California Carpet Stewardship Plan

Consideration of Carpet America Recovery Program (CARE) *2014 Annual Report*

September 15, 2015

www.calrecycle.ca.gov/carpet

Public notice with links to attachments

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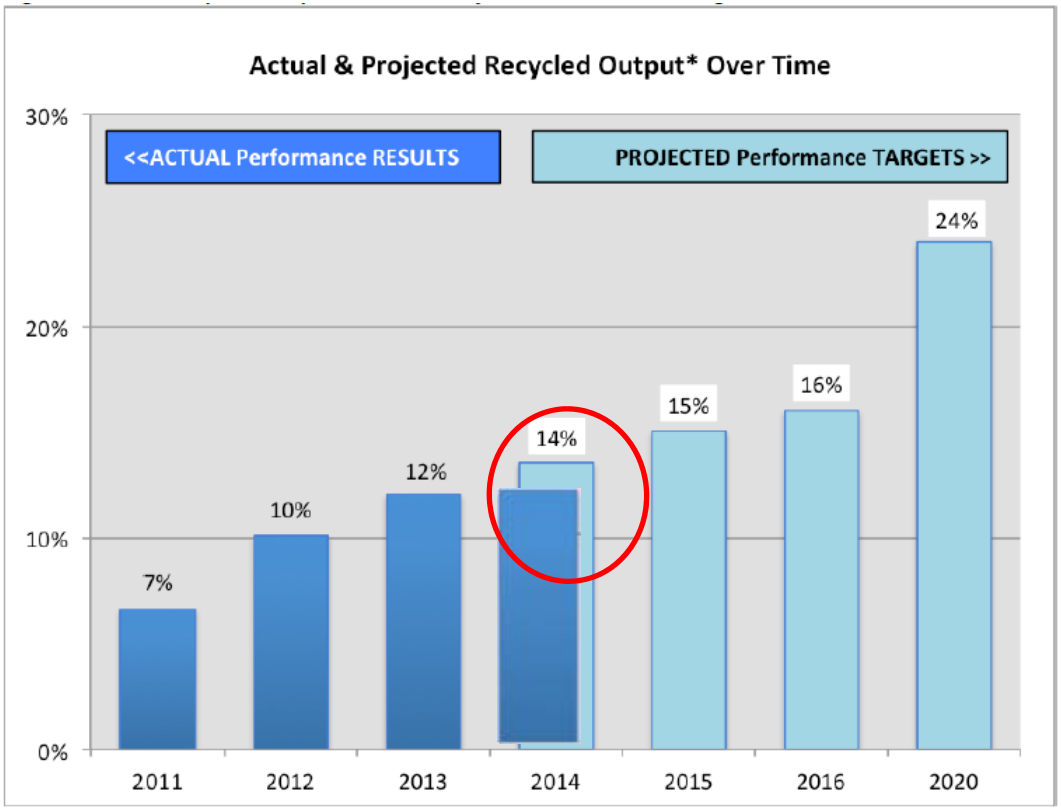
Background: Program Incentives April 2015

Element	Amount per lbs	Comment	Year starts
Type 1 Recycled Output	$0.06		2011
Type 2 Recycled Output	$0.03		2011
Type 1 Bonus for Growth	$0.10	Target adjust annually	2013
Tier 2 Mfrs Non-Nylon	**$0.17**	**Increased from $0.10 to $0.17/lb in 2015**	**2013/15**
Tier 2 Bonus for Mfrs Non-Nylon Growth	**$0.10**	**Analogous to Type 1 growth bonus**	**2015**
Calcium Carbonate	**$0.07**	**CaCO3 as a raw material** (increase to $0.12)	**2015**
Tile Reuse & Recycle	**$0.10**	**First incentive for reuse**	**2015**
Time period of incentive (without decrease)	**n.a.**	**12 mo + current Qtr**	**2015**
Assessment		**$0.05 to $0.10 per square yd**	**2015**

Key Finding 1: Recycling and other goals are not showing meaningful and continuous improvements

