



Californians Against Waste

Conserving Resources. Preventing Pollution. Protecting the Environment.

June 24, 2013

Caroll Mortensen, Director
CalRecycle
1001 I Street
Sacramento CA 95814

RE: Carpet Stewardship Plan for California – Reject Plan/Demand Greater Recycling

Dear Director Mortensen,

CARE's revised Carpet Stewardship Plan for California (May 31, 2013 version) has again fallen short of the spirit and intent of enacting Assembly Speaker Perez's AB 2398.

We ask that CalRecycle reject the CARE stewardship plan, and demand an updated plan that supports a greater commitment to recycling. Our primary objection is the Plan continues to propose an unacceptably low recycling goal of just 16% of generated carpet by 2016 despite demonstrating a 16% recycling rate during the last quarters of 2012.

Maintaining 'status quo' at 16% for the next 4 years, despite being projected to receive more than \$18 million in consumer recycling funds during that period does not pass the 'laugh test', let alone the legislative intent and legal requirement of the statute for "continuous and meaningful improvement". We urge the Department to reject the proposed 16% recycling goal. A more reasonable and attainable target using resources already paid by carpet consumers, and accounting for market conditions, processing capacity and potential demand would be a recycling rate of not less than 25%. In-state recyclers have a demonstrated capacity that exceeds 160 million lbs/year—that's about 3 times as much as is currently being processed, and nearly 50% of total current discards.

Unlike many other 'problem' products and materials, most discarded carpet is already either separately collected or relatively easily pulled from the commercial or self-haul waste stream. The continued failure of carpet recycling in California is primarily due to factors that could be solved by a more aggressive effort on the part of CARE:

- CARE is proposing insufficient incentives for processing separately collected carpet (all of which can be done in-state);
- CARE is proposing insufficient incentives for utilizing the 'PET' portion of carpet (much of the market for which is in-state);
- Overall, CARE is failing to utilize funds that carpet consumers have already paid in order to support a robust carpet recycling program in California.

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, with plans to increase that reserve to \$8 million—this in a program that proposes to spend just \$2.5 to \$3.5 million per

year on recycling thru 2016. This accumulation of consumer recycling funds has the potential to undermine public trust in this recycling program.

A key goal of AB 2398 is to “incentivize the market growth of secondary products made from postconsumer carpet”. Carpet cushion appears to be an ideal candidate for support as this would help address the PET issue and help create additional jobs in remanufacturing. With the current limited end-use for PET, CARE should be providing market incentive payments for California companies that invest in and utilize PET fiber to manufacture carpet cushion or other products. Our survey of in-state manufacturers indicates that they could utilize all the PET fiber generated in this state to make carpet cushion and increase employment by 200 or more workers if there was adequate incentive.

While CARE’s stewardship plan suggests they “may” make payments under the Discretionary Incentive Fund, we believe that current market conditions and opportunity demand a commitment to this incentive payment as a condition of plan approval.

CARE was granted conditional approval in 2012 with the understanding that when California-specific data become available, adjustments could be made in order to receive full approval from CalRecycle. AB 2398 specifically calls for the department, in determining compliance, to consider “the baseline rate of compliance against which the demonstrated improvement is compared.” Now that AB 2398 has been implemented for more than 7 quarter, it has been shown that the current ‘baseline’ recycling rate is already 16% (average for last three quarters of 2012). It is clear that the recycling rate for 2016 can and should be much higher than the proposed 16%. We are proposing that CalRecycle only approve a plan that establishes incentives and targets for a 25% recycling rate for 2016.

Attachment XI in the stewardship plan is misleading because it incorrectly compares the recycling rate of carpet to Aluminum cans, glass, PET and HDPE bottles based on national US EPA data. California leads the nation in the recycling rates for beverage containers and other materials, so national data is not a valid indicator of the feasibility of recycling carpet in California.

California residents and businesses are already recycling half of all generated waste, and CalRecycle has been charged with achieving an overall recycling rate of 75% by 2020.

CARE needs to demonstrate that they are prepared to maximize the opportunity for carpet recycling in California and in the processing support California carpet processors, recyclers and jobs to their full capacity. If CARE and the carpet manufacturers are unable to demonstrate that commitment to California recycling and jobs under the existing, flexible ‘Stewardship Model’, then it may be time to revisit the more direct approach that has resulted in more substantial and immediate growth in recycling for programs targeting beverage containers and electronic waste.

Furthermore, we agree with CalRecycle there needs to be improved procedures to tighten verification to ensure processors are complying with CARE’s requirements. As we have learned from the Carpet Collectors, either require recycling operators to have financial assurance mechanisms in place before being allowed to receive incentive funding—or have CARE themselves have a financial assurance contingency to address potential cleanups if a facility closes.



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We look forward to working with you and your colleagues on the successful implementation of this important program.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Thoma".

MARK THOMA
Executive Director

cc: Assembly Speaker John Perez
Senate President Pro Tem Darrell Steinberg
Howard Levenson, CalRecycle
Kathy Fervert, CalRecycle
Bob Peoples, CARE