



PLANNING COMMISSION AGENDA REPORT

VII.1

MEETING DATE: OCTOBER 11, 2010

ITEM NUMBER:

SUBJECT: REVIEW OF ZONING APPLICATION ZA-94-12
MINOR CONDITIONAL USE PERMIT FOR A RECYCLING FACILITY IN THE COSTA
MESA CENTER
171 – 187 EAST 17TH STREET

DATE: SEPTEMBER 30, 2010

FOR FURTHER INFORMATION CONTACT: WENDY SHIH, ASSOCIATE PLANNER (714) 754-5136
WSHIH@CI.COSTA-MESA.CA.US

DESCRIPTION

Zoning Application ZA-94-12 is a minor conditional use permit (MCUP) for a recycling facility in the Costa Mesa (Vons) Center. This permit was called up for Planning Commission review by Commissioner Jim Fitzpatrick.

APPLICANT

Commissioner Jim Fitzpatrick filed the review request. The property owner is Vons, A Safeway Co.

RECOMMENDATION

Provide direction to staff for the review of Minor Conditional Use Permit ZA-94-12.



WENDY SHIH
Associate Planner



KHANH NGUYEN
Acting Asst. Development Svs. Director

BACKGROUND

Enforcement Authority related to Review of Planning Applications

Zoning Code Section 13-29(o) (Enforcement Authority) allows the Commission to modify or revoke a Planning or Zoning Application if the following conditions are found to apply:

1. The use constitutes a public nuisance; or
2. The use does not comply with the conditions of approval.

This report provides background material for the review of the NexCycle use permit for potential modification or revocation. Staff is not proposing any recommendations at this time and is requesting direction from Planning Commission as to how to proceed with this review. Staff will also continue to work with the applicant regarding a long-term operational plan once the site renovation is complete and the Vons grocery store is open for business.

Site Location

The commercial retail center is located on the southwest corner of Orange Avenue and East 17th Street. The property is zoned C1 (Local Business District) and has a General Plan designation of General Commercial. The center was developed in 1979 with three retail buildings totaling 80,966 square feet.

Minor Conditional Use Permit (MCUP) ZA-94-12

On December 2, 1994, the Zoning Administrator approved ZA-94-12 (Attachment 3) for the placement of a recycling facility in the Costa Mesa Center parking lot. Pursuant to the MCUP, the facility is allowed an 8.5-foot by 22-foot pod structure/trailer and four collection bins outside occupying a total of three parking spaces within the parking lot.

The hours of operation for NexCycle Recycling facility are 10 a.m. to 4:30 p.m., Wednesday through Sunday (closed on Monday and Tuesday). NexCycle collects approximately 280,000 combined pounds of aluminum, glass, and plastic containers per year. The recycling facility has been operating at Costa Mesa Center since 1994 but has temporarily ceased operations during site renovation (see Chronology of Events below).

Request for Review of ZA-94-12

On July 30, 2010, Commissioner Jim Fitzpatrick requested Planning Commission review of the MCUP (Attachment 2). In a subsequent communication to staff, Commissioner Fitzpatrick identified the following specific concerns:

- Operations occurring in a different location other than specified by CUP.

Commissioner Fitzpatrick correctly notes that the collection area was not in the original approved location. Staff notes that the approved location for the recycling facility was intended to minimize impacts on vehicle access, parking, and visibility from East 17th Street. While the facility had been relocated from the original location approved in 1994, it was not in the first row of parking that abuts East 17th Street, as prohibited under condition of approval no. 1. It occupied no more than three parking spaces outside the required 20-foot front setback area and it did not interfere with parking or vehicular access. Staff believes that the relocated facility did not present any parking/safety problems or additional visual impacts, and was compliant with the conditions of approval for ZA-94-12.

- Broken glass, bottle caps on ground after hours of operation.

Although staff has not observed any broken glass or bottle caps on ground after hours of operation, the Commission could modify the conditions of approval to specifically address the proper daily maintenance of the site.

- Exterior Storage of collection bins.

Four bins are allowed to be located outside the trailer under ZA-94-12. The bins were used outside for collection of recyclable materials prior to consolidation and storage inside the facility, as shown on the approved plan. Staff has not observed recyclable materials (glass, cans, etc.) being stacked outside of the collection bins, trailer, or any other non-permitted activity (see Code Enforcement History and MCUP Review by Staff below).

- Water quality management and site clean-up.

Prior to initiation of this review, staff did not receive any complaints regarding water quality issues during normal operation of the recycling facility; although the Commission could modify the conditions of approval to specifically address water quality concerns.

- Smashing of glass containers on-site.

The MCUP does not specify on-site glass crushing is a prohibited activity. As with site maintenance and water quality concerns, this can be addressed through modification of the MCUP.

- Relocation of the recycling operation during construction.

When the construction fencing was installed, the collection trailer was relocated along the drive aisle at Orange Avenue. Commissioner Fitzpatrick expressed concerns about this location, and staff concurred that this location was unsuitable during construction as it obstructed access of construction and customer vehicles. Additionally, given the

limited parking available to CVS/Pharmacy and other existing tenants during construction, staff believed that the operation of the recycling facility contributed to the parking issues. Staff notified the applicant of these issues, and the trailer was removed on August 28, 2010, consistent with condition of approval no. 1 of the shopping center renovation (see ZA-07-13 discussion below).

Costa Mesa Center Renovation

The center is currently undergoing a major renovation, as approved under Zoning Application ZA-07-13. The project involves the following:

- Demolish two of the three buildings (Vons and adjacent retail shops) and replace with a new Vons grocery store and retail building.
- Reconfigure the parking lot to provide additional parking spaces and landscaping, including two bioswales.
- Upgrade existing building façades for CVS/Pharmacy and Baja Fish Tacos restaurant.

When the renovation project was approved, condition of approval number 1 of ZA-07-13 states that “the recycling facility shall be removed from the parking lot should on-site parking impacts become an issue as determined by the Planning staff.” This condition was also blueprinted on the approved plans for construction. As stated previously, the trailer was removed on August 28, 2010.

