CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

CALIFORNIA INTEGRATED WASTE)
MANAGEMENT USED OIL)
RECYCLYING WORKSHOP)

COPY

CALIFORNIA INTEGRATED WASTE MANAGEMENT WORKSHOP taken at 9:00 a.m., Thursday, August 13, 1992, at 333 West Ocean Boulevard, Long Beach, California, before Nancy Staack, CSR, RPR.

REPORTED BY:
Nancy Staack,
CSR No. 9671, RPR
Our File No. 10987

APPEARANCES:

Dennis Meyers, Manager

Christy J. Porter,
Associate Waste Management Specialist

Fernando Bertone,
Senior Waste Management Specialist

1 LONG BEACH, CALIFORNIA, THURSDAY, AUGUST 13, 1992

2 9:00 A.M.

3

4 MS. PORTER: I think we're going to go ahead

5 and get started. Good morning and welcome to today's

6 used oil recycling workshop. The board is just in the

7 stages of starting on developing regulations for

8 certification and grant aspects of the used oil

9 recycling program. And the purpose of today's

10 workshop is to gain input from you, the people who are

11 going to be affected by these regulations before we

12 actually write them.

13 My name is Christy Porter, and I oversee

14 the certification aspect of the program. With us

15 today is Dennis Meyers, who oversees collecting the

16 money and giving it back out, and Fernando Bertone,

17 who oversees the grant aspects of the program.

18 During today's workshop we'd like to

19 cover a few things. First, I'm going to give you an

20 overview of the act to give you a good basis for

21 discussion, and then the most significant portion of

22 the workshop will be presenting different aspects of

23 the statute that we're planning on writing regulations

24 for, and then open it up to you to gain some input.

25 And that's the main reason for this workshop. We want

1 to make sure that when we write the regulations that
2 they're going to work; so we want to get your input
3 early on in the process.
4 And finally, I'm going to give you our
5 proposed time lines for writing these regulations.
6 And actually getting them on the books. So with that,
7 we have our first slide. Can we have our first
8 slide? There it is. Okay.
9 To give you an overview of AB 2076, this
10 law was authored by Assemblyman Sher during the last
11 legislative session. And it became effective on
12 January 1st of this year, and the primary purpose of
13 this law is to prevent the illegal disposal of used
14 oil, which we found is primarily by do-it-yourselfers.
15 And the way this law encourages or discourages,
16 rather, the illegal disposal of use the oil is through
17 a recycling incentive fee.
18 Beginning October 1st of this year, oil
19 manufacturers will begin paying into the state 16
20 cents per gallon or four cents per quart of
21 lubricating oil that's sold in California. And then
22 beginning the first of next year, the board will start
23 paying this money back out to those who recycle the
24 used oil. And we'll get into more specifics of that
25 later.

1 There are also grants involved with that
2 program. There are three basic types. One is block
3 grants granted to local governments to provide
4 opportunities to recycle used oil. Another is grants
5 and loans that would be available to local governments
6 and projects, and then there's also some grants and
7 loans that might be available for testing, research
8 and demonstration types of project.
9 Next slide. Public education is also an
10 important part of this law because letting people know
11 that they shouldn't be illegally disposing of the oil
12 and letting them know what they can do with it, is key
13 to the success of the program. The board is planning
14 on conducting a major media campaign, probably
15 starting in January or February of next year, to let
16 the public know about the collection centers that are
17 going to be available. And we're also planning on
18 providing some assistance to collection centers and
19 local governments to help them educate the public.
20 Next slide. Reporting is something that
21 used oil haulers, oil manufacturers and the used oil
22 refiners and processing facilities have to do. And
23 this is primarily for tracking for the program. The
24 oil manufacturers have to report to us so we know how
25 much money they have to pay us.

1 Next slide. Who qualifies to get this
2 money back? There are actually four categories. I
3 left one of them off. Certified collection centers
4 can get the money back, curbside collection programs
5 and industrial generators. And an industrial
6 generators is defined in the law as someone who owns
7 or uses the equipment that the oil is coming out of.
8 So a service station, for example, would
9 not be classified as an industrial generator because
10 they don't own that equipment. The one that we left
11 off of here was electric utilities.
12 The law states that electric utilities
13 who recycle the oil themselves in accordance with
14 health and safety code procedures can get the money
15 back from the state also.
16 Next slide. What does it take to become
17 certified? In order for someone to become certified,
18 the law says that they must accept the oil at no
19 charge from the public and also offer them the 16
20 cents per gallon recycling incentive. They must post
21 a sign saying that they accept used oil, periodically
22 advertise in local media and submit quarterly reports
23 to the board saying how much oil they recycle. And
24 this is the mechanism by which they would get the
25 money back also.

1 The certification requirement is one of
2 the parts of the law that we were going to be
3 discussing later on in terms of how are we going to
4 further define these requirements because they're
5 somewhat vague to a certain extent.
6 Next slide. The grants to local
7 government. There's $10,000,000 a year minimum that's
8 allocated to go to local government. They'll be
9 awarded based on population. And in order to be
10 eligible, local government must file an annual report,
11 provide some type of used oil collection. The law
12 lays out two different ways the local government can
13 meet this requirement, either providing a certified
14 center per hundred thousand residents not served by
15 curbside and/or providing curbside collection at least
16 once a month. And the local government would also
17 have to implement a public education program regarding
18 used oil recycling. Do we have another slide?
19 Okay. That kind of gives you an overview
20 of the program. And at this point we'd like to get
21 into the part where we get some feedback from you.
22 What we've done is we've taken the law itself and
23 broken out some of the aspects of the law that we feel
24 we need to clarify through regulation. We're going to
25 discuss with you some of the ideas we have for

1 regulatory requirements and then try to get some
2 feedback from you in these areas.
3 Michael Beecham with the City of Long
4 Beach has offered to play Phil Donahue for us; so he's
5 going to be running up and down through the audience
6 so you don't have to come up to the microphone. He'll
7 bring it to you. So just raise your hand if you have
8 a comment and please state your name and where you're
9 from before you speak.
10 MR. STANTON: Bill Stanton, City of Signal
11 Hill. In a curbside program it seems to be very
12 difficult to offer four cents a quart to the people
13 who we cycle the oil. How do you plan to handle that
14 difficulty?
15 MS. PORTER: Actually, only the certified
16 collection centers have to offer the 16 cents back to
17 the public. Curbside collection program does not.
18 They would submit a claim to the board and they would
19 be able to get the money for all the oil they
20 collected.
21 MR. LUDWIG: David Ludwig, City of Manhattan
22 Beach. When a certified collector is authorized or
23 required to accept oil from the public, does that
24 include all the public or can that be restricted to
25 only the city in which you reside?

1 MS. PORTER: I don't believe it can be
2 restricted. Only if we wrote that into the
3 requirements.
4 MR. LUDWIG: If the land use is through
5 conditional use permit, can that city then place
6 restrictions upon the certification process that only
7 residents in that city can use that center?
8 MS. PORTER: That's something that we'll
9 definitely think about when we're writing the
10 regulations. The way the statute is written, it says
11 that a certified center must accept oil from the
12 public. It makes it sound like it should accept oil
13 from anyone. But we will consider that.
14 There's one more comment and then I want
15 to get into more specifics, and I think a lot these
16 areas will come up.
17 MR. BARTLMAN: Bill Bartlman with the City of
18 San Diego. Again, on the public acceptance of oil,
19 does that include small businesses also?
20 MS. PORTER: When you say that, you mean
21 accepting it from small businesses?
22 MR. BARTLMAN: Yes. Would it be accepted from
23 small businesses also?
24 MS. PORTER: That's a good question. The way
25 the law is written, it says that a center should

1 accept oil from the public no more than 20 gallons
2 from one person in a given day in containers no larger
3 than five gallon capacity.
4 So I would guess the way it's written if
5 the small business brought in less than 20 gallons
6 that the center should accept it. Unless there's any
7 other real pressing questions. Why don't we get the
8 one in the back and then let's move on.
9 MR. TREAT: I'm Chris Treat with Chief Auto
10 Parts. What incentive does a business have to set up
11 certified centers?
12 MS. PORTER: That's a good question. It depends
13 on what kind of business. A service station, I know
14 Chris represents Chief Auto Parts. A business such as
15 a service station might benefit from becoming
16 certified because if a do-it-yourselfer brings in oil
17 to a certified center, the center must offer them the
18 16 cents per gallon. But if I drove my car into the
19 service station and said I'd like you to change my
20 oil, they don't have to give the money back to me.
21 So in the business that has a service bay
22 there is an advantage to become certified. With a
23 business such as Chief or Pep Boys or Cragan or other
24 drop-off type centers, there's really no financial
25 incentive to become certified.

1 Okay. Why don't we go ahead and get on
2 with the presentation. What I'm going to be
3 discussing first is certification requirements. And
4 then Dennis is going to discuss how to get the money
5 back from the state. Then I'll be discussing
6 subsidies to dispose of common contaminated oil. And
7 Fernando will be discussing grants; so you'll have the
8 chance to comment in all of those areas.
9 On certification we have some of the
10 requirements summarized here. Again, used oil
11 collection centers must be certified if they're going
12 to be eligible to receive payment from the state. To
13 qualify, they must submit an application to the board
14 containing certain information, accept used oil from
15 the public during their hours of business at no
16 charge.
17 This is something that there's some
18 clean-up legislation AB 3073 out there right now, and
19 one of the things that it changes in the law or
20 proposes to change is that a business would only have
21 to accept the oil during the hours of 8:00 a.m. to
22 8:00 p.m. that they're open. So if you had a 24-hour
23 business, they would not have to accept the oil round
24 the clock. Next slide.
25 We said earlier, the center has to pay an

1 amount equal to the recycling incentives, which right
2 now are 16 cents a gallon. And the center must
3 provide on-site signs and periodic advertising.
4 Next slide. And as I just stated, the
5 center can't accept more than 20 gallons from a person
6 in a given day. And it can't be in containers larger
7 than five gallons.
8 Next slide. This requirement has to do
9 with how someone becomes certified. In order to be
10 certified, someone has to submit certain information
11 to the board. So we're trying to develop some
12 application requirements. Some of you may know that
13 the Department of Conservation division of recycling
14 has a bottle bill program, and some of the money and
15 flow of materials is set up similarly to our program.
16 So we talked to them a little bit about their
17 application procedures to find out what they ask for.
18 They suggested that one of the things we
19 asked for in the application is some documentation of
20 who's legally responsible for the flow of money, et
21 cetera. And the mechanism to do that would be through
22 getting copies of either partnership agreements,
23 articles of incorporation, those types of documents.
24 And also they suggested that we get some
25 kind of documentation showing that the center had the

1 proper local permits required by the local government
2 so that we would know that the local government knew
3 this operation was going on and it was in compliance
4 with local standards. I don't know if there are any
5 comments relating to those particular application
6 requirement? Okay. Let's move on to the next slide
7 then.
8 Okay. In order to be eligible for
9 certification and payment, the center has to submit
10 certain information. They have to accept the oil at
11 no charge. One of the things we're talking about
12 putting in the regulations is that a center must
13 operate in compliance with certain handling
14 procedures, and these would be procedures established
15 by the department of toxic substances, primarily.
16 Which they're already required to comply with.
17 And someone had raised the question
18 earlier, what happens if the center currently charges
19 a fee and they continue to charge it? This is
20 something that came up in our Sacramento workshop. If
21 they're certified or bring it in, no you can't charge
22 them.
23 But the question also comes up if you
24 bring the car in the station and have your oil
25 changed, a lot of times they'll tack on a fee for

1 handling the oil. And the law doesn't say anything
2 about that necessarily; so I think that a center could
3 continue charging the public that brings in their
4 vehicle to have the oil changed, even if they're
5 certified. But that's something we may want to get
6 some feedback on. And we'll definitely need to
7 consider the regulations. Is there any feedback in
8 this area?
9 AUDIENCE MEMBER: What's the difference between
10 a handling fee that a service bay has and a handling
11 charge for a collection center?
12 MS. PORTER: They don't have to pass the
13 incentive back to the person who drives their car in.
14 AUDIENCE MEMBER: I understand that. But you're
15 talking about the handling charge.
16 MS. PORTER: Well, I'm just saying that the law
17 says that it has to -- that a certified center has to
18 pass the fee on to the public if the public brings the
19 container in or the oil in a container. It doesn't
20 have any prohibitions on charging someone who has
21 their oil changed by the center.
22 AUDIENCE MEMBER: But there is a prohibition
23 with charging for the collection of the material.
24 MS. PORTER: Are you saying there's already a
25 prohibition?

