REQUEST FOR APPROVAL

To:	**Mark Leary** Deputy Director
From:	**Howard Levenson** Assistant Director
Request Date:	May 18, 2010
Decision Subject:	Approval of Guidelines for Implementing the Used Oil Payment Program (Used Oil Recycling Fund)
Action By:	May 25, 2010

Summary of Request: Changes to CalRecycle's used oil program are required to implement provisions of Senate Bill 546 (Lowenthal, Chapter 353, Statutes of 2009). This memo provides an outline, and seeks approval, of the Used Oil Payment Program (OPP) and Guidelines (Attachment 1), which includes staff's proposed criteria and procedures for implementing the OPP in accordance with Senate Bill 546 and in consideration of stakeholder's comments.

Recommendation: Staff recommends approval of the OPP Guidelines.

Deputy Director Action: On the basis of the information and analysis in this Request for Approval and the findings set out herein, I hereby approve the proposed Guidelines for the Used Oil Payment Program (OPP).

Dated: May 24, 2010

Mark Leary
Deputy Director

Attachment: Used Oil Payment Program Guidelines (rev. 5-6-10)

USED OIL PAYMENT PROGRAM GUIDELINES AND TIMELINE

Background and Program Development

Public Resources Code (PRC) 48600 et seq. establishes the California Oil Recycling Enhancement Act (Act) which provides for, among other things, funding to assist local governments in developing and maintaining an on-going used oil and used oil filter collection/recycling program for their communities. Senate Bill (SB) 546 made numerous changes to the Act, including the following key changes specific to local government funding and the used oil program:

- Changing the funding from an entitlement grant program (formerly known as the Used Oil Block Grant Program [UBG]) to a payment program (now referred to as the Used Oil Payment Program [OPP]);
- Increasing the maximum OPP funding to $11 million per year (up from $10 million); and
- Encouraging local governments to use a minimum of one million dollars (approximately 10 percent of their individual OPP funding) on collection and recycling of used oil filters.

The Act did not change the basic intent of the program; to assist local governments in developing and maintaining an on-going used oil and used oil filter collection/recycling program. It authorizes the Department of Resources Recycling and Recovery (CalRecycle) to develop more specific guidance for this program and related annual reporting needs. In accordance with SB 546 and in consideration of stakeholder input, staff has developed a simple, programmatic framework (OPP Guidelines Attachment 1). Once approved, the Guidelines will serve as the primary reference for program administration. Local governments can participate in the OPP effective with the application period that begins June 2, 2010, for FY 2010/11.

Development of the OPP Guidelines and process has included numerous meetings of working groups comprised of knowledgeable stakeholders and CalRecycle staff. The following groups were established to participate in developing the proposed program design:

1. An Internal (CalRecycle) Workgroup whose members include management and staff from the Legal Office, the Financial Assistance Division and the Administration and Finance Division (Accounting, Budgets, and Audits);

2. A Program Team for review and development of an online application and reporting system for the OPP; members are the Grant and Loan Resources (GLR) Branch, Knowledge and Integration Branch, and Information Management Branch; and

3. An external Stakeholder Workgroup that included GLR Branch management and staff and stakeholders chosen from our current UBG grantees who represent the various demographic types of grantees (rural, urban, small and large, etc.).

In addition to these workgroups, a Hazardous Household Waste Information Exchange workshop was held on March 17, 2010, in San Luis Obispo. A presentation was made where participants provided input on the proposed program components and various information and ideas were shared. Additional comments were made at the April 14, 2010, Materials Management and Local Assistance meeting and in response to a survey sent to all stakeholders (UBG Program Grantees and Consultants).

Survey participation was significant (153 responses from approximately 250 invitees) with stakeholders expressing an overwhelming desire to avoid the administrative burden of tracking interest earned on OPP payments. After much discussion, staff from Program, Legal Office, Administration and Finance have agreed to a 24 month term and payment structure that staff believes address stakeholder's concerns while

providing appropriate fiscal control. Other comments from the survey have been incorporated, when appropriate, into the revised Guidelines (Attachment 1).

Key Issues

The Guidelines reference applicable statutory authority; outline eligibility and application process; specify needed support documentation (resolutions, letters of authorization or designation, etc.); outline the OPP term and payment process; redefine the role of the Program Advisors (previously referred to as Grant Managers); define eligible and ineligible program costs and publicity and education requirements; define records retention and audit considerations; and provide definitions and various options related to termination of agreement. The program components incorporated in the OPP Guidelines significantly reduce administrative requirements and add programmatic flexibility while maintaining an appropriate level of fiscal and programmatic reporting.

