

# Dealer Registration and Dealer Cooperatives

## Informal Workshop on Proposed Regulations

SB 1013

Atkins, Chapter 610, Statutes of 2022

Department of Resources Recycling and  
Recovery (CalRecycle)

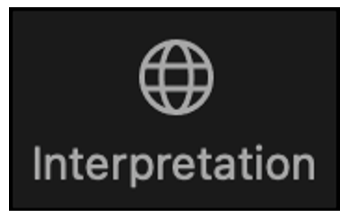
August 31, 2023



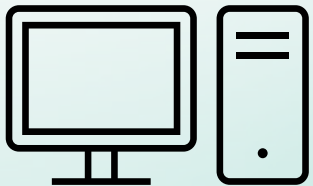
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# Agenda

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## **Introduction**

Karen Kayfetz, Branch Chief, Product Stewardship

## **Dealers and Dealer Cooperatives Regulation Text**

Jeanette Barnard, Senior Staff Counsel, Legal Office

## **Questions**

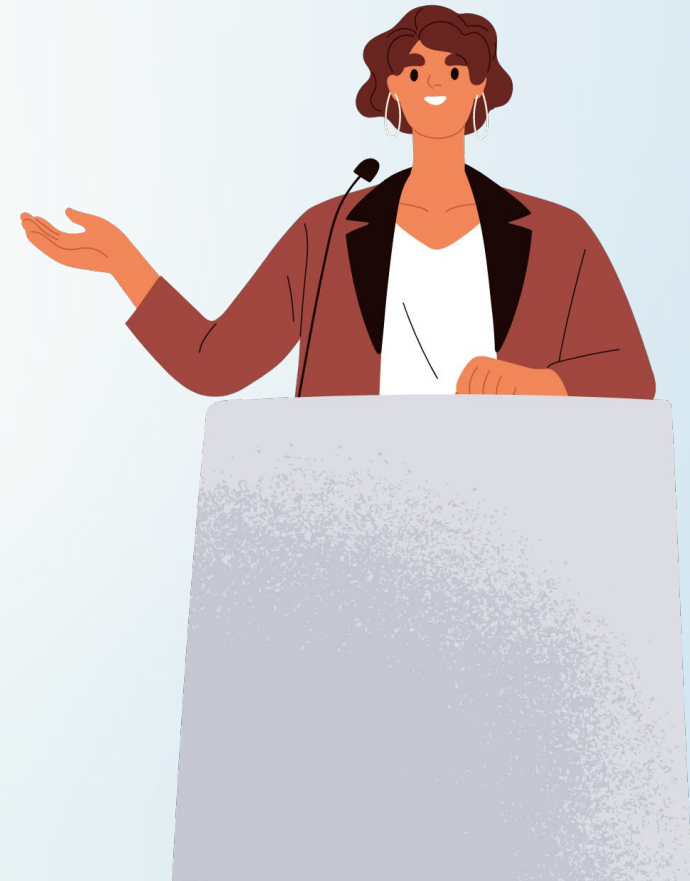
Moderated by:

Csilla Richmond, Regulatory Analyst, Regulations Unit

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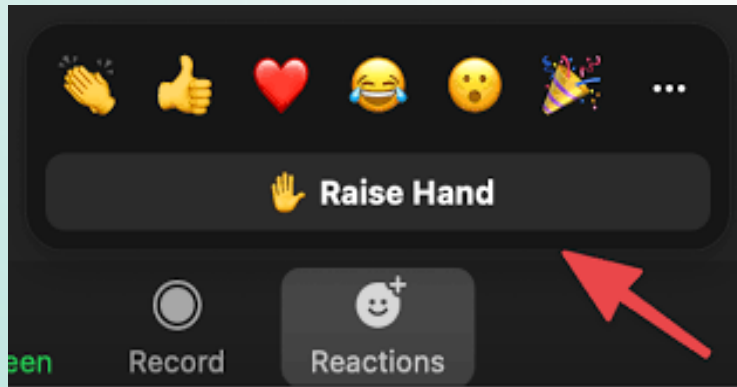
# CalRecycle Welcomes Input from Interested Parties

- CalRecycle welcomes questions and feedback
- CalRecycle staff reads every comment
- CalRecycle wants to hear how potential regulations impact industry
- Public comments influence regulations