Chronology of Events

The following chart provides a summary of events that affect the recycling facility:

| DATE (Year 2010) | DESCRIPTION |
|-----------------------------|---|
| July 12 | Demolition and grading permits were issued for the renovation project. |
| July - August | Construction fencing was erected around majority of the site for the first phase of the project, which includes demolition of buildings, grading of the site, and reconfiguration of parking areas. The recycling facility was relocated near Orange Avenue. |
| July 30 | Commissioner Fitzpatrick filed request (Attachment 2) for Planning Commission review of ZA-94-12 for the recycling facility. |
| August 12 | Vons indicates that the recycling facility will be removed from the center. Discussion of timing ensued between staff and Vons representatives. |
| August 16 | Site visits by Planning and Building staff. |
| August 19 | Vons confirms that the recycling facility <u>will not</u> be removed from the center but will be placed as approved under ZA-94-12. |
| August 23 | Due to the limited parking and restricted access during construction, staff required removal of the recycling facility and required submittal of a location/parking/access plan for staff review and approval prior to reopening the recycling facility to the public during site construction. |

| | |
|---------------------|--|
| August 25 | The recycling facility ceased operation/service to the public. |
| August 28 | The recycling trailer was removed from the site. |
| September 1 | Planning staff met with Vons representative Mike Alba to discuss long-term operational plans for the recycling facility. |
| September 15 | Commissioner Fitzpatrick provided supplemental information for the review request (Attachment 2). |
| September 21 | Building permits issued for Vons grocery store and retail shops. |

Staff has not received a plan showing placement of the recycling facility during site construction. However, it is the business owner's intent to reopen as approved under ZA-94-12 during a later phase of construction under conditions deemed appropriate by the City and upon completion of the renovation project.

Code Enforcement History

Other than the issues raised by Commissioner Fitzpatrick, there have been no Code Enforcement complaints from the general public related to the operation of the recycling facility, including any complaints related to water runoff or pollution. In 2004, there was one unrelated complaint with regard to illegal trash dumping by an unknown party at the facility, and the mattress/miscellaneous items were removed.

MCUP Review by Staff

Planning staff reviewed the MCUP in 2006 and 2008 and found the recycling facility to be in compliance with ZA-94-12 approval.

ALTERNATIVES

Staff will be working with the applicant regarding the feasibility of the recycling facility's operation during construction. If Planning Commission is interested in approving the temporary plans for the recycling facility, Commission could include this direction to staff.

The Planning Commission may consider the following alternatives regarding the long-term operation of the recycling facility:

1. Direct staff to prepare a report for modification of ZA-94-12 and return to the Planning Commission for review and action. Staff would work with the applicant to modify the existing conditions of approval to reflect new technologies, Best Management Practices for water quality management, possible restrictions on the amount of recyclable materials collected, the breaking of glass, site maintenance, and a new upgraded trailer facility.
2. Direct staff to prepare a report for revocation of ZA-94-12 and return to Planning Commission for review and action.
3. Receive and file. This involves no action or direction to staff. The minor conditional use permit will remain in place with no changes, and this review is filed. Staff will continue to work with the applicant to ensure compliance with the conditions of approval for ZA-94-12 to reopen the facility during and/or post construction.

CONCLUSION

Staff requests direction from the Planning Commission for the review of Minor Conditional Use Permit ZA-94-12.

- Attachments: 1. Location/Aerial Map
2. Review Request dated July 30, 2010
3. Minor Conditional Use Permit ZA-94-12

Distribution: Development Services Director
Deputy City Attorney
Public Services Director
City Engineer
Transportation Services Manager
Fire Protection Analyst
Staff (4)
File (2)

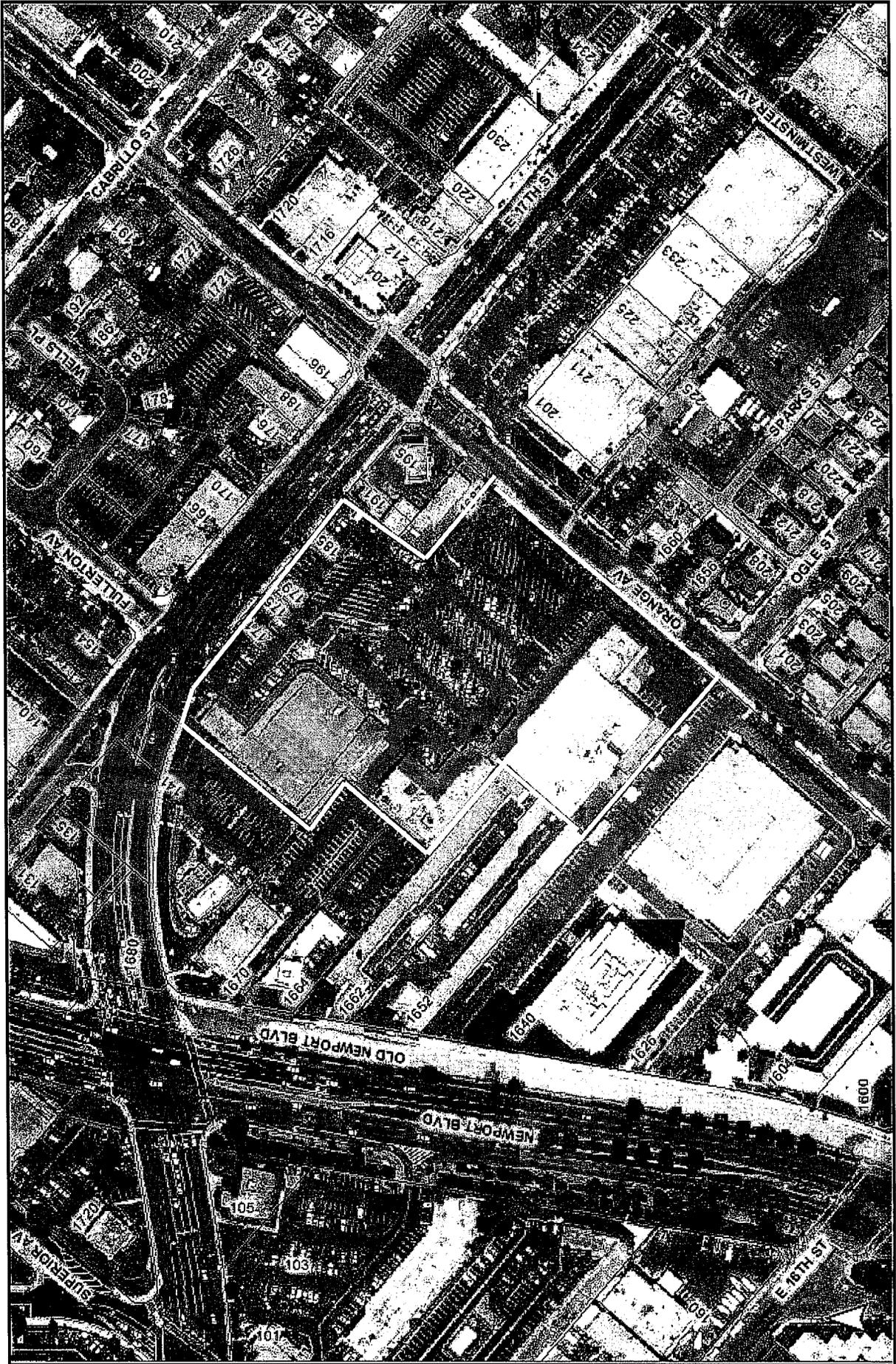
Vons, A Safeway Co.
618 Michillinda Ave.
Arcadia, CA 91007

