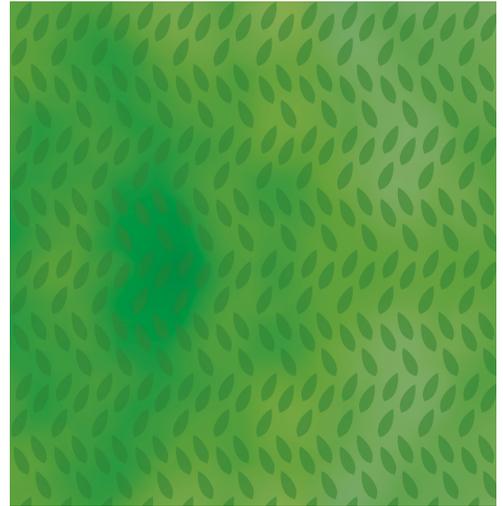


# Annual Report to California Department of Resources, Recycling and Recovery (CalRecycle)



January  
2014 –  
December  
2014

California  
Carpet  
Stewardship  
Plan

## Submitted By:

Robert Peoples, Ph.D.  
Executive Director

Carpet America Recover  
Effort (CARE)

100 South Hamilton Street  
Dalton, GA 30722

[bpeoples@carpetrecovery.org](mailto:bpeoples@carpetrecovery.org)

## Submitted To:

Carol Mortensen  
Director

c/o Kathy Frevert

CalRecycle

1001 I Street  
Sacramento, CA 95814





# 2014 CARE Annual Report to CalRecycle

## California Carpet Stewardship

### Plan 2014 Annual Report - Table of Contents

<b>1</b>	<b>Contact Information - Section 18944(1)</b> .....	<b>7</b>
1.1	Manufacturers .....	7
<b>2</b>	<b>Executive Summary - Section 18944 (2)</b> .....	<b>8</b>
2.1	2014 Strategic Highlights.....	14
<b>3</b>	<b>Scope - Section 18944(3)</b> .....	<b>16</b>
<b>4</b>	<b>Program Outline - Section 18944(a)(4)</b> .....	<b>18</b>
4.1	Private Collection Sites.....	18
4.2	Public Collection Sites .....	19
4.3	Statewide Collection Sites .....	20
4.4	Rural County Collection Sites .....	22
4.5	Recycling Facilities (Processors) .....	25
4.6	Throughput.....	29
4.7	Capacity.....	32
4.8	Facility Names & Locations .....	32
4.9	International Recycling Facilities.....	33
4.9.1	<i>Other Disposition Facilities</i> .....	34
<b>5</b>	<b>Program Goals &amp; Activities</b> .....	<b>35</b>
5.1	Carpet Sales - Section 18944(5)(A)1 .....	36
5.2	Carpet Discards - Section 18944(5)(A)2 .....	36
5.3	Source Reduction - Section 18944(5)(A)3 .....	37
5.3.1	<i>Carpet Tile Recycling and Reuse</i> .....	37
5.4	Increasing Gross Collection - Section 18944(a)(5)(A)4 .....	39



# 2014 CARE Annual Report to CalRecycle

- 5.5 Disposition - Section 18944(a)(5)(A)5 ..... 41
  - 5.5.1 Reuse ..... 41
  - 5.5.2 Recycled Output ..... 42
  - 5.5.3 Incineration ..... 43
  - 5.5.4 Energy Recovery ..... 43
  - 5.5.5 Disposal ..... 44
- 5.6 Increasing Recyclability - Section 18944(5)(A)6 ..... 45
  - 5.6.1 Role of Other Efforts – Education & Outreach To increase Recyclability ..... 49
- 5.7 Increasing Recycled Output - Section 18944(5)(A)7 ..... 50
- 5.8 Increasing Overall Diversion - Section 18944(5)(A)8 ..... 51
- 5.9 Environmental Impacts - Section(5)(A)9 ..... 52
  - 5.9.1 Greenhouse Gas Emissions ..... 52
  - 5.9.2 Other Environmental Impacts ..... 54
- 5.10 Increasing Market Growth of Secondary Products - Section 18944(5)(A)10 ..... 54
- 5.11 Creating Green Jobs ..... 56
- 5.12 Measurement Methodology, Assumptions, Factors and Data Sources ..... 57
  - 5.12.1 Formula for Calculating Carpet Discards ..... 57
- 5.13 Performance Trends Over Time ..... 60
- 5.14 Continuous Meaningful Improvement ..... 61
- 5.15 Additional Progress ..... 62
- 6 Market Development ..... 63**
- 6.1 Secondary Product Promotion ..... 64
- 6.2 Annual Conference ..... 65
- 6.3 Contractors ..... 66
- 6.4 Market Development Metrics ..... 66



# 2014 CARE Annual Report to CalRecycle

<b>7</b>	<b>Financing Mechanisms</b>	<b>73</b>
7.1	Total Program Cost - Section 18944(a)(7)(A)	73
7.2	Cost(\$)/capita - Section 18944(a)(7)(B)	74
7.3	Cost (\$)/pound collected- Section 18944(a)(7)(C)	74
7.4	Education/Communications - Section 18944(a)(7)(D)	74
7.5	End-Of-Life (EOL) Materials Management - Section 18944(a)(7)(E)	75
7.6	Program Administration - Section 18944(a)(7)(F)	76
7.7	Governance - Section 18944(a)(7)(G)	77
7.8	Total cost to local government (if applicable) - Section 18944(a)(7)(H)	77
7.9	Summary of Expenses- Section 18944(a)(7)(I)	78
7.9.1	<i>Economic and Environmental Impacts of CAAF and Kiln</i>	79
7.10	Surplus Funding- Section 18944(a)(7)(J)	79
7.11	Assessment Rate- Section 18944(a)(7)(K)	79
<b>8</b>	<b>Outreach &amp; Education - Section 18944(a)(8)</b>	<b>81</b>
8.1	Description of Materials	81
8.1.1	<i>In-Person Outreach</i>	81
8.1.2	<i>Primary Research To Support Marketing/Outreach Efforts</i>	81
8.1.3	<i>Collateral</i>	82
8.1.4	<i>Website</i>	82
8.1.5	<i>Public Presentations and Workshops</i>	83
8.1.6	<i>Outreach to Retailers</i>	83
8.1.7	<i>Outreach to Installers</i>	84
8.1.8	<i>Outreach to Local Governments</i>	84
8.1.9	<i>Outreach to Consumers</i>	85
8.1.10	<i>Outreach to Rural Counties</i>	85



# 2014 CARE Annual Report to CalRecycle

8.2	Measuring Effectiveness.....	85
8.2.1	Results of 2014 Efforts .....	88
<b>9</b>	<b>Audits - Section 18944(a)(9) .....</b>	<b>89</b>
<b>10</b>	<b>Appendices.....</b>	<b>90</b>
10.1	Appendix I: List of Manufacturers.....	90
10.2	Appendix II: List of Collectors/Processors.....	93
10.3	Appendix III: Summary of Education & Outreach Activities .....	94
10.4	Appendix IV: Audited Financial Statements .....	95
10.4.1	CARE 2014 Audited Financial Statement.....	96
10.4.2	AB 2398 California Carpet Stewardship Plan 2014 Audited Financial Statement .....	97
10.4.3	Independent Auditor Letter to CalRecycle.....	98
10.4.4	Performance Audit 2014 .....	99
10.5	Appendix V: Updated Glossary of Terms (Definitions) .....	100
<b>11</b>	<b>Report Addendum: Additional Progress - 2015 Updates.....</b>	<b>105</b>
11.1	Major Operational Efforts Activities, Q1-2 2015.....	105
11.1.1	New Program Assessment Increase—Effective April 1, 2015.....	105
11.1.2	Incentive Changes: .....	106
11.1.3	New & Existing Incentives—New Timeline Guarantee.....	108
11.1.4	New Resources—Staff & Support.....	108
11.1.5	Labeling.....	108
11.1.6	Rural Counties Program .....	109
11.1.7	Recyclability/ Source Reduction .....	110
11.1.8	Reuse.....	110
11.1.9	Gross Collection.....	110
11.1.10	Recycled Output.....	111



## 2014 CARE Annual Report to CalRecycle

11.1.11	<i>Diversion</i> .....	111
11.1.12	<i>Market Development Activities</i> .....	112
11.1.13	<i>Education &amp; Outreach Activities</i> .....	113
11.1.14	<i>Education/Outreach Activities 2015 to Date:</i> .....	114
11.1.15	<i>Projected Activities Q3-Q4 2015</i> .....	115
11.1.16	<i>Conclusion</i> .....	115



## 1 Contact Information - Section 18944(a)(1)

*Identify the manufacturer or stewardship organization responsible for the annual report submittal.*

The **Carpet America Recovery Effort (CARE)** serves as the California Carpet Stewardship Organization (CSO) responsible for annual report submittal under the California Carpet Stewardship Program (Program). Contact information for the organization is listed below:

**Robert Peoples, Ph.D.**

Executive Director

Carpet America Recover Effort (CARE)  
100 South Hamilton Street Dalton, GA 30722

[bpeoples@carpetrecovery.org](mailto:bpeoples@carpetrecovery.org)

214-300-5206

### 1.1 Manufacturers

Manufacturers (mills) participating under the approved Carpet Stewardship Plan (“Plan”), (including those who may not manufacturer, but import into the State), register with CARE to take advantage of services provided by CARE as the designated CSO. During calendar year 2014, there were 77<sup>1</sup> mills registered with CARE as participating manufacturers selling carpet in the State of California. Manufacturers contribute to the annual report by submitting quarterly reports to CARE including data on the quantity of carpet sold and assessments fees collected.

A list of Manufacturers and associated Brands participating under the Plan during the reporting period is presented as **Appendix I**. This list is updated periodically and posted on the CalRecycle Website: <http://calrecycle.ca.gov/Carpet/ManuBrands/>

---

<sup>1</sup>During 4th Quarter 2014, several acquisitions and closures resulted in a final total of 77 mills at the end of 2014.



## 2 Executive Summary - Section 18944 (a)(2)

*Provide an evaluation of the effectiveness of the carpet stewardship plan, and anticipated steps, if needed, to improve performance.*

This **Annual Report** is submitted to CalRecycle in line with requirements specified in statute AB 2398, for the **calendar year 2014 reporting period<sup>2</sup> (Jan 1 - Dec 31, 2014)**.

*This report summarizes results achieved in 2014, makes comparisons of outcomes over time, provides an evaluation of the Program progress and identifies anticipated steps toward continued improvement. Additional 2015 information on activities and progress beyond the reporting period is presented in **Report Addendum - 2015 Updates**.*

**Carpet America Recovery Effort (CARE)** is a 501(c)3 organization which began in 2002 as a result of a Memorandum of Understanding (MOU) for Carpet Stewardship signed by stakeholders including members of the carpet industry, government representatives, NGOs, and entrepreneurs. Per AB 2398, CARE serves as the designated Carpet Stewardship Organization (CSO) charged with implementation of the California Carpet Stewardship Program (Program). CARE works cooperatively with oversight agency, California Department of Resources, Recycling and Recovery (CalRecycle), and in collaboration with its membership and interested stakeholders from across California and beyond, to implement the Program.

During the 2014 reporting period, **99 million square yards** of carpet were sold in California. During the same time, an estimated **358 million pounds of post consumer carpet (PCC)** were discarded. These numbers are largely consistent with 2012 and 2013.

### In 2014, the Following Major Program Outcomes were Achieved:

- ✓ **123 million pounds of PCC (35% of discards) were gross collected** from consumers, retailers, installers, landfills, transfer stations and materials recovery facilities (MRFs) by collectors, sorters and processors. This is **3.17 pounds of PCC recovered per capita<sup>3</sup>** in California, a 14% increase from 2013 and a 59% increase since 2011.
- ✓ **43 million pounds of PCC (35% of gross collection or 12% of total discards) were recycled** (converted to recycled output) for utilization in secondary products.
- ✓ **96 million pounds of PCC (27% of total discards) were net diverted** from (kept out of) California landfills via recycling, Carpet As an Alternative Fuel (CAAF), Kiln, Waste-To-Energy (WTE), Cushion, Exports, and Reuse.
- ✓ **17 green jobs** were added in CA in 2014 (yielding 141 active jobs at close of 2014)

<sup>2</sup>The Program's first annual report was submitted in July 2013 for the reporting period of July 2011 through June 2013. The second annual report presented data for calendar year 2013, concentrating on the remaining six months of calendar year 2013, from July 2013–December 2013. This third annual report for 2014 conforms to a full calendar year reporting protocol as directed by CalRecycle, which will be utilized for all annual reporting cycles moving forward.

<sup>3</sup>Per capita estimate is based off US Census Bureau population data for California: 38,802,500 in 2014; 38,431,393 in 2013; and 37,254,503 in 2010 for 2011, as 2011 data is not available.



# 2014 CARE Annual Report to CalRecycle

## Additional 2014 Achievements Included:

- 174K pounds (0.05% of discards, 0.2% of total diversion) of PCC were reported as reused, mainly carpet tile.
- Key manufacturers made Source Reduction efforts, exemplified by Interface's recognition by California Product Stewardship Council (CPSC) 2014 Green Arrow Award.
- 15 companies offering an estimated 30 products made with Post Consumer Carpet Recycled Content (PCRCC) in the marketplace.
- One processor (Reliance Carpet Cushion) manufactured PCCRC products in CA in 2014; a second company (Ecostrate) made plans to establish a new product manufacturing facility in CA (anticipated in 2015).
- Six new processors entered the marketplace, bringing total Tier 1 processors to nine, and Tier 2 processors to six<sup>4</sup>, an 85% increase over 2013. Three additional new processors are considering starting operations in 2014.
- Five new rural counties added to the Rural County Program, serving a total of 11 counties (110% of goal) and 14 service locations (140% of goal) at the end of 2014.

*See Table 1 for a detailed breakdown of the achievements listed above and additional performance metrics.*

In spite of significant successes, the Program is experiencing slower than expected growth in key Program metrics, especially recycled output, even as gross collections figures are increasing. Contributing macroeconomic factors include:

- **Significant drop in global petroleum (oil/gas) market** in 2014 reducing the competitiveness of recycled output relative to virgin materials<sup>5</sup>
- **Port labor dispute hindered movement of goods** into/out of California, especially in Q4-2014, affecting processor throughput;
- **An unexpected drop in demand from Asia**, especially China, in the second half of the year, affecting processor throughput; and
- **Increased volume of non-nylon discards** as a portion of the carpet waste stream, impacting the percentage of gross collections converted to recycled output, and increasing costs of materials management.

---

<sup>4</sup> During calendar year 2014, fifteen total (Tier 1 and Tier 2) processors participated in the incentive program. One processor functions as both a Tier 1 and Tier 2 processor.

<sup>5</sup> The price of crude oil fell to \$71/barrel in Q4-2014, from \$93/barrel and \$105/barrel during the same quarter in 2013 and 2012, respectively. Source: <http://www.eia.gov/forecasts/steo/realprices/>



# 2014 CARE Annual Report to CalRecycle

## 2014 Financial Metrics Included:

- **\$4.9M** in total remittances were made by the mill manufacturers registered with CARE.
- **\$4.7M** (96% of remittances collected) were paid out to Qualified Recipients (processors) in form of market incentives in 2014—a 41% increase over 2013 incentive payouts.
- **\$624K** (4% of remittances collected) were paid out for other Program Expenses.
- Total expenditures (payouts + expenses) were **\$5.3M** (107% of remittances collected).
- **\$3.8M** remained as unused funds (fund balance) as of December 31, 2014, 2/3 of which (**\$2.7M**, or 71%) comprised the Program Reserve during calendar year 2014.
- CARE annual independent audit required by AB2398, resulted in no material findings.

## 2014 programmatic and outreach highlights included:

- **CA Program Manager** (hired Nov 2013), established in-state Program support for participants and stakeholders throughout the reporting year.
- **Updated Carpet Stewardship Plan** approved by CalRecycle in Jan 2014 (v.3.0). Minor adjustments incorporated in Mar/Apr 2014 (v.3.2.2).
- New Recycled Carpet Content Product Brochure released in Jan 2014.
- **Stakeholder Workshop Series** offered in April 2014 in partnership with CalRecycle.
- **Marketing, Education & Outreach (ME&O) Strategy** developed and implemented in May 2014, resulting in increased educational resources in Q3-Q4 2014.
- **Financial Assurance** position developed and submitted in July 2014.
- **New Legal Participant Agreements** developed and approved (Nov 2014) for implementation in 2015, tightening Program policies, procedures, and assurances.
- **Increased Processor Site Visits and Sampling** process implemented to improve assurance and compliance.
- **Market Development** consultant hired to support new and existing processors in identifying increased market opportunities for recycled output materials, and promoting procurement of existing products (June 2014).
- **Gigantic Idea Studio** hired in 4<sup>th</sup> Quarter 2014 to provide Communications Marketing, Education and Outreach (ME&O) services for the Program in 2015.
- **Market Research Analysis** completed in 4<sup>th</sup> Quarter 2014, providing valuable guidance for 2015 ME&O roll-out.
- **Outreach Specialist** hired to conduct San Francisco Bay Area Outreach pilot in 4<sup>th</sup> Quarter 2014, engaging stakeholders, identifying new collection locations, and providing learnings for 2015 implementation.
- **University Research Grant** (\$500k) awarded to Dr. Richard Parnas of University of Connecticut (UConn) in Dec 2014 for non-nylon research/market development.
- **Deliberative Analysis** of Program conducted (Oct/Nov 2014), leading to Plan Addendum submission (Dec 2014), see Strategic Highlights below.



## 2014 CARE Annual Report to CalRecycle

- **Carpet Stewardship Plan Addendum** submitted to CalRecycle in December 2014 (and approved in January 2015) requesting the adoption of a **new Stewardship Assessment** and **increased Incentive Offerings** to be launched in 2015

Note: CARE also issues an organizational Annual Report describing efforts on the national level related to carpet recovery. The reader may wish to review the CARE 2014 Annual Report for a fully integrated assessment of the national effort, posted once final at:

[www.carpetrecovery.org/newsblog/reading-room/](http://www.carpetrecovery.org/newsblog/reading-room/)

Table 1. Summary of Program Performance Metrics<sup>6</sup>

Metric	Unit	Baseline <sup>7</sup> 7/2011-6/2012	2012 Total 1/2012-12/2012	2013 Total 1/2013-12/2013	2014 Total 1/2014-12/2014	Notes
Carpet Sold in CA	Square Yards	99 Million	99 Million	100 Million	99 Million	Based on actual mill tracking of CA sales; Sales have remained constant since 2011, an average of 25 M yd <sup>2</sup> /Qtr
Post Consumer Carpet (PCC) Discards	Pounds	357 Million	357 Million	364 Million	358 Million	See report Section 5.12 for method of calculation
Gross Collection (GC) (recovered before recycling), a.k.a. "Throughput"	Pounds	100 Million 28% of discards	112 Million 31% of discards	107 Million 30% of discards	123 Million 34% of discards	As reported by collector/sorters and processors; 2013 figures have been corrected to reflect additional tonnage as reported by participants
Recycled Output (RO) (recovered and recycled as Type 1 or Type 2)	Pounds	28 Million 8% of discards	36 Million 10% of discards	44 Million 12% of discards	43 Million 12% of discards	RO only includes CR recognized recycled output (Type 1 + Type 2); CAAF, Kiln and other diversion activities keeping additional materials out of LF included in diversion figures below.
GC Conversion Rate, a.k.a. "Yield"	GC:RO	28% of GC	32% of GC	41% of GC	35% of GC	Approximately 1/3 of collections are converted to RO.
RO Rate, a.k.a. "Recycling Rate"	RO:PCC	8%	10%	12%	12%	RO has remained constant from 2013 to 2014. Recycled output goal is 16% by 2016 and 24% by 2020.
Reported Diversion (reported as reuse, Type 1 + Type 2 RO, CAAF, Kiln, WTE, Exports, Cushion, etc.)	Pounds	50 Million (14% of discards; 50% of GC)	62 Million 17% of discards; 55% of GC	72 Million 20% of discards; 67% of GC	90 Million 25% of discards; 73% of GC	Reported diversion is increasing as both a % of discards, as well as a % of gross collections. <sup>8</sup> Reported diversion has increased 23 percentage points in 2014, over baseline.
Net Diversion (calculated as GC - Process Waste back to LF)	Pounds	78 Million 22% of discards 78% of GC	77 Million 22% of discards; 69% of GC	76 Million 21% of discards; 71% of GC	96 Million 27% of discards; 78% of GC	This includes total materials assumed diverted from CA landfills as the balance of GC + process waste sent back to LF. 2014 saw a 25% increase over 2013 net diverted pounds.
Reuse	Pounds	97 Thousand 0.03% of discards 0.1% of GC	152 Thousand 0.04% of discards 0.14% of GC	26 Thousand 0.01% of discards 0.02% of GC	174 Thousand 0.05% of discards 0.14% of GC	Primarily driven by carpet tile; 2014 is 79% increased over baseline, and 5-fold increase over 2013 reported reused pounds.

<sup>6</sup> Data presented in this table is summarized. Additional detail such as calculation methodology for estimated discards can be found in latter sections of this report.

<sup>7</sup> Note, Baseline Year 1 appears here in grey and represents the first 12 months of Program implementation (July 1, 2011 - June 30, 2012), consistent with definition by CalRecycle's January 21, 2014 Request for Approval, Attachment 3 (Metrics). Subsequent years are presented as calendar year totals from January 1<sup>st</sup> - December 31<sup>st</sup> of each year, respectively.

<sup>8</sup> Data may not reflect all diversion occurring within the system, rather includes only reported data point by those requesting incentive payments

Metric	Unit	Baseline <sup>9</sup> 7/2011- 6/2012	2012 Total 1/2012-12/2012	2013 Total 1/2013-12/2013	2014 Total 1/2014- 12/2014	Notes
Source Reduction (SR)	Pounds	4.2/yd <sup>2</sup>	4.2/yd <sup>2</sup>	4.2/yd <sup>2</sup>	4.2/yd <sup>2</sup>	SR changes include long-term design, testing and retooling; No change in average carpet weight to date.
Carpet as an Alternative Fuel (CAAF)	Pounds	0	0	137 Thousand 0.04% of discards 0.13% of GC	0	Minimal use of CAAF since program began. No CAAF during the reporting period.
Kiln	Pounds	0	44 Thousand 0.01% of discards 0.04% of GC	48 Thousand 0.01% of discards 0.04% of GC	9.3 Million 2.6% of discards 7.5% of GC	Increased use of Kiln in reporting period; remains just 6% of total incentive payouts, well under 15% limit
Energy Recovery (Waste-To-Energy (WTE) as beneficial use over LF)	WTE:PCC	15.7 Million 4% of discards 16% of GC	11.4 Million 3% of discards 10% of GC	20.3 Million 6% of discards 19% of GC	21.3 Million 6% of discards 17% of GC	Although WTE is not supported by Program subsidies at this time, WTE does provide an alternative to LF for presently unrecyclable portions of the PCC waste stream.
Processing Waste Disposal to Landfill (LF)	Pounds	22.2 Million	32.8 Million	36.7 Million	20.3 Million	Represents sorting and processing waste sent back to LF post recycling
Total PCC Waste Disposal to LF	Pounds	279 Million	278 Million	293 Million	255 Million	Represents total discards - gross collections + sorting/processing waste sent back to LF
Funds Remitted	Dollars	4.9 Million	4.9 Million	5.1 Million	4.9 Million	Assessment dollars paid during period by consumers, retailers and ultimately manufacturers to CARE for each yd <sup>2</sup> of carpet sold in CA
Implementation Cost (Total Expenses)	Dollars	1.6 Million	2.9 Million	4.3 Million <sup>10</sup>	5.3 Million	Implementation Cost includes total expenses including Program incentives + expenses + CalRecycle governance costs.
Greenhouse Gas (GHG)	MTCO <sub>2</sub> E	-29,112	-37,370	-42,054	-36,141	GHG Reductions Calculated using EPA Warm Model
CA Green Job Creation (Reported Period Job Gains)	New Jobs	90 Added = (-4) Net Loss	214 Added = (+84) Net Gain	22 Added = (-125) Net Loss	38 Added = (+17) Net Gain	The sum of total reported job gains during the report year
Net CA Jobs (Beginning Jobs - jobs Lost + Jobs Gained, as reported)	FTE Jobs	317	281	147	133	Beginning jobs reporting in Q1 of reporting year - sum of reporting year jobs lost + sum of reporting year jobs gained, as reported at the close of each period
Total CA Jobs (Active Jobs as reported at the close of end period)	FTE Jobs	Q2-2011 =234 Q2-2012 =724	366	107	141	Jobs data reported in Q2-2011 for the first time; prior job data unknown at this time; baseline data presents job data as reported at the close of both Q2-2011 and Q2-2012

<sup>9</sup> Note, Baseline Year 1 appears here in grey and represents the first 12 months of Program implementation (July 1, 2011 - June 30, 2012), consistent with definition by CalRecycle's January 21, 2014 Request for Approval, Attachment 3 (Metrics). Subsequent years are presented as calendar year totals from January 1<sup>st</sup> - December 31<sup>st</sup> of each year, respectively.

<sup>10</sup> These numbers are updated from 2013 annual report submission based on corrected data obtained since that submission.



## 2.1 2014 Strategic Highlights

### Increased Marketing:

Program efforts in 2014 were concentrated on bringing the Program to the next level of implementation with the addition of an in-state California Program Manager and the launch of increased Marketing, Education and Outreach (ME&O) efforts including:

- Market Development & Procurement,
- Communications Strategy,
- Targeted Outreach Effort, and
- Continued Rural County Recycling Program Expansion.

### Improved Processes:

Program Management and Oversight refinements incorporated in 2014 include:

- Financial Assurance Strategy recommendation by CARE to CalRecycle,
- Program Legal Agreements & Documentation Improvements,
- Ongoing Agreed Upon Procedures Reviews and Analyses,
- Processor, Collector and Sorter Support, and
- Manufacturer Support.

### Plan Addendum:

A detailed analysis of the program was completed, resulting in major enhancements to the subsidy payouts and a formal request to increase the square yard assessment from \$0.05 to \$0.10 to fund the subsidy increases. This Carpet Stewardship Plan Addendum was submitted to CalRecycle for consideration in December 2014. See **Report Addendum - 2015 Updates** for details.

### Macroeconomic Challenges:

To combat market dynamics that have prevented increased Program uptake (see above), CARE has adopted new strategies and approaches in late 2014 in an effort to further stimulate the marketplace to keep the Program on target to achieve long-term goals consistent with the approved Plan.

### Improved Protocols:

Assessments are applied to each consumer purchase on the front end are collected from the consumer by retailers, funneled from retailer to manufacturer, and finally remitted to CARE as the CSO, to be reinvested in meeting the goals of AB 2398. In 2014 protocols were refined based on past learnings, to establish legal basis for corrective actions if necessary, including a mill delisting protocol for failure to comply with reporting or timely payment of collected assessments. New program participant agreements were also incorporated in 2014, effective January 1, 2015. All participating manufacturers and processors, respectively, received new Program agreements in November 2014.



## 2014 CARE Annual Report to CalRecycle

### Manufacturer Participation:

The quarterly assessment remittance and reporting rates (99% average quarterly response rate in 2014), third party monitoring of Agreed Upon Agreed Upon Procedures (AUPs) reviews, and ongoing feedback from CalRecycle Program and Enforcement branches, each show that the assessment collection aspects of the program are functioning well—a plus the Program can build on in coming years.

### Green Job Creation:

After significant job loss in 2013, the carpet recycling industry in California showed signs of job growth as new processors joined the marketplace and existing processors added to their workforce. Comparing 4th quarter 2013 to 4th quarter 2014, a net increase of 17 California jobs was reported by processors, yielding a total of 141 jobs reported. See Section 5.11 for additional discussion on job creation.

### Commitment to Continuous Improvement:

CalRecycle feedback provided during the reporting period, stakeholder input received during public workshops, the 2013 annual review process in Q3-Q4 2014 and other forums were taken under careful consideration to guide Program enhancements throughout 2014 and in planning for 2015. CARE intends to continue to make meaningful and continuous progress towards program goals expanding, enhancing and refining program implementation strategies along the way.



## 3 Scope - Section 18944(a)(3)

*The program described in the stewardship plan accepts/manages all applicable PCC. Indicate any changes in the Program scope from the approved stewardship Plan. Indicate the scope is unchanged, if no changes have occurred during the reporting period.*

The currently active Plan is Version 3.2.2, approved by CalRecycle Director in January 2014. Adjustments were finalized with CalRecycle staff on April 7, 2014 and were not considered material.

During the 2014 reporting period, CARE listened to the concerns raised by CalRecycle and stakeholders and completed a comprehensive analysis of past performance of the subsidy program and evaluation of the assessment rate, resulting in a Plan Addendum submitted to CalRecycle for consideration. This addendum was approved by CalRecycle on January 5, 2015 and is now incorporated as part of the Plan (see <http://calrecycle.ca.gov/carpet/Plans.>) The resulting Plan Addendum includes the following major programmatic changes:

- **Increased California Carpet Stewardship Assessment** from \$0.05 to \$0.10, effective April 1, 2015
- **Increased and Modified Incentives** enabled through these increased resources to drive market adoption
- **Increased Staffing Level** with the hiring a fulltime California focused CARE resource

In addition, new participant agreements were adopted during the reporting period, effective January 2015. All manufacturers and processors received respective agreements in November 2014 for signature. Agreement packages are available by request. Moving forward, all new manufacturers and processors will be required to sign and submit an agreement as a condition of manufacturer participation, and processor incentive eligibility, respectively. New applicants for incentives funds must register at: <https://carpetrecovery.org/california-ab-2398-new/>

### Overview of Proposed Incentive Changes:

CARE's Sustainable Funding Oversight Committee (SFOC), its highest level decision-making entity, approved a series of changes and additions to the subsidy program, summarized in the table below. These changes offer new and expanded opportunities to processors participating in the CA Carpet Stewardship Program. See **Report Addendum—2015 Updates** for more information regarding the status of this request.

The Plan Addendum proposed three new incentives to be added to the Program, effective Q2-2015. In addition, existing incentives would continue unchanged, with an increased payout being offered for Tier 2 End User Non-Nylon. Items noted in red indicate proposed implementation changes (changes to be implemented in Q2 2015).



# 2014 CARE Annual Report to CalRecycle

Element	Metric	Status
Type 1 Recycled Output Payout	\$0.06/lb	No Change
Type 2 Recycled Output Payout	\$0.03/lb	No Change
Bonus for Type 1 Output Growth	\$0.10/lb	No change: Growth target changes annually
Tier 2 End User Non-Nylon Payout	\$0.17/lb	<b>Modification:</b> Increased from \$0.12 to \$0.17/lb
Tier 2 End User Non-Nylon Growth Payout	\$0.10/lb	<b>New:</b> Analogous to the Type 1 growth bonus
Calcium Carbonate (CC) <sup>11</sup>	\$0.07/lb	<b>New:</b> Paid for CC used as a raw material only
Tile Reuse/Recycle	\$0.10/lb	<b>New:</b> To drive reuse and 100% recycle of tile

In addition to proposed incentives changes, the Plan Addendum requested an adjustment to the existing program assessment, to be effective April 1, 2015. This adjustment was determined by CARE to be necessary in order to fund the subsidy increases on projected growth in recycle output pounds. The requested adjustment would increase the assessment from \$0.05 to \$0.10 per pound. The new assessment will add less than \$5 to the cost of carpeting for the average home.

Collector/Sorter/Processors are encouraged to utilize these funds to increase service opportunities for retailers, collectors and community disposal locations (transfer stations, MRFs and landfills) and to develop new products and market outlets in an effort to increase overall Program effectiveness.

The CARE website offers additional updates and information to help retailers, manufacturers and other stakeholders understand these Program changes.

- For Retailers: <https://carpetrecovery.org/ca-retailers/>
- For Manufacturers: <https://carpetrecovery.org/ca-manufacturers/>
- For Other Stakeholders: <https://carpetrecovery.org/california-ab-2398/>

2014 was marked by several important and aggressive actions taken by CARE in response to dynamic market conditions, continued flattened growth in recycled output and concerns raised by CalRecycle and stakeholders regarding the rate of meaningful progress toward Program goals. Although new Program changes will take time to result in measureable impacts in the marketplace, the adoption of these actions demonstrate the Program’s good faith effort to continue to aggressively move the Program in the right direction.

<sup>11</sup> Please see **Addendum-2015 Updates** for additional change made to the CC incentive adopted in June 2015, adjusting this incentive from 7 cents/pound to 12 cents/pound based on market feedback obtained in Q1-Q2 2015.



## 4 Program Outline - Section 18944(a)(4)

(1) Describe the carpet stewardship program, including information on the following topics:

(a) Types of collection sites and basic information about recycling facilities in California, e.g., how carpet is collected, number and location of processors, throughput and capacity of recycling facilities.

(b) Include facility name(s) and address(es) for each method of disposition.

### Types of Collection Sites - How is Post Consumer Carpet (PCC) Collected?

PCC collections in California generally occur in one of two ways: (1) **private collection site** e.g. carpet retailer or other commercial business location, or (2) **public collection site** location.

Note: Retailers/Commercial businesses and Public Disposal Drop-off Locations interested in establishing PCC recycling services, should contact a Collector, Sorter, Processor for more information about service rates and offerings in your area.

For a list of collector/sorters and public collection sites see **Appendix II**. Sites listed are limited to members of CARE, locations directly implemented by CARE staff, and locations who have specifically coordinated with CARE to be listed as a collection site. Additional collection sites are present throughout California. Participating collectors, sorters and processors do not currently release listings of their collection locations for competitive reasons.

### 4.1 Private Collection Sites

These sites are typically private commercial businesses, generally carpet retailers or commercial distributors providing installation and PCC tear-out services for their customers/clients as part of, or in addition to, the purchase of new carpet/flooring. Installation contractors providing these services may return tear-out PCC to the retailer for disposal or recycling.

To facilitate recycling opportunities for these materials, participating Collectors, Sorters and/or Processors work with these private businesses, by request, to provide PCC collection containers (generally trailers, debris boxes or cargo bins) to collect source separated PCC discards for recycling. Typically, an additional container is added at the facility on a pay-for-service basis. Collectors, Sorters and/or Processors coordinate with these businesses and may provide an on-site waste assessment to evaluate the business' service needs.

Approximately 200 retailer locations were being serviced statewide during the reporting period. Due to the current nature of the marketplace, these locations are considered proprietary and cannot be released. Although private collection sites are generally not open to the public for drop-off, consumers purchasing replacement carpet from one of these locations do have convenient access to recycling from those commercial businesses that subscribe to recycling collection service from one of California's eight Collectors, Sorters, or Processors (see **Section 4.5** for a





# 2014 CARE Annual Report to CalRecycle

list of CA processors) operational in 2014. Consumers interested in carpet recycling may want to inquire with their retailer when purchasing new carpet, as to whether or not they recycle tear-out PCC. To locate a Collector, Sorter or Processor, visit the CARE website:

<https://carpetrecovery.org/recovery-effort/collector-finder-map/>

A new CA-focused collector mapping tool is planned for implementation in 2015 (See **Report Addendum - 2015 Updates**).

## 4.2 Public Collection Sites

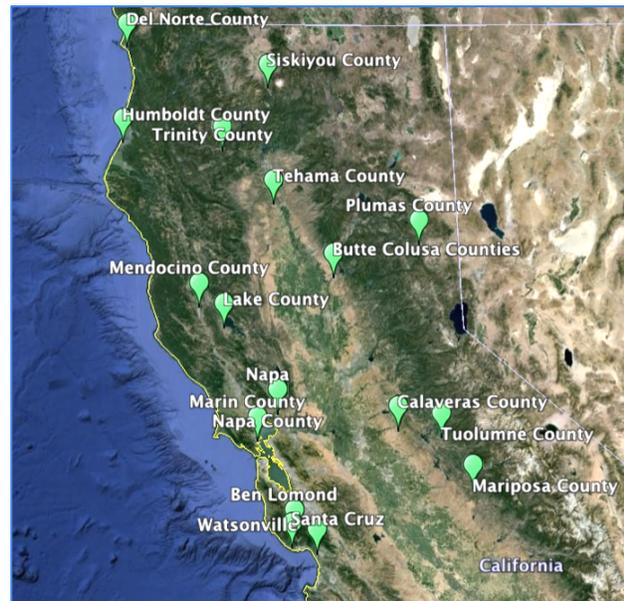
Public collection/drop-off sites are generally located at traditional disposal location/ecoparks, such as transfer stations, landfills, or Material Recovery Facilities (MRF) or Construction & Demolition (C&D) facilities. At these locations, installation contractors and do-it-yourselfer (DIYer) individuals or businesses, can drop-off source separated and properly prepared PCC discards for recycling.

As with private collection sites, Collectors, Sorters and/or Processors coordinate with these facilities, by request, and may provide an on-site waste assessment to evaluate the facilities' service needs. Collectors, Sorters and/or Processors then provide a PCC collection container (generally trailers, debris boxes or cargo bins) to collect source separated PCC discards for recycling on a pay-for-service basis. PCC collection containers are serviced regularly based on a set schedule or on-call service when containers are full. Drop-off PCC is generally charged a tipping fee by each collection location. Some facilities offer reduced tipping fees for source separated carpet to encourage landfill diversion.

Rural counties: All but one of the currently participating rural county collection locations are considered public drop-off locations. The remaining location provides collection for 100% of local carpet retailer/installers and to DIYer customers by appointment. Several rural county collection locations offer a reduced tipping fee for source-separated PCC.

Retailer/Installers and DIYers interested in carpet recycling through their local disposal facility, should inquire with their local disposal facility or local government recycling coordinator prior to carpet tear-out to identify the closest facility accepting tear-out PCC for recycling. A list of facilities may be found in **Appendix II** or via CARE website:

<https://carpetrecovery.org/recovery-effort/collector-finder-map/>





### 4.3 Statewide Collection Sites

During the reporting period, there were 31 public collection sites listed as CARE collectors/recyclers within California. This number includes ten new collection facilities<sup>12</sup> identified in 2014 as a result of the bay area pilot outreach program conduction in 4<sup>th</sup> quarter 2014. Combined, these facilities represent a 35% increase in the total number of collection facilities operating in California in 2014, as compared to the 23 collection sites listed in 2013.

The following **Figure A, maps** these 31 operations in California. A list of these collection sites and associated contact information is presented in **Appendix II**.

