



# California Carpet Stewardship Program

An initiative of CARE: Carpet America Recovery Effort

## Carpet America Recovery Effort (CARE) Contingency Plan 2.2 California Program General Framework

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# Table of Contents

- Purpose..... 5**
- I. Introduction..... 5**
- II. Contingency Plan Outline..... 6**
  - Overview ..... 6
  - Agent..... 6
  - Escrow Account..... 6
  - Training ..... 6
  - Contracts ..... 7
  - Invoices ..... 7
  - Subsidies..... 7
  - Timing..... 7
- III. Finance..... 8**
  - Revenue Flows - Mill Payments ..... 8
    - Relationship to Retailers ..... 8
    - Subsidies ..... 8
  - California Differential Assessment..... 9
    - Change Protocol*..... 9
    - California Differential Assessment Notification Process*..... 9
- IV. Expenses ..... 9**
  - Subsidy Expenses..... 9
  - Operational Expenses ..... 10
  - Program Expenses ..... 10
  - Escrow Account..... 10
- V. Administrative ..... 11**
  - Communication Plan ..... 11
  - General Timeline (Contingency Plan Management)..... 11
  - Employees..... 12
  - Subcontractors ..... 12
  - Program Management..... 13
  - Training Guide and Documentation..... 13

Carpet Stewardship Organization Contingency Plan: General Framework for The California Program

- CA Annual Reports ..... 13
- Annual Surveys ..... 14
- Monthly Meetings ..... 14
- CARE AB 2398 Participant Agreements ..... 14
  - (Mills, CSE’s, Processors, Tier 2 Manufacturers) ..... 14
- VI. Grants Administration ..... 15**
  - Prior Grant Cycles ..... 15
  - Active Grant Cycles ..... 15
- VII. Finance and Reporting ..... 15**
  - Accounting Protocols ..... 15
  - Reporting Protocols ..... 15
  - Confidential Business Information..... 16
  - Audits ..... 16
    - Financial, Performance ..... 16
  - Review and Subsidy Authorization Protocol ..... 17
    - Monthly Reviews & Release of Subsidy Funds..... 17
      - Subsidy Payments to Recyclers*..... 17
      - Quarterly Reviews*..... 17
- VIII. Use of Models ..... 17**
  - Economic Model ..... 17
  - Financial Model ..... 18
  - Subsidy Justification Model ..... 18
  - Cost Conversion Model (CARE proprietary)..... 18
- IX. Education and Outreach ..... 19**
  - Retailer Engagement..... 19
  - Flooring Professional’s Union Support ..... 19
  - Communications and Outreach – General..... 19
  - Assessment Changes..... 20
- X. Drop Off Site Management & Reporting ..... 20**
- XI. Management of Projects ..... 20**
  - Denominator Study..... 20
  - Academic Studies..... 21

Carpet Stewardship Organization Contingency Plan: General Framework for The California Program

Special Projects.....21

**XII. Advisory Committee Engagement ..... 22**

**XIII. Miscellaneous ..... 22**

Technical Assistance .....22

Unanticipated Problems, Challenges, and Issues.....22

SPC Operations .....23

ADA Compliant Requirements.....23

**XIV. Special Requests ..... 23**

**XV. AB 729 Reference [Legal Text] ..... 23**

**XVI. Attachment A - AB 2398 Operations Training Guide ..... 25**

## Purpose

The purpose of this document is to provide a framework for implementation of a detailed self-executing Contingency Plan (CP) to transition the California Carpet Stewardship Program (Program) from the 2023-2027 Carpet Plan (Plan) managed by Carpet America Recovery Effort (CARE) as the Carpet Stewardship Organization (CSO) to an agent designated by CARE in the event CARE is delisted as the active Carpet Stewardship Organization (CSO).

In the event the Director of CalRecycle invokes the Contingency Plan, this plan will self-execute within 5 business days of actual termination or revocation of the Plan.

Self-execute means the designated agent will take over full management of the current Plan within 5 business days of termination of CARE as the CSO. All CARE engagement with CalRecycle will terminate. CARE may still engage with agent if mutually desired.

This document lays out the steps CARE will take, consistent with the requirements of AB 729, should a transition be necessary. Readers are recommended to have fully read CARE's approved Plan (<https://www2.calrecycle.ca.gov/Docs/Web/123366>) and this Contingency Plan document, prior to reading the associated training guide.