Kevin Tippets
NexCycle
26021 Business Center Dr.
Redlands, CA 92374

| | | |
|--------------------------|--------------|------------------|
| File: 101110ZA9412Review | Date: 092910 | Time: 11:00 a.m. |
|--------------------------|--------------|------------------|

ATTACHMENT 1

LOCATION/AERIAL MAP



ATTACHMENT 2

From: Jim Fitzpatrick [mailto:jimfitzeco@gmail.com]
Sent: Friday, July 30, 2010 2:38 PM
To: BRANDT, KIMBERLY
Cc: FLYNN, CLAIRE; NGUYEN, KHANH; 'Steve Mensinger'
Subject: RE: Call for Review of Recycling Center for 185 East 17th Street

Kimberly,

Yes, thank you, confirming request to Review.

As we get closer, we can discuss specific concerns.

In general

- similar to relevant discussions on Cans for Cash and Garcia's
- Have been reviewing Best Practices

In specific

- observations of concerns

Timely

- Relevant to other similar bulk facility operations discussions
- With the property making improvements, timely to have this discussion

Talk soon,

Jim Fitzpatrick
949.257.8448

ATTACHMENT 3

CITY OF COSTA MESA



CALIFORNIA 92628-1200

P.O. BOX 1200

DEVELOPMENT SERVICES DEPARTMENT

December 2, 1994

Hernan R. Barros and Orfa Barros
Barco Management
1545 North Verdugo Road, Suite 115
Glendale, CA 91208

**RE: MINOR CONDITIONAL USE PERMIT ZA-94-12
PROPOSED MANNED RECYCLING FACILITY AT VONS CENTER PARKING LOT
185 EAST 17TH STREET, COSTA MESA**

Dear Mr. and Ms. Barros:

Review of the Minor Conditional Use Permit for the above-referenced project has been completed. The application is approved, based on the following findings and subject to conditions set forth below:

FINDINGS

1. The information presented substantially complies with Section 13-347 of the Costa Mesa Municipal Code in that:
 - a. The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area.
 - b. Granting the Minor Conditional Use Permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.
 - c. Granting the Minor Conditional Use Permit will not allow a use, density, or intensity which is not in accordance with the General Plan designation for the property.
2. The project has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines, and the City environmental procedures and has been found to be exempt from CEQA.
3. The project is consistent with Article 22½, Transportation System Management of Title 13, of the Costa Mesa Municipal Code.

77 FAIR DRIVE

Building Division (714) 754-5273

Code Enforcement (714) 754-5623

Planning Division (714) 754-5245

FAX (714) 556-7508

TDD (714) 754-5244

CONDITIONS OF APPROVAL

The project shall meet all requirements of the following City Departments:

- Plng. 1. The recycling center shall not be placed in the first row of parking that abuts East 17th Street, and shall be located in the area noted in the attached plans.
2. The recycling center shall not occupy more than three parking spaces. The use of any additional parking will require prior approval from the Planning Division.
3. No materials shall be stacked outside of the containers.
4. Approval of a modified Minor Conditional Use Permit is required prior to expansion of the business.
5. The existing recycle bins located along the easterly side of the Vons Market shall be removed and the area cleaned within 30 days of the date of this letter.
6. Within 30 days of the date of this letter, provide three (3) additional parking spaces in the southeasterly parking lot of the site. Spaces shall be designed to comply with the City's parking design standards.
7. Signs for this use shall be limited to two (2), 15 sq.ft. wall signs attached to the roll-off bin container. Letter height shall not exceed 24 inches.
8. The Conditional Use Permit herein approved shall be valid until revoked, but shall expire upon discontinuance of the activity authorized hereby for a period of 180 days or more. The Conditional Use Permit may be referred to the Planning Commission for modification or revocation at any time if the Conditions of Approval have not been complied with, if the use is being operated in violation of applicable laws or ordinances, or if, in the opinion of the Development Services Director or his designee, any of the findings upon which the approval was based are no longer applicable.

CODE REQUIREMENTS

The following list of Federal, State and local laws applicable to the project has been compiled by Staff for the applicant's reference:

- Plng. 1. Permits shall be obtained for all signs according to the provisions of the Costa Mesa Sign Ordinance.

ZA-94-12
December 2, 1994
Page 3

SPECIAL DISTRICT REQUIREMENTS

The requirement of the following special district is hereby forwarded to the applicant:

Sani. 1. Applicant shall contact the Costa Mesa Sanitary District at 754-5043 prior to beginning the recycling business. The Costa Mesa Sanitary District has jurisdiction over materials left at the curb side in residential neighborhoods.