# Submitting Questions and Feedback

- To make a comment in-person, please line up at the podium.
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# Introduction

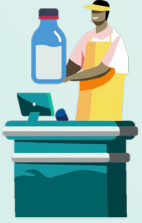
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**Department of Resources Recycling and Recovery  
Product Stewardship Branch**

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**Karen Kayfetz**

*Branch Chief of  
Product Stewardship*



# Dealer Redemption Options Today

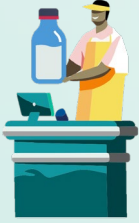
**Dealers in an unserved convenience zone choose in-store redemption or pay a fee:**



Option A: The dealer takes back beverage containers



Option B: The dealer pays a \$100 daily fee  
**(Option expires on December 31, 2024)**



# Dealer Redemption Options Under SB 1013

**Dealers in an unserved convenience zone choose in-store redemption or join a dealer cooperative:**



Option A: The dealer takes back beverage containers



Option B: The dealer joins a Dealer Cooperative  
(Option becomes available on January 1, 2025)



# Dealer Cooperatives Model

**Dealer Cooperatives support end-of-life management of beverage containers by:**



Fueling innovation in redemption methods



Collecting beverage containers



Ensuring recycling

**Goals of the Dealer Cooperatives program:**



Reduce trash pollution



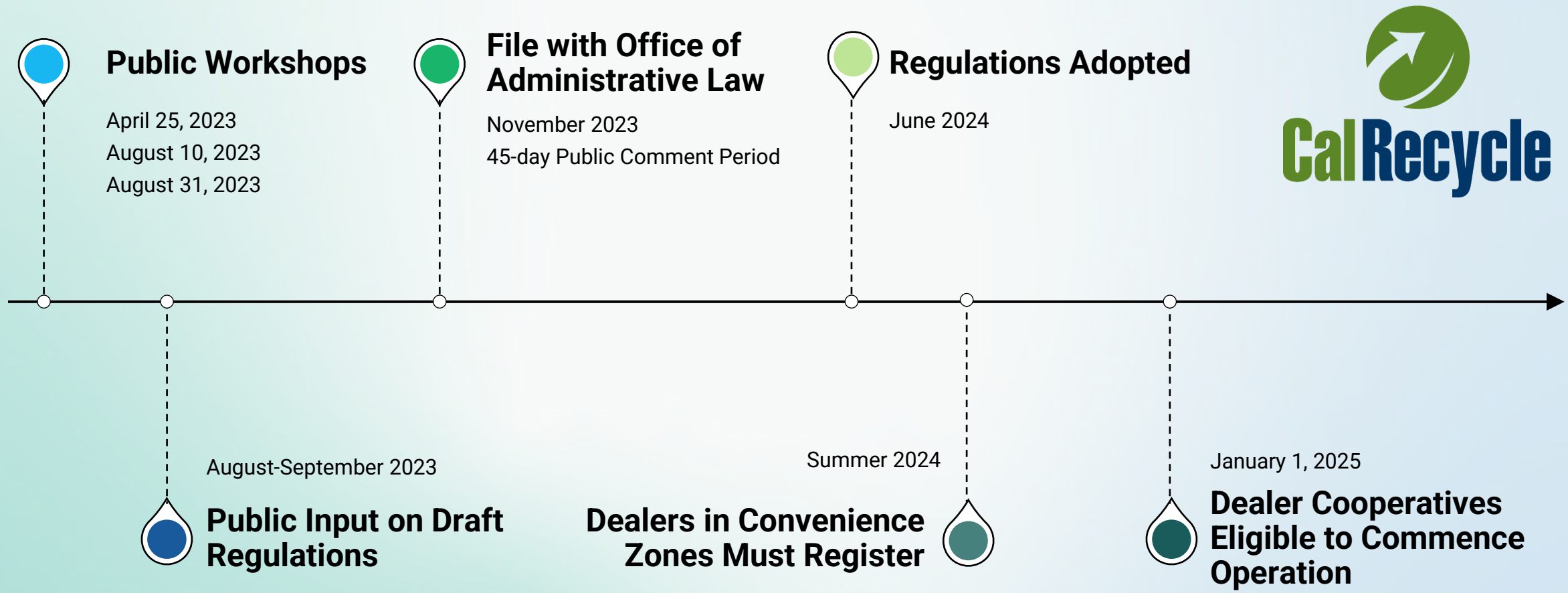
Make redemption convenient



Cover costs through cooperative



# Timeline



# Definitions

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**Jeanette Barnard**

*Senior Staff Counsel*

*Legal Office*

## Section 2370\*. Definitions

- Includes definitions for the purposes of subchapter 4.5, such as:
  - “Dealer cooperative stewardship fee”
  - “Dealer cooperative zone”
  - “Innovative method of redemption”
  - “Redemption contractor”
  - “Sales and storage area”
  - “Stewardship plan”
  - “Stewardship program”

\*All section references are to Title 14 of the California Code of Regulations unless otherwise specified

# Dealers

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# Section 2371. Dealer Registration

Each dealer within a convenience zone must register each site separately with CalRecycle:

- Online registration through CalRecycle's website
- Requires details including legal name of owner, store DBA name, EIN, contact information, and date dealer began business at that physical location
- Dealers declare whether they:
  - Have a combined sales and storage area less than 5,000 square feet
  - Have gross annual sales less than \$1,500,000 (excluding fuel sales)
