

California Product Stewardship Council

ANNUAL REPORT
FISCAL YEAR 2008/09



CPSC
California Product
Stewardship Council SM

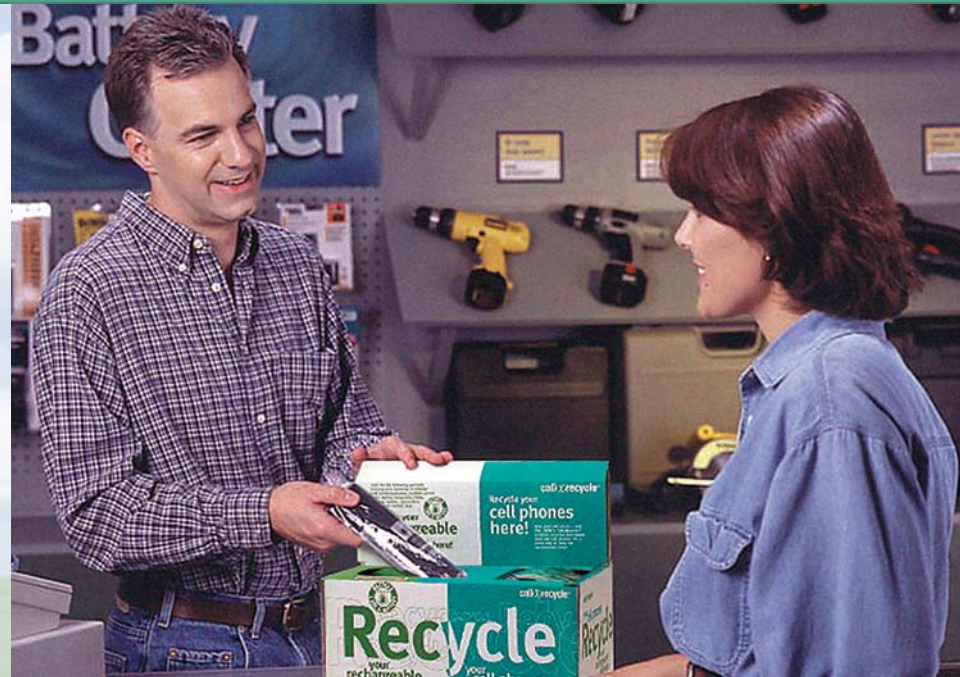


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EPR

Extended Producer Responsibility (EPR), otherwise known as Product Stewardship, is the extension of the responsibility of producers, and all entities involved in the product chain, to reduce the cradle-to-cradle impacts of a product and its packaging; the primary responsibility lies with the producer, or brand owner, who makes design and marketing decisions.

MISSION

To shift California's product waste management system from one focused on government funded and ratepayer financed waste diversion to one that relies on producer responsibility in order to reduce public costs and drive improvements in product design that promote environmental sustainability.

VISION

Producers have the primary responsibility to establish, fund, and manage end of life systems for their products, with State government setting the performance goals and ensuring accountability and transparency.

BOARD MEMBERS

Chairman

Rob D’Arcy

Program Manager
Santa Clara County
Hazardous Waste
Recycling & Disposal *
San Jose, CA

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Executive Director
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Recycling Coordinator
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Public Works Analyst II
Calaveras County *
Murphys, CA

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Chula Vista, CA

Lois Courchaine

Program Manager
Central Contra Costa
Solid Waste Authority *
Walnut Creek, CA

Debbie Basher

Environmental Services
Specialist
City of San Jose *
San Jose, CA

Bahman Hajialiakbar

Environmental
Program Division,
Assistant Division Head
Los Angeles County *
Alhambra, CA

* Affiliations are listed for
identification only

FROM THE CPSC BOARD



When the state imposed the universal waste disposal ban in 2006, it sparked a revolution. Local governments realized that we could no longer manage every product in the waste stream using taxpayer and garbage ratepayer funds. We also realized that by even trying, we were enabling producers to externalize lifecycle costs of product waste onto taxpayers/ratepayers and to continue designing toxic products that are disposable and expensive to manage. The revolution began with the formation of the California Product Stewardship Council (CPSC) in the fall of 2006. Thanks to CPSC, we are having a huge impact and can see that a paradigm shift is inevitable.

