netgainCFO

SB 54 Reimbursement Forms: *What Haulers, MRFs and Lenders Need to Know*

netgainCFO's public comments on Circular Action Alliance California's draft reimbursement applications, and what independent operators should do before the application portal opens.

BOTTOM LINE

SB 54 will put producer money into California recycling infrastructure, and CAA's draft application forms are a solid start. As drafted, though, they don't yet give private operators a clear path to recover the capital they invest, they leave franchise amendments in a gray area, and they raise questions lenders will need answered before financing projects against CAA awards. We filed detailed comments with specific, field-level fixes. Until the final forms are out, operators should plan projects that still work if CAA funding arrives later or lower than expected.

9
Draft application workbooks we reviewed, field by field

0
Application forms posted for curbside, multifamily, commercial or drop-off collection

May 31
Annual cutoff for a project to make the next year's CAA budget

5/31/28
Deadline to claim SB 54 costs incurred in 2023 through 2026

Who this is for

Owners and CFOs of California haulers, MRFs and transfer stations with roughly $5 million to $50 million in revenue, and the banks, SBA, equipment, ABL and private credit lenders that finance them.

What we reviewed

CAA's Part I eligibility application and supplements, the Part II Processing (Standard Rate, Actual and Modeled, Pre-Program) and Education and Outreach applications, and the August 2026 draft Funding Agreement and Project Schedules. Comment period closed November 3, 2026.

Producer money for recycling infrastructure is real. But a reimbursement you can't borrow against, and that nets out your own profit, isn't a capital plan. Build your baseline numbers and get your lender in the room before you sign anything.

Biff Jennings, Co-Founder, netgainCFO

netgainCFO

OUR COMMENTS

The five issues that *matter most*

Each issue comes from the draft forms, and each has a practical fix CAA can make before launch.

01

Capital recovery and return on investment need a clear path

IN THE DRAFT

The processing forms add equipment cost into annual operating costs, collect useful life but never use it, and have no return-on-capital line. They also list the operator's **Profit** as income that reduces the award, which doesn't yet reflect the return on investment CAA's program plan provides for private operators.

WHAT WE ASKED FOR

Separate capital from annual costs. Compute annual capital recovery from installed cost and useful life. Add a return-on-capital line using a method CAA publishes. Remove Profit as an offset.

02

Award terms need to work for lenders

IN THE DRAFT

No form says when CAA pays. The draft Capital Investment Schedule gives CAA a **first-priority lien** on funded assets and bars transferring them during a "target lifespan" tied to the useful life the applicant enters, so a lender foreclosure could trigger repayment. The forms never ask about existing lenders or lessors.

WHAT WE ASKED FOR

Fields for secured lenders, lessors and asset ownership (cash, loan, lease). A clear statement that useful life sets the lock-up period. Stated payment timing. An optional lender acknowledgment so CAA's interest doesn't jump ahead of an existing equipment lender.

03

Franchise amendments need clearer treatment

IN THE DRAFT

Part I says projects "requiring renegotiation of existing contract or franchise terms are generally not eligible," while the same workbook says CAA won't restrict funding when a franchise is amended. Adding a material, a cart, a route or a multifamily program almost always requires an amendment.

WHAT WE ASKED FOR

Make amendments that add new SB 54 services eligible, and exclude only costs already recovered through franchise rates.

04

Collection project applications are still to come

IN THE DRAFT

Part I lists five collection and transport project categories, but CAA posted Part II forms only for Processing and Education and Outreach. Collection is where independent haulers will carry most new SB 54 costs.

WHAT WE ASKED FOR

Post the collection applications for public comment before the portal opens for those categories.

05

Cost allocation and confidentiality need defined rules

IN THE DRAFT

Shared costs are allocated in a free-text notes field, and the draft agreement lets CAA re-determine the split "in its sole discretion" and recover the difference with interest. Wages, tip fees, commodity revenue and franchise agreements are collected with no confidentiality protection.