- Documentation may be required to support declarations
- CalRecycle provides dealer with registration number within 45 days of receiving complete registration

# Section 2372. Dealer Notification Requirements and New Registration Required <sup>15</sup>

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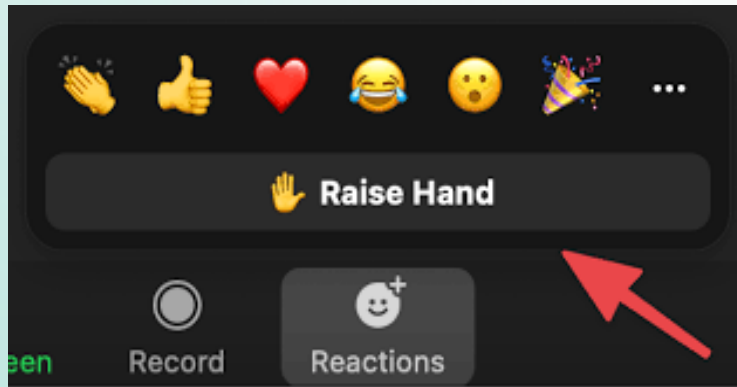
- Dealers are required to notify CalRecycle 30 days **before** changes to mailing or business address, phone number, EIN, email address, or website address
- Change in business address or EIN also requires new dealer registration form
- Dealers required to notify CalRecycle within 30 days **after** changes to store size or sales totals, store manager or contact information, or if the store ceases operation
- Registered dealers must annually submit confirmation that exemption declaration is still accurate
- If any submitted exemption documentation is no longer accurate, the dealer must provide updated documentation

## Section 2373. Dealer Redemption Requirements

- Dealers in unserved convenience zones that are not members of a dealer cooperative with an operational stewardship plan must redeem beverage containers on dealer's premises pursuant to PRC section 14578(a)(1)
- Dealers must immediately revert to redeeming in store when:
  - Dealer membership in a dealer cooperative is terminated
  - Dealer is a member of a dealer cooperative with a revoked or terminated stewardship plan
  - Dealer is a member of a dealer cooperative with a revoked registration or that dissolves
- Dealers that are members of a dealer cooperative must comply with PRC section 14578(a)(1) until the dealer cooperative's stewardship plan is approved and operational

# Submitting Questions and Feedback

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# **Dealer Cooperative Stewardship Plan**

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# Section 2375. Stewardship Plan Submission

Stewardship plans must be:

- Submitted electronically
- Posted on the dealer cooperative's website
- Accessible consistent with standards set forth by section 7405 of the Government Code and the Web Content Accessibility Guidelines (WCAG) 2.0
- Submission of the stewardship plan constitutes a declaration that:
  - The dealer cooperative and dealer members are compliant with applicable requirements of the Act and Regulations
  - Dealer members and the dealer cooperative are responsible for the approved stewardship plan

# Section 2375.1. Stewardship Plan Contents (1/4)

Stewardship plans must include:

