1 PUBLIC WORKSHOP FOR SECONDARY MATERIALS MARKETS
2 MIXED OFFICE PAPER
3 STATE OF CALIFORNIA
4 CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD
5 MARKET DEVELOPMENT COMMITTEE
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13 SACRAMENTO, CALIFORNIA
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19 THURSDAY, AUGUST 6, 1992
20 9:30 A.M.
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25 Vicki L. Medeiros, C.S.R.
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A P P E A R A N C E S

COMMITTEE CHAIRPERSON:

WESLEY CHESBRO
Board Member

PAUL RELIS
Board Member

PANEL MEMBERS

Dan Cotter, Secondary Resource Markets

Susan Kinsell, Californians Against Waste

Dick Munson, Cellulose Marketing Council

Art Weaver, BJ Fibers

I N D E X

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1 P R O C E E D I N G S

2 --oOo--

3 CHAIRMAN CHESBRO: The hour has approached to get
4 started. Will the panelist join us up here, and we'll get
5 started. Okay.
6 First of all, I would like to call the meeting of
7 the Market Development Committee to order and ask for the
8 calling of the roll.
9 MS. BRITT: Board Member Huff.
10 Board Member Relis.
11 COMMITTEE MEMBER RELIS: Here.
12 MS. BRITT: Chairman Chesbro.
13 CHAIRMAN CHESBRO: Here.
14 Mr. Huff is not here.
15 Welcome to our Workshop and what will later
16 become the regular meeting of the Integrated Waste
17 Management Board's Market Development Committee.
18 Before we begin, I was going to welcome and
19 introduce our new Board Administrative Assistant, but I'll
20 wait and do that in a while.
21 I do note that Joanne Vorhies has held the
22 position in the interim while we selected a new president
23 and has done an outstanding job. On behalf of the
24 Committee, I want to thank her for her very good work.
25 We have a slight change in the schedule. The

1 Mixed Office Paper section will go to noon, instead of
2 11:30, and we'll break for lunch at noon promptly, and we
3 will reconvene at one o'clock to begin the Mixed
4 Residential Paper section.
5 We will begin with the Committee Meeting Agenda
6 at 3:30.
7 I see she just came in, so I'm going to embarrass
8 her. I would like to introduce Ms. Cathy Foreman, who is
9 our new Board Administrative Assistant and welcome her to
10 the Committee's deliberations. She hails from the
11 Legislature, most recently with Assemblyman Morgowan's
12 Office, and before that with Assemblywoman Sally Cantor.
13 This is the first in a series of
14 material-specific workshops that will be conducted through
15 October. These workshops are part of the Board's strategy
16 to develop markets for secondary materials diverted from
17 California's waste stream.
18 Because the Committee is aware of the critical
19 need to move rapidly, we have selected three materials to
20 put on a fast track for market developing. The factors we
21 use for inclusion on the high priority fast track are those
22 materials that are a high percentage, and these are four
23 distinct points, a high percentage of the disposal waste
24 stream; those that have a low current diversion rate; those
25 materials that have a low current market demand but a high

1 potential demand; and fourth, those materials that have a
2 potential for self-sustained markets which generate revenue
3 to pay for collection and processing.
4 I might add for those who are concerned about it
5 that that is the issue that relates directly to the
6 question of profitability and working with market forces to
7 try to generate markets in a market sense.
8 With this criteria in hand, our staff has done an
9 analysis of the waste stream. They have recommended and
10 the Market Development Committee has given its preliminary
11 approval to mixed waste paper, and non-paper compostables,
12 meaning basically wood waste, yard waste and food waste, as
13 the two fast track priority materials.
14 At the Committee meeting where we decided this,
15 several speakers also made the case that two categories of
16 plastic, high density polyethylene and unsorted mixed
17 plastic, should also be included in the fast track.
18 They argued that because plastic is a rapidly
19 growing part of the waste stream, because the public is so
20 strongly desireous of plastic recycling opportunity and
21 because plastic creates unique collection, processing and
22 marketing difficulties, we should add those two plastic
23 materials to the category, to our list of fast track
24 materials.
25 They were added as a third category to mixed

1 waste paper and compostables. Those are the materials that
2 the Committee has given the highest priority to.
3 The Committee will be conducting individual
4 workshops on each of those three material categories, and
5 staff will be holding four other specific material
6 workshops.
7 I'm calling the fast track priority list
8 preliminary because through these workshops and other
9 public input we hope to hear from knowledgeable parties.
10 None of this is cast in concrete. It's very fluid. So,
11 it's possible that we will be adding and subtracting from
12 the materials list. However, I think it's reasonably safe
13 to say that mixed waste paper will be on the final list.
14 The Committee will identify through the workshops
15 what actions must be taken immediately to assure that
16 markets exist for these priority materials once they start
17 hitting the markets in larger quantities, which, of course,
18 is already happening in many cases.
19 Staff will conduct the remainder of the workshops
20 for glass, ferrous metals, pavement, inerts and other
21 paper. From the comments and discussion that evolve from
22 each workshop, staff will prepare action plans to increase
23 secondary materials markets in California.
24 Each action plan will be heard by the Committee
25 in about a month after the workshop at the regularly

1 scheduled committee meetings. Recommendations from these
2 action plans will be made part of our Board's Overall
3 California Recycling Market Development Plan.
4 Let me tell you how we intend to proceed with
5 this Workshop. First, Mr. Brian Foran, from the Board's
6 Market Development Branch, who authored the Waste Paper
7 Report, will give a brief presentation on the report
8 concerning mixed paper information, including a summary of
9 barriers and recommendations.
10 After this, I will open it up to the panelists
11 for any clarifications or questions relating to mixed paper
12 issues. Then we will discuss each of the six questions
13 posed in the Notice.
14 The Panel Members will respond and comment first,
15 I'll go question-by-question and ask each of them to
16 respond, then we'll take comments from the public, if those
17 of you who have come and would like to offer your comments
18 and responses.
19 There are forms for public comment in the back of
20 the room. Fill them out and hand them in to Ms. Foreman.
21 We would appreciate it if you would identify which question
22 it is that you wish to address so that I can call on you at
23 the appropriate time.
24 If time allows, I will also ask each of the Panel
25 Members to close with any summarizing or additional

1 comments they may have. Just a reminder, the purpose of
2 the Workshop is to simply receive testimony. We will not
3 make a decision on these matters today or any
4 recommendation to the full Board.
5 I would also ask the Panel Members or any other
6 members of the public who have prepared written comments to
7 turn them into Ms. Foreman.
8 Let me introduce the distinquished panel. I will
9 go through and make the introductions, and then I will
10 begin going through the list of questions.
11 Beginning with Dan Cotter, who is the President
12 of Secondary Resource Markets, a private consulting firm
13 specializing in waste paper market issues. Dan has a long
14 history in the private waste industry, including the waste
15 hauling and recycling collection end, as well as working
16 with local government, in his case, City and County of San
17 Francisco.
18 I also happen to know that he has personally come
19 up from grass roots recycling, as I did. I have seen him
20 stomp cans and drive forklifts. He's not just another
21 suit. He is somebody who has been out there and done the
22 physical work involved in recycling.
23 Susan Kinsella is the Director of the Buy
24 Recycled Campaign for the Californians Against Waste
25 Foundation. She's a Board Member and Executive Committee

1 Member of the National Recycling Coalition. She is a
2 Member of the Paper Definition's Working Group, which is
3 developing alternative proposals to the EPA's Federal Paper
4 Procurement Guidelines, and was previously the Director of
5 Communications and Research for Conserve a Tree Paper
6 Company.
7 Dick Munson, since 1982 has been the Chairman of
8 the Cellulose Marketing Council. CMC provides marketing
9 services to the cellulose insulation industry, sponsors
10 chemical and fiber research and markets the "Good News
11 Reused Random Cellulose Fiber" in approximately twelve
12 states. Mr. Munson is currently developing a program to
13 manufacture medium density fiber board for OMP, mixed
14 office paper, and mixed residential paper.
15 Greg Rouchon is not here. Will he be joining us
16 later? I will introduce him when he arrives.
17 Art Weaver is the Vice President of BJ Fibers,
18 which manufactures deinked market pulp from mixed office
19 paper and other secondary fibers as well as virgin fiber,
20 and sells the pulp primarily to tissue and towel
21 manufacturers. BJ Fibers is a subsidiary of Ponderosa
22 Fibers, Incorporated, one of the largest manufacturers of
23 deinked market pulp in the U.S.
24 We will begin the mixed office paper discussion.
25 COMMITTEE MEMBER RELIS: I also wanted to extend

a welcome and indicate that this opportunity to interact with you regarding this most important effort, what are we going to do to develop our markets in our state, just bear in mind that we have asked staff to come back to us next month with an action plan, so the input that you provide here is very critical to the formulation of that plan, and I just wanted to point that out.

CHAIRMAN CHESBRO: Thank you. I think that's a very important comment to add to my introduction.

In addition, I failed to acknowledge the good work that our Markets Development staff had done. This is the first manifestation of the work that we are currently undergoing, but Brian Foran has worked on the Mixed Waste Paper Market Status Report, and it's greatly appreciated.

Incidentally, before we go to the questions, I was to introduce Mr. Foran to present that report as the next step. I'll hold off on the questions.

MR. FORAN: I have some overheads here. That's why I'm speaking from the podium. Thank you for coming to the Workshop. It's nice to see interest out in the community outside of just our staff. I wanted to reiterate what Wes kind of alluded to in that this is really a brainstorming workshop where we're hoping to air the issues on mixed waste paper markets development and hope to learn not only from the panelists but you as well.

1 I don't consider myself an expert. I may be the
2 expert on the staff, but I'm here to learn as well as to
3 educate. We look forward to hearing comments.
4 First, I wanted to explain, why did we break this
5 workshop into two sections, one for mixed office paper and
6 one for mixed residential paper? The reason for that, the
7 reason we're doing two separate sessions for this Workshop
8 is that mixed office paper and mixed residential paper are
9 two different secondary materials, if you want to classify
10 them as a material.
11 As you see from the screens, mixed office paper
12 has a much higher percentage of groundwood free high grades
13 than does mixed residential paper. These, by the way the
14 percentages are from the, mixed office paper are primarily
15 from Franklin Associates, National Office Paper Recycling
16 Project Report, and then a couple of estimates which I made
17 myself for magazines and boxboard where they did not have
18 specific percentages in the report.
19 Mixed residential paper has a much higher
20 percentage of groundwood grades, that is newsprint and
21 magazines, and there is also a certain percentage of
22 groundwood that is found in boxboard as well, box board
23 being materials like cereal boxes and that sort of stuff.
24 The difference then as far as utilization of
25 these secondary materials is that you can't put groundwood

1 back into fine printing and writing paper, unless it
2 happens to be one of those lined tablets that you see that
3 looks a lot like newsprint.
4 Primarily, your printing and writing papers
5 require groundwood free waste paper, and so mixed
6 residential with a higher percentage of groundwood goes
7 into different products than does mixed office paper.
8 Why did we choose mixed office paper as well as
9 mixed residential paper a fast-track secondary material?
10 Again, as Wes alluded to, the reason our criteria
11 for selecting the "fast track" material that we want to put
12 major market development emphasis on are those materials
13 which have a high incidence in the waste stream and which
14 are currently at low recovery rates in the State. There
15 were two other criteria as well, but these are the primary
16 one's that staff looked at in recommending the fast-track
17 materials.
18 High grade ledger, plus mixed paper, the reason I
19 mix these two definitions is because within the mixed paper
20 classification, as far as the statistics that have been
21 provided by the Resource Reduction and Recycling Elements
22 from the cities and counties, there is a good deal of
23 office paper within that classification of mixed paper,
24 high grade ledger is typically a sorted grade, but we're
25 talking about waste composition here, so I lumped the two

1 together.

2 You can see that the two together make up quite a

3 large percentage, not only of the paper fraction of the

4 California waste stream, but of the overall municipal solid

5 waste stream of California, nearly ten percent.

6 The recovery rate is low, respectfully. High

7 grade ledger is much higher than mixed paper, but still

8 when you consider the value of the high grade ledger, 25

9 percent recovery is a low recovery rate, and there is great

10 potential for an increase in that recovery rate.

11 CHAIRMAN CHESBRO: Brian, can I ask you a

12 question about the numbers?

13 I assume that they reflect that the amount of

14 these materials that are left in the mixed waste paper

15 stream, they don't include the amount that was separated

16 out for recycling through source separation?

17 MR. FORAN: These are not generation statistics.

18 These are disposal statistics.

19 CHAIRMAN CHESBRO: Of the mixed waste paper

20 disposal?

21 MR. FORAN: Right.

22 This gets into some really heavy issues about how

23 do you determine what waste material originated as.

