

III. Draft of Guidance for Product Stewardship Plan (Plan) Approval (Carpet)

Note: this is a discussion outline providing guidance on criteria for plan approval. The final proposed regulations will include other sections on: submittals, payments to CalRecycle, records retention, confidentiality, enforcement, and other topics as noted below. These will eventually be combined into one document.

I. See: Definitions

II. See: Stewardship Submittal Instructions

III. Criteria for Approval of the Plan: CalRecycle staff shall use the criteria below to review stewardship plan contents and determine if they meet the requirements in statute and regulation (*cite regulation*). This section first describes the requirements (stated or inferred) in AB 2398 Carpet Stewardship Program, followed by a description of how CalRecycle will evaluate the requirements.

1. **Contact information.** Identify the manufacturer or designated stewardship organization responsible for the plan submittal.

How this criterion will be evaluated:

- a. CalRecycle will verify that the manufacturer or its designated stewardship organization has registered on-line at CalRecycle website.
2. **Scope.** The program described in the plan is designed to accept and manage all applicable postconsumer carpet, regardless of polymer type or primary materials of construction.

How this criterion will be evaluated:

- a. The plan clearly identifies the covered products, manufacturers, and associated brands.
- b. The plan submitted follows the standard outline (see *Section II: Stewardship Submittal Instructions*)
3. **Performance Goals and Activities.** Include performance goals and a description of how the program goals will be achieved that:
 - a. Increase the reuse of postconsumer carpet
 - b. Increase the recycling of postconsumer carpet.
 - c. Increase the diversion of postconsumer carpets from landfills.
 - d. Increase the recyclability of carpets.
 - e. Incentivize the market growth of secondary products made from postconsumer carpet.
 - f. The goals established in the plan are at a minimum equal to the goals established in the CARE MOU.

- g. Include a baseline from which goals are measured using the units used in the MOU and reporting requirements.
- h. Report on source reduction (optional)

How these criteria will be evaluated: CalRecycle will check for clearly stated goals and supporting references to the CARE MOU. There must be evidence that goals are specific to and appropriate for California, recognizing the current recycling infrastructure and capacity, estimating changes in market conditions, and anticipating recycling infrastructure and capacity in California. Discussion on goals must include a baseline, to be provided by the manufacturer or stewardship organization, from which the goals will be measured and reported in the manufacturer or stewardship organization's annual reports. A methodology for estimating the amount of carpet available for collection in California must be provided by the manufacturer or stewardship organization.

4. **Solid Waste Management Hierarchy.** Describe proposed measures that will enable the management of postconsumer carpet in a manner consistent with the state's solid waste management hierarchy:
- a. Source reduction, including reuse.
 - b. Recycling, including source separation and processing to recover recyclable materials,
 - c. Environmentally safe transformation and safe land disposal.

How these criteria will be evaluated: The goals and activities must demonstrate that over time source reduction, reuse, and recycling will increase, over environmentally safe transformation and land disposal. Management of carpet through source reduction, reuse and recycling must be greater than, and grow as a higher rate than the management of carpet through carpet as alternative fuel, Waste-to-Energy, or incineration.

The Department shall review plans for statements that identify measureable activities that encourage sustainable design of carpet. This could include efforts to use less material to accomplish the same product performance, improve durability, increase postconsumer content in new carpet, designs carpets that are easier to reuse, etc. Additional goals to cover source reduction activities may be added to the plan.

5. **Collection Systems.** Describe the system that will be used to collect and properly manage postconsumer carpet. This description must include the following:
- a) Type of collection sites used.
 - b) Types of destinations for reuse and recycling activities, processing and/or disposal by product type.
 - c) General description of best management practices to be followed by the service providers, including any training that the manufacturer or stewardship organization intends to provide to or require of service providers to ensure proper collection and management of postconsumer carpet.
 - d) Description of how each consumer that pays a carpet stewardship assessment will have an opportunity to properly recycle their postconsumer carpet.

How these criteria will be evaluated:

CalRecycle shall consider the extent to which every consumer that is paying the assessment will have an opportunity to participate in the program. This may include:

- a. Ensuring that collection opportunities are available in every county.
 - b. Ensuring that collection opportunities are available within a certain distance (radius) of population centers.
 - c. Ensuring that collection opportunities are available year-round.
 - d. (Should we include criteria for addressing consumer concerns about minimum service?)
6. **Market Development.** Describe incentives or methods to increase recycling of carpet into secondary products.

How this criterion will be evaluated:

- a. CalRecycle will review this section for informational purposes only.
7. **Financing Mechanism.** Include a funding mechanism that provides sufficient funding to recover, but not exceed, the cost of the carpet stewardship program, including the administrative, operational, and capital costs of the plan. The funding mechanism includes the following:
- a. A carpet stewardship assessment per unit of carpet sold in the state.
 - b. A budget for the program that includes revenue estimates from the assessment, full program costs, and administrative costs (*include a reference to regulations on service payment to CalRecycle*).
 - c. A requirement that any surplus funds will be put back into the program to reduce the costs of the program, including the assessment amount.