- Contact information and other informational data for the dealer cooperative
- Verification of 501(c)(3) status and Articles of Incorporation
- A list of all dealer members in the dealer cooperative and their registration numbers
- A map of the area where the dealer cooperative will operate
- The planned budget and related budgetary information

# Section 2375.1. Stewardship Plan Contents (2/4)

Stewardship plans must include (continued):

- How each beverage container material type will be redeemed
- How redeemed empty beverage containers will be transported to a processor or recycling center
- An education and outreach program, including:
  - Activities to promote awareness and maximize participation in stewardship program
  - The development and implementation of a public informational website
  - A dispute resolution process for consumers
  - Process and metrics for performance evaluation of education and outreach plan

# Section 2375.1. Stewardship Plan Contents (3/4)

Stewardship plans must include (continued):

- How consumer convenience options are tailored to fit needs of the area
- A minimum of one method of redemption that does not require an attendant to accept materials
- How the dealer cooperative will have the capacity to redeem all beverage containers sold by dealer members into convenience zones where members operate, including:
  - Redemption of all beverage container types
  - Redemption location or locations within one mile of any dealer member in the unserved convenience zone
  - Hours of operation for a redemption location or locations that match the operating hours of the closest dealer member to the redemption location

# Section 2375.1. Stewardship Plan Contents (4/4)

Stewardship plans must include (continued):

- A timeline for the stewardship plan becoming fully operational
- Measurable performance standards and how standards will be achieved:
  - Geographic spread of redemption sites, and an explanation for the geographic spread
  - Beverage container volume, customer, and transaction capacity for each redemption site, convenience zone, and the entire dealer cooperative zone
  - The average wait time for a consumer to redeem a beverage container

# Section 2376. Stewardship Plan Review and Approval or Disapproval; Operational Notice

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- CalRecycle will review and approve or disapprove the stewardship plan within 120 days
- Approval is based on compliance with applicable provisions of the Act and Regulations
- CalRecycle will issue dealer cooperative registration number upon approval
- CalRecycle will notify applicants of the basis for denial of stewardship plans within 30 days of disapproval
  - The dealer cooperative has 60 days from written notice of disapproval to resubmit a revised stewardship plan
- A dealer cooperative shall notify CalRecycle when the stewardship plan is fully operational
- A dealer cooperative shall notify CalRecycle 30 days prior to a new redemption contractor or site becoming operational

# Section 2376.1. Updating Performance Standards

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- If CalRecycle determines that implementation of a stewardship plan does not offer redemption opportunities that provide comparable consumer convenience to the requirements of PRC section 14571 or 14571.9, it will notify the dealer cooperative to resubmit an updated stewardship plan with increased performance standards
- Within 30 days of receipt of the written notice, the dealer cooperative must resubmit a revised stewardship plan

# Section 2377. Stewardship Plan Update

- Within five years of the stewardship plan's approval, a dealer cooperative must determine if updates are needed:
  - If updates are not needed, the dealer cooperative shall submit that determination to CalRecycle at least nine months before the review deadline
  - If updates are needed, the dealer cooperative will submit the updated stewardship plan to CalRecycle for approval at least six months before the review deadline
- CalRecycle will review and approve or disapprove the updated stewardship plan within 120 days of receipt

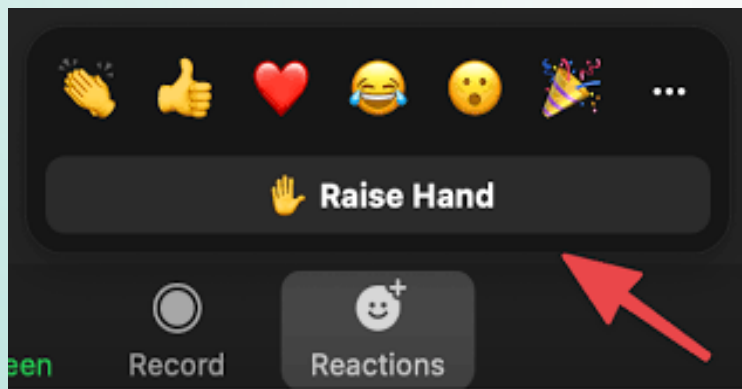
# Section 2378. Stewardship Plan Changes and Notification