CARE also encourages the reader to become familiar with California Assembly Bills 1158, 729, and 2398 (Carpet Law), all new laws adopted after the publication of this Contingency Plan, *and* the relevant Public Resources Code (PRC), Division 30, Part 3, Chapter 20. Additionally, any new CSO management will want to be familiar with Assembly Bill 901 (sets forth RDRS reporting requirements), as the Program must report its public Drop Off Site (DOS) volumes under this requirement.

## I. Introduction

The Contingency Plan 2.2 incorporates the addition of a new Training Guide which provides a step-by-step manual for established program processes and procedures. CARE provides guidance based on widely accepted business practices and methods, as well as activities that meet specific legislative mandates. Some CARE business practices are separate from its AB 2398 California Program operations and funds, therefore, are not included in this Plan.

Upon activation of the Contingency Plan, the designated agent will become uniquely responsible for all functions of the Program, including Fund Management, all subsidy Payments, Accounting (Accounts Payable and Accounts Receivable), Operations and Logistics (including the Drop Off Site program), both mill and recycler reporting, Marketing, Education & Outreach (MEO), grants administration and any other California related business and operational functions. Agent will report directly to CalRecycle.

**The primary goal of such a transition is to ensure a seamless transfer of program functionality, with special focus on limiting subsidy flow interruptions to recyclers and maintaining stability for the public drop off sites that participate in the program.**

## **II. Contingency Plan Outline**

### **Overview**

This Contingency Plan addresses the functions necessary to comply with the Carpet Stewardship Law and to enable execution of the day-to-day operations and logistics necessary to run a dynamic, complex, and growing enterprise for carpet recycling. The Plan Actions encompass activities and operations that are exclusive to the California Program. Areas that are not funded through California programs or are the intellectual property of CARE are non-transferable and may not include instruction. CARE is available for consultation in these areas under a signed consulting service agreement.

### **Agent**

CARE designates Above Ground Environmental LLC as the agent to implement the self-executing CP. Above Ground Environmental LLC (agent or AGE) has agreed to accept this role. Agent is a knowledgeable entity with connections to many of the recyclers and on most aspects of this Program. Thus, they are in strong position to coordinate and integrate continuity of on-going activities. Above Group Environmental LLC will be the sole agent responsible for continuing the Program and will work with all contractors currently in place for the execution of all on-going activities in support of the Program. For the additional program requirements, such as MEO, grants, etc., AGE will serve as the agent in managing those entities until such time as a new Plan is approved and/or a new CSO is appointed.

### **Escrow Account**

The current escrow and operational banking account will remain with Bank of the Ozarks (BOZ). Authority for this account will be transferred to the agent 5 business days of termination. BOZ has operations in many locations, including California, is fully trained in the operational aspects of the Program and will serve to provide a seamless transition. CARE will relinquish all control of the accounts.

### **Training**

This document focuses on the actions recommended by CARE to enable a smooth transition. It is not meant to provide “how to” instructions, nor offer specific training. Instead, it details the steps that will enable such training and provides the necessary depth of understanding required to seamlessly maintain the program. The “how to” is provided in the companion document titled “AB 2398 Operations Training Guide and Management Methodology” (Attachment A).

# Carpet Stewardship Organization Contingency Plan: General Framework for The California Program

## **Contracts**

CARE manages a variety of critical service-based contracts that support the Program. Contracts are generally renewed on an annual basis. However, some commercial contracts that tend to address longer lasting activities may have longer terms. Should any contracts be active upon termination or revocation of the Plan, those contracts will transfer for administration to the agent. In the event CARE is delisted as the CSO, all contracts between CARE and its subcontractors would automatically terminate, and CARE would refer them to the agent for on-going guidance. CARE makes no representations or guarantees that any subcontractor would agree to continue to contract with the agent, or a new CSO, under those existing terms. Current mill and recycler contracts were renewed at the end of 2023 and run through the end of the current Plan (December 31, 2027).

## **Invoices**

CARE is the listed accounts payable party on invoices for goods or services performed under the Program. CARE receives invoices from vendors, subcontractors and other business services via email and United States Postal Service (USPS). It is CARE's customary policy to review and approve invoices within one week and issue payment within 14 business days. To protect CARE's credit rating, upon notice of invoking of the Contingency Plan, CARE will implement its Communication Plan and notify vendors where to direct invoices for payment processing, including contact information for Accounts Payable staff responsible for processing payments for program services.

CARE will retain accumulated funds, per statute, for "in process" or pending invoices (accounts payable) submitted prior to and up to official termination date. CARE will continue to process invoices using Program funds until the transfer of the invoice payment process is confirmed complete as notified by agent in writing. CARE shall be paid a reasonable administrative fee of \$500/hour to manage invoice processing beyond the termination date, which shall not exceed 30 days past the final termination date.