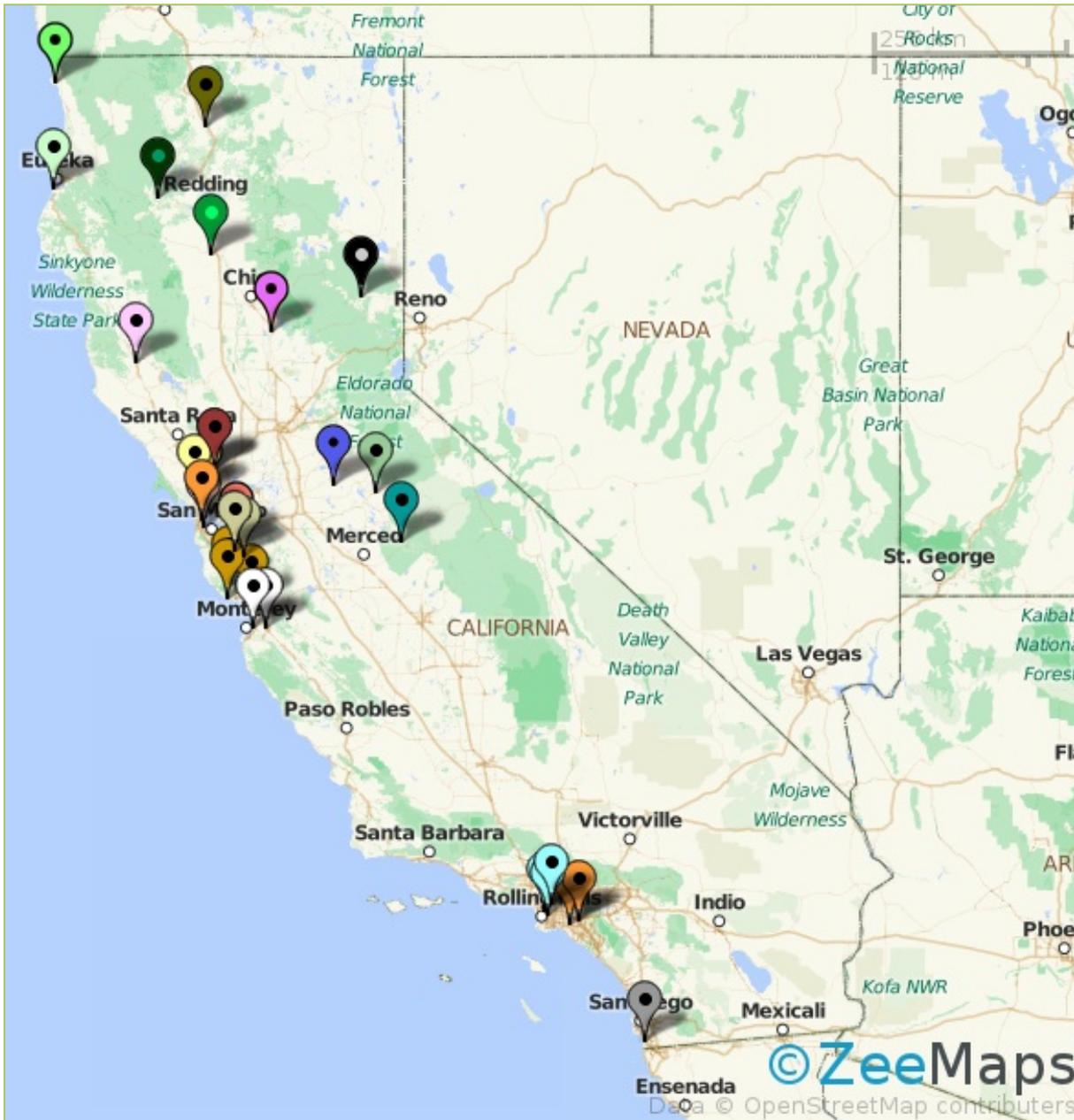
---

<sup>12</sup> In addition to the ten collection sites identified in Q4-2014, three companies were removed from the collection site list in 2014 as no longer accepting carpet for recycling either due to change in business operations or acquisition.



# 2014 CARE Annual Report to CalRecycle

Figure A. Map of Carpet Collection Sites in California



A list of these Collection sites and associated contact information is presented in **Appendix II**.



### 4.4 Rural County Collection Sites

The Rural County Program began in 2012 as a pilot program involving six rural counties. In 2014 after an initial successful pilot phase, the Program was earmarked for continuation and expansion. During the reporting period, the number of participating rural counties increased from six to eleven counties (110% of goal), and fourteen collection sites (140% of goal), exceeding the targets identified in the Plan for 2014.

The Rural County Program is supported with assessment funds, providing access to recycling opportunities in those counties which meet the CalRecycle definition of rural: PRC 40183-4 “*A rural county is defined as a county which disposes of less than 200,000 tons of waste annually.*” Counties above this threshold are not eligible to receive Rural County program services described in this section.

CARE works closely with Rural Counties Representatives of California (RCRC) to identify, select and coordinate with perspective rural counties to expand collection opportunities. Per the approved Plan, CARE will onboard an additional 5 counties for a total of sixteen Counties by July 2015. At the time of this report, CARE is on track to achieve 131% of this goal by the target date (See **Report Addendum - 2015 Updates**).

Participating counties receive CARE staff technical assistance to understand local needs and opportunities and select the best strategy for implementation in each region. Once a location is identified, the Program provides a trailer or cargo shipping container to be placed at the facility (size and style to be selected in collaboration with each facility). The Program covers costs of container storage and shipping/transportation to processors. Participating counties oversee daily operations, promote the program to contractors, installers, retailers, and DIYers and may adjust tipping fees to incentivize participation. Contractors, installers, retailers and DIYers must prepare the carpet, by:

- Cutting the carpet into manageable segments (4-6’ recommended),
- Rolling the carpet into rolls,
- Removing any tack-strips, trash or debris,
- Separately rolling up or stacking carpet pad (for those locations which choose to accept pad)

In addition to providing storage and transportation to processors, the Program provides basic educational materials in the form of brochures and signage, tailored to the needs of each County. In 2014, the Program piloted new materials including generalized signage printed on post-consumer recycled carpet content Ecostrate, presented at the October RCRC JPA meeting. With feedback from participating counties, the Program anticipates enhancing educational materials in 2015, as part of a broader programmatic communications refresh.



# 2014 CARE Annual Report to CalRecycle

## Summary of Rural County Program achievements during the reporting period:

- ✓ 11 Participating Counties, and 14 total collection sites, as of reporting period close (an additional 6 sites are staged to launch in 2015)
  - Calaveras, Del Norte, Humboldt, Plumas, Siskiyou, Tehama (Pilot, Phase 1)
  - Butte, Trinity, Tuolumne, Santa Cruz (Phase 2, Joined Q1-2014)
    - Added 2 locations to Santa Cruz in Q4-2014, totaling 3 sites
  - Napa (Phase 3, Joined Q4-2014)
    - Included 2 collection sites (City and County)
    - Joining rural program enabled jurisdiction to continue long-standing collection carpet program
    - CARE took swift responsive action to address potential shut-down of Napa program following the earthquake and in light of downward economic conditions
- ✓ Marin/Mendocino site visits and initial work completed in Dec 2014 - committed to launch Programs in early 2015
- ✓ 2 Haulers: Provide site appropriate collection containers (Trailers and Cargo Bins)
  - 9 Sites serviced by Trailers in 2014 (2 sites changed to cargo bins in late 2014)
  - 7 Sites serviced by Cargo Bins in 2014
- ✓ 37 Pulls in 2014; average 3 per month in 2014
  - \$53,684 Hauling Costs
  - \$24,389 Storage Costs
  - Average monthly cost of \$591 per county
- ✓ County specific program brochures in partnership with participating counties and RCRC:
  - Calaveras (updated content, 2014)
  - Santa Cruz (created for Ben Lomond Transfer Station in Apr/May 2014; updated to include Dimeo Lane Transfer Station and Buena Vista Landfill in Oct/Nov 2014)
  - Tuolumne (co-branded content with transfer station operator, Waste Management, in 2014)
  - Butte (draft co-branded content with transfer station operator, Recology, in 2014, produced in 2015)
- ✓ Increased participation, as indicated by number of pulls observed in Q4-2014





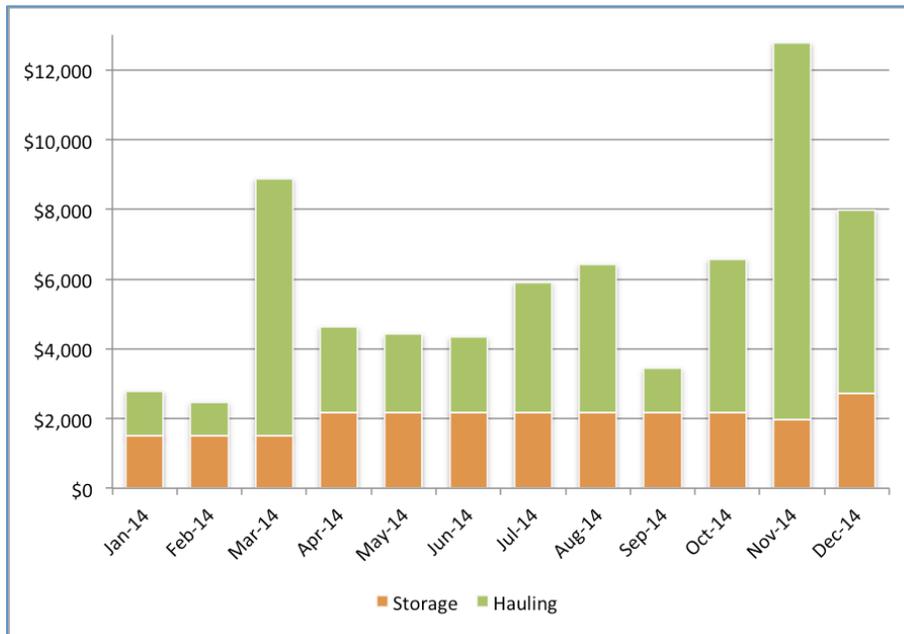
# 2014 CARE Annual Report to CalRecycle

Overall the rural county program is functioning well, expanding access and service to carpet recycling opportunities for these participating communities:

**Table 2. List of Current and Planned Rural County Participants**

Participating Rural Counties (Phase 2 = Added in 2014)	Additional Expansion Counties (Phases 3 = Planned Through July 2015)
<ol style="list-style-type: none"> <li>Butte (Phase 2)</li> <li>Calaveras</li> <li>Del Norte</li> <li>Humboldt</li> <li>Napa (Phase 3 - Added Early - two locations)</li> <li>Plumas</li> <li>Santa Cruz (Phase 2 - three locations)</li> <li>Siskiyou</li> <li>Tehama</li> <li>Trinity (Phase 2)</li> <li>Tuolumne (Phase 2)</li> </ol>	<ol style="list-style-type: none"> <li>Calusa (Phase 3, <i>Planned</i> June 2015)</li> <li>Marin (Phase 3, <i>Planned</i> Jan 2015)</li> <li>Mendocino (Phase 3, <i>Planned</i> April 2015)</li> <li>Mariposa (Phase 3, <i>Planned</i> April 2015)</li> <li>Lake (Phase 3, <i>Planned</i> June 2015)</li> </ol>
	Additional Expansion Counties (Phases 4 = Counties in discussion/consideration):
	<ol style="list-style-type: none"> <li>Amador</li> <li>San Benito</li> <li>Shasta</li> <li>Sutter (Phase 4, <i>Planned</i> June 2015)</li> <li>Yolo</li> <li>Yuba (Phase 4, <i>Planned</i> June 2015)</li> </ol>

**Figure B. Summary of Rural County Storage and Hauling Costs Over Time (2014)**





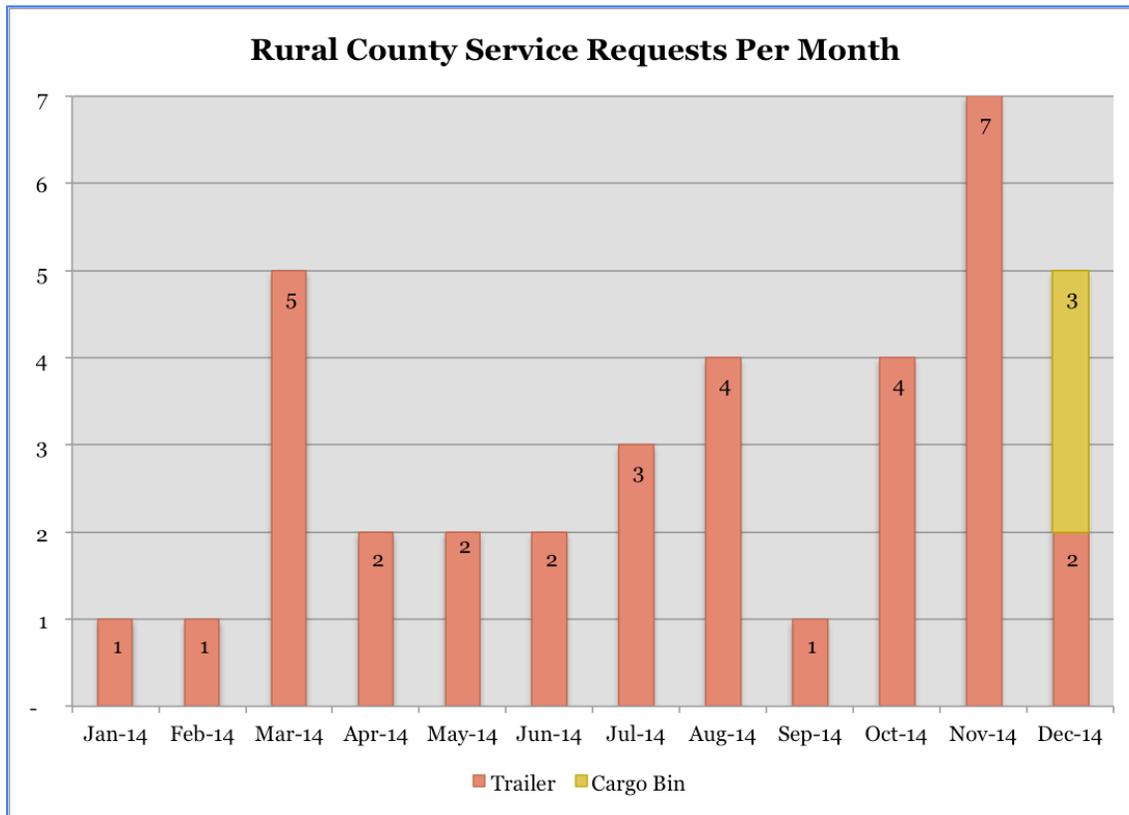
# 2014 CARE Annual Report to CalRecycle

Summary of Rural County Program costs:

- Estimated 560,070 pounds collected in 2014
- Hauling + Storage Costs = \$78,073
- Average cost per pound for rural counties was 14 cents

The Program supported 37 service requests (pulls of full containers) in 2014. Cargo bins were added to the Program offerings in 2014, with first service requests occurring in December 2014. The Program observed increases in total loads in the latter half of 2014, as new counties and collection sites were added to the Program.

Figure C. Summary of Rural County Service Requests Over Time.



## 4.5 Recycling Facilities (Processors)

Under the Program, Recycling Facilities are referred to as Processors. Processors receive source separated PCC discards (gross collections), sort received materials into various carpet fiber types (Nylon 6, Nylon 66, PET, PP, Natural Fibers, etc.) and convert the material into recycled output or other disposition. Processors may also provide collection services. Collector/Sorters provide collection services and sort received PCC by material type for wholesale to Processors. Collector/Sorters do not convert material into recycled output.



# 2014 CARE Annual Report to CalRecycle

Under the 2014 approved Plan, only companies that engage in processing of PCC were eligible for subsidy funding in 2014. Eligible companies must be a CARE member in good standing, and abide by additional requirements as documented in quarterly reporting and newly adopted participant agreements approved in 2014. For a list of processors and facility locations, see **Appendix II**. In 2014 CARE evaluated the inclusion of Collector/Sorters Enterprises (CSEs) into the subsidy program. A decision was taken not to do so at this time since the challenge is not more collection, but rather market outlets for the materials. Once this problem is solved, processor demand for additional materials it is anticipated that processors will offer CSEs increased compensation for their materials. CARE will also revisit this decision at that time. CSEs continue to be eligible for a \$1,000 incentive payment if they submit their collection data quarterly. In addition, CSEs are also directly eligible for the new tile reuse incentive.

Processors may function as Tier 1 or Tier 2 processors. In at least one case, the same processor functions as both a Tier 1 and Tier 2 processor. Tier 1 processors receive PCC discards and provide the initial conversion of materials into recycled output, to be used in the manufacture of secondary products. A Tier 2 processor receives Tier 1 recycled output and conducts further refines or processes this material in a manufactured secondary product.

Of the total operating processors who have applied for and received funds since the Program began, 15 total processors were active (applying for Program Funds) or operational in 2014. A total of 14 processors received funds in 2014. This includes:

- (9) Tier 1 processors,
- (6) Tier 2 processors;
- One processor functions as both a Tier 1 and Tier 2 processor.

Table 3. Tier 1 and Tier 2 Processors - Active in 2014

Tier 1 Processors	Tier 2 Processors
1. <b>Carpet Solutions</b>	1. <b>American Fiber Cushion</b>
2. <b>Goldpond</b>	2. Bonded Logic
3. <i>Heritage Recycling</i>	3. <b>Columbia Recycling</b>
4. Interface Flooring	4. <b>MP Global</b>
5. <b>Jai Hui Resources</b>	5. <b>Reliance Carpet Cushion</b>
6. <b>Los Angeles Fiber Company</b>	6. <b>Rethink Green</b>
7. <b>Rethink Green</b>	
8. Shaw Industries	
9. Tandus Flooring	

Legend: New processors appear in **bold**; Processors not applying for funds during the reporting period appear in *italics*. CA processors appear in **red**, US processors based outside of CA appear in black.



# 2014 CARE Annual Report to CalRecycle

Out of the 14 active processors, five (36%) operate within the state of California, while the remaining nine (64%) process California carpet through operations located in other US states. It should be noted that not all processors participate every quarter. In 2014, just over half (six to eight) the processors requested funds each quarter.

Table 4. California and Domestic Processors - Participating in 2014

California Processors	Domestic Processors (outside CA)
1. Carpet Solutions	1. <b>American Fiber Cushion</b>
2. <b>Jai Hui Resources</b>	2. Bonded Logic
3. Los Angeles Fiber Company	3. <b>Columbia Recycling</b>
4. Reliance Carpet Cushion	4. <b>Goldpond</b>
5. <b>Rethink Green</b>	5. <i>Heritage Recycling</i>
	6. Interface Flooring
	7. <b>MP Global</b>
	8. Shaw Industries
	9. Tandus Flooring

\*New processors appear in bold; Processors not applying for funds during the reporting period appear in italics.

Out of the 14 processors, six (46%) entered the Program marketplace in 2014, an 85% increase in participating processors compared to the 4<sup>th</sup> quarter of 2013, in which only seven processors were active. Participants cited Program incentives as a contributing factor to becoming established during the period. The new processors include:

- (3) new Tier 1 processors, and
- (4) new Tier 2 processors
- *One processor functions as both a Tier 1 and Tier 2 processor*

The companies<sup>13</sup> listed below in **Table 5**, have requested AB 2398 subsidy funding one or more times during the reporting period, as indicated. Four locations, that had applied for funding in previous years are no longer recycling carpet either due to facility closure or change in business operations: *Carpet Collectors, Sacramento, CA (CLOSED)*, *Mission Recycling, Pomona, CA (No longer processing carpet)*, *SOEX Group, Fresno, CA (No longer processing carpet)*, and *The Carpet Recyclers, La Mirada, CA (CLOSED)*. One location, *Heritage Recycling, Kansas City, MO* did not request subsidy funding in 2014 from the CA Program, but remained an operational CARE member in good standing, having signed an agreement as Qualifying Recipient for potential funding in 2015. They are included in the total number of 14 active (operational) processors in the reporting period, but do not appear in the following table as they did not apply for or receive incentives.

<sup>13</sup> Companies are listed alphabetically

Table 5. Processors Applying For & Receiving Funds During Reporting Period

Total Processors* Requesting Funding in 2014 (one or more requests)	Total Receiving Funding In 2014** (one or more requests)	Receiving Funding Beginning of 2014 (Q1) (one or more requests)	Receiving Funding End of 2014 (Q4) (one or more requests)
<ol style="list-style-type: none"> <li>1. American Fiber Cushion, Dalton, GA</li> <li>2. Bonded Logic, Chandler, AZ</li> <li>3. Carpet Solutions, Carson, CA</li> <li>4. Columbia Recycling, Dalton, GA</li> <li>5. Goldpond, Dalton, GA</li> <li>6. Interface Flooring, LaGrange, GA</li> <li>7. Jai Hui Resources, Vernon, CA</li> <li>8. Los Angeles Fiber Company, Los Angeles, CA</li> <li>9. MP Global, Norfolk, NE</li> <li>10. Reliance Carpet Cushion, Los Angeles, CA</li> <li>11. Rethink Green, Oakland, CA</li> <li>12. Shaw Industries, Dalton, GA</li> <li>13. Tandus Flooring, Dalton, GA</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>American Fiber Cushion</b></li> <li>2. Bonded Logic</li> <li>3. Carpet Solutions</li> <li>4. <b>Columbia Recycling</b></li> <li>5. <b>Goldpond</b></li> <li>6. Interface Flooring</li> <li>7. <b>Jai Hui Resources</b></li> <li>8. Los Angeles Fiber Company</li> <li>9. <b>MP Global</b></li> <li>10. Reliance Carpet Cushion</li> <li>11. <b>Rethink Green</b></li> <li>12. Shaw Industries</li> <li>13. Tandus Flooring</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>American Fiber Cushion</b></li> <li>2. Bonded Logic</li> <li>3. Carpet Solutions</li> <li>4. <b>Columbia Recycling</b></li> <li>5. <b>Goldpond</b></li> <li>6. Interface Flooring</li> <li>7. Los Angeles Fiber Company</li> <li>8. Reliance Carpet Cushion</li> <li>9. <b>Rethink Green</b></li> <li>10. Shaw Industries</li> <li>11. Tandus Flooring</li> </ol>	<ol style="list-style-type: none"> <li>1. American Fiber Cushion</li> <li>2. Bonded Logic</li> <li>3. Carpet Solutions</li> <li>4. Columbia Recycling</li> <li>5. Goldpond</li> <li>6. Interface Flooring</li> <li>7. <b>Jai Hui Resources</b></li> <li>8. Los Angeles Fiber Company</li> <li>9. <b>MP Global</b></li> <li>10. Reliance Carpet Cushion</li> <li>11. Rethink Green<sup>14</sup></li> <li>12. Shaw Industries</li> <li>13. Tandus Flooring</li> </ol>

\*Additional facility location and contact information can be found on the CARE website: <https://carpetrecovery.org/recovery-effort/collector-finder-map/>

\*\*New processors requesting/receiving funding for the first time during the reporting period, appear in **bold**.

<sup>14</sup> This processor is in the process of relocating their facility within the East Bay Area; Full operations are anticipated to resume in mid-2015.



## 4.6 Throughput

*Per CalRecycle's FacIT definition, **throughput**<sup>15</sup> is defined as the total amount of material actually received at a facility, in tons per year for a specific activity in a given year.*

In 2014, Program processors received and **managed 123 million** pounds of post consumer carpet (see also gross collections figures.) Of this amount, approximately 35% were converted into recycled output (=yield.) This resulted in 43 million pounds of recycled output. The remaining 65% of gross collected PCC was diverted in ways other than recycling, or landfilled.

Over time, the Program seeks to increase yield to minimize processing waste material sent to WTE or Landfill, and maximize recycled output for beneficial secondary uses of processed materials. Increasing the yield can have a significant impact on the program's total recycling and diversion rates, even without increasing current gross collections.

The following table shows a summary of final disposition data for all gross collections managed by program participating processors, as an additional factor in considering throughput, consistent with direction provided by CalRecycle. Please note, gross collections figures in 2014 also include additional California carpet discards collected and managed by CSEs, as reported to CARE on a voluntary basis. In 2014, CSE reported gross collections totaled approximately 7 million pounds (3,563 tons) of materials<sup>16</sup>.

---

<sup>15</sup> <http://www.calrecycle.ca.gov/FacIT/Glossary.htm>

<sup>16</sup> To ensure materials are not double counted, CSE gross collections include only those materials managed by the CSE as an end user: Reuse, Exports, Landfill, or WTE.



# 2014 CARE Annual Report to CalRecycle

**Table 6. Summary of Throughput and Disposition<sup>17</sup> in Tons Per Year (TPY)**

	(Q1) Beginning of Period	(Q2)	(Q3)	(Q4) End of Period	(2014) Full Reporting Period
<b>“Throughput”</b>					
GC - Processors <sup>18</sup> (TPY)	14,929	15,201	15,725	12,123	57,979
GC - by CSEs <sup>19</sup> (TPY)	0 <sup>20</sup>	1,108	1,382	1,073	3,563
<b>Total GC (Sum of Processor + CSEs)</b>	<b>14,929</b>	<b>16,310</b>	<b>17,107</b>	<b>13,196</b>	<b>61,542</b>
<b>Recycled Output</b>					
Type 1 + Type 2 RO (TPY)	5,556	5,864	5,675	4,603	21,698
RO (Recycling) Rate (% discards “recycled”)	13.0%	12.6%	12.0%	10.8%	12.1% of discards
RO Yield (% conversion GC:RO)	37% of GC	36% of GC	33% of GC	35% of GC	35% of GC
<b>Inventory Whole Carpet + Processed (TPY)</b>					
Beginning Inventory	2,454	2,796	2,727	2,373	10,350
Ending Inventory	2,796	2,743	3,527	2,112	1,587
<b>Diversion (TPY)</b>					
CAAF	0	0	0	0	0
Carcass	0	0	0	0	0
Carpet Cushion/Pad <sup>21</sup>	387	710	872	433	2,402
Exports <sup>22</sup>	1,304	1,707	1,240	1,363	5,614
Kiln	1,350	503	1,557	1,217	4,627
Out of State <sup>23</sup>	1,976	2,092	1,546	1,162	6,776
Reuse	24	63	0	0	87
WTE	2,102	2,943	3,118	2,492	10,656
<b>Disposition (TPY)</b>					
Process Waste To LF	1,821	2,825	2,671	2,848	10,165
Incineration	0	0	0	0	0

<sup>17</sup> It should be noted that gross collection tons are estimated by the collector/sorter/processors based on average weight of inbound loads. Thus, this table should not be construed as a true mass balance. Outbound tons are known more precisely since the agent is either being paid for each ton or they are paying for each ton to be managed/disposed.

<sup>18</sup> Gross Collections reported as CA carpet discards collected directly by Program processors (applying for subsidy funds) during the reporting period.

<sup>19</sup> Gross Collections reported by CSEs as CA carpet discards collected directly by the CSE during the reporting period. Although CSEs report multiple data points, only the portion of gross collections sent (shipped/sold) to end disposition by CSE as counted as GC- CSE thus ensuring against any potential for double-counting. GC - CSEs includes tons: Reuse, Exports, LF and WTE.

<sup>20</sup> CARE implemented formalized quarterly reporting by CSEs beginning in Q2-2014.

<sup>21</sup> Cushion/Pad refers to non-carpet materials with value (e.g. carpet cushion/pad) received as gross collections.

<sup>22</sup> Reported whole carpet tons shipped/sold to customers OUTSIDE the United States.

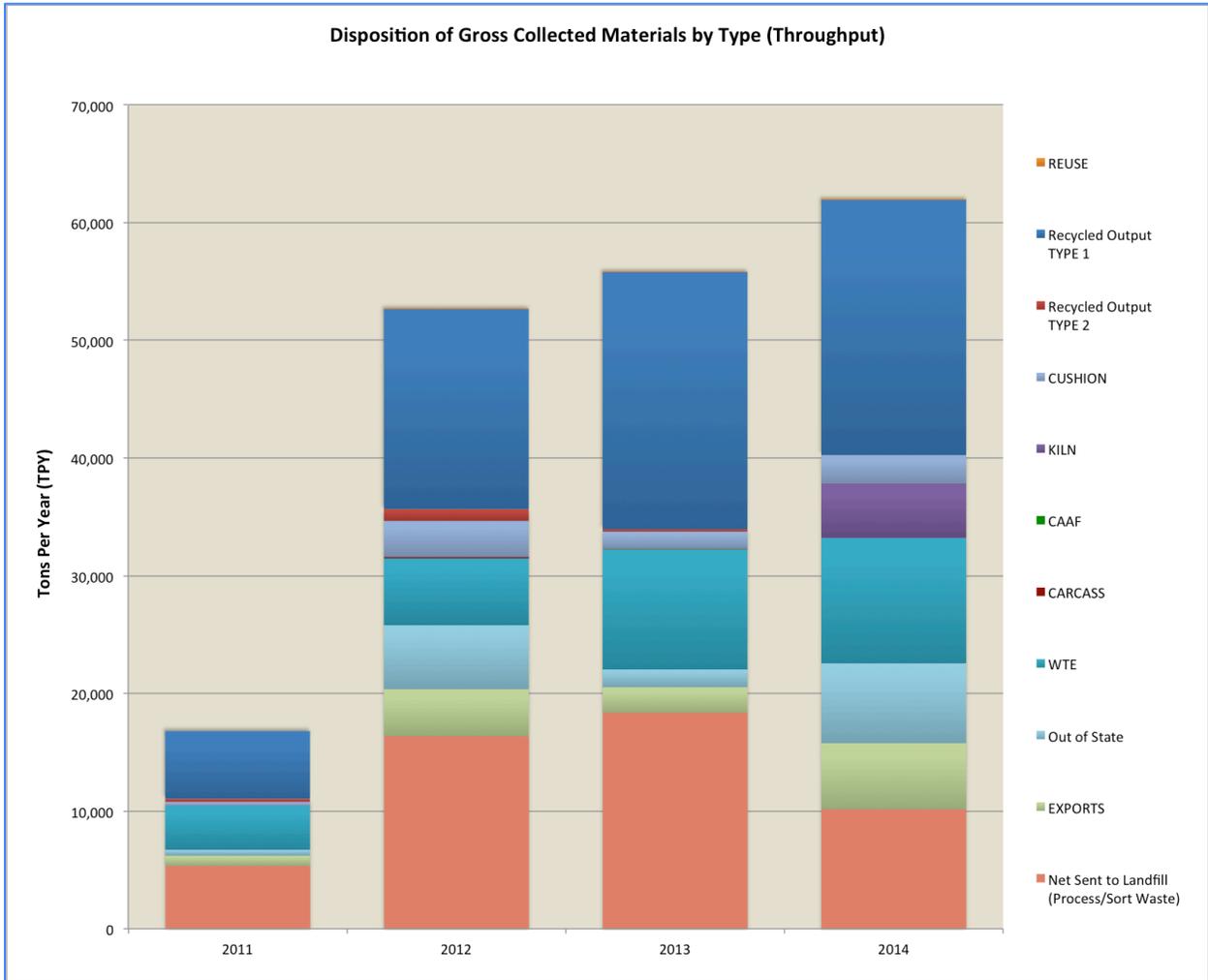
<sup>23</sup> Processor Reported whole carpet tons shipped/sold to US customers OUTSIDE of CA, during the reporting period.



# 2014 CARE Annual Report to CalRecycle

The following chart illustrates the relative proportions of each disposition of gross collected materials.

Figure D. Disposition of Gross Collections Over Time



## Recycling Process

Processors participating under the Plan receive whole carpet as gross collections. The carpet may be pre-sorted or sorted as received, generally by fiber type. Sorting is done by hand using a specialized infrared (Phazer or Axsun units), a technology developed with support of CARE, which identifies the face fiber material type of each piece of carpet. This is necessary as the carpet is not easily identifiable visually. During the reporting period it was identified that Phazers could be acquired via lease rather than outright purchase, a potential cost saving approach, which could make these devices more obtainable for small collector/sorters.

Sorted whole carpet is processed utilizing various methods to generate final recycled output that can be used to make secondary products. Processing includes sheering, shredding or grinding to separate the more valuable face fiber from the backing material. The backing material (calcium carbonate, latex, glues, debris) and undesirable/unrecyclable face fiber may be diverted via reuse, CAAF, Kiln, WTE, Export, or other means, or sent as processing waste to landfill. See Section 5.5 Disposition for further discussion of the various disposition strategies.



Note: In some cases whole carpet may be shipped outside of California or the U.S. for processing. Although processors report on quantities of whole carpet shipped overseas as exports, the Program is unable to track the precise final disposition of exported materials. For details, see **Section 4.9 International Recycling Facilities**.

## 4.7 Capacity

For the purpose of this report, Capacity is the estimated volume of carpet discards that can be processed by participating processors currently in the marketplace, based on self-reported figures and/or permitted capacity figures. In line with CalRecycle FacIT definitions, Capacity is generally presented in Tons Per Year (TPY). Both pounds per year and TPY are presented below.

Based on processor surveys and permitted capacity figures where available, it is estimated that participating processors have a total capacity to process approximately three times the amount collected in 2014, or 369 million pounds (184,500 TPY), roughly equivalent to 100% of estimated discards. This capacity is principally achieved through existing or increased labor quantities and/or shifts. At current conversion rates, this amount of material would represent a recycled output of 129 million pounds (64,500 TPY), or 35% recycled output (recycling) rate (roughly three times the current rate.)

Additional capacity could be gained through the addition of new processors into the marketplace, installation of new production lines within existing facilities, other capital improvements to increase production efficiencies, improve quality/market opportunities for currently non-recyclable or difficult to recycle portions of the waste stream, and/or the establishment of new product lines.

## 4.8 Facility Names & Locations

Collectors/Processors are listed in **Appendix II**. Note that participating facilities<sup>24</sup> and accepted materials are subject to change over time. Data maintained on the CARE search database is based on the best available data as reported by the participating facility to CARE. Members are encouraged to update their data annually. Contact information for each facility is included in the database. Customers are advised to call ahead to confirm currently accepted materials.

---

<sup>24</sup> Facilities are listed on the CARE website as reclamation partners and include CARE members, rural county collection sites, and other collection sites identified by CARE staff during field visits. CARE staff work with facilities to update information periodically. Facilities accepting carpet are subject to changing market conditions and rely on private agreements. Always contact a facility prior to a drop-off to ensure it can accept carpet and what requirements might exist (free of contaminants, volume, type, etc.).



### 4.9 International Recycling Facilities

In addition to the PCC processed domestically, a small amount of whole carpet is reported as export outside the United States to international recycling facilities. These are assumed to be primarily located in Asia, and to a lesser degree, India and Europe. Reported exports are estimated to comprise just 3% of all discards, or 9% of total gross collections in 2014. CARE does not support international recycling facilities and no incentives are paid for post-consumer carpet exported outside the United States. Although CARE understands that CalRecycle does not consider these materials recycled, they can be considered diverted from CA landfills.

Based on first hand accounts by site visits to these international facilities conducted by CA-based processors, and given that whole carpet exports are primarily nylon fiber, it is conservatively estimated that approximately 25% of these exports may be recycled internationally. Up to 75% may be disposed of in landfills outside the United States, incinerated, used as WTE, or managed in some other manner. The final disposition of these exported pounds is currently outside the purview of this Program. Rather, the Program seeks to increase opportunities for PCC to be utilized domestically, especially in CA.

During the reporting period, at least three new processors were considering establishing new facilities in CA in the coming one-two years. New Program subsidies are intended, in part, to help drive increased processing capacity and creation of green jobs in carpet recycling in CA.

In 2014, CARE initiated but discontinued the practice of estimating recycled output produced internationally from California carpet. As of 2<sup>nd</sup> Quarter 2014, exported materials have been removed from all reported recycled output figures, consistent with guidance received from CalRecycle. For the purposes of this report, however, exported pounds are included in the total reported and net diversion figures presented, as these materials were diverted from CA landfills. The total net diversion rate (Type 1 + Type 2 recycled output, CAAF, Kiln, WTE, Exports, Cushion, Reuse) achieved in 2014 was 27%.



## 4.9.1 Other Disposition Facilities

Disposition facility types include:
<ul style="list-style-type: none"> <li>• <b>Tier 1 processors</b>—tracked, listed in Section 4.5.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Non-Nylon Tier 2 processors</b>—tracked, listed in Section 4.5.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Nylon Tier 2 processors</b>—not currently eligible for incentives, no tracking mechanism in place.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>CAAF/Kiln processing facilities</b>—records maintained by participating Tier 1/Tier 2 processors, subject to periodic review by third-party accounting firm.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Exports</b>—records maintained by participating Tier 1/Tier 2 processors, subject to periodic review by third-party accounting firm.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Cushion</b>—records maintained by participating Tier 1/Tier 2 processors, subject to periodic review by third-party accounting firm.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Reuse</b>—records maintained by participating Tier 1/Tier 2 processors, subject to periodic review by third-party accounting firm.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>WTE facilities</b>—records maintained by participating Tier 1/Tier 2 processors, subject to periodic review by third-party accounting firm.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Landfills/Disposal Facilities</b>—records maintained by participating Tier 1/Tier 2 processors, subject to periodic review by third-party accounting firm. Description of Goals and Activities - Section 18944(a)(5)</li> </ul>

At this time, CARE is not maintaining records of the names and locations of those facilities engaged in each type of disposition method, beyond those converting gross collections into recycled output (Tier 1 processors) and those utilizing non-nylon recycled output in the manufacture of secondary products (Tier 2 processors). All processors receiving incentive funds, are required to maintain records regarding disposition. Records are subject to review and verification by the Program’s third party accounting firm, HA&W in line with Agreed Upon Procedures (AUPs).



## 5 Program Goals & Activities - Section 18944(a)(5)

Description of goals and activities based on stewardship plan. State goals from the approved plan, the baseline from which goals were measured, and report on achievement during period.

The Program is tasked with achieving continuous meaningful improvement in the rates of recycling and diversion of carpet in the state of California.

<b>Six main goals guide the program to successful outcomes:</b>
<ul style="list-style-type: none"> <li>✓ <b>Increase Recyclability of Carpets (Sections 5.3, 5.6)</b></li> <li>✓ <b>Increase Reuse of PCC (Section 5.5.1)</b></li> <li>✓ <b>Increase Gross-Collection of PCC from California Landfills (Sections 4.6, 5.4)</b></li> <li>✓ <b>Increase Recycled Output from Gross Collected PCC (Sections 4.6, 5.5.2, 5.7)</b></li> <li>✓ <b>Increase Overall Net Diversion of PCC from California landfills (Sections 4.6, 5.8)</b></li> <li>✓ <b>Increase Market Growth of Secondary Products made with Post-Consumer Recycled Carpet Content (PCRCC) (Sections 5.6, 5.10, 5.11, 6)</b></li> </ul>

A brief summary of goals and major progress toward these goals is presented below. Additional data and activity descriptions can be found in the various Sections referenced to the right of each goal below.

Goal	Major Progress
<b>Recyclability</b>	Non-nylon Tier 2 incentive is increasing utilizing of harder to recycle non-nylon PCC, in an effort to address the rising proportion of PET/PTT in the waste stream.  New Calcium Carbonate incentive proposed in December 2014 is aimed at increasing the recyclability of hard to recycle backing, presently going largely to WTE or LF.
<b>Reuse</b>	After a significant drop in reuse in 2013, reuse saw a notable bounce back to 14% higher than 2012 levels (572% increase over 2013).  New Carpet Tile Reuse/Recycle incentive proposed in December 2014 is aimed at further increasing these numbers, while promoting higher use dispositions consistent with CalRecycle’s waste hierarchy.
<b>Gross Collection</b>	Within 3.5 years, the Program has seen a steady increase in gross collections from 28% base year to a total of 35%, or more than a 33% increase, in 2014. Gross collections increased by over 5 percentage points in 2014, over 2013
<b>Recycled Output</b>	Despite unforeseen market dynamics the Program saw 2 quarters of RO above 13%, and maintained an overall steady RO of 12% throughout 2014.  New market development consultant hired to identify new opportunities for recycled output in secondary products and promote existing products; as uptake occurs, more recycled output will be able to be processed.
<b>Diversion</b>	Net Diversion (Discards - Gross Collection + Process Waste to LF) has experienced a steady increase of more than 5 percentage points over base year, demonstrating more PCC



	material is being kept out of CA landfills. Increased Reuse, use of Energy Recovery strategies, Exports and Cushion recycling each saw incremental increases in 2014.
<b>Market Growth</b>	A significant increase in number of processors entering the Program occurred in 2014, while additional processors are considering getting established.  New product brochure and promotional efforts launched in 2014 to drive program procurement.  New product testing and pilots underway in 2014, are leading the way for increased product availability in future years.

Program results are tracked and monitored by CARE on an ongoing basis and reported to CalRecycle quarterly, approximately 90 days following the end of each quarterly reporting period. Since the Program began, 14 quarters of data has been collected through the end of the reporting period (July 2011 through December 2014), providing the implementation team with the ability to track trends and progress toward program goals over time. **For the purposes of this report, results are presented for the 4 quarters of calendar year 2014**, based on the best available data at the time of report preparation.

## 5.1 Carpet Sales - Section 18944(5)(A)1

*Amount of carpet sold by square yards and pounds, in the state during the reporting period that is covered under the approved stewardship plan. CSO with more than one manufacturer may use average weight.*

- Carpet sales in 2014: 98.9 million square yards (circa 415 million pounds<sup>25</sup>)
- Quarterly equivalent: 24.7 million square yards (circa 104 million pounds)
- Sales recorded since 2011: 348 million square yards (circa 1.5 billion pounds)

## 5.2 Carpet Discards - Section 18944(5)(A)2

*Amount (pounds) of PCC that is available for collection.*

In 2014, an estimated 358 million pounds of PCC were destined for landfills and available for collection in California. Of these calculated discards, approximately 123 million pounds were gross collected from California landfills (approximately, 34%).