24 Essentially, any waste paper before it gets

25 disposed of is a sorted grade. There is no such thing as

1 mixed paper that you are working on at your desk. It
2 becomes mixed paper when it's commingled.
3 CHAIRMAN CHESBRO: You haven't seen my desk.
4 MR. FORAN: I'm glad you haven't seen mine.
5 Our definition of mixed paper -- by the way,
6 there are handouts in the back of the room, if you haven't
7 seen these things. There is the background, fact sheet of
8 sorts on this mixed office paper, which includes the
9 definitions for mixed paper, both for how we are defining
10 the Source Reduction Recycling Elements waste stream
11 components, and also for definitions that the Paper Stock
12 Institute puts out and one other definition in there.
13 Okay. On to barriers and recommendations, which
14 were certainly the key component of the Market Status
15 Report, which our Section put out, and which also there are
16 copies of on the back table there.
17 There are a number of -- in the actual report,
18 there were about twelve barriers which I identified as
19 inhibiting market development for mixed paper. Note that
20 the report itself was not a mixed paper report. It actually
21 covered four major grades of waste paper, and the
22 recommendations I made were for market development of all
23 waste paper grades.
24 Some of them are certainly applicable to mixed
25 paper. Some may not be so much. Nonetheless, for mixed

1 paper market development, I identified two of the major
2 barriers, which is beyond the screen overhead, and that's
3 most mills in the state, including mills that make or
4 manufacture what we would consider the lower, not
5 necessarily poor quality, but lower quality products, that
6 is requiring a lower quality waste paper furnish, even
7 mills such as molded pulp mills, which are kind of on the
8 low end of the quality spectrum, prefer sorted waste paper
9 as opposed to mixed paper.
10 There are a lot of mills in the state which have
11 said that they use mixed paper, but when it really comes
12 down to it, their definition of mixed paper is not what we
13 are considering mixed paper coming out of our offices or
14 out of our homes. That goes into the area of definitions,
15 which I'm going to get into.
16 The mills prefer the sorted grades. Most of the
17 board mills, that is paper board, the stiffer type paper
18 products which is what they manufacture, will prefer sorted
19 ONP, old newspaper, old corrugated over mixed paper, and
20 that material happens to be readily available and
21 relatively inexpensive because of the large supply of that
22 material.
23 That situation, because to the concern of
24 municipal collection programs, is getting more so. There
25 is more collection of it, which means more readily

1 available and less inexpensive to the mill.

2 They will continue to use the sorted grades as

3 long as they are there and as long as it's economical to

4 use them.

5 The other major barrier to expanding markets for

6 mixed paper use is the technical quality control problems

7 associated with using mixed paper.

8 Mixed paper has a high level of contaminants

9 compared to the sorted grades. The mills don't always know

10 what the composition of the mixed waste paper is, so it's

11 hard for them to essentially -- they cannot control the

12 precise mix of the paper. They are not sure what the

13 product is going to end up to be and they shy away from

14 that.

15 There are ways around the technical problems, and

16 that gets into the recommendations that are addressed in

17 the report.

18 Okay. On definitions, in the report I did make

19 mention of definitions being one of the barriers to mixed

20 paper markets development. However, it was primarily in

21 reference to definition for procurement, both at the

22 Federal level and the State level, and the inconsistencies

23 of these definitions.

24 One thing which I overlooked in the report, which

25 I intend to include in the final draft, is the actual

1 definition of mixed paper. It's not a problem for the
2 other grades, but it's a very big problem for mixed paper.
3 Nobody seems to agree what mixed paper is,
4 although there is a definition that the Institute of Scrap
5 Recycling Industries, Paper Stock Institute has put out for
6 that.
7 Certainly, for mixed office paper and mixed
8 residential paper, there are two completely different
9 grades, and there are no specific definitions for those two
10 separate components of mixed paper. Again, in the
11 background sheet on the back table, that is covered.
12 Finally, I wanted to make note of four changes to
13 the report which essentially are erratas, changes that I
14 intend to make to the report that I would like to announce
15 right now.
16 One was an exclusion of a condensed list of the
17 barriers and recommendations made in the report, and that
18 list is back there on the table. Again, I think there were
19 about twelve barriers and recommendations that were
20 identified in the report. They are on a two-page list in
21 the back of the room.
22 The other, as I mentioned, was the omission of
23 definitions for mixed paper as a barrier to market
24 development for mixed paper. The third, and this is very
25 specific to mixed office paper, I made mention of James

1 Rivers' deink mill that uses a great deal of mixed office
2 paper in Oregon.
3 I made mention of that mill in my report,
4 however, I incorrectly reported that they would be relying
5 very little on California office, mixed office paper; and,
6 in fact, I learned otherwise, that approximately 50 percent
7 of their furnished, the waste paper that they will consume
8 in that mill, will originate in California. It's a very
9 significant market development step for our state for that
10 mill to come on line with that kind of capacity and the
11 ability to use mixed office paper.
12 They do have a specific mix that they specify,
13 but, nonetheless, it is mixed office paper, and they will
14 be consuming a considerable amount from our state.
15 Finally, it was noted to me by one of our
16 panelists for the afternoon session that Japan is not a
17 large importer of mixed paper as I stated in our report. I
18 actually stated that Japan is by far the largest consumer
19 of mixed paper from our state.
20 The problem here, again, is a matter of
21 definitions. I got my information on exports from the U.S.
22 Bureau of Census, which is part of the Department of
23 Commerce. They actually have various classifications for
24 mixed paper.
25 The one that American Paper Institute uses to

1 identify export statistics for mixed paper is the one that
2 I chose to focus in on in determining how much of the mixed
3 paper from California goes overseas. Using that
4 definition, it turned up that Japan was our major consumer.
5 The waste paper that we export -- by the way, we export a
6 little more than half of the mixed paper which is generated
7 in the state, again, according to the definition of mixed
8 paper used by the American Paper Institute.
9 But this person who talked to me, who is very
10 knowledgeable about the export industry, said, "No, no, no.
11 Japan uses very little mixed paper."
12 In fact, that was my intuitive sense. This shows
13 how critical the definition issue is because if we cannot
14 agree what it is that we're talking about it, it's very
15 hard to move forward on the next step to make
16 recommendations on market development.
17 That concludes my presentation. We can move to
18 the panel discussion now.
19 CHAIRMAN CHESBRO: Thank you very much.
20 Are there any immediate comments or responses to
21 Mr. Foran's summary of the report from the panelists?
22 If not, we will lead to the questions. I would
23 like to begin by asking Mr. Cotter, what do you perceive to
24 be the greatest barriers to expanding markets for mixed
25 office paper?

1 MR. COTTER: One of the primary barriers that I
2 see, as Brian put in his first chart there, the contents
3 within the mixed waste paper from the commercial waste
4 stream, that it has a lot of very good quality material in
5 it that can be used by the market place, but because
6 currently newsprint and corrugated are so cheap and
7 relatively homegeneous materials the market for the user,
8 potential users of this product, have no particular
9 intention to want to buy mixed waste paper.
10 One of the largest barriers I see is the fact
11 that ONP and OCC are plentiful and cheap.
12 The other one is the quality of mixed waste
13 paper. That definitional issue, I'm not sure that we will
14 ever get a one-good definition for mixed waste paper, but
15 certainly those people that produce the better quality
16 mixed waste paper are not having problems selling their
17 mixed waste paper in the market place.
18 It's those people that have the very poor quality
19 that are having the most difficulty.
20 COMMITTEE MEMBER RELIS: I wanted to explore that
21 point that you made. Newsprint and corrugated are cheap
22 relative to the sorting of mixed paper to the point where
23 it's competitive, or tell us more about what are we
24 competing against.
25 MR. COTTER: Relatively cheap and the prices are

very low, and there are a lot of economic factors for that with the economy being in poor shape.

If you can buy newsprint say for $20 to $30 a ton or less, then why would you want to buy mixed waste paper? Because you know that newsprint is going to provide meet your needs with relatively low cost compared to other costs in producing whatever product you are producing.

COMMITTEE MEMBER RELIS: Let's go back. What is the product?

MR. COTTER: There are several different products that can be made with mixed waste paper. The one's that most people focus on is boxboard as one of the biggest users, but there is roofing felt. It can be used in producing medium. Any kind of layered-type paper product can use some mixed waste paper in it, or I should say most, because you can hide the contaminants and things that come with mixed waste paper with the layer on top of it.

As long as you're not looking for aesthetic qualities or -- actually I was going to say strength factors, although some mixed waste paper has some very good strength factors because of the fibers, especially in the commercial waste stream.

COMMITTEE MEMBER RELIS: Looking ahead, on that same point, if one or more of these large mills were to come into the state for paper to increase demand for

1 newsprint, let's say, would that, or the economy when it
2 recovers, when the demand for liner board presumably goes
3 up, does that mean that this market could substantially
4 increase, given those two factors?
5 MR. COTTER: That's correct.
6 Also, the construction industry uses a lot of
7 mixed waste paper or can use a lot of mixed waste paper in
8 producing their products. Wall board material has a paper
9 layer on it that doesn't particularly matter what it looks
10 like. Those kinds of things will have an effect.
11 As there is a higher demand for better quality
12 paper, newsprint and corrugated that is going into some of
13 these things as filler, or even in direct production like
14 in medium, there will be a substitution for lower priced
15 items.
16 COMMITTEE MEMBER RELIS: Referring back to the
17 newsprint mill, that material would be less available.
18 MR. COTTER: That's exactly right. It would be
19 less available.
20 As the price goes up because there is demand for
21 that product, there is less of the newsprint and corrugated
22 available, and so people have to go down the chain.
23 COMMITTEE MEMBER RELIS: Is there a way to
24 visualize for our purposes and the staff analysis
25 assumption A, one or more mills goes in, what does that do

1 for the demand or the supply, first of all, for the mixed
2 strain, presumably that goes down, what is the correlation
3 to demand for mixed waste since it's no longer or less
4 available for what it was doing.
5 MR. COTTER: The other issue is the quality
6 issue.
7 As there is more experience in the use of mixed
8 waste paper, we will start to get -- actually what it is
9 now, you have niche markets, specialty markets that people
10 are selling their special grade of mixed waste paper into.
11 Most of that has been a hit-and-miss kind of
12 thing. You ship your mixed waste paper to fifteen different
13 mills, ten of them reject it, you find five that like your
14 material and continue to sell to them. It really has been
15 a hit-and-miss kind of deal.
16 As mixed waste paper increases in demand,
17 assuming that the other papers increase in demand, and
18 mixed waste paper is a more sought after commodity, I think
19 you will see more effort and interest on the collection and
20 processors as well as the users in coming up with some
21 definite definitions.
22 There will probably always be dozens of parade
23 specifications for mixed waste paper.
24 CHAIRMAN CHESBRO: To some degee, these questions
25 are going to overlap and interact. It is tough to jump

1 right in with each speaker from the problem definition, the
2 barrier definition to solutions, but I think it's important
3 for us to get each issue dealt with and jump to the next
4 phase of it.
5 I am tempted as the next guy to want to pursue
6 it, but we will get back to the issue again.
7 Ms. Kinsella, do you want to address the
8 question?
9 MS. KINSELLA: You said that you wanted me to list
10 the problems that I see first?
11 CHAIRMAN CHESBRO: Yes. I think we are sort of
12 doing the barrier identification, and then we will proceed
13 to question number two, which has to do with general
14 methods, and then the third one is more specific into the
15 State's role. I want to make sure we get a mix of each
16 answer to each question as we proceed.
17 MS. KINSELLA: First of all, I want to say that I
18 thought that Brian's report was terrific. There were a lot
19 of excellent points in that. He understood the issues
20 really well.
21 I only want to add, I got about ten points, but I
22 only want to add the one's that I think are additional or
23 expanded on some that he had.
24 There is only one point that I disagree with him
25 in a major way, and that's on the correct definitions

1 again, but we can talk about that later.

2 I wanted to say that I recast the question

3 slightly because I think it changes the context a little

4 bit, but I think it makes it more specific to what we're

5 talking about.

6 What I am pointing out is reasons that I think

7 mills are having trouble using post-consumer mixed office

8 waste. Although, as Brian said, it's very hard to separate

9 pre-consumer and post-consumer when you're talking about

10 the mixed office waste category because the statistics keep

11 putting them together.

12 It's really the post-consumer content of it that

13 we are havn't trouble selling and the mills are having

14 trouble using. Some of the reasons that I see that they

15 are having trouble are, first of all, that there are very

16 few high grade deinking mills at this time, especially west

17 of the Mississippi.

18 So, there are still enough of the pre-consumer

19 printing grades, converting grades, et cetera, to go around

20 that mills that don't want to use post-consumer don't have

21 to do it, or they can only use very small amounts of it.

22 Also, there is a big problem that there is not

23 yet a national clear definition for what we mean for

24 recycled paper. At this point, EPA doesn't require

25 post-consumer, the RAC proposal doesn't require

1 post-consumer, nor does ASTM; although California, the
2 Paper Definitions Working Group proposal and some other
3 states do.
4 Another problem is that there is a wide open
5 category for what recycled content means. Some
6 requirements, like in EPA, say there is a category of waste
7 paper that is their recycle content but it includes about
8 half of material that never left the mill. The RAC also
9 includes about half the material that never left the mill.
10 For definitions that don't require post-consumer,
11 this means that some of the papers that are out there as
12 recycled papers can be made primarily from materials that
13 never left the mill, basically the status quo, but they get
14 credit as recycled content, and they are not dealing with
15 the problem of how to sell post-consumer paper.
16 There is lack of agreement on who is responsible
17 for certifying post-consumer content, and there are also
18 some allegations that are pretty wide-spread in the paper
19 industry of cheating that is going on about what kind of
20 post-consumer content is in the paper and what the levels
21 truly are.
22 What that does is it makes the mills reluctant to
23 get into using post-consumer right now because they are
24 afraid of possibly being investigated or litigated against
25 when they don't have a clear idea of, are they

1 responsible? Are the suppliers responsible?

2 The suppliers say that they have problems

3 determining which is post-consumer and which is

4 pre-consumer. Because that's not sorted out yet, it

5 creates concerns for the mills to get into it at all at

6 this point.

7 As Dan mentioned, there is a problem with the low

8 quality of some of the post-consumer content. I think a lot

9 of that has to do with programs that aren't sorting the

10 materials. They could be sorted to a much higher level and

11 increase the quality.

12 There are some different perspective that are

13 interacting with each other and conflicting. The paper

14 mills traditionally categorize their waste paper by

15 contaminant levels which has nothing to do with sorting it

16 by post-consumer or pre-consumer. Some of them are

17 changing that to include looking at what to keep out of

18 landfills, but, again, that doesn't respond at all

19 necessarily to post-consumer. It is simply looking at

20 volumes in landfills.

21 There is a third perspective that I think is the

22 important one for us to be looking at right now. I see what

23 is happening at the moment is that there are two systems

24 operating side by side.

