



# CARE California Carpet Stewardship Program

## Contingency Plan



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An initiative of CARE:  
Carpet America Recovery Effort

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**Table of Contents**

**Introduction ..... 2**

**Contingency Plan ..... 2**

**Revenue Flows - Mill Payments ..... 3**

**Subsidies ..... 4**

**Program Expenses ..... 4**

**Operational Expenses ..... 4**

**Employees ..... 5**

**Contractors ..... 5**

**Documentation ..... 5**

**Participant Contracts ..... 6**

**Grants Administration ..... 7**

**Escrow Account ..... 7**

**Accounting Protocols ..... 8**

**Reporting Protocols ..... 8**

**Review and Subsidy Authorization Protocol ..... 8**

**Assessment ..... 8**

**Confidential Business Information ..... 9**

**SPC Operations ..... 9**

**Technical Assistance ..... 10**

**Education and Outreach ..... 10**

**Drop Off Site Management & Reporting ..... 11**

**Audits ..... 11**

**Use of Models ..... 12**

**Management of Projects ..... 14**

**Advisory Committee Engagement ..... 15**

**Annual Surveys ..... 15**

**Miscellaneous ..... 15**

**General Timeline (project management plan) ..... 16**

**Miscellaneous ..... 16**

**Glossary (ADDED) ..... 18**

## **Introduction**

The purpose of this Contingency Plan is to outline a framework for detailed implementation of a transition to a new Carpet Stewardship Organizations (CSO) and training requirements should CARE be deselected as the Carpet Stewardship Program manager in California. It is focused on future Actions to be undertaken. Since it is impossible to fully know future actions, in cases where gaps in program activities may occur outside the transition window, CARE will work with CalRecycle to aid program continuity.

Based on dialog with CalRecycle and to facilitate a smooth and uninterrupted transition, CARE recommends a maximum six-month transition period to enable detailed documentation and training. The primary goal of such a transition is to ensure no interruption of subsidy flows to recyclers who depend critically for such cash flow to manage their businesses. Thus, consistent with the requirements of the AB 729, this document is not a step-by-step how to guide but lays out the action steps to be followed should a transition be necessary.

During the transition CARE commits to work with CalRecycle or its designated representative(s) to ensure continuity of all program functions, both those internal to CARE and those contracted to CARE. CARE recognizes subsidy payments will need CalRecycle authorization to release if a contingency plan is invoked. CARE will work to build that into the monthly review process on a restricted, need to know basis, due to the confidential details of each business receiving subsidy payments. CARE will be compensated as usual during the transition period.

In the absence of an alternative approved Plan and if requested by CalRecycle, CARE will continue to administer the program, in concert with CalRecycle oversight, according to the most recently approved Plan and under a signed contract.

## **Contingency Plan**

### 1. Overview

The Contingency Plan is organized into areas of efforts in a fashion that fully integrates the functions necessary to comply with all Carpet Stewardship Laws and Regulations and enable execution of the day-to-day operational logistics necessary to run a dynamic, complex and growing enterprise for carpet recycling.

### 2. Training

The Contingency Plan is focused on the basic elements of each area and actions recommended to enable the smooth transition. As noted, this is not meant to be the “how to” instructions, nor the specific training, but rather lays out the action steps that will enable such training and the necessary depth of understanding required to maintain the program until such time as a new path forward would be approved by CalRecycle. Worthy of note is for any transition plan, reductions in or restructuring of subsidies or changes in the assessment must allow sufficient time for proper notification, programming and training. In

## ***CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM***

some cases, commercial contracts, which tend to be longer term activities, may need to be considered. Currently, a 12-month notice is required for any subsidy reductions, excluding pilots.

### **3. Timing**

After consultation with CalRecycle, CARE recommends a maximum six-month transition for training and hand-off to avoid misunderstanding or interruptions to program management.

#### **ACTIONS:**

- A. CARE will meet with CalRecycle or its Designee(s) upon notification of termination or revocation to create a schedule for meetings and training sessions per the action items outlined as part of this Contingency Plan.
- B. To avoid confusion and misunderstanding, all communications during the transition should be thru the CARE Executive Director and the California CARE Program Director unless otherwise designated by CARE.

