

## REQUEST FOR ACTION

**To:** Rachel Machi Wagoner  
Director

**From:** Zoe Heller  
Deputy Director, Division of Circular Economy

**Request Date:** June 20, 2023

**Decision Subject:** Consideration of MED-Project's 2024 Annual Program Budget for Covered Drugs

**Action By:** June 29, 2023

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### **Summary of Request**

MED-Project USA (MED-Project) submitted its 2024 annual program budget, titled, *MED-Project 2024 Annual Program Budget; State of California, Covered Drugs (2024 Annual Program Budget)*, including an independent financial audit, titled, *MED-Project CA, LLC; Financial Statements for the Year Ended December 31, 2022*, on March 31, 2023, as required by statute. This Request for Action presents a summary of staff's analysis regarding MED-Project's *2024 Annual Program Budget*.

### **Background**

MED-Project is a stewardship organization that represents more than 500 covered entities under its approved stewardship plan for covered drugs, titled, *A Product Stewardship Plan for Covered Drugs from Households (Plan)*. On December 9, 2021, the Department of Resources Recycling and Recovery (CalRecycle) conditionally approved MED-Project's *Plan* pursuant to Public Resources Code (PRC) section 42032(d)(1) and Title 14 of the California Code of Regulations (14 CCR) sections 18973.1(e) and (g). MED-Project's *Plan* was approved June 23, 2022. MED-Project's *2024 Annual Program Budget* includes anticipated costs for the upcoming calendar year of 2024 (January 1, 2024, through December 31, 2024).

PRC section 42033.2(a)(2) states that, on or before March 31, 2022, and each year thereafter, a program operator shall submit to CalRecycle a program budget for stewardship program implementation for the upcoming calendar year. MED-Project submitted its *2024 Annual Program Budget* on March 31, 2023. CalRecycle determined the *2024 Annual Program Budget* was complete and notified MED-Project on May 1, 2023, pursuant to PRC section 42033.2(d)(1) and 14 CCR section 18973.1(b). CalRecycle has 90 days to approve, disapprove, or conditionally approve the *2024 Annual Program Budget* pursuant to PRC section 42033.2(d)(2) and 14 CCR section 18973.1.

### **Staff Analysis**

Staff evaluated MED-Project's *2024 Annual Program Budget* to determine whether the requirements of statute, regulations, and MED-Project's *Plan* were met. The section below presents a summary of staff's analysis of MED-Project's *2024 Annual Program Budget* for the requirement where additional information from and/or additional actions

by MED-Project may be necessary for CalRecycle to determine whether the requirements of statute, regulations, and MED-Project's *Plan* were met.

### **Cost Category Activity Descriptions**

Requirement: Pursuant to 14 CCR section 18973.6(e), a description of the types of activities relative to each line item cost category, identified pursuant to 14 CCR section 18973.6(b).

Result: Requirement Partially Met

MED-Project refers to its *Plan* to provide a description of the types of activities relative to each line item cost category. MED-Project's *2024 Annual Program Budget* states that "the types of activities described by each line-item in the anticipated cost section above are described in the Approved Plan." Annual program budgets must contain all necessary information to meet requirements in PRC sections 42033.2(a)(2) and 42033.2(c) and 14 CCR section 18973.6. A clear understanding of the cost categories is fundamental to the reader's understanding of the annual program budget. Therefore, the descriptions within the annual program budget should allow the reader to understand how the annual program budget requirement was met without necessarily needing to refer to another document.

Summary 1 of Requirement Not Met: The following serves as written notice of the requirement that must be met should the Director choose to conditionally approve or disapprove MED-Project's *2022 Annual Program Budget* as indicated in the "Action" section below.

- a) Provide a description of the types of activities relative to each line item cost category, identified pursuant to 14 CCR sections 18973.6(b) and 18973.6(e).

### **Feedback from Interested Parties**

CalRecycle solicited public input on MED-Project's *2024 Annual Program Budget* from April 4, 2023, through April 18, 2023, and did not receive any public comments.

### **Action**

Pursuant to PRC section 42033.2(e) and 14 CCR section 18973.1, I hereby:

- Approve MED-Project's *2024 Annual Program Budget*.
- Conditionally approve MED-Project's *2024 Annual Program Budget*. Pursuant to 14 CCR section 18973.1(j), MED-Project must revise and resubmit its 2024 annual program budget to CalRecycle within 60 days of the date of this Request for Action notice is issued that includes the additional information specified in "Summary 1 of Requirement Not Met" in the "Staff Analysis" section above.
- Disapprove MED-Project's *2024 Annual Program Budget*. Pursuant to 14 CCR section 18973.1(k), MED-Project must revise and resubmit its 2024 annual program budget to CalRecycle within 60 days of the date of this Request for Action notice is issued that includes the additional information specified in "Summary 1 of Requirement Not Met" in the "Staff Analysis" section above.
- Disapprove MED-Project's *2024 Annual Program Budget* and refer MED-Project to CalRecycle's Waste Permitting, Compliance, and Mitigation Division for potential enforcement. Pursuant to 14 CCR section 18973.1(k), MED-Project must revise and

resubmit its 2024 annual program budget to CalRecycle within 60 days of the date of this Request for Action notice is issued that includes the additional information specified in “Summary 1 of Requirement Not Met” in the “Staff Analysis” section above.

**Signed by:** Rachel Machi Wagoner, Director

**Dated:** June 21, 2023

**Attachments:**

Documents listed below are posted to CalRecycle’s website.

1. [MED-Project 2024 Annual Program Budget; State of California, Covered Drugs](https://www2.calrecycle.ca.gov/Docs/Web/123309) (March 31, 2023)  
<https://www2.calrecycle.ca.gov/Docs/Web/123309>
  - a. [MED-Project CA, LLC; Financial Statements for the Year Ended December 31, 2022](https://www2.calrecycle.ca.gov/Docs/Web/123312) (March 31, 2023)  
<https://www2.calrecycle.ca.gov/Docs/Web/123312>
2. [A Product Stewardship Plan for Covered Drugs from Households](https://www2.calrecycle.ca.gov/Docs/Web/120945) (March 9, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/120945>
  - a. [Appendix A - Participating Covered Entities](https://www2.calrecycle.ca.gov/Docs/Web/120921) (March 9, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/120921>
  - b. [Appendix B - Covered Products](https://www2.calrecycle.ca.gov/Docs/Web/120927) (March 9, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/120927>
  - c. [Appendix C - Participating Authorized Collection Sites](https://www2.calrecycle.ca.gov/Docs/Web/120933) (March 9, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/120933>
  - d. [Appendix C – Participating Authorized Collection Sites Addendum](https://www2.calrecycle.ca.gov/Docs/Web/121092) (March 21, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/121092>
  - e. [Appendix E - Potential Authorized Collectors](https://www2.calrecycle.ca.gov/Docs/Web/120936) (March 9, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/120936>
  - f. [Appendix K – Potential Mail-Back Distribution Locations](https://www2.calrecycle.ca.gov/Docs/Web/120939) (March 9, 2022)  
<https://www2.calrecycle.ca.gov/Docs/Web/120939>