25 There is the long-term collection system that has

1 mostly been collecting pre-consumer that has been operating
2 for decades and is pretty healthy. Now there is a new
3 system collecting materials primarily that are
4 post-consumer and that has not been integrated but it's
5 creating a huge need for a market that needs to get
6 integrated quickly. The two are not in sync with each other
7 at this point.
8 There is also the problem that the paper industry
9 has just finished building about three-million tons of new
10 high grade paper capacity and almost all of it was virgin
11 capacity. Now they are faced with wanting people to switch
12 to recycled, and most of those mills don't have the
13 capacity to do it.
14 They are worried about source reduction because
15 that's minimizing the markets that they thought they were
16 expanding into. There is a reluctance to get into
17 recycling for fear that it's going to undercut these virgin
18 mills.
19 Most of the recycling mills are owned by virgin
20 paper companies that have many more virgin paper mills than
21 they have recycling mills, and they are worried about
22 undercutting the markets that they have for their virgin
23 paper.
24 One of the big things that the mills have been
25 talking to me about lately is that they are worried that

1 the post-consumer collection contracts are going to be
2 dominated by only two or three companies nationwide. Then
3 they get in the position of possibly being held hostage on
4 price, availability and quality of the materials that they
5 absolutely have to have to run their mills. That's a
6 pretty big concern for a lot of mills.
7 Most of the virgin paper mills have been built
8 with technological configurations that make it really
9 difficult and expensive to change to recycling technology,
10 and in some cases they say it's impossible. Also, a lot of
11 these super mills are operating at a speed that makes it
12 very difficult for them at this time to incorporate
13 recycling. So, there are technological barriers as well.
14 CHAIRMAN CHESBRO: Thank you very much.
15 I would like to ask Mr. Munso to respond to the
16 initial question about the barriers.
17 MR. MUNSON: I would like to respond by first
18 reading a paragraph on page 31 of Brian's report because it
19 serves as the entry point for what obviously is potentially
20 controversial to the extent of the conflict of driving
21 interests that we have that control America's economy.
22 Brian's report reads:
23 "Regardless of which way the economy goes,
24 environmental restrictions being imposed upon
25 logging practices may increase demand for

1 mixed paper by the building products sector.
2 "As timber harvesting becomes more expensive,
3 the price of wood chips -- which are used in
4 construction materials such as particleboard --
5 will increase. As a price of wood chips increases
6 manufacturers of wood-based construction
7 materials with low strength requirements will
8 have greater incentive to substitute mixed paper
9 for wood chips, where appropriate.
10 "Already, large forest product manufacturers,
11 such as Weyerhaeuser and institutions such as
12 the U.S. Forest Products Laboratory are
13 experimentallly substituting mixed paper for
14 wood chips in construction board, with promising
15 results."
16 Basic set of economics for everyone to
17 understand, there are approximately 150 particleboard or
18 structural board manufacturing plants in the United States
19 with the capacity of 30 billion square feet. You would, in
20 laymen's terms, refer to the materials as particleboard
21 waferboard plywood, OSB, plywood, various types of boards.
22 These 150 plants are all located where the trees
23 are. They are expensive plants. The capital investment is
24 roughly $50 million per plant, and those plants were built
25 primarily by Washington Iron Works and co-industries.

1 This is particleboard manufactured in the
2 laboratory at the U.S. Forest Products facility in Madison,
3 Wisconsin, and it has the potential to completely
4 revolutionize the structural board construction board
5 industry, this industry.
6 One manufacturer of this board product, which has
7 the appetite for enormous quantities of mixed residential
8 and mixed office, low grade papers, commingled and refined,
9 that come out looking like this in this package, once they
10 are run through the refining process, the industry has the
11 ability to literally consume huge quantities of that
12 material.
13 The question is should it become a new industry,
14 new manufacturers competing with the old manufacturers, or
15 should the old manufacturers shift gears and shift their
16 usage of their bulk feed stock from waste paper -- or,
17 excuse me, from the wood chips, trees, and so on, mill
18 residues, and begin using light bolt density refined waste
19 paper.
20 You can imagine that there is significant
21 reluctance to do so by the industry.
22 This is particleboard, if you will, MSD board,
23 medium density fiber board, manufactured from 100 percent
24 waste paper, and it also produces it's own binder. The
25 particleboard industry uses a highly toxic, controversial,

1 binder, known as fenol formaldehyde in the resins for the
2 manufacturing of conventional particleboard.
3 They have voluntary restriction levels on the use
4 of that binder, but it is nonetheless regulated as a
5 conclusive carcinogen by the Federal Government.
6 A new process has been developed by a scientist
7 and patented that allows the ligament element of wood fiber
8 paper, which is waste paper, one of the three components of
9 waste paper, to be generated as an internal binder for the
10 development of this paper board material.
11 So, here you have a binderless MDF, paper board
12 product, which if someone was motivated to do so could put
13 a plant of 200 to 300 ton capacity into the City of Los
14 Angeles with relative ease and manufacture this board
15 product for furniture manufacturing, for residential
16 construction, for various applications in the market
17 place.
18 The raw material supply is right outside the door
19 for that manufacturer. The City, in fact, would be willing
20 to pay the manufacturer to take that raw material on a
21 direct flow right from curbside recycling, direct to the
22 processing facilities at the rate of potentially of 200 to
23 300 tons per day.
24 Then right outside the door is the consumer
25 market, twelve million people. Los Angeles County has

1 three million people -- excuse me.

2 Los Angeles City is three million, and Los

3 Angeles County is twelve million, excluding San Diego

4 market.

5 The closing of the loop and the using of this

6 waste material is a situation that requires either a new

7 industry of new entrepreneurs and manufacturers to produce

8 this board product for very efficient handling within the

9 construction industry, or it requires the existing

10 institution of the Weyerhaeusers, the Louisiana Pacifics

11 and Georgia Pacifics to regear their operation, close down

12 the plants located where unharvested inventories of trees

13 are rapidly diminishing, because the trees do not replenish

14 themselves as quickly as we have the capability to consume

15 them.

16 Is there precedent for this? Yes, there is.

17 This is a sample of board made a Trent, New

18 Jersey. The company did $23 million in volume last year,

19 very profitable, a tight family held company. They have

20 been since 1908 taking local waste paper, mixed

21 residential, mixed office and ONP out of the market place

22 and converting it into a very fine building board material

23 which meets all of the various building codes, and their

24 literature reflects that and test data indicates it.

25 Simply put, the resources available right within

1 this community to completely restructure a demand curve for
2 waste material, but there are barriers to that, and those
3 barriers are primarily dealing with the established
4 institutions that are manufacturing the products that are
5 in place.
6 The other major product category is the area of
7 fiberglass building insulation. Fiberglass is a nonuser of
8 recycled glass cullet materials because the contaminants
9 present in brown, green and clear glass preconcludes their
10 use in the manufacture of ordinary residential fiberglass.
11 Ordinary residental fiberglass contains
12 respirable glass fibers which are now regulated by the
13 State of California as carcinogen. There is substantial
14 litigation in place at the moment which tends to discourage
15 the future for glass fiber insulation as a residential
16 material.
17 Forgive me for using props, but this is a very
18 viable prop to use in that this is cavity-fill insulation
19 in the wall of a residential construction and it is made
20 from corrugated material and made from other waste papers,
21 low grade waste papers, blended, or it can be made from
22 just simply 100 percent newsprint, or it can be made from
23 commingled waste paper stock.
24 This insulation is very well documented by the
25 Department of Energy and other highly respected

1 institutions to cut energy consumption in residential usage
2 by 50 percent over its light density, counterpart
3 fiberglass insulation, which uses a very high volume of
4 energy in its manufacture. You are melting sand to make
5 fiberglass insulation.
6 The cost of this material is considerably lower
7 because the raw material is free. One needs to do a
8 characterization study of the two industries, the cellulose
9 fiber industry, which has been around for years, with a
10 characterization of the fiberglass industry, which is a
11 spinout from the asbestos manufacturing industry in order
12 to understand the forces that are driving the barrier to
13 this restriction to the development of the waste stream
14 materials.
15 There is little doubt in my mind, and the
16 documents are here in both Congressional testimony for the
17 Federal Bill, HR 1196, the Comprehensive Energy
18 Conservation Act of 1991. Congress of the United States,
19 the testimony is very well put that this transition could
20 take place relatively in the near future.
21 The main single bottomline obstacle to that
22 transition is two simple words: One is evolution; and the
23 other is revolution.
24 In order to move quickly in these areas, it will
25 require revolution, inverse of an evolutionary process

1 which is occurring out there at the moment, and ten years
2 from now you will be looking at a different set of
3 statistics and scenarios.
4 I have a concrete suggestion, which has been put
5 forth to the U.S. Congress, to make later on in this effort
6 with respect to the State of California taking the
7 initiative with regard to creating more of a fast-track
8 scenario for the development of these products and their
9 acceptance in the market place. I will save that for
10 later.
11 CHAIRMAN CHESBRO: I have a comment and question
12 for you.
13 We did not, in terms of identifying barriers, ask
14 those who are responsible for pulling materials out of the
15 waste stream to be representative here, so, I will sort of
16 fill in for municipalities and the collectors, the private
17 collectors.
18 Several times you made reference to the advantage
19 that might be there for this industry, as you have been
20 addressing, of having free materials. Is there a concern at
21 all on the part of the industry of having a long-term
22 reliable collection system available if the material is
23 essentially viewed as a freebie?
24 Will communities expend the money involved and
25 will private companies go to the trouble of pulling

1 materials out of the waste stream, and if in turn at some
2 point the market system doesn't click on and revenue isn't
3 viewed as the long-term reason for pulling materials out of
4 the waste stream as opposed to the idealistic and
5 environmental reasons which we certainly here adhere to,
6 but may not ultimately provide the vehicle for getting the
7 raw materials to the doorstep to the industry to make the
8 products?
9 MR. MUNSON: There are two answers. One is the
10 cost-avoided answer.
11 Obviously if a community is spending $50, $60,
12 $70 a ton to put this material into a landfill and they can
13 deliver it to a business that has an appetite to consume
14 that and turn it back into affordable building material
15 products which in turn can lower housing costs, then there
16 is a matter of philosophy at that point.
17 A city with a huge waste stream, that has been
18 characterized to have significant quantities of waste paper
19 and various mixed office grades, if it has to haul it 200
20 miles to a landfill out in the desert someplace and
21 commingle it with other materials, then the alternative of
22 a local facility that has such a supply-driven set of
23 economics from other sources of material that the city has
24 to pay that facility, $5, $10, $15, $25 a ton to hold and
25 store the material until it can be fed into a production

1 stream, then that is a matter of simply economics and
2 supply-driven alternatives.
3 CHAIRMAN CHESBRO: On the flip side, if we were
4 successful in creating the demand for these materials on a
5 variety of fronts so that there was not such an abundant
6 supply readily available, would it be competitive for these
7 industries to view purchase, or are you saying that is it
8 essential for their success to have it be free?
9 MR. MUNSON: The industry today could very easily
10 pay up to $100 a ton for mixed office and mixed residential
11 and still compete very effectively.
12 The converted refined product is currently
13 selling for $450 a ton in its finished form, which is
14 little more than the addition of 20 percent boric acid, the
15 refining of the material, the packaging of it, making sure
16 that it meets Government standards, so it's an extremely
17 profitable business at the moment.
18 What limits the numbers of people getting into it
19 is just simply awareness of the product, the lack of
20 preferential procurement in the market place and lack of
21 consumer tax incentives, which I'll touch on later.
22 CHAIRMAN CHESBRO: Mr. Relis, want to pursue this
23 a little further and then we'll get on to the next speaker?
24 COMMITTEE MEMBER RELIS: Yes.
25 MR. MUNSON: I do not mean to sound like a

1 commercial here, but I want to put it on the line and risk
2 being controversial.
3 COMMITTEE MEMBER RELIS: A couple of points that
4 I wish you could help us with. We would like a better
5 number on the potential demand.
6 In other words, how much potential material are
7 we talking about? We have to give priority to our market
8 development effort. If you could help us define it within
9 reasonable bounds how many tons per year are we talking
10 about within the California market place? That's the point
11 of information.
12 MR. MUNSON: If I could respond to that formally
13 in writing.
14 COMMITTEE MEMBER RELIS: That would be the way to
15 do it.
16 I think detailing the evolution versus the
17 revolution question, could you define what you mean by
18 revolution as it translates into generating demand and time
19 frame, that is quick time frame versus short?
20 I also ask you if you could to respond in writing
21 to us on that point.
22 The third, which I think is a very important one
23 and could constitute a barrier. We get into the value,
24 which Wesley was getting at, and you just said that this is
25 a profitable business and it could support value; but there

1 is also the counterveiling argument about cost avoidance.
2 Let me get back to why I think this is really a
3 crux type of question. What kind of quality material are
4 you talking about? Because that has great bearing on the
5 collection and processing system.
6 If you're talking about low processing
7 requirements to feed this material, then we have a
8 potentially more efficient collection system that costs the
9 cities and counties less; but we hear, on the other hand,
10 we have to sort more.
11 So we have this policy or implementation
12 question, how much sorting for how much material, at what
13 level versus this lower grade, that I take it, sorting
14 requirement, that's a key piece of information that we
15 would like to share with local government as they implement
16 their program.
17 MR. MUNSON: We have taken mixed residential from
18 the City of Seattle and processsed it and produced a
19 product that meets Government standards.
20 We have taken mixed residential and mixed office
21 with from the City of San Francisco with the help of the
22 major waste handling company in the Bay Area and processed
23 it and produced an acceptable product.
24 When you're refining mixed waste, mixed
25 residential into a refined paper fiber, as you have in this

1 example, the commingling of poor qualities with better
2 qualities becomes so homogeneous, that it is virtually
3 indistinguishable.
4 So, you have to go a long way down in quality
5 before you begin to contaminate the end product with
6 visible contamination.
7 There has been a major change in the processing
8 of fiber within the industry. At one time it was a
9 Hammermill oriented industry. It is no longer the case. A
10 new process for refining the fibers has virtually
11 eliminated what we in the industry called alphabet soup,
12 that was visible pieces of newsprint letters, the equipment
13 for processing this fiber is now put through a fiberizer,
14 and there are a number of a technical ways of defining
15 that, but fiberizer is acceptable in this circumstance. I
16 have samples of old materials that have the courser fibers
17 present.
18 The answer to the question is, if you were to
19 stratify all of the paper and begin with the high grades,
20 the computer papers and white ledger and work your way down
21 to the ONP, you would find that we would be in the bottom
22 two-thirds of that stratification as to what is acceptable.
23 We have ways of removing metal and other
24 contaminants, but we can use extremely low quality and
25 still produce an excellent board fiber and an excellent

1 insulation fiber.