1 AUDIENCE MEMBER: Isn't that what you said? You
2 can't charge for the collection of the material.
3 MS. PORTER: You can't charge. The distinction
4 is how the oil is brought into the center. If I bring
5 in my oil in a jug, in a container, it says they can't
6 charge me to bring in the oil and they have to offer
7 me the 16 cents per gallon. If I drive my car in, I'm
8 not bringing it in in a container as they define it.
9 AUDIENCE MEMBER: So that's what the distinction
10 is. Already contained versus the draining process.
11 So it's the draining process that qualifies it as a
12 handling charge?
13 MS. PORTER: Yeah. If there aren't other
14 comments on this, then let's move on to the next
15 slide.
16 This relates to how a center would figure
17 out how much they owe the public. It says a center
18 should pay the 16 cents per gallon. We're thinking of
19 requiring that a center have a graduated container
20 available on-site to measure this oil so they would
21 know how much money they owe the public.
22 Are there any comments on this area?
23 Could you state your name and where you're from
24 please.
25 MR. STANTON: Bill Stanton, City of Signal

1 Hill. It would seem to me that weighing the oil might
2 be a little better, weight rather than volume. It
3 might be an easier way for the center to establish the
4 amount of the oil that is collected.
5 MS. PORTER: That's something to consider.
6 Okay.
7 AUDIENCE MEMBER: I know sometimes collection
8 centers require the type of containers presented,
9 whether it's in the original container it was sold in
10 or whatever, that it be clearly labeled versus some
11 other type of material. Are there any requirements on
12 this or prohibition on those requirements?
13 MS. PORTER: There aren't any requirements right
14 now on what kind of container the oil is brought in
15 in. It just states that it has to be in a container
16 no larger than five gallons. So that would probably
17 be up to the center itself if they wanted to specify.
18 State your name, please.
19 MR. EWENS: Michael Ewens, City of Ventura,
20 Regional Sanitation District. We currently collect
21 four to 6,000 gallons of oil per month. And people
22 bring it in in one gallon milk containers or five
23 gallon pails. Now -- and it's costing us right now.
24 This is part of our problem with this.
25 Collection of oil to test it and all the

1 rest of the stuff runs us about 20 cents a gallon.
2 And now you want us to take a graduated container,
3 take a regular one gallon milk container, pour it in,
4 reconfirm that it's the balance and then pour it in a
5 2,000 gallon tank. That's adding more expense to us.
6 MS. PORTER: That's why we want to get your
7 comments.
8 MR. EWENS: We don't want to do that.
9 MS. PORTER: I think maybe what a reasonable
10 requirement could be if it is in a standardized
11 container you wouldn't need to measure it, but you
12 should have something on-site to measure in if they
13 bring it in in something odd.
14 MR. COLLINS: Rod Collins, Waste Management of
15 North America. It might be jumping ahead of myself a
16 little bit, but once we get all these containers at
17 the collection center, I mean the containers that the
18 customers brings the used oil in, these containers
19 have to be treated a special way because there are
20 empty container regulations, and these containers can
21 indeed contain oil that would be classified as
22 hazardous.
23 MS. PORTER: Well, I've heard -- I've talked to
24 a couple different haulers that accept oil on-site.
25 Some of them make the person take the container back

1 themselves because they get tired of having so many
2 dripping, yucky containers to deal with. I've talked
3 to some people that are trying to work out some
4 recycle method to see if they could find a company
5 that could deal with the contamination problems.
6 Fernando might be a better person to
7 answer. But if a container has a residues on it like
8 that, I think you can go ahead and put it in the
9 trash. I don't think it's a problem.
10 MR. BERTONE: That question has come up more
11 than once. And we've been trying to get some feedback
12 from toxics because some of the plastics recyclers
13 have been reluctant to take those empty containers
14 that contain used oil. Even though in the process of
15 recycling the container, in terms of melting it down,
16 the residues may be burned off. And whether they in
17 that process exude any sort of air emissions no one
18 knows.
19 But I guess the bottom line is that the
20 question still hasn't been answered to us by toxics
21 regarding those types of containers. They have in the
22 past taken the conservative approach and said yes,
23 well, they did contain hazardous material and should
24 be handled as an empty container, as an empty
25 container under the empty container regulations. So

1 we're trying to get that question answered. So I'm
2 afraid I don't have the answer right now.
3 MS. PORTER: If you leave us your card, we'll
4 keep you posted as to what we find out. Any other
5 questions regarding the measurement of the oil?
6 Comments? Okay. Let's move on to the next slide.
7 This one is pretty standard. But this
8 requires that the center provide the board with
9 certain information so we can let the public in turn
10 know that the center is out there and available to
11 take oil. The board has an 800 number, a hotline.
12 All the certified centers would be listed in that. We
13 normally sort by zip code.
14 Someone would call and say I want to take
15 my oil in. We'd ask them what their zip code is, and
16 we'd tell them where the nearest center is. One of
17 the things that had come up at the last workshop was
18 are you going to list both certified and noncertified
19 centers in your hotline. And I believe we probably
20 will, because some people are just going to be
21 interested in what's closest to them.
22 And the type of information that we would
23 want to know is what are your hours of operation,
24 where are you located, et cetera. These are just
25 basic pieces of information that we would ask for on

1 the application. Okay. Let's move on to the next
2 slide.
3 This is an area we're hoping to get some
4 good feedback on. The law requires that a center do
5 periodic advertising in the local media. And it
6 doesn't really specify what constitutes advertising or
7 what "periodic" means. So our regulations will
8 probably specify the types of advertising that would
9 be acceptable and the frequency that we expect centers
10 to advertise.
11 And we'll probably also ask for some type
12 of periodic report, maybe once every two years which
13 is the frequency with which someone needs to reapply
14 to be certified to tell us what type of advertising
15 the center had done or possibly send us some kind of
16 sample of anything that they had published or
17 printed.
18 We'd like to get some feedback on what
19 you feel is reasonable. We've heard that, especially
20 down here in Southern California, advertising can be
21 extremely expensive. And a lot of these centers
22 aren't going to have money to advertise in certain
23 types of media. So do we have any feedback in this
24 area? Good.
25 MR. WATTS: I think a lot of local

1 advertising -- Grahame Watts, Thousand Oaks. We have
2 a lot of local advertising for used oil. My concern
3 is in relation to an earlier comment in regard to
4 local communities that don't have oil programs that
5 benefit from their own jurisdiction's program,
6 therefore increase in volume and overall cost of the
7 program. We have a number of neighboring communities
8 that don't have oil programs and come to our program
9 and, therefore, increase the whole program.
10 So if we have to do advertising on a wide
11 basis or even a local basis, our whole program is
12 increased in terms of volume to the point where we
13 can't control the volume and we're in violation of our
14 fire codes. So we have a real problem with that.
15 MS. PORTER: Well, that's interesting.
16 Hopefully, with some of the grants that Fernando is
17 going to discuss, some of the surrounding communities
18 will be able to establish their own collection program
19 so that you won't be providing collection for yourself
20 and all of the other cities. And I don't have an easy
21 answer for that one, but.
22 MR. WATTS: I would just reiterate the
23 importance of trying to regulate the program to only
24 residents of that jurisdiction. And that would give
25 the incentive to have local communities to come up

1 with their own program.

2 It's the same situation with buyback

3 centers for 20/20 buyback centers or for local recycle

4 drop-off points. If you don't have that in your

5 community, they continue to call the counsel members.

6 Eventually they call and us we work out cooperative

7 agreements, but right now they have no incentives.

8 MS. PORTER: You feel that a certified center

9 should only have to serve the jurisdiction in which it

10 is located?

11 MR. WATTS: Yes, because those are the people

12 actually paying for the program.

13 MR. EWENS: Mike Ewens, Ventura Regional. Just

14 to reiterate what Grahame said and then another point.

15 We have problems with our household hazardous waste

16 collection days, and we limit the type of advertising

17 because we get inundated. You can have thousands of

18 gallons.

19 Everybody and their grandmother hears

20 about it; so we're very restrictive in the periphery

21 which the advertising gets to, even in the section in

22 the newspaper. So that's one problem. The second is

23 we do advertising now on a general basis because we

24 run a buyback center. We handle water base paints

25 antifreeze, batteries, et cetera.

1 Would it be required that, for instance,
2 this advertising be solely the oil, or can we have the
3 other items in it? That's important.
4 MS. PORTER: I believe you can piggyback
5 anything on it as long as the oil collection is
6 mentioned. That's my feeling right now.
7 MR. GORKE: Roger Gorke, Heal the Bay. I think
8 all the people here are from municipalities and
9 government, and the basic goal of this bill is to
10 reduce the amount of used oil illegally disposed of.
11 And I think the private sector like the Chiefs and the
12 Pep Boys and Cragans are the ones that this bill
13 should really target.
14 And they've already done a great job, but
15 we need to get more of those private companies
16 involved to take the load off of the small cities that
17 don't have the funds. And even the large cities like
18 the City of LA does not have the funds to collect the
19 amount of oil that's out there. So I think we need to
20 really push this and make this easy for the
21 certification process, really easy for small
22 businesses to open up a collection facility right down
23 the street.
24 MS. PORTER: Okay. One of the things that has
25 come up too, is the local governments may find it

1 difficult to provide staffing for a center to meet the
2 certification requirements, et cetera. What a local
3 government might want to do is to go ahead and apply
4 for one of these block grants and use that money to
5 enter into a contract with someone like Chief or
6 Cragan, et cetera, that already has the center
7 established and has the staffing, et cetera, and to
8 enter into some of these public private agreements.
9 So I don't know whether that might help
10 or not, but it's something to consider, rather than a
11 local government having to take that grant money and
12 do the program from scratch.
13 MR. GORKE: Also, a suggestion for the
14 certification process, we have these auto parts stores
15 that are already doing this. This is a basic rubber
16 stamp. You're already doing basically what we want;
17 so you're saying, okay, you are certified and not make
18 it a big hassle for them to go through.
19 MS. PORTER: The problem with those facilities,
20 the way the law is written there really is no
21 incentive for them to become certified because it's an
22 administrative, added administrative burden.
23 One of the things that came up in the
24 Sacramento workshop -- and it was real strong feeling
25 throughout the audience -- is that they wanted the

1 statute changed so that in order to be certified
2 someone would have to accept oil at no charge from the
3 public, but they would be able to keep the 16 cents a
4 gallon to help subsidize their operations.
5 And if we can get some feel from this
6 audience on whether you share the sentiments or not.
7 I'm planning on passing that on to assemblyman Sher's
8 office to see if they might be interested in putting
9 that in the cleanup legislation.
10 AUDIENCE MEMBER: I hope there would be some
11 distinction made between paid advertising and free
12 advertising. Some cities, like the City of Redondo
13 Beach have the ability to direct mail and do so
14 quarterly to its residence. And we place recycle and
15 used oil information in there.
16 MS. PORTER: I think as long as the word is
17 getting out to the public, that's what we're looking
18 for. We're not wanting to require people to spend
19 more money. We went to get the word out to the
20 public.
21 MR. PAUL: Eric Paul of Mobil Oil. I was
22 wondering if there was any thought about a corporate
23 entity doing the advertising for all of its certified
24 center, or do you require each certified center to do
25 its own advertising?

