Flexible Packaging Association
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185 Admiral Cochrane Drive
Suite 105
Annapolis, MD 21401

Tel (410) 694-0800
Fax (410) 694-0900

www.flexpack.org

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Circular Action Alliance (CAA)
20 F Street NW, Floor 7
Washington, DC 20001
Submitted online via: https://www.surveymonkey.com/r/XF5QSMB

Comments on CAA California Draft Reimbursement Framework: Barriers for Alternative Collection and Education and Outreach Providers

Dear CAA California Team,

Thank you for considering the role that alternative collection services can play in collecting plastic film and flexible packaging across California. The Flexible Packaging Association (FPA) supports CAA California's strategy of bringing these existing, effective efforts into the CAA network. Materials collected this way can count toward jurisdictional recycling without a separate reporting mechanism or a higher recycling rate goal. This approach also reflects a broader shift in Canadian programs. For example, Recycle BC compensates select retailers to supplement its depot network.

We understand alternative collection to include at least three distinct models: (1) retail drop-off, where consumers bring material to a bin in a store; (2) mailback programs, where consumers ship material to a processor; and (3) subscription doorstep services, where a provider collects material from households on a recurring basis. These models differ significantly in their costs, operations, and data availability, and we encourage CAA to treat each as a distinct category in its framework.

After reviewing the draft reimbursement framework, we believe the process is too complex and resource-intensive for alternative collection providers to use realistically. The same applies to education and outreach (E&O) efforts. A single application covering all project types is unlikely to work, and we encourage CAA to scale reimbursement requirements to project scope and size. Alternative collection and E&O are services offered to CAA, rather than requests for reimbursement in the traditional sense. We encourage CAA to simplify the process so that small and mid-sized businesses, nonprofits, and community organizations can more readily participate. These applicants often request modest sums and may consider some of the required data confidential.

We also note that CAA has not yet released the collection category applications, which are the applications alternative collectors would actually use. Without them, we cannot fully assess how the framework would apply to these providers. We ask that CAA release these applications for stakeholder review before finalizing the framework.
Below we outline our key concerns and offer alternatives drawn from Canadian producer responsibility organizations (PROs) and Colorado Circular Communities (C3). Canadian PROs compensate private businesses that provide collection services. C3 funds circular economy activities, including collection, recycling, and education and outreach, through a single application with published criteria.

Most of our examples and comments focus on alternative collection, the area we know best. However, we believe the same insights and challenges apply equally to E&O with only minor adjustments.

We are submitting comments in letter form rather than through the SurveyMonkey feedback form because our concerns relate to the process as a whole rather than to individual steps.

Key Concerns and Recommendations

1. Scale the multi-stage, multi-document structure and data requirements to the size and scope of the project
The proposed model applies to all projects regardless of scope and size and requires several separate workbooks. It also appears that a program with multiple locations, such as retail drop-off, would need a separate application for each location. Applicants must also be prepared to provide:

- Detailed cost breakdowns, invoices, purchase orders, and quotes
- Payroll and labor rate documentation
- Bid documents and comparable quotes
- Project schedules, communications plans, and regulatory approvals
- Existing contracts or franchise agreements for each joint powers authority (JPA), regional agency, and county served, including start and end dates, impact assessments, and links

This level of line-item substantiation is disproportionate to the size of programs like alternative collection or smaller E&O efforts. For example, a retail depot service seeking compensation may find that bidding on bins, reporting labor data, and supplying existing contracts are beyond its scope. A mailback or subscription doorstep service may not have this type of infrastructure at all and would need a different approach to compensation. These decisions may be made at different levels of the organization, and corporate policies may require no-bid purchasing to maintain

consistency in long-established programs. For subscription services that compete with waste haulers in niche markets, this information may also be competitively sensitive.

Recommendation: In Canadian extended producer responsibility (EPR) programs, PROs compensate retailers and collection partners through service agreements and financial incentives based on weight or market-clearing prices (described further below). We strongly encourage CAA California to create a distinct application pathway for each type of need, and for each of the three alternative collection models. An application designed for materials recovery facility (MRF) investment is not suited to compensating depot collection, subscription doorstep service, or E&O.

2. Standardize labor and non-labor line items

Part II requires separate labor and non-labor tables. Labor must be reported by role and hours, and non-labor costs must be tied to invoice numbers and dates. Retail staff time spent on drop-off programs or doorstep subscription collection is typically not tracked this way. In addition, the allocation methods (CMC vs. non-CMC, shared costs, external funding offsets) add further reporting burden. A subscription service provider may collect both covered and non-covered materials in a single doorstep household pickup, making it unclear how to divide labor or non-labor costs (for example, truck transport time) among materials.

Recommendation: Adopt a simpler agreement and compensation structure based on specific needs and on per-material or per-facility allocations.

3. Clarify the "customer rates" offset rule for subscription services

We are concerned that CAA's "customer rates" offset rule could be read to count subscription fees paid by households as an offset against CMC costs. For subscription doorstep services, customer fees are often the primary way the service covers its operating costs. Treating those fees as an offset could sharply reduce or eliminate compensation, and would penalize providers that have built self-funded models, which is the opposite of what CAA should want to encourage. It would also be difficult to apply, since a single subscription fee typically covers both covered and non-covered materials.

Recommendation: Use a per-material service agreement, which avoids this problem by compensating the specific covered material collected rather than netting against customer revenue. If CAA retains an offset rule in any pathway, it should clarify in writing how the rule applies to subscription fees.

4. CAA should map service areas and contract overlap, and clarify what counts as an "impact"

Section 3 asks applicants to identify conflicts with a joint powers authority (JPA), regional agency, and county contracts and franchise agreements, and to describe the impact on each. Alternative

collection programs are voluntary, private, and often multi-jurisdictional. Mapping every overlapping agreement is difficult and may not be relevant to a collection bin in a store lobby.