**Note:** Discards are estimated using the calculation method outlined in the Plan, and discussed further within **Section 5.12 Measurement Methodology**. Updated calculation factors will be applied in the 2015 reporting period.

---

<sup>25</sup> Weights provided are based on industry reported averages per square yard of carpet, presently estimated at 4.2 pounds per square yard.



### 5.3 Source Reduction - Section 18944(5)(A)3

*Amount (pounds) of carpet source reduced, if measurable.*

Several carpet manufacturers regularly report on the life-cycle impacts of carpet manufacturing and possible reduction in natural resources used through their individual Sustainability Reports. While CARE applauds these efforts, incentivizing the strategies and programs for reduction is not presently within the scope of the CARE Carpet Stewardship Plan, so that limited Program funds can be directed towards other Program goals.

One example of manufacturer-initiated source reduction is **Interface**, whose work, especially with their Net-Works product line, addresses both marine debris as well as source reduction. The initiative engages disadvantaged communities in Indonesia to collect used nylon finishing nets and recycle this material to be used in new carpet tiles. Interface's effort in this area won them the **California Product Stewardship Council's Golden Arrow Award** in Aug 2014.

While several manufacturers are making effort to reduce waste at the source, a couple examples are listed below:

- ✓ Find out more about Interface's source reduction efforts here:  
[http://www.interfaceflor.com.au/Sustainability/Mission\\_Zero\\_.aspx](http://www.interfaceflor.com.au/Sustainability/Mission_Zero_.aspx)
- ✓ Find out about Shaw's Cradle to Cradle efforts at:  
<http://www.shawcontractgroup.com/Html/EnvironmentalCradletoCradle>
- ✓ Find out about J+J Flooring Group EnAct® Program at:  
<http://www.jj-invision.com/sustainability/programs>

#### 5.3.1 Carpet Tile Recycling and Reuse

New Program incentives proposed in 2014 for carpet tile reuse/recycling, seek to encourage the manufacture of carpet tile that is up to 100% recyclable back into carpet tile, with the goal of reducing virgin resource use and providing a source reduction benefit consistent with CalRecycle's highest use waste hierarchy. Unlike previously existing Type 1 incentives, the new incentive also encourages reuse of carpet tile, prior to recycling. CARE is hopeful that this new incentive will drive increased source reduction and reuse in the years ahead. It should be noted that while the ability to recycle 100% of a tile exists, not all tiles are actually recycled AND tile weights on average are between 1.5-2.0x that of the typical residential carpet due to construction differences.

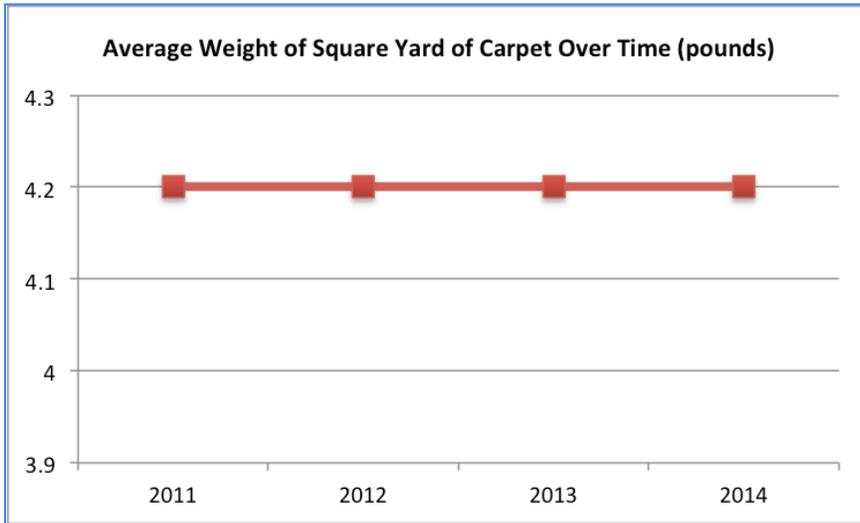
An addition new incentive targets the recycling of calcium carbonate which comprises a significant portion of the presently under-utilized carpet backing. However, carpet manufacturers will need to identify a mechanism to return this material back into the construction of new carpet. (See **Report Addendum - 2015 Updates** for additional discussion).



## 2014 CARE Annual Report to CalRecycle

The following chart shows the average weight per square yard of carpet over time. The chart is based on national raw data supplied confidentially by the industry and analyzed by CARE. It includes carpet weights of both broadloom and tile used in the commercial and residential sectors. The industry reported no significant change in average product weights in 2014.

Figure E. Average Weight of Carpet Over Time



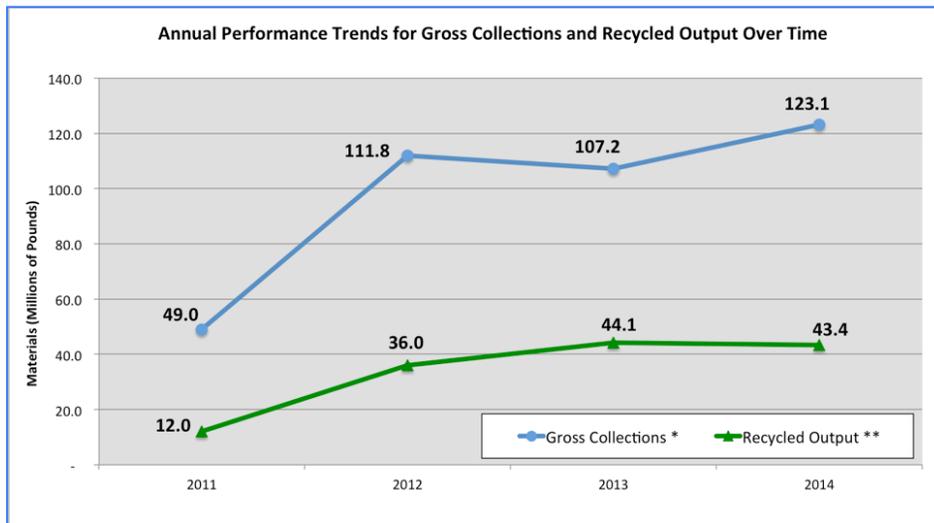


## 5.4 Increasing Gross Collection - Section 18944(a)(5)(A)4

*Amount (pounds) of PCC collected, by weight, during the reporting period.*

In 2014, gross collections totaled 123 million pounds of PCC, or 34% of estimated annual discards. With just 3 full years of operations through 2014, the program has already reached a gross collection rate of roughly 1/3 of all annual discards. Due to present technology and marketplace dynamics, only 35% of these gross collections were converted into recycled output in 2014, yielding an average 12% recycled output (recycling) rate for the reporting year. Since the program began in July 2011, 391 million pounds of PCC (31% of discards) have been collected—discarded carpet otherwise destined for the landfill. The following table illustrates gross collections and recycled output over time.

Figure F. Gross Collections and Recycled Output Over Time (Pounds in millions)



\*As of Q1-2014, Gross Collections (GC) include refined data historically collected, not previously reported. These data adjust GC amounts beginning Q1-2013 through the current period.

\*\*Beginning in Q3-2014, Recycled Output (RO) reported no longer includes estimated international recycled output. Beginning in Q1-2014, RO is adjusted to include only Type 1 + Type 2 pounds. Pounds diverted from landfill through international RO, CAAF and/or Kiln will now be reported as pounds diverted.

### Discussion:

Gross collection figures<sup>26</sup> include PCC initially kept out of the landfill through collection, sorting and processing activities conducted in coordination with consumers, retailers, installers, landfills, transfer stations, MRFs and others. However, not all gross collected PCC can be readily recycled. Currently, only the fiber portion of the carpet is recyclable, typically on the order of 50% of the weight for residential broadloom carpet. For details on the recycling process, see also **Section 4.6 Throughput**.

As the program seeks to increase total recycling rate, the growth of both gross collections as well as recycled output yield will be critical. With the loss of two major collector/processors in 2013, gross collections that year dropped to 30% in 2013. Remarkably however, the overall marketplace has been

<sup>26</sup> Please note, gross collections figures in 2014 include both participating processor data (116M lbs) as well as additional California PCC (7M lbs) collected and managed by Collector/Sorter Enterprises (CSE), as reported to CARE on a voluntary basis.



## 2014 CARE Annual Report to CalRecycle

responsive in absorbing much of these collections throughout the 2014 reporting period, with overall 2014 gross collections bouncing back to 34% - three percentage points higher than 2012 levels. Meanwhile, recycled output (yield) remained relatively constant over the same time frame. This is discussed further under **5.5.2 Recycled Output**.

### 2014 activities supporting **Gross Collections** included:

- **Promotion** of existing collection sites
- **Outreach** to establish new collection locations (including rural counties expansion)
- **Coordination** with stakeholders to increase participation
- **Support** of opportunities for increased efficiency and streamlined collection
- **Launch** of new assessment and incentive program structure

### Key milestones driving **Gross Collections** in 2014:

- Hire of **CA Program Manager** in late 2013, to provide increased on-the-ground support
- Proactive and **responsive collaboration** with collectors and processors
- Immediate action to onboard **Napa County** into the Rural County program, in response to the shut-down of sorting operations. This resulted in two new collection sites.
- Continued implementation of **Type 1 Growth Incentive Compensation** incentive (\$0.10/lb over target) to encourage growth in collections
- **Three new Tier 1 processors** entering the marketplace, with additional processors considering initiating new operations. See **Section 4.5 Recycling Facilities**.
- Updated Northern CA collection sites identified during pilot, **resulting in 10 net new known public collection sites**
- **11 new potential collection sites identified** through Bay Area outreach pilot; connected to education and resources for future program implementation
- **Outreach** to 37 transfer stations, 17 retailers, 11 distributors and 10 installers, including 14 site visits to promote program adoption or enhancement. This resulted in a **35% increase in statewide collection sites**, compared to 2013
- **Eight new collection sites** launched by five **new rural county** participants bringing the total number of participating rural counties to 11 and sites to 14. See **Section 4.4** for details.
- **Targeted market research** with processors, collectors and manufacturers to identify needs, resources, gaps and messages for 2015. For details see **Section 8.1.2**.

Note that CARE intentionally de-emphasized the goal of increasing gross collections in an effort to maximize focus on conversion into recycled output. As increased pull-through mechanisms are established, processors will be able to increase the movement of finished recycled output, making room for increased gross collections. Currently, gross collected materials that can't be converted into recycled output are managed through disposition strategies described in the following section. A new focus on increased gross collections would require directing Program funds toward new strategies for supporting a wider variety of disposition mechanisms.



## 5.5 Disposition - Section 18944(a)(5)(A)5

*Disposition, that is, amounts reused, recycled, incinerated for energy recovery or disposed of in a landfill; of collected PCC, by pounds, during the reporting period.*

Reported 2014 disposition includes reuse, recycling (recycled output), energy recovery and environmentally safe landfill disposal. All data presented in this section is based on processor and manufacturer data submitted to CARE and the Program's third party accounting firm, and may not be reflective of all disposition activities occurring outside the Program. National data is provided by CARE membership as reported in the organization's annual survey.

### 5.5.1 Reuse

In 2014, 174K pounds of PCC were reported as reused. This is 0.14% of gross collections, 0.05% of discards and represents a 5-fold increase over 2013 and a 14% increase from reported reuse in 2012. It is consistent within error with the national average, estimated at approximately 0.4% by CARE. Additional reuse is assumed to be taking place informally upstream (prior to materials becoming part of gross collections). However, in 2014 there was no reliable mechanism by which CARE could have tracked such upstream reuse quantities. The Program will implement new carpet tile reuse/recycling incentives in 2015, which will provide formalized reporting of this potential reuse stream.

**Activities related to reuse as outlined in the Plan focus on education and connectivity solutions:**

- **Educate Public** about reuse opportunities for broadloom and tiles
- **Promote Connectivity** with Resource Centers, Habitat for Humanity and similar community organizations

**Key milestones driving Reuse goals in 2014:**

- Offered **Reuse Session** presented by **PlanetReuse** at the May 2014 CARE annual conference, highlighting opportunities for reuse for architects, contractors, homeowners and resellers.
- Promoted **PlanetReuse** in Nov 2014 blog article on website.
- Provided information on **reuse opportunities and material handling** to Rural County collection sites and via local government and installer technical assistance.
- **New Carpet Tile Reuse/Recycling Incentive** requested in Dec 2014 and approved in Jan 2015 for implementation in Q2-2015. This incentive:
  - Recognizes and rewards the higher recyclability of carpet tile material, much of which can be 100% recycled back into new carpet tile
  - Promotes the waste hierarchy to reduce, reuse and then recycle material
  - Directly incentivizes the collection and donation/sale of used carpet tiles for a second life to encourage increase adoption and tracking of reuse

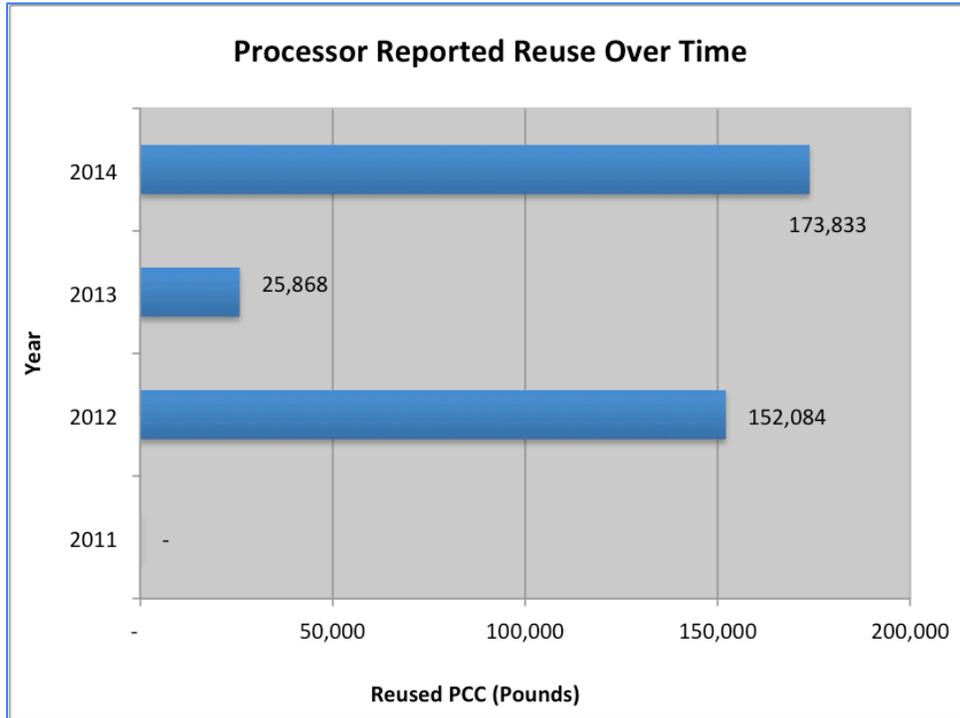
Because broadloom carpet is cut to size, comes in varied colors, designs and styles and is hard to clean or refurbishing, it is a challenging material to reuse. However, some opportunities for reuse do exist especially where the carpet is relatively new, experienced low traffic and where there may be high demand for gently used carpet via a nearby community organization such as Habitat For Humanity.



# 2014 CARE Annual Report to CalRecycle

Reuse in this way comprises a minute portion of total annual discards and is currently hard to track reliably. Carpet tile, on the other hand, has both a higher reuse opportunity (due to its standardized size and ease with which various styles and colors can be mixed and matched), as well as a more reliable tracking mechanism. Both factors helped drive the development of the new carpet tile reuse incentive in 2014.

Figure G. Reported Reuse Over Time



## 5.5.2 Recycled Output

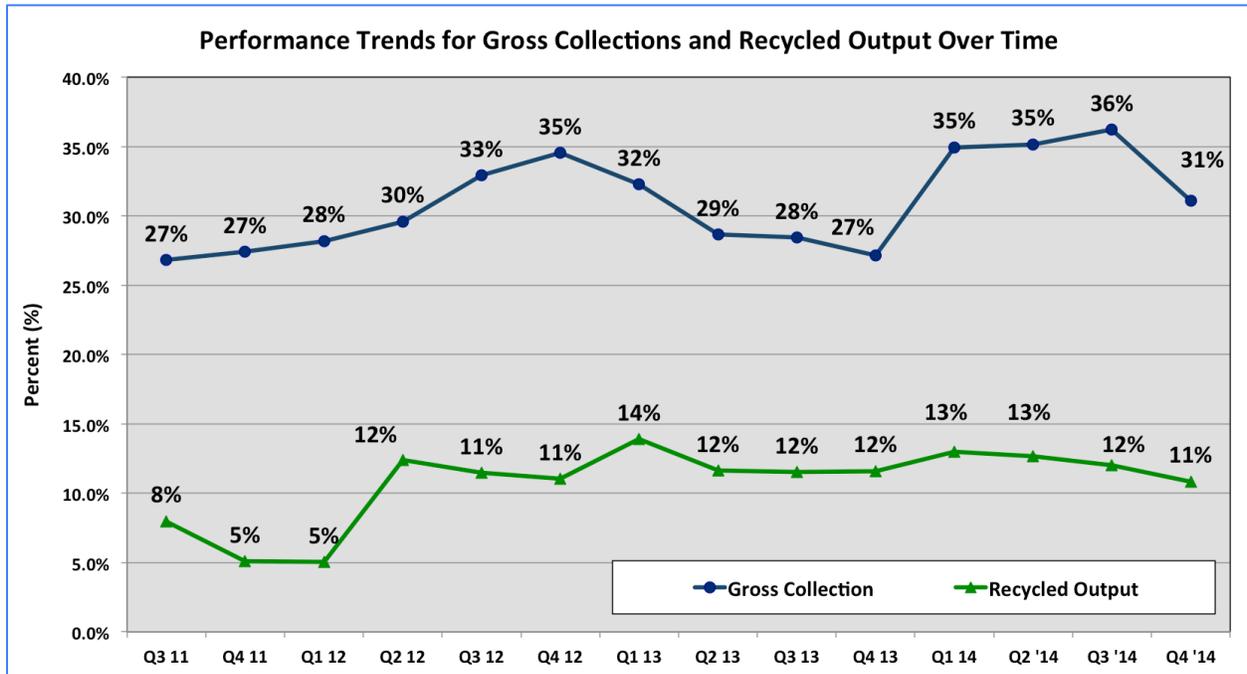
Recycled Output includes the portion of gross collected PCC after processing (shredding, shearing, hammer milling, etc.). This processed material can be used for the manufacture of secondary products made with PCRCC. Consistent with CalRecycle direction, Type 1 and Type 2 recycled output are combined to calculate the Program’s Recycled Output (recycling) rate. CAAF and Kiln are no longer considered recycled output, although these numbers are presented within Program diversion figures. All numbers reported since Q2-2014 quarterly results have been corrected to reflect this adjustment.

In 2014, recycled output remained constant at 43 million pounds, as compared with 44 million pounds in 2013. Recycled output as a percentage of total discards, also remain constant at 12.1%, compared with 12.2 in 2013. See chart below for a breakdown by quarter. By weight, recycled output in 2014 decreased 0.02% over the previous year, and increased 12% compared to the average since the program began.



# 2014 CARE Annual Report to CalRecycle

Figure H. Recycled Output Over Time (Percentage)



Recycled output remained flat throughout 2013 and 2014, and saw its lowest level since 2012 in the 4<sup>th</sup> quarter of 2014, a development largely due to macroeconomic challenges. For a detailed discussion, see Section 5.7.

However, CARE is hopeful that the requested new assessment amount and related resources resulting in new incentives and program support in 2015, will begin to reverse this trend, supporting progress toward the 2016 recycled output goal of 16%, and aspirational target of 24% by 2020. Recycled Output is discussed further in Section 5.7.

### 5.5.3 Incineration

No incineration was reported in 2014, nor since the Program began.

### 5.5.4 Energy Recovery

The Plan enables the management of PCC in a manner consistent with the state’s solid waste hierarchy and with AB 2398 requirements. Two categories of energy recovery methods are used to manage PCC not presently diverted through reuse or recycling. The first category is a small amount of environmentally safe Carpet As an Alternative Fuel (CAAF) and Kiln, which both qualify for subsidies under the Plan. The second category is Waste To Energy (WTE), which is not eligible for subsidies under the current Plan. When taken together, recycled output + CAAF + Kiln + WTE accounted for 18% of total discards kept out of California landfills in 2014, consistent with 2013.



## 2014 CARE Annual Report to CalRecycle

### 5.5.4.1 CAAF and Kiln

In 2014, zero CAAF usage was reported, while 9.3M pounds of PCC were diverted via Kiln, comprising 2.6% of discards, equivalent to 7.5% of gross collections, or 10.3% of total pounds diverted from California landfills. Note that zero CAAF or Kiln usage was reported for 2011; just 44K pounds were diverted via Kiln in 2012; and 137K pounds of CAAF and 47K pounds of Kiln in 2013. The 2014 increase in the use of kiln is still well below the threshold quarterly cap of 15% on subsidies on CAAF and Kiln outlets set in the Plan. (See Section 7.9.1 for additional discussion of CAAF and Kiln, including adjustment made to previously reported data).

### 5.5.4.2 Waste to Energy (WTE)

Waste to Energy (WTE) is not supported by the subsidy program, but is considered a higher use compared to landfilling and does find minimal use by processors. In 2014 approximately 21.3 million pounds of materials (6% of discards) were processed through WTE. This is a nominal increase over 2013 levels (5.6% of discards). Typically, PCC going to WTE was unusable material resulting from the recycling process itself which would otherwise have been sent to landfill. Although WTE is not considered recycled for the purposes of achieving the Program's 16% recycled output goal by 2016, WTE is serving an important role in diverting PCC from landfills both inside and outside of California.

### 5.5.5 Disposal

Disposal is estimated as the balance of discards (358M), minus gross collections (123M), plus sorting and processing waste sent back to landfill after processing (20M). In 2014, total disposal totals up to 255M pounds of PCC (71% of discards). It is assumed that some amount of additional diversion may be occurring via reuse or another upstream mechanism outside of CARE reporting processes, which would reduce the actual pounds to landfill somewhat.

In 2014, California processors reported the total processor pounds sent back to landfill as 20.3M pounds (5.7% of estimated discards, and 16.5% of gross collections). These materials are comprised of unusable PCC materials collected as part of gross collections, or generated as an unusable byproduct of production or processing, which cannot be converted to recycled output, utilized in or managed through an energy recovery CAAF, Kiln, or WTE utilization process. As the percentage of gross collected materials converted to recycled output increases with new and improved technologies, the recycling rate will also increase, and the amount of gross collections ultimately ending up back in the landfill will decrease.

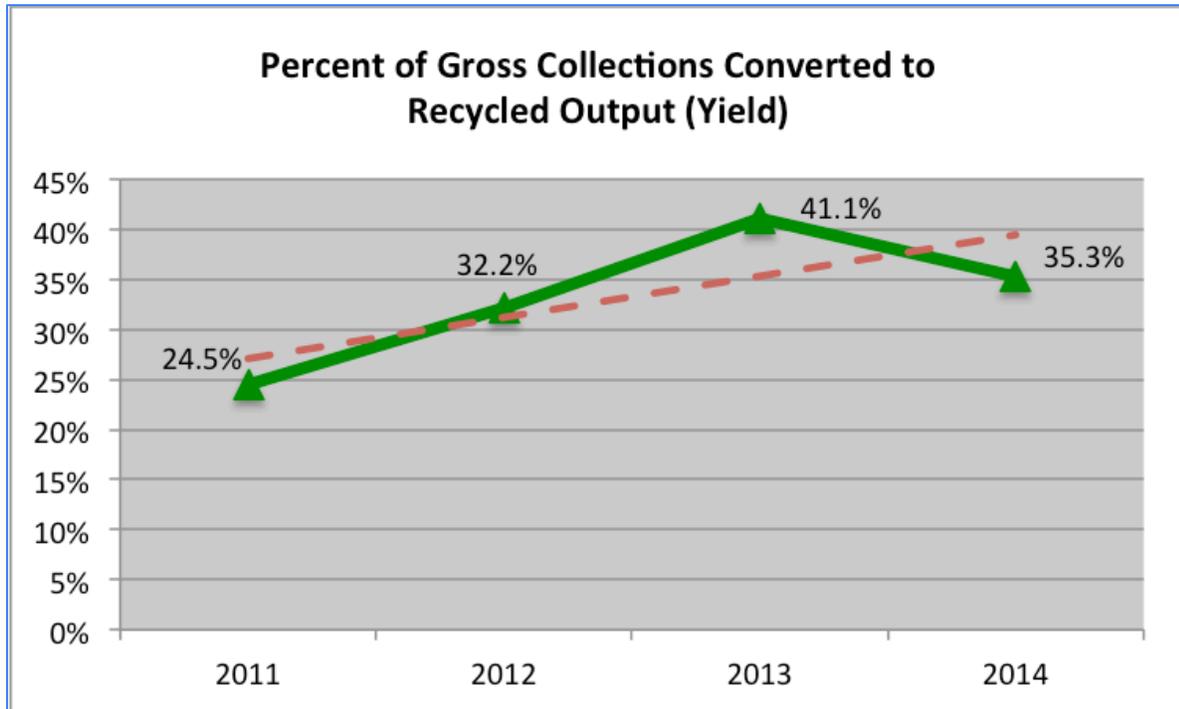


## 5.6 Increasing Recyclability - Section 18944(5)(A)6

*Describe efforts to increase recyclability of carpets.*

Overall recyclability as indicated by yield figures, has increased nearly 11% since 2011, although recyclability fell nearly 6% from 2013 to 2014.

Figure I. Percent of Gross Collections Converted to Recycled Output Over Time



CARE is working to identify, qualify and report on technologies that significantly improve the carpet recyclability which depends on two aspects, both driven by industry: (1) Ease of materials separation and (2) opportunities for utilization of various fiber types comprising carpet. Current recycled outlets are limited to the use of the fiber portion of the carpet discards. Efforts are underway to identify new opportunities for the remaining portions of this carpet waste stream, in particular the calcium carbonate filler which may comprise from 30-40% by weight. In Dec 2014, CARE proposed a new incentive for Q2-2015 targeting calcium carbonate, a significant portion of the non-fiber portion of carpet, which presently has no recycling outlets.

Recyclability is also linked to source reduction and market development, further discussed in **Sections 5.3, 5.6, 5.10, and 6**). Additional information may be available in annual sustainability reports issued by manufacturers working to achieve higher recyclability in their product lines. Reported efforts are summarized in the CARE organizational annual report at: <http://carpetrecovery.org/newsblog/reading-room/>



# 2014 CARE Annual Report to CalRecycle

## Principal Recyclability Goals of the Plan:

- ✓ Aid in the **development of technology** to recycle more of the carpet components
- ✓ Work to identify new technologies, processing equipment and product outlets to increase recycled output
- ✓ Work to identify new ways to increase the amount of **PET carpet that can recycled**
- ✓ Provide general assistance to help **grow market awareness** and develop secondary product markets

## Key milestones driving Recyclability Goals in 2014:

- **New Market Development & Procurement Consultant (Tinney Associates)** worked with New and Existing Processors/Manufacturers, CalRecycle Staff, Department of General Services, CalTrans, and other state and local procurement organizations, resulting in:
  - **217 contacts** with recyclers, processors, manufacturers, procurement agencies and others, maintaining ongoing coordination
  - **440 outreach emails** to public and private entities and engineering firms
  - **4 presentations** to procurement bodies promoting PCRCC materials
  - **26 meetings** with key stakeholders to drive market development
  - 4 companies began testing CC and PET in their rubber/ plastic molding recipes as potential added ingredients
- **2 Public Workshops and 4 Multi-Stakeholder Feedback Sessions** secured input from stakeholders (CalRecycle, NGOs, municipalities, collectors, processors, entrepreneurs)
- **Continued Tier 2 Incentive** for end users of non-nylon Type 1 materials processed into new secondary products resulted in 9.9 million pounds of Tier 2 Non-Nylon products shipped and sold and **four new Tier 2 processors entering the marketplace** in 2014.
- **Continued PET Technology Consultant (Frank Endrenyi)** to target the recyclability of PET
- **Coordination with Infrared Technology** used in the identification of carpet fiber uncovered the opportunity for microphazers to be leased rather than purchased as an additional method for access
- **Annual Manufacturer Sustainability Best Practices** included in the 2014 CARE Annual Report (Scheduled 2015) and presented at the 2014 CARE Annual Conference
- Annual State of Technology **results of recycling research innovations** presented in various sessions at the 2014 CARE Annual Conference
- **Continuation of CARE Blog** as an additional outreach mechanism promoting new products and market developments
- **New Tier 2, Calcium Carbonate, and Carpet Tile Reuse/Recycling Incentives** requested in Dec 2014; Approved in Jan 2015 for implementation in Q2-2015.
- **New 12 month guarantee plus current quarter for incentive changes**, helping processors and manufacturers make long term business decisions



## 2014 CARE Annual Report to CalRecycle

### Discussion:

Recyclability of carpet is determined by two main elements: (1) the portion of the carpet which can be readily utilized in the manufacture of secondary products, and (2) the type of fiber comprising the main portion of the carpet. CARE is working to address both of these components, even as the market dynamics continue to shift. Unlike other recyclable materials, carpet is comprised of various material components, which are combined to make finished carpet. Current recycled outlets are limited to the use of the fiber portion of the carpet discards. Efforts are underway to identify new opportunities for the remaining portions of this carpet waste stream. In Dec 2014, CARE proposed a new incentive targeting calcium carbonate, a significant portion (30-40% by weight per square yard) of the non-fiber portion of carpet which presently has no recycling outlets. This new incentive will become available in Q2-2015, with the goal of increasing recyclability of non-fiber portion of carpet discards. The percentage of gross collections converted to recycled output (yield) is one indicator for recyclability. Overall recyclability as indicated by yield figures, has increased nearly 11% since 2011, although recyclability fell nearly 6% from 2013 to 2014.

The drop in 2014 yield can be largely attributed to macroeconomic challenges, including:

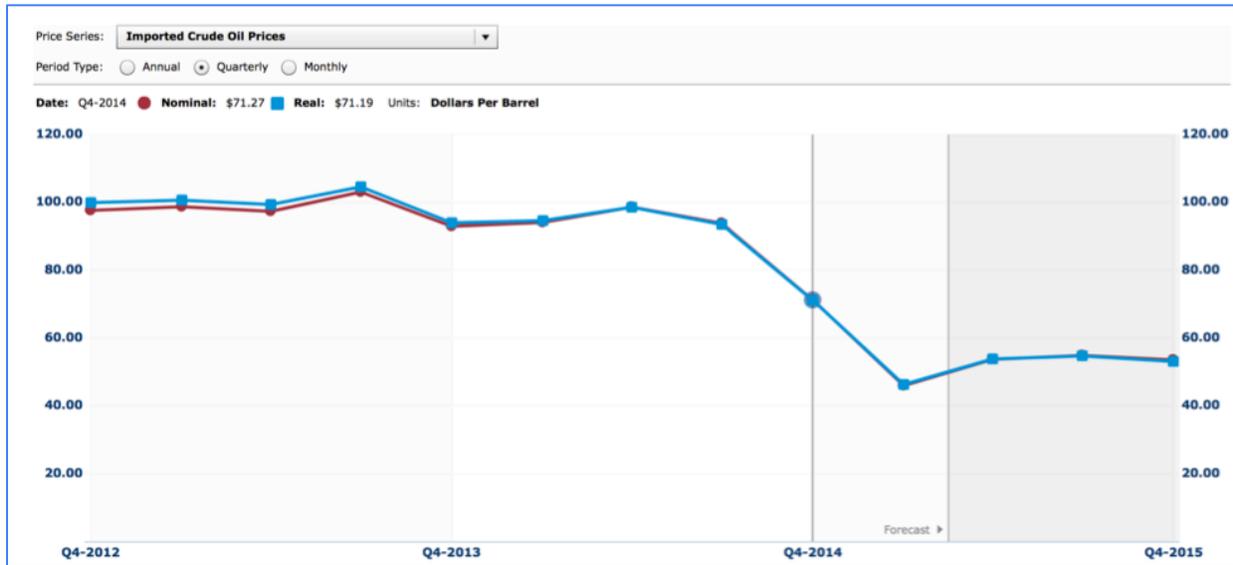
- Continued increases in the portion of more difficult to recycle non-nylon carpet discards
- Drops in the oil and gas market, reducing demand for recycled output compared to less expensive virgin materials
- Unexpected work stoppage and slow-down related to longshoremen labor disagreements affecting the movement of goods into and out of California

The following chart illustrates the decline in crude oil prices during the reporting period and as compared to previous periods. In 4th quarter 2014, the crude oil price fell 24% to \$71/barrel compared from \$93 compared to the same period in 2013, and 32% from \$105 compared to the same period in 2012.



# 2014 CARE Annual Report to CalRecycle

Figure J. Real Time Price of Crude Oil Over Time



Source: <http://www.eia.gov/forecasts/steo/realprices/>

It is worthy of note that the decline in recyclability is not unique to carpet. The drop in oil prices have impacted a range of recycling commodities. The following table shows other industry sectors affected in a similar fashion.

Figure K. Key Recycling Industry Statistics

Activity thru March 2015	2015 Quantities	% change year over year
Recovered paper exports	45.74M mT	-6.2%
Recovered paper exports avg. price	\$160/mT	-8.7%
Aluminum scrap exports	725.34M mT	-18.3%
Aluminum scarp exports prices	\$0.74/lb	-4.6%
Glass scrap exports	7,335.6 tons	+38.7%
Glass scrap export prices	\$612/ton	-9.3%
Scrap plastics exports	9,974.4M lbs	-9.4%
Scrap plastics exports avg. price	\$0.186/lb	-4.5%

Source: Recycling Review, June 2015, p60

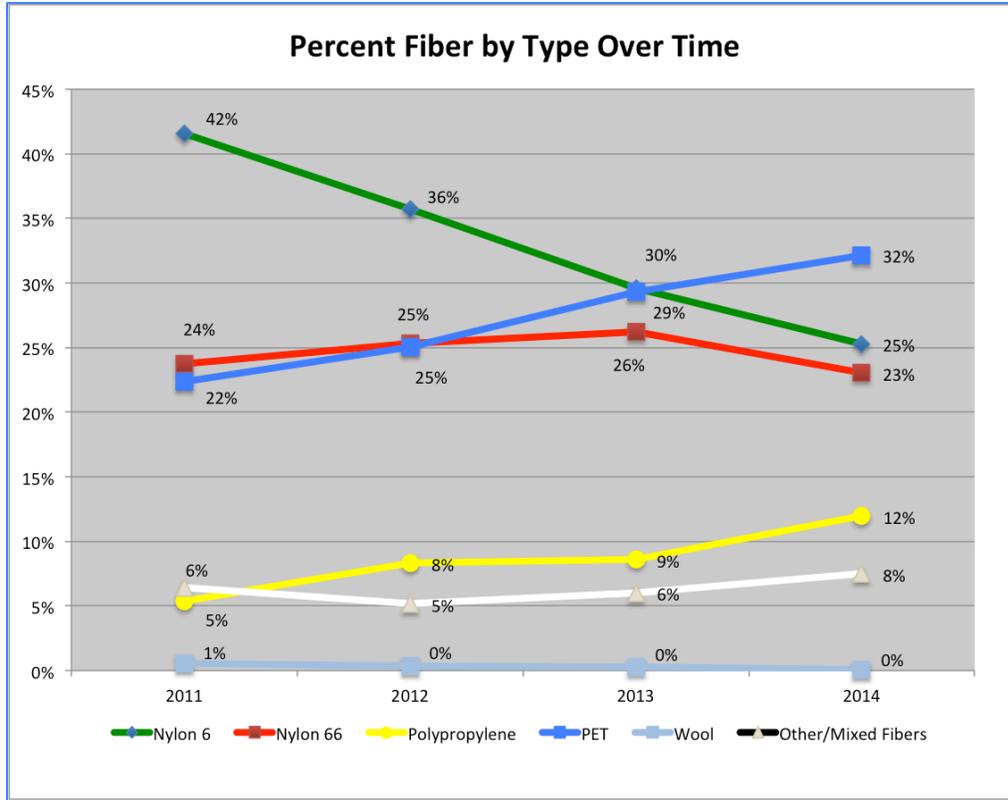
In addition to the increase in PET fiber materials in PCC discards from 22% reported in 2011 to 32% in 2014, a converse fall in nylon 6 has also been experienced, represented above as a 17% drop from 42% in 2011 to 25% in 2014, according to processor reported proportions.

Polypropylene fiber has also increased slightly over the same timeframe, but with a much less dramatic slope, reaching an estimated 12% in the reporting year, up from 5% in 2011. Wool and other fibers remain a relatively low and insignificant portion of the PCC waste stream throughout these periods. Although biodegradable, disposition of wool and other natural fibers is not clearly understood, and may



offer minimal opportunities for increased diversion in the future, especially as organics diversion opportunities increase in California in future years.

Figure L. Percentage of fiber types comprising gross collection over time as reported by processors.



### 5.6.1 Role of Other Efforts - Education & Outreach To increase Recyclability

In addition to new incentives, it is clear that increased education and outreach could help to improve recyclability in the future. ME&O efforts launched in 2014 have begun to identify new opportunities to improve recyclability by targeting key audiences in a position to shift procurement decisions toward those products made with PCRCC and/or with the highest recyclability. The hire of Tinney Associates in June 2014 is helping the Program identify opportunities to address this issue.

New carpet tile incentives also proposed in late 2014 for adoption in Q2-2015, would incentivize both reuse as well as recyclability, as carpet tile is recognized as a product with generally higher percentage of recyclability than other carpet products. Some participating manufacturers for instance, claim up to 100% recyclability of carpet tile back into carpet tile. See also **5.8.1 Increasing Reuse**, **5.6 Market Development** and **5.3 Source Reduction**.



### 5.7 Increasing Recycled Output - Section 18944(5)(A)7

*Describe efforts to increase recycling of PCC.*

Recycled output comprises the portion of gross collections which is successfully converted from PCC to an end use product or input material for a secondary product. The Program utilizes an incentives structure that compensates processors based on the number of pounds of materials converted to recycled output.

**In 2014 the incentive structure driving Recycled Output is broken down into two Tiers:**

- **Tier 1 (Process of PCC to Recycled Output)**
  - **Type 1** (High Value Output; Contains 25% or lower Ash Content): \$0.06/lb
  - **Type 2** (Low Value Output; Contains Greater Than 25% Ash Content): \$0.03/lb
  - **Growth** bonus paid per pound over target (average of previous year): \$0.10/lb
- **Tier 2 (Process of Recycled Output into a Secondary Product)**
  - **Secondary Product** Processor using Type 1 Non-Nylon Output: \$0.12/lb
- New incentives were requested in December 2014 for implementation in 2015, as presented in **Section 3. Scope.**

**In addition to incentives, Recycled Output milestones in 2014 include:**

- ✓ **Industry-wide Outreach** and education including Annual Conference in 2014
- ✓ **Continuation of PET Consultant** supporting improved conversion opportunities for PET into recycled output
- ✓ **University Grant RFP** reissued mid-2014, open to all US colleges/universities; no California based institutions applied despite broad distribution; \$500K grant awarded Dec 2014 to University of Connecticut to fund research focused on non-nylon
- ✓ **New Market Development & Procurement Consultant hired** to support new PCC product development and procurement for increased recycled output opportunities
- ✓ **New 12 month guarantee plus current quarter for incentive changes**, enabling processors and manufacturers to make long term business decisions to drive market

Increasing recycling of PCC carpet (recycled output) is a central program goal under this Plan and includes subsidy payments, growth incentives, grants, education, in-state staff, technology consultants, and administrative oversight. Results of gross collections and recycled output over time are summarized under **Section 5.5 Disposition** above.