## **Subsidies**

Currently, a 6-month notice is required for any AB 2398 supplemental subsidy reductions, excluding pilots. CARE will provide agent with information on any approved pending subsidy changes upon transfer of program.

## **Timing**

CARE understands CalRecycle's desire to have an "off the shelf" contingency program. However, there is no statutory or regulatory definition or clarification of "self-executing." Thus, based upon the experience gained during the 2023 Contingency Plan episode, CARE notes this expectation may be unattainable in certain areas of the program and will depend on the skillset and industry experience of replacement personnel.

To avoid confusion and misunderstanding, all communications during the transition shall be directed through the CARE Executive Director and the CalRecycle designated point of contact, unless otherwise agreed, in writing, by CARE and CalRecycle.

### **III. Finance**

#### **Revenue Flows - Mill Payments**

Readers are referred to CARE's approved 2023-2027 Plan (pages 41- 60) to gain insight into the flow of funds in support of the CA Carpet Stewardship Program. It should be noted, retailers must collect the current differential assessment per square yard of carpet, which must be listed on all invoices and consistent with the approved language. Under the 2023 – 2027 Plan, mills are required to file a report of quarterly CA sales and remit their assessment payment within 30 days of the end of the prior quarter. A CSO is responsible for ensuring reporting and payments of assessments by mills based on California sales. It is the responsibility of the mill to ensure payment by the retailer to the mill.

Under CARE as the CSO, mills submit their quarterly reports through an independent accounting firm (Currently Aprio LLP). After assessment remittance period, the accounting firm prepares a standard slide deck summarizing the mill results, consistent with confidentiality considerations. Sales by individual mills are confidential business information, so only cumulative results are reviewed by Aprio with CARE. Shipments into CA are reported by fiber type, commercial vs residential broadloom and carpet tile and greater than or equal to 10% post-consumer content.

#### **ACTIONS:**

- A. CARE will facilitate a confidential (CBI) meeting between the independent accounting firm (Aprio) and the agent to review the mill filing protocol, data analysis, and consolidation processes; and
- B. The review the process for incorporation of this information into the quarterly summary slide deck used to update CalRecycle.

#### **Relationship to Retailers**

The CSO does not have a role in the mill-retailer relationship. The CSO is responsible for education and outreach to retailers to enable participation and compliance across the state as well as notification of any assessment changes.

#### **Subsidies**

The subsidy program has evolved over time in an effort to drive more recycled output (RO) and ensure program success. As a result of this process and the dynamic markets for recycled materials derived from post-consumer carpet (PCC), the subsidy program has evolved to be a complex set of considerations, which will continue to be developed and modified over the life of the program. Future changes cannot be anticipated at the time of submission of this Contingency Plan.



## Carpet Stewardship Organization Contingency Plan: General Framework for The California Program

### ACTIONS:

- A. CARE will facilitate a meeting with Independent Accounting Firm (Aprio) to review the detailed recycler filing protocol, data analysis and dashboard review with agent,
- B. CARE will review the roll up process for incorporation of this information into the quarterly summary slide deck with agent.

### **California Differential Assessment**

#### *Change Protocol*

In the event a change in the assessment is required, agent should use their best efforts to implement a 90-day notification cycle. However, in the event of circumstances that were not reasonably foreseeable, the agent may choose to implement an approved assessment change over a shorter time frame, such as 30 to 60 days, unless directed otherwise by CalRecycle.

#### *California Differential Assessment Notification Process*

The CSO implements steps to alert and inform all affected stakeholders about changes to assessments.

### ACTION:

- A. CARE has included detailed instructions of the Notification Process in the AB 2398 Operations Training Guide and Management Methodology.

## **IV. Expenses**

CARE separates expenses into three categories: Subsidy, Program (required services such as E&O, grants, Drop Off Site program) and Operational expenses (salaries, accounting, and legal costs, CalRecycle fees, etc.) for accounting purposes.

### **Subsidy Expenses**

On a monthly basis, recyclers eligible for Program subsidies report confidentially to a third-party accounting firm. The information is collected and entered into a database then reviewed with the CSO's Executive Director and Director of Finance. Once the review is conducted, the Executive Director approves the subsidy payments and issues a confidential approval to pay memo. Payments are completed by the Director of Financial Operations within 24 to 48 hours of final approval. CARE follows its own well audited internal controls for release of subsidy payments.