The issues that have generated, by far, the most comments from stakeholders are the project term and interest tracking requirements. As mentioned earlier, staff has developed a structure that should be embraced by stakeholders, yet provides appropriate fiscal and programmatic oversight. The UBG program allowed three years for expenditure of grant funds. The proposed OPP Guidelines (see page 3 "Terms and Payments" in Attachment 1) specify a 24 month term (beginning July 1) with a single payment of the annual allocation made to Recipients. Payment shall be made in April of the first year of the term, except when a Recipient can demonstrate that other appropriate funds are not available (such as prior year(s) UBG or OPP monies) to fund necessary oil program activities prior to receipt of the April payment. In those circumstances, a recipient may request and receive their annual payment in October, instead of April. Funds must be expended by the end of the term or returned to CalRecycle. A Recipient may, on an exception basis, request up to a 6 month extension of this term. This consideration is especially important for smaller or rural Recipients that may occasionally need to combine funds from three fiscal years in order to purchase equipment or pay for a significant expenditure to improve their overall oil program effectiveness.

The effectiveness of the payment timing and other OPP components will be reviewed periodically to ensure they continue to meet stakeholder, programmatic, and fiscal needs.

Comparison of Program Changes (OPP and UBG) and Basis for OPP Guidelines

While statutory changes did not alter the program intent, the OPP Guidelines significantly reduce the administrative requirements while retaining core principles and practices which have proven effective in management of the used oil program. The following table compares various OPP and UBG programmatic components and provides the framework for the topics within the new OPP Guidelines:

PROGRAM COMPONENT	USED OIL PAYMENT PROGRAM (OPP)	USED OIL BLOCK GRANT PROGRAM (UBG)
Program Eligibility	No Change	Local governments that comply with PRC 48691 are eligible to apply for the OPP. PRC 48691 generally requires a local government to have one certified collection center per 100,000 residents and/or a curbside program that includes used oil collection at least monthly and a public education program component that informs the public of locally available used oil recycling opportunities.

PROGRAM COMPONENT	USED OIL PAYMENT PROGRAM (OPP)	USED OIL BLOCK GRANT PROGRAM (UBG)
Program Eligibility	No Change	Local governments that comply with PRC 48691 are eligible to apply for the OPP. PRC 48691 generally requires a local government to have one certified collection center per 100,000 residents and/or a curbside program that includes used oil collection at least monthly and a public education program component that informs the public of locally available used oil recycling opportunities.
Program Intent	No Change	The program intent is to assist local governments in development and maintenance of a used lubricating oil and used oil filter collection/recycling program. The program also includes mitigating storm-water pollution from used oil and oil byproducts and development of education programs aimed at minimizing illegal disposal of used oil.
Audit Provisions	No Change	The applicant/payment recipient agrees to maintain records for a possible audit for a minimum of three years after final payment or grant term end date, whichever is later, unless a longer period of records retention is stipulated, or until completion of any action and resolution of all issues which may arise as a result of any litigation, dispute, or audit, whichever is later.
Expenditure of Funds	No Change, except that written notification of award replaces the signed Grant Agreement.	Program allowed incurring expenses, at Grantee's risk, prior to receipt of the final signed Grant Agreement (subject to receipt/approval of Application and Annual Report and state budget approval).