NOTE: All dates and timing that are not explicitly outlined in the following action items will be determined by the detailed plans developed under Action A above.

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

#### **1. Relationship to retailers**

Readers are referred to CARE's approved 2018-2022 Plan (page 187) to gain insight into the flow of funds in support of the CA Carpet Stewardship Program. It should be noted, retailers must collect the visible assessment per square of carpet. Mills are responsible to CARE to file a report of quarterly CA sales and remit their assessment payment within 30 days of the end of the prior quarter. It is the responsibility of the mill to ensure payment by the retailer to the mill. CARE does not have a role in the mill-retailer relationship. CARE is responsible for education and outreach to retailers to enable participation across the state along with education and outreach to retailers as well as notification of any assessment changes. CARE is responsible to secure reporting and payments of assessments by mills based on California sales.

Mills file their quarterly reports through Aprio, CARE's independent accounting firm. After assessment remittance period, Aprio prepares a standard slide deck summarizing the mill results, consistent with confidentiality considerations: CARE is not privy to the sales of individual mills but reviews cumulative results. CARE does have access to shipments into CA broken out by fiber type, commercial vs residential and tile.

#### **ACTIONS:**

- A. CARE will facilitate a confidential (CBI) meeting to include Aprio with CalRecycle or its Designee(s) to review the mill filing protocol, data analysis, and consolidation

## **CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM**

- B. Aprio will review the roll up process for incorporation of this information into the quarterly summary slide deck with CalRecycle or its Designee(s)

### **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 CARE approved Plan.

#### **ACTIONS:**

- A. CARE will facilitate a meeting with Aprio to review the detailed recycler filing protocol, data analysis and dashboard review with CalRecycle or its Designee(s)
- B. CARE will review the roll up process for incorporation of this information into the quarterly summary slide deck with CalRecycle or its Designee(s)
- C. Once the high-level flow is understood, CARE will work confidentially with the CalRecycle designated parties to conduct live reviews over a 3 or 4-month cycle. This will be live recycler data and thus will have restricted access.

### **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, for routine accounting support and tax filings.

#### **ACTIONS:**

- A. CARE will facilitate a transfer of the necessary fund balance sheet to CalRecycle or its Designee(s) within 45 days of notification as required under AB 729
- B. Tax records and other information as may be necessary for the AB 2398 account will be copied to the CalRecycle or its Designee(s)
- C. CARE will review the roll up process for incorporation of this information into the Planful dashboard and quarterly summary slide deck

### **Operational Expenses**

CARE distinguishes program operational expenses which includes salaries, staff activities, office and service allocations, accounting fees, legal fees (exclusive of any litigation against the State), and fees paid to CalRecycle.

**ACTIONS:**

- A. CARE will facilitate an accounting review of expense transactions for the AB 2398 program with CalRecycle or its Designee(s) and recognizing such expenses will be different in the hands of CalRecycle or another CSO.

**Employees**

Team Management

**ACTIONS:**

- A. CARE will conduct an overview of CARE staff roles with CalRecycle or its Designee(s) at the time of any transition
- B. CARE will work with CalRecycle or its Designee(s) to ensure CARE staff are treated appropriately during the transition period

Program Management

- o CARE currently uses a system of Objectives and Key Results (OKRs) to manage operations.

**ACTIONS:**

- A. CARE will conduct a review of existing OKRs with CalRecycle or its Designees) which includes current status and any planned adjustments within 60 days of notification of termination or revocation.

**Contractors**

CARE has confirmed with legal that contracts are transferable to CalRecycle or its Designated CSO. Contracts refer to CA-related contracts and not CARE Core contracts.

**ACTIONS:**

- A. CARE will provide a list of all contractors CARE utilizes for the program to CalRecycle or its Designee(s).
- B. CARE will review each contractor and their role.

**Documentation**

- 1. CA Annual Reports
  - o CARE has a detailed report generating protocol and has worked with Cascadia Consulting for several years as the project manager on the generation of the annual report. CARE staff, GIS and Aprio are key contributors to sections and data for the report.