### ACTION:

- A. CARE will facilitate a review of the monthly recycler reporting with agent and the third-party accounting firm (Aprio) to make agent aware of all components of measurement and the checks and balances to ensure that subsidies are reported and paid out correctly.

### **Operational Expenses**

Operational expenses are those authorized by AB 2398, and include salaries, staff activities, office and service allocations, accounting fees, legal fees (exclusive of any statutorily defined “Litigation against the State”), and fees paid to CalRecycle.

#### **ACTION:**

- A. CARE will facilitate an accounting review of expense transactions for the AB 2398 program with agent, recognizing that such expenses may be different during the Contingency Plan.

### **Program Expenses**

CARE distinguishes between on-going program expenses and administrative expenses. Program expenses exclude subsidies, which are tracked in detail separately. Expenses are tracked across a range of account ledgers for accounting purposes. CARE uses the former Morehouse Accounting Group, now part of Nichols, Cauley & Associates, for routine accounting support and tax filings.

#### **ACTIONS:**

- A. CARE will facilitate a transfer of a preliminary accounting of the fund balance and status to CalRecycle within 5 business days of notice of termination or revocation of the Plan.
- B. Tax records and other related information as may be necessary to reconcile the AB 2398 account will be copied to agent; and
- C. CARE will review the roll up process for incorporation of this information into the Planful dashboard and quarterly summary slide deck with agent.

### **Escrow Account**

The actions listed below are required by AB 729.

#### **ACTIONS:**

- A. CARE will transfer ownership and /control of the escrow account to the agent within 5 business days of termination or revocation of CARE's CSO role;
- B. CARE will transfer all unexpended and uncommitted funds to this escrow account within 5 business days of termination or revocation as the role of CSO;
- C. All mill assessment deposits will be directed to this escrow account with the next payment cycle or effective upon termination date, whichever comes first.

## **V. Administrative**

### **Communication Plan**

Communications can be complicated and require repetitive and written documentation to minimize confusion. Responsiveness of all parties involved in a transition will be paramount. Success of the program encompasses routine operational financial requirements. Any delays in payment processing can have reputational impacts on CSOs or the Program. Operational and Program expense payments must be primary activities during any transition. Finally, during transition, personnel retention should be prioritized to minimize loss of expertise.

Unless stated otherwise, within 5 business days of notice of termination or revocation of the plan, or within five working days of actual termination or revocation of the plan, whichever is sooner, CARE will activate its Contingency Plan Communication and notify all vendors, subcontractors, program participants and other key plan participants and stakeholders of the pending transition date. CARE will also provide the appointed agent point of contact with instructions on how to remit reports, invoices, and program related communications.

#### **ACTIONS:**

CARE will initiate written communication using the following approach:

- A. Provide written instruction to its program vendors for goods and services as to where to send invoices and the effective date.
- B. Provide written notice to all public drop-off sites of pending transfer of operations management and the effective date.
- C. Provide notification to retailers, via email, of pending transfer of program management and the effective date.
- D. Notify Mills in writing and email within 5 business days of final termination with remittance instructions and effective date.
- E. Notify CARE Program Members via email, of pending transfer of program management and the effective date.
- F. Notify subcontractors of termination date and provide information on who to contact if subcontractor wishes to engage CalRecycle or new agent.

### **General Timeline (Contingency Plan Management)**

Changes to the Contingency Plan requirements outlined in the Request for Approval (RFA) denial signed by CalRecycle's Director on December 5, 2023, now limit CARE to a tighter transition period for which these tools may not be needed. CARE is committed to meeting the timelines set forth in CARE's 2023-2027 Approved Plan.

#### **ACTION:**

- A. CARE will attend a meeting with CalRecycle to review program elements to ensure agent is prepared to receive the transition elements.

## Carpet Stewardship Organization Contingency Plan: General Framework for The California Program

- B. This document codifies the designation of the agent(s) to meet statutory requirements.
- C. No contract will be required for CARE to fulfill its transition duties. However, CARE will fulfill any/all those duties and bill its time at fully allocated costs plus expenses.

### **Employees**

CARE hires employees with the understanding that employment may be terminated “at will” either by employer or employee. Should the Contingency Plan be invoked, CARE will examine the Employer-Employee relationship with assigned program staff and may make offers of employment to individuals for other CARE programs. CARE suggests, at minimum, the following staff roles be filled for successful program management:

- Executive Level Director and/or Program Level Director/Manager
- Sales/Marketing Associates or Account Managers
- Accounting/Finance personnel
- Operations and Logistics personnel
- Grants Management personnel
- Administrative Staff

#### **ACTIONS:**

- A. CARE will provide CalRecycle or its designee with staff job descriptions and organizational chart by role as they exist at the time of transition; and
- B. CARE will work with agent to ensure CARE staff are treated appropriately and in accordance with all applicable labor and employment laws during the transition period.