PROGRAM COMPONENT	USED OIL PAYMENT PROGRAM (OPP)	USED OIL BLOCK GRANT PROGRAM (UBG)
Oil Filter Collection and Recycling	PRC 48653(a)(3)(C) states, in part, "...that at least one million dollars ($1,000,000) be made available specifically for used oil filter collection and recycling programs." Program is encouraging recipients to spend at least 10% of payment awards on used oil filter collection and recycling efforts; and report approximate percentage spent.	There was no specific used oil filter collection and/or recycling provision prior to SB 546.
Application Process	A streamlined, user-friendly, online application process will be used and only one summary document will be printed and signed.	The hardcopy application process involved several mailings of hard copy documents to and from CalRecycle and Grantees which was very time consuming combined with the potential loss of documentation.
Guidelines	The new OPP Guidelines retain appropriate legal, financial, and programmatic language while removing unnecessary restrictive requirements. The ten-page document will only change in the event there is a programmatic need.	Two documents (Procedures and Requirements and Terms and Conditions) totaling 35 pages were reviewed and updated annually for each grant cycle. Language was based on a contract model with requirements which made the program administratively burdensome.
Agreement(s)	Submission of an online application begins the process. The Applicant's Signature Authority signs an application summary document which, upon approval of the application, constitutes the "Agreement."	Separate and formal Grant Agreements were prepared for each approved applicant. Significant preparation time and sending hard copy agreements between CalRecycle and grantees to obtain signatures resulted in a very time consuming process.
Programmatic Oversight	Program Advisors will have time to: • Conduct routine site visits with Recipients; • Increase communications through webinar and/or teleconferencing; • Develop new and innovative outreach activities; and • Focus on program evaluation and development of additional best practices and other tools.	Programmatic and grant project oversight was minimal due to extensive administrative paperwork requirements.

A proposed Timeline for OPP Implementation is provided below:

Proposed Timeline for Used Oil Payment Program (OPP) Implementation

Target Date	Activity
May 2010	• MMLA public meeting – provide revised OPP Guidelines (May 12) • Discuss OPP implementation at Household Hazardous Waste Information Exchanges (May 20 and 25) • Conduct Webinar training sessions for potential applicants, including a review of the application process and approved Guidelines (May 25 and June 7) • Post new OPP webpage and related webpage updates • Post Notice of Funds Available webpage
June 2, 2010	Begin online application process
June 30, 2010, 3:00 p.m.	Online application deadline
July 30, 2010	All supporting application documents (resolutions, letters of authorization, etc.) due to CalRecycle
August 15, 2010	Annual Report due for Used Oil Block Grants
September 2010	Finalize list of approved Payment Recipients and payment calculations
October 2010	Issue payments to Recipients eligible for early payment
April 2011	Issue payments to all other Recipients

Attachment 1

Used Oil Payment Program (OPP) GUIDELINES for FY 2010/11

May 2010

Submittal of an OPP Application constitutes acceptance of these Guidelines as the controlling requirements for receiving, spending, and accounting for OPP funds and for annual reporting. The Application and these Guidelines shall constitute the OPP Agreement.

OVERVIEW AND STATUTORY AUTHORITY

The California Public Resources Code (PRC) §48601 et seq. describes the California Oil Recycling Enhancement Act (Act), which, among other things, provides up to $11 million annually in payments to local governments for implementation of local used oil and filter collection programs. The new Used Oil Payment Program (OPP) authorized in SB 546 (Lowenthal, Chapter 353, Statutes of 2009) replaces the Used Oil Block Grant Program (UBG). While the purpose of the OPP is similar to the UBG, there are significant differences regarding Application, administration, and reporting requirements. The Department of Resources Recycling and Recovery (CalRecycle), formerly the California Integrated Waste Management Board (CIWMB), is responsible for administering the OPP.

These Guidelines describe the Application and administrative processes to implement the OPP. Consistent with the intent of SB 546, the OPP is designed to streamline administrative requirements within a fiscally sound framework. Payment Recipients (Recipients) are responsible and accountable for ensuring that expenditures are appropriate and that proper internal supporting documentation is maintained. To ensure full compliance with OPP's processes and requirements, OPP Applicants/Recipients should carefully review and adhere to these Guidelines and the program provisions set out in the Act, paying particular attention to PRC §§ 48674, 48690, and 48691. The PRC may be referenced at: http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=prc&codebody=&hits=20

PROGRAM ADVISOR COORDINATION

A Program Advisor (Advisor), previously known as a Grant Manager, is assigned to each Recipient to provide assistance and/or guidance in developing or enhancing a successful used oil collection program. Advisors can be identified at: http://www.calrecycle.ca.gov/HomeHazWaste/Grants/Contacts.htm.

ELIGIBILITY AND THE APPLICATION PROCESS

Local governments that comply with PRC §§ 48690 and 48691 are eligible to apply for and, if approved, receive payment through the OPP. Generally, Applicants are required to have a used oil collection program, which includes at least one certified used oil collection center per 100,000 residents and/or a curbside program that includes used oil collection at least monthly, and a public education program that informs the public of locally available used oil recycling opportunities. For specific and additional requirements, see PRC §§ 48690 and 48691.