Upon receipt of this letter, your project has been approved, subject to the above listed conditions. A copy of the conceptually approved site plan is enclosed. The decision will become final on December 16, 1994 unless appealed by an affected party or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Carol Proctor at 754-5611 between 8 a.m. and 12 noon.

Sincerely,



PERRY L. VALANTINE
Zoning Administrator

CCP:es(za9412)c17

Enclosure: Conceptually Approved Site Plan

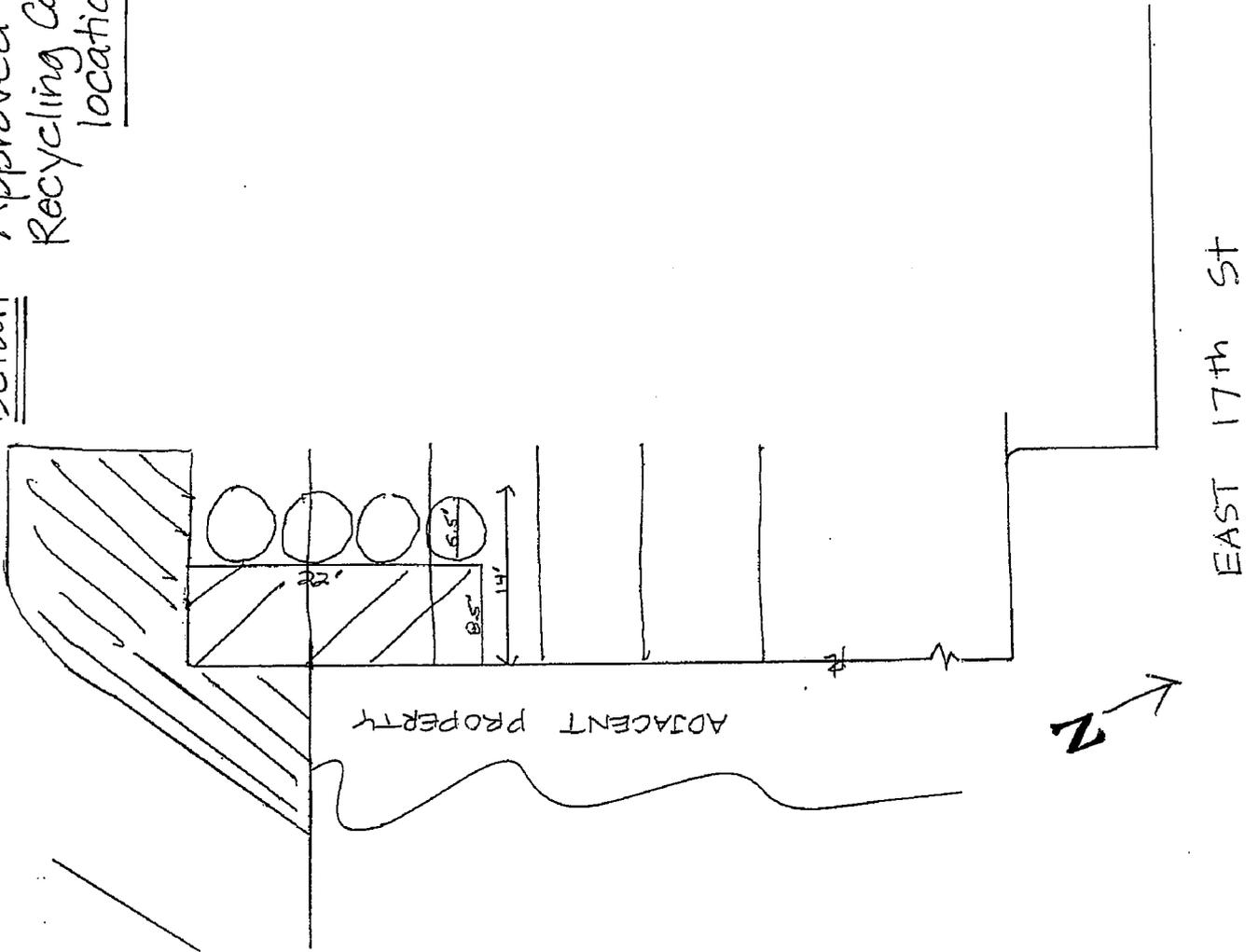
cc: Engineering/Development Services
Fire Protection Analyst
Water District

Arlene Westerfer
General Manager
Barco Management
1545 North Verdugo Road , Suite 115
Glendale, CA 91208