2 CHAIRMAN CHESBRO: Thank you. One thing I didn't

3 mention earlier and I should mention, we are going to go

4 through mixed residential paper this afternoon. I'll ask

5 the question more specifically in relation to mixed office

6 paper.

7 If we can try to focus the barriers as they apply

8 to that portion of the thing, we will focus on the

9 residential this afternoon.

10 I'll call on Mr. Weaver now to address the

11 barrier question.

12 MR. WEAVER: First, let me clarify the fact that

13 I will be speaking strictly of high grades. We are only in

14 high grades as it repeats type of papers.

15 To clarify, Mr. Chairman, when you introduced us,

16 we do not use any virgin fiber. We use entirely all

17 materials which have contraries and that cannot be used

18 directly by a paper mill. Anything other than that, first,

19 we can't afford it. Secondly, that's not our business.

20 We have been in the business for twenty-six

21 years. We have four plants in the United States. Up until

22 two years ago, save one small plant in Cincinnati, Ohio, we

23 were the only company in the United States that marketed

24 deinked pulp into the open market. We are not owned by a

25 virgin mill.

1 Since the requirement now for secondary fiber in
2 papers, there is at least eleven or twelve mills that are
3 coming on the line, independent mills, for the purposes of
4 marketing deinked pulp.
5 I might mention, Brian, in the report concerning
6 the future, there is the Howard Paper Company coming in
7 Arizona in a couple of years that will take a great deal of
8 waste.
9 MR. FORAN: Howard?
10 MR. WEAVER: Yes, Kingman, Arizona. They just
11 announce it.
12 They are household products, tissue.
13 You say the greatest barrier is expanding, and
14 I'd say the price of pulp. The usage of high grade waste
15 paper is directly related to the pulp price. You will find
16 that we have because of the fact that when pulp gets to a
17 point where it is today, companies can usually use pulp for
18 the same price that they can waste.
19 To overcome that, it's something that we cannot
20 overcome. As far as high grades are concerned, California
21 has to be an exporter. We do not have the mills in the
22 State of California to consume the potential of high grade
23 paper available.
24 We have the export market, which at present time
25 is very, very poor, and we also have the problem insofar as

1 our operation is concerned in which we do not have a dry
2 product. We have a 50 percent moisture product.
3 Therefore, any shipment any distance is costly.
4 It's a thing that in due time that we hope that
5 we could have a sufficient market that would be able to dry
6 and handle the export market. We do, when the pulp prices
7 are at the level, we do ship to the export market.
8 I might mention as far as deinking mills, we're a
9 deinking mill in California. Right now, for the market
10 conditions, we are running at 50 percent capacity. In
11 order for us to be able to consume the high grade waste
12 paper that we can, we have the ability to, we must have a
13 market. It's pure and simple.
14 We're running better than normal in conditions
15 such as this. It's a situation of market.
16 I guess we'll get into it later, but there are
17 some definitions that I would like to discuss.
18 Basically, those are my concerns.
19 CHAIRMAN CHESBRO: I would like to ask a
20 unknowledgeable layman's question.
21 When you say the price of pulp is a barrier, are
22 you referring to that if the price of virgin pulp is high,
23 then this is more competitive, but if the price of virgin
24 pulp goes down, or are you talking about the price --
25 MR. WEAVER: I'm talking about the price of pulp,

1 when it's high, the waste paper market grows dramatically.
2 You will find it's because of the fact of the
3 prices. It comes out of the woodwork. When the prices are
4 low, mills shift back to going to virgin products. They
5 like to use it.
6 Although, there are some advantages of using the
7 deinked pulp, there is no question about it. As far as
8 speeds are concerned, I might say this, that doesn't deter
9 use of secondary fibers. There are mills today in
10 California using 100 percent secondary fiber. That is not
11 a mill problem.
12 COMMITTEE MEMBER RELIS: It would be good to get
13 a bead on this Kingman, Fort Howard mill and get an idea
14 for our planning purposes in the staff response how big
15 that mill is and when it will be going to be on line.
16 MR. WEAVER: It's going to be very good size I
17 think you're going to find in consumption. Fort Howard
18 still takes a good deal out of California anyway.
19 It's going to be a real competitive situation.
20 MR. COTTER: They are talking about 500 tons a
21 day from the LA area. They hope they will not have to go
22 beyond Los Angeles for supply.
23 They will want something that they call an office
24 pack, the same thing that Halsey calls an office pack,
25 although they can use lower quality. But it's not mixed

1 waste paper, per se, as we know it today in the industry of
2 mixed waste paper. They want something a little higher
3 grade.
4 COMMITTEE MEMBER RELIS: It needs more sorting?
5 MR. COTTER: It needs more sorting or it needs to
6 be collected differently.
7 There are two ways to get quality. One is through
8 sorting, and one is through collection. You have to decide
9 based on where you're pulling your material which is better
10 to put your money into, collection or sorting.
11 It changes from location to location.
12 MR. WEAVER: I think Fort Howard, they probably
13 use a wider variety of waste paper than any other tissue
14 mill in the United States.
15 The reason they do that is the fact that they
16 have a wide variety of products. They are in industrial
17 paper products, so they have lower grades in which they can
18 put lower grades into, but they are good for the market as
19 far as variety is concerned.
20 CHAIRMAN CHESBRO: Mr. Weaver, does the increase
21 in demand for recycled printing and writing paper effect
22 the demand for your market pulp?
23 MR. WEAVER: Yes, it does.
24 The fact that we are running at the levels we are
25 at the present time is only because we are going into fine

1 papers. Prior to now, we were not. We were only tissue.
2 We developed our fiber to the point which it can
3 be called a paper pulp. We ship to Weyerhaeuser in
4 Washington and Vancouver and so forth.
5 CHAIRMAN CHESBRO: In order to make sure that we
6 best utilize our limited time frame, I'm going to pull some
7 of these questions together so we can get through this. It
8 was a good start and very useful.
9 The second and third questions relate to
10 barriers, how to overcome the barriers. We had one
11 question that was general, and one from the specific role
12 of the State, what kind of role can the State be to
13 overcome the barriers.
14 Again, let me move you towards office paper as
15 the issue here, primarily.
16 Mr. Cotter.
17 MR. COTTER: First of all, I wanted to make a
18 comment on something you asked earlier, Wesley, that is,
19 cities, it was relation, or maybe it was Paul, it was in
20 relation to the value of the product and value being too
21 low.
22 The number one thing that cities can do to combat
23 that is change their attitude. These materials are
24 commodities and traded in the commodity market like
25 anything else. A city locking itself into a twenty-year

1 contract at no value is lunacy.

2 Cities need to change the attitude and take some
3 risk. They're going to take some down-side risk but they
4 are also going to get up-side payoff. Cities changing
5 their attitude and their planning and how they are going to
6 deal with their products will have a big effect on the
7 market place, how the buyers of their product treat them.

8 If you say you have a bunch of horrible stuff
9 here, and will you take it off my hands if I pay you? The
10 people are going to say, yes, yes, yes.

11 If you change that and say I have a wonderful
12 product, I can make several different things out of it,
13 what will you pay me? That turns it around.

14 CHAIRMAN CHESBRO: Translating that into our
15 role, that could be part of the educational and technical
16 assistance role to help the communities understand that
17 they are in the market place now.

18 MR. COTTER: The cities have to decide to take
19 the market risk themselves, or have someone else take it
20 for them, but they should be willing to take some market
21 risks for future payoffs.

22 The number one barrier that I see for mixed waste
23 paper is the quality issue. Yes, a lot of very low quality
24 paper can go into insulation products, board products and
25 so on and so forth. To my mind, that's just a step above

1 burying it. You're burying it in houses. You're burying
2 it in construction. That's not to say that it's a bad
3 thing. That is just to say that's what you're doing.
4 If you want to keep this fiber continuing to
5 circulate through the system, the paper making system,
6 quality has to be the issue. If you produce a low quality
7 mixed waste paper and put that into a product, say
8 corrugate it to make medium, a higher value product; when
9 that corrugated ends its useful life in the market place,
10 it's back in the waste stream and it's no longer a high
11 quality corrugated. It's a low quality corrugated.
12 Those of us in the industry, and some of you may
13 be aware of what was, quote, "Japanese quality corrugated,"
14 which was basically the corrugated the Japanese were making
15 that they dumped in telephone sections and newsprint into,
16 they did not want that product back.
17 They were shipping it here, and they wanted it to
18 stay here. They wanted to buy good quality corrugated to
19 add in their process to make their low quality corrugated.
20 We are going to run into future problems if we
21 continue to dump very low grade product into the paper
22 making process. We're going to lower the quality of the
23 paper in the waste stream to go back in the paper making
24 process, then we may be locked into insulation or wall
25 board as the only product we can make from this.

1 Quality is something that should not be
2 overlooked. Quality can be attained through the collection
3 programs, changing the collection programs to assure the
4 quality is coming to collection or changing the sorting
5 system so that you have quality coming out of the other end
6 of the sorting system.
7 COMMITTEE MEMBER RELIS: As a barrier,
8 observation, quality is also a function of price.
9 There is a dual message that I think we're going
10 to have to get at in the staff analysis. Quality at what
11 price? Cities and municipalities will be asking us that.
12 It's true that you can generate more quality if
13 you have more to work with.
14 CHAIRMAN CHESBRO: It's sort of a chicken and egg
15 situation. One generates the other and vice versa.
16 It's hard to say how to get both going at the
17 same time.
18 MR. COTTER: In traditional business, quality was
19 driven by price, and it still is to some extent. But
20 municipalities entering this the business has changed the
21 rules to some extent.
22 That was my first comment, cities have to change
23 their attitude and say, I'm going to produce a product at a
24 certain level, and I'm going to sell it at $5 or I'm going
25 to sell it at $50. I am going to figure in my business

1 plan that kind of level of adjustment.

2 That is what people in the waste paper industry

3 have done for years. The waste industry in the past would

4 stop collecting something if it went below the value of

5 collecting it and processing it and selling it in the

6 market place.

7 Cities coming in and setting up collection

8 programs that they will not stop are going to have to take

9 the financial risk at selling some product at a low value

10 price, subsidizing until the market developments raise that

11 price up to a more sustainable level. Cities are going to

12 have to be willing to take that risk.

13 CHAIRMAN CHESBRO: Okay. Ms. Kinsella.

14 MS. KINSELLA: I have a lot of suggestions which

15 I will give you in written form. I am just going to choose

16 a few of them here.

17 Mr. Weaver said we could possibliy have a number

18 of deinking pulp mills here on the West Coast, except we do

19 not have the paper mills that will use that pulp. So, we

20 have a problem with being able to sell the pulp once we

21 make it from the waste stream we have.

22 We need to encourage the mills to locate here,

23 and we need to develop the marketd for the products that

24 they are going to be making so that they will be able to

25 sell.

1 I'm most concerned about, on the issue of office
2 paper, is high grade papers because it's still an enormous
3 potential development of a market that there is not very
4 much development in right now because not many high grade
5 mills are recycling at this time.
6 The suggestions that I have are directed at both
7 getting more mills here and also expanding the market for
8 recycled office paper.
9 We need to work hard. I know the Board is
10 working on this, to find a way to balance the
11 environmental, the permitting, the local impact and
12 economic factors for the mills that are already talking
13 about wanting to locate here.
14 There are at least a couple of newsprint mills,
15 and everyone all over the country is watching, not only in
16 paper but other industries as well, but particularly in
17 paper, whether these mills can get sited. If they can,
18 that sends the message that it's possible to locate in
19 California with its huge population and its huge fiber
20 source.
21 If they can't get located, that makes it more
22 problematic for us to develop a whole recycling system. We
23 need not to compromise the environmental issues as well.
24 In Brian's report, he talked about the minimum
25 content laws as one way to get the business sector into

1 supporting some of the markets. Even in addition to or
2 instead of minimum content laws, there is a lot that the
3 Board can do as far as workshops and public education for
4 the business community in California to get them more
5 interested in recycled paper.
6 What I'm finding in our Buy Recycled Campaign,
7 because we're beginning to do some work in workshops like
8 that, is that a lot of major businesses in California are
9 interested in buying recycled paper, but they still don't
10 know how to do it, they still have a lot of myths about it,
11 they don't know what paper is available, the need more
12 education and need more walking through the process.
13 That could help, the same way as some of the
14 local governments are going to the businesses in the
15 communities and saying you have to help us meet our 939
16 goals because we can't do it alone, the Board I think could
17 do educational workshops to get the business communities to
18 support the goals and needs of the State.
19 I think the suggestion that Brian had in the
20 report that he began to flush out about bringing together
21 the haulers, the packers, the community collection people
22 and the mills to talk about exactly who is going to decide
23 substantiate what materials are in the paper, how do you do
24 that, and what kind of economic support might be necessary
25 for either the mills or the packers for separating the

1 post-consumer and pre-consumer is really important, because
2 it's a sticking issue.
3 The mills are unclear how to prove that they have
4 post-consumer. Packers are having trouble separating them.
5 Some say they can. Why can some do it and some others not?
6 They need support in doing that, working out the systems.
7 Reiterating Dan's point, there is still a lot of
8 trouble with the unsorted and low quality of some of the
9 office paper for some of the high grade needs, such as high
10 grade paper. I think that some of the systems, especially
11 in local governments, are set up in ways that contaminate
12 the paper.
13 Especially if they are dumping garbage together
14 and then trying to sort it out. They are not going to get
15 a high rate of high quality paper sorted. A lot of it is
16 going to be contaminated. That is unnecessary.
17 In my own office, we source separate as well as
18 we can into white papers and coated papers and Fax papers
19 and newspapers, et cetera. Then our collector comes in and
20 dumps the whole thing together and hauls it off unsorted.
21 At the very minimum, I find that the people in
22 the offices are willing to sort to a large extent. Nobody
23 does it very well because they do not understand paper very
24 well, but they do it to a level that can be enhanced by the
25 people baling it and produce better bales.

