

September 22, 2022

Via E-mail and U.S. Mail

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

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

Dear Honorable Judge Larsh:

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

FINDINGS:

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

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

City’s Response: Disagree wholly - According to CalRecycle’s records, Santa Ana has 22 buyback centers. These 22 buyback centers represent 20% of the 110 total buyback centers in Orange County while Santa Ana’s population comprises less than 10% of the County’s population. These buyback centers serve a population of 310,227, an average approximate density of one redemption center for every 14,100 people, which is 84% higher density than the California average of one redemption center for every 26,000 people. The City of Santa Ana’s redemption center density is also over two times higher than the Orange County average (one redemption center for 29,000 people). The high density of CRV redemption centers allows for residents of Santa Ana, and contiguous communities, to redeem CRV containers in a convenient manner. A map showing 22 redemption centers within the City limits is included as Attachment 1 to this letter.

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

City’s Response: Disagree wholly – Because of the high density of CRV redemption centers in the City of Santa Ana, and the propensity of residents of Santa Ana to redeem their CRV containers at these local centers, very low volumes of CRV end up in the curbside recycling program that is operated by the City’s franchise hauler. For example, according to Waste Management’s 2021 annual report, aluminum is 0.02% of the total residential waste stream (27.87 tons of aluminum out of 121,430.88 tons of total residential waste in 2021). According

to CalRecycle's waste characterization study, 0.10% of Orange County's residential waste stream comprises aluminum cans. The City of Santa Ana has 1/5th the amount of aluminum cans in its residential waste stream when compared to the OC average due to the high density of CRV redemption centers in the City and the ease of CRV redemption enjoyed by residents. Visit www2.calrecycle.ca.gov/WasteCharacterization/ to view CalRecycle's waste characterization study.

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

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

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

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

City's Response: Disagree wholly – the City recently completed a competitive Request for Proposals for trash and recycling services. The contract became effective July 1, 2022 and a new service provider, Republic Services, is now collecting materials in the City. The City included language in the contract that indicates the hauler receives all revenue from CRV materials that end up in the recycling bins, as well as the scrap value of both CRV and non-CRV materials. As a condition of receiving these revenue streams, the hauler assumes all risks and rewards associated with fluctuations in commodity values. Additionally, the hauler is prohibited from requesting rate adjustments from the City if commodity pricing results in financial losses. The City believes this system of the hauler assuming all risks and rewards associated with commodity and/or CRV revenue protects the ratepayer by keeping the rates stable and consistent. Further, it provides an incentive to the hauler to maximize the amount of clean recyclable materials it accepts through recycling programs and to take measures to reduce CRV scavenging.

RECOMMENDATIONS

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

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

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

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

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

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

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

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

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

Sincerely,

Kristine Ridge
City Manager