Kevin Tippets
20/20 Recycling
1731 Pomona Road
Corona, CA 91720

11

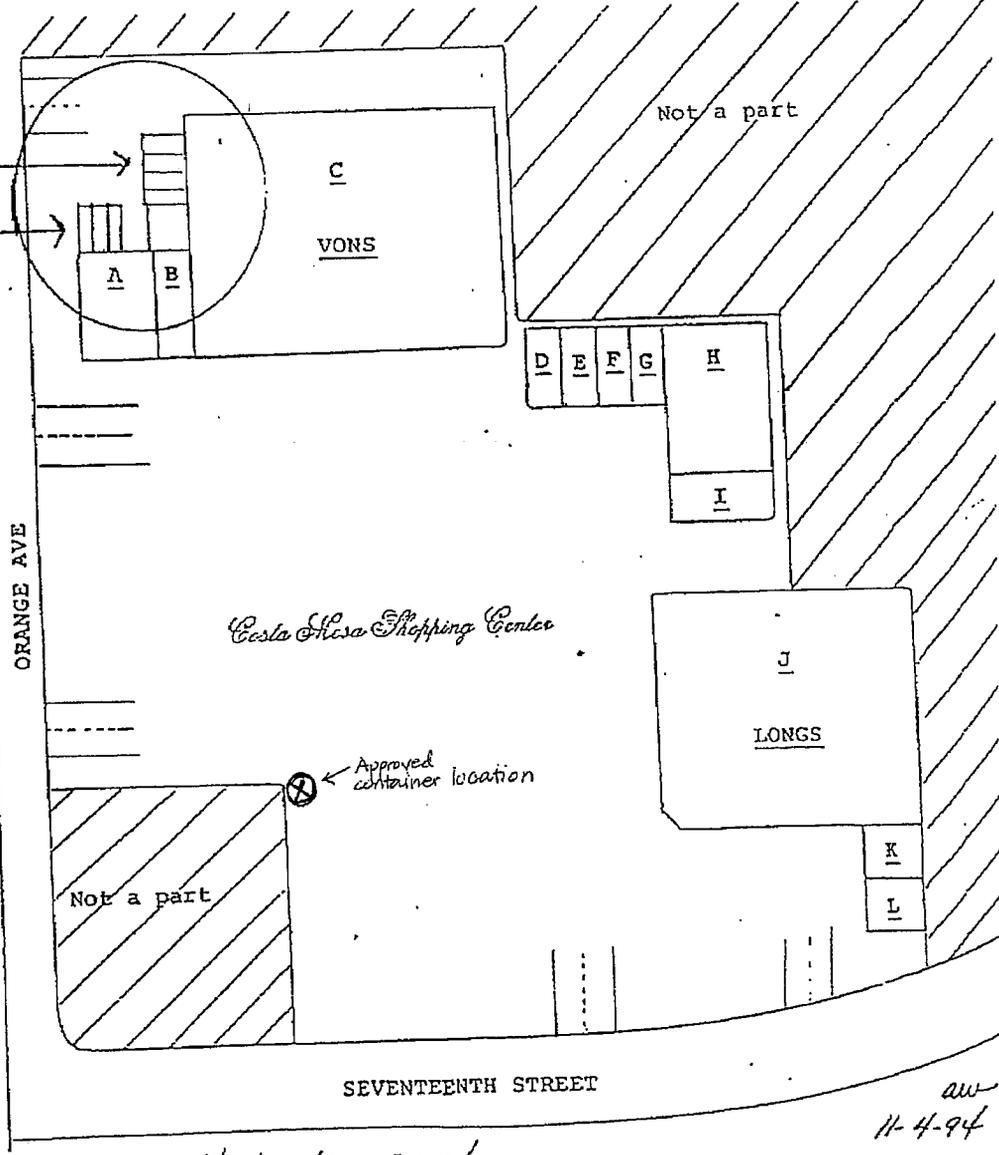
Detail - Approved City Recycling Container location



See Detail pg. 2

Five spaces lined

Three spaces proposed





PLANNING COMMISSION

SUPPLEMENTAL MEMO

VII.1a.

MEETING DATE: OCTOBER 11, 2010

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**FOR FURTHER INFORMATION CONTACT: WENDY SHIH, ASSOCIATE PLANNER (714) 754-5136
WSHIH@CI.COSTA-MESA.CA.US**

Attached is an email from Kevin Tippets from NexCycle confirming his desire to request City approval to reopen the recycling facility during construction. He also provided a sample of the proposed recycling containers. As mentioned in the staff report, staff will be working with the applicant regarding the feasibility of the recycling facility's operation during construction, taking into consideration vehicular access, parking, and compliance with the existing minor conditional use permit ZA-94-12. The facility will also be required to comply with water quality requirements should an interim plan be approved. If Planning Commission is interested in approving the temporary plans for the recycling facility, Commission could include this direction to staff.

Additional information regarding the long-term operation of the recycling facility may be provided pursuant to the Commission's direction for the review of ZA-94-12.

Attachment: Kevin Tippets/NexCycle email dated September 29, 2010

Distribution: Development Services Director
Deputy City Attorney
Public Services Director
City Engineer
Transportation Services Manager
Fire Protection Analyst
Staff (4)
File (2)

Vons, A Safeway Co.
618 Michillinda Ave.
Arcadia, CA 91007

Kevin Tippets
NexCycle
26021 Business Center Dr.
Redlands, CA 92374

From: Kevin Tippets [mailto:Kevin@nexcollect.com]
Sent: Wednesday, September 29, 2010 2:16 PM
To: SHIH, WENDY
Subject: RE: NexCycle Review

Hi Wendy

I just wanted to touch base to make sure the city knows of our desire to apply for city approval to operate during construction of the new Vons. Do you have necessary forms online or that you can forward to me, along with any fees to go along with the required application or process? I will submit a site plan and an operational statement addressing the concerns noted below. I will also submit pictures and elevations of the container and graphics we are proposing. I am waiting for site plans from Vons. Can you give me some direction as to whether the previous permitted location is now clear of any of the construction currently going on or if there is another location the city feels is more appropriate during construction.

I am familiar with some of the other options (like RePlanet and reverse vending machines) that will be discussed at the hearing. I would like the opportunity to answer any questions or concerns of items mentioned below. I would like to personally express our desire to continue to provide compliance for our contracted grocer Vons, as well as for the other nearby grocers and beverage dealers, but more importantly to offer a convenient, clean and compliant recycling location for our long-time customers and patrons of Costa Mesa whom we have been privileged to serve over the past sixteen years since we opened in 1994.

For now, I have included in this email one basic attachment with a sample of a Microsite container that we are proposing to dedicate to this site and one of our brochures. Dedicated, meaning instead of randomly rotating with our complete southern CA fleet of containers, two Microsites would be dedicated to this Costa Mesa site to guarantee consistent container type, graphics and upkeep.

Let me know if you have any questions.