1 The Board needs to speak to the issue of the
2 mills being concerned that they are going to end up
3 eventually being held hostage on their supplies by having
4 all of the collection systems consolidated into the hands
5 of just a couple of collectors.
6 Some of that can be addressed by promoting
7 strategies for multi-collection types of systems in
8 California. Some of the cities that are large enough are
9 dividing their areas into three or four different sectors,
10 and different collectors need to bid on each sector so that
11 one doesn't take it all, and they can keep competition for
12 independent recyclers and nonprofit recyclers.
13 Also, there is a problem in a lot of local
14 communities with the generators of business or somebody
15 being told that they have to sell or give their materials
16 to the collector that the local government has contracted
17 with, even if that collector doesn't recycle anything. They
18 are not allowed to sell or give it to somebody who is going
19 to recycle it to the entity of their choice.
20 There needs to be more looking at making sure
21 that the generators own the recyclables and have the right
22 to give them to whomever they want, and the local
23 governments have the right to direct the materials when
24 it's going to work for their economic development.
25 COMMITTEE MEMBER RELIS: Susan, the other day I

1 was talking to someone from a large bank in the Bay Area.
2 He indicated that there was a very effective effort
3 underway among some of the large industries in the Bay Area
4 to procure high grade paper.
5 Do we have that reflected in our reports, the
6 actual efforts by the corporate sector and some of these
7 very large consumers to increase their demand? I do not
8 have a feeling for that, but have we identified that?
9 I do not know how real that it is in terms of
10 actual demand. Are we seeing an increased demand
11 from the --
12 MS. KINSELLA: Brian mentioned it in one of the
13 points. There is a lot more that can be done there.
14 There are several major corporations that have
15 joined together in the Bay Area. They are asking for paper
16 that has at least ten percent post-consumer content in it.
17 It's paper that doesn't meet the State procurement
18 definition, but it does meet the State Environmental
19 Labeling law.
20 They just announced it in the past month or so.
21 They are asking other people to join them. It's got a lot
22 of potential. They are finding that there is even interest
23 from mills that have previously only been making virgin
24 paper, saying we are interested in looking at the
25 possibility of converting to be able to provide you paper

1 because we could provide it up to ten percent.

2 There is some question about if we set the level

3 only at ten percent. Are we cutting our throats later down

4 the line that we can't ever get higher than that level.

5 Their effort is really important. In the absence

6 of a national standard for recycled paper, they are trying

7 to at least create a big consistent market that can support

8 mills conversions.

9 COMMITTEE MEMBER RELIS: I was going to ask staff

10 if you could report back to us, do some more investigation,

11 talking -- I know Bank of America was one of these

12 companies, and if you talk to them and get us some sense of

13 what kind of demand they may be talking about.

14 MS. KINSELLA: On a national level, too, which

15 may eventually come back and effect us in California in a

16 positive way, too, the National Recycling Coalition is

17 putting together a Buy Recycled Campaign that is getting

18 businesses like Bank of America and others invovled in

19 setting, first of all detailing what they are already

20 buying, but then setting goals and becoming models for

21 other companies across the country for buying lots of

22 different kinds of recycled products, but paper is usually

23 first.

24 CHAIRMAN CHESBRO: Are they going to use the

25 RAC's definition?

1 MS. KINSELLA: I hope not. I'm arguing against
2 it.
3 CHAIRMAN CHESBRO: Mr. Munson.
4 MR. MUNSON: Simply, an economic incentive for
5 the end user of waste paper products from the construction
6 industry, create a demandful market for building material
7 that encompass a high percentage of waste paper.
8 I think that the State should look at reviving,
9 as it has in the past, an end-user tax incentive for
10 building material products that have a recycle content, and
11 you might want to model that after the current EPA
12 preferential procurement program for building materials
13 which sets minimum content specifications.
14 A tax incentive for builders and a tax incentive
15 for homeowners to make them more economically aware would
16 be a strong demandful marketing factor that would fast
17 track the development and serve as an incentive for
18 manufacturers to turn their attention.
19 Eventually you're going to have so many different
20 products manufactured from recycled and recovered waste
21 that it will create a demand, a competitive demand, instead
22 of a supply-driven set of economics you'll end up with a
23 demand-driven set of economics that will pay off in the
24 long run for communities that have the materials.
25 It's a developmental evolutionary process.

1 CHAIRMAN CHESBRO: Thank you very much.

2 Mr. Weaver.

3 MR. WEAVER: A couple of points. I encourage the

4 Board to encourage any municipality or county or so on and

5 so forth to be in contact with the waste dealers relative

6 of the definition of when you accumulate office waste.

7 I have the County of Orange and their recycling,

8 and they have good and so on, which does not include

9 anything that has white, bond computer printout, and

10 doesn't speak anything about laser, which should be

11 included as not merely white paper but white paper without

12 laser.

13 Then when it comes to bad, it has colored paper

14 and envelopes. In the deinking business, colored paper of a

15 pastel is a better grade than white paper insofar as the

16 quality of the finished product.

17 Envelopes, there isn't any problems with

18 envelopes. We use millions of pounds of envelopes, window

19 envelopes yet.

20 I think that there should be, and we have had

21 people through our plant from some of the counties, San

22 Bernardino and Riverside, and when I brought up the fact,

23 why don't you talk to a waste dealer, oh, no, no, we can do

24 it ourselves.

25 We should encourage people who want to do a job

1 on this to get together with the waste dealers. They have
2 been in the business for years. They know what we can use.
3 They know what other people can use. It would be a step in
4 the right direction.
5 One other area that is encouraging in the respect
6 of production of paper, these companies who are asking for
7 recycled, and down on the bottom line it says it's
8 recycled. A person picks it up and looks at it and, boy,
9 it's just as white as can be, and they say, how do you know
10 it's recycled?
11 There are some companies now that are coming out
12 with a grade that actually has dirt in it. I don't think
13 it's a bad idea. The dirt shows the fact that it's
14 recycled.
15 You know the old story about the Bank of America
16 report. They threw the first production away because it
17 was too clean, but it was 100 percent recycled products.
18 CHAIRMAN CHESBRO: They don't think it's recycled
19 because it's too white?
20 MR. WEAVER: Right.
21 You're going to see a movement now, you're going
22 to see paper which is not as bright and has flakes of dirt
23 to say that it's recycled.
24 We hope that it goes in that direction because it
25 makes our job easier. That's one area where we might be

1 able to go.

2 As I said before, we are exporters of high

3 grades, and we are looking for a possibility of getting

4 into a drying process to be able to deliver in the various

5 areas.

6 It was said some years ago that people in the

7 tissue business could not survive without using waste

8 paper. The reason that they couldn't survive was because it

9 was economical.

10 Today most tissue paper has a certain amount of

11 waste, if not 100 percent, except for one company, PAG

12 doesn't use any recycled fiber. It's been economic.

13 The market place, as I say, as far as pulp prices

14 are concerned, and we look to the future of one of being

15 good because of the fact of these requirements, these

16 people being interested in having a certain percentage of

17 recycled paper, that has made a big differences insofar as

18 the consumption.

19 CHAIRMAN CHESBRO: Okay. Thank you.

20 The next question that go to, some of you have

21 already begun to address, and you do not have to repeat

22 yourself if you don't want to.

23 Mr. Cotter, what product sector, boxboard,

24 construction materials, whatever, do you think represents

25 the greatest potential market for mixed office paper?

1 Where should we focus our attention as far as
2 targetting marketing efforts?
3 MR. COTTER: I would say with the insulation
4 products and construction material products for mixed waste
5 paper, both residential and commercial, probably has the
6 most new market potential.
7 Again, I go back to what I said before,
8 increasing the utilization of newsprint, corrugated and old
9 magazines in the production of other grades of paper;
10 however, we have the minimum content of newsprint that is
11 going to drive the newsprint market. I don't know if
12 anything needs to be done in the corrugated market.
13 There may be some other products made out of
14 newsprint -- I mean out of old newspapers other than
15 newsprint, but driving those prices up is going to drive
16 the conversion to mixed waste paper.
17 The other thing is that mills want not only
18 quality product but they want quantity. They want to know
19 that it's going to be there. Anything that the State can do
20 to develop that within the programs that are going to come
21 on line in California or expansion of the existing programs
22 in California will be helpful.
23 People who are interested in buying waste paper
24 want to know that it is going to be there and going to be
25 good quality. Part of that is again going back to the

1 education of the people in the cities who are going to be
2 dealing with it.
3 As Art said, get them together with the waste
4 paper dealers and buyers, do some training of these people
5 so they can talk the same language. It's awful tough for a
6 mill buyer to call some city and say, I'm looking for 500
7 tons a day of newsprint, and the person on the other end
8 says, what is that?
9 That makes it difficult.
10 CHAIRMAN CHESBRO: So I understand it clearly,
11 what you're getting at with regard to newsprint and
12 cardboard, you're saying that if we create higher grade
13 uses for newsprint and cardboard, such as making more
14 newsprint and more cardboard, if we focus our attention on
15 those things, we create a secondary benefit in the mixed
16 waste paper market because there will be less newsprint and
17 cardboard available for uses that could be using mixed
18 waste paper, and those industries will then convert to
19 lower grade or mixed waste paper feedstock?
20 MR. COTTER: Exactly.
21 On the other side of that, there could be some
22 possibility of some technical assistance, R and D work, for
23 users of newsprint or corrugated now in producing a product
24 that could use mixed waste paper.
25 I'm going to bring up Fort Howard again, in

1 talking with one of their buyers, they are experimenting
2 with the utilization of very low grade waste paper to
3 produce tissue. The contaminants they have to overcome, if
4 you will, is unbleached kraft fiber.
5 They are working on methods to deal with that.
6 Any kind of technical assistance, R and D assistance, to
7 figure out ways to utilize the fiber in the mixed waste
8 paper for more than just filler would help that market as
9 well.
10 CHAIRMAN CHESBRO: Thank you. I'm going to
11 interrupt to introduce some special guests.
12 Mr. Jan-Erik Meijer, he is here on behalf of the
13 the Swedish Association of Solid Waste Management. Mr.
14 Meijer is the Chief Executive Officer at the Swedish MPA
15 Solid Waste and Recycling. We are pleased to have Mr.
16 Meijer with us today and tomorrow. He is here to talk to
17 our staff and gather information for his upcoming report on
18 landfilling in the United States.
19 Additionally, his visit provides us and our staff
20 an opportunity to find out more about what Sweden is doing
21 in various areas of solid waste management.
22 He is accompanied by Marcela Petkov, the
23 Assistant Attache for Technology with the Swedish Attache's
24 Office in Los Angeles. I understand that Ms. Petkov has
25 also been quite involved in learning about California's

1 waste management programs in recent months.

2 So, please join me in welcoming both of our

3 guests from Sweden.

4 Just to let you know what our topic is today, we

5 are very much involved in California, as I am sure you have

6 found out already, in waste diversion from landfilling to

7 try to turn as many materials into resources for our

8 industry as possible.

9 We discovered the hard way that simply collecting

10 the materials for recycling does not constitute recycling.

11 We have to develop industrial uses for these materials and

12 demand for the products that are made from them.

13 We are conducting a series of workshops on

14 various specific materials. Today we're conducting

15 workshops on mixed waste paper from offices and residential

16 sources. That's our topic.

17 Again, welcome. I hope you enjoy your stay and

18 are able to exchange information in a productive way.

19 With that, we'll go back to the program and ask

20 Ms. Kinsella to respond with regards to questions of

21 product sectors that offer the best opportunity for us to

22 find markets.

23 MS. KINSELLA: I talked before about high grade

24 papers having very little post-consumer market, very little

25 recycled content at all in them.

