAUMAN: No. 10 would be the same changes that we included in the scope.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina?

BOARD MEMBER MEDINA: Move resolution of 2002-94, incorporating the changes and the resolution as amended.

BOARD CHAIR MOULTON PATTERSON: I'll second that. So we have a resolution by Mr. Medina seconded by Moulton Patterson to approve resolution 2002-94.

BOARD MEMBER MEDINA: That's in the amount of 100,000?

BOARD CHAIR MOULTON PATTERSON: Right. With the changes read into the record by Ms. Nauman.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Now we go to the executive administrative policy part of our agenda. No. 25.

MS. JORDAN: I am Terry Jordan with the Administration of Finance Division, and item 25 is consideration of approval of the submission of the California Integrated Waste Management Board Annual Integrated Waste Management Report for the 2001 reporting year as required by Public Resources Code Section 42926(a).

Andrew Hurst of the Administrative Services Branch will present this item for you. Based upon the findings in this report which Andrew will present to you, I would like to commend all County ADA staff and Board staff to their commitment to the waste reduction program and.

Although Andrew has been the Board's waste

reduction coordinator for over a year, this is his first presentation. Currently he is acting as waste reduction activities and is assisting Board Member Paparian with the EMS steering committee as an ad hoc member. We are very proud to have Andrew as part of the team. He has a wealth of experience and enthusiasm. If only we had Andrew's commitment with everybody in the state, just think of the work we could do.

MR. HURST: Madam Chair, I am Andrew Hurst, the Waste Management Board's waste reduction coordinator. I would like to first thank the Board management of the Administrative and Finance Division and my colleagues for allowing me the opportunity to be the waste reduction coordinator. Frankly, I can't remember having a job that has been as much fun and rewarding, so thank you.

BOARD CHAIR MOULTON PATTERSON: I just want to say that you have done a terrific job on this, and we really appreciate it. This is a real, real model for the other State agencies, and we really appreciate it, Andrew.

MR. HURST: Thank you. It has been a pleasure. Staff is seeking your approval to submit our annual integrated waste management report. The attachments to this item reflect what will be entered upon your approval into the State Agency and Organization Recycling Database or SAORD. As required by statute, this information will be

submitted prior to April 2, 2002. I would like to point out a few of the accomplishments that can be found in the report, attachment 1-A.

It has been calculated that in 2001, 92.8 tons of waste generation and diversion can be attributed to the CIWMB. This equates to less than 1.5 pounds per person per day. Of this total, about 38.2 tons of material was recycled. Additionally it estimated our source reduction accounted for 16.2 tons of diversion. And our disposal amount of 28.4 tons of solid waste. This resulted in a diversion rate of 58.7 percent for 2001.

As you can see on page 2 of the report, there are significant differences between the amounts reported for 2001 and the amounts projected in our integrated waste management plan developed in 2000. These can be attributed to differences in data. The projections were calculated on estimated generation rates. For the report actual rates were available for the majority of the terms, and actual generation weights and sample weights were used for others.

In this section, in the table, the information printed in boldface and bracketed by parens is specific to our operations but will not be represented in the SAORD. However, the majority of the information in boldface is covered in the narrative portion of Section 4 -- excuse me. Part four on page 4 of the report.

It is important to note that our recycling notes were below normal or below what we expected for January and portions of February. This is due to the waste reduction program and infrastructure not being fully implemented upon moving into the building. However, I am very proud to report that since the kickoff of the waste reduction program in late March, our diversion rate has averaged 67 percent, about what we projected for 2000 and for 2002.

A few of the activities that make up our waste reduction program are duplex printing is default, e-mail-based faxing capabilities, electronic distribution of publications, like the Board agenda, internet-based phone copies, single-sided greeting cards for reuse by St. Jude's Branch for Children, reformatting the use of computer diskettes. We are taking advantage of industry-sponsored programs for tiebex envelopes and overhead transparencies, and we are also utilizing the local remanufacturer of inkjet and toner cartridges.

Staff is also participating in a building wide collection of mixed paper, white paper. Janitorial staff and building staff are implementing collections for bathroom tissue and pallets.

Lastly, the desk side verma composting bins for processing of food scraps were introduced into the building late last year, and we have a waiting list of 100,000

wanting to get verma bins which are here. And when I am done with this, I will get cracking on getting the worms into the building.

To get a picture of what our diversion looks like, the attachments 1-B showing the disposal and disbursements percentages, and page 2 of that shows the diversion tonnages which indicate the amount of each type -- each major type of material that we are diverting.

I would like to follow up on a question that was posed at the briefing. If I may paraphrase, it was asked what our maximum diversion rate might be. This is a question I often ponder, and it is difficult to give a simple answer.

Actually, the simple answer is 100 percent or zero waste is stated in goal seven of our strategic plan. Getting to that point, however, is not that simple. Of course we should strive for this goal, and more can be done to get us closer to that point. Our waste reduction program is an evolving system that is continued to adapt to ever-changing systems and technologies. And I welcome input from anyone who has ideas how we can improve upon our program.

Actually, I have very high hopes for the efforts to develop an environmental system for the building led by Board Member Paparian, and we got an all-building e-mail

that gives us an opportunity to comment on that, and I invite anyone who is listening out there on the internet to go check out that site and give us your information. I think this program has enormous opportunity to effect how each of us views our relationship to the environment and cause us to make wiser decisions when it comes to the consumption of resources.

I am happy to answer any questions or provide any clarification.

BOARD CHAIR MOULTON PATTERSON: Questions? Mr. Paparian?

BOARD MEMBER PAPARIAN: Thank you, Madam Chair. I think you said it a few minutes ago, but I am extraordinarily pleased with the efforts that Andrew's been involved with and staff here. I think we have a remarkable program to deal with waste and source reduction in the office environment. I am hoping that over time we'll be able to commingle our efforts in a way that will be usable by others in office environments throughout the state.

BOARD CHAIR MOULTON PATTERSON: Thank you.

BOARD MEMBER PAPARIAN: Good job, Andrew.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Paparian, for your leadership and your staff's. Great report. Mr. Simpson I'm sure will want to get this message out and be a role model for others. So thank you very

much.

Mr. Jones?

BOARD MEMBER JONES: I'll move adoption -- we have got to adopt this, right?

BOARD CHAIR MOULTON PATTERSON: Yes.

BOARD MEMBER JONES: I'll move adoption of resolution 2002-59, consideration of approval of the submission of the California Integrated Waste Management Board's annual integrated waste management report for 2001 reporting year as required by PRC 42926(a).

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Jones seconded by Mr. Medina to approve resolution 2002-59.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye. Thank you,

Mr. Hurst.

MS. JORDAN: Item No. 26 and 27 will be presented by Frank Simpson.

MR. SIMPSON: Thank you, Madam Chair, distinguished Board. Item 26 is a consideration of approval of the 2001 annual report to the Legislature. This report is mandated by Public Resources Code 4050, and it is due on March 1st. The report is based on last year's accomplishments and priorities, and is extremely comprehensive, clearly outlining the Board's path over the last year with critical links to the Board's strategic plain. In an effort to move more electronically -- an interesting side note for you. Senate Bill 1443 introduced by Senator Rico Oller [phonetic] would require any State or local agencies who are required to file reports to the Legislature to submit them electronically.

So once again, the Integrated Waste Management Board has set the standard for State agencies.

As in years past, this report will be placed on our website after Board approval. We did have one comment from Board Member Jones's office to place more emphasis on diversion.

If you look through your draft copy, diversion is not mentioned until about page 3. So with your agreement, we'll lead with diversion. That concludes our

presentation. We'll be happy to take any questions.

BOARD CHAIR MOULTON PATTERSON: I just had a couple of minor changes that were recommended. Page 3, the last paragraph, these low-grade organic materials should be replaced with these nonmarketable or low-grade materials. Can we do that?

MR. SIMPSON: Yes, Madam Chair.

BOARD CHAIR MOULTON PATTERSON: And page 4, on the last bullet, on the grant program, technically the 1.5 million is much more than a grant program. It also includes various research and other pragmatic activities. Therefore, my staff has recommended the word -- that the word "grant" be deleted. Can we do that? Thank you.

Any other questions?

BOARD MEMBER MEDINA: I have some changes, Madam Chair. On page 6, final paragraph after the word "fund," $200,000 to fund, cross everything that follows that and change that "to fund the development and implementation of a program evaluation model through the use of standardized guidelines."

BOARD CHAIR MOULTON PATTERSON: Any other questions or changes, Mr. Paparian?

BOARD MEMBER PAPARIAN: Thank you, Madam Chair. Couple things. On the item, the one that Mr. Medina just read, I think we have an additional hundred thousand dollars

set aside besides the $200,000 mentioned. This is an area that I think will grab the attention of legislators. We should be as accurate as possible.

I am wondering how difficult it would be to put together a one-page summary or a couple pages of the grants that we have given out to localities and others throughout the state. I think a lot of folks would find that useful and interesting information.

BOARD CHAIR MOULTON PATTERSON: I think that would be a great suggestion. Couldn't we do that fairly easily?

MR. SIMPSON: Yes.

BOARD CHAIR MOULTON PATTERSON: Thank you. Anything else?

BOARD MEMBER JONES: Madam Chair, I guess everybody is comfortable with those changes, including moving the diversion up from page 23 up a little closer?

BOARD CHAIR MOULTON PATTERSON: Yes, definitely.

BOARD MEMBER JONES: I am going to move adoption of resolution 2002-86 with the changes, consideration of approval of the 2001 annual report to the Legislature, and I would say you guys did a great job. That's a great report, and that's my motion.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Jones and Mr. Medina. Motion by Mr. Jones seconded by Mr. Medina to approve 2002-86. And I would like to comment

great job and thank you.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Item 27.

MR. SIMPSON: Item 27 is consideration of approval of outreach program sponsorship contract concepts and funding. Since 1990 the Board has approved sponsorship arrangements for a wide variety of outreach activities through contracts to fulfill its public awareness mandates.

At the December 2001 meeting in San Francisco, the Board allocated $100,000 from its IWMA for sponsorship. Subsequently, the Board approved an additional $75,000 from the used oil account on December 19th.

In the following month the Office of Public Affairs visited Board member offices. We collected sponsorship concepts, and we retrieved several sponsorship

requests from our own files. We submitted that to the Budget Committee on February 4th. At that time the budget subcommittee prioritized the projects as they are submitted in the agenda item.

Now, this item requests approval for sponsorship contract concepts totaling $174,000 to support more than a dozen outreach efforts.

The current sponsorship contract concept process is the procedure that has been in use here at the Board since 1998. The process is very similar to the Board consulting and professional services contract concept process.

Again, Chris Peck and Roni Java are here, who have extensive experience with sponsorship.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina?

BOARD MEMBER MEDINA: I would like to move this resolution 2002-87, consideration of approval of outreach program sponsorship contract concepts funding and as 100,000 from the IWMA account and 75,000 from the used oil recycling account.

BOARD CHAIR MOULTON PATTERSON: Motion by Mr. Medina seconded by Mr. Jones to approve resolution 2002-87. And I might say that the Budget Subcommittee spent a lot of time on this, and we think this is a good recommendation.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

That brings us to Waste Prevention and Market Development, No. 28, Ms. Wohl.

MS. WOHL: Patty Wohl from the Waste Prevention and Market Development Division. For fiscal year 2001-2002 the recycling market development program loan is budgeted to fund $10 million, and the entire fund is budgeted to fund $2 million in new loans.

To date, the RMDZ total 1,532,120, which leaves 8,467,880 available for future loans. The tire fund has an approved loan for $100,000 with 1.9 million available for future loans.

Today the Board will consider three loans for a total amount of 2,281,750, the majority from the tire fund. If these loans are approved, there will remain 8,086,130 in

the RMDZ loan fund, and the tire fund dollars will be fully utilized.

Agenda item 28, consideration of approval of the recycling market development revolving loan program application for B.A.S. Recycling, Inc., will be presented by Jim LaTanner.

MR. LaTANNER: Morning, Board members. Both agenda items 28 and 29 are being funded from the tire fund. Both involve us funding these for improvement. Under the 2001 September loan program eligibility, at least 5 percent of the loan funds to approve this property would have to be applied towards those cost-sustaining products.

Both of the applicants have been made aware of this and have consented to that. Item 28 is a request in the amount of 1,518,750 to purchase the equipment, provide these old improvements and fund working capital. The project is located in San Bernardino, California, which is in the Agomanza Recycling Development Zone.

As a result of this project, the feedstock is actually passenger tires from California upgrades from local tire haulers, tire dealers and major tire cappers. The B.A.S. process is to grind the tires to make crumb rubber and rubber bumpers which is sold to construction companies, rubber asphalt pavement, which is athletic playgrounds and resurfacing.

With this loan, the increased diversion of passenger tires would be 600,000 as projected, so the company's annual diversion would be over 3 million per year. Loan Committee met on February 14th and approved the loan as presented without any changes.

Mary Quantz, the president of B.A.S., is here should the Board have any questions. Staff recommends approval, that the Board approve resolution No. 2002-71, consideration of approval of the recycling market development revolving loan program application for B.A.S. Recycling, Inc.

BOARD CHAIR MOULTON PATTERSON: It is my understanding besides diverting an additional 6,000 tons per year of tires, it also creates ten new jobs; is that right?

MR. LaTANNER: Yes.

BOARD MEMBER JONES: I would like to approve adoption of resolution 2002-71 for the approval of the recycling market development revolving loan program application for B.A.S. Recycling in the amount of $1,518,750.

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: Motion by Mr. Jones, seconded by Mr. Medina to approve resolution 2002-71.

Call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

No. 29.

MR. LaTANNER: Consideration of approval of the recycling market development revolving loan program application for U.S. Rubber Recycling, Inc. This has been revised. Loan has been decreased from one million one to 700,000 to finance machinery, equipment, leasehold improvements and working capital.

The project is located in Riverside, California, which is in the Agomanza Recycling Market Development Zone.

This company, little bit different, takes the crumb rubber, such as from B.A.S., and makes various products out of it. The crumb rubbers are obtained from various tire recyclers. The process is to purchase the crumb rubber, manufacture it into tire tiles, such as door mats, molded tiles, such as floor mats. And primarily this

project is for continuous-roll flooring, such as alternative sports flooring.

End users are major customers, including nationwide commercial flooring distributors and the commercial flooring industry. Using the crumb rubber, this transfers to the diversion of 100,000 passenger tire equivalents. So annually the company would divert 300,000 tires a year on a projected basis.

Loan Committee met on February 19th and approved the loan as presented by staff. Two representatives from U.S. Rubber are in the audience. Richard Schneider, the president, and David Star, should the Board have any questions.

Staff recommend the Board approve the loan contained in 2002-72 to U.S. Rubber Recycling in the amount of 700,000. Any questions?

BOARD CHAIR MOULTON PATTERSON: Thank you. Questions? Mr. Paparian?

BOARD MEMBER PAPARIAN: Thank you, Madam Chair. I did raise some questions about this at the briefing regarding the appropriateness of spending loan money on marketing-related activities.

I subsequently met with the staff and was informed that the criteria for tire-related loans is somewhat different than the criteria for other loans in the RMDZ

program. And, in fact, it is appropriate and acceptable to have marketing activities funded through the loan program if it relates to a tire-related facility. So I felt that I had those questions adequately answered, and I am now satisfied with that.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Paparian.

BOARD MEMBER JONES: Madam Chair, just briefly before I make the motion, both of these companies have been around, as the tire folks have worked hard to build this industry. And it is nice seeing these kinds of loans. That only means they got the ability to pay them back. So obviously we are doing something right here.

I am going to move adoption of 2002-72 for the approval of the recycling market development revolving loan program application for U.S. Rubber Recycling, Inc., for the total of $700,000.