Kevin

*Kevin Tippets
Vice President
NexCycle - California
Operations & Marketing*

909-796-2210 ext. 102
909-796-2074 fax
516-977-5871 efax
951-283-8068 cell
<http://nexcyclecalifornia.com/>



MICROSITE RECYCLE CENTER

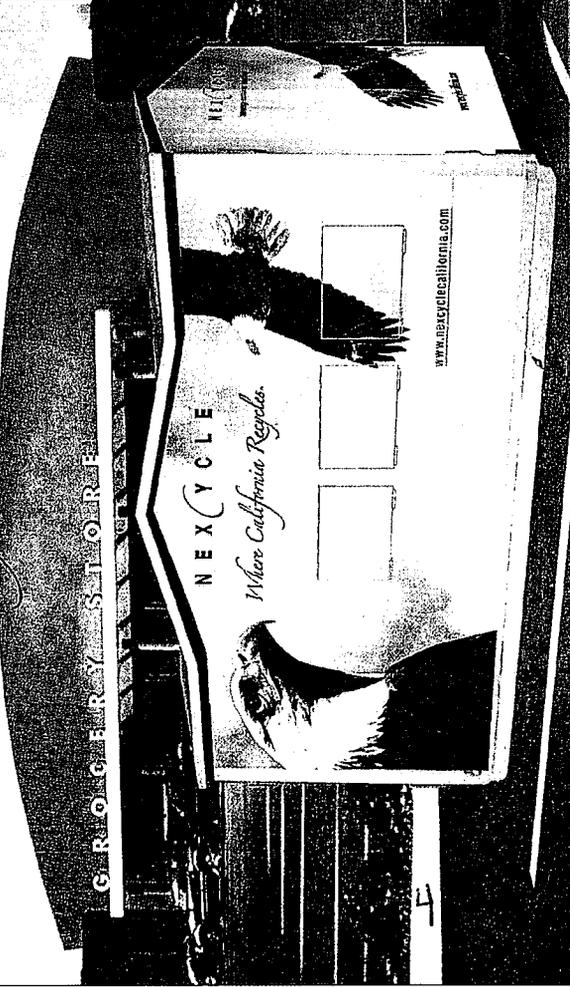
Product Specifications:

| | |
|------------------------|---|
| Bin Size: | 17' x 8' x 9'-3" |
| Bin Unit Construction: | Primed and painted steel with stainless steel hinges |
| Total Footprint: | 136 square feet |
| Bin Graphics: | Digital Print and computer cut vinyl with Tedlar lamination |
| Battery: | Fully enclosed self-contained unit. Approved and in Compliance with UL standard #1023 for miscellaneous Power units. Plugs into a 110 – volt outlet for charging. Automatically stops drawing power when charging is complete even if still plugged in. |

The NexCycle Microsite Recycle Center (Microsite) represents the next generation of beverage container collection centers. It features a significantly smaller footprint and greatly enhanced aesthetic appeal. Since the Microsite is only 17' long and 8' wide, it can fit in one parking space while other recyclers take up to 3 or more spaces. The unit is totally portable, is **not** anchored to the asphalt and requires no electrical lines dug into the parking lot. Because it is totally portable, relocating the center for parking lot maintenance, paving, sealing etc. is not a problem. A 48-hour notice to schedule the temporary site move is all that is required.

Consumers wishing to recycle simply bring their containers to the recycling center. We man the recycling center with an attendant from 30 to 40 hours per week, the minimum hours required by the State Division of Recycling. The containers are weighed on a Department of Weights and Measures certified scale and the customer is issued a voucher or cash for the dollar amount due. If they do not receive cash at the site, the customer then takes the voucher into the supermarket where it is redeemed for cash. We only redeem California Redemption Value (CRV) containers.

Where California Recycles™



NEXCYCLE

CORPORATE HEADQUARTERS
26021 Business Center Drive
Redlands, CA 92374
Tel (909) 796-2210
Fax (909) 796-2074

NORTHERN CALIFORNIA REGION
1250 Oakmead Parkway Suite 210
Sunnyvale, CA 94085
Tel (408) 501-8873
Fax (408) 501-8875

NEXCYCLE
Where California Recycles™



NexCycle

Where California Recycles™

NexCycle is the largest, privately held, U.S. based convenience zone recycler in California. We have provided recycling services for the grocery store industry for 20 years. NexCycle began business in 1987, shortly after the passage of Assembly Bill AB 2020, commonly known as the "Beverage Container Recycling and Litter Reduction Act." We were the first company to build a statewide infrastructure designed to support both independent and chain grocery stores that were affected by this new piece of legislation.

Over the years, NexCycle has worked with the supermarket industry in California to understand what they needed most from their recycling service provider. We have worked diligently to understand what property owners and property management companies require from the company that must place their equipment on the supermarket parking facility in order to keep the store in compliance with the State of California Law. The knowledge we have acquired as we built our statewide network is part of the benefit of working with Nexcycle. The expertise of our dedicated employees and their cooperative nature is the other advantage of working with us.

Today, NexCycle has grown to over 300 locations in the State of California. Our recycling network stretches from San Diego in the south, to Santa Rosa, 45 miles north of San Francisco. We have recycle centers located in 218 cities throughout California. We believe we have achieved our tremendous growth because we have listened to what our customers are asking and we have responded to their needs. No task is too great. No request too vast to accommodate.

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California vs. Other Deposit Programs
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Collection Center
- 10 Compaction System

The compaction system is so unique to the industry we have received a patent on the design.

By utilizing the compaction system we are able to offer equipment that provides the smallest footprint (one parking space) in the industry.

The importance of the compaction system for the grocer and property owner/management company is that it allows us to provide a unit that reduces the amount of parking space the recycling equipment occupies.

The smaller footprint means that there is more space for the customers of the store to park and shop. And, the biggest advance of all, no underground electrical wiring that requires digging up the parking lot for installation or relocation of the equipment.

Another advantage of our state of the art equipment is that can be placed in a larger variety of locations at the store or shopping center.

We are the only company that has perfected the small, mobile recycling facility that requires no electrical underground wiring and can be relocated or moved with ease.

Service and state of the art equipment is what separates Nexcycle from the rest of the industry.

Details of the *Compaction System*

231.0 The system is comprised of three major components: a rechargeable battery, a controller unit and a cabinet where compaction occurs.

Compaction Cabinet

The Compaction Cabinet is the product of extensive design research. Special attention has been given to worker ergonomics with ease of use, quietness, and speed as the top priorities.

Product Specifications

Size: 81" High x 36" Wide x 20" Depth
Chamber Volume: 43 Gallon (US Liquid)
Horse Power Generated: 4 Maximum
Speed: Depending on Material type - 40 to 60 seconds per cycle
Pressure Generated: 125 lbs. PSI
Densification Rate: Aluminum Cans 8:1
#1 Pete Bottles 7:1
#2 HDPE Bottles 4:1

Battery

The Battery Unit has been designed to be stingy with electricity. The cost of the battery is literally pennies per day (approximately 16 cents). At the end of the business day the battery is plugged into a 110 volt outlet for recharging. The charging process automatically shuts off when charging is completed.