In addition, many franchise agreements do not cover materials such as plastic film. Collecting material that falls outside a franchise's scope should not be considered an "impact" on that agreement. If CAA is looking at alternative collection services as a way to expand access, similar to its Recycle On depots in Oregon, it would presumably want to understand where these services could improve access in hard-to-serve communities.

Recommendation: CAA should take responsibility for mapping locations to franchise agreements, as it would for its own Recycle On depots. CAA should also clarify that collecting material outside the scope of a franchise agreement, such as film, is not an "impact" on that agreement.

5. Limit supplemental questionnaires

Questions 2.18 and 2.19 in Part I (non-mechanical technology; disadvantaged, low-income, tribal, rural, or vulnerable communities) can trigger additional questionnaires. Because retail stores often serve such communities, many providers could face the Environmental Justice questionnaire. That questionnaire asks about impact assessments, mitigation plans, economic benefits, community complaints, and community engagement, and is geared toward larger facilities rather than drop-off collection. If CAA is already tracking service providers as part of its jurisdictional scope, it could apply this lens to its own maps before allocating funding.

Recommendation**:** CAA should handle this analysis internally as it maps collection locations and services to community needs.

6. Provide assurance that time spent on the application is likely to produce an outcome

Each workbook states that submission "does not represent final project approval, a Covered Cost determination or a commitment of funding," and that CAA "may request additional information." Providers cannot know whether their effort will result in reimbursement, which makes the time investment difficult to justify. For alternative collection services offered voluntarily, investing time and resources in a process that may not produce a useful outcome can discourage participation.

Recommendation**:** CAA should state its expectations of collection service providers more clearly. It should also offer a short pre-screening tool or clearer educational materials so providers can judge early whether they are likely to be compensated. Alternatively, CAA could approach alternative collection providers directly to discuss terms of service agreements.

7. Standardize requirements among reimbursed providers

We understand that CAA California's objective in compensating alternative collection services is to expand its reach and include these initiatives within the definition of jurisdictional recycling. This avoids competing programs and supports growth and accurate measurement of the overall state recycling rate. Given these objectives, CAA should reasonably expect certain commitments in return from providers, such as:

- Consistent, recognizable signage on or near bins so consumers can identify CAA-supported depots
- Outreach materials aligned with CAA messaging
- Reporting and audit provisions
- Verification that collected film is sent to end markets or, if disposed of before reaching a recycling facility, an explanation of why (for example, the wide use of trackers in retail depots)

The current reimbursement application places no obligations on depot or E&O providers to support CAA in these ways, yet we can assume CAA would want a reciprocal relationship.

Recommendation: For alternative collection and E&O, CAA should use a master service agreement rather than a reimbursement form. This allows expectations to be assigned to both parties.

8. Tier compensation rates by collection mode

The cost of collecting a kilogram of film varies widely by collection model. Doorstep pickup involves vehicles, routing, and labor for each household, and costs far more per kilogram than a retail bin that consumers fill themselves. Mailback falls somewhere between the two and carries its own postage and handling costs. A single flat rate would either overpay retail drop-off or leave doorstep and mailback services uncompensated for their actual costs.

Recommendation: CAA should set rates tiered by collection mode (retail drop-off, mailback, and subscription doorstep) and contamination levels so that compensation reflects the real cost of each service.

Models for Consideration

We suggest two approaches CAA California could adopt, based on Canadian PROs, and two elements of C3's process worth borrowing.

1. *Market-clearing prices and service agreements.* Canadian PROs such as Circular Materials establish market-clearing prices for collection and processing. Retailers acting as return

depots enter into master service agreements. They are compensated based on cost efficiencies, volume, and the material categories they handle, which supports fair, localized reimbursement for their space and labor. Consideration will need to be given to how doorstep subscription and mailback services would be compensated under this model.

2. *Weight-based payout rates (cents per kilogram).* Under Recycle BC, authorized collectors, including retailers and depots, receive standard payouts per kilogram of material collected. For specialized categories such as plastic film and flexible packaging, payout rates reflect the logistical overhead of storing and handling light, high-volume material. A tiered version of this approach would address the cost differences among collection modes described above.

Summary of Recommendations

FPA respectfully asks CAA California to reconsider its approach to reimbursement for alternative collection services and E&O. These tend to be smaller efforts led by under-resourced teams. Specifically, we recommend that CAA:

1. Recognize retail drop-off, mailback, and subscription doorstep service as distinct alternative collection models, each with its own pathway.
2. Release the collection category applications for stakeholder review before finalizing the framework.
3. Create a streamlined pathway for service providers, with a short application or, preferably, a master service agreement, and no supplemental questionnaires.
4. Offer standardized, per-material compensation in place of line-item cost substantiation, with rates tiered by collection mode.
5. Clarify that the "customer rates" offset rule does not reduce compensation for subscription services, or avoid the issue through a per-material service agreement.
6. Take responsibility for mapping collection locations to JPA, regional agency, and county agreements, and clarify that collecting material outside a franchise's scope, such as film, is not an "impact" on that agreement.
7. Apply community and equity analysis internally rather than through supplemental questionnaires.
8. Provide a pre-screening tool and published criteria so providers can judge their likelihood of compensation before investing time.
9. Define reciprocal expectations, including signage, messaging, reporting, audit provisions, and end-market verification, through the master service agreement.

We appreciate CAA's consideration of these comments and welcome the opportunity to discuss them further.

Sincerely,



Kyla Fisher
Director of Regulatory Affairs and Sustainability
Flexible Packaging Association (FPA)

Enclosed:
Recycle BC's Statement of Work for Depot Collection Services
Circular Colorado Communities Impact Grant Guidelines