



June 1, 2015

Bob Peoples, Ph.D.
Executive Director, CARE
100 S Hamilton Street
Dalton, Georgia 30720

Re: Request for AB 2398 Subsidies for Collector/Sorters

Dear Dr. Peoples:

This letter is on behalf of the Coalition of Independent California Carpet Collector/Sorters that include the following companies and their representatives:

- GreenWaste Carpet Recycling San Jose CA Wes Nelson
- Padworks Santa Ana CA Adam Habib
- Planet Carpet Recycling Chula Vista CA Sal Palopoli
- Carpet Pad Conversions Anaheim CA Henry Nguyen

With the exception of ReThink Green, it is our understanding that we are the only remaining independent carpet collector/sorters in California.

To preserve and expand the California independent carpet collection/sorter infrastructure, we are requesting AB 2398 subsidies. We also request CARE's support for the development of additional markets for the post-consumer carpet (PCC) we collect and sort in California, including residential and commercial nylon carpet.

We understand that compared to other states and based on current markets, the carpet collection/sorting results in California appear to be acceptable, at least over the short term. These results are primarily due to the efforts of the two remaining collector/sorter/processors in California who focus on the largest PCC generators in the most populated California counties.

However, the AB 2398 regulations requires there to be "reasonably convenient" collections in all the counties in California. As shown on Attachment 1 this is not the case. There are many California counties that presently have no or very limited carpet collection/sorters servicing the area. Even counties that have collector/sorters present, the collection opportunities are often far from being "reasonably convenient." Therefore, expanding the collection/sorter infrastructure in California to help meet this requirement would be one of the goals of the proposed AB 2398 collector/sorter subsidy, but first we are just trying to stay in business.

There has been a severe contraction of the carpet collection infrastructure in California since the implementation of AB 2398 in July 2011. This includes both the number of collector/sorter companies and the extent of the areas and size of generators served. This contraction is primarily due to the increased costs of collecting/sorting carpet because of the dramatic increase of low-value polyester (PET) carpet in the waste stream. Attachment 2 identifies previous California collector/sorters that are no longer accepting PCC or are no longer in business since the beginning of AB 2398 in July 2011.

The Carpet and Rug Institute (CRI) and CARE recognized the PET problem on a national basis and instituted the Voluntary Product Stewardship (VPS) Program as bridge funding for sorters until new technologies and applications are developed to increase market-driven demand for all post-consumer carpet, including PET. This funding is available to sorters throughout the U.S., except in those states that have Extended Product Responsibility (EPR) regulations for Post-Consumer Carpet (PCC). At this time, this exclusion only applies to us sorters in California.

Therefore, in order for California collector/sorters to receive the same help that CRI and CARE recognize to be needed by the rest of the sorters in the U.S., it must be done through AB 2398. The California Carpet Stewardship Plan, administered by CARE, already provides significant subsidies to support collections in rural communities and it provides subsidies to California collector/sorters who are also processing the carpet. This leaves our small (and getting smaller) community of Independent California carpet collectors/sorters as the only carpet recycling companies in the U.S. that are not getting subsidies during this PET crisis.

The following is the reason given by CARE in the recent AB 2398 subsidy changes as to why the California collector/sorters were again passed over in the program: *“CARE made a strategic decision to not include the California sorters in the subsidy program at this time for one simple reason. Since there has been an uptick in collection this year (currently 36% or greater than 2.5 times the national average of 14%) and recycling output has decreased...”*

It would seem that this is actually the reason why the California collector/sorter subsidies are needed more than ever. With the increase of PET in the PCC waste stream, it takes more and more carpet to be collected to sort out carpet that is recyclable. The following provides an overview of the program over the past six quarters based on the CARE quarterly reports to CalRecycle:

Amounts in millions of pounds	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Recycled Output	11.1	10.2	11.1	11.7	11.4	9.2
Gross Collections	27.4	23.8	29.9	32.6	34.2	26.4
% of Recycled Output per Collections	40.6%	42.9%	37.25%	35.9%	33.4%	34.9%
Collected carpet sent to landfills (reported by CARE)	5.47	5.28	5.95	6.36	8.12	7.89
PCC Collected but not accounted for in above.	10.8	8.3	12.9	14.5	14.7	9.3

The importance of continuing to collect enough PCC to recover the nylon carpet is shown in the following chart that documents that the majority of carpet that makes up the recycled output, although decreasing, continues to be nylon.

TABLE 2 Amounts in millions of pounds	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2015
Nylon Recycled Output	8.1	8.5	8.4	8.8	8.3	6.0
Non-Nylon Recycled Output	1.5	1.7	2.7	2.9	3.1	3.2
Total Type 1 Output	9.6	10.2	11.1	11.5	11.4	9.2
% of Nylon in Total Type 1 Output	84.4%	83.4%	75.7%	75.3%	73.2%	65.3%

To ensure adequate collections, the California collector/sorters need be subsidized to offset the increasing cost of collections until adequate markets are created for the non-nylon material. These subsidies are also needed to ensure “reasonably convenient” availability of carpet recycling in large sections of California that are not being subsidized by the rural counties program or being served by the large carpet collector/sorter/processors.