BOARD MEMBER MEDINA: Second the motion, Madam Chair.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Jones seconded by Mr. Roberti. I was looking at Senator Roberti, thinking of him, Mr. Medina.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye. Item 30 --

BOARD MEMBER PAPARIAN: I think we are leaving the tire items. Can I just make one comment? As I understand it, we allocated $2 million for tire-related loans, and that we have exceeded that $2 million and drawn some from the regular RMDZ account.

MR. LaTANNER: Correct. With these two applications we would use 319,000 of RMDZ funds to totally fund the project, our motion of it.

BOARD MEMBER PAPARIAN: What I would like to suggest is if we have tire funds to redirect later this year, that we seriously consider redirecting tire funds to backfill that money that was just talked about that would then free up other moneys for other RMDZ non-tire activities. I think the tire-related loans are great. But I think that it would be appropriate for the tire funds to be utilized for the RMDZ loans for the tire projects.

BOARD CHAIR MOULTON PATTERSON: Sounds great.

BOARD MEMBER JONES: I agree with you, Mr. Paparian. Is there any kind of a banking problem with using the two funds if we backfill at some point in the next couple of months? Does that create any kind of a problem for you guys?

MS. WOHL: No. No, because you just basically transfer it over.

BOARD MEMBER JONES: Because we had some dollars yesterday in a column that we didn't allocate all the way out, and I think there is 300 or 400 grand that we had had allocated.

MR. LaTANNER: I would just add that the portion being funded out of RMDZ does match the original purpose of the RMDZ funds.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Jones, and thank you, Mr. LaTanner. Item No. 30.

MR. LaTANNER: Consideration of approval of the recycling marked development revolving loan program application for an individual, John V. Sleuter. This is for 63,000 to finance the purchase of a mobile grinder to process various materials from construction sites.

The company is headquartered in Humboldt County Recycling Market Development Zone. Mr. Sleuter is in the construction industry. These comments are obtained from new construction sites in Humboldt and Del Norte Counties.

Construction includes framing. The process -- the grinder will pull items and shred previously separated construction materials on-site. Material's basically 97 percent chips and board, 3 percent bricks and cinder blocks are ground into forms used for soil amendments mulch and based for dry waste.

It will chop it to half-inch to the manufacturer of compressed wood. Only unpainted and untreated wood would be ground. The end product is sold to the construction site as well as sold to the pressed wood manufacturer. This will divert an additional 300 tons per year of construction materials on-site.

Loan Committee met on February 14th and approved the loan as submitted by staff. Therefore, staff recommends approval, that the Board approve the loan contained in resolution 2002-73 to John V. Sleuter in the amount of 63,000. Any questions?

BOARD CHAIR MOULTON PATTERSON: Mr. Jones?

BOARD MEMBER JONES: I'll move adoption of 2002-73, the approval of the recycling market development revolving loan program application for John V. Sleuter in the amount of $63,000.

BOARD MEMBER MEDINA: Second the motion.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Jones, seconded by Mr. Medina to approve resolution

2002-73.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Agenda item 31.

MS. WOHL: Consideration of approval of RPPC compliance agreements for compliance years 1997, 1998 and 1999, and John Nuffer will present.

MR. NUFFER: This is John Nuffer with the Plastics Recycling Technology Section. This is another in our series of agenda items in which we bring forth compliance agreements for companies that were out of compliance with the rigid plastic packaging container law in '97, '98 or '99.

I would like to call your attention to three companies, Henderson Diamond & Carbide, which is not selling any products in California; Home Depot, which we are rolling

into the March items to give them more time; and Valley Janitorial, which is in compliance currently. The motion we have provided reflects those changes.

That concludes my presentation. If you have any questions, I'll be happy to answer them.

BOARD CHAIR MOULTON PATTERSON: I see no questions. Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, I would like to move adoption of resolution numbers 2002-97 through 2002-104 and resolution numbers 2002-106, 2002-108, 2002-110, to adopt for the companies listed in item 31 less the three that were just mentioned, Henderson, Home Depot, and Valley Janitorial.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Medina, seconded by Mr. Jones to approve 2002-97 which are read into the record.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Item 32.

MS. WOHL: Consideration of approval of the third cycle reuse assistance grant awards, fiscal year 2001-2002, funds authorized via fiscal year 2000-2001, and Sarah Weimer will present.

MS. WEIMER: Good morning. Sarah Weimer with the Reuse Assistance Grant Program and the Waste Prevention Market Development Department.

This is for approval of the third cycle reuse assistance grant awards for the fiscal year 2001-2002.

At the August 14th and 15th, 2001, meeting the Board adopted the scoring criteria and the process for evaluating the cycling three grant applications. The notice of funding availability was mailed on August 23rd, 2001, to over 1800 enlisted parties as well as available on our website.

Staff received a total of 20 grant applications by the final filing date of November 30th, 2001. Eight grant proposals met the minimum scoring requirement. Staff is recommending the six highest scored proposals for funding. More than the available $250,000 would be necessary to fund the top six scoring projects. Therefore, staff recommends fully funding the five top scoring projects and partially

funding the sixth.

Staff contacted the applicant recommended for partial funding, and this confirmed they can proceed with the proposal project with the proposed funding.

At this time I would like to invite any questions or comments you may have.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, if there are no questions regarding this, I would like to move resolution 2002-76, consideration of approval of third cycle reuse assistance grant award, fiscal year 2001-2002, funds authorized by fiscal year 2000-2001, BCP No. 5, full funding for the top five and partial funding for six.

BOARD MEMBER ROBERTI: Just very briefly on this item, I note that this is a program that was under subscribed until recently. So I would like to commend the staff for getting it ahead of the curve, so to speak.

And secondly, to say that this indicates to me that we can get programs that are under subscribed to be actually over subscribed and get more applicants in. It is just the way of doing it.

In line with some of the comments that I guess yesterday we had some programs that we are having trouble getting Southern California interested in. So this is just an example of a place where staff has brought about a very

positive result.

BOARD CHAIR MOULTON PATTERSON: Thank you, Senator. Mr. Jones said he would second that. I did have a question. Will you be bringing back the passing scores for possible reallocation of the RMDZ money?

MS. WEIMER: I will be.

BOARD CHAIR MOULTON PATTERSON: The ones that were remaining for future consideration. We have a motion by Mr. Medina and second by Jones to approve resolution 2002-76.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

No. 32 -- agenda item 33.

MS. WOHL: Consideration of approval of contractor for the California product stewardship initiative support project, fiscal year 2001-2002, contract concept No. 38.

And Jeff Hunts will present.

MR. HUNTS: Good morning, Madam Chair. This item is before the Board to secure approval of the proposal contractor, provide support to the Board's near term involvement in the national electronic product stewardship initiative.

This effort would solicit input from both the government and State agency stakeholders relating to their cost and concerns and assemble this information in a form to be used during the NEPSI dialogue.

At its October 23rd meeting last year, the Board approved the allocation of up to $54,000 from the IWMA to fund contract concept 38, the California stewardship.

At the November 13th meeting the Board approved the scope of work for this project, and staff immediately advertised a request for proposal. The proposals were due to the Board's contract office on January 11th of this year. Three proposals were received by that deadline. A three-person panel consisting of staff and waste prevention market development division evaluated the proposals. One proposal received a qualifying score of 85 or above. The cost proposal or bid of that qualifying prospective contractor was open on February 1st at a public notice, intent to award was posted until February 8th. The bid amount was $43,807.50 and was submitted by Boison and

Associates.

Staff recommends that the Board approve Boison and Associates as contractor for this project and adopt resolution No. 2002-79. I would be happy to field any questions.

BOARD CHAIR MOULTON PATTERSON: Mr. Paparian?

BOARD MEMBER PAPARIAN: Thank you, Madam Chair. I want to thank Jeff Hunts and his staff for their extraordinary effort to get this contract kind of out the door and get the process taken care of as quickly as possible. You did a remarkable job in that. If there's no questions, I would like to move the item.

BOARD MEMBER JONES: Thank you. Thank you, Mr. Hunts.

BOARD MEMBER PAPARIAN: I will move resolution of 2002-79, approval of contractor for the California product stewardship initiative support project.

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Paparian and second by Mr. Medina to approve resolution 2002-79.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Item 34 and 35 were on consent. Item 36.

MS. WOHL: Consideration of approval of the California Air Resources Board as contractor for 2002 electric mulching mower rebates contract, fiscal year 2001-2002. And Kevin Taylor will present.

MR. TAYLOR: Kevin Taylor of the Waste Prevention and Market Development Division. This item requests that the Board consider and approve the California Air Resources Board as the contractor to implement the 2002 electric mulching mower rebates.

At its October 2001 meeting the Board approved $25,000 from the IWMA account to fund the electric mulching mower rebates in 2002, and at its November meeting another 25,000 in used oil recycling funds to fund the electric mulching mower rebate.

As you've probably heard, 40 percent of the waste disposed in California landfills is comprised of organic materials. Significant amounts of grass clippings are

generated in urban landscapes, and grass recycling is extremely effective in reducing the generation of these materials in urban areas.

We also believe that the electric mulching program helped divert grass clippings and promote the benefits of grass recycling. The Board has promoted grass recycling campaigns in '99 and 2000, and it was an important component of these programs.

The electric mulching mower rebate program also recycle used oil, and they do not require motor oil, thus eliminating the need to recycle oil for lawn mowers. This provides an excellent opportunity for the Board to address cross-media issues in a highly visible area.

Staff has proposed a partnership with the Air Resources Board, the jurisdictions in the San Francisco Bay Area, Alameda, Contra Costa, Napa, Santa Clara and Sonoma valleys, the central valley, San Joaquin, Merced and Tulare counties as well as the cities of Stockton, Merced and Visalia, as well as San Diego County.

The staff believes that the Air Resources Board is uniquely qualified to implement this contract in their experience in coordinating electric mulching mower campaigns, their relationship with air pollution control districts, their expertise in the power equipment field, and importantly the fact that they will not charge the Board an

administrative cost to implement the contract, zero overhead.

Staff recommends that the Board approve the California Air Resources Board as the contractor to implement the 2002 electric mulching mower rebate and adopt resolution No. 2002-83.

BOARD CHAIR MOULTON PATTERSON: Thank you. This is a great cross-media project. It is nice to see that we are working with OEHHA, DTSC and the Air Resources Board on this meeting, and Secretary Hickcock should be proud.

BOARD MEMBER ROBERTI: First I am going to support the agenda item. And the last time I checked the mulching mower rebate program was a couple years ago, and I was told that the program is much more successful in Sacramento County, for example, than Los Angeles or Orange, more due to cultural habits than any problem with our staff.

And I am wondering what can be done or do we have any educational program so that people in Los Angeles and Orange County and related Southern California areas -- I noted that San Diego is on board now -- begin to use mulching mowers. I tend to think one of the problems is that in Los Angeles, I suspect Orange as well, people hire gardeners, and the gardeners do it their way.

There must be some way so that green waste is such an enormous part of the waste stream that some of the moneys

that we use ought to be used for education or let people know that the program's around. I don't know the numbers I heard -- this was a couple years ago -- more mulching mowers were sold in Sacramento than LA and Orange combined. It was some utterly staggering number.

I am not quarreling with the program. I think it is fine. There must be some education program.

MR. TAYLOR: I know that we had given seed money to both Los Angeles and Orange County. I am not sure what's happening in Los Angeles now, but in Orange they are proceeding on with their programs that we funded, and they are continually educating, mostly commercial landscapers.

They have developed quite a few materials that we are actually using in our programs also. So they are still moving ahead with their programs. I think they just feel better that they are doing their own thing.

BOARD MEMBER ROBERTI: I would hope maybe the staff would come back to us with maybe some suggestions on how we begin to culture some parts of Southern California, the gardener industry, into using mulching mowers.

BOARD MEMBER JONES: Do we have any of the literature in Spanish?

MR. TAYLOR: I think so. In fact, some of my staff, the reason I am here is they are down in the show in Long Beach promoting a lot of the things that we are doing

also, a lot of commercial landscape.

BOARD MEMBER ROBERTI: I tend to think this is a wealthy problem rather than an immigrant problem where so many of the people just hire out.

BOARD MEMBER JONES: But many of the gardeners are Hispanic.

BOARD MEMBER ROBERTI: That's true.

MS. WOHL: The other thing that you may remember, you approved at, I believe, the last Board meeting was the sustainable landscaping curriculum. So what we are continuing to do is get these kinds of habits built into the practice of the people who get the degrees who go out and do this work.

So I think once we get that package together, we will go to a lot of the schools that teach this type of thing and try to incorporate it into the basic continuing education so that we can really promote it to, like you said, the wealthy people who are hiring them.

BOARD MEMBER ROBERTI: The Chair is right. They often will hire people who do not speak English. It takes some education.

BOARD CHAIR MOULTON PATTERSON: Thank you, Senator. We do have a speaker before we move this item. Mr. Mohajer, LA County. Morning, Mr. Mohajer.

MR. MOHAJER: Good morning, Madam Chair, members

of the Board.

In response to Senator Roberti, we do have the electric mulching program and being conducted with the City of LA and few other cities. I would be more than happy to work with Board staff to provide them with the information that we have and whatever we can do together to further enhance the program. I can't give you the statistical data because I am not prepared.

BOARD MEMBER ROBERTI: I thank you for the observation. I think it is something we should do with the local agencies as well. What I think we are faced with here is a cultural pattern that's going to take a lot of joint work to get a change.

MR. MOHAJER: It is, but the Senator is, it is such a large area. So when you look at the quantity that's being diverted, that's where you see the differences over here that is being diverted. But the program is in existence. We have been doing it now for approximately four years or so. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you.

BOARD MEMBER JONES: Before I make the motion, I don't know, were you done, Mr. Mohajer?

MR. MOHAJER: Yes.

BOARD MEMBER JONES: The program started in 1997, and it was this Board, it was actually this Board member

that talked with Drew Sohms from the City of LA who said he had a real problem. We had partnerships with Honda, all the major manufacturers, Briggs and Stratton, the Airborne, South Coast Air District. The oil companies went nuts because we used -- they didn't go nuts, but we said this has got to be an oil program because we are eliminating oil.

So it was a turn-in program where they would turn in a gas-powered lawn mower and get an electric or a rebate to buy an electric mulching lawn mower. City of LA, Orange County and the City put together, I think, these sites.

At the end of that Trevor O'Shaunesey ran it with Mel -- Mel Reese, and they took it over. But I think it is important that when Kevin's staff gets back they can give you some information on that because that was the foundation of this program and they identified, fortunately or unfortunately, that it was the commercial gardening arena that they really had to attack. Because people that came in just didn't have that, and it was actually the commercial mowers or the commercial landscapers that wanted to take advantage of the mulching lawn mowers. Because we found out through surveys that most of them were actually doing mulching as opposed to hauling away all those yard clippings.

So we got a lot out of it, and there's some information of this Board that they can share with the

members to bring it to light.

And with that, I am going to move adoption of 2002-83, the consideration of approval of the California Air Resources Board as contractor for the 2002 electric mulching mower rebate, contract concept No. 42.

MS. WOHL: The administration brought to my attention that there's no dollar amount in the resolution, so can we add a whereas that states 50,000.

BOARD MEMBER JONES: Add a whereas 50,000, 25 and 25 from wherever you're pulling.

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Jones seconded by Medina to approve resolution 2002-83 with the whereas read in by Ms. Wohl, $50,000.

And please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Item 37 was approved on consent. Item 38.

MS. WOHL: Consideration of approval of California State University, Sacramento, as contractor for the statewide food residuals diversion summit, contract concept No. 23. And Kevin Taylor will also present.

MR. TAYLOR: Good morning, Madam Chair. My name is still Kevin Taylor with the Waste Prevention and Market Development Division. As the contractor for the statewide food residuals diversion summit at the October 2001 Board meeting the Board approved expenditures of $50,000 from the integrated waste management account. This was contract concept 23. It was fiscal year 2001-2002 consulting services to fund this program.