### **Subcontractors**

As stated in Chapter I. Contingency Plan Outline: subsection 3, CARE uses subcontractors for critical services that support the program. CARE’s role in the transition is to facilitate introductions.

#### **ACTION:**

- A. CARE will assist with introductions between parties and provide the agent with any active and signed contracts or addendums whose term continues after CARE’s delisting date. CARE will include their role on the program, contract rates and the remaining balance on each contract, if applicable.

### **Program Management**

CARE currently uses a system of tracking methods (spreadsheets) and Objectives and Key Results (OKR) to track ongoing program deliverables and goals as well as third party software platforms such as CRM and Finance Management databases.

#### **ACTIONS:**

- A. CARE will provide a copy of the most current Action lists, tracking sheets and OKR Master Documents to agent which include current statuses and any planned adjustments; and
- B. Provide account access and/or transfer licenses (where permitted) to AB 2398 funded software to agent.

### **Training Guide and Documentation**

To meet the conditions of the Request for Approval (RFA) signed March 6, 2023, and subsequently December 5, 2023, this revised Contingency Plan includes documentation that enables the Plan to be fully implementable without CARE's assistance ("self-executing"). To meet this requirement, CARE has created the AB 2398 Operations Training Guide and Management Methodology (Training Guide). Because the Program is quite complex, this document is deemed a "living document" until either: 1) all identifiable program processes and workflows have been formally documented, and no further content is required; or 2) CARE is delisted as CSO of the program.

CARE has worked to the best of our ability to craft this document. Please note that recycling is an ever-changing industry that is constantly evolving due to market conditions, legislation, and numerous other factors. Neither CARE nor CalRecycle have control over many/most of these externalities. As a result, some provisions may no longer be applicable at a future date, or some necessary detail may be missing, due to this dynamic environment.

#### **ACTION:**

- A. CARE will update the Training Guide, on an as-needed basis, but at least once every 24 months and provide a current version to CalRecycle for its records as long as CARE is the CSO.

### **CA Annual Reports**

The CSO is required by law to submit an annual report describing its activities to CalRecycle by September 1 of each year. The California Code of Regulations (CCR), Title 14, Section 18944 describes the content that the annual report must contain.

#### **ACTIONS:**

- A. CARE will provide an overview of the Annual Report Production Process and Timing in the Training Guide to agent; and

## Carpet Stewardship Organization Contingency Plan: General Framework for The California Program

- B. Annual Reports, post termination or revocation of the 2023-2027 Plan will be the responsibility of agent, its designee or a future CSO, relieving CARE of its obligation to author such reports. From the time of termination or revocation of program responsibilities, as detailed above, CARE may be available with compensation as noted above to provide any support necessary to complete an Annual Report.

### **Annual Surveys**

As a regular part of preparing the Annual Report, as well as measuring appropriate Program metrics, regular and/or periodic annual mill surveys are conducted relating to weight per square yard of carpet and back-stamping progress.

#### **ACTION:**

- A. CARE provided a process overview of Annual Surveys in the Training Guide.

### **Monthly Meetings**

CARE has participated in regular monthly calls with CalRecycle. A Contingency Plan transfer would anticipate the need and value for continuation of such calls with the agent. Scheduling, coordination, and agendas for these calls would be the responsibility of CalRecycle working with the agent to ensure all needs are addressed.

#### **ACTION:**

- A. CARE will have no future role upon termination.

### **CARE AB 2398 Participant Agreements**

(Mills, CSE's, Processors, Tier 2 Manufacturers)

CARE requires any entity receiving AB 2398 subsidies to become a paid CARE Member. Membership dues are payable to CARE and are not transferrable nor refundable. Upon CARE's deselection as CSO, all memberships remain intact until the end of the annual billing cycle.

#### **ACTION:**

- A. Because Membership is exclusive to CARE, no further action will be necessary.

## **VI. Grants Administration**

### **Prior Grant Cycles**

CARE has administered multiple complete grant cycles which include several categories (capacity, product development & testing, procurement, and micro). Details of completed or existing grants are fully documented in CARE reporting materials. The CARE grants program was modeled after the CalRecycle grants program.

#### **ACTION:**

- A. No further actions are necessary.

### **Active Grant Cycles**

Current grant cycles will remain with the program and grantees will be transitioned to the agent.