The amount that the subsidy needs to be is dependent on the desire by CARE to use this subsidy to meet the AB 2398 “reasonably convenient” requirement. It will definitely be significantly less than the subsidy for rural county collections while yielding much more PCC.

We are available to meet with CARE to discuss this important matter further. Please send all communications through me and I will share with the group.

Thank you for your consideration.

Sincerely,

Wes Nelson

Wes Nelson
 GreenWaste Carpet Recycling
 Sales & Marketing Manager
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 916-412-3277

Attachment 1

Present California Carpet Collector/Sorters Infrastructure by County

	County	Population	Carpet Collection in County	Served by Collectors Outside of County
1	Alpine County	1,159		No
2	Sierra County	3,047		No
3	Modoc County	9,147		No
4	Trinity County	13,448	Has Rural County CARE Trailer	No
5	Mono County	14,074		No
6	Mariposa County	17,755		No
7	Inyo County	18,467		No
8	Plumas County	18,859	Has Rural County CARE Trailer	No
9	Colusa County	21,358	Has Rural County CARE Trailer	No
10	Del Norte County	27,873	Has Rural County CARE Trailer	No
11	Glenn County	27,940		No
12	Lassen County	32,163		No
13	Amador County	36,519		No
14	Siskiyou County	43,799	Has Rural County CARE Trailer	No
15	Calaveras County	44,515	Has Rural County CARE Trailer	No
16	Tuolumne County	53,874	Has Rural County CARE Trailer	No
17	San Benito County	57,600		No
18	Tehama County	63,057	Has Rural County CARE Trailer	No
19	Lake County	63,860		No
20	Yuba County	73,340		No
21	Mendocino County	87,192		No
22	Sutter County	95,350		No
23	Nevada County	98,200		No
24	Humboldt County	134,493		No
25	Napa County	140,326	Has Rural County CARE Trailer	No
26	Kings County	150,960		No
27	Madera County	152,389		No
28	Imperial County	176,584		No
29	Shasta County	178,980		No
30	El Dorado County	181,737		No
31	Yolo County	204,593		Yes -- Limited Trailer Service
32	Butte County	222,090		No
33	Marin County	258,365	Has Rural County CARE Trailer	No
34	Merced County	263,228		No
35	Santa Cruz County	269,419	Has Rural County CARE Trailer	No
36	San Luis Obispo County	276,443		No
37	Placer County	367,309		No
38	Solano County	424,788		Yes - Limited Trailer Service
39	Monterey County	428,826		Yes -- Limited Trailer Service
40	Santa Barbara County	435,697		No
41	Tulare County	454,143		No

42	Sonoma County	495,025		No
43	Stanislaus County	524,491		No
44	San Joaquin County	704,379		Yes -- Limited Trailer Service
45	San Mateo County	747,373		Yes
46	City and County of San Francisco	837,442		Yes
47	Ventura County	839,620		Yes
48	Kern County	864,124		Yes -- Limited Trailer Service
49	Fresno County	955,272		Yes -- Limited Trailer Service
50	Contra Costa County	1,094,205		Yes
51	Sacramento County	1,462,131		Yes -- one drop off, limited trailer service
52	Alameda County	1,578,891		Yes
53	Santa Clara County	1,862,041	Green Waste - Three Locations	Yes
54	San Bernardino County	2,088,371		Yes
55	Riverside County	2,292,507		Yes
56	Orange County	3,114,363	Padworks, Carpet Pad Conversions	Yes
57	San Diego County	3,211,252	Planet Carpet Recycling	Yes
58	Los Angeles County	10,017,068	LA Fiber, Carpet Solutions, Jai Hui	Yes



KEY

No "reasonably convenient" collections in County"

Limited "reasonably convenient collections in County"
(trailer service to large generators by collectors from outside of the County)

Collector Located in County and/or
Served by Collectors outside of County
(however "reasonably convenient" locations not available in significant parts of the County)

Attachment 2

Previous California Carpet Collector/Sorters No Longer Accepting or In Business

Name	Location	Status
A+ Carpet Recyclers	San Diego	Out of Business
Dimax Fiber	Riverside	Out of Business
Works Floor and Wall	Palm Springs	Out of Business
Cal Met	Paramount	Out of Business
WARE Disposal	Santa Ana	Out of Business
Carpet Collectors	Rancho Cordova	Out of Business
The Carpet Recyclers	La Mirada	Stopped collections prior to closing.
Athens	La Puente	No longer accepting carpet
Davis Street Transfer	San Leandro	No longer accepting carpet
Mission Recycling	Pomona	No longer accepting carpet
Oceanaire	Numerous Locations	No longer accepting carpet
SOEX	Fresno	Taking limited or no carpet