To apply, a local government or the governmental entity acting on behalf of the local government must: (1) submit a completed online Application to CalRecycle by 3:00 p.m. on June 30*, and post an electronic (scanned) version of the signed Application summary page in the online system; (2) retain in its OPP file the original hard copy of the Application summary page signed by Applicant's Signature Authority; and (3) submit by July 30*, the applicable required authorizing documents (see the AUTHORIZING DOCUMENTATION section below). Additional application information is available at the OPP website: [insert the link for the New Fiscal Year webpage]. If you have any questions regarding the Application process, please call (916) 341-6118 or send an e-mail to: GrantAssistance@CalRecycle.ca.gov

In addition to the above Application requirements, the Applicant must: (1) submit by August 15*, a complete online Annual Report for a UBG or OPP cycle active during the preceding fiscal year and such Annual Report must be subsequently approved by the Advisor; and (2) have no outstanding debt(s) owing to CalRecycle. (Refer to the ANNUAL REPORTING section for additional information on reporting activities.)

*When a due date falls on a Saturday or Sunday, items must be submitted the following Monday.

Note: A WebPass and online system access is required to complete and submit the online Application. If you already have a WebPass for the UBG Reporting system, use the same WebPass for the OPP. If you do not have a WebPass, you should immediately obtain one [insert link to WebPass webpage] in order to allow adequate time to use the new online Application system and minimize delays in the Application process.

AUTHORIZING DOCUMENTATION: RESOLUTIONS, LETTERS OF COMMITMENT, AND LETTERS OF AUTHORIZATION/DESIGNATION

Applicants, subject to a governing body, are required to submit an adopted Resolution that: (1) authorizes submittal of OPP Applications; and (2) identifies the name of the job title (rather than the name of a person) authorized to sign on behalf of the Applicant (Signature Authority). [Refer to the OPP Fiscal Year webpage [insert link to new OPP Fiscal Year web page] for specific due dates and timelines related to submission of these documents.] Resolutions must be specific to the OPP; previous Resolutions referencing the UBG will not be accepted. Unlike used oil grants, Resolutions for the OPP may be "open ended." That is, rather than specifying an end date, the Resolution may state that it is effective "until rescinded." If such an "open ended" Resolution is not appropriate for your jurisdiction, an Applicant may submit a Resolution for a shorter term and must include a specific end date.

Applicants, not subject to a governing body must submit a Letter of Commitment. This letter must: (1) be prepared on the Applicant's official letterhead; (2) authorize submittal of OPP Applications; (3) contain a specific end date or state that it is effective until rescinded; (3) authorize submittal of OPP Applications; and (4) be signed by a person with authority to contractually bind the Applicant. As discussed above for Resolutions, authorizations pursuant to this Letter may be effective "until rescinded."

For regional Applications, the lead jurisdiction (Regional Lead) must submit an adopted Resolution or Letter of Commitment (as appropriate), and in addition to the above requirements, state that it is applying as a Regional Lead. Each participating jurisdiction (Regional Participant)

must submit a Letter of Authorization (or other applicable document as provided in the examples at [insert link to Resolution and other Authorizing Documentation Examples.pdf]) that authorizes its Regional Lead to apply for the OPP, implement the program, and administer the OPP funds on its behalf. *A new Letter of Authorization is required from each Regional Participant for each new OPP Application cycle.*

When authorized by Resolution or Letter of Commitment, an Applicant's Signature Authority may issue a Letter of Designation, which delegates to another person (identified by job title rather than name) the authority to sign and submit required OPP documents, such as Applications, Annual Reports, or extension requests. This delegation may be done either at the time of Application or later; however, it must be uploaded (by the Applicant) into the OPPO application system and accepted by CalRecycle staff prior to the Designee's exercise of his/her authority. A Letter of Designation must: (1) be prepared on the Applicant's official letterhead; (2) contain a specific end date or state that it is effective until rescinded by the identified Signature Authority; (3) identify the job title of the Designee; (4) identify the scope of the Designee's authority; and (4) be signed by the Signature Authority.

Applicants must scan and upload (as a pdf document) the applicable documents addressed above to the online system, and retain the original signed hard copy in its OPP file. If the Applicant is unable to upload any of these documents, contact Cycle Support for assistance at: GrantAssistance@CalRecycle.ca.gov.