CPSC believes that working with producers, haulers, and all stakeholders to understand their needs will ensure the policies we promote will be good for our economy and our environment. We are presenting to national manufacturing organizations such as the Personal Care Products Council and the Reusable Packaging Association, asking them to help us design policies that will include incentives for our business community to create new green jobs to sort, process, and remanufacture waste into new products. To leverage our resources we partner with organizations like the Clean Seas Coalition, California Resource Recovery Association, and the California Stormwater Quality Association. We are also working with haulers like Republic Industries, Marin Sanitary Service, and Amador Disposal to ensure that our hauling community benefits from these new policies.

This Annual Report highlights our accomplishments in the 08/09 fiscal year. We think you’ll be surprised and impressed by how much this organization accomplished with limited resources. CPSC is dedicated to source reduction and developing the partnerships that will result in smaller government, more private sector competition and business opportunities to create green jobs – all of which will result in improvements in public health, the environment and local economies. Thank you for your support!

— Rob D’Arcy, Chair

THE YEAR IN REVIEW

CPSC successfully co-sponsored California's first EPR legislation, AB2347. Photo left to right: Barbara Spector, Los Gatos Mayor; Rick Brauch, DTSC; Heidi Sanborn, CPSC; Assemblymember Ira Ruskin; Bill Magavern, Sierra Club California; Pat Foster, East Palo Alto Mayor; Larry Klein, Palo Alto Mayor; Samantha Omei, Honeywell



PROGRAM ACCOMPLISHMENTS

While CPSC is a young organization, we are the driving force at bringing product stewardship to California and fiscal relief to local governments across our state. We are proud that CPSC is a lean organization. CPSC utilizes independent consultants working from their home offices, keeping our overhead and expenses very low, which allows us to do a lot with surprisingly little. CPSC's key accomplishments in FY 2008/09 include:

- Co-sponsored with the Sierra Club AB 2347, the Mercury Thermostat Recycling Act signed by the Governor September 29, 2008. This is California's first EPR product legislation!
- Worked with Assemblyman Wesley Chesbro to introduce AB 283, the California Product Stewardship Act, in February 2009.
- Provided comments on the Green Chemistry regulatory process to ensure that product take-back is implemented for products banned from landfill disposal.
- Provided expert testimony for the Ocean Protection Council (OPC) in April 2009. Testimony focused on the use of EPR laws to reduce ocean litter, which inspired the OPC's adoption of a resolution in support of EPR for packaging.
- Reviewed and commented on key product legislation, which included bills on Home-Generated Pharmaceuticals and Sharps Waste.
- Secured support for EPR from organizations and businesses including the California State Association of Counties (CSAC), the California Resource Recovery Association (CRRRA), Aces Waste Services, Peninsula Packaging and Ecology Action.
- Met with representatives from waste hauling companies, including Marin Sanitary Service, Republic Industries, and Waste Management, to discuss the role of haulers in an EPR system and facilitate the industry's support of EPR.
- Received signed pledges from nine business and non-government organization partners, including waste haulers.



Photo: CPSC Executive Director Heidi Sanborn attends the press conference introducing AB 283, the California Product Stewardship Act.

- Served as the primary contractor for implementation of Household Hazardous Waste grants in Del Norte, San Joaquin and Yolo Counties. Provided great case studies on how local governments can partner with producers and retailers to transition to EPR systems for batteries, lamps, sharps and paint.
- Gave 55 EPR presentations statewide to more than 1,250 individuals; presented at two national EPA conferences; presented on two EPA national webinars about EPR.
- Facilitated the adoption of resolutions in support of EPR in 31 cities, counties and local government associations.
- Received signed pledges from a total of 42 jurisdictions pledging support to CPSC and EPR.
- Provided technical assistance with drafting EPR resolutions and integrating EPR into green purchasing policies to more than 50 local governments.
- Developed model documents including resolutions, staff reports, talking points, and newsletter, newspaper and magazine articles on EPR.