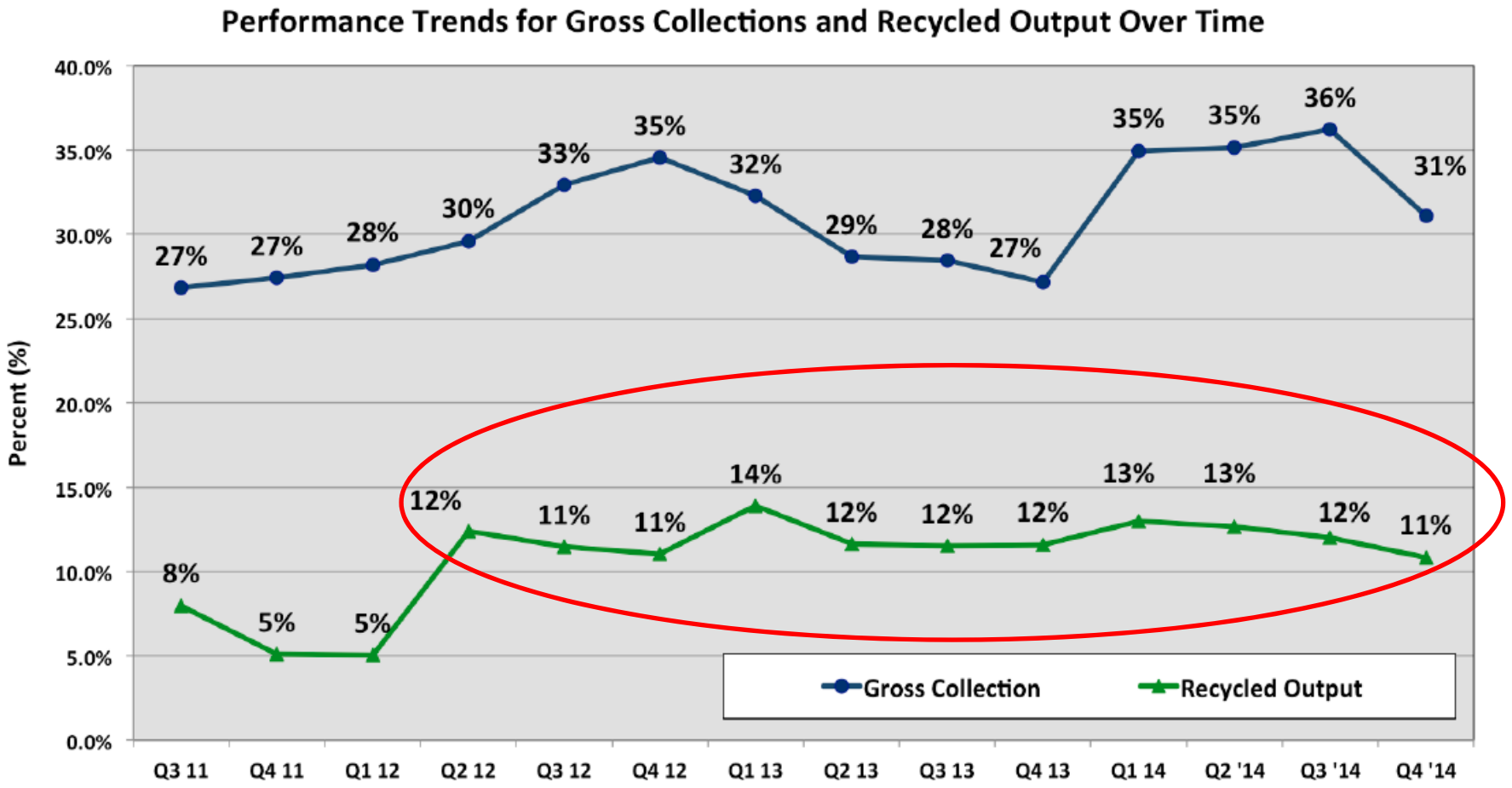
- Recycling Goal: 16% by 2016



*Recycled Output includes Type 1, Type 2

- Recycling Rate: missed projected target in 2014

Recycling Rate: Flat over past 11 quarters



Percentages are based from the amount of estimated carpet discards generated (not collected), *2014 Annual Report*, page 43.

Other Goals

(Change compared to 2013)

Source Reduction: no change
(average weight of carpet remains 4.2 lbs/yd^2)

Recyclability: lower yield on carpet collected
(6% decrease in recycled output yield from collected carpets)

Reuse: Insignificant increase
(0.05% of discards, 0.04% increase)

Diversion: increased
(27% of discards, increase of 3%, some materials to WTE and kiln)