As you may know, an estimated 16 percent of California's waste stream is food residuals, and yet very few jurisdictions develop programs for food residuals. The Summit will allow major stakeholders that will and the means to overcome those barriers. The summit will also allow vendors to share methods and technologies available with the food residuals.

Unfortunately staff does not have the resources and technical expertise to coordinate a full multi-day workshop of this scale, so we are here to propose a contract with California State University, Sacramento, Conference and Training Services. They are uniquely qualified to implement

this contract because of their extensive experience in coordinating these types of events.

In fact, they are very familiar with the venues in the Sacramento area. The contractor has handled the Board's technology forum, which was a similar event and very successful. They have indicated they are willing to work and able to work with staff. And the organics material staff has had past experience with this contractor and has been very positive, and they feel very good about that.

So the staff recommends the Board approve Sac State's Training and Conference Services as the contractor to handle logistics of the statewide food residuals summit.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, I would like to move resolution 2002-85, consideration of approval of California State University, Sacramento, for the California statewide food diversion Summit for 2001, concept 23 in the amount of 50,000 from the IWMA account.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Medina seconded by Jones to approve resolution 2002-85.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

No. 39 was approved on consent. No. 40.

MS. WOHL: 40, consideration of award of California State University, Sacramento, foundation as contractor for 2002 conversion technology workshops and symposia, fiscal year 2001-02. And Steve Storelli will present.

MR. STORELLI: This item requests your consideration and award and an interagency agreement with California State University, Sacramento, for the amount of $35,000 for conversion technology and environmental symposia workshops.

At the 2001 Board meeting staff approved contract concept 22 regarding conversion technologies for 75,000. This scope of work would use 35,000 of that amount. Staff has worked with CSUS to develop a scope of work that will facilitate four symposia and workshops. Two of the workshops will piggyback large conferences, the CRRA conference and the SWNA conference.

Two other workshops will be held, one in Northern and the other in Southern California. The contractor will assist Board staff in planning, organizing staff and funding the symposium and workshops. This includes securing facilities, inviting speakers, developing brochures and paying for facility rental.

Staff requests the Board approve option No. 1 and adopt resolution 2002-78. This concludes my overview. I am open to questions.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, I would like to move 2002-78, the contractor for 2002 conversion technologies workshops and symposia, fiscal year 2001-2002, contract concept No. 22 in the amount of $35,000.

BOARD MEMBER JONES: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Medina seconded by Mr. Jones to approve resolution 2002-78.

Call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye. Thank you very much. Item 41.

MS. WOHL: It is time certain at 1:30 today.

BOARD CHAIR MOULTON PATTERSON: Did we miss a speaker? Yes, item 41 is time certain at 1:30 today. We will now take a short break before we go to Diversion, Planning and Local Assistance.

(Recess was taken.)

BOARD CHAIR MOULTON PATTERSON: On ex partes I just spoke to Christina Haney, California Association of Professional Sciences. Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, same ex parte.

BOARD CHAIR MOULTON PATTERSON: Mr. Paparian?

BOARD MEMBER PAPARIAN: Thank you. I also spoke with Christina Haney of CAPS regarding items 42 and 43.

BOARD CHAIR MOULTON PATTERSON: Senator Roberti?

BOARD MEMBER ROBERTI: Sure. I spoke with Christina Haney regarding items 42 and 43, of the California Association of Professional Sciences.

BOARD CHAIR MOULTON PATTERSON: We are going to Diversion, Planning and Local Assistance, which will take us to 42 and 43. You can certainly go ahead and give your

presentation if you'd like, and we can hear from Ms. Haney. But if there's a problem, it would be my intention to pull these items and try to work it out, Mr. Schiavo.

MR. SCHIAVO: Yeah, I would like to go ahead and make the presentation. Because the focus of this contract is the statistical portion of the contract and not the audits. The audits are an important factor in completing the statistics, but our staff are going to do a big bulk of the audits, but it will come upon the contractor to be out there and understand the audit performance.

BOARD CHAIR MOULTON PATTERSON: Go ahead with your presentation.

MR. SCHIAVO: Pat Schiavo, and item No. 42 is consideration of approval of redirection of funds, the contract concept and scope of work to review audit methodologies for generation studies and to develop analytical audit tools. This is fiscal year 1999-2000 and fiscal year 2001-02. And this presentation will be performed by Marshalle Graham.

MR. GRAHAM: Agenda item 42 requests the Board to consider approval of the redirection of funds, the proposed contract concept and scope of work to contract for the development of a standardized methodology to verify diversion data supported in studies by State jurisdictions, State agencies and large State facilities.

This large contract will provide contract expertise and studies submitted for Board review and approval. The focus of this project is on improving methods of selecting, tracking, analyzing and verifying the diversion estimates reported in generation studies being submitted by jurisdictions, State agencies and large State facilities.

Board staff have already developed a basic verification process. However, there is a need for specific expertise in designing a standardized approach to these verification audits that includes a more detailed statistical analysis of trends and data parameters.

With respect to the specific tasks, the contractor will perform the proposal contract consent and scope of work. The contractor will conduct, with Board staff, verification audits of diversion data submitted in generation studies of a sample of jurisdictions, State agencies and large State facilities, and as needed, make recommendations as to how these study methodologies can be corrected, changed or otherwise improved to provide accurate and reliable results.

The project consultant will also apply a systems approach to the verification process and data to develop a standardized methodology for conducting these on-site verification of these reported diversion activities,

including specific analytical tools to compare and verify conversion factors and to establish data parameters for the reported diversion data.

Additionally, the project consultant will provide training to Board staff on the newly-developed standardized verification process and these corresponding tools. Total cost for the project is $150,000.

In order to execute the proposed contract concept and scope of work, Board staff are recommending the redirection of funds in the amount of $50,000 from funds approved from contract concept No. 6, fiscal year 1999-2000, for the AB 75 State agencies award, waste reduction award program, and a hundred thousand dollars from funds approved for contract concept No. 4, fiscal year 2001-02, for food scrap diversion at high-volume sites.

Lastly, Board staff did present an overview of the proposed funding redirection to the Board's Budget Subcommittee at its February 4th, 2002, meeting. This does conclude my presentation, and I would be happy to address any questions.

BOARD CHAIR MOULTON PATTERSON: Thank you.

BOARD MEMBER MEDINA: Madam Chair, I would like to pull this item for further discussion.

BOARD CHAIR MOULTON PATTERSON: Mr. Paparian?

BOARD MEMBER PAPARIAN: Yeah, I think more

specifically, I think the union representative from CAPS has raised some concerns, and I want to make sure that our representatives get together with CAPS to assure that issues are understood and hopefully dealt with.

One other thing, I don't want to blow this out of proportion, but perhaps Mr. Leary should just try to make sure that our lines of communications with our unions are as open as they should be.

BOARD CHAIR MOULTON PATTERSON: Okay. Thank you. So we are going to pull 42 and 43, it looks like. Ms. Haney, did you wish to speak or can you just get together with the appropriate parties?

Okay. Before we proceed, Mr. Jones, did you have any ex partes?

BOARD MEMBER JONES: With Larry Sweetzer on the load checking training that he's offering up and down the state that I am hearing good reviews about.

BOARD CHAIR MOULTON PATTERSON: Thank you. So 42 and 43 are -- do we say pulled or continued?

MS. TOBIAS: If you would like to continue them to a certain date, then they would already be noticed. If you continue them, then you pick a notice. If they are pulled, then you have to renotice.

BOARD CHAIR MOULTON PATTERSON: Let's pull them.

We had another speaker. I think it might be

irrelevant since they are pulled. But Mark White, did you wish to speak quickly? Okay. Thank you. That brings us to No. 44.

MR. SCHIAVO: Item No. 44 was pulled.

BOARD CHAIR MOULTON PATTERSON: I'm sorry. That was pulled. Thank you. Thank you. No. 45.

MR. SCHIAVO: Item No. 45 is staff's recommendation regarding late source reduction and recycling element, household hazardous waste element and non-disposal facility element submittals for newly-incorporated cities. And Catherine Cardozo will present.

MS. CARDOZO: Good morning. The purpose of this item is to apprise the Board of the status of the current newly-appropriated cities and to seek approval on staff's proposal to apply to newly-incorporated cities the same stepwise enforcement approach adopted for existing jurisdictions for ensuring their compliance with AB 939.

Newly-incorporated cities have the same requirements to apply with AB 939 as cities that were already incorporated before 1990. Public Resources Code, or PRC Section 41791.5(b) directs newly-incorporated cities to submit to the Board within 18 months of incorporation the planning documents required in AB 939. That is a source reduction and recycling element or SRRE, a household hazardous waste element or HHWE, and a non-disposal facility

element or NDFE.

To ensure that existing jurisdictions complied with the planning requirements of AB 939, the Board previously adopted stepwise compliance procedures that include sending a letter to a delinquent city to notify it of the Board's intent to take enforcement action and requesting a compliance schedule for committing the documents, taking this compliance schedule to the Board for approval and subsequently monitoring the city's progress and regularly updating the Board on that progress.

Lastly, if the compliance schedule is not met, holding a hearing where the Board considers levying civil penalties against the city until the documents are submitted.

There are currently four newly-incorporated cities that must submit these planning documents to the Board. Three of the cities are past due. Those are the Cities of Oakley in Contra Costa County, Rancho Santa Margarita in Orange County, and Elk Grove in Sacramento County.

Staff has been in communication with each of the current newly-incorporated cities notifying them of the AB 939 obligations, offering assistance and guidance and keeping track of their progress.

If the Board approves applying the stepwise approach to newly-incorporated cities, staff's next step

would be to contact each of these jurisdictions, develop compliance schedules and bring the schedules back to the Board for approval.

Before I conclude, I need to point out that there is an error in the agenda item in the date of Rancho Santa Margarita's incorporation.

BOARD MEMBER ROBERTI: Where is Rancho Santa Margarita?

BOARD CHAIR MOULTON PATTERSON: Orange County.

MS. CARDOZO: They were actually incorporated January 1 of 2000 not March of '99, and their due dates for the documents was then July 1, 2001. That concludes my presentation. Are there any questions?

BOARD CHAIR MOULTON PATTERSON: Any questions, Board members?

BOARD MEMBER JONES: I'll move staff's recommendation for resolution 2002-68, consideration of the recommendation regarding late source reduction and recycling elements, household hazardous waste element, non-disposal facilities element submittals from newly-incorporated cities.

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Jones seconded by Mr. Medina to approve resolution 2002-68 with the options staff's recommending.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

No. 46.

MR. SCHIAVO: Item No. 46 is consideration of approval of the work plan for implementing Board adopted SB 2202 recommendations. And this will be presented by Lorraine Van Kekerix.

MS. VAN KEKERIX: The Board has been hearing about SB 2202 requirements in our report for about a year now. Board was required to do a report to the Legislature. And as one of the follow-up steps, we were to come back to the Board with a proposal work plan to implement the recommendations in the report.

The report, as I said, you have heard about a number of times. The report covered the entire diversion rate measurement system and recommendation for improvement

and was approved by the Board on November 13th and submitted to Cal/EPA for review and for reading to the legislature.

Within the report there was some broad themes in the recommendations. These broad themes included there's potential for error in all components of the diversion rate measurement system. Diversion rates are estimates and indicators. We found that in a variety of instances small jurisdictions were more likely to have an inaccurate diversion rate, and, therefore, there was a need to do what the law had said in terms of focusing on implementing diversion programs.

In terms of the recommendations that went forward in the report, there were a variety of recommendations, some of which were approved and some which were not. This work plan only has reported recommendations. And in the agenda item you'll see the reference numbers on those.

The report itself, which is an expanded table of recommendations and per Mr. Paparian's direction, a list of -- a table that also includes the ideas that were not recommended by the Board. In the report itself we had many categories of recommendations. This work plan is organized slightly differently. We aren't using the categories, per se. We have taken a look at what is required to implement the recommendation. So the work plan is separated into legislation, regulations and Board policies and procedures.

The recommendations within the report that require legislative changes are as listed on the slide. Increase in centers for regional agencies, allow jurisdictions within a county who are implementing their programs to voluntarily work together and report as a countywide diversion rate, and to establish due process procedures, Board enforcement and penalties for the disposal reporting system. The agenda item recommends that we take a look at these and come up with some proposed language that could be considered for this legislative session.

In addition, there are three recommendations that were approved for further review during the strategic plan implementation that would also require legislation to fully implement. We did not, in the agenda item, list specific dates for working on these because they are part of more complex activities that the Board is undertaking under the strategic plan, and we wanted to give the Board flexibility.

These ideas are changing diversion limits for direct burn transformation and for non-burn transformation and placing more responsibility on generators of difficult to handle waste. There are also several regulation packages that would be required to implement recommendations. In the report there are a variety of recommendations that deal with establishing statewide standards for collecting disposal

reporting system data.

And we are recommending that we start the informal process this March and try to wrap that one up by the end of December. There is also a recommendation that we make solid waste facility participation in the disposal reporting system a permit requirement, and we are looking at that same time frame, March through December, for informal regulations development.

Next is the use of alternative adjustment method factors and formulations. We are proposing a little bit later start date on that one, and we propose to start that one in August. And finally, allowing rural jurisdictions to demonstrate compliance based on diversion programs rather than having them spend as much time doing new base years. And that, again, we're proposing to do informal regulation development in the March through December time frame.

There are also a large number of recommendations that require Board policy and procedures. The Board has already directed staff to proceed on several recommendations, and the staff is doing so. There is a recommendation to focus on increasing the markets, and it had a variety of activities which are being undertaken by the markets division staff. The update on the LEA advisory on alternative daily cover was part of the recommendations which the Board approved with agenda item 14 yesterday,

recognizing the potential for errors in the diversion rate measurement as contained in the Board's policies for reviewing -- for performing biennial reviews in the CWIN enforcement policy and continuing study of the adjustment method.

In addition, there are a number of new recommendations. These include increasing disposal reporting system audits and disposal reporting system reports available on the website. Also, increasing training for facility operators and local governments on the disposal reporting system and diversion rate measurement, asking jurisdictions to explain why their base year is still good if they have growth greater than 14 percent, which was the tested limit for the adjustment method. And developing an accuracy indicator table for biennial reviews.

Staff has a variety of time lines for these, most of them occurring this spring, summer and fall, which are included in the agenda item. I'd be happy to answer any questions the Board may have.

BOARD CHAIR MOULTON PATTERSON: Questions? Mr. Paparian?

BOARD MEMBER PAPARIAN: Some of the items in the chart indicate estimated time line of ongoing.

MS. VAN KEKERIX: Right.

BOARD MEMBER PAPARIAN: Would it be possible to

get some more specificity on some of those?

MS. VAN KEKERIX: Is there a particular one?

BOARD MEMBER PAPARIAN: Like the ADC, updating the LEA ADC thing you mentioned a few minutes ago.

BOARD CHAIR MOULTON PATTERSON: I am uncomfortable with that, too.

BOARD MEMBER PAPARIAN: Maybe if we can get some more specific dates in here, maybe that might be a more thorough report to make.

MS. VAN KEKERIX: Okay. Is there for every one of them or just what's listed as ongoing?

BOARD CHAIR MOULTON PATTERSON: Right. I think that's my concern, the one that says -- the ones that say "ongoing." What about you, Mr. Paparian?

BOARD MEMBER PAPARIAN: Yes.

BOARD CHAIR MOULTON PATTERSON: Is that okay with you, Mr. Jones?

BOARD MEMBER JONES: Madam Chair, I got a couple of questions on a couple of these ones that need statutory change. I know that when these came forward we looked at these, and I agree with the staff recommendation. But on the second bullet under "statutory change," "allow all jurisdictions in the county to report compliance as a whole, provided all jurisdictions have implemented their programs," that needs to be flushed out a little bit more, in my mind,

because this goes to if you've got five jurisdictions in a county, two of them are doing a really stellar job, two of them are just doing programs but it's a sham, and one of them may be doing something, are we saying that all five of those jurisdictions are going to be treated as one, basically like a regional agency?