- Re-designed and re-launched and the enhanced CPSC web site: www.calpsc.org
- Debuted CPSC's e-newsletter, Newsmail
- Obtained significant press coverage on product stewardship approaches, including: National Public Radio show *Marketplace*; the *Going Green* radio show in Sacramento; and an article titled *Too Much Stuff—Toward a Culture of Producer Responsibility* in Green Technology Magazine.

Although our focus to date has primarily been on local government outreach, we began to contact industry in 2008/09. We recognize that it is important to build bridges with businesses by listening to and addressing their concerns about EPR. Because of these efforts, industry groups are now reaching out to us. We have been contacted by the California Manufacturer's Technology Association, the Personal Care Products Council and the packaging industry to speak to their members about EPR for products. This is encouraging – it reinforces that our approach of building knowledge about EPR, building relationships with industry and getting local government support for EPR policy is working.



Photo: CPSC's Annual Meeting in August 2009 at the California Resource Recovery Association conference in Burlingame, CA.

EDUCATION & OUTREACH

CPSC continues to see strong growth because we've built a broad stakeholder base by providing education, outreach and technical assistance to our Associates, local government and elected officials, the business community, public health and environmental health organizations and water quality associations. Some specific examples include the Northern California Recycling Association meeting March 24, 2009 with 170 attendees and the Community First Breakfast in San Diego with 150 attendees March 6, 2009, to the *Going Green* Radio Broadcast February 19, 2009, Southern California Waste Forum November 6, 2008, and the CA. Stormwater Quality Association Impaired Waters Committee November 25, 2008.

Our **contract staff**, **Board members** and **Associates** have networked with more than 2,500 California stakeholders through conferences, training sessions, presentations and other speaking engagements. We encourage cities, counties and agencies to adopt resolutions and policies that support EPR. As of June 30, 2009, CPSC had 47 participating Cities, 28 participating counties, 24 participating local government associations and 39 business partners – and our **numbers continue to grow!** We are proud to say that **more than 50 jurisdictions have adopted EPR resolutions, along with the California League of Cities, Regional Council of Rural Counties, Southern California Association of Governments, the Fresno Council of Governments, and the California Council of Directors of Environmental Health.** Specific examples include the Southern California Association of Governments meeting December 4, 2008 and the Western Riverside Council of Governments October 20, 2008.

CPSC also developed important relationships with the Ocean Protection Council (OPC) and the Clean Seas Coalition. The OPC named EPR for plastic packaging as the most critical step towards mitigating ocean litter and AB 283, the California Product Stewardship Act, was called 'the Big Kahuna' of ocean litter bills by the Clean Seas Coalition. Lieutenant Governor, John Garamendi, a commissioner on the OPC at the time and who soon after became a Congressman, issued a statement encouraging local governments to support product stewardship in a letter to the Ventura County Board of Supervisors.

CPSC's annual meeting was held during the 2008 California Resource Recovery Association (CRRRA) conference in Burlingame. The meeting was a great success, with a standing-room only crowd! We were honored to see such tremendous support for CPSC and enthusiasm about bringing EPR to California. CPSC also had a booth at the conference which was well attended and led to over 20 new associates and businesses joining CPSC.

EXPERT TESTIMONY

CPSC has quickly become the “go to” organization when expert testimony is needed in California policy hearings. For example, in April 2009, Heidi Sanborn, CPSC’s Executive Director, was asked by the Ocean Protection Council (OPC) to testify on how EPR laws could be used to reduce ocean litter. Ms. Sanborn testified on April 23, 2009 alongside experts from the packaging industry stewardship organizations in Europe and British Columbia which resulted in the OPC adopting a resolution in support of EPR for packaging. Due to CPSC’s relationships with stakeholders around the world and our research and case-studies on EPR, CPSC has the expertise to present research and facts at hearings which help inform lawmakers. In FY 09/10, CPSC has already been asked to testify before the San Francisco Bay Regional Water Quality Control Board on the issue of packaging and EPR to meet their new goal of zero trash discharge by 2022.