1 MS. PORTER: I don't have a problem with that
2 cooperative advertising. I think we would encourage,
3 especially with chains like that where they could go
4 ahead and put one big ad and list a bunch of different
5 locations.
6 MR. KING: Richard King, City of Commerce. And
7 I want to affirm that our city would very much be in
8 favor keeping the 16 cents, and if there was a strong
9 felling up in Sacramento, I think if everyone feels
10 the same, we ought to let her know right now.
11 MS. PORTER: Why don't we see a show of hands.
12 Okay. Let the record show most people are raising
13 their hands.
14 MR. KING: We'd like to see a raising of hands
15 from the board members themselves.
16 MS. PORTER: Well, it's one of those things
17 where, you know, the legislature passes a program and
18 they give it the board and we implement it and
19 whatever's in the statute we pretty much have to live
20 with unless they're interested in changing it. We'll
21 see if they might be interested in changing it.
22 Actually, Assemblyman Sher's office has
23 been real responsive to our comments when we find
24 something that we don't feel is working in the law.
25 They've been willing to work with us and put that into

1 the cleanup legislation.

2 AUDIENCE MEMBER: Louis (inaudible), American

3 Environmental Services, representing the City of

4 Hawthorne. One of the things that I was concerned

5 about, curious about, is if you are going to ask just

6 the public to come in and bring this oil up to 20

7 gallons, how would you track that? I mean, there's no

8 manifest. I haven't seen any manifest in the

9 regulations.

10 MS. PORTER: Well, I think that's one of the

11 things we're planning on getting to. It's the next

12 topic. Are there anymore comments in the advertising

13 area?

14 AUDIENCE MEMBER: One more on the advertising.

15 Would you be required to put up a monetary value? In

16 other words, four cents a quart?

17 MS. PORTER: I think the sign -- the statute

18 requires that the sign say that you accept the oil

19 free of charge and that you offer recycle incentive.

20 But I don't think you have to specifically state the

21 amount on the sign.

22 AUDIENCE MEMBER: Thank you.

23 MS. PORTER: Okay. If there aren't any comments

24 on advertising. Yes, there is. Let's come down here

25 and then we'll get back to the 20 gallon question.

1 MR. COLLINS: Rod Collins, Waste Management of
2 North America. And Waste Management of North America
3 is a company that deals in the solid waste.
4 And when I see in the regulations that
5 type of advertising with the type of advertising like
6 for instance, if we put in some type of advertising on
7 our collection bin that we deliver to our customers,
8 would that be an acceptable type of advertising?
9 MS. PORTER: If you put it on your what?
10 MR. COLLINS: Collection bin.
11 MS. PORTER: That's possible. I mean, these are
12 the kinds of things that we want to hear what your
13 ideas are for what would be acceptable, and as we're
14 writing the regulations we would consider that method.
15 MR. COLLINS: Okay.
16 MS. PORTER: I can't say what would and wouldn't
17 be acceptable right now. But we'll definitely
18 consider all the input we're getting here today. We
19 want to leave it pretty open in order to encourage
20 creativity and resourcefulness. Okay. Any other
21 comments on advertising? Okay. Let's move on to the
22 next slide.
23 This one has to do with accepting only
24 the 20 gallons from a person in a day. And also not
25 accepting contaminated oil. The acceptance of

1 contaminated oil is a big issue, especially with
2 service stations. I found that, talking to different
3 people, the service stations are usually real
4 concerned about contamination.
5 Local governments tend to be also, but a
6 lot of times they're just concerned about keeping it
7 from going into the storm drain, and they'd rather get
8 it any way they can. So the regulations say that the
9 oil shouldn't be contaminated beyond that normal use.
10 So what should the regulations say in this regard?
11 Should we specify that it shouldn't have antifreeze,
12 brake fluid and other specific types of contaminants,
13 or should we leave it vague like that. And also the
14 regulations may specify certain procedures to go
15 through for screening for contamination.
16 However, the statute says that we can't
17 require a certified center to actually test the oil
18 through some kind of a chemical analysis that you get
19 from the public. So these screening procedures are
20 something to consider.
21 Something else and kind of relating to
22 the 20 gallons, how do you know someone's brought in
23 oil or not? Well, you can't tell if someone's brought
24 it to another center in a day and then they're
25 bringing it in to yours another 20 gallons, but we've

1 thought about requiring a log where someone signs in
2 when they bring in oil; so you would have a record of
3 that person and possibly how much oil they brought
4 in.
5 And we'd like to get some feedback on
6 this to see how people feel about a log because this
7 may be something that does go into the regulations.
8 AUDIENCE MEMBER: I think the log would be a
9 good idea. Maybe on that log you could have some sort
10 of certifying language that maybe the person who
11 brings in the used oil would certify that this oil
12 hasn't been mixed with solvents or any other type of
13 antifreeze. So at least they'll be aware that they
14 should keep this oil segregated from any other types
15 of chemicals.
16 MS. PORTER: Okay. Thank you.
17 MR. EWENS: Mike Ewens. We do the flame test
18 for chlorinated hydrocarbons on it. Although in the
19 last test now we've implemented about two years ago,
20 we haven't been stung, but the reason we do it you
21 just can't trust people. No matter what you tell
22 them, no matter how many times they sign their
23 signatures. Somebody brings something in and you make
24 that one time mistake and you contaminate 2,000
25 gallons. That's an awful lot of money.

1 We would be probably amenable to wanting
2 at least defined as to what is contamination. If
3 there is antifreeze, gasoline and brake fluid and
4 other things in there and if it at least is stated,
5 then we can lay that out. The second thing, we
6 already have a log. We have to track by the zip code
7 because we service the total county. I mean, people
8 come in from unincorporated city areas.
9 We don't mind doing that now. But it's
10 the contamination issue. And as I said before, the 16
11 cents, by the time you take a gallon of oil through
12 the flame test, it's costing us time and money.
13 MS. PORTER: Let me ask you a question before
14 you give up the mike. What do you do if someone
15 brings in contaminated oil? Where do you tell them to
16 take it?
17 MR. EWENS: We accept it, but we just put it in
18 a 55-gallon drum. It's a lot cheaper at $110 than
19 $4,000.
20 MS. PORTER: That's good to know. One of the
21 things we're talking about putting into the
22 regulations is if someone does determine that oil is
23 contaminated, not that they have to accept it, but
24 they at least tell the person where they can take that
25 oil, be it a household hazardous waste collection

1 program or some other mechanism.

2 MR. TREAT: Chris Treat again. 20 gallons is an

3 awful lot to accept from one client or one customer.

4 MS. PORTER: I thought so too.

5 MR. TREAT: Mainly because most recycling

6 centers, the independent sector -- I'm not talking

7 about the gas stations, have 110 gallon capacity.

8 According to the fire code, that's all they can accept

9 in any one week, that's all they can store. Now

10 you're boiling it down to where five people can bring

11 their oil to you rather than 100 people.

12 MS. PORTER: That's something I'll pass on to

13 Assemblyman Sher's office. The 20-gallon maximum was

14 listed in the statute; so we can't change that through

15 regulation, but it's something that they might

16 consider changing. I'm not sure where they came up

17 with that number.

18 MR. TREAT: It's from the CHP statutes for

19 transport. And we get it all the time in the

20 household hazardous waste collection. That's where

21 the 20 gallons shows up.

22 MR. LUDWIG: David Ludwig from Manhattan Beach.

23 Regarding that 16 cents per gallon being kept by the

24 provider, I think that's a good idea. But I'm

25 thinking that that might be a little hasty putting it

1 all onto a rider and ruling out the possibility that
2 we may need to have an incentive also for people who
3 take their oil in. So is this by statute of what that
4 fee is or can that be adjusted and then maybe in time
5 some go to the person bringing it in?
6 MS. PORTER: Right now the way the statute is
7 written, the money, as I said, has to go to the
8 public. It's supposed to start at four cents per
9 quart. The law says that the board can change that
10 amount, but we wouldn't be able to change the amount
11 that we're collecting from the oil manufacturers. But
12 we can change the amount that we're giving back to the
13 public.
14 But obviously you can't make it too much
15 higher than what you're collecting, or your fund is
16 going to go bust. We would have to talk to Sher's
17 office or one of the legislators to figure out a
18 system that might be in between those two.
19 MR. LUDWIG: Now, you mentioned on noticing the
20 zip code in which it's collected. That is a big
21 administrative issue, maybe. Especially when zip
22 codes don't necessarily pertain to the municipality.
23 MS. PORTER: We weren't talking about collecting
24 the zip code necessarily, but checking the signature.
25 The gentleman from Ventura stated that they currently

1 track zip codes.

2 MR. LUDWIG: And as far as the liability when a

3 person brings it in, even if he signs his signature,

4 we're going to have to tag that container that they

5 had. When it gets down to proving that they were

6 liable, we may have to bring the evidence.

7 MS. PORTER: Well, I'm not sure that -- well, I

8 guess it's up to the particular center. I don't know

9 that the purpose is to be able to go back and say, you

10 know, we're going to take you to court because you

11 brought us contaminated oil. It is a record of who

12 brought in oil and how much and that they're not

13 bringing in more than a certain amount.

14 And sometimes when people do sign their

15 name, they feel more personally liable, especially if

16 they're signing something that says I certify that

17 this only contains used oil.

18 MR. LUDWIG: That may be an unenforceable

19 regulation. And then regarding the quantities, what's

20 the purpose of the quantity limit? It's really for

21 the benefit of the person who's trying to collect the

22 material. I don't think it's to prevent people from

23 recycling their oil.