Proposed language, including examples, for the above documents (Resolutions, Letter of Commitment, Letter of Authorization, and Letter of Designation) is available at: [link to Resolution and Other Authorizing Documentation Examples.pdf]

NOTICE OF AWARD

Upon approval of Applications and Annual Reports, Recipients will be notified in writing that an OPP award has been made and that they are authorized to incur costs and expend funds in furtherance of their programs. A listing of the award amounts for all Recipients will be posted at: [insert the link for the New Cycle Home webpage]

Costs incurred or funds expended prior to the receipt of written notification of award are done so at Applicant's/Recipient's own risk.

TERM AND PAYMENTS

The OPP term is 24 months. Payment will be made by CalRecycle to Recipients in April (of the first year of the term). Funds must be expended by the end of the term or returned to CalRecycle as described in UNSPENT FUNDS section below.

An Applicant/Recipient may request (as part of the Application process) receipt of its annual payment in October (of the first year of the term). In order for CalRecycle to approve this request, the requesting jurisdiction must demonstrate that other funds are not available (such as prior year UBG or OPP monies).

Tracking and reporting of interest earned (if any) is not required for the OPP.

Recipients may request up to a 6 month extension of this term. At least 90 days prior to the end of the cycle term, the Signature Authority may submit an extension request to their Advisor outlining compelling reasons (such as an equipment purchase or other expense that exceeds two annual payment awards) that warrant consideration of the extension. Recipient's inability to spend the entire payment amount within the term is not a compelling reason; and repeated requests for extensions are not favored. Extension requests will be decided on a case by case basis. Approval of requests shall not be unreasonably withheld. Advisors will respond to the Signature Authority within 30 days of receipt of the request.

State funding is always subject to availability based on an approved State budget. Delays in the State budget approval process may impact the timing of automatic payments.

PROGRAM EXPENDITURES AND COSTS

All expenditures must be for the purposes of establishing and maintaining a used oil program as discussed in the OVERVIEW AND AUTHORITY section of these Guidelines. Costs must be incurred and/or accrued during the term for which they are reported.

Used oil and used oil filter collection and recycling activities, educational and stormwater management are statutory components of local used oil collection programs (PRC § 48691). Accordingly, these activities should be the focus of OPP expenditures.

Preapprovals by CalRecycle are not required for OPP expenditures.

Recipients must account for all OPP funds in a manner that provides for clear tracking of expenditures in accordance with Generally Accepted Accounting Principles. Proper business procedures dictate that OPP supporting documentation (including, but not limited to, the original signed Application and Annual Report summary pages, invoices, payroll registers/logs, travel expense claim forms, etc.) be retained in a single file to facilitate review and retention. Recipients must follow their jurisdiction's purchasing and/or contracting policies/requirements and ensure the proper and exclusive use of items purchased with OPP funds.

OPP funds are subject to audits (refer to RECORDS RETENTION AND AUDIT CONSIDERATIONS section). Audit findings against Recipients can result in the need for reimbursement of the subject OPP funds, and/or ineligibility for future OPP funds.

ELIGIBLE COSTS

Eligible costs include, but are not limited to:

- Establishing, maintaining, and/or enhancing used oil and used oil filter collection/recycling programs.
- Developing, purchasing and distributing educational and promotional materials informing the public about used oil and used oil filter collection and recycling.
- Stormwater mitigation activities pursuant to PRC § 48691.
- Certified Unified Program Agency (CUPA) or other agency inspection fees directly related to establishing and maintaining an effective oil and oil filter collection and recycling program.
- HAZWOPER 8-hour refresher course.

- Indirect/overhead costs up to 10% of the OPP expenditures. (Note: This limitation applies to Recipients and consultants/contractors who administer and/or implement a program.)
- Reasonable costs for a consultant or contractor to administer and/or implement Recipient's OPP funded used oil program.
- Expenses related to an audit of a specific UBG, OPP or Used Oil Opportunity grant requested by CalRecycle, the Department of Finance, or the Bureau of State Audits.
- Purchase or rental of storage facilities dedicated to oil-related activities and supplies; installation of ancillary structures solely for protection of oil related equipment and/or supplies.

INELIGIBLE PROGRAM COSTS

Any expenditure that does not support used oil and/or used oil filter collection and/or recycling activities, educational activities, stormwater management, or expenses not directly related to Recipient's (or consultant's/contractor's) administration of the OPP are ineligible for funding.