**ACTIONS:**

2. CARE will walk CalRecycle designated staff or Designee(s) through the report generation process which typically begins in late January to start the coordination and communications. CARE recognizes future Annual Reports, post termination or revocation, will be the responsibility of the next CSO. From the time of termination or revocation of program responsibilities, CARE will be available by negotiated contract, including compensation, to provide any information or support necessary for a new or replacing Stewardship Organization to complete an annual report.

**Monthly meeting/calls**

**ACTIONS:**

- A. CARE has participated in voluntary and regular monthly calls with CalRecycle and under the need for a contingency transfer would anticipate the need and value for continuation of such calls. Scheduling, coordination and agendas for these calls would reside with CalRecycle to ensure information and understanding needs are being addressed.

**Participant Contracts**

1. Mills, CSE's, Processors, Manufacturers
  - CARE manages a contract process that outlines participants obligations under the program and sets expectations. These contracts have evolved considerably over time based on program learnings.
  - Individualized contracts are managed for four groups: CSEs, Processors, Manufacturers, and Mills. In the event a company engages in more than one functions (e.g., collections and processing) a distinct contract is executed for each function.
  - CARE's Program Coordinator manages all participant contract tracking.
  - The current contract cycle was renewed as of January 1, 2020 and runs for 3 years.

**ACTIONS:**

- A. Copies of all contracts will be provided to CalRecycle or their Designee(s)
  - B. CARE will answer any contract related questions.
  - C. CARE will review its delisting protocol (used in the event of non-compliance)
2. On-boarding and training new participants (Mill/CSE/Processor/Manufacturer)
    - When a new company approaches CARE to participate in the program, we typically hold a call to understand who the company is and how they intend to operate. Once clarified, the interested party goes to the CARE website to become a member and pay their dues.

## ***CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM***

- Upon confirmation of dues payment, CARE issues an email to trigger the contracting process, Aprio notification to add to the appropriate section of the program (Mill/CSE/Processor/Manufacturer), create access to the secure on-line Planful reporting system and training for use of the system.
- CARE may visit the operation to make certain we understand what their operation is doing and is consistent with the subsidy program to qualify for payment. The applies to the CSE/Processor/Manufacturer members.

### **ACTIONS:**

- A. During the transition cycle, there will likely be an opportunity to on-board a new participant(s). At such time CARE will demonstrate how this process is conducted with CalRecycle or its Designee(s).
- B. In the event no new mill is enrolled during the transition, CARE will walk CalRecycle or its Designee(s) through the mill on-boarding process.

### **Grants Administration**

- 1. Prior Cycles
  - CARE has now administered 3 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.

### **ACTIONS:**

- A. CARE will conduct a meeting with CalRecycle or its Designee(s) to review the status of all grants and provide all documentation.

- 2. New Cycles
  - Current grant cycles will be transitioned and covered under action item A above.

### **Escrow Account**

Institution, owner, transfer of ownership

- CARE has created an Escrow Account at Bank of America, after consultation with CalRecycle, the existing escrow account was deemed acceptable and meets statutory requirements.
- Actions listed below are consistent with the requirements of AB 729.

### **ACTIONS:**

- A. CARE will transfer ownership/control of this escrow account to the CalRecycle designated Account Manager [escrow agent in possession funds per AB 729 4297.7(d)] within 30 days of termination or revocation of CARE's CSO role.

***CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM***

- B. CARE will transfer all unexpended funds to this escrow account within 30 days of termination or revocation of CSO role.
- C. All mill assessment deposits will be directed to this escrow account with the next payment cycle.
- D. CARE will work with CalRecycle or its Designee(s) and under a confidentially agreement to coordinate management by CalRecycle of subsidy reviews, payouts and a protocol for CalRecycle authorization until CalRecycle feels they have someone in a position to do this or until the end of the transition period.

**Accounting Protocols**

CARE maintains distinctly separate and appropriate 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(s).

**Reporting Protocols**

- 1. Mills
- 2. Recyclers
- 3. Host Database & Archive

**ACTIONS:**

- A. All reporting protocols will be reviewed with CalRecycle or its Designee(s) per the actions listed above under the following sections: Revenue Flows, Subsidies, Program Expenses and Operational Expenses.