1 Franklin Associates rates it at no more than four
2 percent, and that may be high. We have been talking about
3 high grades paper forever. This should be already
4 developed, but it's definitely not. That's a huge area.
5 There are 25 million tons of high grade paper
6 produced each year. If it was ten percent, or even up to
7 the 25 percent that James River is putting into a very fine
8 paper that has very high tolerances, that could take a lot
9 of the post-consumer content as well as the pre-consumer.
10 The other area that could still develop more is
11 tissue and toweling. As it enters the minimum content
12 legislation, it's worth looking at requiring that all of
13 the tissue and toweling in California have some
14 post-consumer content in it.
15 Those were the two that I focused on.
16 CHAIRMAN CHESBRO: I think we have clearly heard
17 from Mr. Munson what he feels on the area.
18 Do you have anything to add?
19 MR. MUNSON: I have responded, thank you.
20 CHAIRMAN CHESBRO: Okay. Mr. Weaver.
21 MR. WEAVER: Let's get to the definition of
22 post-consumer, if I may. I wouldn't go home until I have
23 had the opportunity to say something about it.
24 First, I think it's ridiculous that we call CPO
25 post-consumer. CPO is the same as any direct entry there

1 is. It is the same as Susan talks about putting the
2 material that they have in the plant.
3 There is no pretreatment to it. It seems to me
4 that we must call post-consumer, or whatever you want to
5 call it, that material which first needs to be treated by
6 something other than the paper mill, or it will go to the
7 landfill. Anything which is poly-coated, for example, we
8 are the only one's in the Pacific coast, except for Halsey,
9 I think they can use a limited amount, that can use
10 poly-coated grades. We started our business by taking it
11 out of the landfill.
12 I think the important thing is the fact that we
13 have to call that, those grades in which we want to make a
14 certain percentage in paper, those grades which potentially
15 can go to the landfill if there was no investment by
16 someone in order to treat it.
17 CPO is not a deinking grade, because it's not
18 deinked. CPO should not be called post-consumer because
19 it's the same as any direct entry there is.
20 If you had a better definition and a higher
21 percentage, that you find a greater utilization. Office
22 waste, if it comes to the point that you can accumulate it
23 economically, you'll find a user.
24 We have used a good deal of it. At the present
25 time we do not because of the market price. I made remarks

about the new grades of paper. Those areas will give additional markets.

CHAIRMAN CHESBRO: We have wandered into the definitional area. Do you want to add anything to that before we go on to the next question?

MS. KINSELLA: I think there is -- that post-consumer is the material that comes from a different type of collection system and it is the hardest for the mills at this point to integrate because it's such a wide array of materials with different contaminants, which I think this is the next question.

At the same time, there are catagories, as Art is talking about, that may have gotten to the final user, do have some serious problems of being to recycle that we need to be looking at as a special category in some way, too.

CHAIRMAN CHESBRO: Okay. Thank you.

The next question, Mr. Cotter, in your experience with using mixed office waste paper, what have been the most severe and common quality problems with that?

MR. COTTER: The biggest problems for the mills with mixed waste paper is what is called the out-throws, the material that they cannot use at all, cans, bottles, plastic bags, typewriters, typewriter ribbons, Xerox machines, whatever gets dumped into the commercial waste stream, and those things literally show up in bales that

1 show up at mills.

2 That's probably their major barrier is that they

3 are not sure what they are going to get.

4 CHAIRMAN CHESBRO: Okay.

5 I presume that the kind of education of

6 municipalities and collectors that we talked about earlier

7 would be viewed as the best way to address that, making

8 sure that the collection system somehow tries to prevent or

9 source separate out the material?

10 MR. COTTER: The other thing, too, is to educate

11 them as to what the uses are, and what may happen in the

12 future.

13 Fort Howard does locate in the next few years,

14 and they start really pulling a lot of tonnage, what they

15 call office pack, out of the commercial waste stream, and

16 the traditional users of that commercial waste paper are

17 going to have to look at residential waste paper.

18 What are the things in residential waste paper

19 that causes major problems? As a quick example, there is

20 commercial mixed waste paper used in the production of

21 medium, in corrugated.

22 CHAIRMAN CHESBRO: In production of what?

23 MR. COTTER: In medium. The fluted material in

24 between in a corrugated box.

25 Their biggest problem with residential mixed

1 waste paper is magazines, coated stock. They don't want to
2 deal with all that clay.
3 What can a city do? Certainly sorting seems to
4 be the only economic method other than trying to get people
5 to keep magazines separate, but you have a huge collection
6 costs. Just letting them know if there is going to be
7 increased demand for residential waste paper in certain
8 categories, what do you need do with the mixed waste
9 paper.
10 Cities may choose to do that ahead of time, sell
11 their residential mixed waste paper into the traditional
12 commercial mixed waste paper market by doing some kind of
13 sorting to the residential waste.
14 CHAIRMAN CHESBRO: Okay.
15 Ms. Kinsella.
16 MS. KINSELLA: Some of the problems coming from
17 using mixed office waste, first of all there is a wide
18 variety of paper in there that looks the same. People
19 think that paper is paper.
20 There is a lot of groundwood in some of the
21 office paper, and bringing groundwood into the system is a
22 problem.
23 CHAIRMAN CHESBRO: I laugh because our recycling
24 coordinator for our floor, who happens to be my secretary,
25 has had to continually re-educate me, especially those of

1 us wanting to recycle everything. It's white, why can't it
2 go with the white paper?
3 You sort of touched on something that is close to
4 home.
5 MS. KINSELLA: That shows that it's a problem for
6 everybody.
7 Each different type of paper needs to be
8 processed differently. When the mill gets this incredibly
9 wide array of materials in, and dumps it into their pulper
10 and it goes to the front of the paper machine, somehow this
11 whole process keeps running through, and they need to end
12 up with a product at the end that is the same quality
13 consistency as if they had a homogeneous batch that they
14 could have put in at the beginning. It's very challenging.
15 In a lot of cases they need to learn new
16 processes and need much more state-of-the-art equipment.
17 There are a number of mills that have deinking, but it's
18 not state-of-the-art. So, they are having a lot of trouble
19 with things like laser print, labels, particularly the
20 direct-mail type labels, plastic windows, even some dyes
21 and printing processes such as varnishes.
22 I think it could be worth looking at legislating
23 that types of material like that thta contaminate the
24 recycling stream should not be used in order to keep that
25 out and keep the stream clear for the mills to take care

1 of.

2 Those are the major problems that I see

3 happening.

4 CHAIRMAN CHESBRO: Okay.

5 Mr. Munson, contaminants.

6 MR. MUNSON: Magazines, clay coated materials,

7 are our primary contaminant.

8 We are limited to fifteen to twenty percent.

9 Those clay-coated materials do not accommodate fire

10 retardants into the soft fibers.

11 CHAIRMAN CHESBRO: Isn't that primarily

12 residential contamination problem?

13 MR. MUNSON: No.

14 Office contamination. Magazines, binder papers,

15 entire binders, metal binders. Metal we can handle.

16 Plastics are a problem. The thin filmed plastics, but the

17 most significant contaminant is clay coated.

18 COMMITTEE MEMBER RELIS: The new system wants the

19 clay-coat, but you don't?

20 MR. MUNSON: That's correct.

21 CHAIRMAN CHESBRO: I would think that magazines

22 in terms of sorting would be a much more pragmatic thing to

23 get a handle on than different grades of white paper.

24 Cardboard mixed with white office paper is

25 probably more a difficult problem than the magazines.

1 MR. MUNSON: The commercial community is a large
2 user of magazine subscriptions, and they end up in the
3 waste basket and end up in our resource recovery program.
4 MS. KINSELLA: Not only magazines but the slick
5 paper. Half of the printing paper is clay-coated slick
6 paper, and some of that is groundwood-based and some of it
7 is not. You really can't tell the difference in most
8 cases.
9 It's in the office collection as well.
10 CHAIRMAN CHESBRO: Okay.
11 Mr. Weaver.
12 MR. WEAVER: I just hope down the road, as far as
13 magazines are concerned, if the mills, the two mills that
14 are talking about in so far as newsprint come to
15 California, the new system for news is a flotation system
16 that requires some twenty to thirty percent clay coated for
17 flotation purposes. We are involved in one in New York at
18 the present time, and it's a good step.
19 As far as contaminants, we have been through
20 them. Stickies is probably the greatest. At one time I
21 thought that as far as recycling of paper that stickies in
22 high grades was going to be eliminated.
23 I don't want to pick on Brian here, but let me
24 just say this, you were talking about somebody getting
25 together between the mills and recyclers.

1 We don't need you to get between us. We have done
2 this for years. We will work with our customer.
3 We want you to make a market for us. You make a
4 market for us, and we will produce it. The problems we
5 have, we will work on our problems.
6 As far as stickies are concerned, I would like to
7 have a dollar for every trial we had on stickies and the
8 determination of where stickies come from. No one really
9 knows, coatings and so forth.
10 The biggest problem we had was the fact that we
11 could not identify it.
12 COMMITTEE MEMBER RELIS: What is a sticky?
13 MR. WEAVER: Pardon me. Let me explain. A sticky
14 is a sticky material. When it goes to a paper machine, it
15 coats the wires. The wires on the paper the machine, as it
16 goes through it drains, it put sticky on that or on the
17 belt.
18 CHAIRMAN CHESBRO: Is that labels?
19 MR. WEAVER: Various types of adhesives, labels
20 and so forth.
21 Take a piece of toilet paper, a two-ply toilet
22 paper, spread it and look at it. It looks like lace
23 curtains because of the amount of stickies that go into it.
24 That's what happens.
25 It creates holes. Then they go for a certain

1 period of time and then all of a sudden they have to clean
2 it up. It really was a rough one.
3 We have finally, after all these years, come to a
4 test, we can test for stickies. We know the quantity
5 within our product.
6 Furthermore, there has been equipment developed
7 in the last few years. We have not eliminated it, but we
8 are able to control them to the point that fine paper mills
9 can use a greater portion of waste and deinked pulp than
10 before.
11 If it had not been for this development so far as
12 stickies, we would not be able to use the quantity that
13 they are using now in fine papers. As far as we are
14 concerned, plastics, metals, paper clips, et cetera, are no
15 problem.
16 We can use any of those. When you talk about
17 office waste, the files, that is not a problem for us. We
18 can handle that.
19 The only other item now is that there is not a
20 system that I know of that will take care of laser print.
21 Laser burns the fiber. We do not have the equipment to
22 tell the different between a white fiber and a brown or
23 black fiber.
24 There are some systems they are working on. I do
25 not know any that are sure of eliminating that as a

1 contaminant.

2 Otherwise, I think the industry itself and the

3 manufacturers of equipment have made some tremendous

4 strides in the last ten years relative to equipment in

5 developing equipment for a usable waste paper.

6 MR. FORAN: I would like to respond to your

7 comment there, Art. My recommendation in the report did

8 include facilitating communication between mills and the

9 generators of the waste paper.

10 However, my main point there wasn't so much

11 between those two parties as it was between the end users

12 and as I put it the producers of the recycling

13 contaminants, such as the self-adhesive label manufacturers

14 and the manufacturers of the envelopes that use plastic

15 windows.

16 Seems to me, first of all, I have not seen any

17 discussion out there between the generators and the end

18 users of the products with the contaminants. There is

19 obviously a communication gap.

20 First, you have to educate the generators of the

21 contaminants. I strongly believe that there are

22 manufacturers of pressure sensitive labels that are not

23 aware that their product is a recycling problem. Even if

24 they are aware of it, it may not be their priority.

25 It's our priority, so it falls on us at the State

1 to fill the communication gap. Susan suggested legislating
2 against certain types of contaminants. This has been done
3 for glass containers where the legislated against ceramic
4 tops. It was a very clean fix to that problem.
5 I do not recommend in the report to legislate
6 against such contaminants before we educate. I say we
7 educate before legislate.
8 Give them a chance to know of the problem. If
9 they do not respond, then it maybe appropriate for the
10 State to persue legislation that prohibits certain types of
11 recycled products.
12 CHAIRMAN CHESBRO: I hate to be the bad boy but
13 sometimes proposing legislation is a real good technique of
14 education.
15 MR. WEAVER: If a person who has a glue or
16 adhesive that is not susceptible and is not good, the waste
17 dealer who picks up the waste is going to tell them about
18 it. Don't worry. They know about it.
19 There have been seminars on it.
20 CHAIRMAN CHESBRO: The producer of the material,
21 I, as an Office Manager of a corporation, may have a great
22 difficulty finding, or it's not that high a priority to me,
23 unless it creates a big obstacle to my recycling, to change
24 manufacturers to find a product that doesn't cause you the
25 problem.

1 The producers of the labels and envelopes going
2 further up --
3 MR. WEAVER: They have waste. Converting
4 operations have waste, so they have to sell it to someone.
5 The person picking that up is going to tell them about it.
6 Anyone who prints, you have 10, 15, 20 percent waste.
7 They know about it. Their argument is that
8 production and so on and so forth.
9 CHAIRMAN CHESBRO: It's question that we need to
10 address.
11 MR. WEAVER: The industry is aware of
12 communications. We live by communications.
13 CHAIRMAN CHESBRO: Aside from the question of how
14 the education or communication takes place, the question of
15 trying to reduce or eliminate those particular contaminants
16 from the waste paper stream is a very important one to
17 examine in our strategy and decide what the best method of
18 resolving it is, whether it's education, legislation,
19 communication, whatever it is, some method to try to
20 address that.
21 The final question we have listed has to do with
22 definitions, which also has been touched on earlier. Brian
23 gave me the Institute of Scrap Recycling Industries, which
24 I am sure each of our panelists is familiar with, but those
25 of us not professionals in this area may not be familiar

1 with. So, I'll quickly refer to them.

2 Mixed paper consists of a mixture of various

3 qualities of paper not limited as to the type of packaging

4 or fiber content. Prohibited materials may not exceed two

5 percent and total outthrows may not exceed ten percent.

6 Okay. The super mixed paper definition is baled,

7 cleaned, sorted mixture of various qualities of papers

8 containing less than ten percent of groundwood stock,

9 coated or uncoated, and prohibited materials may not exceed

10 one-half of one percent, with total outthrows not exceeding

11 three percent.

12 The question is, do the standard industry

13 definitions of mixed paper -- or do you think they are

14 adequate, or would you like to see further refinements of

15 these definitions?

16 Mr. Cotter.

17 MR. COTTER: Mixed waste paper definitions are

18 probably the most problemmatic of the definitions that you

19 have as far as trying to stick to that definition and find

20 a market that is also sticking to that definition.

21 What is super mixed versus mixed paper versus

22 this new office pack? A lot of that is just who is selling

23 it.

24 Having been in the brokering business before, I

25 have dealt with a lot of people that never produce mixed

1 waste paper, only number two colored ledger.