24 MS. PORTER: I think as it was brought up

25 earlier that's part of the transportation code in

1 terms of the maximum someone could transport at a
2 given time when they're not -- when they don't have a
3 license to be a hazardous waste hauler.
4 MR. LUDWIG: I don't think it's necessary to
5 tell a person you cannot take it to this recycling
6 center and then transport it over to this recycling
7 center on the same day. What's the benefit of that?
8 MS. PORTER: Well, I'm not sure, except that I
9 think this program, as I stated earlier, was targeted
10 towards the do-it-yourselfer. And if someone has more
11 than 20 gallons to get rid of, they should probably
12 have an EPA generator rate and be dealing with their
13 oil with an industrial generator rate rather than a
14 small amount.
15 MR. SCHOENSIEGEL: Rich Schoensiegel, Rosemead
16 Oil Products. There's also a small quantity generator
17 exemption from the DOHS and Department of Toxics by
18 handling of hazardous waste anyway. They're already
19 exempted from putting antifreeze, brake fluid or any
20 other hazardous waste.
21 MS. PORTER: So as far as liability, you're
22 saying that relieves them of liability. Thank you.
23 MR. TREAT: Chris Treat. For the people that
24 are in this room, I'd like them to know that the fair
25 market value right now of a quart of a gallon of oil

1 at the refinery right now is only 12 cents. Okay. So
2 now you're dealing 16 cents, 12 cents, you've got a
3 real big gap here right now. You're putting a
4 financial burden on anybody, any private person that
5 wants to accept this. Any private industry at all.
6 MS. PORTER: Yeah. I'm sure you're aware they
7 would be able to get that 16 cents back from the
8 state. But yes, paperwork-wise, it won't be fun. Any
9 other comments?
10 MR. PAUL: I wanted to comment --- Eric Paul
11 with Mobil Oil again. I agree on the log. I think
12 the whole program is really targeted for the
13 do-it-yourselfer. And it's trying to bring the
14 general public in with their five-gallon lots, not the
15 20 gallons or 50 gallons. Although there are going to
16 be some people that are going to try to take advantage
17 of it.
18 But I think the log is a good idea to
19 bring in. I think there are a lot of people out there
20 that don't want to sign their name. So I agree with
21 that. And I think when we look at these regulations,
22 they really should be looked at as if it's targeting
23 the do-it-yourselfers.
24 MR. BERTONE: There's been a lot of discussion
25 on the 20 gallon and 5 gallon allotment issue. And

1 one thing we have to keep in mind is that that's only
2 a matter of transportation. That doesn't preclude a
3 collection center from setting their own rules as to
4 how much they will accept from the public. I know of
5 some centers that will only accept five quarts as a
6 maximum from the general public at any one time.
7 So even though the transportation law
8 says 20 gallons, that doesn't say that a collection
9 center can impose their own rules if they like for
10 their own safety.
11 MS. PORTER: That's a good point. The statute,
12 the way it's written, says a center shall not accept
13 more than 20 gallons. We wrote the regulations to say
14 a center can set more minimal requirements; so you
15 don't have to accept 20 gallons, you just can't accept
16 more than 20 gallons. Any other comment on
17 contamination?
18 MR. PAUL: How do we distinguish between people
19 bringing in lubricating oil from industrial oils that
20 are not generated from internal combustion engines?
21 MS. PORTER: Hopefully, you will be dealing
22 mostly with do-it-yourselfers that are changing oil
23 for their own car, and I think a lot of it is going to
24 be asking.
25 And quite honestly, I'm not that familiar

1 with the oil industry. This is all new to me. Maybe
2 someone else like Richard could tell us would these
3 oils look different when they come into the center.
4 Is the industrial oil going to have a different
5 appearance. I'm not really sure. Maybe we can work
6 on some guidelines for a center to help they them
7 what's contaminated. Would you comment on that?
8 MR. SCOENSIEGEL: Anybody that changes oil
9 knows that the oil is going to be black, dark from
10 internal combustion engines. When it comes out of the
11 transmission, it's going to be red. Segregating or
12 being able to ID waste oil by sight would be awful
13 tough, except in terms of if it's like a hydraulic
14 fluid that they mention in the statute, and those are
15 both clear.
16 I was just going to state that if it's an
17 internal combustion engine used for transmission
18 fluid, it is going to be red. And I don't know too
19 many end users or do-it-yourselfers that segregate
20 their oils, automatic transmission fluids and engine
21 oils. So they'll all appear real black and dark.
22 MS. PORTER: Hopefully, we can come up with some
23 guidelines maybe on some of these ideas of what
24 something is going to look like, but aside from
25 actually testing the oil, it's difficult to tell

1 what's in there. That's the problem when you're
2 dealing with liquid waste. Okay. Any other
3 comments?
4 MR. MAURER: Rich Maurer, City of La Habra. The
5 only problem I have with the sign-in log is I work in
6 recycling center in my city and I get calls from
7 people saying I just moved into a new house and
8 there's these containers and I'm not sure what's in
9 it. I think it's oil. I think they're going to be a
10 little reluctant to sign a thing saying that it's
11 uncontaminated oil when they're not really sure.
12 MS. PORTER: Something like that you probably
13 want to take into a household hazardous waste
14 collection day, wouldn't you say, Fernando?
15 MR. BERTONE: Yes.
16 MS. PORTER: He heads up our household hazardous
17 waste section. Yeah. If they're not sure what's in
18 it, I don't think you'd want to collect it as a
19 center. Okay. This is the last I have on
20 certification. And the statute says that a certified
21 center isn't supposed to make a payment on oil if they
22 don't think a payment was made on by a manufacturer.
23 And this is a real difficult one.
24 One of the things we had talked about is
25 maybe you could have someone show a California ID

1 because the fee is only paid on oil sold in
2 California, but what if you're at some of the border
3 cities or counties and people buy their oil in
4 California, want to recycle it here. This is just a
5 real difficult one.
6 And the Sacramento people said don't even
7 write a regulation on it. Just let the standing
8 statute and let people know that they haven't been
9 paying the fee out if a fee wasn't paid in on the
10 oil. I don't know if any of you have any good ideas
11 on this one. No. Okay. That's okay.
12 Why don't we take a 10-minute break and
13 we'll come back at, how about 10:15, and we'll talk
14 about recycling incentives and how you claim the money
15 back from the state.
16 (Recess.)
17 MR. MEYERS: We'd like to try to get started
18 with our next item on the agenda. My name is Dennis
19 Meyers. I'm going to be covering the procedures or
20 requirements to claim recycling incentive payment that
21 you would be claiming from the State once you've
22 recycled oil you've taken in from the public. And we
23 have two different considerations and are developing
24 regulations in this area of procedures.
25 One is to make sure that you can very

1 speedily and efficiently apply for the claims, you get
2 paid in a timely manner so you have a very efficient,
3 dependable flow of funds from your recycling activity.
4 Some of the conflicting considerations is to make sure
5 for security that we're only making payments that
6 we're allowed to and we're paying it only on the oil
7 that is duly recycled.
8 So there's some different requirements
9 applied to different types of generators. I'd like to
10 give you a brief overview of the requirements and the
11 State's processes for handling its payments.
12 There's two sections in the statute that
13 require the board to make payment. 48651 requires the
14 board to make a payment to the various participants in
15 the program for oil that's collected after April 1st
16 of next year and transported by used oil haulers and
17 certified use at a certified used oil handling
18 facility.
19 The second requirement is on people that
20 would be claiming the payments that they would file
21 certain reports on this oil in order to receive
22 payment and they report to the board each month on the
23 amount of oil, lubricated oil transported to the used
24 oil facility.
25 Basically, the State's process that we'll

1 be following is very similar to the Department of
2 Conservation division of recycling for its incentive
3 payment process by which eligible participants file
4 claims and accompanying documentation with it to the
5 board and which we'll review, verify the
6 documentation. Make sure it's correct, make sure
7 you're eligible.
8 And then we segregate something that's
9 called a claim which is made by direction from us to
10 the state controller to issue checks, and state
11 controller will issue checks to the recipients we
12 identify. So you won't get your check straight from
13 the board. And we have every assurance that the
14 controller will operate in every efficient manner that
15 they operate in.
16 Can we have the next slide please. There
17 are four different types of people that can claim
18 incentive payments, some of which have already been
19 discussed and you are obviously familiar with.
20 The first three are industrial generated
21 oil, collection center or curbside collection
22 program. The last entity that can is electric
23 utility. And these are people who are regulated and
24 authorized to generate electricity who can use claim
25 incentive for oil that we claim from their vehicles

1 and put into their oil burning electric facilities.

2 Can we have the next slide, please. I

3 want to get into some of the initial requirements that

4 people face in order to get their incentive payments.

5 Section 48660 requires used oil collection centers pay

6 to people who bring in the oil the amount of the

7 incentive payment that they can claim back from the

8 state. And we've already discussed some of the

9 ramifications of this already. You'd be paying for

10 oil brought in by people who bring oil in containers,

11 not people who bring in oil to be changed out of their

12 vehicle or something of that nature.

13 There's a couple regulatory issues that

14 might come up during the process, and one is a

15 collection center may receive used lubricating oil

16 donations, but you must make the donor aware that they

17 could claim the incentive payment. The regulations

18 may also require collection centers to prove that the

19 payments were made or offered to the individuals

20 disposing of the oil.

21 And we talked about the use of something

22 like a log or getting signatures of people disposing

23 of the oil to certify that they did bring in the oil

24 and donated it. Or that they received the payments.

25 And we talked about the use of some kind of

1 identification, such as a California ID number or
2 driver's license number or to require that the center
3 keep adequate bookkeeping, who they collected the oil
4 from, whether it was donated and whether they made the
5 payments. We discussed this already.
6 Does anybody have any other additional
7 feedback on any kind of recordkeeping or verifying oil
8 brought in. I think we covered it pretty thoroughly
9 earlier. Can we go to the next slide please.
10 MR. SCHOENSIEGEL: I might be getting ahead of
11 myself, but are you going to discuss exceptions as it
12 regards to this tax? The reason I bring that is up is
13 our particular business is about 95 percent
14 commercial/industrial mix. And since in the body of
15 the bill the exemption relates to the Department of
16 Vehicle Code definition of the motor carrier and
17 because of the mixed fleet-type application in a lot
18 of people.
19 For example, UPS, for example, has in the
20 state of California 1,400 pieces of equipment. That's
21 in Southern California. And of that they would be
22 exempted from this tax as a commercial motor carrier
23 under lubricating oil. Part of the regulation,
24 though, is part that the DMV vehicle code says that a
25 vehicle of more than 6,000 pounds.