It is unclear to me when we say -- when we use a caveat like that they have implemented their programs. This was the key to AB 1939 that never got through the Legislature, and it was just simply saying that you were doing the program.

While I can understand why a lot of people would like to recommend that as a change, it guts our authority under AB 939, or could, and I just would like to get more explanation on this -- what we consider to be implementing programs. Because part of the arguments were the curbside truck that goes down the street that picks up seven items versus the one that picks up one. They are both in compliance because they are both doing a curbside program. The level of effort is obviously not the same. I don't know how we would have regulated that if it was to become a statutory change. Sounds awful much like 1939.

MS. VAN KEKERIX: I can give you a little bit of background on the discussion. This is explained more in chapter 6 of the report. What we tried to do here was lift

pieces out, so you don't have the entire report in front of you. So some of it may be part of the lifting the pieces out.

BOARD MEMBER JONES: Maybe I can do it easier. Does my concern to Board members make sense? If you've got jurisdictions that not everybody's pulling their weight, how do we protect -- if we go forward with this as a statutory change, how do we protect those jurisdictions that are really putting in the effort versus those that aren't?

MS. VAN KEKERIX: I am not sure that I have an answer today for your question. It came out of a discussion on improving accuracy through looking at regional diversion rate measurement and the disincentives of the $10,000 a day fine for all the jurisdictions. So this would be a way to look at a regional measurement without having to go through the legal step of forming a joint powers authority to form a regional agency.

BOARD MEMBER JONES: I appreciate that you brought all this information forward, but there was a huge menu for us to pick and choose from. I would be -- if I was the person that wasn't doing a whole lot on my programs, I'd be waving a flag for this in a heartbeat because I could rely, then, on the other jurisdictions that are.

It is like when we used to talk about commingling our recycling on a regional basis. If I did a good job, my

value is as high as somebody that did a bad job, was low, and they just got the median. So I think we need to develop some discussion, what that -- I don't know if we have the opportunity to pull a couple of these off and talk. Because I have two more, Madam Chair, and I know we have got to move.

But that one, I think, needs to be flushed out more. And I also think that when we talk about allowing rural jurisdictions to demonstrate compliance based on program implementation and effectiveness, they have got that right now under AB 1066, and they get to write for a good faith effort if they are doing the programs.

This has been an argument since AB 939 first went in. The argument has always been if they generated five percent of the waste, why do they have to do all these things? If you look at the reasons why they want reductions in their goal, it is because they say they are too spread out to do any programs. So if they have got legitimate reasons why programs are hard, then we see all you got to do is demonstrate that you are doing some programs for compliance, then doesn't that take away our ability to make a good-faith effort finding for them, which is one of the reasons that that was put in law. I don't want to hurt rural jurisdictions, but I also don't want to open this up for something that's been in debate for over 11 years.

BOARD MEMBER JONES: Would you like to continue this so you'll have a chance to put the dates in and then bring it back?

MS. VAN KEKERIX: I am looking at the list on ongoing. I can see that the LEA advisory we could have. But to continue use of the existing adjustment method, I am not sure what date I would put other than ongoing. So there are a couple there that I can see. But when it is continuing use of existing methods, I don't see any other good option than ongoing.

BOARD MEMBER PAPARIAN: In some cases that would make sense. In some cases it is a discrete enough task that a date would be appropriate.

BOARD CHAIR MOULTON PATTERSON: And that will give Mr. Jones time to go over this more.

BOARD MEMBER PAPARIAN: Maybe continue this until March.

BOARD CHAIR MOULTON PATTERSON: Yes, I would like to do that, please. Thank you very much. That brings us to item No. 47.

BOARD MEMBER JONES: Madam Chair, may I ask a question. Are the Board members comfortable with some of these issues that I just brought up?

BOARD CHAIR MOULTON PATTERSON: I am. We did have a speaker on that, Mr. Mohajer, but he's not here right now.

BOARD MEMBER MEDINA: I certainly agree with Mr. Jones that not only with a city that's not doing as well as a city that's doing very well, get credit for that, then there's also a disincentive for the one that's doing really well.

BOARD MEMBER JONES: Exactly. I only ask, Madam Chair, because I don't want to go forward and then find out people didn't agree, if that's cool.

BOARD CHAIR MOULTON PATTERSON: We have a speaker, Ms. Citrino, did you wish to speak even though we are continuing it? You might not be able to attend.

MS. CITRINO: I am hopeful that I can address a couple. Liz Citrino, Humboldt County. I would like to make just two points that I think are really sort of key to understanding this particular proposal.

One is I think our expectation was that a similar kind of review process would go on as to what currently occurs, using staff and the para system to verify that jurisdictions are, in fact, implementing programs.

And No. 2, I think the other important key point here is that this proposal was intended to be voluntary on the part of jurisdictions so that a jurisdiction which is doing an outstanding job wouldn't be in a position of having to carry the weight if they felt that other jurisdictions were not doing an adequate job. Because they would simply

refuse to go along with the proposal to measure things on a countywide jurisdictional basis.

The reason we included that is because we felt it was important as part of focusing more on implementing programs that we not totally step away from the need to document achievement and performance.

So hopefully that helps a little bit.

BOARD CHAIR MOULTON PATTERSON: Thank you very much for bringing that up. We appreciate your work.

That brings us to item 47.

BOARD MEMBER PAPARIAN: Madam Chair, I think the work that's gone into this has been really good. I hope that our concerns aren't taken as indicating displeasure with the report at all. I think it is -- there's been a lot of work that's gone into it, really excellent work, and I think what we are looking for is just a couple little tweaks at this point.

BOARD CHAIR MOULTON PATTERSON: Item 47.

MR. SCHIAVO: Item No. 47, this will be a long title. Is consideration of staff recommendation on the 1999-2000 biennial review findings for the source reduction and recycling element and household hazardous waste element for the following jurisdictions. And one is Martinez, Humboldt County Unincorporated, California City, Tehachapi, Lassen Regional Solid Waste Management Authority, Mono

County Unincorporated, Palm Springs, Riverside, San Jacinto, Temecula. Galt was pulled. Isleton, Los Altos, Milpitas, and Mountain View. And Tabetha Willmon will be making this presentation.

MS. WILLMON: Good morning, Madam Chair and Board members. Before we get going, we have some changes that have been made to some of the diversion rates that are in item 47. As Mr. Schiavo said, that Galt's been pulled. Also, San Jacinto, we have updated the diversion rates. That's reflected on page 47-66. The diversion rates for 1995, '96, '97 and '98 have been updated to reflect a previous Board-approved base year correction.

Oh, actually, I'm sorry. The pages just came in. So if you don't have it, it is San Jacinto, diversion rates on page 47-66. The diversion rate for 1995 is 51. The diversion rate for 1995 is 51, '96 is 51, '97 is 51 and '98 is 49, and '99 and 2000 are the same.

Also, I would like to give you a little bit of overview about items 47 and 48, since they are similar. Items 47 and 48 present to the Board for its consideration Board staff's biennial review findings for the 1999-2000 biennial review period.

AB 939 requires the Board to conduct a review at least once every two years of each jurisdiction's progress in meeting the mandate diversion requirements. The 34

jurisdictions listed in these two streamlined agenda items are the first of approximately 10 jurisdictions that Board staff plan to present in the streamline format.

Staff have conducted their biennial review and found that these jurisdictions have achieved a 2000 diversion rate of at least 50 percent, and are adequately implementing composting recycling and public education programs as outlined in their source code and recycling elements.

Upon review, staff analysis indicates that approximately 22 of the 34 jurisdictions in these items may show fluctuating diversion rates. It is important to note that some of these jurisdictions are very small, and their diversion rates are severely impacted by the slightest fluctuation in any one of the factors that most affect measurements in your calculations, which are disposal, population, employment and taxable sales.

While taking this into consideration, as part of the biennial review Board staff conducted site visits and verified that each jurisdiction's diversion program implemented is solid in its foundation and effectiveness, which is the basis for staff's recommendation in these two items.

We are also planning to bring forward to the Board in the coming months the biennial review findings for all of

the jurisdictions who have varying circumstances, ranging from good-faith effort to jurisdictions who are conducting SB 1066 time extensions to those that Board staff recommend be placed on compliance.

These future items will not be presented in the streamline format due to their individual complexities.

Agenda item 47 lists those jurisdictions for which staff is recommending approval of the 1999-2000 biennial review. Should the Board not accept staff's recommendations, these jurisdictions have reserved the right in the 2000 annual report to submit an SB 1066 time extension request.

That concludes my presentation for item No. 47. Both Board staff and representatives for the jurisdictions are here to answer any questions.

BOARD CHAIR MOULTON PATTERSON: Thank you. As I have stated several times before, I think it is really important that we do some well-deserved recognition of some of the cities that have done outstanding jobs, and I just wanted to mention that we have been working with the League of Cities to do a special recognition ceremony at the League of Cities meeting in July. And I will be getting more information to all Board members in case they would like to attend.

BOARD MEMBER JONES: Madam Chair?

BOARD CHAIR MOULTON PATTERSON: Mr. Jones, Mr. Paparian?

BOARD MEMBER PAPARIAN: I have some curiosities about a couple of them. Tehachapi at 95 percent, far exceeding our own diversion here at the Board, what's their secret?

MS. WILLMON: Tehachapi here? Would you like to come up and address them?

BOARD CHAIR MOULTON PATTERSON: We hear that you have great C and D programs. Congratulations.

MR. JAMES: Madam Chair, Dave James, community development director for the City of Tehachapi. I think our success is based on a number of things. One, we have a MRF. And that's not unusual. We certainly don't want to suggest this morning that we are simply relying on the MRF, but it is a very efficient process.

Lord knows the representatives of your staff have been to our community. It is not real pretty. It is not real high-tech, but it is very efficient. I think we may have some unique circumstances. I don't know how duplicatable our process is. Our MRF is private industry. It has been sanitation.

The City's participated in some financing assistance. So we do have somewhat of a partnership in that respect. But we have a set of circumstances, I suspect, in

Tehachapi that might be unique, and in that respect I don't know that our situation is terribly duplicatable. But we do have members in our community that are employed there. So we have an employment base of folks that are willing to do the manual diversion.

We also have Paul Bins, the founder of Bins Sanitation, just a very creative individual. Just to give you an example, which may sound outrageous, but we have large bins full of bowling balls, that who would have imagined finding a use for them, but he has.

We also have a lot of biomass diversion, a lot of alternative energy. Tehachapi is well-known for wind, but we also have a lot of biomass. And a lot of our plant recycables and pallets that are ground up into mulch are used in -- for agriculture purchases, and also in the biomass industry. So it is just very effective.

Mandatory pickup within the City limits also helps a great deal, and also educational process. Everybody is involved in recycling from community groups to the school system. It has just become literally a community function. I think that's part of the secret to success and part of ours as well.

So I appreciate the opportunity to be here. And if I can answer any questions, I'd certainly be glad to do so.

BOARD CHAIR MOULTON PATTERSON: Congratulations.

BOARD MEMBER PAPARIAN: Good job.

BOARD CHAIR MOULTON PATTERSON: Senator Roberti?

BOARD MEMBER ROBERTI: Madam Chair, take the occasion with the gentleman from Tehachapi, and I commend him also for an excellent job for his city. That this highlights, in my mind, a couple of things. And I know Tehachapi is unique and is very agricultural, essentially, but I am concerned if we are -- we bent over backwards to be generous, as my own personal feelings were with Yoma Linda yesterday, this will not be fair. And in the long run might even be good for those communities that really work overtime in trying to come up with compliance.

I, like all of you, I'm sure, have visited a number of jurisdictions that are enthusiastic, that work hard, have put together programs, are proud of their programs, are pushing every minute to reach the diverted numbers.

And then we have those that don't. And I am afraid that if we send a message -- and I am just speaking generally, but I think it is important maybe to reflect on this. If we send a message that, "Hey, guys, we are going to be soft." And, you know, "We really didn't mean it that much," that message is going to be very, very damaging to our programs and dispiriting to those, like Tehachapi. And

I grant Tehachapi must be very elite, so we can't say it is the same, have really worked overtime to comply with the law.

Another point, and I am sure Tehachapi's situation is unique, but they have their own MRF. And, you know, we politically talk an awful lot about local control, but it really is more than just a political expression that gets thrown out at election time. Local control does mean something. It means enthusiasm, closer supervision, people really caring about the record their community comes up with.

And that's why it was dispiriting to me yesterday to hear Loma Linda say we said we are going to get a MRF. And then without any reason why they weren't going to, to say we decided a more regional operation was better.

Well, maybe so, but they didn't come before this Board, and they lost sight of the whole business of local control, local enthusiasm in controlling your waste product and the reuse of the waste stream.

So I am just saying that as something that we should reflect upon when we think of those jurisdictions we want to give an extension to, because we don't want to be bad guys. And yet on the other hand, there are an awful lot of jurisdictions that have been enthusiastic in the past decade that have worked very, very hard to comply with the

restrictions of 939.

BOARD CHAIR MOULTON PATTERSON: Thank you.

Mr. Jones and then Mr. Paparian.

BOARD MEMBER PAPARIAN: I had a couple questions.

BOARD MEMBER JONES: Can I just say something to this person before Mr. Paparian starts. Paul Bins is a friend of mine. I think Paul's creativity brought you guys to -- took the city of -- took your city to that diversion rate. Because I remember a long time ago it was dragging and kicking.

Paul can be pretty -- what's a good word? Relentless. But it worked out for both of you. I think that's actually a regional facility that takes care of quite a bit of the county and one other city, if I am not mistaken. I have been to that site a couple of times. It is worth seeing if you can ever take the time. Because you're not going to see real nice painted conveyor infrastructure. You're going to see conveyors that work, but that probably he got out of another facility or made himself on site, and it is awesome to watch that operate.

So I congratulate you, and I congratulate Bins and all your other haulers that cooperate together. I think you have got three haulers that feed into that site, two or three.

BOARD CHAIR MOULTON PATTERSON: Thank you,

Mr. Jones. Mr. Paparian?

BOARD MEMBER PAPARIAN: Let me just ask one other one. Los Altos went from 38 to 39 to 41 to 64, over a 50-percent increase in a single year in diversion. Just what happened there? Something big come on line in Los Altos?

MS. WILLMON: Actually, is Los Altos here? Mr. Jim Porter is here, and maybe he'd like to address that.

MR. PORTER: In the year 2000 we implemented a downtown cardboard recycling program which was containerized, and something that started this year -- or last year, I should say.

And, also, I think a large factor was the amount of residential reconstruction that occurred in our community. We are basically a bedroom community, and we had a great deal of home remodeling, and that debris was basically C and D that was diverted. I believe those are the two major factors that contributed to our success.

BOARD CHAIR MOULTON PATTERSON: Thank you for being here. And give us your name.

MR. PORTER: Jim Porter. I am the public works coordinator with the City of Los Altos.

BOARD MEMBER JONES: Los Altos, good indication. The garbage company that takes care of them was one of mine. You have nine jurisdictions operating out of one

facility, and there are eight different programs. That's why there's no cookie cutter.

Los Altos actually doesn't make garbage. They put it all behind a fence so that nobody can see it from the street. And I love them. It is with a lot of pleasure, and I actually -- I know this whole Board commends this first group and the people that are part of both your city and industry partnerships congratulate you.

And I want to take the honor of moving resolution 2002-60 for the consideration of the recommendation of the 1999-2000 biennial review findings for the source reduction and recycling household hazardous waste element for Contra Costa, it would be the City of Martinez, Humboldt County Unincorporated; Kern, it is California City, Tehachapi; Lassen, Lassen Regional Solid Waste Management Authority; Mono, Mono County Unincorporated; Riverside, Palm Springs, Riverside, San Jacinto, Temecula. In Sacramento, Isleton; Santa Clara, Los Altos, Milpitas and Mountain View.