CPSC will continue to provide expert testimony on EPR to California decision makers who need to make educated policy decisions regarding end of life management of wastes.

Photo left to right: Stephen Bantillo, Department of Conservation; Joachim Quoden, General Manager, ProEurope; Juergen Resch, Managing Director of German Environment Aid; Lt. Governor and OPC Commissioner John Garamendi, Clarissa Morawski, EPR consultant Canada; Heidi Sanborn, CPSC; Neil Hastie, Encorp CEO, Canada.



INFORMATION EXCHANGE

CPSC keeps our Associates, Partners and Stakeholders informed by sharing up-to-date information through a variety of formats. We are particularly proud of our re-designed web site, www.calpsc.org, and our bi-monthly electronic newsletter, Newsmail. Through these formats, we share information about developments in product stewardship policy, upcoming educational workshops and training opportunities, and business successes in waste reduction and green design. In addition, CPSC hosts a monthly networking call for Associates and maintains a two-way listserv for our Associates, which present an open dialog forum for questions and answers and policy discussion. CPSC also provides one-way informational listservs for our Partners and Stakeholders to stay current on EPR issues and events. CPSC has created PowerPoint presentations that address EPR from the local government and business perspectives as well as brochures for local governments, businesses and consumers. All materials are updated regularly and are available on the Outreach Kit web page.



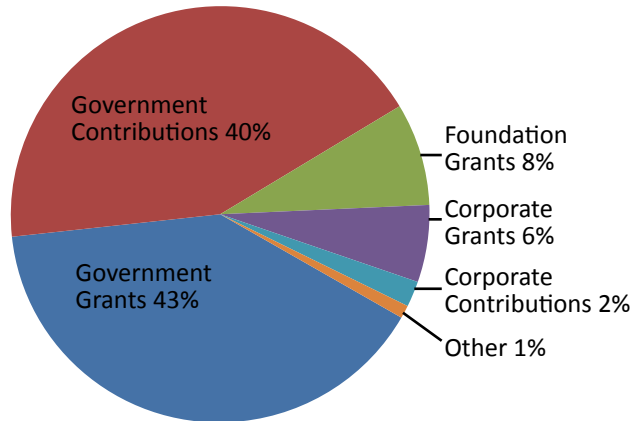
FINANCIAL STATEMENT FY 08/09, JULY 1 - JUNE 30

The fiscal year 2008/09 was a strong and solid year for the California Product Stewardship Council. As it was our second year of operations, we had the staff and infrastructure in place to focus our resources on core program work and specific grant work. We received seven grants from local government, foundation and corporate sources totaling \$195,000. We also received general funding of \$137,000 from our local government Associates and \$8,000 from our corporate Partners. We spent 87% of our expenses on direct program work and ended the year with a modest \$8,000 increase in net assets to add to our small reserve from our first year of operations. We are able to keep non-program expenses low by focusing on a clear and concise mission and by minimizing operational overhead.

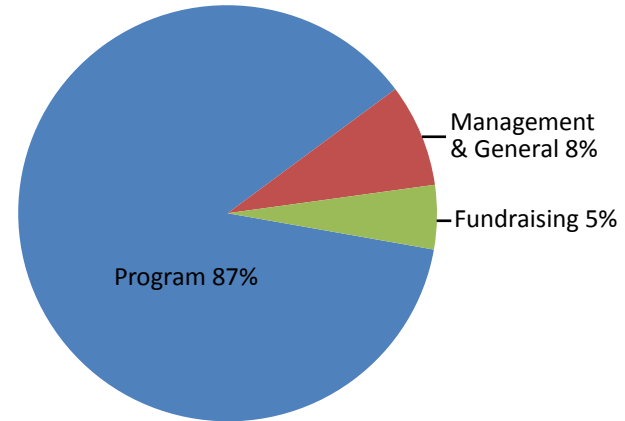
Our financial outlook for the upcoming fiscal year is even better. We anticipate receiving specific and general grant funding from government, foundation and corporate sources totaling over \$400,000. We also anticipate the ability to maintain the same level of government and corporate contributions during this difficult financial time. We will continue to apply a high percentage of our funding toward program expenses and keep fundraising and management expenses to a minimum. We have budgeted a small increase in our net assets for the next fiscal year.