**Review and Subsidy Authorization Protocol**

- 1. Monthly Reviews & Release of Funds
- 4. Quarterly Reviews

**ACTIONS:**

- A. CARE will conduct a series of need to know confidential meetings with CalRecycle or its Designee(s) during the transition period to review the monthly subsidy reviews and the quarterly roll-up.
- B. Upon termination or revocation of its CSO role, CalRecycle or its Designee must authorize payments from the escrow account.

**Assessment**

- 1. Change Protocol
- 2. Change Notification

3. Differential Assessments

- To be determined once the decisions on how this is implemented are completed.

**ACTIONS:**

- A. CARE will set a meeting with CalRecycle or its Designee(s) to review details for each step in the assessment change process.
- B. CARE will facilitate a meeting with CalRecycle or its Designee(s) and Gigantic Idea Studio on the multi-touch communications protocol used for notification.

**Confidential Business Information**

All data and reporting on an individual company basis are considered confidential business information (CBI). Severe harm, both operationally and financially could result from any disclosure or leak of such information. Sharing of these details during the training and hand-off must be restricted to a small set of trained individuals who will honor the CBI commitment. Strict 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.

**ACTIONS:**

- A. CARE will schedule a limited participation meeting with CalRecycle or its Designee(s) to develop a detailed protocol for handling all monthly, quarterly and annual data reviews along with Mill reporting. In addition, how to handle AUP results on individual companies along with special requests and issues will be reviewed.
- B. CARE will work with CalRecycle and any designees to sign a Confidentially Agreement honoring the CBI protocols.

**SPC Operations**

1. Routine Reviews

**ACTIONS:**

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

2. Special Requests

**ACTIONS:**

- A. CARE will walk CalRecycle or its Designee(s) through the general protocol used to handle special requests.

### **Technical Assistance**

1. CARE has an internal protocol in place to guide the deployment of technical assistance, which may take a variety of forms.

#### **ACTIONS:**

- A. CARE will review that protocol with CalRecycle or its Designee(s).

### **Education and Outreach**

In general, there are many facets to the Education and Outreach (E&O) program. In addition, the design is meant to be dynamic allowing response to shifting demands, priorities and opportunities which arise. CARE currently works with Gigantic Ideas Studio (GIS) who have developed a deep understanding of the Carpet Stewardship Program and communication mechanisms to help enable accomplishments.

1. Retailer Engagement
  - This aspect of CARE's Program continues to be refined and evolve. These changes are driven by the changing landscape of carpet sales and the shift that requires a significant expansion in collections.
  - A detailed database of contacts exists, and regular, on-going outreach occurs throughout the state.
2. Union Tracking
  - As a result of AB 1158 CARE has engaged in understanding and developing 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.
3. Communications and Outreach-General
4. E-News, Social Media
5. Conferences
6. Recycler support (web, print, social media, presentation, etc.)
  - Probably one of the more extensive areas of focused E&O in the CARE portfolio. This effort spans a range of support services from help with website, preparing label and ad materials, production of the Product Catalog for products containing CA PCC. Continuation of these efforts will be relatively easy given focused resources.

#### **ACTIONS:**

- A. Set a meeting with GIS, CARE and CalRecycle or its Designee(s) to review prior year and YTD activities:
  1. Includes all contacts and Zoho database operations
  2. Includes regular outreach schedule and justification
  3. Includes all electronic communications including social media

## **CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM**

- B. Update and review budget for current year
  - C. Review plans for remainder of year going forward
  - D. Make adjustments as may be requested
  - E. All education/outreach materials and databases generated with CA public funds will be provided to CalRecycle or its designee.
7. Assessment changes
- CARE has worked with GIS to put in place a multi-touch approach for notifications when the assessment is set to change. There are 6 pathways to enable such notification including:
    - 1) E-news letter
    - 2) Social media
    - 3) Email direct
    - 4) Snail mail postcards
    - 5) Distribution of notice via mills to their retailers
    - 6) Notification(s) posted to the CalRecycle List-serve

### **ACTIONS:**

- A. Set a meeting to review the sequence of events and timing for notification of any assessment increase/change.
- B. Review tracking and follow-up notification for non-responders

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

CARE has put in place a public Drop-off Site (DOS) program that continues to expand.