2 Super mix, mixed waste paper becomes super mix

3 when the price goes up. Also, the mixed waste paper

4 disappears and it's all super mix, and I guess super mix

5 becomes super, super mix.

6 The way that most paper is sold is through a

7 direct relationship with the seller and the buyer. Many

8 buyers have different needs and different definitions.

9 Some buyers will buy four or five different

10 grades of mixed waste paper all based on the price,

11 availability, quantity and so on and so forth.

12 So, for the Board to spend time trying tie down a

13 definition of mixed waste paper is probably a waste of

14 time. We have definitions already. Those are guidelines.

15 People selling the paper will negotiate their own

16 terms when it comes down to selling their product. That

17 also ties back to whatever their collection and processing

18 systems are.

19 Many times when I sold paper, I would take a

20 lower price for a product because I would save on

21 collection and processing. I think that is something that

22 is going to be negotiated in the market place.

23 Creating definitions, or better definitions, if

24 you will, does not necessarily increase the market.

25 COMMITTEE MEMBER RELIS: In that regard, would

1 you say that our efforts would be better spent defining the
2 end user so that at least that correlation is clear? What
3 is the need of the end user?
4 MR. COTTER: Yes. To some extent, yes.
5 What could an end user use?
6 It doesn't necessarily mean that they are going
7 to use those products. Somebody making wall board could use
8 various grades of mixed waste paper but may only be buying
9 newsprint, corrugated today.
10 So, to some extent educating people to what types
11 of material can be used to create or to produce various
12 grades of finished product may be helpful.
13 The broker in the business makes his living by
14 knowing who buys certain grades. Sometimes production
15 processes change. Somebody who is making a certain type of
16 paper wants one grade, and then they switch over, advance
17 knowledge of when those switches are occurring and bringing
18 in paper that they do not normally use in the mill is a
19 competitive advantage to the brokers.
20 Letting people know that those are possibilities,
21 giving them the opportunity to go directly to this market
22 place and try to get them to buy their product as opposed
23 to somebody else's.
24 It's not going to expand the market, but it gives
25 people the opportunity to work on the market place.

1 CHAIRMAN CHESBRO: Okay.

2 MS. KINSELLA: California has laws that define
3 recycled paper for procurement and for selling to the
4 public, and they require post-consumer content, which I
5 think they should, but those catagories are not consistent
6 with Paper Stock Institute categories.

7 Even though PSI has some that they call
8 post-consumer, they are not truly post-consumer. They mix
9 in pre-consumer and post-consumer. This leads to
10 difficulties for the mills and the packers to be able to
11 comply with California's law and laws of a lot of other
12 areas that require post-consumer.

13 It's really hard for them to substantiate, do
14 they really have post-consumer. The mills are saying, how
15 can we be sure? We are not the one's collecting it. It is
16 basically a kind of geographical question, where did you
17 get this stuff?

18 There are a number of mills, and I believe that
19 James River is one of them, and also Cross Point Mill in
20 Ohio, and a number of others that are tracking their bales
21 because they want to know, is this post-consumer, and who
22 is it from, because they keep records of what materials go
23 into each batch of paper, and if they have a problem with
24 that batch, they need to follow it back anyway.

25 There are a lot of mills that are saying they are

1 still having problems being able to tell, and they feel
2 that it shouldn't be them that has to substantiate it.
3 The collectors, the packers, the haulers,
4 whoever, who are the one's that actually go to the
5 different offices or print shops to collect it are saying
6 they are having trouble keeping it separate, and they are
7 collecting by the PSI guidelines, for catagories that don't
8 translate into information that helps substantiate the
9 lot.
10 There is a major problem there that the PSI
11 catagories need to be clarified. There have been people
12 talking to PSI for the last two of three years about
13 cleaning that up. Right now, there is a group at ASTM
14 that's trying to work on it. It's not clear if it's going
15 to be clarified or not.
16 A couple of the other definitions that I think
17 need to be clarified more, California measures its contents
18 by total weight of the paper. A lot of paper industry
19 measures by fiber weight of the paper. There can be some
20 significant differences there.
21 I think that some of the paper that California
22 gets doesn't actually comply with California's requirement
23 that would be by total weight of the paper, and that needs
24 to be clarified to the people selling the paper.
25 Also, California has a definition in the

1 procurement guidelines for the State that says that not
2 only is it supposed to have post-consumer content, it also
3 needs to have secondary content. The definition for
4 secondary traditionally in California law has been that
5 it's post-mill, everything after the mill.
6 The term secondary is one that is out of date
7 now. ASTM is changing, it is trying to clarify what are
8 some of the different kinds of catagories. It's important
9 that California stick to its post-mill definition, but we
10 may need to look at clarifying it and tying it in better
11 with some of the terms that being used currently.
12 Secondary is now a confusing term.
13 CHAIRMAN CHESBRO: Okay. Thank you.
14 Mr. Munson.
15 MR. MUNSON: We pretty much use post production
16 as well as post-consumer. We're so broad in our capability
17 that we have no comments.
18 CHAIRMAN CHESBRO: It's less critical in your
19 product line.
20 Thank you.
21 Mr. Weaver.
22 MR. WEAVER: We look at it. If we can use it, we
23 use it.
24 As far as a classification, that comes to price.
25 CHAIRMAN CHESBRO: Well, it seems to me this has

1 implications for the collectors in terms of flexibility.
2 For the municipality or whoever is representing them to be
3 able to go out in the market place and do what Mr. Cotter
4 suggested, to drive a bargain for the best product, or if
5 the cost of higher quality gets too high relative to the
6 price that you get for the material, being able to shift.
7 It really comes back to collection systems and
8 building systems that are quality sensitive and flexible
9 enough to respond to a variety of possible demands that can
10 be put upon them as sellers.
11 MR. COTTER: The new MRF, the dirty MRF or mixed
12 garbage MRF or whatever is going to be a big barrier to
13 producing various quality type products.
14 If you mix together compatible recyclables, they
15 can be sorted out. But if you mix together noncompatible
16 with compatible things, especially if those noncompatible
17 materials can soak into fibers for paper or get mixed in,
18 shards of glass mixed with aluminum cans or plastic
19 bottles, those are the issues that you cannot solve if your
20 collection program is set up to combine those things in the
21 first place.
22 Flexibility in systems means that you have to do
23 some sort of separation before it's collected.
24 CHAIRMAN CHESBRO: Those definitions can be
25 changeable, and the flexibility issue is what I'm getting

at.

MR. COTTER: The person who is marketing the material makes their money by stretching the definitions, if you will, or changing the definitions, or just going out and creating new one's.

The various levels of mixed waste paper and the different definitions of mixed waste paper is just marketing ploys by brokers or sellers.

CHAIRMAN CHESBRO: Likewise, the industry depending on how much they have available and prices also would, at different times their demands in terms of quality change depending on what the supply of material that they have available, what they think they can get away with in terms of asking for a higher -- it's both sides of the street that it can change?

MR. COTTER: That is absolutely right.

CHAIRMAN CHESBRO: Thank you.

MR. WEAVER: Excuse me. I think I hurried in my response.

To go on what Susan was saying, we all keep track and rely on the waste dealer to tell us the post-consumer and pre-consumer. We all keep track of that for our own purposes.

It also reflects when you talk about definitions and need for municipalities and counties and so on to deal

1 with waste dealers who do know what each mill can use,
2 irrespective of what the definition might be.
3 CHAIRMAN CHESBRO: I did not get any speaker
4 slips, but I know that there are some very knowledgeable
5 and interested people here.
6 Our intent in inviting some speakers was not to
7 preclude some others. We do have some time left, and let me
8 ask if there are folks who would like to address any of the
9 questions we have addressed add anything?
10 Come up here.
11 MR. MCGOWAN: I'm Bill McGowan, with the Sutta
12 Company. We run a fair size recycling center down in
13 Oakland, and we also service the State of California,
14 particularly the Office of State Printing, which due to the
15 budget crisis is not generating enough waste. So, I want
16 to pass that on to you so maybe somebody in the Capitol can
17 get something going with the budget.
18 CHAIRMAN CHESBRO: That's really what the
19 Governor and Legislative Leadership is up to.
20 COMMITTEE MEMBER RELIS: That will be the closer
21 on the budget.
22 MR. MCGOWAN: I think a good analogy for what
23 we're doing here can be drawn from the energy crisis of the
24 1970's, when American automobile executives were trying to
25 figure out how to sell something that the American public

1 wanted something less of, something kind of like mixed
2 waste paper. It was unwanted and in great supply.
3 That was the gas guzzling automobile. Today we
4 face the problem of how to move our excess mixed waste
5 paper.
6 After six years in the industry, I recommend that
7 the Waste Board take a good long look at the means by which
8 it can reduce the amount of mixed waste paper generated
9 before it looks at the ways that it can spur demand.
10 In the report you highlight how demand for the
11 higher grades of mixed waste paper have remained
12 consistent, and in spite of an aberration om demand caused
13 by this recession, demand for the high grade materials have
14 consistently grown over the last decade. This is
15 particularly borne out if you look at the numbers of high
16 grades exported from California.
17 High grades are the antithesis of the mixed waste
18 paper commodity that you're trying to spur demand for. It's
19 of consistent quality. It is in less supply than your
20 mixed waste paper. It has retained a good portion of its
21 value, its pre-AB 939 value. Though, I would say for the
22 waste paper dealers, it's not as high as we would all like
23 it.
24 I would suggest the best means of preventing a
25 glut in mixed waste paper is to prevent the creation of so

1 much stuff in the first place. I think this can be
2 accomplished in two ways that the Board can have direct
3 impacts on.
4 One, you should encourage the development of
5 source separation programs for the commercial-industrial
6 sector and for the residential sector. For the first goal
7 of AB 939 hierarchy is source reduction.
8 I think by encouraging the sources of mixed waste
9 paper, and California has a history of user fees, I think
10 if you mandate source reduction at the
11 commercial-industrial sector, particularly, I think you
12 could alleviate a large portion of the problem.
13 CHAIRMAN CHESBRO: When you say "source
14 reduction" are you talking about simply using less paper,
15 or are you talking about trying to move toward paper that
16 is, in fact, easily identifiable as high grades and more
17 usable and more marketable?
18 MR. MCGOWAN: What I envision there is source
19 reduction of mixed waste paper, and the increase of, what I
20 guess Dan or anybody would call, an office pack, where we
21 can encourage large corporations, like PG&E, Pacific Bell,
22 any large employer, to mandate a source reduction program
23 within the office complex, where you have your white paper
24 and your magazines, perhaps, separated by the employees of
25 the industry.

1 We are generating less of the low grade junk and
2 more of the high grade office pack. I think this is also
3 consistent with Board Member Relis's emphasis that we
4 should increase the value of the material that we're going
5 to be exporting.
6 CHAIRMAN CHESBRO: It's not the source reduction
7 that says "do not use." It's something specific that says
8 produce this rather than that.
9 MR. MCGOWAN: Right.
10 Which I firmly believe is, the industry in
11 California is able to do. It has not gotten the word yet.
12 The second thing that the Waste Board can do is
13 discourage the development of programs, which by design
14 generate even more mixed waste. Dan talked about the dirty
15 MRF.
16 I do believe that California cities have an over
17 reliance on MRF's. I have yet seen a MRF consistently
18 generate a high grade, consumable, mixed waste paper that
19 can be accepted by mills at all times.
20 My perception of what is going on out there is
21 that the cities have turned to the Waste Board and said, we
22 cannot develop the demand, you as the State must. By
23 holding this workshop, the Waste Board has accepted that
24 mantel.
25 It's a quid pro quo situation where the Waste

1 Board in accepting the responsibility for developing
2 markets must turn back to cities and say, okay, you cannot
3 go out and destroy markets by continually bringing these
4 dirty MRF's on line, while at the same time you're trying
5 to create more markets for mixed waste paper.
6 I have a couple of observations. I think you
7 should put the onus on the generator of the mixed waste
8 paper. I think tax incentives for source reduction
9 programs should be encouraged.
10 Finally, I think Ms. Kinsella's point about how
11 the State versus how the industry defines recycled content
12 is an excellent example of a lack of communication between
13 the regulated community and the regulators. Now we are
14 faced with the problem that we have to go back and redefine
15 what recycled content is.
16 I would argue that greater conversations between
17 the two parties prior to drafting regulations would have
18 precluded the need to go back again.
19 Thanks a lot. Any questions?
20 CHAIRMAN CHESBRO: Thank you.
21 MR. STRICKMAN: Al Strickman, California Waste
22 Papers Dealers Association.
23 I would like to comment on Susan's talk about
24 post-consumer. This is a long-standing argument between
25 us.