Product Specifications

Size: 29" Long x 22" Wide x 19" High
Reserve Power: 200 Compactions per charge

Controller Unit

The Controller Unit is a programmable logic controller (PLC) based operations and diagnostic system. Any repairs or adjustments can be made without disruption of the operation.

Product Specifications

Size: 12" High x 9" Wide x 6" Depth

The compaction system is manufactured in the United States and has been certified by an independent nationally recognized testing laboratory for compliance with UL Standards including: UL 1012 - Power Units and UL 73 - Motor Operated Appliances.

NextCycle has gone through many changes during the past 20 years and we know that we must continue to change in order to provide for the needs of our customers. With consultation from the property management and grocery industry we have made many changes to how we provide our services today.

- **Smaller footprint** that requires considerably fewer parking lot spaces than our competition.
- **Mobile equipment** that does not need to be anchored to the parking lot.
- **Staffed operations** as opposed to automated machines that constantly break down and require costly repairs for the retailer and loitering on the premises.
- **Staffed operations eliminates loitering** caused by automated machine usage.
- **Battery operated compaction** that eliminates the need for underground electrical that is required by other providers.
- **State of the art graphics** that enhance the appearance of the equipment.

What is most important for you is that we listen and we have the capacity to change when it benefits our customers. We also realize that there are three vital aspects of our organization that must remain constant; our ability to listen to what our customer is requesting, our desire to accommodate their request, and our desire to continue to provide them the very best service available in the convenience zone industry. To show that we are serious in accomplishing these goals we are active members of the International Council of Shopping Centers (ICSC), The California Retailers Association (CRA) and The California Grocers Association (CGA).

As a convenience zone recycler we must balance the interests of everyone affected by our services. The property owners, supermarket operators, local governments, and the recycle customer each have issues that are important. The information contained in this brochure provides insight into what we have learned from our customers and describes how we are striving to fulfill their needs. We call it the "NextCycle Experience".

The NexCycle Experience

The NexCycle Experience is an extension of the expertise gained from being in the convenience zone recycling business since it's conception. This year marks our 20th year of providing service for the grocery store industry in California. The NexCycle Experience is a reflection of the qualities our employees bring to convenience zone recycling.

- Knowledge
- Experience
- Dedication
- Cooperation

These qualities allow our personnel to work with the diverse group of customers that require recycling services. The customer base in the convenience zone recycling business is broad and varied.

- Property Owners/Property Management
- Major Chain Supermarkets
- Independently Owned Supermarkets
- City of County Governments
- Local Communities

This is truly a diverse group of customers, each having specific standards that require consideration. Regardless of the category the reader finds himself/herself, the knowledge, experience and dedication our employees bring to the business of recycling is directed at satisfying your requirements.

Property Owners/Property Management

We understand your concerns and our employees strive to exceed your standards.

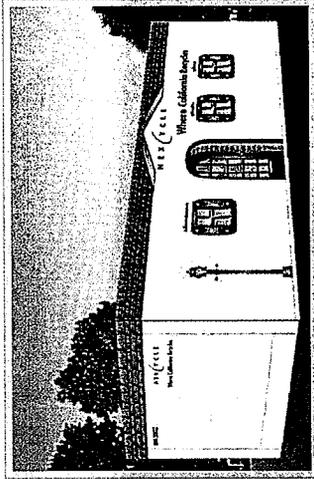
- Appearance
- Traffic flow
- Minimal parking space requirement
- Safe environment

We eliminate these concerns by providing:

- Low Profile collection center equipment
- Equipment does not require underground electrical wiring
- Clean, well maintained, attractive recycling centers
- A variety of equipment designed to maximize customer parking
- Well-trained employees at site during operating hours

Additionally, we provide the following services for your supermarket tenant:

- State-mandated recycling services for the supermarket and "dealers" in the shopping center
- Coverage for other retailers in the shopping center, such as Long's, Rite Aid, Walgreens, etc. who sell beverages covered under AR2020.
- Increase neighborhood customer flow to supermarket and other retailers in the shopping center.



Microcenter Product Specifications

- Bin Size:** 24' x 8' x 8"
- Total Footprint:** 192 square feet (Fits in one parking lot space)
- Bin Graphics:** Enhanced high resolution digital designs

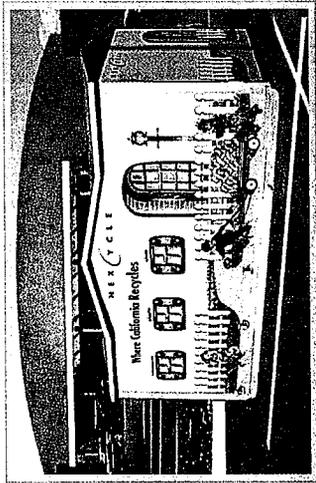
Power: Battery powered allowing full operation without underground wiring. Approved and in compliance with UL Standard 1023, Miscellaneous Power Units.

Compactor: Tested for compliance to UL Standards. Battery powered. No trenching required to accommodate underground wiring.

The NexCycle Microcenter Recycling Center represents a continuation of NexCycle's next generation of beverage container collection centers. It features the patented compaction process and has a significantly enhanced aesthetic appeal.

The reduction in footprint made possible as a result of on-site compaction of the containers collected is fully battery operated and eliminates the need for underground wiring that is required by others who provide recycling services. The compaction of containers, especially glass bottles, also allows for a quieter operation and reduces the number of bin exchanges experienced at conventional recycling centers.

The Microcenter equipment is used where space allows. The significance of this equipment is that it can handle the most significant amount of material without requiring the placement of additional bins as is common with competing recycling services. The reduction in use of parking spaces allows for greater utilization by customers visiting the retail businesses in the shopping center.



Microsite Product Specifications

- Bin Size:** 17' x 8' x 9'-3"
- Total Footprint:** 136 square feet (fits in one parking lot space)
- Bin Graphics:** Enhanced high resolution digital designs

Power: Battery powered allowing full operation without underground wiring. Approved and in compliance with UL Standard 1023, Miscellaneous Power Units.