- CARE currently maintains and services public DOS across the state.
- CARE will implement the following actions with CalRecycle or its Designee(s)

### **ACTIONS:**

- A. Define DOS role vs the private network of collection sites
- B. Review detailed operational procedures for DOS off scheduling, tracking, quarterly reporting, etc.
- C. Review the role of KKW in servicing CARE DOS locations
- D. Review the logistics of KKW vs self-haul options
- E. Review program growth and performance over the last 2 years
- F. Review recommendations to further improve the program and control costs

### **Audits**

- 1. Financial, Performance
  - CARE undergoes 4 independent audits every year: AB 2398, CARE Core, VPS, and a Performance Audit

## **CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM**

- Audit results are reviewed by the Executive Committee every June and are incorporated into CARE annual reports intact (no editing of the PDF files from auditor)
- AB 2398 audit results are included in the CA Annual report intact
- Executive Committee actions are reviewed with the CARE Board typically at the July meeting
- CARE is also periodically audited by the audit branch of CalRecycle
- CARE periodically issues an RFP to competitively bid this service function
- Contracts are typically 3 years and often may be renewed for a second or third cycle due to the detailed and complicated nature of the program, thus enabling in-depth analysis

### **ACTIONS:**

- A. CARE will introduce CalRecycle or its Designee(s) to the current independent auditor, Brooks McGinnis (BM)
- B. BM will walk CalRecycle through the detailed audit process which involves testing and interviews with a wide range of CARE assets, both internal and external relationships

NOTE: CARE's Core and VPS Programs are outside the scope of any terminated CSO role for this training.

### **Use of Models**

CARE modeling efforts have grown in sophistication over the past several years. The models represent a 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 reviewed every six months and updated or evolved as needed. CARE has now been working with Crowe in terms of field-based economic analyses and model refinements for the last 2 years. Market dynamics exacerbates the challenge of modeling due to the rapid shifts in commodity pricing for the materials of interest along with global supply chain challenges and macroeconomic factors.

1. 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
2. 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.

## ***CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM***

- Typically, in late August the FM will be updated to reflect what the year is projected to look like
  - In September CARE begins to build the budget for the next year for review and approval in late October and consistent with the approved Plan. Changes will be reviewed with CalRecycle.
  - This model was built with public funds
3. 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 model is robust in its ability to handle a wide range of options from collections to processing to manufacturing pellets
  - The CCM takes proprietary data from individual recyclers to model their costs and profitability
  - The CCM is flexible/adaptable to handle a range of operations and geographical locations and with a number of toggles for input options
  - This model was built with CARE funds and is not a product of public funding. Thus, the CCM will not be shared. Its use as a service may be available to purchase on a consulting basis
4. Subsidy Justification Model
- The SJM is a simple tool but underpinned by a need for deep understanding of how the recycled materials markets 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 an existing materials, typically post-industrial, and calculates investment return
  - This model was built with public funds

### **ACTIONS:**

- A. CARE will arrange a series of meetings to present to a select group the details of the EM and FM
- B. CARE will review the CCM, but will not transfer the programming for this Excel program unless CalRecycle wishes to purchase access, in which case CARE will consider such a request
- C. CARE will make the Model Team available for 30 days and up to 2 meetings/web calls post-transfer of the Program
- D. All actions to be initiated within 60 days of termination or revocation and based on mutual agreement on timing

## **Management of Projects**

At any point in time there may be special projects that CARE is required to undertake or may choose to pursue. CARE has been required to undertake the development and coordination of various studies. Current outstanding and/or ongoing items include: Denominator Study, Convenient Collection Implementation, New Plan Integration of Chapter 0, Academic Studies and ongoing ADA Accessibility Requirements.