—David Assmann
Treasurer, Board of Directors

SOURCES OF REVENUE



EXPENSES





PARTNERS

CPSC can only continue our work with financial support from our foundation and business partners. Our gift policy limits our funding sources to organizations or companies whose products or services are specifically linked to our mission, who sign our pledge of support, and who do not have any conflicts of interest. The highest level of partnership is Platinum, followed by Gold, Silver, Bronze, and Green based on funding levels.

FOUNDATION PARTNERS

CPSC could not exist without the generous support of these foundations:

Clarence E. Heller Charitable Foundation

San Francisco Foundation

Rose Foundation

Threshold Foundation

GREEN & BRONZE LEVEL PARTNERS



A Green Plan

Allied Waste, Daly City

California Resource Connections Inc.

Clean Water Action

CR&R Waste and Recycling Services

Ecology Action

Edgar and Associates

Environmental Defense Fund

Executive Communications

Gill's Onions

Going Green Radio Program

Grassroots Recycling Network

Green Party of Los Angeles County

Greenleaf Project Management

Innovation To Industry (i2i)

Keep California Beautiful

Long Beach Coalition for a Safe Environment

Main Street Moms

North Bay Corporation

Pacific Recycling Solutions

ReUse Arizona

Reverse Logistics Association

Sierra Club: Bay Area, Napa, Solano Zero Waste Committee

SLV Recycling Redemption Centers

Takayama Consulting

TDC Environmental

Teleosis Institute

Total Recycling Associates

The Watershed Project

Waste Management of Orange County

YCC International



Amador Disposal

Ecology Action

SILVER & GOLD LEVEL PARTNERS



PENINSULA PACKAGING



CPSC is particularly proud of our relationship with **Peninsula Packaging**. We see this innovative packaging company as a leader in sustainability and packaging design. In 2006, CPSC helped Peninsula Packaging obtain a \$3 million grant from the California Department of Conservation's Division of Recycling to establish a PET flaking facility in California that recycles water bottles into packaging products. The company was experiencing difficulties obtaining PET plastic "flake" to use in their manufacturing process. The logical thing to do was to build their own flaking facility, and this grant helped them do just that.

Peninsula Packaging is recycling water bottles into packaging and creating green jobs in California. Many of their products contain as much as 70 percent recycled drink bottle scrap collected from municipal waste systems. The PET plastic products produced by Peninsula are themselves recyclable. We salute their efforts and sincerely thank Peninsula Packaging for speaking out in support of product stewardship and showing other producers that EPR is part of a successful business model. Peninsula Packaging is a Silver Partner and is a recipient of CPSC's 2008/09 Outstanding Manufacturing Partner of the Year.



MARIN SANITARY SERVICE



Marin Sanitary Service has long been recognized as a leader in the waste management industry: in 1980, Marin Sanitary Service designed and built the Marin Recycling Center, initiating the first countywide curbside collection program to operate in the United States. Marin Sanitary Service's President, Patty Garbarino, has been one of the most persuasive and outspoken advocates for Extended Producer Responsibility in California and in the waste hauling business. Patty serves on the Marin County Solid and Hazardous Waste Local Task Force and has successfully lobbied for support of EPR resolutions in many of Marin County's jurisdictions. She has written letters of support on EPR legislation, provided input on educational materials, and ensured that Marin Sanitary Service staff advocate for EPR at local events and trade shows such as the 2008 Bioneers Conference. Marin Sanitary is a Gold Partner and is a recipient of CPSC's 2008/2009 Outstanding Hauling Partner of the Year.