## 5.8 Increasing Overall Diversion - Section 18944(5)(A)8

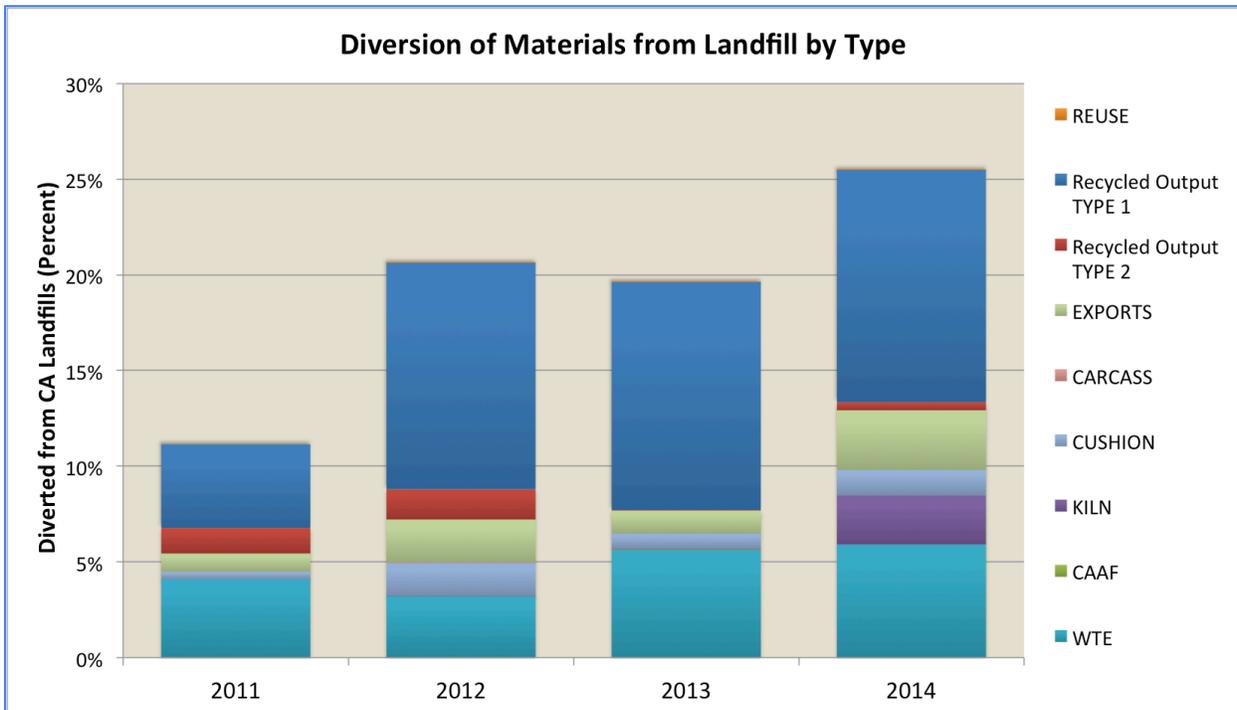
*Describe efforts to increase diversion of PCC from landfills.*

While the central focus of the Program concentrates on recycled output, overall diversion of PCC from landfills in line with the Plan is also a principle objective, especially as technology, infrastructure and awareness continue to be established. Net Diversion, is defined as the difference between gross collections, minus PCC sort and process waste back to landfill. Net diversion, totaling 96M pounds in 2014, therefore includes reuse, recycled output (Type 1 and Type 2), CAAF and Kiln, WTE, exported whole carpet, carcass sold overseas, as well as other value material diverted due to program collection efforts such as carpet cushion. The total net diversion rate achieved in 2014 was 27% of total discards, an increase of 6 percentage points over 2013 net diversion of 76M pounds (21% of discards).

Reported diversion, takes the sum of reported PCC removed from California landfills (calculated as the sum of reported pounds of reuse + recycled output (Type 1 + Type2) + CAAF + Kiln + Carcass + Cushion + Export + WTE. In 2014, reported diversion totaled 90M pounds, a 25% increase from the same calculation method applied to 2013 data (72M). Reported diversion pounds in 2014 consisted of: 0.2M (Reuse), 43.4M (Type 1), Zero (Type 2), Zero (CAAF), 9.3 (Kiln), 21.3M (WTE), 11.2M (Exports), Zero (Carcass), and 2.4M (Cushion), are represented below in the following Figure. Reported diversion in 2014 has increased 80% compared to baseline (50M) pounds.

Both methods of calculation indicate that more than ¼ of all discards are being diverted from California landfills - a positive result for a Program in the first several years of implementation.

Figure M. Processor Reported Diversion of Materials from Landfill By Type





## 5.9 Environmental Impacts - Section(5)(A)9

Describe other environmental impacts as data are available, e.g., greenhouse gas emissions. Descriptions of any enforcement actions or problems related to plan implementation.

### 5.9.1 Greenhouse Gas Emissions

The Environmental Protection Agency has identified recycled carpet as a material with significant potential greenhouse gas (GHG) reduction potential. Establishing and supporting a robust PCC recycling industry may have significant implications for GHG reductions statewide. GHG reductions related to Program activities in 2014 were calculated utilizing the Environmental Protection Agency (EPA) Waste Reduction Model (WARM) at: [http://epa.gov/epawaste/conserve/tools/warm/Warm\\_Form.html](http://epa.gov/epawaste/conserve/tools/warm/Warm_Form.html)

Results indicate **36,141 metric tons** of Carbon Dioxide equivalent (MTCO2E) were reduced in 2014 as a result of Program and partner activities as summarized by the WARM Summary screenshots inserted below:

Figure N. WARM Analysis of GHG Emissions Reductions for 2014

<b>GHG Emissions Analysis – Summary Report</b>	
(Version 13, 3/15)	
Analysis of GHG Emissions from Waste Management for CARE - CA Carpet Stewardship Program	
Reporting Period for this Analysis is from 01/01/2014 to 12/31/2014	
GHG Emissions from Baseline Waste Management Scenario (MTCO2E):	6,935
GHG Emissions from Alternative Waste Management Scenario (MTCO2E):	-29,206
<b>Total Change in GHG Emissions: (MTCO2E):</b>	<b>-36,141</b>

Table 7. WARM Summary of 2014 Reductions in GHG Emissions By Program Activity

Material	Baseline Scenario					Alternative Scenario						Change (Alt - Base) MTCO2E
	Tons Recycled	Tons Landfilled	Tons Combusted	Tons Composted	Total MTCO2E	Tons Source Reduced	Tons Recycled	Tons Landfilled	Tons Combusted	Tons Composted	Total MTCO2E	
Carpet	0	178,836	0	N/A	6,935	87	21,698	141,768	15,283	N/A	-29,206	-36,141

Note: A negative value indicates an emission reduction; a positive value indicates an emission increase.  
a) For an explanation of the methodology used to develop emission factors, see Documentation for Greenhouse Gas Emission and Energy Factors Used in the Waste Reduction Model (WARM) — available on the Internet at <http://epa.gov/epawaste/conserve/tools/warm/SWMGHGreport.html>  
b) Emissions estimates provided by this model are intended to support voluntary GHG measurement and reporting initiatives.  
c) Total emissions estimates provided by this model may not sum due to independent rounding.

Utilizing the EPA Clean Energy GHG Equivalencies calculator<sup>27</sup>, the estimated 2014 total GHG reductions of 36,141 metric tons is equivalent to:

- Removing **7,609 cars** from the road, *or*
- Eliminating **86 million vehicle miles traveled (VMT)**, *or*
- Eliminating emissions from **4 million gallons of gasoline**, *or*
- Powering **4,971 average homes** with electricity for one year, *or*
- Planting **927 million tree seedlings** grown for 10 years

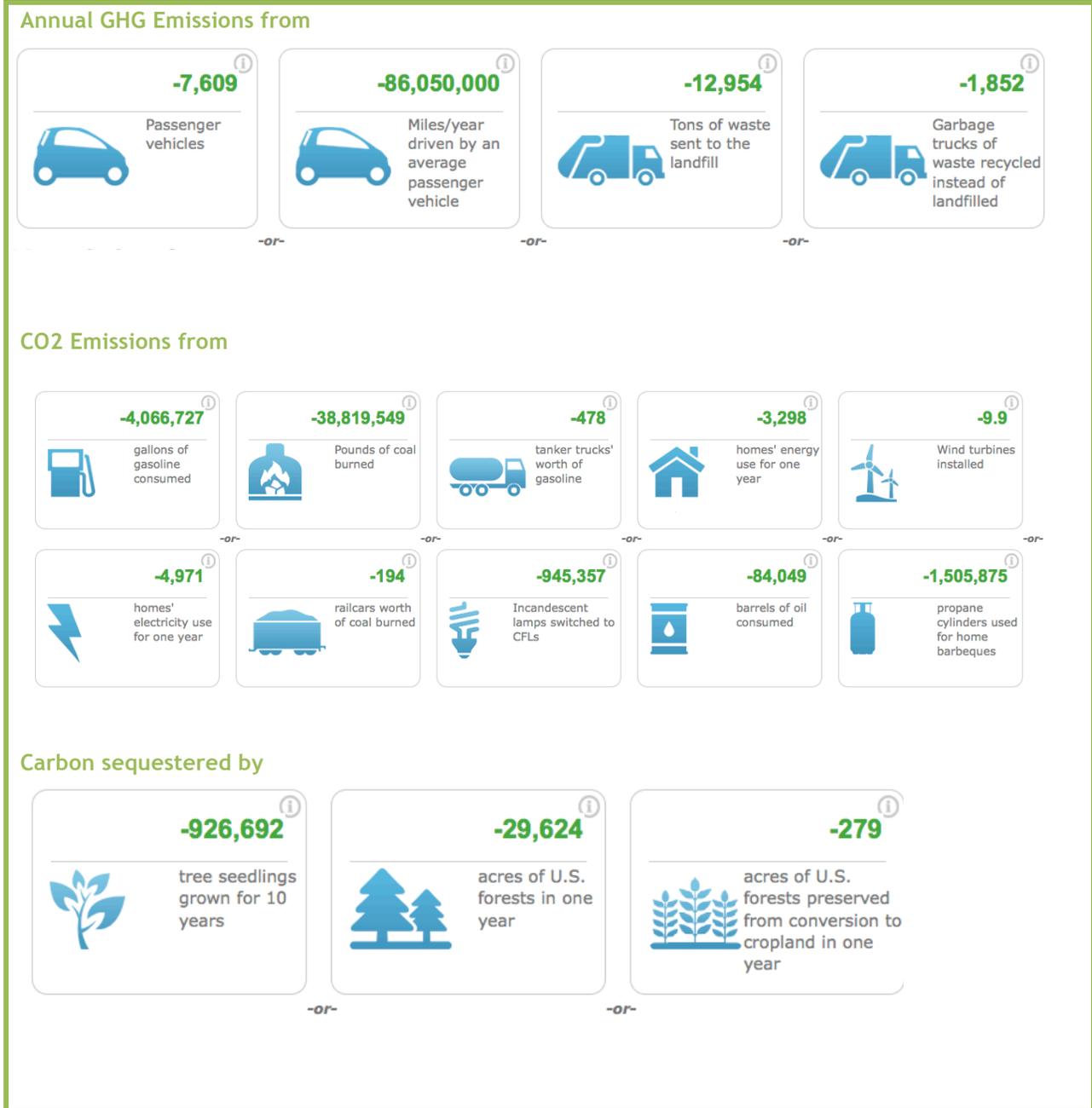
<sup>27</sup> <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>



# 2014 CARE Annual Report to CalRecycle

Estimated GHG reductions achieved in 2014, are equivalent to eliminating:

Figure O. WARM Analysis of GHG Emissions Reductions for 2014





### 5.9.2 Other Environmental Impacts

CARE is not aware of any environmental enforcement actions were taken during the reporting period relative to Program participants under the CA Carpet Stewardship Program. Actions were taken by CARE during the reporting period to increase environmental and financial assurances through the following:

- ✓ Thorough exploration of opportunities for financial assurances, resulting in the submission of July position memo,
- ✓ Development, approval and implementation of new participant agreements for processors and manufacturers, tightening protocols, policies and assurances (Nov 2014)
- ✓ Participants are required to notify CARE of any compliance issue/enforcement action

CARE is aware of one instant of enforcement action taken **outside the Program**, involving the stockpiling of bales of carpet in Tacoma County during the reporting period. This action did not involve the Program, nor were Program participants involved in this instance. The instance however was brought to the attention of CARE by both the Local Enforcement Agency (LEA), as well as CalRecycle. CARE provided contacts for participating processors to assist in determining if any portion of this material could be diverted for recycling purposes. Because these bales of carpet had been stacked outside and exposed to the elements for long periods of time (years), CARE is not aware of this material being able to be recovered.

In addition it should be noted that Program policies require all participants to adhere to state, local and federal environmental regulations within their area of operations, including securing all appropriate permits necessary for their operations. These documents are open to inspection in line with randomized Agreed Upon Procedure (AUP) reviews of both processors and manufacturers are conducted on a quarterly basis by outside firm HA&W on behalf of the Program. In addition regular site visits are conducted by Program staff and material samples are regularly pulled and tested. CARE will continue to work with CalRecycle enforcement team to address appropriate issues as identified.

### 5.10 Increasing Market Growth of Secondary Products - Section 18944(5)(A)10

*Describe efforts to increase the market growth of secondary products made from PCC.*

Following the full circle of carpet production to disposition, CARE and its members are working to increase recyclability from the design phase of carpet production, reduce waste through source reduction throughout manufacturing process, increase reuse to extend the useful life of carpet prior to disposal, raise gross collections to keep more PCC out of the landfill by leveraging proactive retailers, installers, consumers, haulers and governmental agencies, sort collected materials by fiber type and finally process collected material into recycled output. To fully complete the circle however, the final stage utilizes this recycled output to successfully produce new carpet or a new secondary product useful to the marketplace.



## 2014 CARE Annual Report to CalRecycle

Supporting the **market growth** of these carpet-derived secondary products (made with post-consumer recycled carpet) includes the following major elements:

- ✓ Increase **opportunities for recycled output** utilization in new products
- ✓ Increase **supply** of carpet-derived secondary products available in the marketplace
- ✓ Increase **demand** for carpet-derived secondary products available in the marketplace
- ✓ Identify **new applications** for existing products in the marketplace

**Major milestones achieved during 2014 driving market growth include:**

- ✓ Completed **Product Brochure** highlight available carpet-derived secondary products (Released Jan 2014)
- ✓ **Continued PET Consultant** hired working to improve conversion of PET into recycled output (CARE National PET project engineer working closely with Tinney Associates)
- ✓ **New Market Development & Procurement Consultant** hired to work with New and Existing Processors/Manufacturers, CalRecycle Staff, Department of General Services, and other state and local procurement organizations to support progress on new PCC product development and procurement to pull material through the recycling process:
  - **217 contacts** ongoing coordination of recyclers, processors, manufacturers, procurement agencies and others
  - **440 outreach emails** to public and private entities and engineering firms
  - **4 presentations** to procurement bodies promoting PCRCC materials
  - **26 meetings** with key stakeholders to drive market development
  - **4 companies** began testing **CC and PET in their rubber/ plastic molding recipes as potential added ingredients** for various potential products.
- ✓ Participation in **presentation on carpet procurement** with Alameda County in Jan 2014
- ✓ Completion of **manufacturer, processor and collector market research by Communications firm to survey** to identify needs, resources, gaps and messages for 2015 program implementation
- ✓ **Bay area outreach pilot** resulted in coordination meetings with over 15 local government representatives, including coordination with recycling staff and facilities/capital projects staff yielding new opportunities for procurement as well as recycling program implementation

Market growth is also closely tied to source reduction, recyclability, and market development addressed in **Sections 5.3, 5.6, 5.10** and **6** of this report.

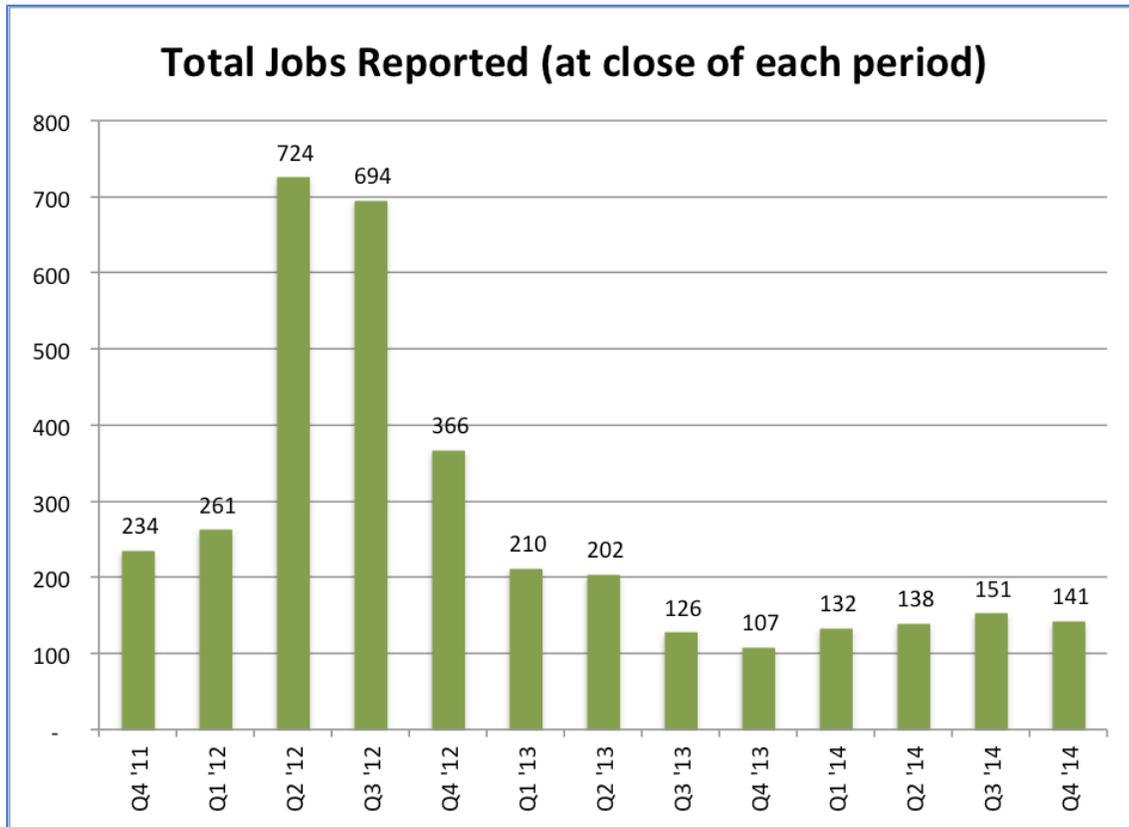


## 5.11 Creating Green Jobs

*Describe number of jobs attributable to the carpet stewardship program as data are available.*

According to processor-reported data, an **average of 136 California green jobs** were directly associated with carpet recycling during 2014. The number of jobs reported at the end of each quarter fluctuated from a low of 132 at the end of Q1, to a high of 151 at the end of Q3 (14% increase). At the end of 2014, a total of 141 jobs were reported. Overall, processors reported a net increase of 17 jobs (15% increase) in 2014 as compared to 2013.

Figure P. Total Jobs Reported at the Close of End Reporting Period



Additionally it is estimated that another 3-5 indirect jobs are supported for every 1 job directly associated with the PCC recycling industry in California. This total could therefore represent a total of nearly 500 direct and indirect jobs in the State. CARE expects this number to increase as recycled output demand increases and/or new processors come on line in future periods.



## 5.12 Measurement Methodology, Assumptions, Factors and Data Sources

*Describes the measurement methodology, assumptions, conversion factors, and data sources.*

Measurement methodology is outlined in detail within the Plan. The **Program Recycling Rate** is estimated as a function of total estimated discards, and presently assessed at **12%**. The formula used for calculating carpet available for diversion is also summarized below:

### 5.12.1 Formula for Calculating Carpet Discards

The discard calculation formula is presented within the approved Plan and below within this section. Although the formula has not changed, two values included in the calculation formula were identified to be adjusted based on new 2014 data received in March 2015 by Market Insights, LLC<sup>28</sup>. These include:

- Rate of replacement (R), and
- Pounds of carpet from demolition projects not replaced (D)

Due to the timing of these new figures, **no changes have been made to the calculation for the purpose of this report**. Rather, adjustments to these figures will be applied in Q2-2015 reporting cycle. These adjustments will serve to increase accuracy of discard estimation based on the calculation formula and may result in improved gross collection, recycled output and diversion rates achieved, as total discards are minimally reduced with these updated values.

Change to (R): New data received indicates that the replacement rate dropped in 2014 from 85% to 84%, and adjusts previously reported values for 2011-2013. This replacement rate is derived as the weighted average of the residential vs. commercial sectors as reported by Market Insights, LLC. (70% residential and 30% commercial) applied to the reported Replacement Rates for each sector (82% residential and 90% commercial). The following summarizes (R) values over time, as reported in March 2015:

The 84% replacement value for 2014 is calculated as follows:

Residential/Commercial Split	0.70/0.30
Residential/Commercial replacement rates	0.82/0.90
Thus: $(0.70 \times 0.82) + (0.30 \times 0.90) =$	0.84 or 84%

<sup>28</sup>Data as reported confidentially by Market Insights LLC, (Reading, PA), March 12, 2015.



# 2014 CARE Annual Report to CalRecycle

Year	Replacement rate (R)
2011	88%
2012	88%
2013	86%
2014	84%

Change to (D): New data received indicates the demolition rate also needs to be adjusted upwards from 0.34% to 0.51%, and adjusts previously reported values for 2011-2013. The following summaries (D) values over time, based on March 2015 report:

Year	Demolition rate (D)
2011	0.56%
2012	0.55%
2013	0.55%
2014	0.51%

These adjustments are reflected in the updated formula below to illustrate the difference in calculated discards as compared to previously reported 2014 data. As demonstrated below, this adjustment would result in a net reduction in the total estimated discards of (-7) M pounds, resulting in an adjusted recycled output rate for 2014 of 12.4%, up from 12.0%, and net diversion rate of 27.3%, up from 26.5%. For the purposes of this annual report, we have not adjusted the discard estimate within the rest of this report. Rather, this adjusted percentage will be incorporated into the discard estimate for 2015 reporting moving forward.

No additional changes have been made to the formula used to calculate discards during the reporting period. An evaluation of the current formula identified the following:

- Trimmings discarded during the installation process are accounted for within total carpet sales figures, as reporting quarterly by participating mills.
- Imported carpet discards are excluded from figures, as processors report only California carpet materials collected, recycled and disposed. Reported California carpet is verified through regularly Agreed Upon Procedures (AUP) reviews by HA&W.
- A figure reflecting deselection of carpet (removal of carpet for the replacement by another flooring material) was identified in late 2014. Current figures as reported in this report, do not include this additional formula element. Rather, deselection will be incorporated into calculation in 2015. Once approved, an updated formula will be submitted to CalRecycle for their review. Estimates place this value at <1%.
- At this time, no additional data gaps are identified.
- No new information has been identified that impacts the formula for calculating discards, beyond those referenced above.



## 2014 Formula Used for Calculating the Carpet Available for Diversion in California (Discards)

$$\text{Discards} = (((\text{Sales} * \text{R}) * \text{P}) + \text{D})$$

The factors used to calculate the amount of carpet available for diversion include:

S= Carpet Sales into California for the reporting period (square yards)

i. Sales Data beginning with the 3<sup>rd</sup> quarter of 2011 comes from the independent accounting firm who is collecting the confidential sales data from the carpet manufacturers registered with CARE.

R= Percent of carpet that is replacement, or carpet replacing existing carpet. Replacement carpet is the carpet destined for the landfill. (This data will be supplied by an outside market research firm). The carpet industry has worked with Market Insights, LLC to quantify the replacement rate. Newly obtained 2014 data shows the replacement rate fell from 85% to 84%. The revised 84% will be used for 2015 reporting beginning Q2-2015. Torcivia Market Insights to quantify the replacement rate. 2014 data adjusts the replacement rate from 85% to 82%.

P= Average weight of carpet per square yard. In 2013, the average weight was

4.2 pounds/square yard. No change was made to this figure in 2014. (Raw data was supplied by the industry and analyzed by CARE. Weighted averages of carpet weights of broadloom and tile used in the commercial and residential sectors were calculated.)

D= Pounds of carpet from demolition projects not replaced (this data is supplied by outside market research firm.) The 2014, the weighted demolition rate (85% residential and 15% commercial) is estimated at 0.51%, (estimated provided by Market Insights, LLC.), increased from previous estimate of 0.34%. D is converted to pounds by multiplying the percentage by the product of Sales x R x P. The revised 0.51% will be used for 2015 reporting beginning Q2-2015.

Note that the term demolition represents the teardown of a building. There is no easy way to know the actual square yards of carpet coming out of such a process. By assuming the actual demolition rate obtained from Marketing Insights, LLC. we are likely overestimating the total volume of carpet sent to landfill. However, this is a tiny fraction (~1%) of the overall amount and does not significantly alter the flow. This is certainly within the error limits of the data we are using.

Deselection appears to be on the order of 0.75% based on analysis of historical trend data. Thus, deselection represents a minimal impact of flow to landfill and is well within the error limits of current estimates.

Application of this adjusted formula, to be incorporated in 2015 to generate discards is shown in the following example using actual data from 2014 and rounded for clarity. The net change table below shows the impact of using the new 2015 replacement and demolition rates when applied to 2014 data for comparison.

$$\text{Discards} = (((\text{Sales} * \text{R}) * \text{P}) + \text{D})$$

Sales 2014: 98.9 million square yards

$$\text{Discards} = (98.9 * 0.84 * 4.2) = 348.9 + \text{D}$$

where D = 348.9 \* 0.0051 = 1.8 million pounds

Thus, Discards = 348.9 + 1.8 = 350.7 million pounds in 2014

Net Change compared to 2014 reported figures:

$$\text{Discards} = (-7) \text{ million pounds}$$

$$\% \text{ Gross Collections} = (+1.0\% = 35.1\%)$$

$$\% \text{ Recycled Output} = (+0.4\% = 12.4\%)$$

$$\% \text{ Net Diversion} = (+0.8\% = 27.3\%)$$



### 5.13 Performance Trends Over Time

*Report demonstrates that over time source reduction, reuse, and recycling increased, while environmentally safe transformation and land disposal decreased.*

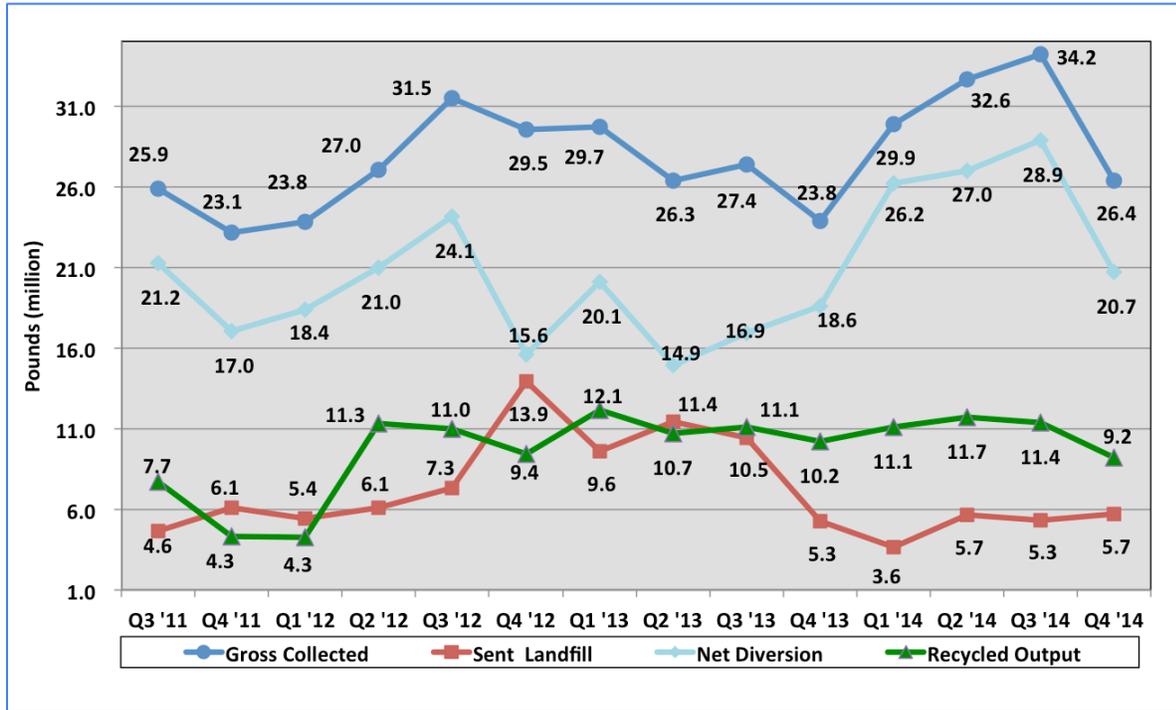
As discussed above in **6.10 Disposition**, the program has now collected 14 quarters of data through the end of 2014 enabling the team to see performance trends over time. The program saw a near doubling of the recycling rate from 2011 to 2012, with a slower increase from of an average 2 percentage points from 2012 to 2014 (from 10% to 12%). Source reduction and reuse continues as manufacturer sustainability efforts increase, although quantities in this category remain elusive and difficult to quantify. Reported reuse comprised 0.14% of gross collections in 2014. CAAF and Kiln are utilized in small amounts for additional diversion and account for 10.3% of total diversion. WTE decreased in 2014 from 2013 by 4.7%, and continues to comprise just 6% of discards. As collection and processing infrastructure capacity and efficiency increases in the quarters and years ahead, the Program anticipates long-term proportional reductions in transformation and disposal. However, given current status of technology and increased proportions of difficult to manage non-nylon, these mechanisms will continue to serve a critical and perhaps increased role over the short term.

The following chart summarizes performance trends over time with four key indicators: Gross collections, processor material (portion of gross collections) sent back to landfill, recycled output (portion of gross collections recycled), and net diversion (balance of gross collections - landfill - recycled output). This net diversion figure reflects a higher level of diversion as compared to reported diversion figures, which provides the incremental figures for those portions of the diversion disposition that are specifically reported by processors, including Reuse, CAAF/Kiln, WTE, Cushion and Exports. Also note, that figures generally fluctuate seasonally, with lower levels of materials during winter quarters 4 and 1, as compared to summer quarters 2 and 3.



# 2014 CARE Annual Report to CalRecycle

Figure P. Collection, Recycled Output, Net Diversion and Process Waste To Landfill Performance Trends



## 5.14 Continuous Meaningful Improvement

*Report demonstrates continuous meaningful improvement toward achievement of goals.*

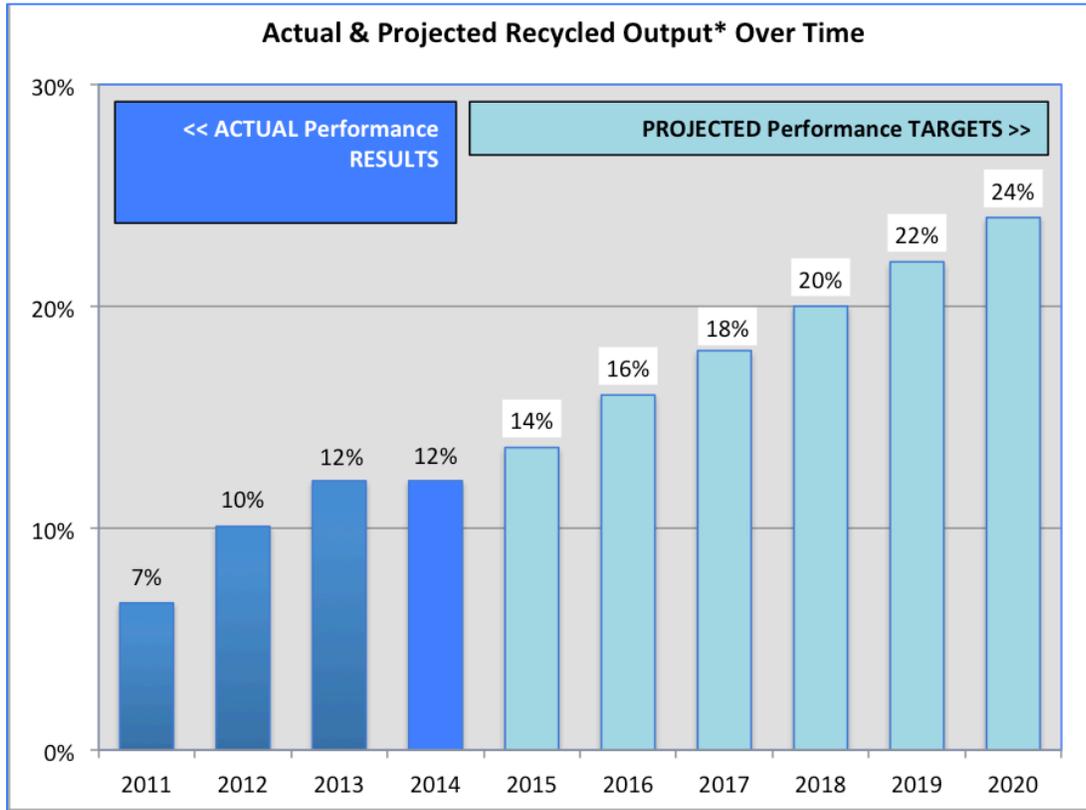
Despite challenges and setbacks in the marketplace, recycled output has been relatively constant throughout 2014. Additional changes requested in late 2014, to be implemented in Q2-2015, are intended to further spur the market to (1) provide more resources to achieve program goals through incentives and other support elements, and (2) create new incentives opportunities to address additional areas of concern as identified by stakeholders.

CARE continues to strive to improve quality of data collection, data analysis and to enhanced transparency and value to the reporting process. This is accomplished by working with the SPC and Dr. Matthew Realff, Engineering Professor at Georgia Tech and long time CARE advisor and consultant.

The following figure summarizes actual recycled output (diversion) results achieved to date through the reporting year 2014 on the left hand side of the graph, presented in deep blue. The right hand side of the graph depicts projections for future years 2015, 2016 and 2020 in order for the Program to accomplish its 2016 and 2020 recycled output goals, as outlined in the Plan, presented in turquoise. As presented below, the Program will need to increase recycled output by approximately 2% each year moving forward, in order to meet 2016 recycling goal and 2020 aspirational recycling target. The program increased recycled output by approximately 3% between 2011 and 2012, and another 2% between 2012 and 2013. Unfortunately, recycled output has remained constant, at an average 12% throughout 2013 and 2014. New assessment and incentives requested in late 2014, are intended to help spur this growth in 2015 and 2016.



Figure Q. Actual Recycled Output Results & Projected Performance Targets



\*Recycled Output includes Type 1 + Type 2. Recycled Output does not include additional diversion achieved through such mechanisms as Reuse, CAAF, Kiln, WTE, etc.

## 5.15 Additional Progress

*Report covers progress toward achievement of all goals in the approved stewardship plan.*

Additional progress refers to additive actions taken outside the reporting period which should be considered for the purposes of demonstrating continuous meaningful progress toward Program goals. CARE received feedback from CalRecycle in late Q3-2014 (Sept 2014) regarding the finding that the 2013 Annual Report did not successfully demonstrate the Program was on target for demonstrating meaningful progress in 2013. Following this finding, CARE took action in Q3 and Q4 2014 to implement additional mechanisms to address these concerns, which will come to fruition in 2015. These efforts are discussed further in **Addendum - 2015 Updates**.



### 6 Market Development - Section 19844(a)(6)

*The annual report shall include a description of possible market development activities to incentivize the market growth of secondary products made from PCC.*

With the launch of the Tier 2 incentive, the Program is able to track the volume of secondary products made with post-consumer recycled carpet content (PCRCC) supported by Program efforts. During the reporting period, a total of 9.9 Million pounds of PCRCC products, made with CA non-nylon carpet materials were reported as shipped and sold in the marketplace, or 11.3 Million pounds to date since this new initiative was launched in Q4 2013. Products include such items as carpet cushion, reflecting a full circle carpet into carpet product, as well as other products such as building products, insulation and bedding. Additional products are also available which may use nylon or non-nylon materials, although volumes of these materials produced, shipped and sold are not currently reported to CARE. A new product brochure released in January 2014 includes listings of various manufacturers and products utilizing PCRCC in their products. With the hire of Market Development consultant Tinney Associates, the Program began a concentrated effort of both promoting existing products as well as working to develop new market opportunities for new products made with PCRCC. In future years, the Program will continue to work with manufacturers to increase our understanding of products and volumes of secondary products available in the marketplace.

Positive developments during the reporting period include:

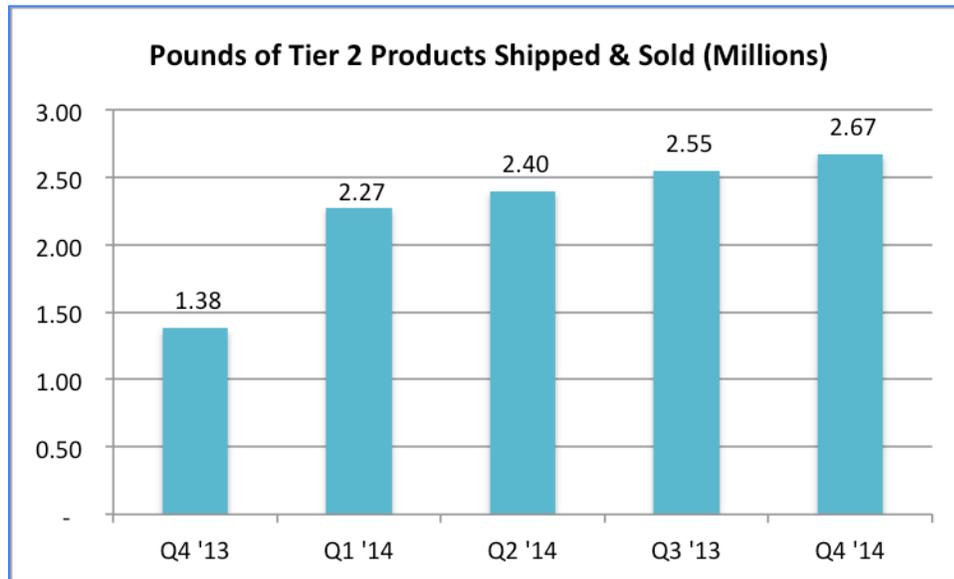
- **Shaw Industries** made a major announcement in 2014 to bring a new processing facility on line in 2015: Evergreen Ringgold. Details are not available at this time but the plant is being commissioned and we anticipate it will be operational in summer 2015.
- **A new CA-based processor** is currently undergoing pilot scale demonstration of their technology package and is expected to begin operation in late 2015. This facility will add both jobs and capacity in the State.

Based on processor feedback, both of these developments are a result of the new and more aggressive subsidies put in place in 2014 and again in 2015.

Tier 2 incentives specifically targeting the use of more difficult to recycle non-nylon PCRCC materials launched in Q4-2013. The first quarter of incentives yielded a total of 1.4 Million pounds of products made with CA PCRCC non-nylon materials shipped and sold, as reported by participating Tier 2 processors. Since the Program began, the volume of products reported shipped and sold has increased in Q4 of 2014 by 94% over the same period in 2013. The first quarter of 2014 saw an increase of 65% over the previous quarter. Each quarter since during the reporting period has seen an average 6% increase through the final quarter of the reporting period. Based on this data, Program incentives appear to be helping to grow the market for these secondary non-nylon products.



Figure R. Pounds of Tier 2 Products Shipped and Sold Since Incentive Launch



## 6.1 Secondary Product Promotion

The Program promotes products made with PCRCC as well as other carpet market developments including sustainability, source reduction, collection strategies and industry learning events on the CARE website blog: <https://carpetrecovery.org/newsblog/blog/>

During the reporting period, 29 blog posts were published, of which 10 or 34% were related to product market development, 9 related to industry market development, 1 focused on reuse, 2 related to CA Program request for proposals, and 7 related to the national program and learning events.