#### **ACTION:**

- A. CARE has included an overview of the grant process in the Training Guide.

## **VII. Finance and Reporting**

### **Accounting Protocols**

CARE maintains separate accounting records for all three of its program elements (subsidy, programs, operations). Those relevant to CalRecycle and the Carpet Stewardship Program will be reviewed with CalRecycle or its designee.

#### **ACTION:**

- A. CARE will review and reconcile accounting records with CalRecycle in accordance with all applicable laws.

### **Reporting Protocols**

All reporting protocols will be reviewed with agent per the actions listed above under the following sections: Revenue Flows, Subsidies, Program Expenses and Operational Expenses.

#### **ACTION:**

- A. CARE has provided a process overview in the Training Guide.

### **Confidential Business Information**

All data and reporting on an individual company basis are considered confidential business information (CBI). Severe harm to a company, both operationally and financially, could result from any disclosure or leak of such information. Therefore, sharing of these details during the training and hand-off must be restricted to a small set of trained individuals who will strictly honor the CBI commitment. **Stringent legally defined CBI protocols must be followed.** Such CBI must be strictly limited to a small group of need-to-know individuals for the purpose of administering the subsidy system.

#### **ACTION:**

- A. CARE will clearly delineate and mark as such any material which is deemed confidential business information (CBI).
- B. CARE will schedule a meeting with agent to provide training in managing all monthly, quarterly, and annual data reviews along with mill reporting. In addition, how to respond to agreed-upon procedure (AUP) audit results on individual companies, along with special requests and issues, will be reviewed; and
- C. CARE will work with agent to sign a Confidentiality Agreement to ensure the CBI protocols are followed.

### **Audits**

#### Financial, Performance

CARE undergoes 3 independent audits every year: AB 2398, CARE Core, and a Carpet Program Performance Audit. CARE periodically issues an RFP to competitively bid on this service function. Contracts are typically 3 years and are often renewed for a second or third term, due to the detailed and complicated nature of the program, thus enabling in-depth analysis.

Audit results are reviewed by the CARE Executive Committee each June. All AB 2398 audit results are included in the Annual Report without editing. Executive Committee actions are reviewed and ratified with the CARE Board, typically at its July meeting. CARE is also audited by the audit branch of CalRecycle, typically biennially.

#### **ACTION:**

- A. CARE will introduce agent to the independent auditor, Brooks McGinnis, or its successor; and
- B. The independent auditor will walk agent through the detailed AB 2398 audit process, which involves testing and interviews with a wide range of CARE assets and relationships, both internal and external.

**NOTE:** The national CARE Core Programs are outside the scope of any terminated CSO role and are not, therefore, included in the Contingency Plan.



## **Review and Subsidy Authorization Protocol**

### Monthly Reviews & Release of Subsidy Funds

#### *Subsidy Payments to Recyclers*

On a monthly basis, recyclers eligible for Program subsidies report to a third-party accounting firm. The information is collected and entered into a database then reviewed with the CSO's Executive Director and Director of Finance. Once the review is conducted, the Executive Director approves the subsidy payments and issues an authorization to pay memo. Payments are completed by the Director of Financial Operations within 24 to 48 hours of final approval.

#### *Quarterly Reviews*

Quarterly reviews are conducted with the same third-party accounting firm that collects and assembles monthly recycler subsidy data to generate subsidy payments for the recyclers. The quarterly reviews are a combination of reviewing quarterly sales data as a whole, monitoring that all mills are reporting as scheduled as well as making their assessment payments. Additionally, quarterly measurements for recyclers are reviewed. These reviews are held during the month following the end of the quarterly reporting period.

#### **ACTIONS:**

- A. CARE will conduct a confidential meeting with agent if requested regarding the monthly subsidy reviews and the quarterly roll-up; and
- B. Within 5 days of termination or revocation of CARE's CSO role, agent must be authorized to issue payments from the BOZ operating account.

## **VIII. Use of Models**

CARE modeling efforts have grown in sophistication over the life of the program. The models represent a critical set of tools to aid CARE in management of the Program, in particular as it relates to setting subsidies and justifying assessments. The models are typically reviewed every six months and updated or evolved as needed. Examples of Models used on the program include:

### **Economic Model**

The Economic Model (EM) was developed to provide forward-looking forecasting and is a sophisticated model that draws upon public and private database information (including subscriptions). This model was built with public funds. It should be noted, this model was meant to be forward looking and has not been used for the last several years and is not current.

#### **ACTION:**

- A. The last version of the model will be provided to the CalRecycle and agent.