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- Changes to the stewardship plan must be submitted to CalRecycle for approval
- Changes to the stewardship plan cannot be implemented until approved
- CalRecycle shall approve or disapprove a stewardship plan change within 120 days of receipt
- In certain instances, a dealer cooperative is not required to submit a stewardship plan change, and is only required to notify CalRecycle 30 days prior (such as updating contact information):
  - Approval from CalRecycle is not required in these instances for implementation
  - Upon receipt of the notification, CalRecycle may require the dealer cooperative to submit a stewardship plan change at its discretion

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# Break

**Please return by:  
1:00 PM**

# **Dealer Cooperative Recordkeeping, Reporting, and Operation**

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**Department of Resources Recycling and Recovery**

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## Section 2380. Recordkeeping (1/2)

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- Records related to the stewardship program must be prepared in accordance with generally accepted accounting principles (GAAP) and retained for 5 years
- Records must be legible and stored in a secured area
- A dealer cooperative must:
  - Provide immediate access to CalRecycle to any original record required by the Act or Regulations
  - Transfer any original record to CalRecycle within 10 days of request

## Section 2380. Recordkeeping (2/2)

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- For each beverage container redemption transaction, records that must be retained include:
  - Date material was received, and date payment was made to customer
  - Address where material was redeemed or delivered
  - Redemption method and payment amount by material type
- For material received where refund value was not paid to customer, records that must be retained include:
  - Explanation for why refund was not paid to customer
  - Explanation of how material was managed, whether scrap value was paid, and amount of scrap value paid
- Records of dealer cooperative stewardship fees assessed on dealer members must be maintained

# Section 2381. Reporting (1/2)

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- Dealer cooperatives must electronically submit quarterly reports that provide information for the past quarter
- Quarterly reports must be accessible consistent with standards set forth by section 7405 of the Government Code and the Web Content Accessibility Guidelines (WCAG) 2.0
- Quarterly reports must have a redemption component, including:
  - Total number of beverage containers redeemed and amount of refund value payments made to consumers
  - Total weight or count of ineligible material received for which no refund value was paid to a consumer
  - Data regarding the stewardship program's collection methods
- The redemption component of the quarterly report must be posted on the dealer cooperative's website

## Section 2381. Reporting (2/2)

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Quarterly reports must also have an operational component, including:

- A description of education and outreach activities
- Number of inspections or reviews of redemption sites and what those inspections revealed
- Actions taken or planned to correct any behavior for which a Notice of Violation was issued
- Number of beverage containers cumulatively sold by dealer members into each convenience zone in which the dealer members operate
- Description of how performance standards identified in stewardship plan were achieved
- Revenue and expenses of dealer cooperative

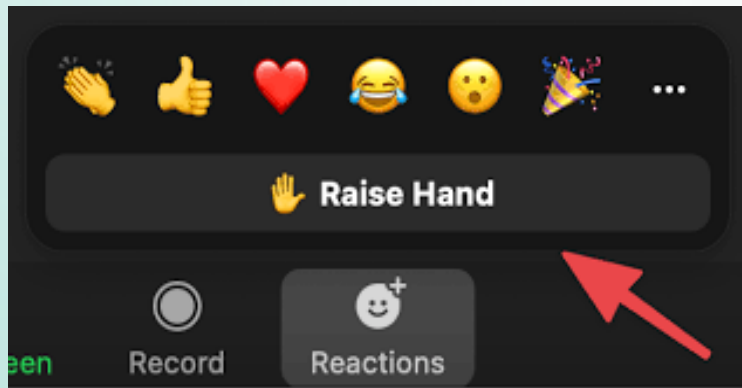
## Section 2382. Dealer Cooperative Operation

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- A dealer cooperative must operate according to its approved stewardship plan
- A person who has had a certification or registration revoked within the past 24 months or who has defrauded the Beverage Container Recycling Program is ineligible to operate as a redemption contractor or dealer cooperative
- A dealer cooperative must notify CalRecycle six months before the dealer cooperative dissolves or ceases operation

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# Dealer Cooperative Enforcement

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# Section 2385. Stewardship Plan Revocation; Enforcement Mechanisms