1 Now, of that 1,400 vehicles that UPS runs
2 in Southern California, about 300 of them are
3 automobiles and light trucks. Now, when they buy oil
4 from us or any other company they are not going to be
5 charged the 16 cents because they meet that exemption
6 on the surface. But what about the oil that goes into
7 those lighter vehicles? Are they going to have to
8 come up with some type of documentation or a waiver?
9 What we were thinking about is actually
10 having them sign a declaration that the oil they buy
11 is only going to be used in vehicles of 6,000 pounds
12 or more. I'd like a comment how the regs might be
13 written around that.
14 MR. MEYERS: I think Christy had a comment on
15 that.
16 MS. PORTER: The Board of Equalization, we have
17 an inter-agency agreement with them to collect the
18 fees for us from the oil manufacturers, and I believe
19 how they're planning on dealing with these exemptions
20 is to go ahead, have the oil manufacturer like you go
21 ahead and pay that to the State and leave it up to the
22 person who qualifies for the exemption to claim a
23 refund.
24 And you may note the legislation as it's
25 currently written would allow AB 3073, the cleanup

1 legislation has language relating to this refund and
2 how someone such as UPS would go about getting that
3 money back from the state.
4 Does that answer your question?
5 MR. SCHOENSIEGEL: What section of 3073 is
6 that? Do you know?
7 MS. PORTER: I don't know off the top of my
8 head. I could find out for you. Actually, I believe
9 that they're planning on adding that language on the
10 floor. We forwarded it to Sher's office a couple
11 weeks ago.
12 MR. MEYERS: A second area concerns the
13 certification that the oil you collected has been duly
14 transported. And one of the requirements for
15 receiving incentive payments is submit copies of
16 manifests or modified manifest receipts from used oil
17 haulers to ensure that you did actually recycle the
18 oil.
19 An additional requirement, primarily
20 pertaining to industrial generators as opposed to the
21 curbside and drop-off centers, is to show a receipt
22 for the purchase of the oil since we can only pay the
23 incentive payments for oil that was recyled.
24 And another issue that affects
25 industrial generators is the case where an industrial

1 generator may mix or commingle all the oil, all the
2 lubricants that they're attempting to recycle in a
3 single container. The fee is only going to be paid
4 back on lubricating oil that is recycled, not all the
5 other oils or lubricants they might have.
6 So that's one issue and what steps that
7 people can take to ensure to our satisfaction that the
8 oil they've given to a used oil hauler is just for the
9 lubricating oil that they recycled, as opposed to
10 nonlubricating or industrial oil.
11 The issue here arises from the fact that
12 up to or maybe over half the oil that ends up in crank
13 cases may not be available for recycling. So you
14 could have receipts totalling X number of gallons, but
15 it would not be feasible to show that you recycled
16 that amount of oil out of the crank cases of your
17 vehicle. So we came up with a couple possible
18 solutions, one of which would be to require, actually
19 require us to audit industrial generators who claim
20 that they've recycled over a certain percentage of the
21 oil that they've purchased.
22 And I don't have an idea what that
23 percentage might be, but it works something like if
24 you claimed to recycle 90 percent of all the oil you
25 purchased in the last three quarters, it would trigger

1 an automatic audit by the State to review your
2 recordkeeping and how you could be recycling that high
3 of a rate.
4 Our second alternative, we're looking for
5 feedback between those two would be to require some
6 kind of on-site recordkeeping from the people who
7 deposit oil into these containers; so we have to
8 indicate when they dropped it into the tank or poured
9 it in whether it was industrial or lubricating oil.
10 At our first workshop it was pretty much
11 a unanimous opinion not to require any kind of
12 additional bookkeeping, and that to come in with some
13 kind of rule with percentage of the recycle rates to
14 trigger subsequent audits would be better.
15 Does anybody have any opinions or ideas
16 on this matter? Not many industrial generators here.
17 Our goal is keep it easy on the people participating
18 in the program. But the audience in Sacramento felt
19 that they would rather be subject to an audit if they
20 claimed to be recycling much more than the industry or
21 average rate. That's apparent.
22 The next slide, please. The real
23 important issue is the timing of payment. The statute
24 doesn't give totally specific or detailed instruction
25 or guidance on this. The only requirement is that

1 they require quarterly reports within 20 days at the
2 end of each quarter from the individual participant in
3 the program showing the amounts of oil they recycle.
4 It doesn't require or limit how often somebody can
5 apply for a payment, however, which is a different
6 matter.
7 So a couple regulatory solutions face us.
8 One is to allow each participant to claim monthly
9 payments earlier. The surveys and investigation we
10 did to different recycling centers indicate they'd
11 like the ability to claim monthly payments as opposed
12 to wait to the end of each quarter, which seems
13 feasible.
14 So the problem is to tie that into the
15 quarterly report. So one alternative is to allow
16 anybody to claim as frequently as monthly to get
17 payment and then to give us a quarterly report at the
18 end of each quarter. But it looks like it could be a
19 duplicate reporting requirement because the
20 information you're going to give us regarding payments
21 is very similar to the information you give us in the
22 quarterly report.
23 The second alternative is to allow each
24 participant to claim a payment monthly, and
25 essentially you provide one third of a quarterly

1 report with each claim you submit; so we have a
2 quarterly payment. This seems to be what we're
3 leaning to right now.
4 Does anybody have any other ideas or
5 preferences among these options? That concludes what
6 I had to talk about. Again, as I say we're trying to
7 make this program from the payment aspect run as
8 smoothly as possible.
9 MR. EWENS: From our standpoint, with 6,000
10 gallons a month, that last option of doing a monthly
11 report, we do that now anyway. We do a monthly report
12 and a monthly invoicing for payment and then combine
13 it. Quarterly would be fine by us. That would be
14 easy for us.
15 MS. PORTER: Thank you.
16 MR. PAUL: Eric Paul, Mobil Oil. I agree with
17 trying to limit the recordkeeping requirements, but I
18 guess the question is if you're going to come up with
19 a percentage that would trigger an audit. What are
20 you going to be auditing when you go to a site and
21 there's no records?
22 MR. MEYERS: Well, it would be up to them to
23 prove how they're recycling that. What do you do when
24 you find somebody who's obviously put a claim for
25 their industrial oil along with lubricating oil. At

1 that point, an audit would have to be done to somehow
2 estimate what percentage should have been claimed, and
3 get the funds back from that claimant.
4 MR. PAUL: That really goes back to my question
5 before. How are you going to differentiate between a
6 lubricating and an industrial oil at an industrial
7 site? You really have no way of doing that.
8 MR. MEYERS: That would be up to the generator,
9 really, as to what procedures he would enact to -- if
10 he's not going to segregate the oil in the first
11 place, to what kind of recordkeeping is he going to
12 use to keep track of what he's putting in his
13 container to then submit a claim on. The requirements
14 of the legislation say it's only for lubricating oil.
15 We have to make that clear.
16 MR. PAUL: If you go with the audit procedure,
17 what kinds of penalty are you building in if you find
18 a problem?
19 MR. MEYERS: It's $100 per day per violation,
20 plus, obviously, asking for any funds they shouldn't
21 have claimed back.
22 Any other comments on claim procedures?
23 Since they are really straightforward, I'm going to
24 turn it back over to Christy who wants to talk to you
25 about the subsidies.

1 MS. PORTER: I believe we talked a little bit
2 about contamination earlier, but the law provides that
3 a center can get some reimbursement if they have to
4 have a load of oil hauled off because it's too
5 contaminated to send to a recycling center.
6 Typically, that is a greater than 1,000 parts per
7 million total haul.
8 In order to get these reimbursements or
9 subsidies from the state, the center would have to
10 apply. And the statute says that the center must
11 establish procedures in order to prevent contamination
12 in order to receive this money.
13 So the board will be requiring that well,
14 if you want to get the money back, you should have
15 procedures established. But we're not sure what kinds
16 of procedures there should be. Should there be, we
17 require that a sign be posted stating what is
18 unacceptable materials. These are certain issues that
19 we need to deal with.
20 The next slide, please. Another thing
21 that is a little bit difficult to figure out to
22 enforce is that the shipment is not supposed to
23 contain more than five gallons of contaminant and if
24 you got a whole tank and it shows up that it's
25 contaminated, I'm not sure how you could figure out

1 how many gallons of oil had actually been
2 contaminated.
3 This isn't something you could determine
4 through a visual inspection. So again, I think what
5 we're probably going to require in order to get the
6 reimbursement is that the center have certain
7 procedures, be it a sign that's posted stating what is
8 not allowable to be in the oil and then possibly
9 they're required to ask the person bringing in the oil
10 if there is anything in the oil other than oil.
11 Another aspect of the reimbursement is
12 that a center can't claim reimbursement more than once
13 a year. And it can't be more than $5,000 for a
14 particular shipment. And one of the questions that
15 some of our staff had is, is this one time per year
16 limit not enough? So as far as the contamination and
17 the subsidies, let's just open it up and see if there
18 are any comments. One back here.
19 MR. BARTLMAN: Bill Bartlman, City of San Diego.
20 And one of the first problems I see with limiting it
21 to one pickup a year is that, even though these oil
22 collection activities are going to be exempt from
23 state permitting, at least in San Diego, we would
24 still be required to be, under a county health permit
25 for hazardous waste activity, and they would not allow

1 us to maintain the stuff on-site for more than 90
2 days. So we would have to dispose of the hazardous
3 waste four times a year, but only be registered for
4 one of those.
5 MS. PORTER: I don't know how they came up with
6 the one time a year. I think it was they said to try
7 to encourage you if you become contaminated we can
8 apply for reimbursement from the state. So you feel
9 that having more reimbursements per year would be more
10 reasonable?
11 MR. BARTLMAN: I would say that if you want to
12 limit the total amount to 5,000 for the year that
13 could be reasonable, especially as they're doing in
14 Ventura. We're segregating to keep the costs down.
15 Keep the total, limit it to 5,000, but allow more
16 frequent. Don't put a cap on the number of times.
17 MS. PORTER: For incidence per year. Total
18 5,000 per center.
19 MR. SCHOENSIEGEL: Rick Schoensiegel, Rosemead
20 Oil. If you ever reach that $5,000 limit, you may as
21 well shut down the center, period.
22 MS. PORTER: Does anyone know about how much
23 does it costs to have a contaminated load hauled away?
24 MR. EWENS: $2 a gallon.
25 MS. PORTER: And most tanks are possibly 250

1 gallons to the station?

2 MR. EWENS: 500,000 gallons.

3 MS. PORTER: Any other comments on getting money

4 back for contaminated loads?

5 AUDIENCE MEMBER: I guess would I agree with the

6 concern of one load or $5,000 because we're trying to

7 encourage recycling. The center would go out of

8 business very quickly if he has to pay for a second

9 load, and I think that's going to keep a lot of people

10 from becoming certified centers.

11 MS. PORTER: So you also feel that possibly

12 $5,000 per year limit but four incidents per year?

13 MR. STANTON: 5,000 isn't really going to do.

14 You might have to write something in that states maybe

15 an audit has to be done of the facility after the

16 first contamination to make sure that everything

17 they're doing, they're doing everything possible. And

18 if there's not, then maybe they're paying them, but if

19 they are to keep the center open and pay for the

20 contaminated load.

21 MS. PORTER: So you're saying there shouldn't be

22 a limit on how much?

23 MR. EWENS: What you may want to consider, too,

24 is basing the dollar limit on the total amount of oil

25 the center is bringing through. So it depends on the

1 capacity of the center what the limit would be.

2 MS. PORTER: If there aren't any more comments.

3 One more.

4 MR. EWENS: The comment, really, is dealing with

5 the testing procedure. We're able to reduce it so we

6 don't really worry about the $5,000, but if we're

7 going to start getting into if the regulation says you

8 don't require a test, if people can just bring it in

9 and they sign their name and then they pour it into,

10 whether it's drums or whatever, the probabilities

11 exists that now you start to increase the chances for

12 contamination.

13 We have the test procedure because, to be

14 perfectly honest, you can't trust the general public.

15 People will do anything they can to sneak things in on

16 you and we're subject to that every day. I think the

17 comment that was raised back there from Mobil Oil

18 about the $5,000 if you don't want to have testing

19 then you're going to need more than $5,000 for these

20 small centers to get rid of contaminated oil because

21 somebody is going to stick it to them. Believe me.

22 MS. PORTER: Thank you. Let's go ahead and move

23 on to grants. Then if there aren't any other

24 questions in this area.

25 MR. BERTONE: My name is Fernando Bertone.

1 Those that were representing the local governments,
2 can you raise your hands. Okay. There might be quite
3 a bit of interest in block grants. Block grants are
4 available. Once all the disbursements are made as far
5 as recycling incentives, there's money available for
6 block grants. The purpose of the block grants is for
7 the implementation of local used oil collection
8 programs.
9 As far as how much is available, there's
10 $10,000,000 annually. It seems to be at a minimum,
11 the statute actually reads $10,000,000, or half of the
12 amount which remains in the fund after certain
13 expenditures are made. So whichever is greater. So
14 it seems to me that the minimum amount available for
15 block grants would be $10,000,000.
16 The disbursement of this money is based
17 on population. First of all, cities would be eligible
18 for these grants, and the amount that would be
19 available is based on the city's population. As far
20 as the county, the amount that they would be eligible
21 for is based on the population in the unincorporated
22 area.
23 So there's really no talking about
24 service areas here. It talks about just population of
25 the city and population in the counties in

1 unincorporated areas.