Additionally with the hire of Tinney Associates for the CA Program resulted in the following promotional activities during the reporting period (June-Dec 2014):

- ✓ **217 contacts** ongoing coordination of recyclers, processors, manufacturers, procurement agencies and others
- ✓ **440 outreach emails** to public and private entities and engineering firms
- ✓ **4 presentations** to procurement bodies promoting PCRCC materials
- ✓ **26 meetings** with key stakeholders to drive market development
- ✓ **10 products testing series** with various potential product manufacturers



## 6.2 Annual Conference

The CARE annual conference is an opportunity to share both statewide and national market development trends affecting the overall carpet recycling marketplace. Each year the event program focuses on various aspects of the marketplace for shared learning. The 2014 conference also featured a presentation by the CA Program Manager during the opening plenaries, as well as additional CA-focused sessions throughout the conference. Market development sessions included the following educational and interactive sessions:

- ✓ CA Carpet Stewardship Program Opening Presentation - Brennen Jensen, CA Program Manager
- ✓ CARE National Program Opening Presentation - Bob Peoples, Executive Director
- ✓ CARE Developments in Carpet Recycling Technology- Frank [Endrenyi](#), Marketing Collaborative, LLC
- ✓ Current Economic & Housing Conditions Keynote - David Crowe, National Association of Home Builders
- ✓ National Conversation on Recycling Challenges
- ✓ What Can we Make with Carpet Sand? Discussion on mineral calcium carbonate, latex, residual fibers
- ✓ Taking Stock of Product Stewardship for Carpet in California, Illinois and Connecticut, *featuring Kathy Frevert of CalRecycle presenting on the CA Carpet Stewardship Program*
- ✓ Clean Diesel Fuel from PCC
- ✓ A National Carcass Solution for Sheared PCC
- ✓ Commercial Carpet Recycling Sources and LEED Implications
- ✓ Ecostrate - New & Developing Applications Utilizing Carpet, Plastics and Textiles
- ✓ Turning a Recycling Quandary into a Reuse Opportunity - PlanetReuse
- ✓ New Patented PCC Recycling System for Broadloom and Tile
- ✓ A Different Way to Think About Buying and Selling Materials
- ✓ New Carpet Recycling Technology From China
- ✓ A New Technology to Recycle “Whole” Polyester Carpet
- ✓ Making New Carpet from Old Carpet: Fiber to Fiber and Backing to Backing - Interface
- ✓ Sustainable Product Design: How Design Can Spur Carpet Recycling
- ✓ Institutional Purchasing of Products Made Using Recovered Carpet Materials
- ✓ NGR’s New Liquid State Recycling Technology for PET Fiber



## 6.3 Contractors

Tinney Associates joined the CARE team in June 2014 as a market Development consultant focused on the CA Program. This is discussed further in **5.10 Secondary Product Promotion**, **5.3 Source Reduction**, **5.6 Recyclability** and **6.4 Market Development Metrics**.

## 6.4 Market Development Metrics

At this time, the Program does not have data to clearly show product availability trends over time. This will be tracked more closely in future years. Based on products appearing the 2014 and 2015 Product Brochures, the following metrics are identified:

Metric	2013	2014	2015
# Companies Represented in Brochure	No brochure	15	15
# Products Offered	No brochure	30	50

Note, products presented above include all known products produced by Program participating processors or other CARE members, utilizing PCCRC. These products may or may not use CA-derived PCCRC. During the reporting year, only one company offering PCCRC products was located in CA. Two additional companies were actively working with California agencies in support of their efforts to establish manufacturing capacity in CA in future years. This includes:

- ✓ Coordination with CalTrans to obtain product approval in support of new CA-based manufacturing facility, planned for 2015
- ✓ Coordination with Department of Water Resources (DWR) and Community Colleges to facilitate product testing and lay groundwork for potential use of CA-derived PCCRC and/or establishment of CA-based processing capacity

Market development efforts to date are presented in program goals within **Section 5.10 Increasing Market Growth**.

### Efforts conducted in 2014 included:

- Found potential market for calcium carbonate, with rubber and plastic molders, which has opened the door for established processors to add carpet to their raw material mix.
- Provided multiple new product ideas for PET fiber used in geotextiles, mats, firelogs, and car parts.
- Introduced GeoHay to state agencies with two pilot projects in place and one developing.
- Worked Ecostrate Caltrans application thru the needs assessment process, now in the lab.
- Held 4 product presentations to potential users and specifiers. Established a collaborative beginning for both industries, and CalRecycle staff.



# 2014 CARE Annual Report to CalRecycle

During the reporting period, The Program hired consultant Tinney Associates to lead the following major tasks related to market development:

- ✓ Task One: Recycled Carpet Products
- ✓ Task Two: Product Placement of existing products.
- ✓ Task Three: State Agency Buy Recycled Campaign, SABRC

A summary of these tasks and accomplishments during the reporting period is present below.

## Task One: Recycled Carpet Products

This task involved collaborative work with in-state processors and stakeholders to identify the problematic fractions being generated from carpet recycling: PET, Calcium Carbonate (CC), and significant quantities of dust mixed in with both CC and residue fibers. In addition, the task sought to identify opportunities for potential usage of these fractions in new recycled carpet products. Through this effort, it was identified that this waste material currently carries a disposal cost of \$0.04 - \$0.10 per pound. WTE utilized by some participants for material portions which cannot be recycled, carries a higher cost than landfilling such materials in most locations. Offering an incentive to offset this cost of choosing higher value WTE disposition may be worth considering in future years, especially until such new recycled products can take full hold in the marketplace. A precedent for the use of such outlets may be found in the PaintCare program.

The task approached potential usage of these materials several ways.

1. How PET could be used as a raw material in existing products.	
<b>Opportunities found include:</b>	<ul style="list-style-type: none"> <li>a. Geotextile products produced in a variety of forms by multiple manufacturers</li> <li>b. Weed Abatement mats used under freeway guard-rails.</li> <li>c. Liners for golf course sand traps</li> </ul>
<b>Actions taken:</b>	Samples, technical specs, and contact information on producers of these existing products were identified and shared with participating processors for follow-up.
2. How material could be substituted for other material in existing product recipes, i.e. Feedstock conversion.	
<b>Opportunities found include:</b>	<ul style="list-style-type: none"> <li>a. We contacted firelog manufacturer to explore the idea of mixing in PET, CC, and the dust into their recipe for firelogs.</li> <li>b. The concept of mixing PET into existing recipes for molding products from recycled rubber and plastic is being examined. Four companies were engaged in testing trials in a variety of recipes for such products as floor mats, traffic cones, and sound barriers.</li> <li>c. The concept of how/if PET and/or CC could be processed for use in artificial turf infill. The current primary product, recycled rubber, has come under attack for safety concerns. California legislation is pending banning recycled rubber use for two years while more research is conducted. This effectively kills the recycled rubber product and creates an opportunity for alternative material. Several of the existing recipes for infill call for mixing sand with rubber or some other granular material.</li> </ul>



# 2014 CARE Annual Report to CalRecycle

<p><b>Actions taken:</b></p>	<ul style="list-style-type: none"> <li>a. After multiple tests of various mixes through their extrusion process, the Company zeroed in on adding quantities of CC as filler. This concept is under review for the appropriateness of material inclusion into a firelog to be burned. To move ahead there are a series of safety tests required that are also under consideration.</li> <li>b. Four companies were engaged in testing trials in a variety of recipes to test the concept of mixing PET into existing recipes for molding products from recycled rubber and plastic, including such products as floor mats, traffic cones, and sound barriers.</li> <li>c. Began exploration of how/if PET and / or CC could be processed for use in artificial turf infill, including the engagement of California-based producers of rubber infill who have expressed an interest in pursuing the idea. A producer site visit was scheduled for January to initiate further discussions and material testing. Discussions confirmed several of the existing recipes for infill call for mixing sand with rubber or some other granular material.</li> </ul>
<p><b>3. Exploration of potential use of strips of shredded carpet as Carpet Derived Aggregate, CDA, similar to Tire Derived Aggregate, TDA.</b></p>	
<p><b>Opportunities found include:</b></p>	<p>In discussions with processors for potential alternative uses, the idea of using strips of shredded carpet as lightweight landfill emerged. The concept is the same as is currently employed using shredded tire strips, in quantity, for fill behind retaining walls, or on side hill repair, where bulk is needed but weight is not. The product would be called carpet derived aggregate, CDA, similar to tire derived aggregate, TDA. CDA could also have potential use in septic tank fields, or as road base under porous concrete.</p>
<p><b>Actions taken:</b></p>	<ul style="list-style-type: none"> <li>a. Contacted CalRecycle asking for technical development help on CDA from the CalRecycle staff who has worked on TDA. Discussion are planned to continue in 2015.</li> <li>b. The use of bales of recycled carpet as road base under porous concrete was also explored. Idea abandoned as too expensive.</li> </ul>
<p><b>4. Identification of potential investment partners to encourage opportunities utilizing recycled carpet material.</b></p>	
<p><b>Opportunities found include:</b></p>	<ul style="list-style-type: none"> <li>a. Identification of venture capital firm, with potential interest investment opportunities utilizing recycled carpet material.</li> </ul>
<p><b>Actions taken:</b></p>	<ul style="list-style-type: none"> <li>a. Met with venture capital firm, to encourage them to look for investment opportunities utilizing recycled carpet material.</li> <li>b. Also briefed firm on existing California companies with recycling capabilities and growth potential.</li> </ul>



## Task Two: Product Placement of existing products.

This task involved the identification of existing products made with CA-derived PCCRC being produced in California. In the following year, this task will expand to include additional products made outside of California as well as those currently using PCCRC sourced from outside of California with the specific intention of expanding the marketplace for CA-derived PCC recycled output and encouraging the utilization of more CA-derived PCC recycled output by those manufacturers already utilizing or considering utilizing PCCRC in their products.

During the reporting period, the existence of secondary products available for sale is limited, with only one, Reliance Carpet Cushion, being produced in California.

This task approach and outcomes are summarized below.

1. Carpet Cushion produced by Reliance Carpet Cushion.	
<p><b>The intended use as carpet cushion</b></p>	<ul style="list-style-type: none"> <li>a. A promotional introductory email, featuring Reliance Carpet Cushion was prepared and distributed to over 200 public and private entities, personalized to individuals met during promotional presentations.</li> <li>b. The objective was to get a broad introduction to a wide variety of potential users. Initial response included leads to school districts and multiple leads to California Department of Corrections and Rehabilitation (CDCR).</li> <li>c. Those leads were passed on to the company for follow up.</li> <li>d. Leads will be used to open discussions with CDCR headquarters, with the objective of including recycled carpet cushion in future CDCR floor covering specifications, beginning in January.</li> <li>e. Promotion also resulted in opportunities for discussion such as a lunch and learn presentation meeting at an architectural firm scheduled in February.</li> <li>f. A product focused PowerPoint presentation was developed for use at these promotional meetings, with a focus on both carpet cushion as well as other products that we have been introducing in California, including:               <ul style="list-style-type: none"> <li>• GeoHay—Erosion Control Recycled Carpet Wattles EcoStrate—Recycled Carpet/Recycled Plastic E-waste Sign Substrate for traffic signs and other products</li> <li>• Nylon pallets—A Recycled Carpet Alternative to Wood</li> <li>• Bonded Logic—Building Insulation, produced from Recycled Content Blue Jeans and PET Carpet Fiber.</li> </ul> </li> <li>g. Ongoing program presentations to industry to continue in 2015.</li> <li>h. Ongoing products presentations to targeted groups to continue in 2015, adding new products as they become available.</li> </ul>
<p><b>Other uses for carpet cushion.</b></p>	<ul style="list-style-type: none"> <li>a. Met with Caltrans roadside staff to discuss using carpet cushion as a geotextile.</li> <li>b. Through discussion it was determined that this is not a viable application as the carpet cushion sheds water where the GeoTextiles need to be permeable.</li> <li>c. The same objection was raised during a test for use as a liner for golf sand traps.</li> <li>d. Efforts will continue to promote carpet cushion through both traditional placement channels, as well as creative ideas for alternative uses.</li> </ul>



# 2014 CARE Annual Report to CalRecycle

2. GeoHay, a reusable alternative to straw wattles (Erosion Control).	
<p><b>Promotion to CalTrans</b></p>	<ul style="list-style-type: none"> <li>a. Efforts included the introduction and promotion of GeoHay to Caltrans, as a reusable alternative to straw wattles.</li> <li>b. After repeated meetings and technical information exchanges, Caltrans identified the need for more permanent wattles on highway slopes where new vegetation has been planted:</li> <li>c. The straw wattles biodegrade and the young vegetation washes to the curb.</li> <li>d. GeoHay may be a viable product in those application areas where more durable long-lasting erosion control is needed.</li> <li>e. To test the concept, Caltrans has planned a pilot project along a local freeway, in which GeoHay will be donating 1000 feet of product for the test.</li> <li>f. Test results are anticipated in 2015.</li> <li>g. Caltrans management has invited the Program to make a presentation to the 12 district storm water coordinators meeting, in the first quarter 2015, featuring GeoHay and other carpet derived products available.</li> <li>h. Initial work with Caltrans to support planned outreach to 12 maintenance districts, where buying decisions are made.</li> <li>i. During this process, the need to establish California based distribution to assure timely delivery and avoid freight costs, was identified and is being actively pursued by GeoHay. This would increase opportunity for utilization of this carpet derived product.</li> </ul>
<p><b>Promotion to DWR and Community Colleges</b></p>	<ul style="list-style-type: none"> <li>a. Preparation and distribution of an email introducing GeoHay, which we sent to over 200 public and private entities, personalized the same way as the carpet cushion introduction.</li> <li>b. The initial response netted a test project with the DWR.</li> <li>c. Test Projects will be leveraged to gain entrance to the DWR for other water erosion opportunities within the agency as well as the civil engineering community, where Stormwater Pollution Prevention Plans, SWPPP's are written.</li> </ul>
<p><b>Promotion to Community Colleges</b></p>	<ul style="list-style-type: none"> <li>d. As described above, preparation and distribution of email introducing GeoHay sent to over 200 public and private entities, included California Community Colleges, personalized the same way as the carpet cushion introduction.</li> <li>e. The California Community College system consists of over 50 campuses, all of whom could be influenced by what happens at Contra Costa and Butte Colleges. They hold system wide meetings quarterly. The program worked with these entities to get an upcoming meeting agenda.</li> <li>f. The initial response netted a test project at Butte College.</li> <li>g. Program was invited to present on GeoHay to the sustainability committee at Contra Costa College, completed in November 2014. While focused on GeoHay, other carpet-derived products available were also included. Sample presentation materials from these events is presented in <b>Appendix III</b>.</li> </ul>



<b>3. Ecostrate, a 100% recycled content substrate comprised of Recycled Carpet and Recycled E-waste Plastic, used for signs and other materials</b>	
<b>Support of CalTrans Product Approval Application</b>	<ul style="list-style-type: none"> <li>a. Multiple meetings were held, with the appropriate people at Caltrans, to track and expedite the EcoStrate new product application, filed by EcoStrate in October.</li> <li>b. Efforts helped to facilitate the CalTrans Needs Assessment Committee approval and the forwarding of the approved application to the Caltrans lab.</li> <li>c. Met with the lab engineer handling the review process, established a line of communication, and feel confident the EcoStrate material has a solid chance of being approved as a substrate for Caltrans signs in the coming year (2015).</li> <li>d. Once product approval is accomplished, EcoStrate will need to continue efforts with the approved California sign maker(s) to include EcoStrate substrate in their sign production program.</li> </ul>
<b>4. Coordination with Department of General Services (DGS)</b>	
<b>Contact with DGS</b>	<ul style="list-style-type: none"> <li>a. Initial contact has been made with the contracts office of the DGS, to determine if/how/where/ product is purchased by the State in building insulation and pallets. There may be existing contracts into which carpet-derived products can be inserted.</li> <li>b. The DGS holds quarterly “buyers forums”, attended by representatives of all the state agencies.               <ul style="list-style-type: none"> <li>• Meetings show new products available to the agencies.</li> <li>• Secured scheduled presentation May 2015.</li> </ul> </li> </ul>
<b>1. Additional Efforts and Results</b>	
	<ul style="list-style-type: none"> <li>a. As a result of these presentation efforts, we have assembled a PowerPoint presentation on carpet-derived products (sample within <b>Appendix III</b>).</li> <li>b. Outcome finding that these industry presentation generate both actionable leads and creative ideas from potential users on products both existing and to be developed.</li> <li>c. In addition to above, 7 Mills were contacted to request information on additional non-carpet secondary products, which could be included in the carpet-derived products presentations.</li> </ul>
<b>5. Capital Investment to Establish/Enhance New Recycled Products</b>	
<b>Applicant Support for CalRecycle Grant Funding</b>	<ul style="list-style-type: none"> <li>a. CARE promoted CalRecycle new Fiber, Glass, Plastic FGP1 Grant application process with it’s members, providing AB 32 funds to encourage new and enhanced recycled products made with target materials.</li> <li>b. At least two known project applications involving the use of PCCRC were submitted.</li> <li>c. CARE provided a letter of support in response to applicant requests.</li> <li>d. CARE provided advice and support for collaborative project approach between multiple CARE members.</li> <li>e. Grant applications were driven directly by applicants.</li> </ul>



### Task Three: State Agency Buy Recycled Campaign, SABRC

The objective of this task is to further efforts to include carpet derived products as a SABRC category, helping to increase market opportunities for increased procurement of PCCRC products by state agencies. This effort began by meeting with CalRecycle to obtain their advice and enlist their support, as this will require legislation.

In addition, this task acknowledges that AB 2398 includes language related to procurement and management of PCC:

42980. (a) On or before January 1, 2014, the department and the Department of General Services shall complete a study that examines the specifications for carpet purchases by the state, as provided in the American National Standards Institute (NSF/ANSI) 140-2009 Standard, Platinum Level, as in effect on January 1, 2011 or the most current version in effect, and shall submit the study to the Governor and the Legislature pursuant to Section 9795 of the Government Code, including recommendation for any appropriate changes to that standard.

42982. The Department of General Services shall, to the extent feasible and within existing resources, take appropriate steps, including, but not limited to, revising relevant procurement rules, to ensure that postconsumer carpet that is removed from state buildings is managed in a manner consistent with the purpose of this Section.

Efforts conducted under this task were intended to stimulate a dialogue consistent with these aspects of the legislation and assess current status and opportunities in these areas. These discussions will continue in the next reporting period.

As these discussions took form, it was identified that pending legislation in this area was underway, AB 2675, which would increase each State agencies purchasing quota in the existing SABRC categories from 50-75%. In support of that effort, CARE submitted a letter of support to Assembly Women Lowenstein, the author of bill AB 2675. In addition, coordination with California Product Stewardship Council (CPSC) helped to enlist their support of the legislation. The net result was AB 2675 was passed and sent to the Governor. The next step for CARE is to support efforts for legislative addition of carpet derived products to SABRC. A continuation of these efforts is planned for the coming year.



## 7 Financing Mechanisms - Section 18944(a)(7)

*The annual report shall include a description and evaluation of the program's financing mechanism, including whether or not the funding was sufficient to recover, but not exceed, the full cost of the stewardship program. The annual report shall include, but not be limited to, the following total program cost information, and include any supporting documentation. Any proposed change in the amount of the carpet stewardship assessment fee must be submitted to the department for re-approval (See Section 18943 Criteria for Plan Approval):*

### 7.1 Total Program Cost - Section 18944(a)(7)(A)

Note: CARE adjusted 2014 quarterly reports to utilize an accrual rather than a cash accounting system, in order to align with internal budget management controls and protocols, and to increase Program transparency.

- **2014 starting balance: \$4.1M**
- **Total 2014 revenues: \$4.9M**, comprised of \$4.9M in assessment remittances paid by participating mills and interest income of \$14k.
- **Total 2014 expenditures: \$5.3M<sup>29</sup>**
  - 90% Program Incentives/Subsidies
  - 10% Program Administration
- **2014 ending balance: \$3.8M**
- **\$2.7M (71%) of ending balance earmarked as program reserve<sup>30</sup> (see Section 7.10)**

The following figure summarizes the revenues, expenditures and fund balance retained by quarter throughout 2014. The purple bars indicate the portion of the Fund Balance, which is set-aside as a Reserve, comprising the majority of surplus funding.

---

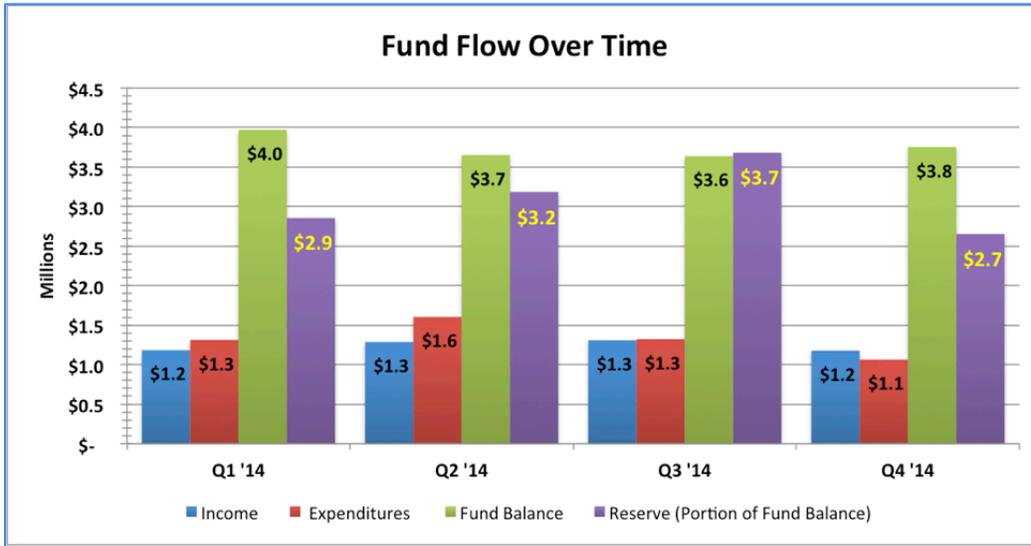
<sup>29</sup> Please see Section 7.7 for discussion on CalRecycle fee adjustment modifying total expenses from \$5.7M to \$5.3M

<sup>30</sup> Presently the program reserve is set at the average payout for the past four quarters, divided by 2 or roughly equivalent to 2 full quarters of payouts.



# 2014 CARE Annual Report to CalRecycle

Figure S. Summary of Program Remittances, Expenditures and Balance Over Time (\$ in millions) \*



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

## 7.2 Cost(\$)/capita - Section 18944(a)(7)(B)

Based on a total California population of roughly 38.8 million persons in 2014<sup>31</sup> the \$5.3M expended in 2014 on Program expenses accounts for approximately \$0.14 for each Californian.

## 7.3 Cost (\$)/pound collected- Section 18944(a)(7)(C)

In 2014, a total of 123 million pounds of PCC were gross collected. Based on 2014 California population data referenced above, an average of 3.17 pounds of PCC was recovered per capita. Based on total funds expended in 2014, the cost/pound collected is \$0.04 per pound.

## 7.4 Education/Communications - Section 18944(a)(7)(D)

(% of total program cost)

The Program launched a new Marketing, Education and Outreach (ME&O) strategy in 2014. Using feedback from stakeholder workshops held in April 2014, the strategy was developed in May 2014, presented to the Program governing body and approved in June 2014. A total of \$300K was allocated for ME&O efforts in 2014, although only \$152K were actually expended during this period. ME&O efforts are scheduled to continue in 2015.

A **Market Development consultant** was hired to provide services from June-Dec 2014. Market development activities conducted through this effort are summarized above in **Section 6.** This work will continue in 2015. A Request For Proposals (RFP) was released in July 2014 for a **communications firm** to provide ME&O services, leading to the hire of Gigantic Idea Studio in October 2014 through June 2015.

<sup>31</sup> Per capita estimate is based off a U.S. Census Bureau population data of 38,802,500 for California in 2014.



The team launched a **pilot project** in 4<sup>th</sup> quarter 2014 to provide targeted education and outreach throughout the San Francisco Bay Area, principally through collaboration with local governments, transfer station and landfills.

An RFP was issued to award a grant to an applicant University for the development of market-based solutions for PET carpet fiber. After no California universities applied in the initial round, the RFP was reissued in July 2014, with an increased grant amount of \$500K and opened to all U.S. universities. The grant was awarded to University of Connecticut in late 2014.

The purpose of the 12-18 month project is to demonstrate value-added uses for polyethylene terephthalate (PET) derived from post-consumer PET carpets (PCC). The ultimate goals are to develop processes, products and identify viable market outlets for this feedstock. CARE hopes that prototype products will demonstrate proof of principle and encourage market contacts. Details of the project are discussed further in **Section 8**.

## 7.5 End-Of-Life (EOL) Materials Management - Section 18944(a)(7)(E)

*(% of total program cost)*

For the purpose of this 2014 report and as distinguished from the 2013 report, EOL is defined as activities occurring at the point when a product is discarded by the consumer or the end of the useful life of a product, whichever comes first. EOL is assumed to include such activities as reuse, recycling, incineration, energy recovery, and landfilling. In 2014, \$4.5M in Program resources were directed to support EOL materials management in the following amounts:

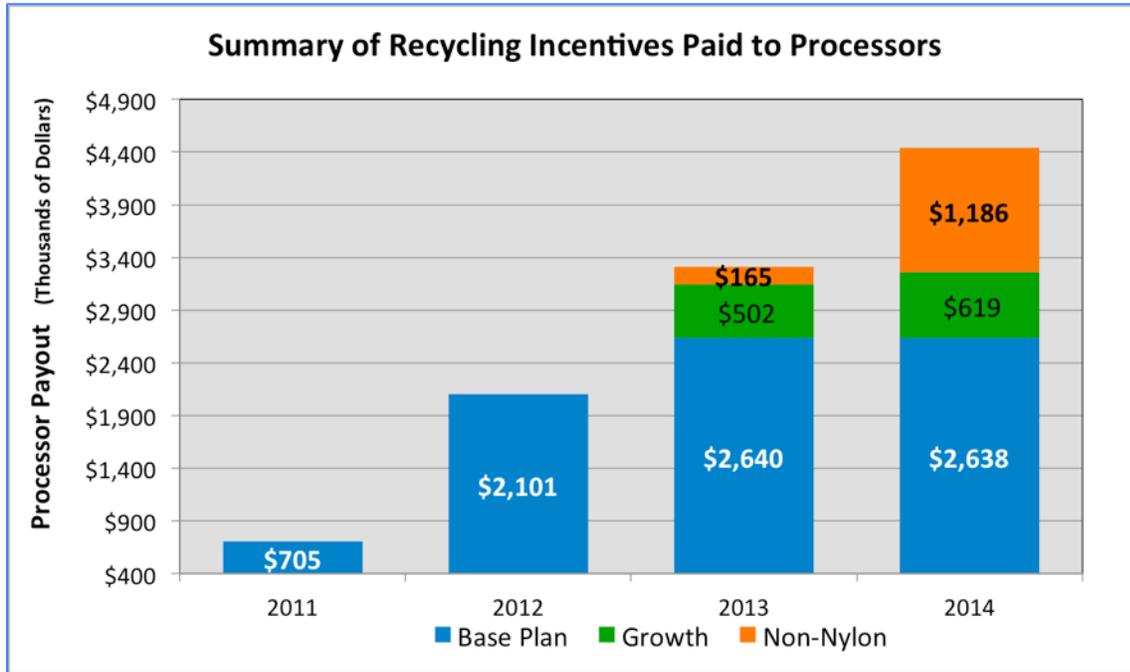
1. **Gross Collections** -In 2014, the Program expended \$78K in support for storage and transportation of discarded PCC generated in participating rural counties. For details see **Section 4.4 Rural County Collection Sites**,
2. **Recycling** - The bulk of Program resources support the conversion of gross collections into recycled output materials by participating processors. In 2014 a total of \$4.7M was paid out in the form of:
  - a. Base Incentives:
    - i. Type 1 recycled output (\$2.6M),
    - ii. Type 2 recycled output (\$0),
  - b. Bonus Incentives for exceeding Type 1 target thresholds (\$619K), and
  - c. Tier 2 secondary product manufacturer incentives (\$1.2M).
3. **Energy Recovery** -WTE does not receive subsidy payouts under the current Plan. In 2014, CAAF and Kiln payouts accounted for \$277.6K or 6% of total subsidy expenditures:
  - a. CAAF (\$0), and
  - b. Kiln (\$277.6K)<sup>32</sup>.

---

<sup>32</sup> See additional discussion related to kiln pounds and expenditure in **Section 7.9.1**.



Figure T. Summary of Incentive Funds Paid to Processors Over Time by Incentive Type



## 7.6 Program Administration - Section 18944(a)(7)(F)

*Total % program cost, including annual administrative fee for service payments to CalRecycle*

Program administration expenses comprised 10% of overall 2014 Program expenditures and are summarized in the Table below. Program administration includes service payments to CalRecycle for their role in providing governance support and oversight on behalf of the state of California. Please refer to **Section 7.7** for additional discussion about this role.



Table 8. Summary of Program Administrative Expenses in 2014 (Numbers in Thousands).

Program Administration Expense	Q1	Q2	Q3	Q4	2014 Total	% of Admin	% of Total
Accounting	\$18	\$84	\$75	\$49	\$226	41.5%	4.3%
Legal <sup>33</sup>	\$0	\$10	\$38	\$90	\$28	5.2%	0.5%
CARE Expenses <sup>34</sup>	\$6	\$10	\$10	\$25	\$51	9.3%	1.0%
CARE Staffing & CPM <sup>35</sup>	\$64	\$61	\$58	\$73	\$256	46.9%	4.8%
CalRecycle Fees <sup>36</sup>	\$57	\$55	\$91	\$43	\$(168)	-30.9%	-3.2%
Marketing, Education & Outreach <sup>37</sup>	\$0	\$10	\$38	\$132	\$152	28.0%	2.9%
<b>TOTAL Admin</b>	<b>\$145</b>	<b>\$230</b>	<b>\$311</b>	<b>\$412</b>	<b>\$545</b>	<b>100.0%</b>	<b>10.3%</b>

## 7.7 Governance - Section 18944(a)(7)(G)

*(Program oversight as % of total program cost)*

Program governance is provided by CalRecycle. CalRecycle invoiced and the Program paid \$246K for governance oversight in 2014, equivalent to 4% of total Program expenditures or 26% of total Program Administrative expenses. However, during the 2014 audit, this expenditure was identified as having been accrued in excess of actual line item expenses since the beginning of the Program in 2011. In a letter dated May 18, 2015 (see **Appendix IV**), an independent auditor confirmed with CalRecycle that all expenses under this line item to date have been billed and paid in full, resulting in an adjustment of (\$-168K), reflected in the attached financial audit (**Appendix IV**) as well as summary expenses in this **Section 7**. Taking this adjustment into account, total governance expenses in 2014 totaled -3.2% of total Program expenditures.

## 7.8 Total cost to local government (if applicable) - Section 18944(a)(7)(H)

According to CalRecycle waste characterization studies<sup>38</sup> (2008), an estimated 3.2% of total annual disposal statewide is attributable to discarded carpet. Based on this understanding, 3.2% of local government disposal costs could be attributed to management of discarded carpet. CARE does not presently track the costs of managing discarded carpet incurred by local governments, and does not require any direct contribution by local governments. However, some local governments may support Program efforts financially, in line with their local goals for waste diversion.

<sup>33</sup> Legal is a portion of professional services. Other consultant services provided in 2014 including Tinney Associates and Lisa Mekis are included in the professional services budget line item presented in the year-end financial statements.

<sup>34</sup> Includes bank service charges, office expenses, facilities costs, travel expenses, and university grant admin costs.

<sup>35</sup> Includes apportioned CARE Salaries and California Program Manager (CPM) professional services

<sup>36</sup> See Governance Section 7.7 for explanation of negative expense.

<sup>37</sup> Includes Communications budget line item presented in the year-end financial statements as well as other consultant services minus legal fees included within the professional services budget line item presented in the year-end financial statements.

<sup>38</sup> 2008 waste characterization study is the most recent available study. The 2014 waste characterization study is expected to be released later this year (2015). <http://calrecycle.ca.gov/WasteChar/WasteStudies.htm>



# 2014 CARE Annual Report to CalRecycle

In the case of rural county program participants, in-kind staff time is donated to support program roll-out and management. In some cases rural counties may use local government diversion activities such as special events, billing inserts, newsletter announcements and related tactics to increase program participation. In 2014, local government contributed an estimated 854 hours to the rural county program in the form of labor, materials management and training, based on average reported hours. These numbers represent an average of 6.4 hours per county per month over the reporting period.

## 7.9 Summary of Expenses- Section 18944(a)(7)(I)

*Amount of the assessment, aggregate assessment funds collected, how spent and amounts of each major expenditure a. Funds, if spent on CAAF, must be supported with documentation reporting on economic and environmental impacts and that incentives shall expire, if they no longer serve a benefit.*

Table 9. A summary of Program income and expenses by category is presented below.

Category	Amount/Description
Amount of Assessment	\$0.05/square yard of carpet sold in CA
Total Assessment Remittances	\$4.9 M
Total Interest Income	\$14 K
EOL Base Incentive Payout (Type 1, Type 2, CAAF, Kiln Incentives)	\$2.6 M (Type 1 and Type 2) \$277.6 K (CAAF and Kiln)
EOL Bonus Incentive Payout (Type 1)	\$619 K
EOL Tier 2 Incentive Payout	\$1.2 M
EOL Gross Collection Payout (Rural County Program Storage/Transportation)	\$78 K
Marketing, Education, Outreach	\$152 K
Program Administration	\$545 K
Program Governance (CalRecycle Fees)	\$(-168) K <sup>39</sup>
<b>Total Program Cost</b>	<b>\$5.3 M</b>
Cost per Pound of Gross Collection	\$0.04/pound
Cost per Capita	\$0.14/capita

<sup>39</sup> Includes 246k invoiced and paid during 2014 plus adjustment for previously accrued CR fees determined to be paid in full - see Appendix IV.



## 7.9.1 Economic and Environmental Impacts of CAAF and Kiln

During the reporting period no CAAF was utilized under the Program. CAAF accounts for 0.0% of discards and 0.0% of diversion during 2014.

Kiln utilization increased substantially in 2014 to 9.3M pounds from 47.5k pounds in 2013. Kiln utilization as an alternative to WTE or landfill is considered a preferred disposition and is counted toward landfill diversion figures. Despite this increase, CAAF/Kiln still accounted for just 6% of associated subsidy expenditures in 2014. Of this, only 0.7% of actual subsidy payouts during the period were associated with Kiln, due to Kiln figure corrections after 2014 kiln diversion had been mistakenly attributed to landfill disposal. This correction accounts for 7.9M or 85% of total 2014 kiln pounds. The associated subsidy for these misreported pounds totaled \$239.7K, which was approved for payment as an adjustment to Q1-2015 payouts.

When the total attributable subsidy for all 9.3M pounds diverted in 2014 is considered, CAAF/Kiln accounted for 6% of subsidy expenditures and 8% of gross collections. As CAAF/Kiln are presently capped at 15% of subsidy payouts, these incentives continue to fall several orders of magnitude below current levels of utilization. Also see **Energy Recovery under 5.5 Disposition**.

CAAF/Kiln subsidies provide an economic incentive for processors to choose kiln disposition over WTE or landfill disposal, although the environmental impacts of these strategies are not yet fully understood.

## 7.10 Surplus Funding- Section 18944(a)(7)(J)

*If any, and how it will be applied to reduce program costs*

The starting fund balance at the beginning of 2014 was \$4.1M. During the calendar year, Program revenues totaled \$4.9M, comprised of \$4.9M in assessment remittances paid by participating mills and interest income of \$14k. Total expenditures paid out in the form of subsidy payouts and other expenses totaled \$5.3M<sup>40</sup> during the term, or 107% of remittances. At the close of 2014, the Program had a total ending balance of \$3.8M in surplus or unexpended funds and represented a net reduction in the fund balance of \$349k, equivalent to an 8% decrease in the Program surplus as compared to 2013. Of this surplus funding, 2.7M or 64% is earmarked as a Program Reserve to ensure the Program is able to payout subsidies and expenses in the event of unforeseen occurrences such as dramatic increased Program uptake, unexpected decreases or delays in assessment remittances, etc., especially in light of 12 month plus current quarter subsidy guarantee.

## 7.11 Assessment Rate- Section 18944(a)(7)(K)

*An evaluation of the assessment rate*

The assessment rate was set at \$0.05 per square yard of carpet sold in California throughout the reporting period. Throughout 2014, CARE completed a comprehensive analysis of past performance of the subsidy program. The Sustainable Funding Oversight Committee (SFOC), its highest level decision-making entity, has approved a series of changes and additions to the subsidy program,

---

<sup>40</sup> Note, please see Section 7.7 for discussion on CalRecycle fee adjustment modifying total expenses from \$5.7M to \$5.3M



## 2014 CARE Annual Report to CalRecycle

summarized below. These changes offer new and expanded opportunities to processors participating in the California Carpet Stewardship Program. See also **Report Addendum - 2015 Updates**.

### Summary of Request

CARE conducted “what-if” analyses of more than 30 ideas and combinations of Program adjustments before settling on the set of approved Program changes, which were submitted in CalRecycle in December 2014 in the form of a proposed Plan Addendum. This Addendum outlined several modifications to the subsidy Program and requested an adjustment to the assessment rate from \$0.05 to \$0.10 in order to support these proposed changes.

One of the key Program changes is a guarantee of stability in subsidy funds by providing a **12 months plus current quarter notification** before any decrease in funding is implemented. This element of the Plan is designed to reduce risk for investment and provide the ability to plan ahead in terms of cash flow.

Recognizing that **non-nylon**, and polyester (PET) in particular, is experiencing a significant increase in sales and represents a growing challenge for recycling output, CARE is implementing three targeted elements for the revised Plan. First, the existing subsidy payment for End User Non-Nylon Tier 2 pounds will go from 12 cents/lb. to 17 cents/lb. The Program has already observed good progress in the non-nylon area (see **Section 6. Market Development**), but will need to accelerate the recycling rate in order to meet the 2016 and 2020 recycled output goals of the Program. This is why CARE also proposed the implementation of an added **Tier 2 growth bonus** for non-nylon of 10 cents/lb. The target for the End User Non-Nylon Tier 2 Growth bonus will be set based on 2014 results, to be evaluated in Q1 2015, once Q4 data are in for 2014. Given current data on non-nylon growth and expressed interest in higher incentives, CARE believes this subsidy will have a significant impact.

Currently, **calcium carbonate (CC)** that results from processing has no useful outlets, yet typically represents 30-40% of the weight of the collected broadloom carpet. Finding a use for this material would significantly increase recycled output through improved recycling output yields. CARE believes the subsidy placed on this material for use as a raw material has the potential to stimulate the recycling of CC into carpet backing and for the production of Portland cement, replacing strip-mined virgin limestone. While the impact on virgin limestone replacement would be minimal, the value of this recycled stream would add to our total recycled output as opposed to sending it back to landfill after original collection. Note that the CC subsidy is a raw material use credit and not a fuel application for kilns. The concentrated CC from processing has no fuel value to a cement kiln (i.e., the BTU value is far too low) being typically 70+% CC.

Another proposed Program change is a **carpet tile Reuse or Recycle subsidy** of 10 cents/lb. This approach offers several high impact advantages. First, reuse of carpet tile is one of the easier reuse applications. (See also section 5.5.1 Reuse.) Second, tiles on average weigh about twice that of broadloom. Thus, for every square yard of tile reused or recycled we get 2x the recycled output weight. In summary, every square yard of tile is equivalent to 4 times the weight value of broadloom for recycled output. CARE will modify report forms to track carpet tile reuse and carpet tile recycling separately to ensure it isn't confused with Type 1 recycling materials. Also note that there is currently a large transportation cost for recycling of tile from the west coast since most recycling occurs near the east coast. The incentive is designed to offset these costs until carpet tile recycling capacity exists in California.



Taking all these factors into account, we project a high probability of hitting our recycled output goals to achieve the 16% by 2016 and 24% by 2020 targets in the Plan, with these proposed changes.