CALIFORNIA RESOURCE RECOVERY ASSOCIATION

The **California Resource Recovery Association (CRRA)** and CPSC joined forces in 2008, believing that each serve as complements to the other. CRRA was founded in 1974 and is dedicated to promoting waste reduction, reuse, recycling, pollution prevention, and composting. CRRA works to expand markets for recycled materials, promotes sustainable materials policies and is a clearinghouse for information, innovation, and industry and governmental initiatives.

CPSC and CRRA have many members in common and both work to reduce waste in California. CPSC and CRRA have a mutual sponsorship agreement and CPSC will hold our second annual membership meeting during the CRRA conference in August, 2009. CRRA is a Gold Partner.

Photo: CRRA Board of Directors



PRODUCT POLICY INSTITUTE

CPSC is fortunate to have the partnership, guidance and support of the **Product Policy Institute (PPI)**. Bill Sheehan, PhD., Executive Director of the Product Policy Institute, has served as CPSC's Advisor since its inception and his leadership and direction is invaluable. PPI is leading the development of product stewardship councils at the state level throughout the nation and helping to ensure that the guiding principles of each one contributes to harmonization for EPR implementation throughout the United States. This ensures that producers will find compatible EPR systems in every state, rather than a patchwork of independent programs whose goals and requirements are difficult for producers to follow.

PPI collaborates with CPSC on policy issues and educational material development. Both Bill Sheehan and PPI Strategist, Sego Jackson, provided in-depth technical review of CPSC's persuasive *The Business Case for Product Stewardship*. The Product Policy Institute is a Gold Partner.



Product Policy Institute

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White Paper

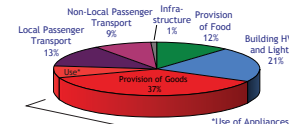
Products, Packaging and US Greenhouse Gas Emissions

by Joshua Stolaroff - PhD*

September 2009

Executive Summary

This paper builds on a new report from the U.S. Environmental Protection Agency, "Opportunities to Reduce Greenhouse Gas Emissions through Materials and Land Management Practices," which offers new insight into the impact of products and packaging on climate change. Based on the report, non-food products are associated with 37 percent of U.S. greenhouse gas emissions. This paper extends the EPA analysis to include the impacts from producing products abroad that are consumed in the U.S. This brings the share of products and packaging to 44 percent of total U.S. greenhouse gas emissions.



U.S. Greenhouse Gas Emissions: Systems-based view including emissions embodied in international trade. (Provision of Goods: all consumer goods including building components and vehicles.)

A comparison with these national-level figures is made with previous research on U.S. household carbon footprints, which similarly finds that products make up a large share of the average household's greenhouse gas impact and a significantly larger share when international emissions are included. Examples are given of how state and local governments can measure and reduce emissions associated with products. Extended Producer Responsibility is discussed as a policy option to reduce the greenhouse gas impact of products.

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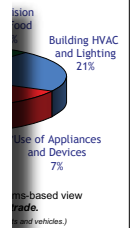
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Category	Percentage	% Total
Building HVAC and Lighting	21%	14%
Use of Appliances and Devices	7%	28%
Products & Packaging	44%	10%
Local Passenger Transport	13%	5%
Non-Local Passenger Transport	9%	4%
Provision of Food	12%	17%
Infrastructure	1%	5%
Use of Appliances and Devices	7%	1%
Products & Packaging	44%	100%

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international impacts increases by 54 percent. The share associated shown in Table 1. Matthews' consumption sent products and their products and

The California Product Stewardship Council sincerely thanks the Product Policy Institute (PPI) for providing guidance and support to bring product stewardship to California. We could not do this work without the support of PPI, our local government associates, business and organizational partners, individual stakeholders, and donor foundations.



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