



August 8, 2019

Honorable Gavin Newsom
State Capitol
Sacramento, CA 95814

Re: Recycling Crisis Closure Requires Urgent Measures

Governor,

The closure of the largest recycling chain in the state, rePlanet, has cut the number of recycling centers available to Californians in half over the last six years.

Consumer Watchdog's research shows consumers are only getting back about half of the \$1.5 billion in bottle and can deposits they make. Moreover, our surveys show grocery and retail chains obligated to redeem bottles and cans (in areas without redemption centers) routinely break the law and refuse to return deposits.

CalRecycle has long known about these problems, but it has failed to act. CalRecycle has failed to save the redemption centers, to force the retailers to live up to their legal obligations, to hold beverage companies accountable for bilking the state and to honestly present the financial ledger of the recycling program. Instead, the entirety of CalRecycle's response has been to quibble with our numbers in the media and ignore the crisis.

Most troubling, CalRecycle has failed to live up to its obligation to issue financial reports required by the legislature for the last thirteen months. In a moment of crisis, when the public and legislature needed to know how much the state held in unredeemed bottle and can deposits, CalRecycle's failure to report on those fund balances left us blind.

The agency is required to produce quarterly financial reports, but the last most recent report was for the period ending June 30, 2018. There have been no reports issued for the periods ending Sept. 30, 2018, Dec. 31, 2018, Mar. 31, 2019 and the period ending June 30, 2019. The last time CalRecycle issued a financial report was in April of 2019, and the information it was summarizing was ten months old.

This is gross mismanagement that should not be tolerated. The leadership of CalRecycle needs to change its attitude and treat this crisis as a crisis or it needs to be replaced. We suggest an immediate job review for the director of CalRecycle and possible replacement depending upon on its findings.

California's landmark Bottle Deposit law of 1986 is broken and CalRecycle is busy catering to the concerns of various special interest groups that have left the program in gridlock. Grocers, beverage companies, and waste haulers have shirked obligations, both legal and

financial, with impunity. Recycling centers are failing and CalRecycle is not helping them survive. It's time for a new day for recycling in California.

In the short term, CalRecycle should:

- 1) enforce the law and crack down on grocers and retailers that are obligated to take back bottles and cans to make sure they are informing customers of their duty and performing their redemption obligations;
- 2) immediately report how much consumer deposit money it holds in state accounts and file timely quarterly reports as required to under the law;
- 3) embark on a high profile public education and enforcement campaign to let consumers know they have an easy way to redeem their bottles and cans, and that grocers and retailers will be penalized for not living up to their obligations.

In the long term, a special session of the legislature or gubernatorial strike force is needed to modernize the bottle deposit laws based on the best available research about successful programs across the nation and world.

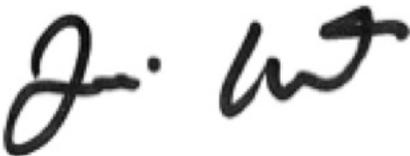
We recommend you direct the Cal-EPA to evaluate options for: 1) reforming California's bottle bill program with a mandatory 90% recycling target; 2) requiring all major retail chains that sell beverages to redeem them without exemption; 3) moving financial and operational responsibility to the beverage companies.

Successful beverage container deposit programs around the world have these attributes. California's program must be reformed. Consumer convenience must be paramount. Accountability and efficiency for recyclers should be incentivized.

You inherited this crisis, but CalRecycle has long known about it. It's now time to solve the problem and help both consumers and the environment. Legislation coming your way will help, but the structure of the recycling program needs a massive overhaul based on best practices across the globe. We stand ready to assist.

Thanks for your attention.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Court". The signature is fluid and cursive, with a large initial "J" and a stylized "Court".

Jamie Court
President

Cc: Ann O'Leary, Chief of Staff
Cal-EPA Secretary Jared Blumenfeld