## 8 Outreach & Education - Section 18944(a)(8)

*List educational outreach activities in the stewardship plan. Education and outreach materials may include, but are not limited to, signage, written materials, advertising or other promotional materials pursuant to Section 42972 (a) (5) and Links to website(s) created and maintained by the manufacturer or stewardship organization.*

CARE's education and outreach efforts in 2014 focused on bringing on additional resources and prioritizing needs and next steps. By the end of the year a more robust team - California Program Manager Brennen Jensen, Outreach and Education Specialist Lisa Mekis, the communications agency (Gigantic Idea Studio), and the market development consultant (Tinney Associates) - were in place.

Education and outreach is planned for continued expansion and enhancement in 2014-2016, building on lessons learned and market research obtained from Program implementation to date. Additional details are included within the Plan. See also **Appendix III** of this report.

### 8.1 Description of Materials

*Provide a description of educational materials that were provided to retailers, consumers, carpet removers/installers, contractors, during the reporting period (provide electronic samples).*

CARE's education and outreach efforts in 2014 focused on bringing on additional resources and prioritizing needs and next steps. By the end of the year a more robust team - California Program Manager Brennen Jensen, Outreach and Education Specialist Lisa Mekis, the communications agency (Gigantic Idea Studio), and the market development consultant (Tinney Associates) - were in place. Electronic samples of educational materials are presented in **Appendix III**.

#### 8.1.1 In-Person Outreach

Beginning October 2014, Outreach and Education Specialist Lisa Mekis began to initiate and develop in-person outreach with local governments, transfer stations, installers and retailers in California. In Q4, she concentrated on site visits and building direct relationships with a network of key stakeholders and facilities, primarily in the San Francisco Bay Area regions. Outreach provided an increase of PCC collection sites, greater involvement of local government recycling coordinators, and an outline of best practices and next steps for continued program improvement.

#### 8.1.2 Primary Research To Support Marketing/Outreach Efforts

The Gigantic Idea Studio team, contracted in October, completed the primary research report in December. The report encompasses results of 52 interviews with stakeholders (retailers, manufacturers, collectors/sorters, installers, recycling coordinators and NGOs. Interviews covered:

1. Knowledge and awareness of the carpet recycling industry and issues



2. Actions related to carpet recycling: What are they doing with carpet they are handling? Are they making an effort to recycle and/or encourage recycling?

3. Barriers and benefits for recycling carpet/increasing gross collection (including financial considerations)

4. Needs: What sort of services, incentives, or collateral might help increase their contribution to carpet recycling/gross collection? How can the California Carpet Stewardship Program better serve their needs?

The Report (see **Appendix III** for public-facing version) documented operational and communication issues, as well as challenges in how CARE is perceived by stakeholders. Several important contacts were made, including in the heretofore elusive installer group that will support CARE's work in 2015. Recommendations from the Report will guide improvement of CARE's communication/outreach efforts in 2015.

### 8.1.3 Collateral

In January 2014 CARE published the 2013 Product Portfolio ([here](#)), which showcases recycled carpet products from 15 manufacturers. No other new collateral was created in 2014. See **Report Addendum - 2015 Updates** for additional collateral underway.

### 8.1.4 Website

CARE maintains a website with AB 2398 specific webpages and specialized sections targeted to various stakeholder groups available at: <http://carpetrecovery.org/california-ab-2398/>

The CARE website was redesigned and re-launched in July 2014 (see home page screenshot). The new design, besides being more attractive and visually-oriented, was created in WordPress (a user-friendly platform) such that CARE staff could directly add and edit content. The California AB 2398-focused sections of the website include multiple pages focused on information on and compliance required by the California program.

Website statistics for the year are estimated at:

- ✓ 36,000 visits
- ✓ 28,000 unique visitors
- ✓ 2:04 average session duration
- ✓ 5,800 visits from California
- ✓ 4,275 unique visitors from California
- ✓ 2:28 average session duration, CA visitors

Statistics show that approximately 16 percent of all visits to the CARE website in 2014 came from California. This is by far the largest segment of web visitors; the second-largest source of visits is Georgia, with 8 percent. California-based users primarily visited the California AB 2398 "home" page and the Collector Finder Map.



# 2014 CARE Annual Report to CalRecycle

The screenshot shows the CARE website header with the logo and navigation menu. The main content area features a large graphic with the numbers 46 x 70 and the text 'yardage calculator calculate now'. Below this are three smaller panels: 'FIND carpet reclamation partners in your area', a quote about carpet diversion, and a call to action for the 13th Annual CARE Conference.

## 8.1.5 Public Presentations and Workshops

Public presentations were the key element in CARE's California marketing efforts in 2014. In 2014 CARE staff conducted:

- **2 Public Workshops and 4 Multi-Stakeholder Feedback Sessions** conducted to secure input from a range of stakeholders including CalRecycle, NGOs, cities, municipalities, collectors, processors, entrepreneurs
- **5 presentations** to procurement bodies promoting PCRCC materials
- **21 Presentations/Trainings** on the California program at the **2014 CARE national conference**

## 8.1.6 Outreach to Retailers

During the reporting period, the Program outreach to installers consisted of the following activities:

- Inclusion of retailers in Market Research surveys conducted by communications firm Gigantic Idea Studio
- Response to specific retailer inquires, by request
- Collaboration with retailers, processors and haulers to understand challenges and opportunities with retailer service sites
- Coordination with rural county participants to help identify retailers within their area and encourage direct outreach through site visits, waste assessments or promotional materials such as distribution of program brochures
- **Retailers were identified as a key audience for outreach efforts in 2015/2016**



## 8.1.7 Outreach to Installers

During the reporting period, the Program outreach to installers consisted of the following activities:

- Inclusion of installers in Market Research surveys conducted by communications firm Gigantic Idea Studio
- Identification of installer trainer and preliminary coordination for potential carpet recycling workforce development curriculum component to be added in future years
- Response to specific installer inquires, by request
- Coordination with rural county participants to encourage direct outreach to installers and contractors in each participating region through retailers in each region, building and planning departments, building exchanges and trade organizations
- Outreach to 37 urban and rural transfer stations throughout the San Francisco/Monterey Bay Area, including 14 site visits and discussions of over 25 transfer station operators and staff to help identify opportunities and best practices for contractor/installer engagement
- Transfer station operators and scale house attendees identified as key nexus for outreach to self-haul installer/contractor community
- **Installers were identified as a key audience for outreach efforts in 2015/2016**

## 8.1.8 Outreach to Local Governments

During the reporting period, the Program outreach to installers consisted of the following activities:

- Inclusion of local governments in Market Research surveys conducted by communications firm Gigantic Idea Studio
- Response to specific local government inquires, by request
- Coordination with individual rural county jurisdictions and RCRC to help establish increased rural county collection sites (see Rural County **Section 8.1.10** below)
- Presentation at local government forums, such as Alameda County Green Purchasing event in Jan 2014, with procurement representatives from over 40 jurisdictions
- Presentation at California Resource Recovery Association (CRRRA) annual Conference, attended by hundreds of governmental representatives (Aug 2014)
- Meeting with Joint Powers Authorities (JPA) and multi-stakeholder groups like RCRC, Local Government Commission (LGC), Solid Waste Association of North America (SWANA) and others.
- Completion of Bay Area Outreach Pilot in Q4-2014, coordinating with 15 jurisdictional representatives and generating new opportunities for collaboration
- Collaboration with CRRRA Technical Council on Construction & Demolition
- **Local Governments, especially Recycling Coordinators, were identified as a key audience for outreach efforts in 2015/2016**



## 8.1.9 Outreach to Consumers

Presently the Program does not focus educational efforts directly on the consumer. Rather, the Program utilizes other target audiences to connect with consumers at the moment when they are likely to be the most receptive: when purchasing new carpet / preparing for carpet tear-out. This area has been identified as an area for increased attention in future years, especially as recycled output levels increase with new market opportunities. During the reporting period, the Program outreach to installers consisted of the following activities:

- Response to specific consumer inquires, by request
- Coordination with rural county local governments to promote the program with local retailers and installers, generally the direct point of contact with consumers
- Coordination with local governments to include local information in consumer facing promotional outlets such as County recycling webpages, waste hauler newsletters or billing inserts
- **Retailers, Installers and Local Governments were identified as a key audiences to engage to direct outreach information for consumers in future years**

## 8.1.10 Outreach to Rural Counties

The rural county program is discussed in detail in **Section 4.4**.

New procedures adopted regarding materials handling, following processor/collector stakeholder meeting and discussion item at RC quarterly call. Educational materials to be updated in future periods, as counties order additional materials:

- **Cut into Manageable Segments** [Cut into Pieces - 4-6' recommended] (No longer specifying 4-6' lengths, unless particular county desires to require this; precise segment length is not critical, lightweight and manageability to protect worker safety is key)
- **Roll It Up!** (No longer specified fiber side out; Carpet must be rolled; fiber can be in or out)
- **Separate Padding** (Padding must be separated from carpet; roll, fold or neatly stack padding; do not roll padding and carpet together; sites may elect to inter-mix rolls of carpet and pad within a trailer as long as carpet and pad are not rolled together; padding no longer needs to be bailed, boxed or palletized; padding does not need to be added at the end of a trailer, but must be separated from carpet within the trailer.)

## 8.2 Measuring Effectiveness

*Identify the method used to determine the effectiveness of educational and outreach surveys (e.g., surveys, hits on specific web pages, number of participants at events, etc.).*

Measurement methods are summarized in the Education and Outreach summary table referenced above. Effectiveness is determined through stakeholder feedback and tracking communications units such as number of materials produced, number of trainings conducted, number of presentations delivered, number of radio interviews conducted, numbers of news articles generated, and similar



## 2014 CARE Annual Report to CalRecycle

metrics. In future years, CARE plans to conduct additional market research to continue to guide ME&O efforts as well as provide refined mechanisms for evaluating effectiveness.

CalRecycle has requested that CARE report on both quantitative outreach metrics such as the number of activities, as well as proposing additional quantitative or qualitative metrics to help assess program effectiveness and impact over time. During the reporting period, the MEO team collected quantitative tracking of outreach and education activities, as well as qualitative research analysis (primarily in the form of surveys, interviews, meetings and site visits) to gauge a baseline understanding of carpet recycling and promote the CARE program. In the future, analyzing metrics and feedback through regular reports and utilizing GIS market research will contribute to the understanding of impact over time.

The following metrics summarize major results achieved through the targeted outreach and education pilot conducted during the reporting period.

- **24 total collection sites** in Northern California were identified, including **10 new sites**
- **11 new potential sites** identified as interested in establishing collection programs
- **31 total collection sites** now known statewide, a **35% increase** over the existing 23 statewide collection sites listed in the 2013 annual report<sup>41</sup>
- **37 transfer stations** contacted throughout the target region
- **14 site visits conducted** at transfer stations, with 11 indicating interest in **participation**.
- **25 transfer station operators** and staff were directly engaged in discussions
- **15 local government representatives** were consulted through in-person meetings
- **17 retailers** were contacted to understand current practices and assess interest
- **11 distributors** were contacted to assess current and future consolidation potential
- **10 installers** were contacted to explore current practices and opportunities

---

<sup>41</sup> Please note, total current sites includes the total collection sites listed in the 2013 annual report (+) 10 new Northern California sites identified during the term (-) the Northern California sites which had previously been incorrectly listed as collection sites or are no longer accepting carpet for recycling, as identified during the project term. The 10 new sites, as compared to the 23 sites in the 2013 CARE Annual Report, represent an increase of 43%.



## 2014 CARE Annual Report to CalRecycle

### Overall metrics achieved by the program during the reporting year include:

- ✓ 2,016 educational materials produced/disseminated
  - 2,000 rural county brochures
  - 16 rural county signage
  - (Electronic) product brochure
  - (Electronic) processor checklist
- ✓ 29 blog article postings
  - Articles are posted on CARE website at: <https://carpetrecovery.org/newsblog/blog/>
- ✓ 28 presentations delivered at conferences, workshops, meetings, events, including:
  - January Alameda County Procurement Workshop
  - April Stakeholder Workshop - Sacramento
  - April Stakeholder Workshop - Lakewood
  - April Rural County training hosted by Calaveras County
  - May CARE Conference
  - August CRRA Conference
  - October RCRC JPA Meeting
  - Quarterly Presentations of Results - (4) SPC, (4) SFOC, (4) CalRecycle
  - November Central Coast Recycling Media Coalition (CCRMC)
  - Recycled product presentations delivered - (4)
  - Quarterly Rural County Meetings for shared learning - (4)
- ✓ 46 stakeholder meetings with local governments, NGOs, processors, collectors and others
- ✓ 40 site visits/waste assessments performed by Program and contract staff
- ✓ 18 new collection sites established/identified
  - 10 urban collection sites identified
  - 8 rural County collection sites established
- ✓ 2 trade or newsletter articles published
- ✓ 36,000 web site visits (see web section for additional stats)

### Additional metrics are identified as potential metrics to be tracked in future years:

- ✓ Number of jurisdictions offering reduced tipping fees for carpet recycling
- ✓ Number of jurisdictions adopting supportive policies/contract provisions
- ✓ Number of jurisdictions including recycled materials in their procurement portfolio



### 8.2.1 Results of 2014 Efforts

The following ME&O goals were identified by CalRecycle to be addressed in the 2014 report.

- **Market Research**

- Market research begun in Q4-2014 with the hire of Communications firm GIS. The summary report is attached is **Appendix III**. These efforts will continue in 2015.

- **Identification of Key Audiences and opportunities for engagement**

- Market Research activities in Q4-2014 identified four primary audiences for engagement beginning in 2015:

- Installers
- Retailers
- Local Government (Recycling Coordinators)
- Consumer (General Public)—principally, via the above channels

- **Key Images**

A program refresh to include new images and a California-specific logo is planned for completion in 2015. This adjustment allowed Communications efforts to focus on research in 2014.

- **Themes and Messages for program and target audiences**

- A program refresh to include themes and messages based on each target audience is planned for completion in 2015. This adjustment allowed Communications efforts to focus on research in 2014.

- **Template of educational materials**

- A program refresh to include new templates of educational materials is planned for completion in 2015. This adjustment allowed Communications efforts to focus on research in 2014. Templates of Rural County program materials developed in 2014 are presented in **Appendix III**. Templates of materials for retailers were available on the website for reorder during previous years and will be redesigned in 2015.



### 9 Audits - Section 18944(a)(9)

*The annual report shall include an independent financial audit funded from the carpet stewardship assessment. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, and standards set forth in Government Auditing Standards issued by the Comptroller General of the United States. The audit report shall also include a separate state compliance report on the carpet program requirements as directed by the department.*

- 1. The department may investigate further. 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.*
- 2. Financial audits must be prepared by a Certified Public Accountant.*
- 3. The department may request supplemental information from the individual manufacturer or stewardship organization during the course of review of a manufacturer- or stewardship organization-submitted financial audit, if necessary.*
- 4. The department will inform the individual manufacturer or the stewardship organization within 60 days of the results of its review.*
- 5. If after conducting further review of the audit, the Department deems it to be necessary, the Department may conduct its own audit.*

The Financial Statements of CARE and California's Stewardship Plan AB2398 for the year ended December 31, 2014 were audited by an independent Certified Public Accounting firm. The Audited Financial Statements are found in **Appendix IV**.



## 10 Appendices

### 10.1 Appendix I: List of Manufacturers

A List of CA Carpet Stewardship Program Participating Manufacturers follows.



# 2014 CARE Annual Report to CalRecycle

	Parent Company	Sub Companies	City	State	Country
1	Alexandria Carpet	,	Adairsville	GA	USA
2	ALLIANCE TEXTILES, INC.	METRO CARPET,	CARTERSVILLE	GA	USA
3	Beaulieu Canada Company	,	Acton Vale	Quebec	Canada
4	Beaulieu Group LLC	Aqua, Armstrong FashionSmart, Armstrong FashionSmart B, Beaulieu, Beaulieu Commercial, Beaulieu Engineered Fabrics & Fibers, Beaulieu of America, Bliss Aligned Dealer Program, Bliss by Beaulieu, Bliss Flooring Solutions, BOA Distributor Div., BoYu, Cambridge, Citation, Compass, Coronet Carpets, Coronet SFC, Hollytex, Interloom, Laura Ashley, Property Management Solutions, Pure, Royalist, Surfaces,	Dalton	GA	USA
5	Bellbridge Inc	,	benicia	CA	USA
6	Bentley Prince Street	,	City of Industry	CA	USA
7	Berkshire Flooring	,	Dalton	GA	USA
8	Bloomsburg Carpet Ind., Inc.	,	Bloomsburg	PA	USA
9	Brintons	,	Kennesaw	GA	USA
10	CAP Carpet Inc	Aircraft Interior Products, White Oak Carpet Mills,	Wichita	KS	USA
11	Carpet Crafts, Inc.	,	Dalton	GA	USA
12	CATALINA CARPET MILLS, INC	CATALINA HOMES,	Santa Fe Springs	CA	USA
13	Cavalier Carpet Ind.	,	Dalton	GA	USA
14	Couristan, Inc.	,	Fort Lee	NJ	USA
15	Crossley Holdings of South Africa	Inc., Crossley Axminster,	Greenville	MS	USA
16	Dalton Carpet Mart	Signature Hospitality Carpet LLC.	Dalton	GA	USA
17	DALTONIAN FLOORING INC	,	CALHOUN	GA	USA
18	Design Manufacturing International, LLC.	,	YARDLEY	PA	USA
19	Design Materials, Inc.	,	Kansas City	KS	USA
20	DESSO BV	DESSO USA, Inc.,	Darien	CT	USA
21	Dobbs Mills, LLC	Looptex Mills, Phenix,	Dalton	GA	USA
22	Earth Weave Carpet Mills Inc.	,	Dalton	GA	USA
23	ECMH,LLC	Cadence, Clayton Miller, Nood Fashion,	Dalton	GA	USA
24	Emerald Carpet, Inc.	,	Dalton	GA	USA
25	Emery Park Carpet Company	,	Calhoun	GA	USA
26	Engineered Floors	Dream Weaver ,	Calhoun	GA	USA
27	Fibreworks Corporation	,	LOUISVILLE	KY	USA
28	Forbo Flooring Systems	Flotex Carpet,	Hazleton	PA	USA
29	Fortune Contract, Inc.	,	Dalton	GA	USA
30	Godfrey Hirst USA, Inc.	,	ADAIRSVILLE	GA	USA
31	Hagaman Carpet Industries	,	Fort Oglethorpe	GA	USA
32	Hibernia Woolen Mills	,	Whittier	CA	USA
33	iCarpetiles.com., Inc.	,	Louisville	KY	USA
34	Indian Summer Carpet Mills, Inc	Cherokee Carpet, Northstar Flooring Design, Southwind Carpet	Dalton	GA	USA
35	Interface Americas	,	Atlanta	GA	USA
36	Interface Services	,		GA	USA
37	J Mish LLC	,	Cartersville	GA	USA
38	J&J Industries, Inc.	Templeton,	Dalton	GA	USA
39	Joy Carpets & Co.	,	Fort Oglethorpe	GA	USA
40	Kane Carpet	Weavemasters,	Brooklyn	NY	USA
41	Kinsley Carpet Mills	,	Dalton	GA	USA
42	Kraus	Barrett Carpet,	Dalton	GA	USA
43	Lancer Enterprises, inc.	,	Dalton	GA	USA
44	Langhorne Carpet Co Inc.	,	PENNDDEL	PA	USA
45	Lexmark Carpet Mills,Inc	,	Dalton	GA	USA
46	LONESOME OAK TRADING CO., INC.	,	CHATSWORTH	GA	USA
47	Mannington Mills, Inc.	Mannington Commercial,	Calhoun	GA	USA



# 2014 CARE Annual Report to CalRecycle

Parent Company	Sub Companies	City	State	Country
48 Marquis Industries, inc	Artisans Carpet, Artisans Hospitality, Astro Carpet Mills, Best Buy Flooring Source, Best Buy Hard Surfaces, Cornerstone Hospitality, Dalton Carpet Depot, Omega Pattern Works,	Chatsworth	GA	USA
49 Mathews & Parlo Carpet Wholesalers, Inc	,	Calhoun	GA	USA
50 Merida Meridian Inc	,	Boston	MA	USA
51 Millennium Carpet Mills Inc.	Atlas Ind., Creative Carpet, Orion Carpet,	chatsworth	GA	USA
52 Milliken & Company	Milliken Services LLC., Sylvan Chemical Co.,	Spartanburg	SC	USA
53 Mohawk Industries, Inc.	Aladdin, Aladdin Manufacturing Corporation, Bigelow, Color Center, CustomWeave, Durkan, Floorscapes, Floorz, Galaxy, Helios, Horizon, Horizon Europe, Karastan, Lees, Mohawk, Mohawk Carpet, Mohawk Carpet Distribution, Mohawk Carpet Foundation, Mohawk Carpet Transportation of Georgia, Mohawk Commercial, Mohawk ESV, Mohawk Factoring, Mohawk Industries, Mohawk Resources, Mohawk Servicing, Nautilus, Portico, Portico Estate, Properties by Mohawk, Regency Grand, Wayn-Tex LLC, World, Wunda Weve,	Dalton	GA	USA
54 Nature's Carpet	,	Vancouver	British Columbia	Canada
55 Northwest Carpet, Inc.	,	Dalton	GA	USA
56 Nourison Industries Inc.	Div of Nourison, AeroSea, Nourison Home, Nourtex,	Saddle Brook	NJ	USA
57 Oriental Weavers USA, Inc.	OW Hospitality,	Dalton	GA	USA
58 Prestige Mills	Concepts International, Weavetuft Carpet,	Long Island City	NY	USA
59 R.C. Willey Home Furnishings, Inc.	,	Salt Lake City	UT	USA
60 RADICI USA, INC	,	SPARTANBURG	SC	USA
61 Relative Space (Floorworks)				
62 Royalty Carpet Mills, Inc.	Camelot Carpet Mills, Pacificrest Mills, Moda	Irvine	CA	USA
63 Savnik & Company, Inc.	,	Oakland	CA	USA
64 SHAHEEN CARPET MILLS	CARPETS BY SIERRA, SIERRA CARPET MILLS,	RESACA	GA	USA
65 Shaw Industries, Inc.	American Home Fashions of California, Cabin Crafts, Couture Elegant Floors by Shaw, HGTV Home --- Flooring by Shaw, Kathy Ireland Home Solutions, Patcraft, Philadelphia Commercial, Philadelphia Residential, Queen, Queen Commercial, Shaw, Shaw Contract Group, Shaw Home Foundations Flooring, Shaw Hospitality, ShawMark Home, Sutton Carpets, Tuflex,	Dalton	GA	USA
66 Signature Hospitality Carpet LLC.	Dalton Carpet Mart, Signature Crypton,	Dalton	GA	USA
67 Stanton Carpet Corporation	Antrim Carpets, Rosecore, Royal Dutch Carpets,	Cartersville	GA	USA
68 Stark Carpet Corp	,	NEW YORK	NY	USA
69 TaiPing Carpets Americas Inc	Edward Field,	Calhoun	GA	USA
70 Tandus Flooring Inc	Tandus Flooring US LLC,	Dalton	GA	USA
71 The Dixie Group	Atlas Carpets, Burtco, Dixie Home, Fabrica International, Masland Carpets and Rugs, Masland Contract, Whitespace, BURTCO ENTERPRISES, INC., B Carpet	Mobile	AL	USA
72 The Miller Davis Group	Davis & Davis Rugs, Glen Eden Wool Carpets, Luzern LTD,	Chattanooga	TN	USA
73 Totally Enterprises		Dalton	GA	USA
74 Ulster Carpet Mills (North America) Inc	,	Marietta	GA	USA
75 Unique Carpets Ltd.	,	Riverside	CA	USA
76 WOOLSHIRE CARPET MILLS INC	,	CALHOUN	GA	USA
77 Manassas Textiles, Inc DBA Carpet Bagger		Adairsville	GA	USA



## 10.2 Appendix II: List of Collectors/Processors

A List of CARE California Participating Reclamation Partners Collector/Processors follows.

**CARE California Reclamation Partners:  
List of Collection Sites, Collector/Sorters, and Processors (Recycling Facilities)  
2014**

<b>Rural Counties Northern CA (Phase 1)</b>						
	<b>County</b>	<b>City</b>	<b>Location</b>	<b>Type</b>	<b>Public Contact</b>	<b>Website</b>
1	Calaveras	Milton	Rock Creek Landfill 12021 Hunt Road Milton, CA 95684	RC	(209) 754-6403	<a href="http://ccsolidwaste.org">ccsolidwaste.org</a>
2	Del Norte	Crescent City	Del Norte County Transfer Station Solid Waste Management Authority 1700 State Street Crescent City, CA 95531	RC	(707) 465-1100	<a href="http://recycledelnorte.ca.gov">recycledelnorte.ca.gov</a>
3	Humboldt	Eureka	Hawthorne Street Transfer Station or Humboldt County Recycling 1059 W. Hawthorne Street Eureka, CA 95501	RC	(707) 268-8030 (707) 268-8680	<a href="http://hwma.net">hwma.net</a>
4	Plumas	Delleker	Delleker Transfer Station 73980 Industrial Way Delleker, CA 96122	RC	(530) 832-4879	<a href="http://intermountaindisposal.com/disposal_sites.html">intermountaindisposal.com/disposal_sites.html</a>
5	Siskiyou	Mt. Shasta	Black Butte Recycling/Transfer Station 3710 Springhill Drive Mt Shasta, CA 96067	RC	(530) 926-1610	<a href="http://ci.mt-shasta.ca.us/bbts.php">ci.mt-shasta.ca.us/bbts.php</a>
6	Tehama	Red Bluff	Tehama County/Red Bluff Landfill 19995 Plymire Rd Red Bluff, CA 96080	RC	(530) 528-1102	<a href="http://co.tehama.ca.us/landfill">co.tehama.ca.us/landfill</a>
<b>Rural Counties Northern CA (Phase 2)</b>						
7	Butte	Oroville	Recology Butte/ Colusa Counties 2720 S 5th Ave Oroville, CA 95965	RC	(530) 342-4444	<a href="http://recologybuttecolusa.com">recologybuttecolusa.com</a>
8	Trinity	Junction City	Floor Store (Retail store) 1306 Nugget Ln, Weaverville, CA 96093	RC		
9	Tuolumne	Sonora	Cal Sierra Transfer Station 19309 Industrial Dr Sonora, CA 95370	RC	(209) 532-1413	<a href="http://www.tuolumnecounty.ca.gov/index.aspx?NID=437">http://www.tuolumnecounty.ca.gov/index.aspx?NID=437</a>
10	Santa Cruz	Santa Cruz	City of Santa Cruz Resource Recovery Facility 605 Dimeo Ln Santa Cruz, CA 95060	RC	(831) 420-6270	<a href="http://cityofsantacruz.com">cityofsantacruz.com</a>
11		Ben Lomond	Ben Lomond Transfer Station 9835 Newell Creek Rd Ben Lomond, CA 95005	RC	(831) 336-3951	<a href="http://dpw.co.santa-cruz.ca.us">dpw.co.santa-cruz.ca.us</a>
12		Watsonville	Buena Vista Landfill – Santa Cruz Co 1231 Buena Vista Dr Watsonville, CA 95076	RC	(831) 454-5153	<a href="http://co.santa-cruz.ca.us">co.santa-cruz.ca.us</a>

Rural Counties Northern CA (Phase 3)						
13	Napa	American Canyon	Devlin Rd Transfer Station -- Napa 889 Devlin Rd American Canyon, CA 94503	RC	(707) 258-9005	<a href="http://naparecycling.com">naparecycling.com</a>
14	Napa		Napa Recycling & Waste Services LLC 820 Levitin Way Napa, CA 94558	RC	(707) 256-3500	<a href="http://naparecycling.com">naparecycling.com</a>
Urban Counties Northern CA						
15	Alameda	Fremont	Fremont Recycling & Transfer 41149 Boyce Rd Fremont, CA 94538	Public	(510) 252-0500	<a href="http://fremont-recycling.com">fremont-recycling.com</a>
16	Oakland		<i>Rethink Green</i> 8717 G Street Oakland, CA 94621 <i>Active in 2014;</i> <i>(Relocation in progress in 2015)</i>	P	(925) 783-7860	<a href="http://www.rethinkgreeninc.com">www.rethinkgreeninc.com</a>
17	Contra Costa	Richmond	Golden Bear Transfer Station 1 Parr Blvd. Richmond, CA 94801	Public	(510) 970-7260	<a href="http://www.co.contra-costa.ca.us/depart/cd/recycle/options/v6649.htm">www.co.contra-costa.ca.us/depart/cd/recycle/options/v6649.htm</a>
18	Monterey	Marina	Waste Management -- Monterey 14201 Del Monte Blvd Marina, CA 93933	Public	(831) 384-5313	<a href="http://mrwmd.org">mrwmd.org</a>
19		Salinas	Salinas Valley Solid Waste Authority 128 Sun St #101 Salinas, CA 93901	Public	(831) 775-3000	<a href="http://svswa.org">svswa.org</a>
20	San Francisco	San Francisco	Recology San Francisco 501 Tunnel Ave San Francisco, CA 94134	Public	(415) 330-1400	<a href="http://recologysf.com">recologysf.com</a>
21	San Mateo	South San Francisco	Blue Line Transfer Inc 500 E Jamie Ct. South San Francisco, CA 94080	Public	(650) 589-5511	<a href="http://sfscavenger.com">sfscavenger.com</a>
22	Santa Clara	Sunnyvale	SMArT Station -- Sunnyvale 301 Carl Rd Sunnyvale, CA 94089	Public	(408) 752-8530	<a href="http://recycling.insunnyvale.com">recycling.insunnyvale.com</a>
23		San Jose	Greenwaste Recovery Inc 625 Charles St San Jose, CA 95112	CSE	(408) 535-3500	<a href="http://greenwaste.com">greenwaste.com</a>

## Urban Counties Southern CA

Los Angeles						
24	Gardena	Carpet Pad Conversion 1429 W. 130th Street Gardena CA 90249	Public	714-299-4206	<a href="mailto:carpetrecycler@gmail.com">carpetrecycler@gmail.com</a>	
25	Carson	Carpet Solutions 17100 Margay Ave Carson, CA 90746	P	310-886-3800	<a href="mailto:jinsu@carpetsolutions.com">jinsu@carpetsolutions.com</a>	
26	Vernon	Jai Hui Resources 4726 Everett Court Vernon, CA 90058	P	323-588-1375		
27	Vernon	LAFiber 4920 S Boyle Ave Vernon, CA 90058	P	323-589-5637	<a href="http://lafiber.com/">http://lafiber.com/</a>	
Orange						
28	Anaheim	Carpet Pad Conversion 1539 S State College Blvd Anaheim, CA 92806	Public	714-299-4206	<a href="mailto:carpetrecycler@gmail.com">carpetrecycler@gmail.com</a>	
29	Garden Grove	Carpet Pad Conversion 7551 Acacia Ave Garden Grove, CA 92841	Public	703-282-6997 714-299-4206	<a href="mailto:carpetrecycler@gmail.com">carpetrecycler@gmail.com</a>	
30	Santa Ana	Padworks 1064 E. 6th Street Santa Ana, CA 92870	CSE	(888) 322-4427	<a href="http://www.facebook.com/pages/Padworks-Recycling/165107333532261">www.facebook.com/pages/Padworks-Recycling/165107333532261</a>	
San Diego						
31	Chula Vista	A-1 Planet Recycling 1564 Jayken Way Chula Vista, CA 91911	CSE	(619) 424-7545	<a href="http://planetrecyclingphoenix.com">planetrecyclingphoenix.com</a>	

KEY: RC = Participating Rural County    P = Processor (may also function as a Collector/Sorter)    CSE = Collector/Sorter Enterprise, Does not Process  
Public = Public Collection Sites, May Require Advanced Appointments, Call Ahead

Facilities listed above include known carpet recycling facilities during Calendar Year 2014, as identified by CARE staff or self-reported by collection facility. Listings may not include all facilities recycling carpet in California. Collection service may be provided to retailers and other private locations, by CSEs or Ps. + All facilities accepting carpet for recycling are subject to changing market conditions and rely on private agreements. Always contact a collection facility prior to drop-off to confirm carpet acceptance process and requirements.



## 10.3 Appendix III: Summary of Education & Outreach Activities

Samples of educational materials are generated during the reported period are presented below<sup>42</sup>.

- 10.3.1 Education Signage
- 10.3.2 CARE Blog Posts
- 10.3.3 State Agency Buy Recycled Content (SABRC) Support Letter
- 10.3.4 Notices to Manufacturers & Processors
- 10.3.5 Ash Test Protocol
- 10.3.6 Processor Certification Checklist
- 10.3.7 2013 Product Brochure (Published Jan 2014; Updated May 2014)
- 10.3.8 2014 Request for Proposals (RFPs) -
  - ME&O Professional Communications Services - Released July 2014*
  - University PET Project - Released June 2014*
- 10.3.9 Rural County Collateral Samples
  - Rural County Program - Participation Overview*
  - Butte County Newsletter - Electronic New Program Promotion*
  - Santa Cruz County - Ben Lomond Tri-Fold Program Brochure*
  - Tuolumne County - Cal Sierra Transfer Station - Collaborative Localized 2-sided Brochure*
  - Calaveras County - Rock Creek - Updated 2014 Brochure*
- 10.3.10 Presentations
  - CalRecycle Stakeholder Workshop Series - April 2014*
  - CRRA Conference - August 2014*
  - RCRC - ESJAP Quarterly Meeting - October 2014*
- 10.3.11 2014 Research Reports:
  - Gigantic Idea Studio - Market Research -The Carpet Recycling Ecosystem in California*
  - Consultant Lisa Mekis - Bay Area Pilot Education & Outreach - Final Report*

---

<sup>42</sup> Some materials are available via instant download for CARE website: [www.carpetrecovery.org](http://www.carpetrecovery.org)

# CARPET RECYCLING



**NO**  
Please, no debris such as tack strips, nails, wood, other flooring materials, construction materials or trash.

# RECYCLING INSTRUCTIONS



## FREE OF DEBRIS

**CLEAN, DRY,  
NO TACK STRIPS,  
NAILS, TRASH, OR PADS**

## ROLL IT UP

**6' WIDE, YARN SIDE OUT**

## SEPARATE PAD

**FROM CARPET  
PAD MUST BE NEATLY  
STACKED**

# CARPET RECYCLING



**NO**  
Please, no carpet pads or debris such as tack strips, nails, wood, other flooring materials, construction materials or trash.

# RECYCLING INSTRUCTIONS



## FREE OF DEBRIS

**CLEAN, DRY,  
NO TACK STRIPS,  
NAILS, TRASH, OR PADS**

## ROLL IT UP

**6' WIDE, YARN SIDE OUT**

**CUSTOMER RESPONSIBLE**

**FOR LOADING AND  
STACKING CARPET**

**PLEASE START  
AT REAR OF TRAILER**

## 10.3.2 CARE Blog Posts

CARE Blog Posts 2014

13 /  
11

### America Recycles Day: Join us in a Twitter Chat

Posted on November 13, 2014



We invite you to join CARE in a Twitter Chat...[READ MORE](#)

Date	Post Title
1/4/14	Tools for carpet removal and recycling
1/25/14	EcoStrate: 100% post-consumer waste-based signs and flooring
2/14/14	Turning one million pounds of carpet into wood alternative
2/27/14	Interface leaps toward Mission Zero goal
3/14/14	Register Now! CARE 12th Annual Conference
3/25/14	GeoHay: Water Management Solutions from Post-consumer Carpet
4/18/14	50 by '15 - Help Starnet reach its carpet diversion goal
4/28	EcoStrate founder headlines Recycling Today
5/8/14	CARE Names 2013 Person of the Year, Recycler of the Year
5/26/14	Introducing CARE's Chairman of the Board
6/16/14	A Look at the Current Challenges and Opportunities for PET Carpet
6/26/14	DSM and Niaga Join Forces in Introducing Sustainable Carpet Technology
7/24/14	CARE Releases 2013 Annual Report
7/30/14	CARE Request for Proposals: California Carpet Stewardship Program
8/14/14	Carpet Recycling UK Surpasses Diversion Goal
8/19/14	Mark Your Calendar! 13th Annual CARE Conference
9/12/14	Green Chemistry & Engineering Grant Opportunities from Department of Commerce
9/26/14	CPSC recognizes Interface for Product Stewardship
11/5/14	PlanetReuse: Giving Post-Consumer Carpet a Second Life
11/13/14	America Recycles Day: Join us in a Twitter Chat
12/15/14	Voluntary Product Stewardship Program Announced for Post-Consumer Carpet

### 10.3.3 State Agency Buy Recycled Content (SABRC) Support Letter



## **CARPET AMERICA RECOVERY EFFORT** <sup>SM</sup> Developing market-based solutions for the recycling & reuse

July 23, 2014

Assemblymember Bonnie Lowenthal  
State Capital  
PO Box 942849  
Sacramento, California 94249-0070

Subject: AB 2675

Dear Assemblymember Lowenthal,

The Carpet America Recovery Effort (CARE), by virtue of AB 2398, is the Carpet Stewardship Organization appointed by CalRecycle. CARE has stewardship responsibility for all carpet recycling efforts in California. Working closely with CalRecycle, a forward thinking plan is in place to accomplish the goals and objectives of AB 2398.

We know the agencies of the State of California offer a willing and able market for products produced from a range of recycled materials, each encouraged by the requirements of the State Agency Buy Recycled Campaign (SABRC). This recognition leads us to enthusiastically support AB 2675. Raising the required purchase percentage of post-consumer recycled content (PCRC) products in the existing categories is a reasonable and effective change to support continued growth of recycled content product markets.

This recognition also leads us to suggest that a 12th SABRC category be added - Products produced from post-consumer recycled carpet. The carpet recycling industry in California is embryonic, but, efforts are underway on several fronts to both develop more products and alternative uses for existing products. The process of expanding the California based infrastructure to supply those products is underway. Having the State agencies on our side, via SABRC, would go a long way to building a sustainable California carpet recycling industry; collecting, processing and manufacturing recycled California products from post-consumer carpet.

These efforts will also lead to more California jobs, one of the aims of AB 2398. We offer our support and assistance in both the passage of AB 2675 and the inclusion of recycled carpet products as the 12th SABRC category.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert Peoples".

Robert Peoples, Ph.D.  
Executive Director, CARE

cc: Carol Mortenson, Director, CalRecycle  
Jim Butler, Deputy Director, DGS  
Howard Levinson, CalRecycle  
Heidi Sanborn, CPSC  
Brennen Jensen, CA Program Manager, CARE

## 10.3.4 Notices to Manufacturers & Processors



**CARPET AMERICA RECOVERY EFFORT<sup>SM</sup>**  
Developing market-based solutions for the recycling & reuse  
of post-consumer carpet

---

### **CA CARPET STEWARDSHIP PROGRAM - NOTICE TO CARPET MANUFACTURERS November 2014**

On behalf of CARE, this document serves as notice to program participant manufacturers of CA post-consumer carpet regarding recent updates affecting the California Carpet Stewardship Program.

#### ***1. New Program Participant Agreements—***

New agreements have been adopted by CARE as a requirement for all carpet manufacturers participating in the CARE California Carpet Stewardship Program. Agreements incorporate various program policies into a single document and must be in place prior to 2015. Agreements are attached to this notice.

All manufacturers must sign and return an executed agreement to CARE **no later than Tuesday December 30, 2014**, in order to be eligible to continue to operate (sell carpet) under the CARE approved California Carpet Stewardship Plan in 2015.

Failure to submit signed agreements by the stated deadline will forfeit eligibility for the sale of carpet in California under this Plan.

**Please scan and email signed agreements no later than December 30, 2014 to:**

*Brennen Jensen, CA Program Manager at [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org)  
and Anthony Cline [acline@carpetrecovery.org](mailto:acline@carpetrecovery.org)*

Thank you for your attention to this request.

*Should you have any questions about this notice, please contact:*

*Brennen Jensen, CA Program Manager at [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org) or (831) 917-3720.*



**CARPET AMERICA RECOVERY EFFORT<sup>SM</sup>**  
Developing market-based solutions for the recycling & reuse  
of post-consumer carpet

---

**CA CARPET STEWARDSHIP PROGRAM - NOTICE TO PROCESSORS**  
**November 2014**

On behalf of CARE, this document serves as notice to program participant processors of CA post-consumer carpet regarding recent updates affecting the California Carpet Stewardship Program incentives and reporting.