Market growth: unclear metrics, appears to have some improvements

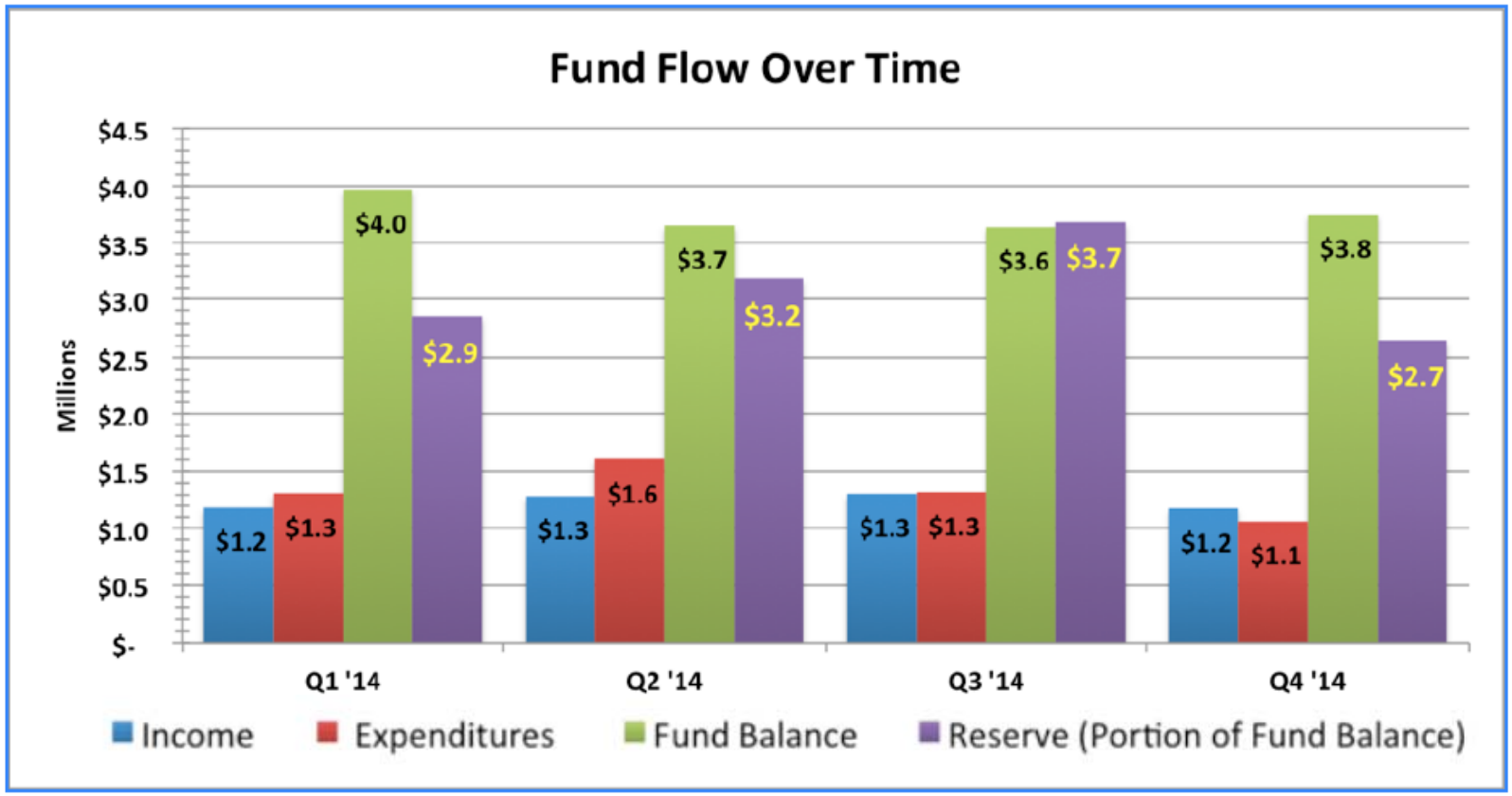
CARE: *2014 Annual Report*

Key Findings

1. Recycled output and other goals are not showing meaningful and continuous improvements
2. Consumers lack reasonable access to recycling services in all counties
3. Education and outreach are lacking; some key groups do not have basic understanding of program
4. Definition modified from approved Plan
5. Slow response to changing market conditions, e.g., lower nylon prices
6. Assessment is same for all types of carpet, regardless of cost to recycle, and a low % of product cost

See Request for Approval for Recommended Actions

Fund Overview



The above chart provides numbers based on accrual accounting system, adopted in 2014.

- Reserve supports subsidy guarantee of 12 months + current quarter
- $1.1 million (not held in reserve)

Options and Recommendation

CARE is found noncompliant based on *2014 Annual Report* (applies to all options) and:

1. CR to commence enforcement evaluation; consider actions including but not limited to civil penalties.
2. **CARE to submit Plan Amendment and Revised Budget to CR by Nov 30, 2015 to address deficiencies and key findings. If not done and approved by CR, then pursue Option 1.**
3. Suspend CR enforcement evaluation, wait for 2015 Annual Report that has information on effectiveness of changes made in 2015.

See *Request for Approval, Consideration of Carpet America Recovery Effort 2014 Annual Report*, for complete text, page 1. Option 2, in bold text is recommended by CalRecycle staff.

New Plan for 2017 and beyond

- Current Plan expires in 2016
- Need new Plan approved by Dec 31, 2016
  - Develop schedule prior to end of 2015
  - Allow 6+ months for approval process

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