



July 27, 2015

Attention: Kathy Frevert
Department of Resources Recycling and Recovery
1001 I Street
Sacramento, CA 95812
Submitted via email: carpet@calrecycle.ca.gov

**SUBJECT: COMMENTS ON CARE'S 2014 CARPET STEWARDSHIP PROGRAM ANNUAL REPORT
- FAILING TO MEET THE GRADE**

Dear Ms. Frevert:

We have been involved with and supported the first in the world carpet stewardship law. When it was being negotiated, we had concerns about the bill lacking performance goals such as a recycling rate but supported the opportunity to give the industry the chance to set goals and design how they would achieve them with oversight and approval of the Plan by CalRecycle. It has been five years since the enactment of Assembly Speaker Perez's AB 2398 and the legislated goal of "continuous and meaningful improvement" in carpet recycling in California has not been met under CARE's program. We have stated repeatedly our concerns with the Plan and program. CARE's stewardship plan was deemed non-compliant by CalRecycle on September 30, 2014. The Annual Report demonstrates the program has actually regressed.

We urge CalRecycle to not approve CARE's 2014 CA Annual Report and strongly consider utilizing the authority to impose civil penalties for failing to achieve the goals of the law. Our issues in brief include:

1. **CARE Failing to Meet its Own Goals:**

We have consistently stated the recycling goal of just 16% by 2016 is too low. "Continuous and meaningful improvement"¹ is not being attained by the program. When utilizing the numbers for recycled output, the results have decreased for the past three quarters **and are currently at 10%, with a 2016 goal of 16%**. The Annual Report does not describe how they will meet this goal in 2016. **Further troubling, CARE has failed to increase the recyclability of carpets.** The rise in hard-to-recycle PET carpet sales over recyclable nylon carpet will cause the recycling rate of carpet to dip even further.

2. **Lack of Collection Infrastructure is Unacceptable:**

- a. Nearly half (14 of 31) of carpet collection facilities are Rural County trailers that generate less than 0.5% of the gross collection (560,070 lbs). Seventeen are urban facilities (some of which are now closed) collecting the remaining 99.5% (122.5 million lbs) of carpet.

¹ PRC 42975. (a) In order to achieve compliance with this chapter, a carpet stewardship organization shall, on or before July 1, 2013, and annually thereafter, demonstrate to the department that it has achieved continuous meaningful improvement in the rates of recycling and diversion of postconsumer carpet subject to its stewardship plan and in meeting the other goals included in the organization's plan pursuant to paragraph (2) of subdivision (a) of Section 42972.

- b. There is **not** at least one public carpet collection facility in all the counties in California, as required by AB 2398. Half of the counties (29 of 58) in CA lack collection facilities. Seven of the 29 counties with collection facilities have limited trailer services. There is insufficient coverage of rural counties in Central, Eastern Sierra, and Southern California.

3. **Lack of Investment in In-State Processors and Collectors:**

California is the only state where collector/sorters do not receive subsidies through CARE's [Voluntary U.S Product Stewardship Program](#). They are disqualified from receiving incentive payments because a company must agree, as a condition for payment, that it is "supporting the purpose of this Program rather than supporting EPR-type legislation or regulation during the term of the Program and for eighteen months after receiving the last payment hereunder." We believe this demonstrates clear lack of motivation to ensure this program works.

As a result, out-of-state carpet generation & diversion has increased 13.5% from 2013 to 2014. **With no incentives for independent collectors/sorters, California is losing jobs in-state. Since the inception of AB 2398, six collectors/sorters have gone out of business, four no longer accept carpet, one takes limited to no carpet, and the last stopped collections prior to closing.** There are now only three collector/sorters left in California, all of which have contracted the range of their collections. The Report does not identify plans to offer subsidies and/or incentives to sustain what collection infrastructure still remains in California.

Since the industry has failed to label carpet by fiber type even though it has been suggested since bill negotiations in 2010, we recommend immediately investing in California collectors/processors by 1) providing them a subsidy to sort carpet, and 2) providing them with the technology of sorting guns to identify carpet fiber

CARE has been slow to respond to market conditions. We recommend CARE be required to report to and consult with a California Carpet Advisory Committee similar to that of the Mattress Advisory committee, where CalRecycle selects representatives from different stakeholder groups to help increase transparency as well as accountability. We would also recommend having more California staff to implement the plan. PaintCare has five working in California and the Mattress Recycling Council, which has not even launched yet, already has five staff.

4. **Money Improperly Spent:**

Rather than investing in California recycling and jobs today, we are concerned that **CARE has used consumer recycling funds to build a reserve totaling \$4 million today**, money that should be used to support struggling recyclers and collectors. If it had been properly used, we might not have seen some of the recyclers go out of business such as the Carpet Recyclers in Los Angeles, resulting in 81 jobs lost. This accumulation of consumer recycling funds has the potential to undermine public trust in this recycling program.

- a. Funds should be used immediately to cover costs of equipment to help recyclers identify the types of carpet collected, transportation and environmentally sound processing in California, in order to reduce the costs to recycle carpet, and prevent carpet from being shipped within and outside of California that cannot be recycled.
- b. The incentives for reclaimed nylon need to be increased in order to compete with the low cost virgin nylon market and to create markets closer to home.
- c. As stated previously in 2013, the fee should be increased on PET carpet to reflect the additional cost to recycle PET.
- d. To support development of infrastructure, we suggest CARE develop and implement two grant/loan programs:
 - i. Buy Recycled Grants for Governments and Agencies

- ii. Equipment Purchase Grants/Loan for Businesses
- e. We suggest CARE devote more resources to support development of new secondary products and markets for both new and existing secondary products.

In addition, we recommend CARE require carpet manufacturers to take back PET carpet to be used in the manufacturing of carpet pad to receive recycled content credit. To further drive the PET market for carpet, we recommend such pads be used in order to have a valid warranty on the carpet.

5. **Public Education:**

The Plan does not provide adequate public education. Putting the fee on the receipt and having posters that reference AB 2398 is not an effective public education program. Consumers have a right to knowledge, and there is currently no plan to tell the public which carpet is recyclable or how to ask their retailer or contractor whether their used carpet will be recycled. In fact, the PET carpets are being sold as “earth friendly” and consumers think they are buying the “green carpet”. Consequently the current public messaging is actually driving the purchase of PET carpet, which has almost no market. Recyclability claims should be qualified when recycling facilities are not available to at least 60% of the consumers or communities where a product is sold, as per the [FTC Green Guides](#).

We must question the commitment of the industry. They would never let their companies or product lines fail, but they are not providing the resources that would make carpet recycling succeed. It is critical that the carpet industry design and implement a robust program that benefits all California consumers that pay the fee. The Program needs a lot of work and **we look forward to working with stakeholders to ensure the Program is modified to meet the goals and intent of AB 2398.**

Sincerely,

Christine Flowers
Program Director
California Product Stewardship Council

Teresa Bui
Legislative and Policy Analyst
Californians Against Waste

Andria Ventura
Toxics Program Manager
Clean Water Action

Tim Goncharoff
Recycling and Solid Waste Services
Santa Cruz County

Tim Dewey-Mattia
Recycling & Public Education Manager
Napa Recycling & Waste Services

Julie Bryant
City Government Zero Waste Senior Coordinator
San Francisco Department of the Environment

Mike Mohajer, Member
LA County SWM Committee/IWM Task Force

Steve Lautze
CARMDZ President

Cc: Bob Peoples, CARE
Brennen Jensen, CARE
Howard Levenson, CalRecycle