1 I question the need for post-consumer at all
2 frankly, in all of the deliberations and all of the
3 definitions. From a Waste Paper Dealer standpoint, we are
4 desparately trying to achieve some sort of post-consumer
5 answer, and it's very foreign to us and it is actually
6 impeding the collection and processing of waste paper.
7 Especially, in the mixed waste, which we are
8 talking about this morning, I do not see any use for the
9 statement "post-consumer" to be concerned with mixed waste
10 at all.
11 All mixed waste is post-consumer by definition.
12 It's certainly gone through its end product. I can't
13 imagine a circumstance for mixed waste being pre-consumer.
14 However, the only reason to use post-consumer in
15 any aspect at all is in the high grade deinking. There
16 there probably is a use for it.
17 I would urge you to consider the abolition of
18 post-consumer as a phrase at all, as a statement.
19 COMMITTEE MEMBER RELIS: Why is that inhibiting
20 collection?
21 MR. STRICKMAN: We don't know how to sort for
22 post-consumer. When we do sort for post-consumer, or
23 attempt to, the mills accept our word for it, and they are
24 liable. If they produce a product that says this is
25 recycled content containing 10 percent post-consumer, they

1 are depending on us, the packers, to tell them that we are
2 providing ten percent post-consumer.
3 We're both equally liable under the law because
4 we have no real proof.
5 COMMITTEE MEMBER RELIS: It's a liability issue
6 from your standpoint?
7 MR. STRICKMAN: It's a deep pocket liability
8 issue from the mills. The mills will refuse to call their
9 product recycled content because they cannot be sure that
10 it has ten percent post-consumer, because nobody really
11 knows what post-consumer is.
12 How can they build or manufacture anything else
13 with this standing in the way?
14 COMMITTEE MEMBER RELIS: This is a direct
15 experience?
16 MR. STRICKMAN: Yes.
17 The only things that you can really call
18 post-consumer are items like newsprint. That works very
19 well with the 1305 because almost all ONP is
20 post-consumer. Certainly a very small percentage is not.
21 It works with OCC because all OCC that is used to
22 manufacture new corrugated boxes is post-consumer by
23 anybody's definition.
24 CHAIRMAN CHESBRO: May I ask you to respond to
25 the statement about there being two competing collection

1 systems, if you will, the traditional one that has
2 understandably gone and utilized the industrial scrap as
3 its primary source versus the new emerging materials
4 stream, which is the post-consumer, I know you don't like
5 the definition, but it comes from sources like office
6 buildings and residential sources, and the need to provide
7 an emphasis on that side in order to make sure the that
8 this material is being used, and that we don't continue to
9 rely or the industry doesn't continue to rely on just the
10 traditional supply.
11 I hope that is a fair characterization of your
12 argument.
13 MR. STRICKMAN: First, I correct the proposition
14 that there has been no work done at the office level.
15 There has been a lot of work done and traditionally
16 collected high grade materials from offices for many, many
17 years.
18 What we're really looking at now is the end, the
19 lower dregs of that scale, the mixed waste. The stuff that
20 hasn't got enough value to really be collected. If you
21 want to call that post-consumer, I really wouldn't argue
22 with it.
23 Most of the material that has got a value, a
24 commercial value, is being collected now. So, you're
25 really -- the new stream that you're talking about, it may

1 be more representative of a residential collection than
2 commercial collection.
3 COMMITTEE MEMBER RELIS: We have seen the
4 statistics where we have a large amount of uncollected
5 commercial mixed waste. That's a given in most of the
6 programs that are planning to implement increased
7 diversion.
8 MR. STRICKMAN: To answer the question rather
9 obliquely, we need to get into the quality definition. The
10 quality to a waste paper dealer consists of two entirely
11 different things.
12 It consists of outthrows, which are fiber
13 contaminants, and consists of prohibitives, which are
14 non-fiber contaminants, which includes metals, plastics,
15 garbage, things like that.
16 The materials that are not being collected now
17 that you're looking at as a statistic of mixed waste are
18 mostly the materials that are contaminated with
19 prohibitives that have material, for whatever reason, they
20 have material with them that are not easily separated and
21 not recyclable.
22 These are the materials that you really are going
23 to have to approach and address. They are from a mill
24 standpoint to say that the mills have the technology to use
25 them and screen them, that's true. Mills do not

1 particularly want to do it because they cannot make a
2 product and it's more difficult to do it.
3 You have a real problem with this one segment of
4 the mixed waste proposition. That, I think, is what is
5 referred to as the new collection system.
6 CHAIRMAN CHESBRO: Thank you.
7 MR. COTTER: I support part of what he's saying
8 from a different angle. The time and energy spent on
9 finding post-consumer pre-consumer is not getting us
10 anywhere in the market place.
11 The people that are buying those products have
12 specific needs and are going to buy post-consumer or
13 pre-consumer based on their needs.
14 By increasing the use of recycle commoditis
15 period is going to increase the use of post-consumer by
16 definition. Pre-consumer waste is somewhat limited and
17 finite.
18 What was preconsumer is going to go into the
19 waste stream because I'm not going to collect it. My demand
20 is that I have to go out and get post-consumer because this
21 person is by definition is going to need post-consumer.
22 Pre-consumer is going to drop off my list of things to
23 collect.
24 Simply, spending energy expanding use of all
25 secondary fibers or glass or metals or whatever is going to

1 increase the post-consumer use. The mills that are going
2 to be buying these products are going to be interested in
3 the quality that they are going to get in the post-consumer
4 material.
5 By working on things to ensure the end user mills
6 that the post-consumer waste in going to be acceptable
7 quality to them, they are going to buy it.
8 CHAIRMAN CHESBRO: I'm going to call on Ms.
9 Kinsella, and then I think there is at least one other
10 person who wants to speak. Then I want to wrap this up and
11 take a pretty tight lunch hour here, so.
12 MS. KINSELLA: The pre-consumer is only going to
13 be discarded if we have no increase in the number of mills.
14 If the number of mills is increasing, then they also are
15 going to be using the pre-consumer, and I don't think it's
16 going to be a problem as far as making sure that it's used
17 for the required post-consumer.
18 If we had a big jump in the number of mills that
19 were producing high grade papers with recycled content,
20 then I think that it's true that they would need to get
21 into the post-consumer. They have to upgrade and put in
22 state-of-the-art equipment, which most of the mills have
23 not done.
24 In the meantime, when we don't have this jump in
25 mills, we can't go without markets for post-consumer that

1 is being collected in the public collection systems. That's
2 why to me the post-consumer is so crucial right now,
3 because it sends the message that we have to have markets
4 for it now, and we have to get the technology to process it
5 in the future.
6 CHAIRMAN CHESBRO: Would you concur that it
7 becomes less critical as the amount of the capacity for
8 consuming the fibers increases?
9 MS. KINSELLA: Al was shocked when I said this at
10 the CRA conference, but I think that in a number of years,
11 and I hope it's ten and not twenty, when we have a lot more
12 mills that are processing it, we are not going to worry
13 about what is post-consumer and pre-consumer because
14 everything will be integrated into one system.
15 But right now, we have two systems.
16 CHAIRMAN CHESBRO: Thank you.
17 MS. EASTWOOD: Barbara Eastwood, with
18 Weyerhaeuser Paper Company.
19 As far as the other mills that would like to buy,
20 they cannot afford to. They are buying pulp. The facility
21 in Halsey, Oregon, that you referred to has sold all the
22 pulp that it can generate to two mills that do not have the
23 processing machine to take the raw material and process it
24 into pulp themselves. So, mills are using that.
25 I am just talking about mixed waste and office

1 pack. I thought one of the pulling out of Northern
2 California to Halsey, I hope -- I came a little later, and
3 mixed waste, it would be a concern if you were to again
4 define that office pack as mixed waste because they are
5 different with the office pack consisting of 50 percent of
6 white paper.
7 A barrier on that program that other companies
8 sell, it's not just Weyerhaeuser, but other companies that
9 supply this mill with it, is stickies and the self-adhesive
10 labels or golden rod, or unbleached fibers. They put in a
11 system that would not, because of the environmental
12 concerns about dioxins, they put in a system that would not
13 allow unbleached, so your golden rods were a concern.
14 MR. FORAN: Barbara, is there a recommendation,
15 given the limitation at the James River, Halsey Mill, using
16 deep hues, the deep colors. Is there a spin off on that to
17 make a recommendation to collection programs or a point of
18 fact?
19 MS. EASTWOOD: Most things work themselves out. I
20 really feel that on the post-consumer and pre-consumer
21 issue, things work themselves out. If I have a customer
22 generating an unbleached fiber that I could put in mixed
23 waste but because it's pre-consumer material, I can't put
24 it in mixed waste, I have to separate it. You're adding to
25 the cost to being able to go out and collect it.

1 At that point, because I am having to separate my
2 pre-consumer, my post-consumer mixed waste, my
3 pre-consumer, my post-consumer white ledger, rather than
4 five grades you have ten. You're doubling my ability to
5 handle the materials at the packing plant.
6 Those things -- I'm not used to talking in front
7 of people. It just, things have a way of working
8 themselves out.
9 Industry has been talking to the people that
10 produce the stickies, Post-it Notes. 3M put an entire vat
11 of 3M Post-it Notes into a pulper one time just to make the
12 point that we can make this pulp up. Now we do take the
13 Post-it Notes in an office pack program.
14 The self-adhesive, very sticky glue is a
15 problem. Those things work themselves out. By legislating
16 things rather than keeping the dialogue open, you're
17 putting a barrier. That's a barrier defining post-consumer
18 and pre-consumer to getting out there and market is tough
19 enough.
20 COMMITTEE MEMBER RELIS: If we define it, we have
21 created a barrier?
22 MS. EASTWOOD: I want to recycle as much as I can
23 as fast as I can. If I have the material that I'm trying
24 to bring in and put into a grade, and I can put it into
25 mixed waste, like I have a customer right now, a butter

1 carton manufacturer, if they make a product that I can put
2 in mixed waste, but it's a pre-consumer material, I can't
3 put that in that because it's supposed to be all
4 post-consumer.
5 Because it has a coating, it qualifies as a mixed
6 waste. I might not, like Dan said, not take it at all.
7 Quality is still a tremendous concern, and I wanted to
8 emphasize that.
9 Discussing, having cities talk to the packer
10 plants and say what are your markets in my territory and
11 location and what can we do to identify those and work with
12 you.
13 I'm not speaking on behalf on exporting waste
14 paper. That is where California is going to see, because
15 of the water issue, I do not see a lot of mills coming.
16 They are big consumers of water.
17 A lot of the markets are going to be outside of
18 the state. We're close to the ports. We are close to
19 Oregon and Washington with cheap power and water, and that
20 seems to be --
21 COMMITTEE MEMBER RELIS: The problem with that if
22 we increase our dependence on export, based on a recent
23 trip to Germany, we're going to be competing increasingly
24 with a lot of material from Europe, and we may not be able
25 to successfully.

1 MS. EASTWOOD: Because of shipping to Europe?
2 COMMITTEE MEMBER RELIS: Because of their
3 packaging law, they are going to be collecting. They have a
4 90 percent recycling rate proposed for all packaging
5 materials in the Federal Republic of Germany.
6 We don't expect that that will become the
7 European standard, but they are doing increased collection,
8 too. There is some cause for concern about becoming overly
9 more dependent on a market that may not grow for us.
10 MS. EASTWOOD: Our markets are going to be
11 focusing in South America and Mexico. If they start
12 raising their quality of life which may happen if the trade
13 barriers change, they are going to consume more and buy
14 more paper, and their mills there will demand more.
15 Fort Howard, Arizona, their standards are not as
16 tight as what this mill in Halsey requires. If you
17 identify what your markets are and what the needs are and
18 not put the barriers that would keep you from being able to
19 meet the markets, but also because this market is going to
20 be different, and you don't want to cut one off for the
21 other.
22 Thank you for the time.
23 CHAIRMAN CHESBRO: Thank you, Ms. Eastwood.
24 Very quickly. We have to get our lunch going
25 here, but I don't want to cut you off.

1 MS. CUTLER: Thank you very much.

2 Very quickly. I'm Katie Cutler from James

3 River.

4 I have kind of watched us being talked about in

5 the third person. If there is a way that I could help

6 clarify what James River is doing, we do have posters

7 available, and I have some with me, because we focused a

8 lot on the collection and what do we do to get the quality

9 required to make the product. We are focusing on what the

10 manufacturers can do, whether it is in making new high

11 grade recycled papers or building materials, and the third

12 step is the purchase of it.

13 We think that we could draw more and more office

14 paper out of California if people buy more and more

15 recycled products. We are talking about high quality copy

16 paper for high speed machines.

17 It is not a sales pitch, unless anyone feels that

18 we are not capable of quality that compares to virgin. We

19 would like you to take a look at our sheet.

20 COMMITTEE MEMBER RELIS: It's demand?

21 MS. CUTLER: It's all three parts. You can't

22 stop.

23 Quality office pack, and we have expanded it,

24 we're taking the plastic windows. We're taking the coated

25 Fax papers. We're taking the laser printers. We can deink

1 all of that at Halsey, Oregon. I am sure that the other
2 companies that come on will be able to do that.
3 So, collection, source separation is very, very
4 important. We worked a year and a half before the plant
5 started up to determine what the quality requirements would
6 be.
7 Then the second is working on the manufacturing
8 process. The third is closing the loop with the purchase.
9 CHAIRMAN CHESBRO: Thank you very much.
10 I would like to thank our panelists for joining
11 us and sharing their knowledge and points of view with us
12 this morning. It has been very informative.
13 I would also like to make a quick announcement.
14 At 3:30 after the residential workshop, Brian Foran will be
15 available across the hall, in the Board Conference Room,
16 across to the left, to continue any discussions that folks
17 would like to have with our staff about where we are going
18 with this and continue their input if they did not get a
19 chance to say so in the microphone.
20 Some of you are from out of town. We had a list
21 prepared of available places to eat that are very close
22 by. Although, you'll note that there is a reference to
23 turning left on Folsom Boulevard and turning right on
24 Folsom Boulevard, and looking at the list of the
25 restaurants, I think they are all to the left.

1 Note that if you pick up a list to find someplace
2 to eat.
3 We will reconvene at one o'clock or very shortly
4 thereafter to begin the afternoon session.
5 (Thereupon the workshop was adjourned
6 at 12:15 p.m.)
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1 CERTIFICATE OF SHORTHAND REPORTER

2

3 I, VICKI L. MEDEIROS, a Certified Shorthand
4 Reporter of the State of California, do hereby certify:
5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me, Vicki L.
7 Medeiros, a Certified Shorthand Reporter of the State of
8 California, and thereafter transcribed into typewriting.
9 I further certify that I am not of counsel or
10 attorney for any of the parties to said hearing nor in any
11 way interested in the outcome of said hearing.
12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this sixth day of September, 1992.
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18 VICKI L. MEDEIROS
Certified Shorthand Reporter
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