**1. New Program Participant Agreements—**

New agreements have been adopted by CARE as a requirement for all processors participating in the California Carpet Stewardship Program. Agreements incorporate various program policies into a single document and must be in place prior to 2015. Agreements are attached to this notice.

All Processors must sign and return an executed agreement to CARE **no later than Tuesday December 30, 2014**, in order to be eligible for Q4-2014.

Failure to submit signed agreements by the stated deadline will forfeit eligibility for incentive payment.

**Please scan and email signed agreements no later than December 30, 2014 to:**

*Brennen Jensen, CA Program Manager at [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org)  
and Anthony Cline [acline@carpetrecovery.org](mailto:acline@carpetrecovery.org)*

Thank you for your attention to this request.

*Should you have any questions about this notice, please contact:  
Brennen Jensen, CA Program Manager at [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org) or (831) 917-3720.*

## 10.3.5 Ash Test Protocol



**CARPETAMERICARECOVERYEFFORT** <sup>SM</sup>  
*Developing market-based solutions for the recycling & reuse of post-consumer carpet*

### CARE Ash Test Protocol

Carpet America Recovery Effort (CARE) currently supports the following protocol for ash determination in post-consumer carpet.

Protocol is applicable to post-consumer nylon, polyester or polypropylene carpets.

Procedure\*:

1. Preheat a crucible to 650 °C
2. Remove crucible and immediately place in a desiccator to cool
3. Set the tare weight to zero
4. Place 2 grams (note weight to 3 decimal places) of a representative mix of post-consumer processed fiber into the crucible
5. Place crucible along with sample back in furnace for 30 minutes
6. Remove crucible and immediately place in desiccator for cooling
7. Reweight crucible
8. Record the difference in initial weight of fiber added and residue remaining ash
9. Apply formula below and record percent ash
10. Minimum of three (3) replicates are required

$$\text{Calculation} = \frac{\text{initial fiber weight} - \text{residual weight}}{\text{initial fiber weight}} \times 100$$

Reminder: Ash testing is required under the CARE Carpet Stewardship Plan to qualify for Type 1 funding. Ash test results must be less than 25% for Type 1.

- \* Use extreme caution due to elevated temperatures and the possibility of severe burns. Only a properly trained technician should conduct this procedure. This procedure is subject to change/modification.

Revised 4-1-14

## 10.3.6 Processor Certification Checklist



**CARPET AMERICA RECOVERY EFFORT** <sup>SM</sup>  
Developing market-based solutions for the recycling & reuse  
of post-consumer carpet

### Carpet America Recovery Effort (CARE)

#### Processor Certification & Qualification Statement

As stated in statute (Chapter 681, Statutes of 2010 (Perez, AB2398)), CARE presently serves as the carpet stewardship organization under the California Carpet Stewardship Program. Individual manufacturers can also submit their own Carpet Stewardship Plans, independent of CARE. The CARE Carpet Stewardship Plan was submitted and conditionally approved in Jan 2012; an updated plan is anticipated in 2014. All such plans are hereinafter referred to as the "CARE Carpet Stewardship Plan".

1. \_\_\_\_\_, (the "Company"), hereby agrees to the following requirements for it to be a participant in the California Stewardship Program under the CARE Carpet Stewardship Plan, as from time to time amended. \_\_\_\_\_, (name of Agent) has been appointed as the duly authorized representative of the Company ("Agent"). The Company acknowledges that if any information, contained herein is false or incorrect or becomes false or incorrect then the Company's right to participate in the CARE Carpet Stewardship Plan, may, in the sole discretion of CARE, be terminated until the Company has resubmitted an application that is true and correct and meets the requirements of the CARE Carpet Stewardship Plan. Failure by the Company to follow CARE's published rules and regulations shall be reasonable cause for the Company's suspension by CARE from participation in the CARE Carpet Stewardship Plan.
2. Company acknowledges that in order to participate in the California Carpet Stewardship Program under the CARE Carpet Stewardship Plan, Company must be a member of CARE, in good standing. Any member company not in good standing is subject to forfeit their subsidy payments until such time as they can demonstrate membership in good standing status.
3. Company acknowledges that recipients of AB 2398 funds must meet all applicable regulations to operate a business in good standing in their state and within the United States. The Company hereby certifies that there are no outstanding non-compliance orders issued from agencies authorized to regulate post-consumer carpet processing, including agencies in the state of California that regulate environmental, fire, water, and employee human health and safety. The Company further acknowledges there have been no substantive communications with such agencies with the following exceptions: (list exceptions here).
4. Company acknowledges that it has acquired all required permits to operate their business in the locations in the state of California at: \_\_\_\_\_ in order to be eligible for program participation. Company further certifies that all appropriate permits to operate in the state of California have been obtained and are current with the following exceptions: list exceptions here ). Such permits may include:
  - a. Storm water
  - b. Air
  - c. Fire
  - d. Building
  - e. Business
  - f. OSHA
  - g. Waste Processing, handling, storage
  - h. Insurance coverage (property, liability, equipment – minimum \$1,000,000 per incident)



**CARPET AMERICA RECOVERY EFFORT<sup>SM</sup>**  
**Developing market-based solutions for the recycling & reuse  
of post-consumer carpet**

5. Company acknowledges that noncompliance with State of California statutes governing receipt of recycling assessments could result in a civil penalty administratively imposed by the state of California on any person in violation. The penalty may be significantly higher if the violation is knowing, intentional or negligent.
6. Company acknowledges proper employee training to comply with California AB2398 has been conducted and is/will be repeated on a regularly scheduled basis. Company will maintain proper documentation of such training.
7. Company is required to retain supporting evidence of all claims for funds (proof of origination and delivery, signed bills of lading, certified weight tickets, dated and sequential shipping log and ash test results) for a period of three fiscal years.
8. Company acknowledges that Type 1 claims for reimbursement by CARE must be supported by ash test data (demonstrating less than 25%) and is subject to inspection by CARE. Such tests must be completed at least once for every 1 million pounds of claimed output per quarter and follow the CARE recommended protocol.
9. Company acknowledges that subsidy payments, based on pounds of output, shall only apply to Post-Consumer Carpet (PCC) collected from within the State of California.
10. Company acknowledges that all requests for payments are limited to processing carpet that increases the diversion, recycling output and market development results supporting the goals of AB 2398. Company hereby agrees to allow officials and agents of the Carpet Stewardship Organization (CSO), (i.e., CARE), such as accounting firm representatives, employees or designated contractors to visit facilities, access relevant documents/data and verify statements made during regular business hours. (Accounting/auditing Firm or independent engineer will sign non-disclosure forms approved by CARE as needed.)
11. Company acknowledges that subsidy payment levels are subject to change by CARE at any time. Current level of funding is not a guarantee that the same/similar payment levels will be maintained in the future for processing output.
12. Company acknowledges that Agent must sign all reports and quarterly requests for funds administered under the CARE Carpet Stewardship Plan.
13. Company acknowledges and agrees that quarterly requests for payment must be accompanied by an accounting of collected and processed material, utilizing required reporting forms as provided by CARE, including the current level of PCC pounds recycled for the most recent reporting period(s). Additionally, Company agrees to submit a confidential forecast which includes the projected pounds planned to be recycled during the next 3 month period in total.
  - a. This information will be used by CARE for the purpose of planning potential fund payment requirements in future periods.
  - b. Further, this information could be used to assess potential for Growth Funding options.
  - c. This information would allow for the projection of Fund balances or shortfalls.



**CARPET AMERICA RECOVERY EFFORT<sup>SM</sup>**  
Developing market-based solutions for the recycling & reuse  
of post-consumer carpet

\_\_\_\_\_  
Company

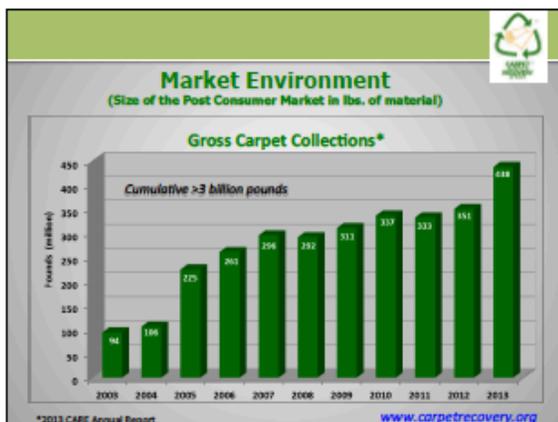
\_\_\_\_\_  
Name of Authorized Officer/Agent  
(Printed)

\_\_\_\_\_  
Company

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

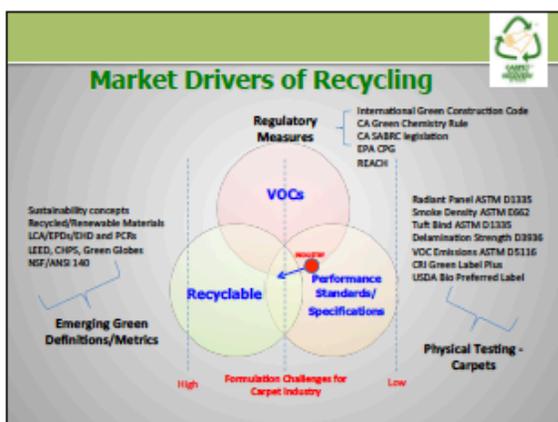


**CARE's Role in Connecting The Supply Chain**

*Mission: Enable market-based solutions for the reuse and recycle of post-consumer carpet.*

CARE brings together stakeholders from the carpet industry, entrepreneurs, NGOs, government and academia to foster dialog, the development of new processes, products, equipment and markets to reduce landfill of carpet and close the loop for reuse of valuable raw materials.

Today almost 30% of the post-consumer carpet that is recycled in the United States goes back into carpet face fiber and backings.





## Manufacturers Profiles






**Who we are:**  
Ameo Quiriconi, inventor of Squak Mountain Stone, is Agrestal Designs' founder and serves as the company's product design expert and marketing expert in the areas of green construction and low-carbon cement.

**What we do:**  
Agrestal Designs creates fine art, home living accessories, outdoor living and tiles from recycled calcium carbonate and low-carbon cement. We also provide consulting to businesses interested in developing recycled-content products.

**Business Profile:**  
Private, independent light manufacturing & consulting company founded in 2012 outside Seattle in Snohomish, WA  
1-2 employees

**Contacts:**  
**Contact: Ameo Quiriconi**  
Email: [ameo@agrestaldesigns.com](mailto:ameo@agrestaldesigns.com)  
Phone: 206-755-9516

[www.agrestaldesigns.com](http://www.agrestaldesigns.com)



**Product Design & Branding Consulting**

Provide Technical support for cement-based technologies including manufacturing processes composition and design

Provide marketing and branding for products such as brand/product names, narratives/"story" for marketing & collateral as well as market analysis

White box/custom manufacturing possible as well.







**AQUAFIL**  
Synthetic fibres and polymers

**BUSINESS PROFILE**  
*THE AQUAFIL GROUP*

Composed of

- 3 business units
- 2,100 employees
- at 12 plants
- in 7 countries
- on 3 continents

You should see where we come from.





**AQUAFIL** **ECONYL**  
Synthetic fibres and polymers REGENERATION FOR LIFE

**WHO WE ARE**

Producers of bcf synthetic yarn for carpeting used in the contract, residential and automotive sectors and of ECONYL® made with regenerated content containing both post-industrial and post-consumer waste.

**WHAT WE DO**

Take advantage of the particular characteristics of nylon6, and developed a mechanical-chemical process which transforms PA6 into a new regenerated raw material (caprolactam) with the same chemical, physical and performance characteristics as virgin raw material.






THE AQUAFIL RECYCLING PROCESS - Clockwise from top left: Carpet scrap, recycled carpet fiber pellets ready for extrusion, spooling extruded recycled fiber, beautiful carpet manufactured with Alto Chroma® fiber.

CONTACT: Jim Lindsey, 678-605-8149, [jimlindsey@aquafil.com](mailto:jimlindsey@aquafil.com) <http://www.aquafil.com/en>



## ECONYL® AT A GLANCE



**The ECONYL Regeneration System is:**

**Infinite** - as the waste polyamide 6 can be regenerated an infinite number of times to produce new polymers whose technical characteristics and quality is no different from that of the product obtained from the fossil materials

**Innovative** - as it is the only system of its kind anywhere in the world in terms of efficiency and productivity

**Environmentally Friendly** - as it recovers waste which would otherwise end up in landfill or in the oceans (fishing nets) causing serious damage to the entire ecosystem. It also enables real savings in terms of natural fossil resources - about 7 barrels of oil per ton of regenerated polymers produced - as no virgin caprolactum is used to produce it

- 4 years of research, system planning and plant building
- 17 million euro invested in the project
- 20 researchers
- 3 international universities participated in the project
- 4 million tons: the amount of nylon 6 produced globally every year which ends up in the landfill sites or incinerators at the end of its life





Revolutionary Substrate from 100% Post-Consumer Content




**Who we are:**  
Our company utilizes a novel and patent pending process to recycle waste and efficiently create new products.

**Business Profile:**

- Born in the USA
- Made in the USA
- 100% post-consumer content
- Employ disabled workforce
- Sales under \$100,000

**What we do:**  
EcoStrate™ produces alternative post-consumer substrates and signs to replace aluminum, acrylic and polycarbonate.

**Contacts:**  
**Contact: Ron Simonetti**  
Email: [rsimonetti@ecostratesfs.com](mailto:rsimonetti@ecostratesfs.com)  
Phone: 484-885-5890

[www.ecostratesfs.com](http://www.ecostratesfs.com)




*Our products are made from post consumer electronic Packaging, carpet and textile waste that would otherwise be discarded in our Landfills. Our process is flexible enough to utilize a variety of waste streams to create new products, signs and substrates*





**Beautiful outdoor living, Life®**  
built for Life®




**Beautiful outdoor living, built for Life®**

**Who we are:**  
Fiberon is the leading, innovative manufacturer of PVC and composite decking, railing and fencing products used in homes and commercial construction across North, Central and South America, Europe, Asia and Australia.

**Business Profile:**  
Fiberon was founded in 1997 as Fiber Composites - an innovative leader in the treated lumber business. Fiberon recognized the superiority of wood plastic composite decking materials providing longer lasting and lower maintenance benefits compared with treated lumber.

**What we do:**  
We make the most beautiful and durable brand of composite decking, railing and fencing products - Fiberon. Our history of innovation includes:

- 1998 First to offer co-extruded composite rail
- 2004 Uncapped multi-chromatic decking
- 2008 Capped composites with warranty
- 2010 Mainstream hidden fastener system
- 2014 95% recycled, post-consumer carpet fiber boards

**Contacts:**  
Doug Mancosh, President  
[doug@fiberondecking.com](mailto:doug@fiberondecking.com)  
Shellie Sellards, VP Marketing  
[shellie.sellards@fiberondecking.com](mailto:shellie.sellards@fiberondecking.com)  
Dave Murdock, Business Development  
[dmurdock@fiberondecking.com](mailto:dmurdock@fiberondecking.com)  
Phone: 614-761-0643

[www.fiberondecking.com](http://www.fiberondecking.com)



**fiberon** Beautiful outdoor living built for Life™

Stunning low-maintenance products backed by a premium quality warranty.





INDUSTRY'S FIRST 25 YEAR FLOOR WARRANTY



**GeoHay**  
The Clear Advantage

Sediment and erosion control products made from Pre and Post-Consumer Content



**GeoHay**  
The Clear Advantage

WHO WE ARE	WHAT WE DO
A USA based business Our company utilizes sustainable practices through recycling and reusability.	GeoHay products provide solutions for erosion and sediment control along with the absorption of heavy metals and hydrocarbons.
	 <p>Key Applications Clockwise from upper left:</p> <ul style="list-style-type: none"> <li>• Water Filtration</li> <li>• Ditch &amp; Dam Checks</li> <li>• Industrial Containment</li> <li>• Boundary Protection</li> </ul>
<p>Contact: Kellyn Hargett • (864) 472-7000 • <a href="mailto:Info@geohay.com">Info@geohay.com</a> <a href="http://www.geohay.com">www.geohay.com</a></p>	



**Interface**



**Interface**

<p><b>Who we are (Vision)</b></p> <p>Interface will be the first company that, by its deeds, shows the entire industrial world what sustainability is in all its dimensions: People, process, product, place and profits — by 2020 — and in doing so we will become restorative through the power of influence.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Established 1973</li> <li>• Circa 4,000 Employees</li> <li>• Global Sales of 1 Billion</li> <li>• Present in 110 Countries</li> </ul>
<p><b>What we do:</b></p> <p>Interface® is the worldwide leader in design, production and sales of environmentally-responsible modular carpet for the commercial, institutional, and residential markets.</p> <p><a href="http://www.interface.com">www.interface.com</a></p>	<p><b>Contacts:</b></p> <p>Eric Nelson Phone: (404) 877-5026 e-mail: <a href="mailto:Eric.Nelson@interface.com">Eric.Nelson@interface.com</a> Website: <a href="http://www.interface.com">www.interface.com</a></p>



**Interface**

*"By definition, we are the world's largest designer and maker of carpet tile. By reputation, we are a company of ideas and courage."*



Duo & Trio is a pairing that captures all the elements at the heart of any classically designed space. Duo and Trio are made with post-consumer recycled content fiber and a recycled content backing. Both offer a total of 62% total recycled content, 35% of which is post-consumer

**Duo™ & Trio™**  
<http://www.youtube.com/watch?v=EyyMox7FPxw>





# FLOORING GROUP

INVISION kinetex




**FLOORING GROUP**

<p><b>Who we are:</b></p> <p>J+J Flooring Group is a diversified commercial flooring manufacturer with a focus on broadloom and modular carpet along with textile composite flooring that meets the needs of a variety of market sectors.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Established 1957</li> <li>• 800+ Associates</li> <li>• 3rd generation family-owned</li> <li>• Privately held</li> <li>• Global Sales</li> </ul>
<p><b>What we do (mission):</b></p> <p>We engineer our flooring offerings with a steadfast commitment to design, quality, service, integrity and sustainability. We deliver excellence and personal service and we hold a precise focus on serving the commercial carpet market.</p>	<p><b>Contacts:</b></p> <p>Russ Delozier  email: <a href="mailto:russ.delozier@jfflooringgroup.com">russ.delozier@jfflooringgroup.com</a>  Phone: 706-529-2100</p>

[www.jfflooringgroup.com](http://www.jfflooringgroup.com)




**FLOORING GROUP**

**eKo® modular backing**

eKo is J+J's high performance PVC-free, recyclable modular backing system. eKo features less embodied material than PVC backing which means less embodied energy. Manufactured using more than 40% pre-consumer and post-consumer recycled content, eKo is NSF 140 Platinum Certified and is designed to be closed-loop recyclable.




---

**Encore® SD Ultima® Nylon**

J+J has engineered and extruded our own solution-dyed nylon since 1991. Not only does solution dyeing require significantly less energy and water than wet dyeing processes, but the fibers feature bleach resistance and light fastness which contribute to the finished product's longevity and durability. Because Encore SD Ultima contains a minimum of 25% pre-consumer recycled nylon, we use millions fewer pounds of virgin nylon feedstock each year.






## LOS ANGELES FIBER





## LOS ANGELES FIBER

<p><b>Who we are:</b></p> <p>We are a family business committed to producing the highest quality products from recycled post-consumer carpet.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Established 1983</li> <li>• 68 Employees</li> <li>• Privately Held</li> </ul>
<p><b>What we do:</b></p> <p>We collect post-consumer carpet and produce: PA 6.6 Nylon Fiber, PA 6 Nylon Fiber, Polypropylene (PP) Fiber, Polyester (PET) Fiber, Garnet Grades, Card Grades, Air Lay Grades.</p>	<p><b>Contacts:</b></p> <p>Doug Williams  Phone: (323) 589-5637  E-mail: <a href="mailto:dougw@lafiber.com">dougw@lafiber.com</a>  Website: <a href="http://www.lafiber.com">www.lafiber.com</a></p>

[www.lafiber.com](http://www.lafiber.com)





## LOS ANGELES FIBER

*"We are a family business committed to producing the highest quality products from recycled post-consumer carpet."*




**Manufacturing Process Video:**  
<http://www.lafiber.com/aboutus.html>



**MANNINGTON**

<p><b>Who we are:</b>                  Manufacturer of residential and commercial resilient sheet, LVT, VCT, laminate, engineered hardwood &amp; porcelain tile floors, as well as commercial carpet and rubber.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Established 1915</li> <li>• 2,500 Associates</li> <li>• 9 US manufacturing locations</li> <li>• 4<sup>th</sup> generation &amp; privately held</li> </ul>
<p><b>What we do (mission):</b>                  "To Be The Best People To Do Business With In The Flooring Industry"</p>	<p><b>Contacts:</b>                  Dave Kitts                  email: dave_kitts@mannington.com                  Phone: 856-339-5871</p>

[www.mannington.com](http://www.mannington.com)

**MANNINGTON**

### Actions Speak

Clear and straightforward: focusing on what we as a flooring company can do to increase our operational efficiency & product performance while decreasing our use of resources & impact on our surroundings.

Relay® RE - commercial resilient sheet with 35% recycled content - 20% post-consumer & 15% pre-consumer. Source=recycled carpet

Infinity® RE  
 Infinity® RE carpet products contain a minimum of 30% total recycled content including 14% post-consumer. Source=recycled carpet

Our Commitment to Sustainability:  
<http://www.mannington.com/Corporate/Sustainability.aspx>



**NYCON**  
OVER 25 YEARS OF REINFORCING FIBERS

<p><b>Who we are:</b>                  Nycon Corporation is the premier manufacturer and supplier of reinforcing fibers for concrete, asphalt and plastic applications.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Established in NA in 1980</li> <li>• 11-50 Employees</li> <li>• Privately Held</li> </ul>
<p><b>What we do:</b>                  We make fibers including: nylon, green, polypropylene, steel, PVA, fiberglass and macros.</p>	<p><b>Contacts:</b>                  Contact: Paul Bracegirdle                  e-mail: bracegirdle@nycon.com                  Phone: (215) 369-1520</p>

[www.nycon.com](http://www.nycon.com)

**NYCON**  
OVER 25 YEARS OF REINFORCING FIBERS

Fiber reinforcement supports an unlimited number of concrete applications including:

- Residential
- Commercial
- Industrial
- Precast
- More...

**Heldridge Panels with MDM Fiber 106**

**RELIANCE**  
CARPET ECO-CUSHION

Saving Our Planet One Square Yard At A Time

**Who we are:**  
We are a family run company originally servicing the bedding and furniture industries for 75 years.

**Business Profile:**

- Established 1931
- 20 Employees
- Privately Held

**What we do:**  
Today Reliance is the first company to produce a synthetic carpet cushion made from 90% post-consumer carpet material. Additional products: needed felt pad, automotive insulation, noise abatement, concrete curing, oil and moisture adsorption and oil spill clean-up.

**Contacts:**  
**Bob Reiss**  
Phone: (323) 321-2300  
[bob@reliancecarpetcushion.com](mailto:bob@reliancecarpetcushion.com)  
[www.reliancecarpetcushion.com](http://www.reliancecarpetcushion.com)

[www.reliancecarpetcushion.com](http://www.reliancecarpetcushion.com)

**"For the last 10 years Reliance has been one of the largest recyclers of post consumer carpet in the world."**

**Who we are:**  
Shaw Industries Group, Inc. manufactures and/or supplies carpet, hardwood, laminate, resilient, tile and stone flooring products and synthetic turf to residential and commercial markets worldwide.

**Business Profile:**

- Established in 1967
- The world's largest carpet manufacturer
- 23,000 associates worldwide
- A wholly owned subsidiary of Berkshire Hathaway, Inc.

**What we do:**  
Shaw aims to create a better future: for our customers, for our people, for our company and for our communities – through great people, great products, and great service. Always.

**Contacts:**  
Contact: Paul Murray  
e-mail: [Paul.Murray@shawinc.com](mailto:Paul.Murray@shawinc.com)  
Phone: (706) 275-2238

[www.shawfloors.com/carpet](http://www.shawfloors.com/carpet)

**EcoWorx**  
Shaw's Cradle to Cradle PVC-free carpet tile backing includes 44% recycled content is fully recyclable back into more EcoWorx backing at the end of its life.

**Eco Solution Q Premium Nylon**  
Shaw's Cradle to Cradle Eco Solution Q premium branded nylon contains 45% recycled content and can be recycled back into more Eco Solution Q at the end of its life at Shaw's Evergreen Nylon Recycling facility in Augusta, Georgia.

To learn more about Shaw's post-consumer recycling efforts, visit: <http://shawfloors.com/about-shaw/carpet-recycling>



**Tandus | Centiva**  
A Tarkett Company



Tandus | Centiva  
A Tarkett Company

<p><b>Who we are:</b> Tandus Centiva's unique line of LVT, hybrid resilient, modular, broadloom and woven flooring products offer a true fit-for-purpose approach to enhance spaces for learning, working, healing and living.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Parent Company: Tarkett</li> <li>• World Leader in Flooring and Sports Surfaces</li> <li>• 10,000+ Employees</li> <li>• 38 Production Sites in Over 100 Countries</li> </ul>
<p><b>What we do:</b> With industry-leading product design, unrivaled service and a commitment to environmental and social stewardship, Tandus Centiva provides the ultimate flooring experience.</p>	<p><b>Contacts:</b> <b>Contact: Russell Bennett</b> <b>Email: <a href="mailto:rbennett@tandus-centiva.com">rbennett@tandus-centiva.com</a></b> <b>Phone: 800-241-4902 x 2690</b></p>

[www.tandus-centiva.com](http://www.tandus-centiva.com)



**Tandus | Centiva**  
A Tarkett Company

**ER3®**, standard on Tandus modular carpet, has a 100% recycled content backing containing pre and post consumer recycled carpet recycled in Tandus' third party certified carpet recycling process.

ER3 modular carries an ANSI/NSF-140 Platinum rating and has 45 to 67% overall recycled content (depending on style) including a minimum of 20% post consumer carpet.










<p><b>Who we are:</b> A leader in the production of uniquely colorful and high-quality, solution-dyed synthetic filament-based fibers for the flooring, transportation, and performance textile industries.</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Privately held</li> <li>• Based in Bristol, VA</li> <li>• SCS, ISO 9001 and 14001</li> </ul>
<p><b>What we do:</b> Manufacturer product lines that include Nylon 6, Nylon 6,6, PTT, and PET in both single colors and multi-end specialties..</p>	<p><b>Contact:</b> <b>Brendan McSheehy</b> email: <a href="mailto:brendan.mcsheehy@universalfibers.com">brendan.mcsheehy@universalfibers.com</a> Phone: 276-645-9758</p>

[www.universalfibers.com](http://www.universalfibers.com)





**Refresh Fiber®**  
The first carpet fiber in the world combining Nylon 6,6 with post-consumer recycled carpet fiber and permanent stain resistance in a broad color palette of 284 trend setting colors.



Using recycled carpet fiber diverted from U.S. landfills, Universal Fibers® is the first and only fiber manufacturer to produce postconsumer solution-dyed nylon 6,6 carpet fiber in a broad color line, and with permanent stain resistance.



**Economical**  
More cost-effective than virgin nylon

**Ecological**  
Made from post-consumer carpet

**EcoLon**  
High-performance automotive material



**FROM CARPET TO CAR PARTS**





<p><b>Who we are:</b> The world's largest carpet &amp; nylon recycler</p>	<p><b>Business Profile:</b></p> <ul style="list-style-type: none"> <li>• Established in Europe in 1971</li> <li>• Privately held</li> <li>• 650 Employees</li> <li>• Located in Johnsonville, SC</li> </ul>
<p><b>Vision:</b> We will create value together by diverting 200 million pounds of carpet from landfills per year by 2015</p>	<p><b>Contacts:</b></p> <p style="text-align: right;">e-mail: <a href="mailto:customerservice@wellmaner.com">customerservice@wellmaner.com</a> Phone: 800-821-6022</p>

[www.wellmaner.com](http://www.wellmaner.com)





**PCR Compound Manufacturing Process**

- 1) Carpet is collected and sorted into Nylon 6 and Nylon 66 (both are used)



2) Through dry grinding/shredding, calcium carbonate and latex are removed


- 3) Patented wet separation process extracts nylon to then be extruded into an unfilled PCR pellet



4) Using unfilled PCR nylon pellet feedstock, EcoLon™ is compounded on twin screw extruders



**Testing on every batch:**  
Ash content  
Contamination  
Moisture, Viscosity & Physical Properties

**Testing after Compounding:**  
Ash content, Density, DSC, Flexural, HDI, Impacts, Moisture, Tensile, Viscosity (RV), PP



**Collection/Recycling Locations**



<http://carpetrecovery.org/collector-finder/index.html>



**Carpet America Recovery Effort  
CARE**

12 years of working with carpet recyclers in partnership with the industry, states, consumers, and NGOs.

[www.carpetrecovery.org](http://www.carpetrecovery.org)

## 10.3.8 2014 Request for Proposals (RFPs) - ME&O Professional Communications Services - Released July 2014

CARE – CA Carpet Stewardship Program

ME&O Communications Services RFP

### Carpet America Recovery Effort

#### Request for Proposals for the Marketing, Education and Outreach Professional Communications Services for the:

#### *California Carpet Stewardship Program*

#### **OVERVIEW OF REQUEST**

---

Carpet America Recovery Effort (CARE) is seeking proposals to provide Behavior Change Marketing, Education and Outreach (ME&O) professional communications services in support of the **California Carpet Stewardship Program** education and outreach strategy. Firms or individuals with expertise in marketing, communications and outreach are encouraged to apply. Experience in environmental, conservation, recycling and behavior change campaigns is preferred.

The scope of the project includes three principle focus areas:

1. Market Research and Analysis
2. Material Development, Targeted Messaging and Branding
3. Outreach Media (Earned media, social media and/or creative outreach)

Responses that include creative options to maximize Program reach, impact and effectiveness while leveraging added value are desired. Responses to this Request For Proposals (RFP) shall be used as the basis to enter into negotiations with selected respondent(s).

#### **BACKGROUND**

---

AB 2398 was signed into law in September 30, 2010, as the first legislation of its kind in the nation. A private-sector designed and managed statewide carpet stewardship program, this groundbreaking legislation was born out of a collaborative partnership between legislators, entrepreneurs, local governments, non-governmental organization and the carpet industry, forming the California Carpet Stewardship Program (Program). The purpose of the law is to increase the diversion and recycling of carpet in the state of California. CARE is a non-profit 501(c)3 organization, serving as the legislatively designated Carpet Stewardship Organization (CSO) for the Program.

#### **CARPET STEWARDSHIP PLAN**

---

Per legislation, manufacturers of carpet sold in the state of California are responsible for submitting a Carpet Stewardship Plan (Plan) either individually or through a CSO. As the legislatively designated CSO, and on behalf of its members, CARE has prepared and submitted such a Plan, serving as the principle guiding document for Program implementation through 2016. The latest version of the Carpet Stewardship Plan (ver. 3.2.2) was approved by CalRecycle Director on January 21, 2014 and is available on the CalRecycle website: <http://www.calrecycle.ca.gov/Carpet/Plans/>.

#### **PROGRAM GOALS**

---

The Program is actively working to achieve continuous and meaningful progress toward the following goals:

- Increased **Gross-Collection** of Post-Consumer Carpet from California Landfills
- Increased **Reuse** of Post-Consumer Carpet
- Incentivized **Market Growth** of Secondary Products made with Post-Consumer Recycled Carpet Content
- Increased **Conversion** (Recycling) of Gross Collected Post-Consumer Carpet to Recycled Output
- Increased **Recyclability** of Carpets

## **PROJECT PURPOSE**

---

The purpose of this project is to implement the communications portion of the ME&O strategy for the Program in line with the approved Carpet Stewardship Plan (Plan) and governing legislation AB 2398, to achieve continuous meaningful progress toward the Program goals outlined above.

Education & Outreach forms a critical pillar in the Program implementation strategy. Pages 40-41 of the current Plan (3.2.2) outline the broad Education & Outreach approach for the Program. As such, these elements also appear throughout the Plan and especially within Performance Goals & Activities (Pages 10-20), Market Development and Promotion (Pages 28-29), and Financing Mechanisms (Pages 29-34).

Given this overlap in educational efforts, and with a recognition that Program success requires strong participation by many stakeholder parties, the Program combines Marketing, Education & Outreach promotion into a single (ME&O) strategy, outlined below. This project will serve to direct and support this overall strategy by providing critical research, design, production and dissemination services to effectively engage target audiences. Proposers should include strategies in accordance with social marketing trends and behavior change marketing methodology to maximize project outcomes.

### **Efforts Taken to Date (2011-2014): Phase I Foundational ME&O (*Complete*)**

Beginning in January 2011, Phase I Start-Up ME&O efforts focused on necessary steps to establish the carpet stewardship assessment, develop an incentive structure, establish and coordinate with new and existing collectors and processors, and ensure Program mechanics between consumer, retailer, manufacturer and CSO, as well as processor and CSO, were all functioning appropriately to collect and administer the fund. This required significant outreach and education directed to the behind the scenes aspects of the program, both before the carpet gets to the consumer and after the collected material gets to a processor to be remanufactured into a new product. These efforts formed the often invisible but highly critical aspects of the strategy that were essential to getting the assessment established.

Education and outreach efforts taken to date are detailed further in the Plan, highlighted in the Program Annual Report, and presented in sections dedicated to each of the major stakeholder groups on the CARE website at [www.carpetrecovery.org](http://www.carpetrecovery.org) and include:

- **Website Resources**—Stakeholder specific materials and links
- **Retailer Education**—brochures, signage, window clings, education kits, outreach letters, webinars and industry presentations
- **Manufacturer Outreach**—trade publications news, magazine and radio interviews and earned media, outreach letters, software vendor engagement, sales webinar training, compliance and incentive participation and compliance
- **Consumer Education**—print earned media, database listing Earth911

- **Rural County Engagement**—presentations, webinars, monthly calls, planning, site visits, signage, brochures, handling and storage guidelines
- **Outreach Presentations**—Trade conferences and events

With this phase of the project complete, Phase II of the ME&O strategy is now underway. Firms and individuals responding to this request will support the Phase II effort.

### **Phase II Catalyzing ME&O (2014-2016):**

Using these Phase I efforts as the foundation, Phase II ME&O is envisioned to look markedly different from previous efforts, as the program moves towards a broader stakeholder engagement strategy to catalyze improved results. The Program will continue to support recycling processors and technology development to maximize conversion of gross-collected materials into recycled output as a principal program element. In addition, Phase II ME&O seeks to enhance stakeholder participation, consumer facing promotional approaches, engagement of collectors, local governments and waste facilities, and promotion of post-consumer carpet product procurement to propel the Program to the next level.

### **PROJECT DESCRIPTION: PHASE II SCOPE OF WORK**

---

CARE is seeking firm(s) or individual(s) to provide Phase II services concentrated through December 2014. CARE reserves the option to extend for up to (2) additional one-year terms (2015 and 2016), subject to performance, available funding and Program needs. An estimated budget not to exceed \$150,000 is available through 2014. Available budget for subsequent terms may be different from 2014, and be comprised of distinctive deliverables under the same broad Program goals. The Plan utilizes a multifaceted ME&O strategy to engage consumers, commercial building owners, carpet installation contractors, retailers, and other stakeholders to increase participation, collection, diversion and recycling of post-consumer carpet. Responding firms or individuals should propose the best strategy to improve reach, impact and effectiveness of Program ME&O efforts within the given budget.

#### ***The Phase II ME&O strategy concentrates efforts on four principle task areas:***

1. Market Research and Analysis
2. Material Development, Targeted Messaging and Branding
3. Outreach Media (Earned media, social media and/or creative outreach)
4. *[Direct Engagement & Technical Assistance]—outside this RFP*

This RFP is seeking firms to provide services under Tasks 1, 2 and 3 above. CARE staff and outreach contractors will utilize tools and resources developed by the selected firm(s) to support Task 4 Direct Engagement and Technical Assistance through a concurrent and coordinated effort.

#### ***Task 1: Market Research:***

---

**Objective:** In order to develop an effective ME&O strategy, the Program recognizes the importance of leveraging data and research from the marketplace to inform campaign messaging, branding and materials development to maximize reach, impact and effectiveness.

Market Research helps to more acutely define the target audience to determine the best opportunities for increased participation and develop appropriate messages with the highest probability of resonating with the selected target audiences to affect the desired behavior change. Additionally, market research provides

useful mechanisms to evaluate actual effectiveness of campaign strategies, to continually refine and improve communications mechanisms over time, and be responsive to the dynamic marketplace in which this Program functions.

**Requested Task 1 Market Research Services include:**

- Respondent should propose a specific scope of work to accomplish the objective of this task.
- Activities under this scope of work must include:
  - Conduct **new market research** to assess receptivity, knowledge, understanding and leverage points for key target audiences including customer, retailer, contractor
  - Obtain and evaluate **existing market research** from sources such as industry leaders, CARE, CRI, other EPR programs (paint, batteries, tires, etc.) to inform current status of the industry, customer/retailer/contractor receptivity, knowledge and potential action leverage points for engagement
- Creative strategies to accomplish these activities are requested from respondents and may include activities, such as:
  - Conduct **focus groups, interviews and/or surveys** to guide and refine educational strategies
  - **Survey** current recycling collection opportunities to more accurately assess current resources, opportunities and gaps present within the program
  - Conduct **stakeholder interviews** with local governments; transfer stations, landfills, C&D facilities, MRFs; retailer/contractors; collector/processors
  - **Other creative ideas** as suggested by proposing firm or individual
- Deliverables resulting from this task:
  - **Summary of data findings, including** identification of opportunities and recommendations for highest change potential based on research results.
    - Findings including refinements to Task 2 strategies based on research results
  - **Development of refreshed program brand and messaging** guidance elements to be utilized in Task 2 materials development.
    - Finalize key audiences and opportunities for engagement
    - Develop key images, themes and messages for program and each target audience
    - Utilize findings in all subsequent materials
  - Present findings and developed guidance elements to CARE through a formal presentation. Up to two major revisions must be included in bid.
- **Additional creative ideas as suggested by proposing firm or individual**

***Task 2: Materials Development***

---

Objective: Materials development includes the design, template creation and/or production of educational and promotional devices to engage target audiences, increase awareness and encourage Program participation. Materials will be designed utilizing market research generated and summarized in Task 1 above, and in line with community based social marketing and behavior change methodologies to engage audiences at the right time, with the right message to induce the right behavior.

Furthermore, the nature of the marketplace is such that carpet is a commodity that is discarded infrequently, in large quantities and at very precise moments in time. As such this commodity lends itself well to targeted education at specific leverage points (e.g. Point of Purchase, contractors tear-outs, retailer take back, etc.), with precise opportunities to be confirmed and guided by research results.

This approach acknowledges that depending on the audience, desired action or frequency of this action, the promotional engagement technique may vary. A consumer replacing carpet for the first time in a decade, has very different motivational leverage points as compared with a retailer disposing of post-consumer carpet from dozens of new installations each week. Local governments, recycling facilities, collectors and processors will also have unique perspectives. Given the breadth of target audiences, materials development will need to similarly provide varied approaches to stimulate action.

At the same time, it is equally essential that this targeted approach remain broadly thematic, to establish an easily identifiable brand, with high impact, resonance and recognition, which is reinforced through repetition over time. The precise collateral elements and quantities to be generated, will be guided by CARE in collaboration with the selected respondent, market research and available budget.

Given the available budget and broad program geographical reach, the strategy is envisioned to:

- Concentrate design and development activities on template generation to provide readily accessible/adaptable materials for outreach team members, local governments, businesses, and associations for production and/or dissemination
- Focus production of collateral on limited runs of highly targeted materials directed by target audience to effectively support Task 4 outreach engagement efforts
- Leveraging coordinated efforts with existing avenues of communications already in use by stakeholder agencies, associations, facilities and consumer groups to maximize dissemination.
- CARE may consider additional material production, outreach staff, or both to support the overall ME&O strategy in future years.