- If a dealer cooperative does not meet an applicable requirement of the Act or the Regulations, CalRecycle may:
  - Require resubmittal of part or all of a stewardship plan
  - Require additional reporting
  - Revoke part or all of a stewardship plan, including the dealer cooperative registration number
- CalRecycle will issue notice to a dealer cooperative of intent to revoke part or all of a stewardship plan
- Dealer cooperatives may submit a request for an informal hearing to contest revocation within 30 days of receipt of the notice

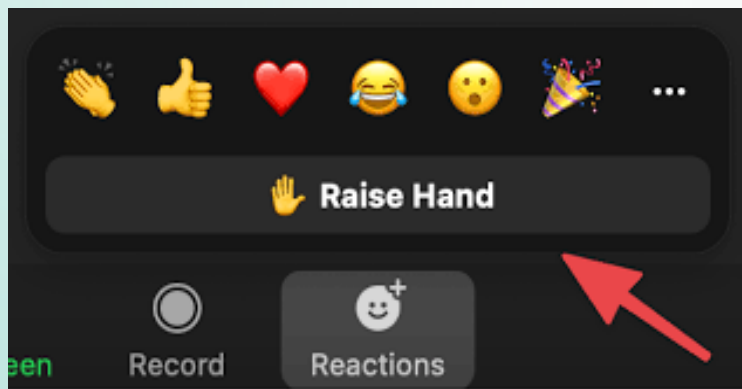
# Section 2386. Penalties and Interest Charges

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- CalRecycle will issue a Notice of Violation for violations of the dealer cooperative regulations and PRC sections 14578 and 14578.5
- The Notice of Violation will contain:
  - A statement of the alleged violation(s)
  - A statement of the dealer cooperative's right to an informal hearing upon request
  - A statement that the dealer cooperative's right to a hearing is waived if it fails to respond within 15 days of receiving the Notice of Violation
  - A statement verifying the basis of the violation(s)
- Violations will be issued to the dealer in an unserved convenience zone if it is not a member of a dealer cooperative with an operational stewardship plan or redeeming on the premises

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# **Amendments to Existing Regulations**

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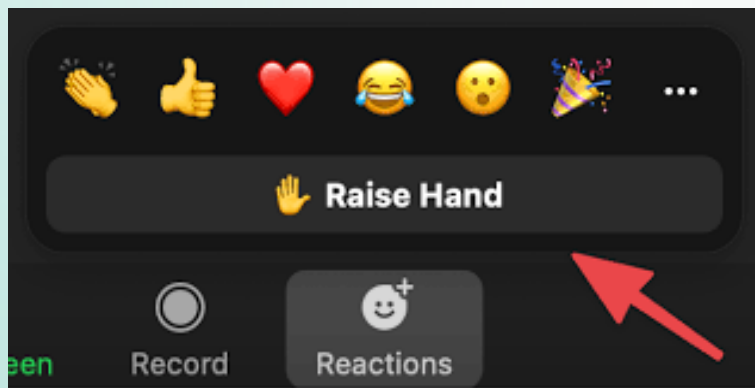
# Amendments to Existing Regulations

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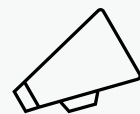
- Section 2000. Technical Updates to Regulatory Definitions
- Section 2030. Prohibit Recycling Center Locating in a Dealer Cooperative Zone
  - Certification applications may be denied if the proposed recycling center is in a convenience zone where a dealer cooperative is operating an approved stewardship plan
  - Prohibits CalRecycle from approving a recycling center application if a dealer cooperative in good standing is located in the convenience zone
- Section 2425 and 2430. Technical Updates to Processor Regulations
- Section 2516. Dealer Cooperative Handling Fee Eligibility
  - A dealer cooperative with an operational stewardship plan approved by CalRecycle is eligible for handling fees

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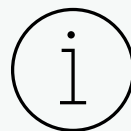


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Sign up for information related to all CalRecycle Proposed Regulations:  
**[CalRecycle Proposed Regulations Listserv](#)**

Sign-up for information related to regulations specific to the Beverage Container Recycling Program:  
**[Beverage Container Recycling Program General Listserv](#)**



**More information is forthcoming and will be distributed through our listserv**

**Submit Comments by Email:**  
**[Regulations@CalRecycle.ca.gov](mailto:Regulations@CalRecycle.ca.gov)**