2 In order to be eligible for these block

3 grants, the local jurisdiction has to do one of two

4 things. They have to develop and submit a local used

5 oil collection program, pursuant to section 48691 of

6 the Public Resources Code, and I'll be talking about

7 that also. The local jurisdiction must file an annual

8 report with the board, pursuant to section 48674.

9 Let me back up a bit as far as local

10 governments. The statute talks about cities and

11 counties. One concern that came up at our Sacramento

12 workshop was, among other things, transit districts.

13 And this brings to mind sanitation districts also.

14 And I know in our other grant program that we

15 implemented, the household waste program, the way the

16 statute reads there it talks about cities, counties

17 and agencies, local agencies that are responsible for

18 waste management.

19 So there may have to be some alterations

20 to the statute to allow the LA sanitation district and

21 Ventura sanitation district to be eligible for these

22 grants. And I really don't see that as a problem. Or

23 we'll see.

24 Next slide, please. As far as the local

25 used oil collection program, section 48691 talks about

1 what the program should encompass. That essentially
2 is having at least one certified collection center per
3 100,000 residents not served by curbside. Having
4 curbside collection, one or the other or a combination
5 of the two.
6 One thing that came up last week at the
7 Sacramento workshop was public/private partnerships
8 and whether or not those would be viewed as part of
9 the collection program, local collection program. And
10 we wouldn't see any reason not to include those. If
11 anything, we would encourage it. Also, a requirement
12 of the program is the certified collection center must
13 accept the oil from the public at no charge. And that
14 the center be open at least 20 hours each week, four
15 days a week.
16 And of those hours of operation, three
17 hours must be outside of the weekday hours of 8:00 to
18 5:30. The idea being for those people who have real
19 jobs, like us, to take advantage of the collection
20 centers and oftentimes these centers may be open on
21 Saturdays anyway; so that wouldn't be a problem
22 there.
23 One major requirement for the local used
24 oil program is that they are required to include a
25 public education program. That's a requirement.

1 Also, the local government may implement the used oil
2 collection program in conjunction with other similar
3 programs to improve their use or recycling
4 efficiency.
5 Actually, that should probably reworded
6 to include the used oil recycling, actually the
7 collection of the used oil. So this means to say in
8 conjunction with the local household hazardous waste
9 program, this program could be implemented as well.
10 Next overhead, please.
11 As far as annual reporting requirements
12 required by section 48674, each annual report is due
13 on January 1 after receiving, initially receiving a
14 block grant and due on or before January 1
15 thereafter. Some of the timing on this may not be
16 conducive to getting the first annual report in.
17 If we give the block grants out, say, in
18 April of next year or maybe even later, there may not
19 be a whole lot of information that has been produced
20 to justify an annual report that next January. So the
21 timing on the implementation of this block grant is
22 going to be critical.
23 And another comment that came up at the
24 Sacramento workshop was why January? Why not based on
25 a fiscal year basis from July to June. So that's

1 going to be looked at as well. And any comments in
2 that respect would be appreciated also. As far as the
3 report itself, the report must include any amendments,
4 amendments to the collection program that the city and
5 county had implemented, a description of all the
6 measures taken to implement that program and a
7 description of how the money was used, previous year.
8 How that money was expended.
9 Next slide, please. After all the block
10 grants are given out and if there's any money left
11 over, any money left over is shunted into the used oil
12 market and collection promotion account where other
13 types of grants and loans are available. Now, the
14 board may issue these grants or loans for the
15 following purposes.
16 They could be issued to local governments
17 for providing additional opportunities for used oil
18 collection. Could be implementing or starting up new
19 collection centers or perhaps containers or something
20 like that. The money would be also available to
21 nonprofit entities for various activities, including
22 establishing used oil collection centers, providing
23 containers or other materials and supplies for used
24 oil for pick up or return, or obtaining equipment and
25 establishing procedures to comply with fed, state, and

1 local law regarding collection and handling and
2 storage of oil.
3 One thing that came up last week in the
4 Sacramento workshop, again dealing with contamination
5 issue was certain equipment. Although this program
6 cannot require that the oil be tested, there may be
7 other requirements that oil would be tested, be it on
8 a local level or state level. Grants could perhaps be
9 given out for purchasing equipment to do that
10 testing. That's one possibility.
11 Also, research, testing and demonstration
12 projects to develop uses for recycled oil are
13 available through grants. And I understand also that
14 this portion of the statute is going to be changed to
15 include used oil as far as research and testing of
16 used oil, not only recycled oil. So that's kind of a
17 thumbnail of the block grants and any additional
18 grants.
19 We're lucky in certain respects in that
20 we have an infrastructure already set up for grants
21 because we've got two other grant programs that are in
22 existence, household hazardous waste grants, and we
23 just recently implemented and actually will be
24 finalizing some grants for the used oil collection
25 demonstration grant program.

1 So the infrastructure is already there;
2 so it would be easier for us to write regulations for
3 this grant program. It would be very similar to our
4 existing household hazardous program. So that's our
5 plan for that.
6 Now, the timing for the regulations for
7 us is not as critical as the certification. If
8 anything, we would have to wait for the certification
9 regs to be completed and those centers to be certified
10 because one of the requirements to be eligible for
11 these block grants is that there be at least one
12 certified center. So it's kind of a domino effect
13 type of thing. At this point, I'd be happy to
14 entertain questions, comments on anything else.
15 MR. LUDWIG: David Ludwig, Manhattan Beach. How
16 is all of this grant program being funded? Is that
17 basically the four cents collected from the
18 manufacturers that is not anticipated to have to be
19 refunded? What portion is that?
20 MS. MEYERS: Well, the way the statute reads as
21 far as the grant money goes any funds left over after
22 incentive payments were made. It doesn't specify an
23 amount, but that would be at least $10,000,000.
24 MR. LUDWIG: What percent is going to be
25 recycled?

1 MR. MEYERS: We won't know the firm figures
2 until the quarterly report are made. Real ballpark
3 figures is only 50 percent would be actual lubricating
4 oil.
5 MS. PORTER: One thing you have to consider on
6 that, on all the oil that's sold, a lot of it leaks
7 out of crank cases and is burned up; so you're never
8 going to have 100 percent recycling rate. So there's
9 going to be a lot of money, funds.
10 Although the oil was recycled, there's
11 going to be a lot of money available and part of that
12 would go into grants.
13 MR. BARTLMAN: Bill Bartlman, with the City of
14 San Diego. Actually, the first one --
15 MR. BERTONE: Can I sit down?
16 MR. BARTLMAN: Yeah, you might want to. The
17 first one would be I have a regional application,
18 regional grant application for the City of San Diego
19 and county combined.
20 MR. BERTONE: We would draft the regulations so
21 as to not preclude that. Because as far as the
22 economy scale, in many cases it's easier to have a
23 regional program than individual programs. So yeah,
24 we probably would encourage that and draft the regs
25 around that type of program.

1 MR. BARTLMAN: And the second question then
2 would be, again, you talked earlier about piggybacking
3 things, but the education program can be piggybacked
4 with the household program for education also.
5 MR. BERTONE: I would think so, as long as used
6 oil is mentioned, yes.
7 MR. BARTLMAN: Then the last thing, I want to
8 make a comment about the reporting requirements. We
9 would probably prefer to go to the January 1st
10 deadline. Right now for our household hazardous waste
11 record, we end up our fiscal year in the end of June.
12 We probably don't get final results on household waste
13 until almost Thanksgiving. So.
14 MR. BERTONE: Okay. Any other questions?
15 MR. KING: Richard King, City of Commerce
16 again. Regarding the grants, is the requirement then
17 based on population a statutory requirement or are
18 those regulatory considerations?
19 MR. BERTONE: That's statutory requirement.
20 MR. KING: So they're passed in Congress.
21 MR. BERTONE: Yes. They're cast in concrete.
22 MR. KING: We only have 3,000 residents, but we
23 realized based on the volume that a recycle center
24 might do. We couldn't get enough money to assist
25 them. At least on the household hazardous waste

1 program.

2 MR. BERTONE: I'm not sure how to respond to

3 that.

4 MR. KING: Well, there's nothing you can do.

5 MR. BERTONE: Unless you have a whole lot of

6 people moving commerce. Any other questions?

7 MR. WATTS: Is there any level of flexibility or

8 consideration for altering hours of collection. You

9 have 20 hours per week, and we currently operate our

10 program twice a month, two separate days, one weekend

11 day and one weekday. And we're not up to 20 hours a

12 week, not close. Couldn't possibly afford doing that.

13 MR. BERTONE: Short of changing the statutory

14 requirement, there is none. That is something that

15 would have to be changed in the law, and I think the

16 idea is that there be a modicum of convenience in

17 terms of availability. That's why 20 hours was

18 viewed, I guess, as the minimum.

19 And I don't know -- I really don't know

20 if the legislature, any legislature would entertain

21 changing to allow that flexibility. It's something

22 that can be brought up. And it's something that, for

23 whatever reason a local jurisdiction can only operate

24 on those certain hours because the budget constraints

25 or whatnot, we would probably have to get a reading

1 from the legislator that sponsored this bill to see
2 what their inclination is.
3 But as it stands, we have to go with what
4 it says right there is 20 hours.
5 MR. WATTS: With the certified collection center
6 within the population, we have a Pep Boys in our
7 community. If they became a certified center and we
8 applied for the grant, would that be possible?
9 Because we wouldn't be a certified center. We won't
10 be able to open because -- Pep Boys would be the
11 certified center within the 100,000 people population.
12 MR. BERTONE: If it's viewed as a public/private
13 partnership between Pep Boys and the city of Thousand
14 Oaks, you say?
15 MR. WATTS: Yeah.
16 MR. BERTONE: Perhaps it could be, yes. That
17 was one idea behind the public/private partnership.
18 So that's certainly worth consideration, yes.
19 MS. BARCO: Arlene Barco, City of Torrance. I
20 guess the same question with reference to what he was
21 just talking about. When you're talking
22 public/private, we in the city of Torrance had a --
23 Mobil sponsored a household hazardous waste
24 collection. They actually incurred most of the cost.
25 However, the city, as joint partner, put out some of

1 the public information, a letter went out to the
2 residents from the mayor.
3 Would that be considered eligible for
4 that grant then? For example, if we had certified
5 centers and maybe Mobil stations or something, and in
6 conjunction with that, the City kind of underwrote
7 those, let the residents know about it, could we go in
8 and recover with the grant the cost that we incurred
9 for public information?
10 MR. BERTONE: So long as the certified centers
11 were open 20 hours a week and, you know, met that
12 criteria that was listed. I wouldn't see why not.
13 Again, the idea is to provide funding and to provide
14 this level of convenience to the public to enhance the
15 recycling of used oil. That's why it's call the Oil
16 Recycling Enhancement Act.
17 And this is all viewed as just minor
18 steps to do that; so we wouldn't want to write the
19 regulations to preclude that. I think it would be not
20 only a disincentive, but I think it would be bad
21 public policy. Not very smart.
22 MR. STANTON: Bill Stanton, from Signal Hill.
23 What time period is covered by the reports that you're
24 doing?
25 MR. BERTONE: Well, they're annual reports; so

1 the initial -- the first annual report, according to
2 statute, is due January 1 after we give the grant
3 out. Depending on when we give the grant out, it may
4 not be worth having the grant recipient give us an
5 annual report. If we don't give grants out until
6 November of '93, I don't think it wouldn't serve us
7 any good to require an annual report on the very next
8 January 1.
9 But then the annual reports are due
10 thereafter on January 1. So it encompasses one year.
11 I don't know if I answered your question.
12 MR. STANTON: Up through December 31st.
13 MR. BERTONE: Oh, I see. Well, yeah. We can
14 specify the time period in the regulation because
15 there's nothing in the statute that specifies what
16 time period, other than the fact that it just says
17 annual reports are due. And that's the sort of thing
18 we can build into the regulations as far as reporting.
19 MR. TREAT: I also wondered how a discretionary
20 grant would work. As I understand, block grants are
21 given out on the basis of population. I didn't quite
22 understand how you would have discretionary grant
23 funds. As I understand the block grant, you divide
24 the $10,000,000 by the eligible population and that
25 would take care of the $10,000,000, and there wouldn't

1 be any discretionary money left over.