Ineligible costs include, but are not limited to:

- Costs incurred before (refer to NOTICE OF AWARD section) or after the cycle term.
- Purchasing or leasing of land or buildings.
- Costs currently covered by or incurred under a separate CalRecycle loan, grant, or contract.
- Remediation activities (any cleanup or restoration of polluted areas).
- HAZWOPER 40-hour and 24-hour courses.
- Enforcement activities.
- Preparation of Household Hazardous Waste (HHW) elements.
- Development of any HHW permanent facility on non-local government-owned property.
- Transportation and disposal of non-oil HHW from any facility or event.
- Maintaining equipment, materials, or supplies at HHW facilities or ABOP (antifreeze, battery, oil, and paint) facilities not directly related to the collection of used oil and used oil filters.
- Fines or penalties due to violation of federal, State or local laws, ordinances, or regulations, including CUPA fines or penalties.
- Employee time off (vacation or sick leave), overtime costs, or Compensated Time Off (except for local government staffing during specially scheduled evening or weekend events outside of staff's normal work hours when law or labor contract requires overtime compensation).
- Food or beverages (e.g., as part of meetings, workshops, or events).
- Cell phones, pagers, cameras, personal digital assistants, and other similar electronic devices.
- Out-of-state travel or travel expenditures that exceed the State rate (for hotel and meal rates, see http://www.dpa.ca.gov/jobinfo/Short-TermTravel/Excluded/599_619.shtm or ask your Advisor for hotel maximum rates and for meals and incidentals). If, in order to reach an in-state destination, travel is reasonably required outside the border of California, this is not considered "out-of-state travel." [For audit purposes, expenses

exceeding the State rate, involving travel outside the border, or are contrary to other terms in this provision, should be explained in writing and kept in the OPP file.]

- Expenses for audits of the Recipient's entire organization, or portions thereof that include a review of the UBG, OPP, or Used Oil Opportunity (or its successor program) or other competitive grants.
- Any costs not consistent with local, State, or federal laws, guidelines and regulations.
- Any costs "excessive" or "unreasonable" as determined by CalRecycle or its auditors.

PUBLICITY AND EDUCATION REQUIREMENTS

Premiums must directly relate to used oil, used oil filter collection and recycling, proper oil disposal practices, and/or other OPP activities and either encourage behavioral change or provide an educational opportunity for the public. Premiums must be appropriate for the target audience, durable, and not likely to be disposed of in a short time or contribute to the waste stream or hazardous waste stream (e.g., any item containing batteries, mercury, etc.). Premiums must not promote a particular brand-name product or private business.

Stormwater and HHW recycling program messages may be incorporated with the used oil recycling message on publicity and education items. The funding level for the publicity and education portion for these programs is 50% for any item which contains a reasonable mention of used oil and/or used oil filter collection and recycling; and, 100% if over half of the text or image(s) relates to used oil and/or used oil filter collection and recycling.

Acknowledgement: The following acknowledgement of funding should be included on premiums, in advertising, and in public education information, as appropriate:

"Funded by the Department of Resources Recycling and Recovery (CalRecycle)" or "Funded by CalRecycle"

For materials produced in Spanish, use the following:
"Financiado por el Departamento para el Reciclaje y Recuperacion de Recursos (tambien conocido como CalRecycle)" or "Financiado por CalRecycle"

For premiums, the acknowledgement need not be included if space is limited and/or it would interfere with the message.

Copyright Requirement: Examples of copyrightable material include, but are not limited to:

- CDs and DVDs of audio and/or visual material
- Computer Software
- Brochures, pamphlets, and reproductions of advertisements designed for distribution

Copyrightable materials, which do not need to include the above acknowledgement language, shall state:

- "© [year of creation] by the California Department of Resources Recycling and Recovery (CalRecycle). All rights reserved. This publication, or parts thereof, may not be reproduced without permission from CalRecycle."

- For copyrightable material produced in Spanish, the following language must appear: © Copyright {year of creation} California Departamento para el Reciclaje y Recuperacion de Recursos (tambien conocido como CalRecycle)". Todos los derechos reservados. Esta publicación, o partes, no puede ser reproducido sin permiso de CalRecycle.

Recipient shall assign to CalRecycle any and all rights, title and interests to any copyrightable material or trademarkable material created or developed in whole or in any part as a result of OPP funding, including the right to register for copyright or trademark of such materials. Such title will include exclusive copyrights and trademarks in the name of the State of California.

A press release is not subject to copyright language requirements.