WHAT WE ASKED FOR

An allocation-method choice with published default ratios that stays fixed once accepted. Confidential treatment of cost, wage and pricing data, with jurisdiction notices limited to the project and approved amount.

netgainCFO

ALSO IN OUR COMMENTS

Other changes *we asked CAA to make*

AREA	ISSUE IN THE DRAFT FORMS	OUR REQUESTED FIX
Standard Rate pathway	All 49 equipment rates are listed as "TBD," and the posted rate can still be cut after review.	Publish the rates, lock them at approval, and keep new operating costs claimable.
Labor costs	One pre-project wage is used for both before and after headcount, so new skilled roles can't be priced.	Add an after-project wage column and editable annual hours.
Disposal savings	Lower landfill cost is counted twice: once as a cost reduction and again as "Landfill Avoidance" income.	Remove the double count.
Small operators	Long applications with fixed row limits, such as 10 jurisdictions per table and 22 equipment rows.	Offer a short-form path and add overflow rows.
Leased and financed assets	Part I asks whether the applicant "incurred and paid" the cost.	Treat loan, lease and affiliate costs as incurred by the applicant.
Environmental justice review	Any project serving a rural or disadvantaged community triggers an impact questionnaire, even a pure service expansion.	Trigger the full review only for facility siting or expansion.
Pre-Program claims	The form tests installation date, but eligibility turns on when you became legally obligated to pay.	Test the obligation date; accept estimated 2022 baselines.

WHAT TO DO NOW

Haulers and MRFs

- **Claim 2023 to 2026 projects.** Build the file now: contracts showing when you became obligated to pay, invoices, and tonnage by grade before and after. Claims are due May 31, 2028.
- **Apply before you commit.** CAA says funding is not guaranteed for costs incurred before it makes a funding decision. Requests in by May 31 are budgeted for payment the following year.
- **Build a baseline.** Line-item operating costs, labor by role, throughput, and commodity capture by grade.
- **Read your franchise agreement** for what the project would change.
- **Talk to your lender before you sign** a CAA funding agreement.

Lenders

- **Wait to count CAA awards as collateral** or borrowing base until payment timing and lien terms are final.
- **Check lien priority.** The draft first-priority CAA lien on funded assets conflicts with purchase-money and blanket liens.
- **Watch transfer limits.** A foreclosure during an asset's target lifespan could trigger repayment to CAA.
- **In underwriting and QofE work**, treat CAA reimbursement as uncertain until the agreement is signed and terms are known.

netgainCFO

HOW WE HELP

Turning SB 54 funding into *a fundable plan*

netgainCFO is a fractional CFO, controller and quality of earnings firm serving environmental services, recycling and waste companies with $5 million to $50 million in revenue. Our team has spent decades in senior finance roles at recycling and waste companies and has raised or refinanced more than $200 million for operators.

Pre-Program claims

Rebuild 2023 to 2026 project costs, obligation dates and tonnage history into a claim CAA can verify.

Baseline and cost build-up

Pre- and post-project operating costs, labor and commodity capture, in the structure the CAA forms require.

Cost allocation

Defensible splits of shared costs between covered and non-covered material, jurisdictions and service lines.

Lender coordination

Equipment financing, lien priority and covenant planning around CAA awards, before you sign.

Quality of earnings

How CAA reimbursement should be treated in EBITDA, forecasts and transaction diligence.

Fractional CFO and controller

The ongoing reporting, records and close discipline that CAA audits will expect.

Planning an SB 54 project?

Let's talk before you commit capital. We can walk through your project, your franchise terms and your financing, and tell you what a CAA application is likely to cover.

info@netgaincfo.com | netgaincfo.com

This summary reflects CAA California's draft reimbursement application workbooks and the August 2026 consultation drafts of its Funding Agreement and Project Schedules, as posted for public comment in October 2026. CAA may change these documents, and CalRecycle had not approved CAA's program plan at the time of writing. Deadlines cited are from CAA's October 13, 2026 program plan submission. This document is general information, not legal, tax or financial advice. Our full comment letter is available on request.