



LICENSEE STRUCTURE DISCUSSION

Annual Membership Meeting
Las Vegas, NV
June 14, 2017



OVERVIEW

- Understanding of current issue
- Describe proposed changes
- Solicit input and feedback
- Identify next steps



BACKGROUND

- **CRRC Licensees** are companies who submit products for rating
- Divided into two types:
 - Licensed Seller (LS)
 - Other Manufacturer (OM)
- LS sells products directly to market
- OM only sells to other companies that bring the products to market
- Companies can be LS, OM, or *both* (LS/OM)



CURRENT LICENSEE CLASSES

| LS | OM | Annual Fee |
|----------------------------|---------------|------------|
| < \$1M | < \$1M | \$ 1,575 |
| \$1 - 10M | \$1 - 10M | \$ 4,200 |
| > \$10M | > \$10M | \$ 6,300 |
| Factory-Coated Seller (LS) | | \$ 1,050 |
| | All other OMs | \$ 2,625 |



WHAT IT MEANS

- **“Factory-Coated Seller”** is company that fabricates and sells coil-coated metal products made by OMs
- OM category appears to be based around metal product manufacturers
- **“All other OM”** applies to non-metal OMs



PROPOSAL

1. Remove separate LS/OM distinction and create one category: “Licensee”
2. Simplify Licensee structure by removing extraneous categories



WHY CHANGE?

- Simplify program rules
- CRRC documents do not define or justify need for LS/OM split
- No different requirements for OM and LS
- Sales to end-user or private label is managed at the *product* level



FURTHER REASONS FOR STREAMLINING

- Redundant and unnecessary
- Confusing to manufacturers and staff
- Increase fairness and transparency
- Will help in development of new database



PROPOSED CHANGES AND IMPACTS



CURRENT LICENSEES

- 205 Licensees
- 143 are LS or OM only
 - Possible removal of categories would create impacts
- 62 are both LS and OM
 - Currently pay higher of two Licensee fees



SIMPLIFY CATEGORIES

- Reduces categories from 8 to 3
- Revenue-based classes ONLY
- Eliminates:
 - “Factory-coated Seller”
 - “All other OM”
- Affected:
 - 20 factory-coated sellers (fee increase)
 - 4 “all other OMs” affected (fee may increase or decrease)
 - 9 “all other OMs” affected (fee *decrease*)



ESTIMATED IMPACT

| Class | Fee | Before | After |
|----------------|----------|--------|-------|
| < \$1M | \$1,575 | 83 | 103 |
| \$1 - 10M | \$4,200 | 47 | 62 |
| > \$10M | \$ 6,300 | 40 | 40 |
| Factory-Coated | \$1,050 | 22 | 0 |
| All Other OM | \$2,625 | 13 | 0 |



QUESTIONS AND NEXT STEPS



CONSIDERATIONS

- Implementation timeline
 - To take effect with 2018 renewals process
- Is revenue to end users (LS) and private labeling (OM) considered separately?
 - i.e. if combined, would many companies pay higher Licensee fees?

Proposal to:

- Consolidate LS and OM into “Licensee”
- Simplify Licensee structure to include revenue-based classes only
- Removes
 - “Factory-coated seller”
 - “All other OMs”

Send feedback to jeff@coolroofs.org



QUESTIONS?

Or submit comments
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