Advertising and Public Education: Materials must provide as appropriate:

- Information on used oil and used oil filter collection and recycling/disposal.

- A list of used oil collection centers within the targeted community or a local telephone number or website to obtain further information on local collection centers. (Use the 1-800-CLEANUP number [or www.earth911.com website] if your jurisdiction does not maintain its own 24-hour hotline.)

- The "Used Oil Drop" logo with the words "Recycle Used Oil" or "Recycle Used Oil and Used Oil Filters" as appropriate. On any material produced in four or more colors, use the State colors (blue oil drop on yellow background) for this logo. (The color designation for professional printing is Yale Blue-Pantone 286C; Golden Yellow-Pantone 123C.)

Oil program related graphics and signs are available on CalRecycle's website at: www.calrecycle.ca.gov/UsedOil/graphics/default.htm#usedoil

RECORDS RETENTION AND AUDIT CONSIDERATIONS

Recipients are responsible and accountable for all OPP funds; therefore, it is essential that adequate documentation and a clear paper/audit trail are maintained. Recipient accounting of OPP funds must be maintained in a manner that provides clear separate tracking of OPP funds and related transactions for fiscal program management and audit purposes.

CalRecycle, the Department of Finance, the Bureau of State Audits, or their designated representative(s) shall have the right to review and to copy any records and supporting documentation pertaining to the use of OPP funds; and shall have the right to interview staff relevant to the audit. The Recipient agrees to maintain such records for possible audit for a minimum of three (3) years after the OPP term end date, or until completion of any action and resolution of all issues, which may arise as a result of any litigation, dispute, or audit, whichever is later.
Recipient agrees to include in all contracts and subcontracts funded in whole or part from OPP funds, a similar audit right of the State to such records and to interview staff.

Examples of audit documentation include, but are not limited to, expenditure ledgers, payroll register entries, time sheets, travel logs, paid warrants, contracts and change orders,

samples/pictures of items and materials developed with OPP funds, invoices, receipts, and canceled checks.

ANNUAL REPORTING

Annual reporting is a statutory requirement for ongoing eligibility for the OPP. Recipients must meet CalRecycle's online reporting requirements. Annual Reports must be submitted no later than August 15*, of each calendar year (commencing August 15, 2011). Failure to meet this reporting due date may result in the denial of future funding.

*When a due date falls on a Saturday or Sunday, items must be submitted the following Monday.

Upon completion of the online Annual Report (including the expenditures portion of the report), the report summary page is to be printed out and given to the Signature Authority for approval and signature. The signed Annual Report summary page is to be uploaded to the online system (by the Recipient) and the original signed hard copy is to be retained in the Recipient's cycle file. If the Recipient is unable to upload the signed Annual Report summary page, they should scan and email or fax it to their Advisor for uploading. Program Advisors will review and approve submitted reports.

All expenditures will be reported through the OPP online system "Expenditures" tab. Failure of Recipient to properly spend or account for OPP funds may result in denial of future OPP funding for Recipient, requiring reimbursement from Recipient and /or Recipient's forfeiture of funds.

UNSPENT FUNDS

Funds that are unspent at the end of the OPP term must be reimbursed by check to CalRecycle within 45 days. Checks must contain the OPP number (i.e., OPP1-10-xxxx), specify "OPP Unspent Funds," and be mailed to: CalRecycle, Accounting, P.O. Box 4025, Sacramento, CA 95812-4025. If there are questions or other issues related to expenditures, work with your Advisor to resolve these issues. Funds due to CalRecycle but left unpaid may result in a Recipient not being eligible for future OPP funding.

EXCEPTIONS

These Guidelines govern the administration of the OPP. Under compelling circumstances "exceptions" may be granted on a case-by-case basis by your Program Advisor. Requests for exceptions must be made and approved in writing. Work with your Program Advisor if you have questions.

DISCRETIONARY TERMINATION

The Assistant Director, Materials Marketing and Local Assistance Program, shall have the right to terminate this Agreement at his or her sole discretion at any time upon thirty (30) days written notice to the Recipient. Within forty-five (45) days of receipt of written notice, the Recipient is required to:

a) Submit a final written report to the appropriate Advisor describing all work performed by the Recipient and provide an accounting of all funds expended up to and including the date of termination; and,

b) Reimburse CalRecycle any unspent funds.

TERMINATION FOR CAUSE

In the event the Recipient fails to comply with the requirements of these Guidelines at the time and in the manner herein provided, CalRecycle may terminate the OPP Agreement.