2 MR. BERTONE: Not necessarily, the amount --

3 only those cities that are eligible. And the

4 eligibility is that they have the one certified

5 collection center and now they submit a program and

6 are eligible for grants. That doesn't necessarily

7 mean each and every city and each every county will

8 get a grant because they may not have those certified

9 centers within their jurisdictions.

10 So I don't think there's 58 -- there may

11 not be 58 counties and 400 some odd cities that will

12 each have used oil collection programs. So there's

13 bound to be some money left over for these grants.

14 It's not given to every city and county

15 automatically. They still have to meet certain

16 criteria. I don't know if that answers your question

17 or not.

18 MR. TREAT: Yes. You've covered cities and

19 counties. We have 105 recycling centers in the state

20 of California. How do you propose -- do I have to

21 write 105 grants as far as Chief Auto Parts if I'm

22 applying for money?

23 MR. BERTONE: First of all, are you talking

24 about the block grants themselves?

25 MR. TREAT: Yes.

1 MR. BERTONE: Because it's the city and
2 counties.
3 AUDIENCE MEMBER: That's what I'm saying. Would
4 I have to apply through each city or through each
5 county, because I'm sure some of the people have
6 approached me about well, I have two Chief stores in
7 my city. Okay. But they're also, well, I have four
8 in the unincorporated area of the county. They'd like
9 to apply for these grants, but we're going to write
10 105 different grants. How do you propose?
11 MR. BERTONE: Let's take your example of two
12 Chiefs in one city. We wouldn't need two separate
13 grant applications. We would need just one
14 application from each jurisdiction that meets that
15 criteria. So again, using your example, city X would
16 only have to submit one grant application for their
17 used oil program.
18 And the fact that there are maybe more
19 than one or two or three Chief Auto Parts in that city
20 does not say that they need three separate
21 applications.
22 AUDIENCE MEMBER: But each city and each county
23 would have to apply for a separate grant rather than
24 covering that under one business, correct?
25 MR. BERTONE: Yes. Because it's the city that's

1 getting the grant and not the business.

2 AUDIENCE MEMBER: Then we go back to what

3 incentive does the business have to run that program

4 for that city and county?

5 MR. BERTONE: There's a certain contract

6 requirement that could be dealt with between the City

7 and Chief. I don't know where the incentives could be

8 built in there with those contract requirements so

9 that the City can claim grants.

10 These are great comments and things we

11 have to consider when we write the regulations.

12 MR. BEECHAM: Michael Beecham with the City of

13 Long Beach. Have you collected any data from existing

14 curbside programs or drop-off centers about per capita

15 participation?

16 MR. BERTONE: We have collected some

17 preliminary data just using the most recent grant we

18 gave out, the used oil collection demonstration

19 grants. We had 23 applications, 19 of which we have

20 gave out, actually they'll be -- it's on the consent

21 agenda for the board meeting the end of this month.

22 We did collect data in terms of how much

23 is being collected now by those programs and how much

24 is anticipated to be collected. I'm sure the staff

25 person did the per capita also. I don't know what it

1 is right off the top of my head, but we do have that
2 data back at the office.
3 The gentleman from Signal Hill, did you
4 have another question?
5 MR. STANTON: I guess I was wondering about the
6 maximum available under the block grant program. Say
7 the 25 million people in California, that's about 40
8 cents a head. Is that the basis that would you award
9 the block grant, or would it be -- if half the
10 agencies applied, would it be like 80 cents a head?
11 Do you follow the question?
12 MR. BERTONE: Yeah. I think the formula for
13 determining how much each jurisdiction is eligible
14 for, those jurisdictions that will be getting grants
15 is set in the statute. It talks about -- let's see.
16 Multiply by the fraction equal to the population of
17 the cities and counties who are eligible for block
18 grants, divided by the population of the state.
19 I don't know if that -- statutory
20 language isn't always the clearest thing. But we
21 would -- this is the way I envision it, okay? We
22 would set up our formula so that if the city or the
23 county would submit to us their application we would
24 have to verify that they meet certain eligibility
25 criteria.

1 If they do, we will take the population
2 of that city and divide that, get the ratio of what
3 the population is in that city to the population of
4 the whole state. Get that fraction and multiply it by
5 the amount that's available for those grants.
6 Now, again, the minimum available amount
7 is $10,000,000. So taking 10,000,000 as an example,
8 we would multiply that fraction by 10,000,000 to
9 determine how much that city would get.
10 MS. PORTER: I think what he's saying is you're
11 going to -- you're going to know how much you're
12 eligible for when you apply. $10,000,000 you take the
13 percentage that your city or county, the population of
14 state, if you meet that criteria, you get money. If
15 you don't meet that criteria or you don't apply, your
16 chunk of money goes into this other account that would
17 be available for other grants and loans.
18 MR. BERTONE: I should have just had Christy say
19 that. Any other questions?
20 MR. KING: Is the board staff working with the
21 refineries to create a market for this used oil? And
22 do you know anything about the current market for it,
23 are refineries accepting it? How much are they paying
24 and things like that. Richard King, City of
25 Commerce.

1 MS. PORTER: I've talked to some of the used oil
2 recycling facilities, and they don't feel there's
3 going to be a problem absorbing additional oil in
4 California. As far as how much they're paying, it
5 varies. And some of the people here with the oil
6 industry might be better qualified to address that.
7 MR. KING: Well, I guess really what I'm getting
8 at, does recycling used oil work by itself or do you
9 have to do it in conjunction with other activities?
10 Is it just a PR?
11 MS. PORTER: Well, typically the used oil
12 haulers will charge the generator of the oil, and they
13 in turn will sell the oil to the refiner or
14 reprocesser.
15 Economics of oil has changed over the
16 years. It used to be that the hauler would pay the
17 generator to pick it up. So right now it's not
18 self-sufficient, because if a local government wants
19 to set up a program, they have to pay someone to come
20 and pick it up. The economics could change over
21 time.
22 Part of it, I think, is because used oil
23 is a hazardous waste in California, to that add the
24 expense and the insurance.
25 MR. KING: So the question is, is the board

1 actively working with the refiners to create that
2 change?
3 MS. PORTER: Well, we know that there's a market
4 there. In terms of changing the economics of the
5 situation, it's a free marketplace. We can't price
6 that, et cetera.
7 Some of the haulers, I've heard through
8 generators, are saying they're going to raise the
9 prices because they know that the generators are going
10 to be able to get money back from the state now. And
11 we can't do anything about that. It kind of
12 interferes with the whole intent of this law, but we
13 can't say okay, haulers you can't raise your fees.
14 So again, it's a free market system and
15 the market is there. In terms of -- they can recycle
16 as much oil as used oil the state can produce, but it
17 doesn't mean that it's going to be economically
18 feasible for the generator.
19 MR. BERTONE: At this point, 60 percent of the
20 used oil is used as fuel anyway. I know at least one
21 refiner that is actually marketing the oil that
22 they're re-refining as new lubricating oil. So I
23 don't know if it's a test market or not or if it's
24 available on a wide scale basis; so they're taking it
25 upon themselves to market the oil also.

1 Now, that's perhaps where these research
2 grants can get into also. Finding new uses for
3 recycled oil, for that matter used oil also. So
4 that's another avenue.
5 MR. GORKE: Roger Gorke, Heal the Bay. Is there
6 any incentives or exclusions from the four cents
7 charged to manufacturers? The kind you're talking
8 about, Fernando, if that company, since they're using
9 all refined oil in their project, are they going to be
10 charged the four cents or are they excluded from that
11 charge as a manufacturer?
12 MR. BERTONE: Right now a lubricating engine
13 re-refiner is subject to the fee. The reason behind
14 that is because when it's used it still has the same
15 environmental impact. There has been some talk -- and
16 I know Richard Siegel has been active with this in
17 trying to get some exclusion so that the re-refined
18 oil would not be subject to the fee.
19 We are working with Sher's office on
20 that. We've recently done some fiscal analysis to
21 figure out what kind of impact that might have on the
22 fund.
23 MR. GORKE: That would directly create a
24 market -- say if you have, 50 to 75 percent of your
25 motor oil is re-refined oil, you are excluded from

1 this four cents fee, you're creating a market and
2 causing recycled motor oil to become a huge commodity
3 of this demand.
4 MR. BERTONE: We are looking into that. What it
5 kind of boils down to right now is what kind of fiscal
6 impact it would have on the fund. Because that oil is
7 still going to be available for recycling; so the
8 money would be paid out on it, but it wouldn't be paid
9 in on it. So we have to make sure that it wouldn't
10 significantly alter the fund.
11 MR. GORKE: I just want to make sure that
12 re-refined oil is only being recycled. Burned oil is
13 just being reused, and that's kind of semantics. But
14 you're only recycling it when you're using it for its
15 intended purpose again.
16 MR. BERTONE: Any other questions or comments?
17 AUDIENCE MEMBER: Will recycling programs within
18 the federal government be eligible for grants because
19 if it's by population, the population that we serve
20 might be doubly served by the city and surrounding
21 area?
22 MR. BERTONE: Well, yeah. One avenue would be
23 that the city or the county serve as the applicant and
24 essentially pass it through as a pass-through grant.
25 That actually has been done before in other grant

1 programs; so there is a -- there is an avenue for
2 that.
3 But we should probably look into that
4 also and maybe further define that or better define
5 that and see how the federal government would be
6 involved. Thanks for that question.
7 MS. KEOSABABIAN: Esther Keosababian for the
8 city of Pico Rivera. Are there any requirements
9 established for the expenditure of those grant funds?
10 For instance, can you -- are there any requirements
11 for how these grants funds can be expended?
12 MR. BERTONE: The only requirement it says that
13 these grants are for the implementation of the
14 program. That would depend on how we define
15 implementation. That could be staff costs, purchasing
16 of equipment.
17 In the past what we had done with our
18 grant program has been more of a reimbursement where
19 they show us invoices of money that has already been
20 spent. In some cases, one county in particular, asked
21 for some money up front instead of reimbursement, and
22 they justified it; so they could use that money to
23 start their implementation of the program.
24 So it would all depend on how we view and
25 define the term "implementation." But the one thing