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Jones seconded by Mr. Medina to approve resolution 2002-60. Before we vote, I would just like to ask Mr. Simpson to work closely with League of Cities and these cities and counties so we can properly recognize them in July at the League of Cities.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

Item 48.

MR. SCHIAVO: Item 48 is the second part. It is, again, consideration of staff recommendation on the 1999-2000 biennial review findings for source reduction and recycling element and household hazardous waste element following the of jurisdictions, and then we can cover these in the resolution as you read them into the record. And Tabetha Willmon will present this item.

MS. WILLMON: Before I get into item 48, I also want to let you know about some changes that we made to the diversion rates. For the City of Monterey, which is on page 48-33 -- I shouldn't say we made changes to the diversion rate. We updated the current diversion rates. Monterey, the City of Monterey conducted a new base year study which

the Board approved, which it was a 1998 new base year. So their actual numbers for '95, '96 and '97 C and D which is not determinable.

And then the City of Reedley, which is on page 48-56, has updated diversion rates. They had a Board-approved base year correction. And we needed to update the rates for '95 through '97. '95 diversion rate was 70 percent. '96 diversion rate was 68. '97 diversion rate was 66 percent, and that was corrected.

Item 48 lists those jurisdictions of which staff is also recommending the approval of the 1999-2000 biennial review. However, should the Board not accept staff's recommendation, these jurisdictions did not elect to reserve the right in the 2000 annual report to submit an SB 1066 extension time request which gives the Board an alternative set of options which is outlined in item 48.

This concludes my presentation. Both Board staff and representatives are here to answer questions.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Paparian?

BOARD MEMBER PAPARIAN: Just a couple on this one. A couple of the big jumps, I am just curious about what happened, Colfax went up from 50 to 65, 30 percent in one year.

MR. POGUE: Madam Chair, Kyle Pogue. Dean Walker

with the City of Colfax is also available to answer any questions as well.

BOARD MEMBER PAPARIAN: Just the short explanation.

MR. POGUE: I'll give you the short version, is that 20 tons of waste will move their diversion one percentage point. So any fluctuation in disposal will move them fairly significantly from 50 to 65 percent, hypothetically, or in reality in this case.

Colfax has strong program implementation. They are continuing to expand their program implementation into the future as well. They recently started a free commercial recycling program for all businesses so they can participate as well. They have a strong residential program. They offer a curbside green waste program as well as a blue bag recycling program, and they are serviced by Tahoe-Truckee Sierra Disposal, which operates a materials recovery facility. So all waste there flows east. It moves to a facility near Truckee, and it is sorted there. So they do a good job of implementation. Being a small jurisdiction with small disposal amounts, their diversion rates can fluctuate greatly at any time.

BOARD MEMBER PAPARIAN: Sounds like a good program and commitment there. Let me just ask one other. There are several in the Monterey Bay Area route that had pretty big

increases.

MS. WILLMON: Did you want -- is there any one specific? I know that David Meyers from the Regional Waste Management District is here to address the whole peninsula.

BOARD MEMBER PAPARIAN: Carmel, 42 to 52, and Pacific Grove went 42 to 52 in a single year. Something come on line there?

MR. MEYERS: Dave Meyers, general manager of Monterey Regional Waste Management District. I brought some copies of our 50th anniversary annual report that shows how our cities have done over the years, and also shows what our district facility has done. And between physical '98-'99, physical 2000-2001, we increased our diversion at the facility about 10 percent. It was a full 5 percent between '99 and 2000. So that really helped Pacific Grove and Carmel and the other communities.

Carmel and Pacific Grove both implemented variable rates late in '99 which affected their numbers in 2000. They added their yard waste programs. If you want to know about Monterey, the Public Works director is behind me here. But they also benefit from our programs as well. The district's been doing a lot, as I think some of you know who have toured the facility.

BOARD MEMBER PAPARIAN: Good. Sounds like you're doing great work there.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina.

MR. RICHMITH: Bill Richmith [phonetic], director of Public Works for the City of Monterey, and I would be happy to answer any question as to Monterey if you wish.

BOARD CHAIR MOULTON PATTERSON: Very briefly.

MR. RICHMITH: Certainly. First of all, we have gone out of our way to make recycling easy for our customers. We have yard waste recycling, single stream, blue toter, which we are very proud of and happy with the results that we have seen. It is cost-effective for ratepayers. Recycling is free. We charge for what goes in the refuse. We don't charge for anything that goes in the recycle bins.

We have a full-time solid waste program manager, very creative. We call her our recycling zealot, and that helps. I tell you, by the way, she's sitting here in the front row, so Ms. Brandtly, the City of Monterey.

As a result of her direct efforts, we have been able to bring on our military installations in Monterey. That's the single biggest contributor to the judgment that Mr. Paparian referred to. The naval post graduate school with a daytime population of about 10,000, and the Defense Language Institute at the Presidio of Monterey with a similar daytime population. Their nighttime resident populations are about 4,000, and they are complete

facilities with barracks, missiles, the works.

I would also like to say that we -- there were a couple of other programs which hit, one is construction and demolition. We have been very serious through our building inspection and safety office about emphasizing that particular program, and it was my pleasure to host Mr. Medina, although he's probably forgotten it now, at the Monterey City's Window on the Bay Program partially funded by Caltrans. All those buildings that came out of that Windows on the Bay were reused, trimmed for reuse and then recycled. A very important program, and we continue to build on that success.

And lastly, we have had a very cooperative relationship with the waste management district. You just heard from Mr. Meyers, and I am very proud of one program that they do, and they take the drop boxes that come in, dump them on the floor and recycle them as they do. So you catch the things that inadvertently go where they aren't supposed to go.

And the last and also very important item to us has been a helpful -- the help we get from your very cooperative and very capable staff to a person when we deal with them. Their expectations are very high. On the other hand, they work with us on a very collegial basis, and I would be much remised if we didn't take this opportunity to

thank your staff.

BOARD CHAIR MOULTON PATTERSON: Thank you. And congratulations to the City of Monterey and also the regional waste management district. We will be looking at this very closely.

BOARD MEMBER MEDINA: I would like to move resolution 2002-61, consideration of staff recommendation of the 1999-2000 biennial review findings for the source reduction and recycling element and household hazardous waste element for the following jurisdictions: Alameda County, City of Albany, for Fresno County, Clovis, Reedley, Sanger, for Kern County, Ridgecrest, Shafter, Taft, Monterey County, Carmel-by-the-Sea, Marina, Monterey, Pacific Grove, Seaside, Placer, Colfax, Riverside, Canyon Lake, Norco, for San Luis Obispo, San Luis Obispo County Integrated Waste Management Authority, Santa Clara, Palo Alto, Sunnyvale, and finally, for the County of Santa Cruz and Scotts Valley.

BOARD MEMBER JONES: Second.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Mr. Medina seconded by Mr. Jones to approve resolution 2002-61.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye. And congratulations, again, to those cities and to our great staff. I just have to say I hear that everywhere, that we have a terrific staff, and we are real proud of you.

Item No. 49.

MR. SCHIAVO: Item No. 49 is consideration of recommendation to change the base year to 1998 for the previously approved source reduction and recycling element in consideration of the 1997-'98 biennial review findings for the source reduction and recycling element and the household hazardous waste element and consideration of completion of compliance order IWMA 99-56, for the City of Daly City, San Mateo. And Keir Furey will be making this presentation.

MR. FUREY: Madam Chair, Board members, previously during the '95-'96 biennial review process the City was placed on a compliance order. Although the City had implemented the majority of their source reduction and recycling elements selected programs, their diversion rates

fell significantly below the 25-percent goal.

The City decided to develop a new base year based on 1998 data. The City then hired a consultant and subsequently submitted a new base year study. The City originally submitted a new base year change request with the diversion rate of 14 percent. As part of the base year study review, Board staff conducted a detailed site visit.

The City participated with the Board staff in the site verification process. Board staff recommended reductions and additions that can be reviewed in their entirety by referring to attachment three of the agenda item package.

When we found a number of deductions, we also discovered the City had a diversion program for asphalt for ongoing road projects. Staff worked with the City to measure their asphalt diversion and address the restricted waste criteria. Once confirmed, the tonnage was added. As a result of deductions and additions, Board staff recommends revised diversion rate of 18 percent to the base year of 1998.

Since 1998 the city has continued to introduce many diversion programs and enhance and improve existing diversion programs. In January 2000 the franchise hauler hired additional staff to promote the City's existing recycling program. Also, in the beginning of the year 2000

the existing transfer station and salvage program located in Daly City was enhanced to include green waste and clean lumber recovery.

Then in March of 2000 the City rolled out its residential curbside green waste collection program. It often takes time to see results from newly-implemented programs, so we analyzed 2001 disposal data as well as 2000. The diversion rate for 2000 using the new proposed generation amount was calculated to be 23 percent.

Using the disposal data for the first three quarters of 2001, there was a significant downward trend from previous years which should calculate an estimated diversion rate of over 39 percent.

Board staff has determined that the information is adequately documented. Based on this, Board staff is recommending agenda two of the item which would approve the revised new base year with staff recommendations except the '97-1998 biennial review findings and end the compliance order for the City. Representatives from the City are present to answer any questions. This concludes my presentation. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Paparian or Senator Roberti?

BOARD MEMBER ROBERTI: Madam Chair, this is a little bit different than 1066 extensions. It is whether

the jurisdiction should come off compliance on where they have done everything that they have been asked to do, which it appears they have, except they are still at 18 percent. They are still at 18 percent. Maybe I would like to ask staff a question as to why are they still at 18 percent, or do we see any light at the end of the tunnel that hasn't come before us?

MR. SCHIAVO: As a result of their program implementation in the late '99 and through 2000, an assessment was done to look at the 2001 numbers. And based on that assessment, they are just about 40 percent, 49.6. So we have seen a huge improvement based on the program.

BOARD MEMBER ROBERTI: So their effort is very fruitful on this item?

MR. SCHIAVO: The numbers are always going to be in arrears when you do the program implementation, so you don't see the fruits of that until maybe 18 months down the road.

BOARD MEMBER ROBERTI: Thank you. That's very helpful.

BOARD MEMBER JONES: Madam Chair, I wanted to move adoption of resolution 2002-62 for the consideration of staff recommendation to change the base year to 1998 for the previously approved SRRE and consideration of the '97-'98 biennial findings for the SRRE and HHWE and consideration of

the completion of the compliance order IWMA 99-56, for the City of Daly City.

BOARD MEMBER MEDINA: Madam Chair, I would like to second that. And I just had one question on page 49-42. The compliance order is neither dated nor signed. Is there a dated and signed copy?

MR. SCHIAVO: Yes, there is. In these packets we put an electronic version in them.

BOARD CHAIR MOULTON PATTERSON: We have a motion by Jones, seconded by Mr. Medina for resolution 2002-62. My only question is just assurances that the staff is satisfied that there has been improvement before we go.

MR. SCHIAVO: Yes. They have done everything we have asked, and they are planning on doing more.

BOARD CHAIR MOULTON PATTERSON: Thank you.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

BOARD CHAIR MOULTON PATTERSON: Okay. Our last item -- we will be going back to item 41 at 1:30, but our last item is item 50, because 51 and 52 have been approved on consent; is that correct? And it is 12:00, so thank you, and we'll have a quick presentation.

MR. SCHIAVO: Item 50 is consideration of staff recommendation on the adequacy of the five-year review report of the countywide integrated waste management plan for the County of Tuolumne. And Carolyn Sullivan will make the presentation.

MS. SULLIVAN: Good afternoon, Madam Chair. Each county is required to review, and if necessary, revise its county integrated waste management plan every five years. The County of Tuolumne completed the five-year review of its CWIN and submitted a complete report by the five-year review due date of November 2001.

Board staff has 90 days to review this document and bring it before the Board for approval or disapproval. The report was delivered to the Board staff on November 6, 2001, therefore, the 90-day date is March 6th, 2002.

The Tuolumne County local task force was reconvened for the purpose of the five-year review. Both County and Board staff met with the local task force to explain the purpose of the review and the required elements

of the review report. The local task force completed its review. And in concurrence with the County, the determination was made that a revision of the County's plan was not necessary at this time.

The County's review report and Board staff's analysis are included as attachments to this item. Board staff has evaluated the County's review report and determined that the required elements have been addressed. Therefore, it is staff's recommendation that the Board approve the County's assessment, that no revision is necessary for the Tuolumne County integrated waste management plan. This concludes my presentation.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Jones?

BOARD MEMBER JONES: Having spent some time in Tuolumne County, I want to move this motion. But I wanted to show the Board members there's a letter written here by one of the supervisors that's asking us to keep trickle landfill open. We shut down that landfill and saved the County 385,000 a year. This supervisor wants to reopen it. They want to keep a trickle landfill open as opposed to a regional facility. Doesn't make sense to me. I just bring it to your attention to read. It struck me as strange.

I want to move adoption of resolution 2002-63, consideration of staff recommendation on the adequacy of a

five-year review report from the county integrated waste management plan for the County of Tuolumne.

BOARD MEMBER MEDINA: Second.

BOARD CHAIR MOULTON PATTERSON: Motion by Jones seconded by Mr. Medina to approve resolution 2002-63.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye. We will be back at 1:30 for our time-certain discussion of item 41. And after that, the Board will have a very brief closed session after the conclusion of item 41.

(Whereupon the noon recess was taken.)

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SACRAMENTO, CALIFORNIA, FEBRUARY 20, 2002

AFTERNOON SESSION

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BOARD CHAIR MOULTON PATTERSON: Good afternoon. I'd like to call our meeting back to order. Welcome back to our February meeting. We have completed our agenda with the exception of item 41, which we had time certain for 1:30 so you could all participate. And then the Board will be going into a brief closed session after that.

Mr. Jones, any ex partes?

BOARD MEMBER JONES: Yvonne Hunter and Margaret Clark and Michael Miller, just to say hello.

BOARD CHAIR MOULTON PATTERSON: Mr. Medina?

BOARD MEMBER MEDINA: Just a communication just received from the California Resources Governor Association dated February 20th regarding agenda item 41.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Paparian?

BOARD MEMBER PAPARIAN: Brief conversation with Yvonne Hunter from League of Cities.

BOARD CHAIR MOULTON PATTERSON: And I just had a very brief conversation with Yvonne Hunter also.

So at this time I am going to turn it over to Ms. Wohl and her staff.

MS. WOHL: Good afternoon, Madam Chair, Board

members, this is agenda item 41, discussion and consideration of issues and recommendations from the January 8th, 2002, "Regulation of Conversion Technologies Workshop," and I'd like to introduce Judy Friedman, Howard Levenson and Fernando Berton. And Howard Levenson will present.

MR. LEVENSON: Good afternoon, Board members and members of the audience. We have a number of people here who wish to speak on this item. As Patty said, this is item 41 concerning conversion technologies. I told Patty I have a 13-minute presentation that lays out the issues and some of the background for this, and she's going to hold me to it.

There's really two key issues that we are bringing forward to you today. One is concerning the regulatory and permitting framework, and we are recommending a rulemaker -- that at least we start the informal rulemaking process to clarify the regulatory framework and remove some of the gaps that we see in how these kind of facilities occur. I'll come back to that.

The second issue is the nexus between the definition of transformation and statute and the limit on diversion credit that's available for materials that are sent to transformation facilities.

We are recommending seeking a new definition, a separate new definition for conversion technologies and

allowing limited credit under specified conditions for materials that are sent to those permitted facilities.

A little bit of background just to set the stage. We have been asked to provide some of this just to get everybody up to speed.

First of all, there's a lot of material going into landfills. Just very briefly, we are landfilling about 15 million tons of organic materials, recycling about six to eight million tons. Ten million tons of paper are going to landfills. We are recycling about four to five million tons. So that's just going to landfills. That's shown here graphically. We start at the top and go to 21 million tons of organics.