8 Compactor: Tested for compliance to UL Standards. Battery powered. No trenching required to accommodate underground wiring.

The NexCycle Microsite Collection Center represents the next generation of beverage container collection centers. It features a significantly smaller footprint that allows us to fit on any size parking facility.

The unique size of the Microsite is made possible as a result of on-site compaction of the containers collected at the center. The compaction of the containers, especially glass bottles, also allows for a quieter operation and reduces the number of bin exchanges experienced at conventional recycling centers.

Nexcycle's Microsite patented design provides advantages for property managers, as well as the grocery industry.

- Fewer parking spaces committed to recycling equipment.
- Smaller footprint means less congestion.
- Mobile or portable equipment means no need to anchor equipment to parking lot.
- Trained staff expertly handles customers with no disruption to shopping center operation.
- No "after hours" transactions that can create unwanted loitering or service failure.
- Battery powered compactor eliminates need for underground electrical wiring.

Nexcycle is dedicated to continuous improvement of our ability to meet our customer's needs. We realize the level of service you experience and your satisfaction with our performance is essential for continued success. Therefore, we constantly strive to improve the methods used to enhance knowledge and to develop new equipment that guarantees the best service available.

Supermarket Chain or Independent Store Owner

As a grocer-client you will benefit from our experience in the following manner:

- 20 years experience in staffed recycle center operations
- Someone always available to interact with customers and provide support for the recycling process
- Well-trained, knowledgeable site attendants
- Fullfill recycling services required by State Law
- Convenient, reliable service provided for current store customers and others who live in a ½ mile radius of the store
- Increase in customer traffic flow
- No interference with daily supermarket operations

Local Governments

The presence of a NexCycle Recycling Center provides the cities and counties across California with the following benefits:

- Reduce landfill requirements
- Meet State and Federal mandated landfill diversion requirements
- Control cost of providing garbage collections services for residences and businesses
- Avenue for individuals, organizations and community groups to reclaim California Redemption Value (CRV) they have paid when purchasing beverages
- Keeps California Redemption Value monies circulating within local city and county communities

Local Communities

Community is an important aspect of NexCycle's commitment to providing an exceptional recycling experience. We understand the importance of providing a service that meets the requirements of everyone in the surrounding community. We realize that we can be successful only if we can satisfy the needs and provide a benefit to the community we serve. We also realize the importance of participating in the community. That is why we provide fundraising activity and sponsorship of many community based organizations and groups.

- Elementary and High School fundraising
- Youth athletic program fundraising and sponsorship
- Charity event sponsorship
- Boys and girls scouting organizations
- Other non-profit benefits and sponsorship

California Bottle Bill

- California is number 1 in the nation when recycling rates are compared to other states.
- AB2020 Legislation enacted in 1986
- Stated Goal: 80% Recycling Rate
 - Reduce litter
 - Increase landfill diversion
- Convenience Zones created by supermarkets with annual revenues over \$2.0 million
- Convenience Zones cover ½ mile radius around store
- Bill includes juice, water, non-carbonated drinks. Wine and distilled spirits and milk continue to be excluded.
- Over 12.4 billion containers recycled (20.5 billion sold) in 2005
- 32,881 beverage containers recycled daily
- Recycle rate in 2005 for all containers was 61%
- 2031 recycle centers as of August 2006
- Benefits of California Bottle Bill
 - Self sustaining program
 - No General Fund monies used
 - Provides geological diverse locations for public to recycle
 - Provides opportunity to recycle near where beverages were purchased
 - Provides convenient locations for individuals to receive CRV refund
- California Department of Conservation data or additional information regarding the California Beverage Container Recycling and Litter Reduction Act (AB2020) www.consrv.ca.gov

California AB2020 Works

In 1986 California adopted Assembly Bill (AB2020). The goal of the act was to achieve an 80 % recycling rate for all aluminum, glass, plastic, and bimetal beverage containers sold in California. By achieving an 80% recycling rate there would be a reduction of the beverage container component of litter in the State as well as a reduction in the amount of refuse going into landfills.

AB2020 originally imposed a California Redemption Value (CRV) on the sale of each bottle or can of carbonated soft drinks and water, beer and malt beverages, or wine and spirit coolers.

AB2020 created a network of convenience zones around the state. There are approximately 2900 convenience zones presently in California. Each convenience zone must contain a redemption center to accept CRV containers from consumers or meet the criteria for exemption.

A convenience zone is the area located within a half-mile radius of a supermarket location that meets the following definitions:

- Supermarket is identified in the Progressive Grocer Marketing Guidebook
- Supermarket gross annual sales are \$2 million or more
- Supermarket is considered a "full time" store that sells a line of dry groceries, canned goods, or non-food items and perishable items

While supermarkets create a convenience zone, other businesses identified as "dealers" located within the zone must also participate in the program. A dealer is identified in the following manner:

- A company that sells California Redemption Value (CRV) beverage containers
- The company is not a lodging, eating, or drinking establishment nor sells these beverages solely from a vending machine
- Dealers are identified from information supplied from the American Business Information database and surveys by the Department of Conservation, Division of Recycling

The purpose of the convenience zone is to provide a greater geographic dispersal of locations where the public can conveniently redeem beverage containers. The convenience zone is required by law to have within the zone's boundaries a recycling center that redeems all California Redemption Value (CRV) containers. A convenience zone recycler provides opportunities to redeem containers near where the beverages were purchased.

California vs. Litter Deposit Programs

California is getting traditional bottle bill benefits without the deposit law system cost and workload to retailers. A study by accounting firm Ernst & Young concluded "AB2020" is significantly more cost-effective than traditional deposit legislation, saving California consumers and businesses between \$245 and \$390 million annually.

Under a conventional bottle bill, all of the state's 40,000 beverage retailers would have to redeem beverage containers inside their stores and manually sort them by brand. In California, a network of just 1,800 grocery store recycling centers carries the load for all 40,000-beverage retailers. In addition, the entire program is entirely self-sustaining, using no General Fund Monies whatsoever.