1 that we probably would not view as implementation is
2 the aspect of the planning a program, but I would
3 think that some of the stuff you elicit.
4 MS. KEOSBABIAN: If you establish your cost up
5 front, your estimating cost?
6 MR. BERTONE: Yeah, probably. Christy was just
7 saying that the money could also be used to help with
8 the costs of periodic collection programs or permanent
9 facilities so long as there's used oil being collected
10 at those one-day events or those permit facilities.
11 So that's another thing, too. Mobile facilities too.
12 Is Riverside County here? I know Riverside has a
13 mobile collection program. Carl, do you have a
14 question?
15 MR. HAASE: Carl Haas, City of Los Angeles. How
16 much money is being received into this fund totally?
17 MR. MEYERS: Well, our estimates are around
18 $26,000,000 being collected from the manufacturers.
19 MR. HAASE: Okay. So there's 26 million
20 available. My second question -- and I'm still
21 confused a little bit on these block grants. Let me
22 give an example.
23 If, say, Chief Auto Parts applies to have
24 their own and they give four cents back to the
25 residents and then on the block grant fund the City of

1 Los Angeles chooses to go into a joint venture with
2 Chief Auto Parts, then they also can receive part of
3 that, whatever it is, $10,000,000 or whatever is, left
4 that the City could get or the Chief Auto Parts and
5 the City could share?
6 MR. BERTONE: I think that would be the
7 intent. Because you know, the gentleman from Chief
8 was talking about incentive. And that would perhaps
9 be the incentive for Chief to continue doing that.
10 But, again, that's something that we'd have to kind of
11 further define. I don't know how else to answer that
12 at this point.
13 MR. HAASE: But it's also possible, I guess,
14 that a municipality or jurisdiction could go and then
15 have several arrangements. Say the city of LA could
16 have an arrangements with Chief Auto Parts. It would
17 have an arrangement with Pep Boys, et cetera, to
18 receive amounts of this money.
19 MR. BERTONE: I would think so, yeah. Any other
20 questions, comments? One more up there.
21 MR. MAURER: Rich Maurer, City of La Habra. The
22 question about -- you say the grants are based on the
23 population of the jurisdiction, then you turn around
24 and say that the jurisdiction cannot regulate who --
25 where the people come that deposit that oil.

1 If you're a small city surrounding by a
2 highly populated city, you're required to take in that
3 oil. But your grant isn't based on that, on the
4 population of the people that would be coming it your
5 center.
6 MR. BERTONE: Yeah, that's been a problem
7 historically where you've had people from other cities
8 taking advantage of another jurisdiction's program. I
9 don't know if there's really a mechanism because you
10 certainly don't want to turn them away, and say you
11 look at their license plate. I'm sorry you're from
12 the wrong city. We don't want your oil.
13 And that person is probably doing that
14 because there wasn't anything in their city. And
15 these block grants could perhaps be viewed as an
16 incentive for those cities to start their own
17 program. That could be an incentive right there to
18 fill those holes.
19 You know, I would certainly not encourage
20 programs to, other collection programs, to turn away
21 that waste, because although it is an inconvenience, I
22 think the inconvenience would be wrought later on.
23 It's pay me now or pay me later.
24 MS. BARCO: I just wanted to reiterate that as a
25 city, it's hard to sell a program through your counsel

1 that says every other city is it going to be allowed
2 to come there if we set up a collection center. We
3 faced that same problem when Mobil had the household
4 hazardous waste collection.
5 We wanted to limit it to Torrance
6 residents only. We only advertised it in Torrance.
7 Basically, we were of the opinion at first that we
8 would try to control that by collecting ID's. But
9 then after discussion, we realized that turning people
10 away, that people would possibly dump the thing out of
11 the car. The upshot of that was the turnout far
12 exceeded our expectations, and I think that's what
13 happens in the current situation.
14 MR. BERTONE: What we've done in the past with
15 something like that, there have been three cities in
16 the Bay area. They have a joint program. They each
17 put in their own certain amount of funding. And one
18 of the three cities applies as that consortium, and
19 the money is given to that one city. And then it's
20 apportioned out, based on the percentage that the
21 other cities paid into that local program.
22 And that's the sort of thing that perhaps
23 that could be done to maybe avoid that sort of thing.
24 It depends on how the neighboring cities are talking
25 to each other, because, if anything, this would foster

1 some sort of, these multi-jurisdictional programs to
2 try and avoid that sort of thing. Realizing that the
3 overall purpose is to avoid the illegal disposal and
4 try and do away with city lines. That may be a
5 perfect world.
6 Richard, you have a question?
7 AUDIENCE MEMBER: Yeah. I was following you up
8 until just a minute ago. I thought earlier you said
9 that you have to certify a recycling center to qualify
10 for a grant, and then just a minute ago someplace you
11 said you could use the money to support a regional
12 household hazardous waste program. A lot of South Bay
13 cities support the county's mobile household hazardous
14 waste program.
15 Could we use that grant money for local
16 public information, cost to cover local public
17 information to support that program? Would we have to
18 have a certified center in our program to do that?
19 MR. BERTONE: We have to remember, to be
20 eligible for the block grant, you have to have a
21 certified center. If you don't have that, you're not
22 going to get the grant or combination of the two. But
23 that money, if you do get it, if you are eligible
24 could be used for those other purposes. Anything
25 else?

1 AUDIENCE MEMBER: Does the certified center
2 have to reside in your jurisdiction or can it simply
3 serve the jurisdiction. Especially if you were doing
4 a regional approach?
5 MR. BERTONE: If you have you have a regional
6 program and you could demonstrate to us that you have
7 an agreement with that jurisdiction in which that
8 certified center would reside in, my inclination at
9 this point would be to say yes, perhaps it would be
10 eligible. That's going on my gut instinct right now.
11 That's something that would have to be looked at
12 further.
13 AUDIENCE MEMBER: I don't know if it's real
14 obvious, but these last half dozen questions seem to
15 be part of the thought that maybe the fee should be
16 based on volume collected and not population.
17 MR. BERTONE: That's certainly something to
18 consider. Well, if there aren't any other questions
19 at this point. One more. At least one more.
20 AUDIENCE MEMBER: I have a question that's
21 general in nature. Should I ask it now or are you
22 going to have time after?
23 MS. PORTER: That's fine.
24 AUDIENCE MEMBER: As I understand this, you
25 could have a collection center that's not certified in

1 the community and it just won't fall under the
2 program, but you can still have the collection center.
3 Not all collection centers have to be certified by
4 this regulation?
5 MS. PORTER: That's correct. The law doesn't
6 require centers to become centered certified. So you
7 could have a collection center that wasn't certified
8 and you just wouldn't be able to claim the money from
9 the state.
10 AUDIENCE MEMBER: And the next general question
11 I had is why does the regulation require that
12 manufacturers report the amount of industrial oil sold
13 in the state when that's not part of the program at
14 all anyway?
15 MS. PORTER: That's because when oil is
16 recycled, typically the lube oil and the industrial
17 oil are mixed in the same tank. And when a used oil
18 hauler goes to pick up the oil, it's picked up to go,
19 and it's recycled together by either the refiner or
20 the reprocessor; so we're trying to calculate two
21 recycling rates, one for lubricating oil and one for
22 industrial oil.
23 Used oil haulers have to report to the
24 state how much they estimate they're picking up that
25 is lube oil and how much is industrial oil. This is

1 difficult for them to do because it is mixed in the
2 same tank. But we're trying to get an idea of how
3 effective this program is in terms of the lubricating
4 oil recycle rate, and then we'll be calculating an
5 overall recycling rate because the oils are handled
6 commingle fashion. That's why.
7 AUDIENCE MEMBER: Going back to my first
8 question, if I have a collection center that's not
9 certified that has an arrangement with the government
10 agency, can that government body receive a grant even
11 though that recycling center is not a recycling?
12 Center.
13 MR. BERTONE: No, it cannot.
14 MS. PORTER: Michael, we have one behind you.
15 MR. TREAT: When and where is the next open
16 forum to discuss the Sher bill?
17 MS. PORTER: When you say that, do you mean the
18 cleanup legislation or this program?
19 MR. TREAT: Both.
20 MS. PORTER: These regulations?
21 MR. TREAT: Both.
22 MS. PORTER: AB 3073, I believe if you contact
23 Assemblyman Sher's office they can tell you when it's
24 going to be heard next. I know that the end of this
25 legislative session is the end of August, therefore,

1 it's going to be, you know, a decision is going to be
2 made by the end of this month.
3 As far as these regulations, I'm going to
4 be getting into the time lines on that. I can go
5 ahead and cover that now. Are there any other
6 questions on the grants? Okay. I'll go ahead.
7 The time lines for developing these regulations
8 is fairly fast paced, as you could guess, because the
9 centers need to be certified by next April. That's
10 when they're eligible for payment. We're planning on
11 having these regulations drafted and presented to our
12 planning committee at its October meeting, which will
13 be sometime probably the second week in October.
14 And at that meeting we'll present the
15 regulations to them and ask for their approval to
16 notice the regulations in the California Regulations
17 Notice Register. At that point, after they're
18 noticed, there's a 45-day comment period, and we
19 would have a public hearing at the end of that 45
20 days, and that hearing would be on the regulations
21 themselves.
22 This forum is to get feedback from you
23 before we write the regulations to make sure we're not
24 on the wrong track. But that's pretty much our
25 regulations time line.

1 That pretty much concludes our
2 presentation. We want to thank everyone for attending
3 today and for all of the good feedback, and we'd like
4 to thank the City of Long Beach and Michael Beecham
5 for the use of the facility. Any other questions
6 before we close? One more
7 MR. ARBELBIDE: Steve Arbelbide with California
8 Steel Industries. What I'd like to find out, if we're
9 an industrial generator and we have our own recycling
10 type of a program, how do you deal with the four cents
11 a gallon type thing? If we sell that, we reuse that
12 oil or sell it to lessees on our own property, how
13 would you handle that?
14 MS. PORTER: Are you saying that when you
15 recycle the oil you don't have it collected by a used
16 oil hauler?
17 MR. ARBELBIDE: No. We collect it from the
18 lessees that we have on our property, and we recycle
19 it and sell it back to them. How would that four
20 cents a gallon affect that type of a program?
21 MS. PORTER: How do you recycle it?
22 MR. ARBELBIDE: We just filter it. We filter it
23 and remove the metals and other contaminants that get
24 into it and ship it right back to them.
25 MS. PORTER: We might want to get your card and

1 discuss it with you a little further. The way the
2 system is set up right now is you're supposed to have
3 a receipt from the hauler that picked up the oil that
4 they would submit to the state with the claim, showing
5 that the oil was properly recycled.
6 So we'd be happy to work with you on this
7 to see how you might be able to fit into the system.
8 If you can leave us a card afterwards. Okay.
9 Thank you everyone for coming. And
10 please feel free to call us or write to us if you have
11 other ideas or comments on these regulations.
12 (Whereupon, at 11:45 A.M., the
13 proceedings were adjourned.)
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CERTIFICATE

I, NANCY STAACK, CSR No. 9671, RPR, do hereby certify:

That the foregoing arbitration proceedings were taken down by me in shorthand at the time and place stated herein, and represent a true and correct transcript of the proceedings.

I further certify that I am not interested in the event of the action.

WITNESS my hand this 28th day of August, 1992.

Nancy Staack

Nancy Staack, CSR, RPR