Going to the left, about eight million tons are used for a variety of products, compost, mulch, ADC, boiler fuel. That leaves 15 million tons for organics and ten million tons of paper. And the question is: How much could conversion technologies use and under what kinds of circumstances?

And, of course, we have talked about this before. We are concerned about more materials flowing to landfills in the future due to population of economic growth, regulations impending on other kinds of residuals and continued closure or potential closure of more biomass energy plants. The question is: Are there other

technologies available that might use this material? And conversion technologies can help fill this gap to provide alternatives to landfills.

By "conversion technologies" we are talking about non-combustion, non-burned technologies. In our umbrella definition these would be processing post recycle materials, and would yield high-value products such as energy, ethynyl and other products. It's been a long history of discussion about transformation. There's been about a two-year, two-and-a-half-year history of discussions about conversion technologies that have been under Board auspices, the 21st Century project we discussed, the stated role in technology development, and whether there was any change needed in the definition of transformation.

In the ten-year status report that was sent to the Legislature, we indicated that the Board would continue to explore biomass issues and that the 10-percent credit issue might require reconsideration. Then it was the 1999 symposium prior to that in Santa Barbara that Board Member Jones, I believe, and I don't know who also attended from the Board.

The strategic plan encompasses that topic as well in terms of encouraging new technologies, and especially supporting local efforts to use alternatives to landfill, including technologies that yield electricity and fuel.

Over the last year we have done a number of different things. In December of 2000 the Board approved funding for the forum that we held in May of 2001 where about 160 people attended. We turned around a Board item that same month and sought your direction for a number of additional activities.

In November of this last year we brought you contract consent for additional activities which you heard this morning. You awarded that contract. And then in January we had another workshop on permitting and regulatory issues.

Before we get into the nitty-gritty issues, just by way to refresh your memory, there's a lot of different technologies that fall under this rubric, but some of the main ones are hydrolysis, which is essentially brewing feedstocks into the sugars and then distilling them into ethynyl and other products. Gasification, which is kind of cooking feedstock at high temperatures, not combusting, but cooking, and that can yield gas for electricity production, and anaerobic digestion, where we have bacteria digesting different feedstocks and producing gases for electricity and other products. There are other kinds of technologies as well.

There are conversion technologies in existence in the United States. The thing is, there are none in the

United States that use all waste residuals. There are 34 hydrolysis plants and 20 gasification plants and many anaerobic digestion plants that use coal and corn and other kinds of feedstock, but none that use solid waste residuals.

There are a number of benefits that we think could accrue from the use of conversion technologies. Diversion from landfills, less dependence on foreign energy and so on.

There are, of course, downfalls and residuals associated with these technologies. Hydrolysis has waste water and the carbon monoxide. Gasification has problems. Anaerobic digestion has the same kind of things, for the most part, as a typical composting process.

In terms of the commercial facilities that do use solid waste, there are two in operation and one under production, Australia the Brightstar facility that you have heard about, and Ontario there's one that uses anaerobic digestion, and in New York the Mesada hydrolysis facility is under production.

Quickly go through this, Brightstar is designed for about 75,000 tons per year. Produces about ten megawatts and has been operational for about a year. The Canada compost facility is in a new market, designed for about 150 tons per year. These have all gone through the

appropriate permitting processes at the State level. And the Mesada plant is designed -- and this is the one that's under construction in New York. This is designed for about 200 tons per year and designed to yield 2,000 tons of ethynyl.

In terms of the two key issues that are before you today, the first one is the regulatory and permitting issue. The basic problem here is that conversion technology, the term "conversion technology" is not defined in statute. That has led to or results in a number of gaps and inconsistencies.

For example, if you look at gasification, that is defined under the statutory provision for the word transformation. And based on some decisions that the Board has made in the past, we would regulate a transformation facility, like gasification, under the transformation and processing regulations.

In contrast, hydrolysis and other things like plasma art and caviler crafting are not defined in statute or not included in the transformation definition. So it is not clear where they would be regulated.

Hydrolysis, though, has a component called distillation, and that does show up in the transformation definition. So it, too, might be regulated under the transfer station processing regs, but it is not clear. And

then anaerobic digestion is not defined, but we typically permit those kinds of facilities under the composting regs, or we would permit them.

So at the workshop the main idea that came out was to regulate aspects -- those aspects of conversion technologies that handle solid waste, especially to use the existing transfer station processing regulations along with the three-part test is the framework for permitting and regulating these kinds of technologies.

There was also the idea put forth that the regulation should foster operations that compliment the existing infrastructure. In order to go down this path, it will require a rulemaking. Obviously this would still be subject to CEQA and all local notification procedures, but we are recommending that option 1-B for this particular issue, regardless of what happens on the next issue, that is that you direct us to start the informal process that would lead to a rulemaking to clarify regulatory permitting framework.

And if that was it today, you could clap your hands and go home. But you know that there's been a lot of discussion about the transformation discussion and the limit on diversion credit. Under the definition of transformation and some of the associated sections of Code, facilities that handle materials that are transmission facilities are only

eligible for 10 percent diversion credit. And that's only applicable if this facility was permitted before 1995.

So given that, materials sent to new facilities simply are ineligible for diversion credit. The dilemma is that communities are looking for alternatives to landfilling and ways to meet their 50 percent requirement and go well beyond that. They need to make investments now to get to the 50 percent mandate. And many of them have told us that they will not consider investments in conversion technologies since they do not have an incentive to get any diversion.

There, of course, are many others of the opposite pole who do not feel that these technologies should get any diversion credit. They believe that the more traditional recycling processes and operations are better in higher use. And their concern is that conversion technologies would hurt the existing infrastructure with existing investments in recycling and diversion programs.

So the diversion credit issue has been polarized. Typically the positions have been either everything should count for diversion or nothing should count for diversion when it comes to these kinds of facilities. And there have been a number of legislative attempts to gain full credit, and these have not succeeded to date. So we are really kind of locking here. There are still only two poles, or there

is some kind of middle ground that might be crafted later.

And in the item we have put forward to you four options for your consideration. Perhaps these are not the entire universe of options. It is what we could think of. 2-A is to maintain the status quo, which would keep the limit -- no diversion credit available. 2-B would seek a new separate definition for diversion technologies but would not speak to the diversion credit issue itself. So by default it wouldn't allow full credit. 2-C would seek a new definition for conversion technologies and allow limited credit on a case-by-case basis. And I'll come back to this one. And 2-D is basically the same as 2-C except it doesn't distinguish between the pre and post recycled at all.

So we have recommended in the item option 2-C. Just go into that in a little more detail before I wrap up. This would seek a new definition for non-burn conversion technologies. It would allow limited credit for materials that are sent to a permitted facility.

If the Board determines that, the facility has to do several things, one, that it complements the existing recycling infrastructure; two, that it handles post recycle materials destined for landfills; and three, yields properties such as energy, fuels. This would provide a mechanism to protect the existing infrastructure and provide more incentive to local governments to consider these kinds

of technologies.

As you might expect, and you have seen some of the letters, we have gotten a lot of comments on this item. Prior to or at the Board workshop last week we had gotten some comments from Yvonne Hunter and Kay Martin, and summarized those and sent those comments to you.

Basically those disagreed at the time of the recommendation regarding limited diversion credit, and instead favored providing full credit for these kinds of facilities. They were concerned that the conditions in option 2-C might mean that the Board is micromanaging the planning process, and also that the Board would have the discretion to withhold the permit if the proposed facility didn't meet those conditions.

I have to say that we looked at that language, and there was definitely a misplaced modifier in there that might give that impression. So part of that confusion is definitely our fault. Those comments asked that the Board pull the items, but we changed our mind.

Since then, you should have gotten letters from Mesada, from the Institute for Total Self-reliance, from Environmental Services, JPA, an e-mail. We have got an e-mail from the Global Recycling Council, and CRA provided a letter, I believe, to everyone this morning, or yesterday. I am not sure.

So in summary, basically in our minds too much material is being landfilled, and we are looking for new alternatives.

There's two issues in the item before you, one is concerning the regulatory framework and permitting, and the other is the transformation definition and the lack of diversion credit.

Our recommendations are two. One is option 1-B, to direct us to go ahead and start the rulemaking or the initial process to clarify the regulatory framework. And, of course, we will be working with the legal office on that.

And option 2-C is to seek support for a new definition and limit diversion credit under specified conditions. With that, I will finish up and be happy to answer any questions.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Levenson. Before we begin Board questions or public speakers, I just want to say thank you very much to the people that have worked so hard on this under Ms. Wohl's leadership, her team, Judy Friedman, Howard Levenson, Fernando Berton and my technical advisor, Heidi Sanborn, have done an outstanding job. It is very much appreciated. Because we on the Board, this issue is very important to us, and we really wanted to take a very, very careful look at

this. So thank you for all of your extraordinary efforts.

Also, Mr. Levenson, it is possible that the Board could take the first step today and postpone and try and work out the diversion part at a later date; is that correct?

MR. LEVENSON: That is correct. We see those as two separate issues that could be bifurcated.

BOARD CHAIR MOULTON PATTERSON: Any Board comments before we go to the speakers? Okay. Seeing none, we have a lot of people that wanted to speak today, and we want to hear you all. I would ask that you be very concise so we can hear everybody, and we'll appreciate that.

We'll start with Bob Nelson, Riverside County.

MR. NELSON: I am Bob Nelson, general manager and chief engineer for Riverside County. I was hoping I could pigtail on some of the comments, but here I am No. 1.

I want to speak in general support of what we're trying to do. There may be some specifics with respect to the 10 percent issue that I would take some exception to. Whether this is the right time to take that exception or later after we get into some of the legislative rulemaking, I will leave for, perhaps, wiser judgment.

But in general terms, I think it is clear to everyone, and I believe even Board members have probably long reached the same conclusion as well as local agencies,

we should begin to find ways to go beyond what we have been able to do quite successfully, I might add, for the last decade. We have made tremendous progress in the last decade. But we have all learned, I think, through that process, that you get to a point of diminishing returns. And I believe now is the time to begin taking these next steps, which I very much appreciate the work of your staff, your committees and the Board in bringing this up for some movement on this issue.

We have been all talking about this now rather extensively for a year. Your recommendations, I believe, are very close to what I would recommend, with the exception of the 10 percent issue. I believe you're exactly on the right path.

The County and its cities and the northern end of the Coachella Valley recently went through an RFP process to replace a landfill. And we left open the option for vendors to present something creative other than just taking the waste to a landfill, and we got one such proposal from the Brightstar concept.

And quite frankly, because of the regulations, the committee and the County are reluctant to try to move ahead yet on that concept. So we are stuck having to make a decision in order to have something on line in time to keep moving with conventional, let's take it to a landfill, until

we get regulations clear enough that we know we are proceeding on the right path.

We are troubled by being forced into that position, and the committee that reviewed those proposals as well as our Board took a position that says all right. Let's negotiate with these top two vendors. But include a provision in the lease that we are going to issue that requires them to pursue something creative in the area of these types of conversion technologies so that we can require some movement, further movement away from landfilling.

I think with that, I would simply like to add that almost any communication I get from your agency or Air Board or anybody else nowadays says something to the effect that the energy crisis in California is real. And I forget what all the words are, but in general terms, you keep telling us it is real. Let's do something about it. Today is a time, I think, that we can do something about it.

There are opportunities out there worth standing on our toes for. And I think the steps you're proposing are well on the right path. I think that concludes my comments.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Nelson. Jeff Yann, Hacienda Heights Improvement Association, followed by Mike Mohajer, LA County.

MR. YANN: Good afternoon. My name is Jeff Yann.

I am an officer in LASER whose acronym stands for Landfill Alternatives Save Environmental Resources and also environmental water quality chair of the Hacienda Heights Improvement Organization.

Our community has the misfortune of being selected to host the Puente Hills landfill, which is the nation's largest operating landfill. From our prospective, the landfill site is not good. It is too close to our homes, and the underlying landfill is leaking.

I believe we must encourage all means of reducing or eliminating the waste of valuable materials that go into landfills. While recycling usable products from the waste stream is essential, even those components that cannot be economically recycled can be transformed to energy.

In 1993 I was named project engineer of a project called California Southern Edison. I am retired from Edison now. I am not speaking on their behalf. We were intending to use a technology that was already operating in Europe.

The purpose of our project was to demonstrate two components that would allow large-scale commercial application of this technology in the United States.

Because metals and glass could not be passed through the gasifier, the technology required a front end materials recovery facility, or MRF. This facility could remove any component of the waste stream that had high

value. In fact, with a properly designed MRF, it could fluctuate depending on market price.

Our preference was to send green waste to a composting facility since wet green waste has no net energy value. All other materials could go to the gasifier for energy recovery. Our demonstration module was expected to gasify 150 tons per day of refuse and produce five megawatts of electricity.

A commercial scale-up consisting of multiple 500 ton per day of commercial modules could produce up to 100 megawatts in association with a 4,000 ton per day MRF.

Another way is the quantity of waste going to Puente Hills Landfill now could produce 3,000 tons of recycled material and 300 megawatts of electricity. The energy produced by the gas fire would be piped to a utility boiler, in our case, although it could be burned in a furnace or other gas fire combustion device. Because the synthesis gas would burn as cleanly as natural gas, there would be no net increase in criteria pollutants from the boiler. The air quality management in LA agreed with us and was interested in partnering with us on the project.

Using this technology, we will have very little of the solid waste stream that would require landfilling. Our project was stopped by energy deregulation, which for Edison took away the boilers that we would have used for the gas.

However, our work showed that conversion technologies have a definite place in the solution to dwindling landfill space.

I encourage this Board to seriously evaluate the role gasification and other conversion technologies can play in reducing or eliminating our landfill needs. I also urge the Board to go beyond the 10 percent conversion technology or diversion credit allowed by AB 939 for environmental conversion technologies. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Yann. Mike Mohajer followed by Jim Hemminger.

MR. MOHAJER: Madam Chair, I would like to testify with local government representatives.

MR. SWEETZER: I'll stand in for Jim today. Larry Sweetzer on behalf of the Rural County Services Environment Authority, 21-member organization. You should have your letter.

I'll make it brief, preparation for the other speakers. We do support the maximum diversion credit allowable. Despite the pros and cons of the issues that are a reality that many will face in financing and citing these facilities is the ability to get the diversion credit.

There is concern about how we go about imposing a new prevent or repair requirement on these facilities. So we are going to wait and see how that irons out. We would like to be part of those discussions as well.

We don't have a position yet on the permitting portion of it. But, again, we'd like to be involved in those discussions as well. And we actually look forward to, and I have had this discussion with staff, too, coming up with smaller pocket-size versions. These facilities are 100- and 200-ton a day counties. That would be helpful. There's a lot of interest from our members in doing that. We haven't seen too much there. We hope the Board will proceed with that as well.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Sweetzer. We have your letter.

BOARD MEMBER JONES: On your prevent and repair, is it the condition that we make it post MRF or we look at the whole region to see if it has a negative impact on the whole region?

MR. SWEETZER: I think the concern we have talked about with some of the members is more just going down that road again what the implications will be. Just the concept as a whole has people concerned. So both parts of those, actually.

BOARD MEMBER JONES: Okay.

BOARD CHAIR MOULTON PATTERSON: Thank you. We have Mark Murray, Californians Against Waste followed by Michael Hucks.

MR. MURRAY: Mark Murray with Californians Against

Waste. I am going to try to be brief. Very specifically, I want to speak to the two recommendations that are before you. And recommendation 1-B, we support that recommendation of moving forward with the development of an appropriate regulatory and permitting structure for conversion technologies.

With regard to the second issue, I want to kind of separate the two, of the issues I see. We support the idea of developing and moving forward with legislation to create a distinct definition for conversion technologies, distinct from transformation. We think that's an important step.

With regard to the second part of recommendation 2-C, we have been working on this issue for several years with Board members, with your staff, and we have long supported the idea of developing conversion technologies, testing the viability, both environmentally and economically.