### **ACTIONS:**

- A. Denominator Study
  - 1. CARE will make sure CalRecycle or its Designee(s) has an ADA compliant version of the final report
  - 2. Should the project be incomplete for any reason at the time of termination or revocation, CARE will arrange a meeting with CalRecycle or its Designee(s) with Cascadia to facilitate the information transfer
- B. Denominator in Future (dialogue with CalRecycle)
  - 1. Given the implications for both historical reporting and the statutory target, both of which are based on the currently employed discards formula, CARE will meet with CalRecycle to flesh out the implications of a shift in the denominator formula, including statutory implications on the recycling rate calculation
- C. Convenient Collections
  - CARE's Collections Team will meet with CalRecycle or its Designee(s) to explain both the outreach, reporting process and expansion plans
  - CARE will introduce CalRecycle or its Designee(s) to the KKW representative as our contracted trucking and logistics provider to enable an uninterrupted continuous and smooth transition
- D. New Plan - Integration
  - At CalRecycle's request, CARE intends to rewrite the approved Plan to integrate and streamline incorporation of all new approved elements under Chapter 0 and AB 729. Should program termination or revocation occur, CARE will cease all efforts to complete this project unless CalRecycle wishes to negotiate additional compensated work outside the CSO role
- E. Academic Studies
  - UC Davis, HSU, GaTech, Others
    - CARE will provide all relevant files, not already published, and related to studies to CalRecycle designated participant
    - CARE will arrange a meeting, if desired, to introduce CalRecycle or its Designee(s) to resources working on any initiatives and facilitate a dialog for transition
- F. ADA Compliant Requirements
  - This element is not relevant in a termination or revocation scenario

### **Advisory Committee Engagement**

As legislated, 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
- No actions are anticipated in the event of a termination or revocation

### **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 backstamping progress.

#### **ACTIONS:**

- A. Weight per Square Yard
  - How the acquisition of this data is handled will be up to CalRecycle in the future sans a role for CARE
  - The 2018 CalRecycle waste characterization study completed by Cascadia did a field assessment of weight per square yard and it agreed nicely with CARE's Mill survey data which is a composite average across all market sectors
  - If CalRecycle desires, CARE will meet and describe our Mill survey and analysis methodology
- B. Setting of Discards Formula Parameters
  - Relevant data is updated on an annual basis as a result of the Mill survey and Market Insights reports
  - There are no specific actions anticipated in the event of a termination or revocation
- C. Backstamping
  - Current information is updated via a Mill survey. It will be up to CalRecycle or its Designee(s) to determine how best to acquire this data in the event of CARE termination or revocation

### **Miscellaneous**

#### **ACTIONS:**

- A. One-off Problems, Challenges, Issues
  - CARE routinely must respond to issues that surface and for which there is no precedent or protocol in place
  - There is no training or transfer handoff for such cases
  - CARE will do its best to be responsive to questions if/when they arise

**General Timeline (project management plan)**

**ACTIONS:**

- A. CARE will produce a Gant chart or other project management chart within 60 days after the initial transition meeting with CalRecycle or its Designee(s) to facilitate the agreed to transition period (6 months recommended)
- B. CARE will set a meeting with CalRecycle to review the timeline elements and set responsibilities for each

**Miscellaneous**

For reference, the following relevant statutory excerpts of the Public Resources Code, Chapter 20. Product Stewardship for Carpets, as supplied by CalRecycle, shall preempt any inconsistencies in the contingency plan and is included here.

**42972(a).**

(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.

**42972.7(a)**

(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

***CARPET CONTINGENCY PLAN: GENERAL FRAMEWORK FOR THE CALIFORNIA PROGRAM***

trust fund or escrow account in accordance with paragraph (2) of subdivision (b) to implement the modified plan.

(d) 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.

**Glossary**

AC: Advisory Committee

ADA: Americans with Disabilities Act

CARE: Carpet America Recovery Effort, a 501c3 non-profit

CBI: Confidential Business Information

CCM: Cost Conversion Model (CARE proprietary tool)

CFO: Chief Financial Officer

CSE: Collector/Sorter Entrepreneur

CSO: Carpet Stewardship Program

ED: Executive Director

EM: Economic Model

FM: Financial Model

GIS: Gigantic Idea Studio

HSU: Humboldt State University

OKR: Objective and Key Result

PCC: Post-consumer carpet

PFA: Perfluoroalkyl compounds (fluorochemicals)

Planful: New name of Host Analytics, the software platform that CARE employs to collect and process reporting information from recyclers and certain program elements

RFP: Request for Proposal

SJM: Subsidy Justification Model

SPC: Sustainable Planning Committee

SFOC: Sustainable Fund Oversight Committee

VPS: Voluntary Product Stewardship Program