How these criteria will be evaluated: The plan and its supporting documents must provide sufficient information for the CalRecycle to make a determination that:

- a. The amount of the assessment is sufficient to meet, but not exceed, the anticipated cost of carrying out the plan.
 - b. The amount of the assessment does not create an unfair advantage in the marketplace.
 - c. The allocation of the funds support the solid waste management hierarchy and program goals identified in the plan.
 - d. Stewardship organization administrative costs follow established standards of good governance.
8. **Education and Outreach.** Include education and outreach efforts to consumers, commercial building owners, carpet installers, and retailers to promote their participation in achieving the purposes of the carpet stewardship plan. The description shall include how the outreach and education methods will be used and distributed, and how effectiveness of these activities will be measured.

This information may include, but is not limited to, one or more of the following:

- a. Signage that is prominently displayed and easily visible to the consumer.

- b. Written materials and templates of materials for reproduction by retailers to be provided to carpet installation contractors and consumers at the time of purchase or delivery or both.
- c. Advertising or other promotional materials, or both, that explains the purpose of carpet stewardship and the means by which it is being carried out.

How these criteria will be evaluated:

- a. The plan shall include a description of educational and outreach methods that will be used, how information may be distributed, and how effectiveness of these activities will be measured.

9. **Program Performance Measurement.** Describe how attainment of the goals (*see Section 3 Performance Goals and Activities*) will be measured.

How this criterion will be evaluated:

- a. Provide specific information on the measurement methodology and data sources.
- b. Program data shall be collected for purposes of annual report submittal. Data shall be California specific. The annual report shall include, but is not limited to, the following categories:

Table: Overview of Potential Data Collection
This table has some elements that are not required in AB 2398, but may assist in the overall evaluation of the program over the long term. The table should be refined to indicate what data shall be collected and by whom. Currently, items listed may be collected or tracked by multiple entities. Note: Throughout table units to report in need to be identified.
Population (insert year)
Financing
Total program cost (\$)
Cost (\$)/unit collected
Education/Outreach (% of total program cost)
End-of-life materials management (% of total program cost with line items for reuse, recycling, incineration for energy recovery, and landfilling)
Program administration (% of total program cost)
Governance (program oversight) (% of total program cost)
Environmental
Materials management
Product sold (mass or volume)
Product collected (mass or volume)
Product sold that is available for collection (describe methodology used)
Amount and Percent collected (from available for collection)
Amount and Percent reused

Amount and Percent recycled
Amount and Percent incinerated for energy recovery
Amount and Percent landfilled
GHG emissions (tons)
Investments in product design/R&D
Program effectiveness
Progress against goals
Regulatory non-compliances
Demonstrated improvements in product design
Public awareness
Public participation ¹
Jobs attributable to stewardship program (Direct/Indirect²)
Local Government
Product Stewards
State Government
Materials extraction, processing, & manufacturing
Collectors & Recyclers
Retailers & Installers

10. **Stakeholder Consultations.** A carpet manufacturer or stewardship organization that submits a plan shall include a process of consultation with affected stakeholders and consider the existing infrastructure in the development of the plan. This may include service providers, state and local governments, haulers, recyclers, retailers and wholesalers, and installers.

How this criterion will be evaluated:

- a. CalRecycle will review plan to ensure that it minimizes impacts of the plan on retailers and wholesalers.

11. **Audits.** Include a process by which the financial activities of the organization or individual manufacturer that are related to implementation of the plan will be subject to an independent audit, which will be submitted in the manufacturer or stewardship organization's annual report and reviewed by the department. Submitting independently audited financial statements demonstrate the producer's commitment to financial transparency and accountability on how all funds collected from consumers are managed.

If the Department decides to further review the findings of the independent auditor, the review will be conducted based on same information the individual manufacturer or stewardship organization provided to the independent auditor. The Department may request supplemental information from the individual manufacturer or stewardship

¹ Via survey results or other reported data.

² "Direct" refers to number of jobs directly attributable to the manufacturer or stewardship organization employees working on the program. "Indirect" refers to # of jobs estimated attributable to contracted service providers. May be expressed in units of full-time equivalents (FTEs).

organization during the course of review of audit, if necessary. The Department will inform the individual manufacturer or the stewardship organization within 60 days of the results of its review.

How this criteria will be evaluated:

- a. CalRecycle will verify that audited financial statements are submitted with the annual report and they adhere to the guidelines established under (*insert applicable standard here*).

IV. See: Criteria for Evaluating Annual Reports

V. See: Enforcement

VI. See: Record Retention

VII. See: Proprietary, Confidential, or Trade Secret Information

VIII. See: Service Payments to CalRecycle