And frankly, we are anxious to see some of these facilities get on line here in California. We need to see them go through the environmental -- the CEQA process, to go through the permitting process to see, if, in fact, they are viable.

And I have got to tell you, from our perspective, we think they have a great deal of potential. Having said that, we have historically opposed granting diversion credit

for converted waste in the context of the existing 50 percent mandate.

Part of it is this technology is one that hasn't been demonstrated as viable yet in California, and we are concerned about seeing local governments distracted with another black box technology when they should be focusing on proven technologies of material recovery, material reuse and recycling. And that's the appropriate focus in the existing 50 percent, and something that local governments should be focused during this kind of post 2000 to 2005 era.

Having said that, we accept and we recognize the conversion technologies represent a fate potential for going beyond 50 percent. We see the idea of diversion credit beyond what's been recommended in 2-C as absolutely being on the table and in an appropriate discussion when we are talking about where do we go beyond 50 percent.

However, at this point in time, given the fact that this diversion credit issue has been thrown up as an obstacle or potential obstacle to the development of this technology, we are prepared to move from our historical opposition to counting conversion technologies -- diversion credit for conversion technologies. And specifically, we are prepared to support legislation, obviously through the legislative process, but legislation that would allow jurisdictions under the circumstances that you have

described in 2-C up to 10 percent diversion credit for diversion technologies.

Now, I also want to clarify that we will continue to oppose before this Board and before the Legislature any proposal to count unlimited diversion credit for conversion technologies. I feel like we have gone too far on this issue to kind of get stuck at this roadblock.

I would like to suggest to you that in the context of 50 percent, I am not sure that there's a practical difference between, for most jurisdictions in this state, between counting -- letting them count up to 10 percent credit for conversion technologies and unlimited credit.

In looking at these technologies, most of these technologies are going to require some front end material recovery. The specific facilities I have looked at, anywhere from a low of 5 percent additional diversion to in excess of 10, 15 percent diversion just trying to process the material before the actual diversion technology.

So it seems to me that any jurisdiction that is seriously looking at this is going to recognize that they are going to have to add some front end recycling to give them five, 10 percent diversion. If you allow them 10 percent diversion for the actual conversion process, it seems to me that most jurisdictions in this state are going to have no difficulty through that combination getting to 50

percent. So I think the notion it is a make or break issue, whether 10 percent or unlimited, I don't buy it.

So with that, I hope that that change in position from Californians Against Waste is helpful to move this issue forward, and we'd like to -- we are anxious to see it happen.

BOARD CHAIR MOULTON PATTERSON: Thank you.

BOARD MEMBER JONES: I want to thank you. I know every member on this Board sees you in front of us a lot. You and I have had three, four years worth of discussions on this. You have come a long, long, long way, and it is appreciated by this member, and I think by a whole lot of folks.

Because when you break down from 50, you take the 10, that's 40. You pick up another 30 or 40 percent, or 5 percent in the pre MRF before it goes to conversion technology, you would have only had to have been at 35 percent and you're at 50. And we both know that because we have gone to a disposal-based system.

For those of you that can figure it out, you're getting 100 percent conversion. You are not going to get 100 percent for a base year, but it is only going to be what goes to a landfill. It is disposal based. But I do want to thank you, because I think that movement is what negotiation's about. I want to recognize it as being pretty

paramount in this discussion.

MR. MURRAY: I appreciate that, Board Member Jones. We are anxious to move this forward. I hope that we have moved this forward, frankly, today with the two components that your staff has recommended.

As I have said to you, I am prepared to work with you in the legislative process to move this thing along. If you are going beyond 10 percent, I can't work with you. I hope we have something to work with.

BOARD CHAIR MOULTON PATTERSON: Michael Hucks, Brightstar Environmental, followed by Rob Bernheimer.

MR. HUCKS: Madam Chair, members of the Board, staff, and colleagues, as a representative of Brightstar Environmental, I would like you to know that we have been in discussion with Riverside County and cities in the Coachella Valley. There is an opportunity for us, and we are eager to put in a facility that is a conversion technology.

At this point, as Mr. Nelson had stated earlier, we are at sort of a stopping point. Because without diversion credit of some description, and I obviously leave it to you to decide how much that might or might not be, we are not going to proceed with the project. So if I can, I would like to encourage you to move forward as quickly as possible. Because these things do take a minimum of two years and perhaps longer to get through the permitting

processes that are in place already, and to initiate construction and bring it to completion. Thank you very much.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Hucks. Rob Bernheimer followed by Kay Martin.

MR. BERNHEIMER: Thank you. Good afternoon, Madam Chair, Board members, staff. I represent Brightstar Environmental who just spoke. I really want to thank the Board and the staff for the work that they have done to bring this issue along in the last year.

And quite frankly, had it not been for the work of the Board in looking for all types of alternatives, the folks in Coachella Valley would not have known about conversion technologies and wouldn't have known to attract that.

Coachella Valley is really the greater Palm Springs area, incredibly bio diverse region at the end of the desert. There's a unique opportunity being presented, and that is for all intents and purposes, it is served by one landfill that is an old unlined landfill that will close in 2004.

So we have about two and a half years now to plan for what we are going to do for the Coachella Valley's waste for the long-term. Without having the ability to get diversion credits for conversion technologies, the local

officials have clearly expressed that they are unwilling to make a long-term commitment towards conversion technology.

So the motions are in force now to put in a transfer station and take trash and transfer it to another part of the county. I think that's why the Board needs to act and act quickly.

Clearly legislation needs to be sought in order to make the changes that are required, but I think a stance by the Board on what the future looks like in the solid waste horizon is going to go a long way to getting that legislation passed.

In regards to the 10 percent of the first 50, I think the concept of a hundred percent diversion credit might sound good, but there's an issue here of we need to make sure to get MRF on the front end. You pull out the materials, you can do that.

There's two ways to do that. You can say you're pulling out the materials on the front end, but that's a very subjective analysis. Everybody's going to say they have a recycling program. If you tell jurisdictions that you got to get to 40 percent using other means, that's an objective criteria by which to base whether or not you're pulling the materials out on the back end of the process on the front end of your conversion process.

It was similar to the mix that was brought up by

this Board when they were looking at the definition of discard and decide you have to source prepare it, and then it can't be more than 10 percent residue. It added an objective criteria to a very subjective test. I think it is consistent with what the Board has done in the past.

I think that most jurisdictions that are at 30 to 35 percent today will ultimately be over 50 percent if they pursue conversion even if they are only allowed to have a 10 percent credit.

But I think given the issues of that being brought up by Bob Nelson in Riverside County and the stymieing issues that I have had a chance to talk to many of you about, I think the time to act is now to attract some of these companies into California. They will not build a facility in California without this issue being resolved. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Bernheimer. Mr. Jones?

BOARD MEMBER JONES: Just two quick things that you brought up. The guy you are working for basically said he had to get diversion credit or he wasn't going to build a diversion facility?

MR. BERNHEIMER: Correct.

BOARD MEMBER JONES: When he says a lot, is it 10 percent?

MR. BERNHEIMER: Yes.

BOARD MEMBER JONES: So if we went with the 10 percent, I am sure the Coachella Valley has had some number over zero right now?

MR. BERNHEIMER: Most cities are low to mid-40s, and most of them are at attainment.

BOARD MEMBER JONES: So with that 10 percent and our objective being saying the material has got to be post MRF, and if that means that it goes through a facility, if it, in your case, it would go through an autoclave, the metals and the glass and those types of things would be pulled off at that process prior to going into the actual system, the combination of those two pieces prior to the conversion technology element, is that the objective that you are talking about and tying that to the 10 percent?

MR. BERNHEIMER: No, those would be traditional credits for recycling.

BOARD MEMBER JONES: No, that you'd get credit for. That would be added to whatever number. And then the 10 percent was for the conversion.

MR. BERNHEIMER: For the material that goes through the gasification process?

BOARD MEMBER JONES: Absolutely. So it is with those pieces that would enable somebody like Brightstar to go forward with a proposal to a jurisdiction?

MR. BERNHEIMER: Correct. And it is not just Brightstar that says we won't go forward. Brightstar can't go forward because the locals won't entertain discussions with them. The only way Brightstar can go forward is to execute full agreements to guarantee waste flow for the next 20 to 25 years, and local jurisdictions are hesitant to do that not knowing if the requirement is going to go above 50 percent and if there's going to be diversion credit. Because they could be in a world of hurt if they exercise those agreements and can't get credit for those materials.

BOARD MEMBER JONES: I am not just talking about Brightstar. I am talking about all these, but Brightstar is the one that came forward. If in that jurisdiction they had curbside recycling, curb waste program, a C and D program, those would need to remain in existence and be continued to flourish because you are only going to get probably five to 15 percent prior to the conversion technology out of a MRF?

MR. BERNHEIMER: Correct.

BOARD MEMBER JONES: Thank you.

MR. BERNHEIMER: As we discussed, and I appreciate you taking the time to meet with us, we would pull the paper out to the extent it wasn't already contaminated in the waste stream. And we would absolutely -- we can write it in that you have to keep your existing recycling programs in effect. And that's where if you only allow 10 percent

credit towards the first 50 percent, these cities can't abandon these other programs because they have to get to 40 through some other process.

BOARD CHAIR MOULTON PATTERSON: Kay Martin followed by Yvonne Hunter.

MS. MARTIN: Good afternoon. My name is Kay Martin. I am from the County of Ventura, but actually I am doing kind of a tag-team presentation today with Yvonne Hunter. Because we wanted to come to you with a consensus group of comments that represented the position of the League of Cities, the California Association of Counties, the Southern California Association of Governments and also the individual jurisdictions that weren't able to be present today.

In our view, we really have three principal issues involved in the whole matter of conversion technologies that are permitting regulations by your Board. And all have been covered by your staff and variously combined in the options before you, the first being the definitional issue, being do we have to deal with that in statute. The second being the solid permitting waste issue or rulemaking issue, and then the third, the diversion credit issue. I am going to speak to the first two, and then Yvonne will speak to the last issue, which is the diversion credit issue.

Before I begin, I want to make some general

comments about conversion technologies, what they are and what they are not. You have heard quite a bit about the fact that conversion technologies represent a category of very diverse industrial processes. They can be thrilled by a logical chemical, but all of these have the unique and environmental ability of being able to convert biomass into a wide spectrum of petroleum-replacement products.

You have heard quite a bit about the technologies that convert biomass into alternative sources of reusable energy for power production or those that convert biomass into alternative cleaner fuels or fuel additives or fuel cells.

I just wanted to emphasize to your Board that these technologies also are capable of producing a tremendously wide variety of products that are very similar to those that we value as recycled products. For example, industrial chemicals, pharmaceuticals, fragrances, cosmetics, food additives and flavors as well as biodegradable varieties of mastics and solvents and cleaners, herbicides and pesticides. So all of these products conceivably can come out of these conversion technologies.

Importantly these new bio industries are developing independently. That is, they are developing outside of our field of solid waste management. They can

utilize a wide variety of biomass feedstocks, and they may or may not end up using ours, that is biomass from the residual solid waste stream.

The reason why solid waste may be attractive to these new industries is because they can charge a fee for accepting it, unlike a lot of other materials that they have to pay for as feedstock. So we do have that advantage.

I also point out one of the reasons why these types of technologies compete with landfill rather than the existing recycling infrastructure, MRF operators get moneys and reuse for commodities they pull out for recycled markets. In the case of conversion technologies, they would provide a backup or alternative to MRF operators for those fractions of the waste stream that weren't economically viable for them to pull out, an alternative to them trucking them to landfills.

The fact that these biomass facilities are developing outside of the solid waste field is significant to us because for the first time your Board is going to be regulating industrial operations whose principal focus is not solid waste handling, per se. It is an incidental part of the development of this industry. The primary focus in this industry is going to be manufacture of bio-based products. And this distinct conversion from all of the others in the permitting-tiered requirements. It also bears

importantly on the three issues that we wanted to address with you, and that is statutory definitions, permitting and conversion -- diversion credit.

As far as consensus of recommendations are concerned, definitions, yes, we agree with staff and with most of the other people that have testified today, that it is critical that we change the statute, change the definitions of transformation and also add one more relevant to conversion technologies. We would support the separation of combustion versus non-combustion technologies.

And as far as the conversion definition is concerned, we would support that it be defined as non-combustion means of converting biomass wastes. And we wanted this to be specified as post consumer waste from which recycled materials have been substantially removed.

With regard to regulatory requirements and rulemaking, we would support staff moving forward on an informal basis with this procedure, but we would also caution that the whole issue of statutory definitions is essential as a prerequisite to final rulemaking.

For example, the Public Resources Code currently does not define many of the technologies that have to be defined. Those definitions that are available tend to limit the flexibility that we have in the rulemaking process by casting some of these in the transformation or incineration

camp.

And, also, many of the potential slotting criteria or State minimum standards that may want to address in the rulemaking process will depend to a large extent on how we resolve the definition of conversion and the applicability of diversion credit.

And as far as the diversion credit issue is concerned, I am going to turn the podium over to Yvonne Hunter who will complete discussion of our consensus recommendations. Thank you.

BOARD CHAIR MOULTON PATTERSON: We have Yvonne Hunter, League of California Cities, followed by Lori Van Arsdale, City of Hemet.

MS. HUNTER: Madam Chair, Yvonne Hunter with the California League of Cities. And the city and county officials that have come up, we have tried to coordinate our testimony so to be -- make wise use of the time. And as Kay indicated, we are also speaking for CSAC.

Karen King has a Board of Directors meeting. She was not able to be here. She asked me to convey her endorsement of our position. Like others, I want to compliment staff. They did a fantastic job, and I think Howard's summary of the issues that need to be addressed as well as the issues that were raised in various e-mails, conversations, absolutely hit the mark.

Related to the issue of diversion credit, from our position, from the League's position and that of CSAC, of necessity we need to touch a little bit on the citing permitting facility position.

Let me start off, though, by making absolutely clear what the League of California Cities's position on diversion credit for conversion technology is. We adopted that last year. We agree -- we believe that jurisdictions should be eligible for full credit, not just the 10 percent cap, as long as it is -- whether the term is post MRF, pulling out all of the recycables.

The key thing is that this should not be viewed as a mass burn type of facility. The questions that Mr. Jones has asked about that, I think we are right on the money. It needs to be post consumer -- sorry. Post MRF type of recycling process.

What concerns us with the staff recommendation on option credit, dealing with diversion credit, and Howard touched on that, is the recommendation that it -- the facility from which you get the credit, whether it is 10 percent or unlimited, should complement the existing recycling infrastructure, and that gives us great, great concern. Because you may think it complements and someone else may think it doesn't. And I hate to bring up the whole process of impede and impair, but that's exactly where that

goes.

If it is acceptable for the Board to do that for conversion technology, we would be concerned that somebody would get the bright idea to do this for designing a transfer station or a MRF. And I think we have always agreed on the principal -- the Board and the Legislature has agreed that the type of design of the program and the facility is best left at the local level and not for the Board to micromanage.

I think Howard indicated there may have been a misplaced modifier, and I am curious which one. But that would give us great, great concern. Even if you are willing to say "Fine, we will give you 100 percent diversion credit."

We do think, though, there is a better middle ground than what staff valiantly attempted on option 2-C that will get everyone pretty close to what they are talking about.

I was really interested in Mark Murray's comments. And Mark has come a long way, and at some point I think he and I need to go out and have a very long lunch and explore this a little more. But frankly, I think he made our case. I think Mr. Jones's discussion following that did. Because we would pose the premise that conversion technology on existing infrastructure, and you are going to

need it anyway, it implements it in sort of a symbiotic relationship. So contrary to encouraging jurisdictions to drop those programs, we think it is going to encourage them to enhance them.