WITHDRAWAL BY RECIPIENT

Recipient may withdraw from this OPP cycle under the following conditions:

(1) Submission of a letter, signed by the Signature Authority, stating the reasons for withdrawal;
(2) Accompanied by documentation/Annual Report that reconciles all payments received; and
(3) Within 90 days from the date of the withdrawal letter, refund any OPP funds owed to CalRecycle, if applicable.

Before taking action under this provision, Recipients are encouraged to discuss the matter with their Advisor to determine if CalRecycle can be of assistance in resolving the reason for withdrawal.

INDEMNITY

Recipient agrees to indemnify, defend and save harmless the State and CalRecycle, and their officers, agents, and employees from any and all claims and/or losses accruing or resulting from the performance of OPP.

COMPLIANCE

Recipient shall comply fully with all applicable federal, state, and local laws, ordinances, regulations, and permits.

USED OIL PAYMENT PROGRAM DEFINITIONS

For purposes of the OPP, the following definitions apply:

Agreement: Submission of an OPP Application constitutes acceptance of these Guidelines as the controlling requirements for receiving, spending and accounting for OPP funds and for annual reporting. The Application and these Guidelines constitute the OPP Agreement between Recipient and CalRecycle.

CalRecycle: The Department of Resources Recycling and Recovery (CalRecycle)--previously known for purposes of statutory language and this program as the California Integrated Waste Management Board.

Consultant: A professional who advises on or manages the OPP on behalf of an OPP Recipient.

Contractor: An individual, business or company with which the Recipient enters into an agreement to perform program-related services or activities including providing materials or supplies for oil and oil filter collection/recycling projects. (Note: Also refer to the Subcontractor definition.)

Indirect/Overhead Costs: These costs are expenditures not capable of being assigned or not readily available to a particular project or activity but considered necessary for the operation of the Recipient's business and the performance of the OPP. These costs may include up to 10% of eligible OPP expenditures. Examples include costs of operating and maintaining facilities, accounting services and administrative salaries.

Letter of Authorization: A letter submitted by a Regional Participant to authorize another jurisdiction (Regional Lead) to apply for and to act on its behalf in the implementation and administration of the OPP.

Letter of Commitment: A letter from an Applicant, not subject to a governing body, that authorizes submittal of OPP Applications. This letter must be prepared on the Applicant's

official letterhead, contain a specific end date or state that it is effective until rescinded, and designates the job title of the person authorized to execute all documents necessary to secure OPP funds to support the Used Oil Collection Program (Signature Authority). This letter shall be signed by a person with authority to contractually bind the Applicant.

Letter of Designation: A letter submitted by an Applicant's Signature Authority that delegates his/her authority to another individual (identified by job title not name) as authorized in the Resolution or Letter of Authorization. The person to whom this authority is delegated is the "Authorized Designee." A Letter of Designation is required prior to the Designee's exercise of his/her authority. The letter must be on the Applicant's letterhead, contain a specific end date or state that it is effective until rescinded by the identified Signature Authority, and be signed by the Signature Authority.

OPP: The acronym means the Used Oil Payment Program (see Used Oil Payment Program definition below).

Premiums: Premiums are items purchased by Recipients consistent with information in the PUBLICITY AND EDUCATION REQUIREMENTS section.

Program Advisor or Advisor (previously known as Grant Manager): The CalRecycle staff person responsible for monitoring the OPP and related program activities for a particular jurisdiction.

Payment Recipient or Recipient: The recipient of funds pursuant to section 48690 of the Public Resources Code. The recipient may be a local government (which includes any chartered or general law city, chartered or general law county, or any city and county) and/or a public agency/entity that has been given the authorization to act on behalf of a local government.

Signature Authority: The person authorized to approve/sign OPP documents, such as Applications, Annual Reports, etc., as authorized by an adopted Resolution, Letter of Commitment, or Letter of Designation from a local government.

Subcontractor: An individual, business or company with which the Recipient's Contractor enters into an agreement to perform program-related services or activities, or provide materials or supplies for oil and oil filter recycling/collection-related projects, services or activities.

Used Oil Payment Program (OPP): This is the Used Oil Payment Program established pursuant to Public Resources Code § 48690 et seq., that provides payments/funding to eligible participants for establishing and maintaining an effective local used oil and used oil filter collection/recycling program.