### **Financial Model**

The Financial Model (FM) looks at a 5-year projection of costs vs revenue on a monthly basis. At the end of each monthly review session, the FM is updated with the actual results, and then results vs budget is compared.

Typically, in late August, the FM is updated to adjust projections for the current calendar year. In September CARE begins to build the budget for the next year for review and approval in late October by the SPC and consistent with the approved Plan. Any changes will be reviewed with approved agent. This model was built with public funds and is transferable.

#### **ACTION:**

- A. The last version of the model will be provided to the CalRecycle and agent.

### **Subsidy Justification Model**

The Subsidy Justification Model (SJM) is a simple tool but underpinned by a need for deep understanding of how the recycled materials markets and economics work to roll the cost of conversion into a format that evaluates the costs of competing materials, allows for a return on cost of conversion and adds a “transition incentive” to facilitate replacement of existing materials, typically post-industrial, and calculates an investment return. This model was built with public funds and is transferable.

#### **ACTION:**

- A. The last version of the model will be provided to the CalRecycle and agent.

### **Cost Conversion Model (CARE proprietary)**

The Cost Conversion Model (CCM) is a detailed analytical tool for understanding the costs to recycle materials under a wide range of approaches. The Cost Conversion Model is CARE intellectual property and non-transferable.

This model was **not** built with AB 2398 funds, is not a product of any other California public funding and is the intellectual property of CARE. It is licensed to the California Carpet Stewardship Program annually.

#### **ACTION:**

- A. CARE will not transfer the CCM programming, unless CalRecycle and CARE agree on a contract to purchase access, in which case CARE will consider such a request.

## **IX. Education and Outreach**

- A. The Education and Outreach (E&O) program is complex and multi-dimensional. By design, it is meant to be dynamic to allow response to shifting demands, priorities and opportunities which arise. CARE currently works with MEO subcontractors who have developed a deep understanding of the Carpet Stewardship Program and communication mechanisms to help enable accomplishments. All education and /outreach materials, as well as databases generated with CA public funds will be provided to the agent.

### **Retailer Engagement**

This aspect of the Program continues to be refined and evolve. Changes are driven by the changing landscape of carpet sales, and the desire for a significant expansion in collections.

- A detailed database of contacts exists, and regular, on-going outreach occurs throughout the state.

#### **ACTION:**

- A. CARE will, if requested, facilitate the transfer of CRM database subscription or its contents in .csv format in accordance with CalRecycle's expressed preference and if requested to the agent.

### **Flooring Professional's Union Support**

As a result of AB 1158, CARE developed training materials for union journey-level and apprentice flooring installers. This effort expanded the existing training video prepared in both English and Spanish. In-depth slide decks exist that will enable the continuation of this program but will require training of new personnel for effective delivery and relationship building.

#### **ACTIONS:**

- A. CARE will provide access to agent of all materials.

### **Communications and Outreach – General**

One of the more extensive areas of focused E&O is in the Program's portfolio. This effort spans a range of support services from assisting with website content management, preparing label and ad materials, and production of the Product Catalog for products containing CA PCC.

#### **ACTIONS:**

- A. CARE will provide agent with access to E&O list of ongoing efforts including all electronic communications and social media examples, which includes:
  1. Regular outreach schedule and justifications.
  2. Updated budget(s) for active year.

3. Plans for remainder of year(s) going forward if contract extension is included transition; and
4. CARE will facilitate the transfer of administration of any social media funded by the program to agent if exclusive to the California Program.

### **Assessment Changes**

CARE works with a MEO subcontractor to put in place a multi-touch approach for notifications when the assessment is set to change.

#### **ACTION:**

- A. CARE has included its Change Notification Process in the training guide.

## **X. Drop Off Site Management & Reporting**

CARE currently maintains and services a growing public Drop-off Sites (DoS) program across the state. CARE will implement the following actions with the agent:

#### **ACTIONS:**

- A. Within five working days of actual termination or revocation, CARE will provide agent with a complete list of active public DoS including:
  1. Program adoption date (start date).
  2. Facility Name and Location.
  3. Available contact information; and
  4. Data summary showing the growth and performance over the prior 5 years for each site.

## **XI. Management of Projects**

At any point in time there may be special projects that CARE is required to undertake or may choose to pursue. For example, CalRecycle has required CARE to undertake the development and coordination of assorted studies. Current outstanding and/or ongoing items include the Denominator Study, Academic Studies and any studies or special projects beginning after the publication of the Contingency Plan 2.2. Cascadia Consulting is responsible for the denominator project.