What we would suggest is as Kay indicated, proceeding informally on the rulemaking process for the facility permitting. However, we would suggest putting over until the April meeting any further action on what to do about diversion credit with the exception of directing staff to engage in additional conversations with stakeholders on is there another way to reach a middle ground. We think there are a number of ideas that have come up since the staff report.

This is such an important issue that I think it deserves the additional attention. The Board has spent over a year and a half now on this. A couple of more months I think would be very, very productive. So we strongly encourage you not to take action on the diversion recommendation, but put that over for two months.

There are a number of other local government officials who you have their slips. They simply wish to indicate their name and affiliation, that they are in support of what Kay and I have said. They are not prepared to give long testimony.

BOARD CHAIR MOULTON PATTERSON: Lori Van Arsdale,

City of Hemet, followed by Tony Young, City of Port Hueneme.

MS. VAN ARSDALE: Lori Van Arsdale, City of Hemet. I do have a very short extra comment in addition to what Yvonne Hunter said. As one of two cities in the County of Riverside who hauls their own waste, there is only two of us left, I would like to say we would have a very difficult time in being incentivized to purchase a system if we only had an additional 10 percent even though we are at 55 percent diversion.

We need to have additional incentives to work on obtaining these kinds of conversion technologies. Let's raise the bar. Let's not use a hammer. Let's raise the bar and give us those additional incentives. Let's get to 80 percent voluntarily. I think it is also important to recognize that our citizens will not allow us not to recycle anymore. Their children love these programs, and they are used to it, and we will keep with it, and we promise.

BOARD CHAIR MOULTON PATTERSON: Tony Young, City of Port Hueneme, followed by Michael Miller, City Councilman West Covina.

MS. YOUNG: I am Tony Young from the City of Port Hueneme. Today I am here as the task force of the Southern California Association of Southern Governments as well as the immediate past chair of the Energy Environment Committee, the current vice chair and a member of the 77

Regional Council Board at the California Association of Governments.

This association represents 16 and a half million people, half of the population of Southern California, and we completely support, and have supported since 1996, the recommendations that have come to you today from Kay Martin and from Yvonne Hunter. And we do have a letter from our president that I will give the Board clerk, and she can make copies. Thank you very much.

BOARD CHAIR MOULTON PATTERSON: Michael Miller, followed by Margaret Clark, council member Rosemead.

MR. MILLER: Thank you, Madam Chair and Board members. I am Mike Miller, council member in West Covina. I am also a member of the San Gabriel Council of Governments, about 33 cities. I am on their waste management committee.

I have been in waste for a long time, as Mr. Jones knows and many people know. We fully support the approach that has been outlined by Kay Martin, Yvonne Hunter and Lori. Frankly, this is an option to be able to expand. And not unlike my constituents who wouldn't want me to stop recycling, my granddaughter wouldn't let me do it. So let's go forward.

BOARD CHAIR MOULTON PATTERSON: Margaret Clark, followed by John McInnes.

MS. CLARK: I am Margaret Clark, council member in Rosemead and chair of the Los Angeles County Solid Waste Task Force, among other committees, and we are totally in support.

First of all, I want to thank the Board for all you have done on this issue. I am very excited. I think we are on the verge of a real, real exciting breakthrough in solid waste. And we are totally in support of the testimony of Kay Martin and Yvonne. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you, Ms. Clark. John McInnes, followed by George Larson.

MR. McINNES: John McInnes, the new environmental innovator with the County of Santa Barbara.

Madam Chair, Board members, I had the opportunity to meet with Dr. Martin and Yvonne Hunter this morning, discuss their recommendations, which they put forth earlier, and the County of Santa Barbara is in agreement with those.

BOARD CHAIR MOULTON PATTERSON: Thank you. Mr. Mohajer. Excuse me. You're next, and you had reserved this time followed by George Larson.

MR. MOHAJER: Madam Chair, members of the Board, I am Mike Mohajer, and I represent the County of Los Angeles. And I just want to support what Yvonne Hunter and Kay Martin indicated. I am also passing a letter that indicates the position of the LA County Board of Supervisors. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Mohajer. George Larson followed by Dave Konwinski.

MR. LARSON: Madam Chair, George Larson here representing Plastic Energy, LLC. Plastic Energy is a licensee of a technology called catalatic cooking. I will not go into the details of that versus gasification and other technologies. We'll save that for later discussions. I will use it as a segue to the fact that I have worked in the issue of plastics for quite a few years now. Sometimes not the most pleasant experience, but there is a difficulty, as we all know, in finding markets for certain plastics under the conversion technologies approach utilizing the system that I am involved with. This offers a solution to that problem.

I also have some history with the development of the term transformation and the development of AB 939 and subsequent changes. I am just delighted that the general tone of all the comments are very positive. I, too, agree that this could portend a paradigm shift in the whole way we approach the next level of diversion activities that the State and local jurisdictions and private industry undertake.

I have a few comments, specifics, regarding post MRF as a term that's been used in conjunction with the materials that may be utilized for conversion technology.

Our agreements that we are negotiating with three different MRFs in California will indeed be post MRF. We are taking all the plastics that do not have market off the end of the line.

However, I think that post MRF needs to be broadened or expanded. There are other sources of material, like agricultural plastics, that will not arrive at the MRF, does not have a market today. It is a select feedstock for our process. So I am suggesting that we consider a type of recycling must occur, and it must be post recycling activities but not restricted to the MRF.

Arguably in our case we feel that we would qualify under the three-part test for separate materials less than 10 percent residuals, less than one percent putrescibles. I commend the Board for launching this process, and I support the staff's recommendations as presented in the agenda item with the -- I believe I concur or I do concur with Kay Martin's and Yvonne Hunter's modifications, that we do have an informal process and get our feet really solidly on the ground before that formal process and get legislation processes to the definition and create the appropriate definitions for conversion technology before we formally approve regulations.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Larson. Dave Konwinski followed by, I believe it is,

John Nicoles.

MR. KONWINSKI: Madam Chair, my name is Dave Konwinski of Outside Power Systems, and kind of on the flip-side, we are a company commercially in anaerobic digestive technology. We feel it is a true conversion technology, taking the products to total value, creating electricity, thermo, high-grade soil amendments and nutrient-rich water. The systems are scalable and can go anywhere from 100 kilowatts to multi megawatts.

We feel that diversion credits would definitely help get cooperation from different municipalities using these waste streams.

One project we are looking at in Southern California would divert 150,000 tons a year of high solid organics waste, converting it to about 75,000 tons a year of high-value soil amendments plus about two megawatts of constant off the one system.

These types of incentives would definitely help to get the counties involved, cities, municipalities and local. We believe that the conversion technologies should get the value added to the end of it, like Howard was stating, thermo and other by-products that come from it.

BOARD CHAIR MOULTON PATTERSON: Thank you. John, is it Nicoles? And our last speaker is Paul Relis, CR&R, Incorporated.

MR. NICOLES: I thank you for this opportunity. I am not representing anybody here. I am a bit of a tyrant in the waste management business. I am a forester, and I have recently run a muck of my local waste management agency in Alameda County.

What I would like to offer just as a general recommendation is that virtually all your organics that you are dealing with have as their origin photosynthesis. We think of photosynthesis as the way by which plants build themselves. But what we tend to overlook is that it is the world's most significant mechanism for gathering and storing solar energy.

I think that I am pleased by the recommendations I see here. As I say, I am new to the game. I don't know what all the ins and outs are, but I think that through our entire process of managing waste, if we fail ultimately to extract the energy storage that's characteristic of organic materials, we have failed. So obviously this is a step in the right direction. Thank you for your attention.

BOARD CHAIR MOULTON PATTERSON: Thank you very much for being here. Paul Relis, and we have had one very late speaker slip, John Davis.

MR. RELIS: Madam Chair and members of the Board, I am here on behalf of CR&R of Southern California to generally support the staff recommendations. I know there

will need to be probably a longer lunch between Mark Murray and Yvonne Hunter to figure out the balancing point there.

We think by moving in this direction of conversion, and it's one we have had a long-standing interesting in, you are really extending the whole AB 939 framework and the integrated waste system and the direction we think it should go.

On an initial basis I don't think there's really an impact on 1066 programs or 939 compliance because I don't believe any of these facilities will be coming on-line in the very near term. So I don't see it as immediately having an impact. For jurisdictions that have a landfill coming to a close, I can see the definite importance there.

The issue I wanted to bring up was one that I think has faced the Board since the beginning of 939, and that's market development. These technologies, like gasification, would require an energy market. And without that market being developed or accessible, it seems to me this technology will not move nearly as comprehensively or decisively as it could.

So I would like to urge the Board to interact very heavily with the regulatory agencies, such as the PUC and the Department of Water Resources and the newly-formed Power Authority to see where conversion technologies could fit into the energy portfolio, the renewable energy portfolio

that I think is so important to supporting such an industry, as with recovery of paper. You are not going to have more without more markets. And the market issue is a very strong one facing this industry.

So I think what you are embarking on -- and I very much support the whole process the Board has gone through, beginning with the workshops and then coming to staff recommendations -- staff has done an exemplary job of clarifying options before you, and we hope you'll take a full step. If not a full step today, at least a half step. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you. Nice to have one of our former Board members here, Mr. Relis. John Davis, Mojave Desert Mountain Recycling Authority.

MR. DAVIS: I apologize for giving you false hope. I turned in a letter from CRA earlier today, and I had meant to turn in the speaker slip. I am the president of YRA and CRA. I think we are probably most focused on this item that came out on the staff report about the need for conversion technologies to complement waste reduction, recycling, composting diversion.

The conversion technologies that I think you are talking about entail some processes that make a product that is really going to be an industrial process that supports recycling. You are going to get into fuels, and you are

going to get into direct energy production. I think the closer you move into that direct energy production, the closer you start moving into what is now considered to be transformation, the more issues are going to come both from a regulatory standpoint and also from this whole question of what is diversion. And probably more importantly for CRA, what is zero waste. We are very closely affiliated with one of our technical councils, and we are very closely affiliated with our grassroots. They are a custodian of that term, CRA.

CRA took some issues with the term "zero waste" at the Salt Lake City Olympics, and it led to some direct negotiation over what zero waste really means. So I think it is the nature of our organization, and it is the strength of our organization that we are going to be interested in where this goes.

We are planning to hold a session with your help and your support at our conference in Oakland to talk about conversion technologies to try to educate people about where the opportunities are and where this is taking us in the future. I am not really ready because we haven't had the chance to develop a full CRA position about this diversion issue. But in my mind, it is a pretty diverse group of communities.

It says communities that fall between 40 and 50

percent that are going to be looking to some specific technology. It may be no more than this group of communities in the Coachella Valley. But how many of those come forward, I think, remains to be seen. How they come forward to you is going to be on a case basis. But I am pretty confident that the closer you get into doing direct production of energy through this process, the more concerns there are going to be, the more likely that the conversion technology is closer to recycling product, or even fuel production, the less concerned.

So with that, I'll join the earlier comments that we'd really like to see this process continue, and I hope that CRA can contribute to the discussions. Thank you.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Davis, and thank all of our public speakers for sharing your point of view. We very much appreciate you taking the time to do that. And with that, Board comments? Mr. Medina?

BOARD MEMBER MEDINA: I would like to move this resolution forward. Is there any comments?

BOARD CHAIR MOULTON PATTERSON: Okay. From my point of view, I certainly would like to take the staff recommendation on beginning the regulatory process. I would like to see, myself, a couple of months more so we can maybe bring some consensus with the cities. So I am prepared to

vote for option 1-B myself, but I am not prepared to support the second option. I think it needs another month or so, and would that be okay with you?

BOARD MEMBER PAPARIAN: Madam Chair, that's fine with me. One issue, and we can talk about this apart from the beginning, I think, but if we're talking about material that can't otherwise be recycled, at some point there has to be a determination about what can be recycled and what can't be otherwise recycled.

The question's going to come up, I'm sure, well, who makes that determination. Is this going to be another task for the LEAs or is the Board going to have some responsibility there?

Is somebody else going to have that responsibility or a self-certification process of some sort? I am not looking for answers right now, but I think it is an issue that as we go forward, will inevitably come up and will have to be addressed in some form.

BOARD MEMBER JONES: Madam Chair, I hope -- I understand what Mr. Paparian's saying, but I don't think the language says material that can't be recycled. It is where material types may have markets or they have pulled out a whole lot of stuff already, and this is just the way they are going to deal with it instead of taking it directly to a landfill.

But for those of you that get Waste News every two weeks, I mean, the paper slides continue. Bailed newspaper in Seattle right now is going from somewhere between five bucks a ton and $30 a ton, and you got to pay to get it there.

So, you know, there's aluminum prices are down. One of the big -- Kaiser Aluminum just filed bankruptcy. There are issues around this because of a lot of material. I am not saying that so people avoid the recycling. That's never been my modus operandi here, but what I have always said with product development, with product stewardship, with smart packaging, with those kinds of things, is that when we've got a good feedstock going into the secondary markets to make new post consumer or post recycled products, when that base shrinks a little bit, it has got more value, and people slowly but surely start making those kinds of choices.

So I think it is a combination of the two. I actually would kind of hope -- and I am not sure if we can do this or not. I am supporting both options. I think -- but with a caveat. That if we start the ball out at 10 percent so that we know that there's a baseline minimum, and we continue to work with local jurisdictions and stakeholders and CAW and everybody else to bring it along, we have at least then given an assurance that we are

comfortable with the 10 percent diversion, which would allow industry and local government to make a preliminary commitment to this technology but leave it open.

Write it into the resolution that we continue to discuss because we have got a huge -- Mark Murray has come a long, long way. He and I had this discussion in Santa Barbara in 1999 or '98, whenever it was, '99. So I don't mind taking some time to get to that next piece.

But if we are going to deal with prevent and repair, then we have got to say we are going to assure we are doing all of these other pieces. Maybe one of the ways we can minimize that is to say the infrastructure is 10 percent, and then start working on the other one from there.

BOARD CHAIR MOULTON PATTERSON: Thank you, Mr. Jones. Mr. Medina?

BOARD MEMBER MEDINA: Madam Chair, I would like to move 2002-80 into discussion, consideration of issues and recommendations from the January 8, 2002, "Regulation of Conversion Technologies Workshops," specifically staff option 1-B.

BOARD CHAIR MOULTON PATTERSON: Thank you. And I'll second that and ask that the diversion portion come back in April. And perhaps you bring together a small working group to try and work out some of the questions that

arose today.

BOARD MEMBER PAPARIAN: Madam Chair, so as the resolution reads, it will be -- we're talking about the first bullet in the resolved clause, and the second bullet in the resolved clause that starts at the second page of the resolution would not be part of that. That would be stricken. That would not be part of this?

BOARD CHAIR MOULTON PATTERSON: Thank you. So we have a motion by Mr. Medina seconded by Moulton Patterson to approve resolution 2002-80 with the language that was read into the record, option 1-B, not including option 2-C, to be clear.

Please call the roll.

SECRETARY VILLA: Jones?

BOARD MEMBER JONES: Aye.

SECRETARY VILLA: Medina?

BOARD MEMBER MEDINA: Aye.

SECRETARY VILLA: Paparian?

BOARD MEMBER PAPARIAN: Aye.

SECRETARY VILLA: Roberti?

BOARD MEMBER ROBERTI: Aye.

SECRETARY VILLA: Moulton Patterson?

BOARD CHAIR MOULTON PATTERSON: Aye. Again, I'd like to thank you all for being here. The Board will now go into closed session, and after that our meeting is

adjourned.

(Whereupon the proceedings were concluded at 2:59 p.m.)

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REPORTER'S CERTIFICATE

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, BALINDA DUNLAP, certify that I was the official court reporter and that I reported in shorthand writing the foregoing proceedings; that I thereafter caused my shorthand writing to be reduced to typewriting, and the pages included, constitute a full, true, and correct record of said proceedings:

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 7th day of March, 2002.

BALINDA DUNLAP, CSR NO. 10710, RPR, CRR, RMR