

DOR Project Team – Program Reform – DOR Topic/Idea Master List
Outline by Topic Area
As of August 21, 2012

I. Ensure Integrity of Program Payments Paid In / Out

A. Topic: Strengthening requirements for becoming a certified entity in the program

1. Require certified entities to post a security bond to protect Fund from fraudulent and/or unsubstantiated claims for reimbursement or payment of program funds.
2. All certified entities must have a valid business license and all local agency permits in place at all times in order to maintain certification
3. Establish criteria for geographical density of certified recycling centers
4. Administrative & Operational
 - a) *Require certified entities to submit required reports using DORiis*

B. Topic: Strengthening program enforcement and compliance efforts

1. Establish CalRecycle authority to issue NOVs for underpaying and/or non-reporting distributors and beverage manufacturers
2. Eliminate ability for one Distributor and/or Beverage Manufacturer to CRV and/or processing fees 'on behalf of' of another distributor and/or beverage manufacturer.
3. Increase interest assessment percentage for underpayment & late payment of CRV and/or processing fees
4. Assess fees to recover costs associated with processing certification and registration applications and processing hardcopy reporting forms
5. **Increase the maximum allowable penalty amount (currently \$5,000)**
6. **Establish a continuous appropriation to expend criminal penalties collected to fund/partially fund Interagency Agreement**
7. Administrative & Operational
 - a) *Develop implementing regulations for PRC 14596(a) reporting and inspection authority*
 - b) *Establish requirement that all CRV purchases by certified recycling centers are reported according to the 'basis' (i.e., segregated by weight, commingled by weight, or by count) for which they were purchased.*
 - c) *Implement Out-of-State Beverage Container Importation Monitoring Program with our partners at CDFA*
 - a) *Implement regulatory changes to reduce the allowable daily load limit for consumer transactions*
 - b) *Notify all registered distributors that failure to timely pay redemption payments, collected from Dealers, to the Department is seen an 'abuse of public funds' and potentially subject to criminal investigation.*

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- c) Refer most egregious cases of non-reporters/non-payers to DOJ for possible criminal investigation*

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II. Modernize Program Operations

A. Topic: Convenience Zone & Handling Fee Structure

1. Re-establish an annual cap on Total HFs Paid to all RCs
2. Re-establish a monthly cap on HFs per site
3. Amend definition of 'Supermarket' from \$2M to \$6M (for example)
4. Expand CZ from ½ mile to 1 mile (for example)
5. Allow RC to locate anywhere in CZ
6. Lengthen the time that a CZ can be unserved (currently 90 days)
7. Establish a tiered HF payment structure
8. Place a monthly HF \$ cap per CZ, but no limit to number of RCs
9. Eliminate HF paid to certified RCs
10. Limited / cap the number of certified recycling centers within a designated geographic area
11. Administrative & Operational
 - a) *Assess a NOV on a SS site recycling center for failure to notify DOR that Supermarket that created the zone has closed.*
 - b) *Use shipping reports to calculate HF amounts. Require HF eligible RCs ship/close out inventory monthly*

B. Topic: Calculation & Application of Commingled Rates

1. Develop definition of commingled rate paid by recycling centers to consumers
2. Pay segregated refund value only
3. Abolish the ICRS program
4. Pay program participants based upon results of their ICR survey
5. Administrative & Operational
 - a) *Suspend the ICRS program*
 - b) *Realign ICRS objective/purpose to our financial objectives*
 - c) *Modify the sampling methodology currently used to set the commingled rate for all program types*

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C. Topic: Processing Fee & Processing Payment Structure

1. Eliminate processing fee offset from CBCRF
2. Reduce amount of the processing fee offset from CBCRF
 - a. Tie PF to minimum content
 - b. Tie PF offset to current recycling rate, by material type
 - c. Eliminate sliding scale for determining the PF rate
3. Shift responsibility for paying PF to Distributors
4. Shift responsibility for paying processing fee from beverage manufacturers to dealers
5. Change the PF paid based upon size or weight of the container subject to PF
6. Only pay PP for material types that have a PF paid
7. Abolish material types (e.g., PP, LDPE, PS, etc.)

D. Topic: Redemption Fee Payment Structure

1. Shift responsibility for paying redemption payments to dealers
2. Pay \$0.10 CRV on all beverages deemed 'IN' regardless of container size
3. Keep Redemption Payment at \$0.05 and \$0.10, but decrease CRV paid out (less administrative fees paid).
4. Increase CRV to \$0.10 and \$0.25 (as an example)
5. Adjust \$0.10 CRV threshold from 24 oz. to 20 oz. containers
6. Reduce Redemption payment to \$0.02 and \$0.05 (as an example)
7. Administrative & Operational
 - a) *Include all 'ready-to-drink' beverages for human consumption, except as specifically excluded in the Act (i.e., milk, medical food, and baby formula) in the program*

E. Topic: Refund Value Payment Structure

1. CRV payments at commingled rate only for all loads redeemed by weight.
2. Allow CRV by count for up to 200 containers (as an example)
3. Conduct study of the allowable % reduction taken & shrinkage adjustment
 - a) Reduce the allowable % reduction taken
 - b) Eliminate the allowable % reduction taken
 - c) Increase the allowable % reduction taken
4. CRV payments for segregated loads only redeemed by weight or by count at recycling centers
5. CRV payment only for segregated material by count redeemed at recycling centers
6. Establish % of loss into the refund value rates paid out to consumers and groups

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7. Established calendar periods for completing shipping reports. Tighten up the reporting associated with consumer activity

F. Topic: Administrative Fee Payment Structure

1. Reduce the current administrative percentage DS participants are allowed to deduct from their CRV payment
2. Reduce the current administrative percentage paid to all disbursement program participants
3. Eliminate current administrative fee paid to all disbursement program participants

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III. Improve Cash Flow / Reduce Payables

A. Topic: Establish criteria for distribution of unspent Fund balance / Reduce 14581 payments

1. Percentage of available Surplus Funds Appropriated via Annual Budget Process
2. Prioritize 14581 payments based upon program performance goals
3. Performance based funding using volumes of beverage containers collected/recycled
4. Reduce all or select 14581 payments
5. Make surplus CRV to the local jurisdictions based upon per capita or other demographics, or volumes redeemed to be used for recycling related purposes.
6. Pay surplus CRV back to the consumers via a bonus payment/program/CRV reduction, etc.
7. Eliminate all or select 14581 payments
8. Establish authority for redemption fees paid into the program can only be paid out as CRV

B. Topic: Reduce costs associated with CalRecycle administration of the CBCRP

1. Shift responsibility for paying redemption payments to dealers
2. Eliminate paper report processing
3. Administrative & Operational
 - a) *Contracts*
 - b) *Payroll*
 - c) *Grant oversight*
 - d) *Enforcement oversight*
 - e) *Certification / Registration oversight*

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IV. Improve Cash Flow / Increase Revenue

A. Topic: Add new beverages types

1. Wine & Distilled Spirits
2. Milk
3. Include non-beverage products, of the same material type, in the program
4. In general, if beverage type is not specifically excluded from PRC definition of 'Beverage', then define beverage type is 'IN' in program
5. Vegetable juice over 16oz.
6. Fruit juice over 46oz.
7. Administrative & Operational
 - a) *Eliminate policy moratorium on energy shots/containers less than 2.5 oz.*
 - b) *Re-evaluate current policy for select product 'IN' or 'OUT' determinations*

B. Topic: Add new material types

1. In general, container type would drive inclusion in the program/subject to CRV
2. Aseptic Containers
3. Gable Top Containers