#### **ACTIONS:**

### **Denominator Study**

- A. CARE will ensure that agent receives an ADA compliant version of the Final Report if/when completed. At this time there is no active work in this area.
- B. Should the project be incomplete for any reason at the time of termination or revocation, CARE will introduce agent to Cascadia Consulting.

### **Academic Studies**

CARE will provide all relevant files, not already published, and related to studies funded through AB 2398 to CalRecycle or its designee.

**ACTION:**

- A. CARE will arrange to introduce agent to internal or external staff or other entities or individuals working on any initiatives.

### **Special Projects**

Should any Special Projects (projects that fall outside the scope of CARE's 5-Year Plan) be developed after the publication of the Contingency Plan 2.2, CARE will include an outline of the Project's goals, scopes and pending timelines in its communications.

**ACTION:**

- A. CARE will provide a project report / overview for CalRecycle and agent for any special projects that will not resolve at the time of termination or revocation.

## **XII. Advisory Committee Engagement**

As mandated by law, CARE routinely engages with the Advisory Committee as it relates to the Plan and Annual Reporting. All relevant documents are part of the public record.

ACTION:

- A. No actions are anticipated in the event of termination or revocation.

## **XIII. Miscellaneous**

### **Technical Assistance**

CARE may provide informal technical assistance to its members when requested and which may be presented through a variety of forms. Each instance is individualized and does not require a formal process.

ACTION:

- A. No actions are anticipated in the event of termination or revocation.

### **Unanticipated Problems, Challenges, and Issues**

CARE routinely must respond to issues for which there is no precedent or protocol in place. There is no training or transfer handoff for such cases, as it is based on Program experience and context.

ACTION:

- A. CARE will have no role upon termination.

## **SPC Operations**

SPC Operations includes routine reviews of program activities. This is an internal CARE function.

### **ACTION:**

- A. Since this function will cease to exist, no actions are necessary.

## **ADA Compliant Requirements**

- A. This element is not relevant in a termination or revocation scenario.

## **XIV. Special Requests**

Special requests are just that. Each tends to be unique, takes time to understand and investigate, and to determine the proper response. There is no formula to follow.

### **ACTION:**

- A. No actions are anticipated in the event of termination or revocation.

## **XV. AB 729 Reference [Legal Text]**

The following relevant statutory excerpts of the Public Resources Code, Division 30, Part 3, Chapter 20, Product Stewardship for Carpets, as directed by CalRecycle, shall preempt any inconsistencies in the Contingency Plan and is included here for ease of reference:

“(7) Include a contingency plan should the plan expire without approval of a new plan or should the plan be revoked. The contingency plan shall demonstrate how the activities in the plan will continue to be carried out in the absence of a plan by the department through some other entity, such as an escrow company, consistent with Section 42972.7.”

### **PRC § 42972.7. [highlights by CARE]**

- (1) A carpet stewardship organization, as part of its carpet stewardship plan, shall set up a trust fund or an escrow account, into which it shall deposit all unexpended funds and ongoing consumer assessments, for use in accordance with this section in the event that the plan terminates or is revoked.
- (2) For purposes of this subdivision, “unexpended funds” means assessment money in the stewardship organization’s accounts that the stewardship organization is not already obligated to pay pursuant to a contract, claim, or similar mechanism.
  - (b) If a carpet stewardship plan terminates or is revoked, the trustee or escrow agent of a trust fund or escrow account set up pursuant to subdivision (a) shall do both of the following, starting within 30 days:
    - (1) Accept carpet stewardship assessment payments directly from manufacturers into the trust fund or escrow account that would have been made to the stewardship organization prior to the carpet stewardship plan’s termination or revocation.
    - (2) Make payments from the trust fund or escrow account as the department shall direct, in writing, to implement the most recently approved plan.

- (c) If a new carpet stewardship plan has not been approved by the department within one year after termination or revocation, the department may make modifications to the previously approved plan, as it deems necessary, and continue to direct payments from the trust fund or escrow account in accordance with paragraph (2) of subdivision (b) to implement the modified plan.

A trustee or escrow agent in possession of assessment funds shall, as directed by the department, transfer those funds to a successor carpet stewardship organization with an approved plan.



## **XVI. Attachment A - AB 2398 Operations Training Guide**

The AB 2398 Operations Training Guide and Management Methodology is provided for use by authorized personnel designated to conduct operations and execution of the California Carpet Stewardship Program. The information contained within the training guide is intended for internal use only and CARE recommends it should not be posted as a public facing document.

End of Document