Coordination with Task 4 Activities: Please note, all materials and templates generated under Task 2 must support concurrent Task 4: Outreach, engagement and technical assistance being provided by CARE staff, contractors and stakeholder partners. Task 4 leverages direct interactions with current and potential program participants to influence behavior change. With this in mind, Task 2 should generate tools to engage target audiences at those locations and circumstances in which audiences are most responsive to the message. Presently, Task 4 outreach includes such activities as: targeted special events, conferences, trade shows; trainings/ workshops/ presentations; retailer/collector site visits/ waste assessments; contractor/installer support; local government/hauler coordination; customer inquiries.

**Requested Task 2 Materials Development Services include:**

- Respondent should propose a specific scope of work to accomplish the objective of this task.
- Activities under this scope of work must include:

- Development of **key education and outreach materials** to support target audience engagement and based on findings from market research Task 1.
  - Suggested possible material elements are presented below, however responding parties are encouraged to present creative strategies and recommendations to best leverage available resources beyond or in lieu of strategies below.
  - Respondents should describe why a particular approach is recommended.
  - Suggested strategies should take into consideration the geographical reach of this statewide Program, including multi-cultural and multi-lingual considerations. Key program materials may be requested in up to six languages.
- Potential target audiences may include groups such as:
  - Businesses
    - Retailers
    - Installation Contractors
    - Haulers/Operators
    - Collectors/Sorters/Processors
    - Manufacturers
  - Property Owners / Residents
    - Commercial Building Owners/Facilities Managers
    - Residential Homeowners/Renters
  - Local Governments
    - Solid Waste/Recycling Coordinators (Public Works Departments)
    - Planning & Building Departments (Permitting Departments)
    - Transfer Stations, Landfills, MRFs (Waste Hauling Agencies)
    - Procurement Agencies (Local, State, Federal)
  - Associations
    - Contractor/Building Associations
    - Trade/Industry Groups
    - Property/Real Estate Associations
    - Solid Waste/Recycling Associations
- Creative strategies to accomplish this activity, might include elements such as:
  - Targeted Template Creation, such as:
    - Newsletters
    - Bill Inserts, Post Cards, Door-hangers
    - Site Signage (Facility and Point of Consolidation)
    - Displays
    - Point-of-Purchase / Point-Of-Generation
    - Presentation Slide Deck
  - Target Website Assistance, such as:

- Refresh of CA Program materials within new branding skin of the CARE website at [www.carpetrecovery.org](http://www.carpetrecovery.org)
- Posting of new and downloadable materials as generated
- Targeted Materials Production, such as:
  - **Retailers**
    - Point Of Purchase Promotion (e.g. signage, cards, takeaways)
      - Cash register
      - Shelf cards
      - Learn more takeaway, bookmark/business card/etc.
      - Recycled content & recyclability
    - Compliance/Staff Educational Materials
      - Brochures/flyers
      - Engaging your contractors (key steps, request a waste assessment, how to guide)
      - Starting your own recycling program (how to kit)
  - **Installation Contractors**
    - Managing carpet tear-outs how to guide
    - Finding local recycling locations
    - Coordinating with your retailer
    - Selling recycling to your clients
    - Web support for businesses and associations
    - Event signage/displays
  - **Local Governments**
    - Program FAQ
    - Survey local resources, needs, gaps
    - Establishing recycling in your jurisdiction how to guide
    - Newsletter templates
    - Bill inserts for city/county/hauler bills
    - Handouts/displays for building/public works departments; include carpet management in green building protocols
  - **Facilities**
    - Program FAQ
    - Survey local resources, needs, gaps
    - Establishing recycling in your jurisdiction how to guide
    - Newsletter templates
    - Bill inserts for city/county/hauler bills
    - Public brochures
    - Signage for collection location
  - **Consumers**
    - Point of purchase signage/cards
    - Point of disposal signage/cards/brochures
    - Newsletters/bill inserts/door hangers
    - Postcards/business cards with recycling information
    - How to guide for DIYers
    - Event signage/displays

- Deliverables resulting from this task:
  - Educational resource kits (content collateral to be guided by respondent) aimed at up to 6 key target audiences
  - Editable template creation for at least 6 types of materials such as newsletters, bill inserts, signage, displays, presentations, etc.
  - Event materials and/or displays to support at least 6 regional outreach sets
  - Development and production of 3 or more Point-Of-Purchase materials/templates
  - Development and production of 3 or more Point-Of-Generation materials/templates
  - Website integration of generated materials onto the CARE website [www.carpetrecovery.org](http://www.carpetrecovery.org)
  - **Additional creative ideas as suggested by proposing firm or individual**

### ***Task 3: Outreach Media (Earned Media, Social Media & Creative Strategies)***

---

Objective: This task aims to conduct activities that successfully publicize the Program, utilizing public relations and creative strategies. For the purposes of this project, paid media buys are not included, rather outreach media such as earned media, social media and/or other creative strategies are requested.

Traditional paid media buys including paid Radio, TV and Print advertisements are not presently planned under this ME&O strategy. Due to the limited budget and broad service territory of California, it has been determined that media buys would be very costly and ineffective.

Earned media refers to favorable publicity resulting from proactive efforts others than paid advertising. Unlike paid advertising where each spot is precisely placed and paid for, earned media, on the other hand, appears in print, radio, television and/or online outlets as traditional news stories when an outlet deems a story to be news worthy. Earned media is this way, is not a sure thing; Rather like its name suggests, earned media is earned through thoughtful coordination with news outlets to educate and inform, as well as active creation of news worthy events, which encourage news outlets to produce pieces that provide visible coverage of the Program. Because these stories are generated by news outlets they can often be more effective than traditional advertisements, enticing the reader to action and providing third-party validation for the Program.

In addition to earned media, the use of social media outlets is also recommended as a low cost, high impact mechanism to reach targeted audiences. CARE already actively maintains an Online Blog with regular articles of interest related to industry and Program developments. Social Media efforts will aim to leverage this existing strategy (and perhaps others) for increased resonance. Respondents are encouraged to propose additional outreach media deemed to be effective at accomplishing this objective.

#### **Requested Task 3 Outreach Media Services include:**

- Respondent should propose a specific scope of work to accomplish the objective of this task.
- Activities under this scope of work include:

- **Earned Media—**
  - Develop, place and track earned media publicized events and estimated related impressions in such places as:
    - Traditional news print
    - Magazines
    - Trade publications
    - Web print
    - Association newsletters
    - TV coverage/interviews
    - Radio coverage/interviews
  - Actively work to cultivate earned media opportunities
  
- **Social Media—**
  - Develop, place and track social media posts and estimated related impressions in such places as:
    - Blog/Newsletters
    - Facebook
    - Twitter/Tumblr/etc.
  
- **Additional creative ideas as suggested by proposing firm or individual**

**PROJECT SCHEDULE & SUMMARY OF REQUEST**

---

<b>Desired Services:</b>	<b>Market Research, Materials Development, Media Services</b>
Requesting Party:	Carpet America Recovery Effort
Project:	CA Carpet Stewardship Program education and outreach effort
<b>July 28, 2014</b>	<b>RFP Release Date</b>
<b>August 15, 2014</b>	<b>Proposals Due</b>
August 15-31 <sup>st</sup>	Evaluation and Interviews with Selected Firm(s)
<b>Agreement Start Date:</b>	<b>September 15, 2014</b>
Budget Range:	Total budget through 2014, shall not to exceed \$150,000. Portions of this budget may roll-over into 2015, based on needs of the Program. Actual budget award subject to change.
Implementation Timeline:	Primary work under this scope shall be completed by December 2014. Respondents may propose implementation strategies which extend into 2015. All work outlined under this scope of work shall be completed by June 2015.
Term of Agreement:	September 2014—December 2014 (Year 1)
Option to Extend:	Option to extend term annually based on performance, available budget and/or other factors at CARE’s sole discretion. Annual available budgets may not resemble budget available during Year 1.

**PROJECT BUDGET:**

---

Total project budget for Tasks 1-3 shall not exceed \$150,000<sup>1</sup>. Estimated budget ranges for each task are provided below.

Task 1: Market Research.....	\$50,000- 70,000
Task 2: Material Development/Production.....	\$60,000- 90,000
Task 3: Media Outreach (Earned/Social Media, Creative Outreach).....	\$10,000- 30,000
<b>Total Not To Exceed Project Budget:</b>	<b>\$150,000</b>

Final agreement with selected firm(s) will be written with a total project not to exceed budget. Firms may propose alternative budgets for each task, within the total not to exceed budget. CARE may elect to award less than the full project budget.

**RESPONSE FORMAT**

---

Interested parties must submit a proposal providing the following minimum information:

1. **Company Information:** Name and Primary Contact Information including: Name, Address, Phone, and Email. Include a list of specialized certification/designations, such as Small Business Enterprise, Disabled Veteran Business Enterprise, Woman-Owned Business Enterprise, Certified Green Business, if applicable.
2. **Company & Project Team Qualifications:** Overview of the firm or individual proposing to provide services, including business approach/philosophy, areas of expertise and specific project experience. Include a specific description of experience related to regional or statewide reach, multi-cultural/multi-lingual campaigns, behavior-change approaches. Provide short bios or resumes of key personnel.
  1. **Proposed Project Approach by Task:** Provide a description of the proposed project approach and scope of work for each project task listed in this RFP, including a brief description of the work that would be completed, the firm or individual that will lead the work and key project deliverables/outcomes to be achieved.
  2. **Work Plan:** Provide a timeline or work plan outlining major project components and milestones over time. Describe how you will ensure the project remains on task and on budget.
  3. **Budget:** Include a summary of your proposed project budget by task. Differentiate materials and labor costs. Include a professional fee schedule outlining variable personnel or service rates, if applicable. Include number of allowable revisions, costs for specialized service such as translations and cost for additional changes, if needed.
  4. **Project Examples:** Include brief descriptions of 2-3 example project campaigns, not to exceed 1 page per project, with reference contacts. Submit examples or projects that best demonstrate the individual or firm’s expertise.
    - Explain the role the individual or firm played in each campaign or project.

---

<sup>1</sup>Contracts will be written with a total project not to exceed budget. Estimated budgets for each major task are provided for reference only. Respondents may elect to propose more or less than these amounts as long as the total of tasks 1-3 does not exceed the total project budget. Overall cost effectiveness will be an evaluation criteria. CARE may elect to award less than the total project budget.

- Describe elements of campaign/project and creative materials developed.
  - Provide a client reference for each project who can provide information on the individual's or firm's participation in the project. Include reference's name, title, employer, email and phone number.
  - Provide websites and/or samples, if available, for projects discussed.
5. **Creativity:** Include additional information, recommendations, considerations, or creative offerings you wish to be considered by the evaluation committee.

## **SELECTION CRITERIA**

---

A CARE selection Committee will review proposals in late August. A short list of respondent may be invited for interviews. A final selection is anticipated in early-mid September. Proposals will be evaluated based on the following elements. The selected candidate will be identified at CARE's sole discretion.

- Overall Presentation
- Qualifications & Experience
- Understanding of the Scope of Work
- Creativity / Leveraging / Innovative Approach
- Applicable Project Experience
- Specialized Experience (Multi-cultural, Environmental/Recycling, Behavior Change)
- Reasonable, Logical and Ambitious Workplan
- Budget/Cost Effectiveness
- Specialized certifications such as Small Business Enterprise, Disabled Veteran Business Enterprise, Woman-Owned Business Enterprise, Certified Green Business

## **SUBMISSION INSTRUCTIONS**

---

Proposals must be received by **Friday August 15, 2014 @ 5pm PST**. All proposals must be emailed. Please note, faxed responses and hand-delivery will not be accepted. A single hard copy may be mailed to the delivery address below, but does not replace the electronic email submission.

Submit proposals to:

Email Delivery (Required): Brennen Jensen, CA Program Manager  
[bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org)  
 Please use email subject line clearly marked: **CARE ME&O RFP**

Mail Delivery (Optional): Carpet America Recovery Effort  
 Attn: Brennen Jensen, CA Program Manager  
 400 Foam Street, Suite C  
 Monterey, CA 93940

Printed proposals must be **double-sided**, printed on **100% post-consumer recycled content** paper, and be **recyclable**. Please do not include plastic covers or binders.

Total proposal length shall not exceed 12 pages. A timeline must be included. Up to three original marketing samples may be included in the proposal as additional exhibits beyond the page limit in support of Project Example experience.

#### **DISCLAIMER AND CONDITIONS**

---

This RFP and any responses to this request are for discussion purposes only. This RFP does not commit CARE to enter into an agreement with any responding party. CARE reserves the right to enter into agreement with one or more, or none of the respondents. No fees incurred by any respondent in preparation and submission of proposals or in anticipation of a contract shall be reimbursable. CARE reserves the right to make the selection based on its sole discretion, reject any and all Proposals, issue subsequent RFPs, postpone opening for its own convenience, remedy technical errors in the RFP process, approve or disapprove the use of particular subconsultants, negotiate with any, all or none of the Bidders, accept other than the lowest price offer, waive informalities and irregularities in the Proposals and/or enter into an agreement with another Bidder in the event the originally selected Bidder defaults or fails to execute an agreement with CARE. An agreement shall not be binding or valid with CARE unless and until it is executed by authorized representatives of the CARE and of the Bidder.

#### **QUESTIONS**

---

Please contact Brennen Jensen at [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org) or (831) 917-3720 with questions regarding this request. Questions received after August 8, 2014 may not receive a response.



**CARPETAMERICARECOVERYEFFORT** <sup>SM</sup>  
Developing market-based solutions for the recycling & reuse  
of post-consumer carpet

---

# CARE Request for Proposals: University PET Project

Posted on July 3, 2014

**CARE Request for Proposals**  
**University PET Project**  
*June 3, 2014*

**Purpose of Project:**

CARE is seeking proposals for a 12-18 month project to demonstrate value-added uses for polyethylene terephthalate (PET) derived from post-consumer PET carpets (PCC). The goals of this project are to develop processes, products and identify viable market outlets for this feedstock. The scope of the project will cover fundamental materials science and specifications of PCC derived PET as a key feedstock, viable processes for conversion into a product(s), identification of market outlets and a business plan based on an economic model to translate the product(s) to the marketplace. Prototype products are required to demonstrate proof of principle and market contacts are encouraged. It is expected that a cross-disciplinary team based approach will be part of the proposal.

**Background:**

Over the past decade, post consumer carpet (PCC) recycling has grown and developed its own market driven industry. With CARE's help, this industry has become very sophisticated and has developed intricate processes to recycle PCC. There are 4 basic polymer types used to manufacture carpet (both broadloom and tile): nylon 6, nylon 66, polyester (PET) and polypropylene (PP). The national recycling infrastructure has become increasingly successful solely based on the value of nylon face fibers. The entire U.S. PCC recycling industry, manufacturers and entrepreneurs alike, have developed technically and financially viable businesses based on the high value of nylon engineered resins and fibers. Nylon has always had a large and diverse base of end uses and applications from engineered plastics to fiber applications. The only barrier in broadening the deployment of high value nylon made from PCC has been the development of technology to efficiently separate nylon from the other carpet constituents and purify the resultant nylon to levels nearly equivalent to those of postindustrial scrap. Over the past 10 years, these methods have been commercialized and the result has been a robust growth in the acceptance and use of post-consumer nylon from carpet in a large variety of end uses.

Polypropylene (PP) face fiber carpets and which also contain PP backing are also being successfully recycled. Since the value of PP is much less valuable than that of nylon, it cannot form the sole basis of a successful recycling business. It becomes accretive to the viability of any post-consumer Nylon carpet recycling system.

The other major face fiber is polyester (PET). Presently there are very few outlets for this recycled polymer. While PET resin, both virgin and recycled PET derived from bottles, is ubiquitous, the technology has not proven economically feasible for PCC derived feedstocks.

CARE will make information and access to existing products and processes available to aid research, including processing plant visits if deemed necessary.

**PET Challenge:**

Since the entire recycling infrastructure for recycling PCC was and is based on nylon, and to a lesser extent, polypropylene, other PCC materials, such as PET carpet in particular, have become a major negative cost factor to collectors/processors. The reason is simple: There is no readily established high value market for rPET in the normal “plastics world”, as was the case for nylon. Therefore, end uses for PET must be developed in other areas. From a technical standpoint, PET has no “stand alone” engineered resins specifications or high volume applications due to the brittleness of PET polymer. There are a large number of other potential applications and it must be proven that PCC derived PET can be made to fit those applications.

Why has PET become such a problem so quickly? Just 7 years ago [2007], CARE data shows that approximately 4% of the PCC stream collected was PET. In 2013, the percentage of PET in the collection stream is now estimated to be 34% and growing. If no solution is found, close to half of all collected PCC will find its way back into landfills at unsustainable costs to recyclers.

**Project Proposal:**

*Problem Statement:* There is a need to create new approaches to make and use rPET that has been harvested from old carpets available to use in new and existing markets. Proposals are solicited along one of the following two tracks:

Track 1: Create a viable polymer stream that is usable for carpet or other plastic markets.

What would it take for the carpet industry to consider blending PCC PET back into flake for extrusion into PET carpet fiber? The purpose of this track is to explore methods of cleaning and/or depolymerization of fiber that has been harvested from used carpets. The grant will fund research for new methods/processes that result in resin that meets identified market demands for cost and quality.

Track 2: Find new end use(s) for rPET that has either been cleaned and/or depolymerized.

What can a source of rPET be used for in its next life. This grant track will explore new applications for the use of rPET derived from post-consumer carpet. The project will focus on product uses and identify new markets for rPET (e.g., rPET as a feedstock for 3-D printing or rPET for use in the apparel or building industry products).

**Time Frame**

This high impact proposal is targeted for duration of 1 to 1.5 years. The proposed start date is academic year 2015 and with an end date of 1-1.5 years. However, other time cycles will be given consideration with justification. During this time frame, a clear and economically viable path toward PET carpet recycling must be developed. While the infrastructure for the path forward cannot be built out totally in one year, demonstration of a variety of technologies, applicable products, market outlets, performance specifications and an economic model(s) will be complete.

**Skills Required**

CARE is looking for a multi-disciplinary team approach to include:

- Material science and polymer physics
- Polymer processing
- Product development
- Product performance testing
- Market analysis
- Economic modeling
- Track record of product and process development

**Program Reporting:**

- Reporting and milestones:
  - a. Initial milestone: proposal outline and timeline for selected proposal
  - b. Quarterly reports to CARE Executive Director (Power Point format except for financial models and

performance data)

c. 6 month reviews with CARE Board of Directors

d. Prepare comprehensive final report and make a presentation on path forward at 2016 CARE National meeting

### **Financial Commitment**

- The PET project is a commitment to be funded at \$500,000.
- Candidate will be required to sign a) a conflict of interest agreement, b) a Non-Disclosure Agreement, and offer CARE members a royalty free non-exclusive agreement.
- University overhead must not exceed 25%.
- Proposal may be for contract research if needed.
- The proposal is open to any U.S. based academic institution with a research program.

### **Application**

- Applications should be sent electronically in Word format and limited to 5 pages (10 point font) to: Dr. Robert Peoples, Executive Director, CARE, [bpeoples@carpetrecovery.org](mailto:bpeoples@carpetrecovery.org)
- Proposals should outline the multi-disciplinary skills proposed for the team
- Include a draft work plan and project timeline
- Include lead academic advisors with email and phone contact information
- Acknowledge any conflicts or prior employment with carpet industry and/or recycling industry entities.

### **Selection Process**

A CARE selection Committee will review proposals and make a final decision by mid-December 2014. Projects work must commence in 2016.

***DEADLINE FOR SUBMISSIONS: September 30, 2014 5 pm EDT***

### *Rural County Program*



## RURAL COUNTY PROGRAM—PARTICIPATION OVERVIEW

### **Getting Started:**

Participant Rural Counties are selected based on interest, current access levels and generation potential, as well as other factors. Presently, ten Rural Counties are participating in the program. Another six Rural Counties are scheduled to join the program by mid-2015.

- 1) **Determine Facility Collection Location**—A central collection location should be selected to maximize convenience and participation from likely resident and business generators. Generally, it is recommended that collection occur at a location where generators are already accustomed to consolidating waste, such as a Transfer Station or Landfill/Eco-Park. In some cases, siting a central collection at large Retailer/Distributor may also be considered.
- 2) **Select a Precise Collection Point at the Desired Facility**—Once a facility has been selected such as a Transfer Station, the facility will need to work through the operational logistics of how they would like to collect and consolidate the material to be received by their residents and businesses. CARE CA Program Manager is available to assist in working through these logistics. Other participating rural counties can also provide their input based on best practices they've developed for streamlined program implementation at their locations. One or more locations will need to be selected to work within the existing waste flow of the facility to:
  - a. **Designate a precise location for the public to place carpet materials to be recycled**—this may be a location on the tipping floor, a bin, set of pallets, or other consolidation point that is clean and dry. Ideally, this location should be well marked with appropriate educational/instructional signage and should be monitored by facility staff.
  - b. **Designate a precise location for the Consolidation Trailer placement.** This trailer will remain on-site and serve as the consolidation point for ready material to be stored and shipped to a Program Collection/Processing Facility for final recycling. Some locations use the same location for both (a) and (b). Others designate a public drop on the edge of the tipping floor and the consolidation trailer behind the facility for facility operations staff only. The participating facility should work with CARE CA Program Manager to develop a strategy appropriate to your facility, clients and personnel.

- 3) **Arrange a Site Training at a Participating County Location**—Although this is optional, it is highly recommended that participating counties arrange for a site visit at one or more participating rural county locations to see first hand how each facility has approached program implementation, trailer placement, customer education and other program aspects. Contact information for other participants is available through the CA Program Manager.
  
- 4) **Finalize Educational Materials**—Educational materials are a key element of any successful program. CARE provides basic educational materials for all rural county participants. Additional assistance is available through the CARE CA Program Manager and RCRC. Participants are provided with sample materials and asked to provide updated site specific information and photos to RCRC for customized materials. Educational materials include:
  - a. **Consolidation Point Signage**—this signage marks the precise location at your facility where the public is instructed to place materials to be recycled and/or the consolidation trailer location. Signage is intended to be equally helpful to both the public as well as your own facility staff to ensure it is well understood which materials are accepted and where they should be placed. These signs are provided by CARE and are intended to be site specific and thus can be customized to meet your site and facility branding needs.
  
  - b. **Program Brochure**—Brochures are intended to provide an overview of the program for resident and business generators. It includes the basic instructions for preparing and delivering carpet to the facility collection center for recycling, along with your County-specific collection location information. Please provide RCRC/CARE your facility location, hours and contact information, as well as at least 1 photo of your facility. These brochures are provided by RCRC/CARE and are intended to be site specific and thus can be customized to meet your site and facility branding needs.
  
- 5) **Reporting**—Metrics are key to program tracking and refinement. All participants are required to submit quarterly reports (template provided by CARE) tracking various program metrics including:
  - a. **Containers Received & Shipped**
  - b. **Pounds per Container**
  - c. **Container Contents Breakdown**
  - d. **Educational Materials Distribution**
  - e. **Outreach Events/Contacts**
  - f. **Revenue & Expenses**
  - g. **Training**
  - h. **General Feedback**

<b>Post-Consumer Carpet Collection Data</b>
<b>Shipped Containers</b>
How many full containers have you shipped this period?
What was the weight of each container?
Total weight of all shipped trailers?
<b>For Containers in Process</b>
Size of Container(s) (i.e. 28', 56', etc)
Approximately how much of the container is full? (%) (i.e. 10%, 20%, 30%, etc)
How much of the material in the container is (%):
a. Carpet
b. Carpet Pad/Cushion
c. Trash/Debris
d. Other
When was the container placed at your facility?
When do you think the container will be full?
<b>Communications Feedback</b>
Are you using Signage to direct people to the dedicated post-consumer carpet container?
% of Installers/Residents understand how to drop off carpet?
Approximately how many Brochures distributed?
Approximately how many Guidelines distributed?
Are you using a checklist to track distribution of materials?
<b>Revenues and Expenses</b>
How much have you collected in Carpet Tipping Fees this reporting period?
How much have you spent, for this reporting period, on:
New Signage
Reprinting Brochures
Reprinting Guidelines
Other (please specify)
<b>Training</b>
How many hours were your employees engaged in this project this reporting period?
How many hours were spent training employees this reporting period?
<b>Qualitative Feedback</b>
Please provide additional feedback or suggestions to the team

## 10.3.9 Rural County Collateral Samples - Butte County Newsletter - Electronic New Program Promotion

Not printed on 100% post consumer content recycled paper. In fact, it's not printed at all.



# Butte County

*Recycling E-Newsletter*



[www.RecycleButte.net](http://www.RecycleButte.net)  
*Your on-line Recycling Guide*

### The Spring 2014 Butte County Recycling E-Newsletter has just blossomed!

♻️ Do you have an idea for a recycling subject? Or would you like to submit an article for this E-newsletter? Send in your ideas to: [recycle@buttecounty.net](mailto:recycle@buttecounty.net).

♻️ [National Prescription Drug Take Back Day](#) is April 26th. Home-generated prescriptions and over-the-counter drugs can be brought to one of four locations throughout the County on Saturday, April 26th. Locations that will accept these drugs are:

- Oroville Comp Care Clinic, 900 Oro Dam Blvd.
- Paradise Immediate Care, 5875 Clark Rd.
- Orchard Hospital, 284 Spruce St. (Gridley)
- Chico Enloe Medical Center, 560 Cohasset Rd

♻️ April 22<sup>nd</sup> is Earth Day. So was January 4<sup>th</sup>, February 20<sup>th</sup>, March 11<sup>th</sup> and every other day of the year.

*Steve Rodowick*

**Butte County Recycling  
Coordinator**



*Keep Butte County  
Butte-i-ful*



### Archives

To review past edition of the Recycling E-Newsletter, go to [www.RecycleButte.net](http://www.RecycleButte.net)

### In this issue:

**In the news – The new mattress recycling legislation  
What do you do with old... Video tapes  
County News – Carpet Recycling comes to Butte County  
Looking forward – The landfill of the future. Will they even exist?**

### In the News: Mattress recycling is now law.

They pose one of the hardest to manage wastes for local governments. They are often illegally dumped and they harbor all kinds of creepy things when left on the side of the road. Mattresses have been giving landfills and local governments headaches for years. The new recycling program will be operated by an industry group, which will be financed by a still-to-be-determined fee paid by mattress buyers. The concept is similar to existing recycling practices for paint, tires and electronic waste.

Among other things, the act will require the retailer, by July 1, 2014, to give a consumer the option to have a used mattress picked up, at no additional cost, at the time a new mattress is delivered or be provided with an opportunity for free drop-off of the used mattress.

SB 254 had backing from the mattress industry, retailers and environmental organizations. The mattress recycling organization must submit a plan detailing the operations of the program to the Department of Resources Recycling and Recovery (CalRecycle) by July 1, 2015.

Here is the link to the full summary of [SB 254](#)

## What do you do with old Video Tapes?

Many old video tapes are classics that you dare not part with. Just like that classic vinyl Sargent Peppers album, you wouldn't let go of *Winnie the Poo and Tigger too*. (Provided you still have a VCR) But the majority of old video cassettes are likely taking up space in a box in your garage. You will likely never watch the instruction video for your old treadmill again. The treadmill itself has likely been recycled years ago.



Now if you're expecting me to mention taking them to thrift shops or the library, forget it. They don't want them. The number of people who would actually purchase or check out old VHS tapes is quite limited.

So why can't we just toss them into the recycling bin? The outer cases of VHS, Betamax and audio cassette tapes are indeed plastic. (The covers that snap over the cassette) Those can be placed in the recycling bin. The cassette itself is a cheaper and less recyclable plastic. Some waste & recycling companies will take that plastic as well. It's best to call to see if they do. The inner tape is made of a phthalate-laden form of the plastic polyethylene, popularly referred to as Mylar, which is not recyclable. This tape should be removed and discarded.

## County news: Carpet Recycling comes to Butte County

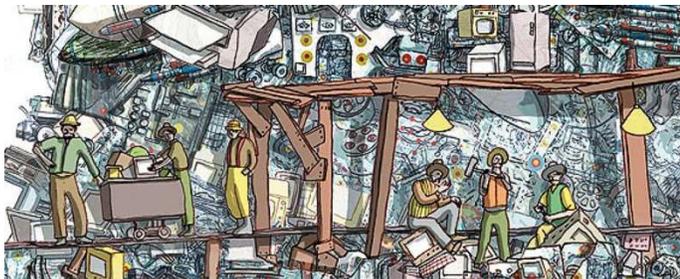


Carpet recycling is now a reality in Butte County. *Recology Butte-Colusa Counties* now accepts most carpet for recycling at their facility at 2270 S. 5<sup>th</sup> Avenue in Oroville. For carpet to be accepted for the program, it must be dry, no longer than 6 feet in length and rolled. The cost to recycle carpet will be \$35 per ton, significantly less than it would cost to dispose at a landfill. For regular carpet installers and large institutions replacing their carpet, this will amount to a big savings as well as reducing the waste to the landfill.

## Looking Forward – The Landfill of the future, will they even exist?

Landfills and the way they operate are changing rapidly. It was only a few decades ago when the common practice was to pile up the days trash as set it ablaze. Fortunately for us all, this method of managing our waste is no longer used. Today's practice of compacting the waste and covering daily, within lined cells to protect groundwater, is the most common way to manage our waste. Even with these environmental controls, the era of just burying trash is generally considered to be on the way out.

What we continue to place in the ground has value. And many of the materials we buried for the past several decades, materials that were once cheap and abundant, are now highly valued and getting increasingly hard to acquire.



Landfill mining is not a new concept; and it goes way beyond the surface scavenging that we see in pictures from third-world countries. Given their limited land space and growing population, Israel started to mine landfills back in the 1950's. Depending on the nature of the material buried, some landfills would be best left covered up. However landfills with high levels of organic material, or other recoverable materials of value, could be mined for recovery.

Other ways to manage waste beyond burying it would be to segregate the organic material and manage it through a process called *Anaerobic digestion*. This is where the green matter decomposes without oxygen, thereby producing methane gas which would be captured and combusted to produce electricity. The remaining decomposed material can be used as a nutrient rich soil amendment that could be applied to local farms.

Other new technologies are emerging that could continue to reshape the waste management landscape, including *plasma gasification*. However this process is still evolving and currently too expensive to institute on a local level.

However, the best way to manage waste is still the old way; generate as little as possible.

## **Recycling Road Show**

Would your club, classroom or organization like a presentation about current trends in recycling and waste management? Our staff will speak at your school or function about local recycling and waste issues and be happy to answer questions about local and national waste trends. Call 879-2352.

## **Coming in the Summer 2014 Issue:**

### **Special Vacation Time edition**

**A look at how a faraway tropical island recycles and the special challenges businesses and residents face.**



Questions, comments, suggestions? Email us at [recycle@buttecounty.net](mailto:recycle@buttecounty.net). We will try to respond as soon as possible.



*The trees are hoping your printer jams. Please don't print this newsletter.*

## Why Recycle Carpet?

More than 360 million pounds of carpet are discarded in California landfills every year. AB 2398 is the California Carpet Stewardship law that supports the recycling of carpet into new products and materials. There is now a \$0.05 per square yard stewardship assessment on the purchase of all new carpet.

This assessment is to be used by the carpet recycling industry in California to support programs to make carpet recycling more available in your county.

Recycling carpet saves natural resources, conserves landfill space, reduces the dependency on fossil fuels, and can save you money. Recycling allows a product at the end of its useful life to become a new resource.

Carpet can be converted to fiber to make new carpet, carpet padding, erosion control products, and construction materials. The carpet fiber can also be converted into plastic pellets and used in automotive components, furniture parts, leach field products, and many more uses.

*Carpet accepted for recycling at:*

### BEN LOMOND TRANSFER STATION

Location & Hours:  
9835 Newell Creek Road  
Ben Lomond, CA 95005  
(831) 336-3951

Open Monday through Saturday  
7:30 AM – 3:30 PM

Closed Sundays,  
Thanksgiving, Christmas and New  
Year's Day,  
Open Christmas Eve 7:30 – 11:30 PM

Program operator:  
County of Santa Cruz  
Department of Public Works  
701 Ocean Street, Room 410  
Santa Cruz, CA 95060  
Phone: (831) 454-2160

To learn more about recycling in Santa  
Cruz County visit:  
[www.santacruzcountyrecycles.org](http://www.santacruzcountyrecycles.org)



**Installing or replacing  
carpet or area rugs?**

***THIS GUIDE IS FOR YOU!***

**How-To Guide  
for  
Carpet Recycling  
in  
Santa Cruz County**

Carpet collection supported by:  
Carpet America Recovery Effort (CARE)  
[www.carpetrecovery.org](http://www.carpetrecovery.org)



# What To Do With Old Carpet?

This guide gives you the basics for preparing and delivering carpet for recycling.

## 1. Free of Debris

We accept all types of carpeting, carpet tiles, and area rugs for recycling, with the exception that floor covering with rubberized backing is not accepted. Make sure the carpet is clean, dry, and free of debris such as tack strips, nails, wood, other flooring material, or trash. Debris can damage the equipment used to process carpet.



## 2. Roll Up Carpet for Recycling

If necessary, cut the material into manageable sections for easier handling. Carpet tiles should be neatly stacked.

## 3. Roll Up Foam Pad

Separate pad from carpet before rolling. No rubber or fiber pad accepted.



## 4. Bring It To The Ben Lomond Transfer Station

When you arrive at the transfer station, you will check in at the Gate House. The Cashier will determine your fee based on adherence to carpet recycling preparation guidelines.



## 5. Drop It Off

You will be directed to the carpet recycling area where you will unload your carpet and foam pad and stack rolls neatly in the carpet collection trailer.



## 6. Help Us Reach Our Goal

Our goal is zero carpet going to landfill. Reduced fees apply to acceptable carpet properly rolled and loaded in the carpet collection trailer. This container is provided by CARE as part of the Rural Counties Carpet Recycling Program. We thank you for participating in our carpet recycling program.

**10.3.9 Rural County Collateral Samples -  
Tuolumne County - Cal Sierra Transfer  
Station - Collaborative Localized 2-sided  
Brochure**

# Carpet Recycling



**Help us green the community.  
Divert waste from the landfill  
by recycling used or unwanted  
carpet at the transfer station.**

## **Cal Sierra Transfer Station**

19309 Industrial Dr. • Sonora, CA 95370

**Mon. - Sun. • 8:00 am - 4:45 pm**

**209-536-1719**

[www.sanjoaquin.wm.com/Tuolumne](http://www.sanjoaquin.wm.com/Tuolumne)



Follow these simple steps to prepare carpet for recycling.

**Step 1: Remove from Carpet:**

- Pads
- Tack strips
- Nails
- Wood
- Other flooring material
- Trash

**Step 2: Prepare the Carpet:**

- Cut carpet and pad into 6 ft. wide sections (maximum width)
- Pad must be separated from carpet
- Roll up carpet fiber side out
- Stack or fold carpet pad
- Stack carpet tiles

**Step 3: Recycle Carpet at:**

Cal Sierra Transfer Station  
19309 Industrial Dr.  
Sonora, CA 95370

- Carpet tiles must be stacked.
- Inform the attendant at the scale house you have carpet to recycle..

Thank you for helping us keep the community green.



# Why Recycle Carpet?

More than 360 million pounds of carpet are discarded in California landfills every year. AB 2398 is the California Carpet Stewardship law that supports the recycling of carpet into new products and materials. There is now a \$0.05 per square yard stewardship assessment on the purchase of all new carpet.

This assessment supports the carpet recycling industry in California and is paying for this program to make carpet recycling more available in your county.

Recycling carpet saves natural resources, conserves landfill space, reduces the dependency on fossil fuels, and can save money. Recycling allows a product at the end of its useful life to become a new resource.

Carpet can be converted to fiber to make new carpet, carpet padding, erosion control products, and construction material. The carpet fiber can also be converted into plastic pellets and used in automotive components, furniture parts, leach field products, and many more uses.



**ROCK CREEK SOLID WASTE FACILITY**

### Location and Hours:

12021 Hunt Road  
Milton, CA 95684

Open Daily  
8:00 AM - 4:30 PM

Closed

New Year's Day, Easter Sunday,  
Thanksgiving Day, and Christmas Day

### Department of Public Works Integrated Waste Management

891 Mountain Ranch Road  
San Andreas, CA 95249  
Phone: (209) 754-6403

To learn more about recycling in Calaveras County visit:  
<http://www.CalaverasRecycles.org/>



Installing  
new carpet or  
replacing  
area rugs?

# READ THIS GUIDE

## How-to-Guide for Carpet Recycling in Calaveras County



Published by Carpet America Recovery Effort  
(CARE) © 2014

# What to do with Old Carpet?

This guide gives you the basics for preparing and delivering carpet for recycling.

## 1 Free of Debris

We accept carpeting, area rugs, carpet tiles, and carpet pads for recycling. Make sure the carpet is clean, dry, and free of debris such as tack strips, nails, other flooring materials, and trash. Debris can damage the equipment involved in processing the materials.



## 2 Prepare it for Recycling

Separate the carpet and padding. Roll up separately. If possible, cut the materials into 6ft. wide sections, then roll up with the fiber side or yarn side on the outside. Carpet tiles should be neatly stacked.



## 3 Bring it to Rock Creek

When you arrive at the **Rock Creek Solid Waste Facility**, you will check in at the Gate House. Please have your ID available to show proof of residency.



## 4 Drop it Off

You will be directed to the carpet recycling area on the tipping floor where you will drop off your carpet.

*This container is provided by CARE as part of the Rural Counties Carpet Recycling Program.*



## 5 Help Us Reach Our Goal

There is no fee to recycle your old carpet. We thank-you for participating in our carpet recycling program.

10.3.10 Presentations - CalRecycle Stakeholder Workshop Series - April 2014

## Making A Sustainable Difference

### California Carpet Stewardship Program

Brennen Jensen  
CA Program Manager  
CA Carpet Stewardship Program  
Carpet America Recovery Effort

CalRecycle Stakeholder Workshops  
April 16-17, 2014



## Why We Are Here

- Collaborate, Share, Learn, Refine
- Give Us your Constructive Feedback & Insights
- Help Us Identify Needs & Gaps
- Help Us Identify Resources & Opportunities
- Co-Create Solutions With Us
- Leverage Concurrent Efforts to Do More Together
- Share Best Practices That Are Working



## About Us

Since 2002, Carpet America Recovery Effort (CARE) has served as THE national resource for **carpet recycling**

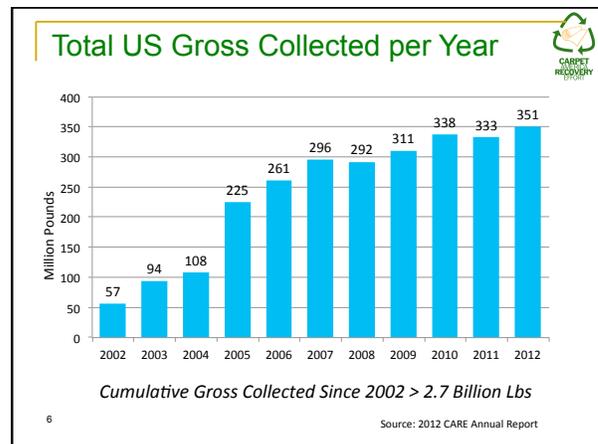
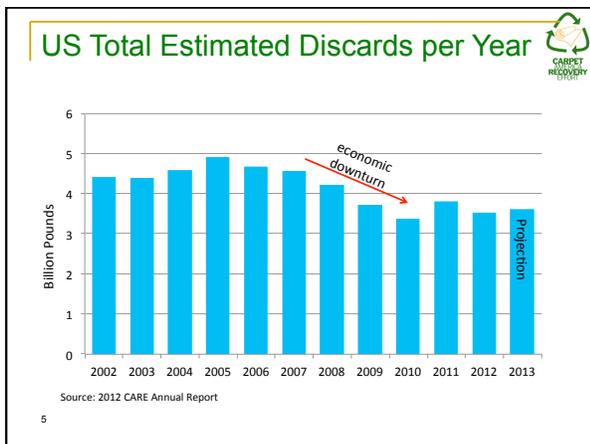
**Our mission:** To advance market-based solutions that **increase landfill diversion and recycling of post-consumer carpet**, encourage design for recyclability and meet meaningful goals in support of our vision.

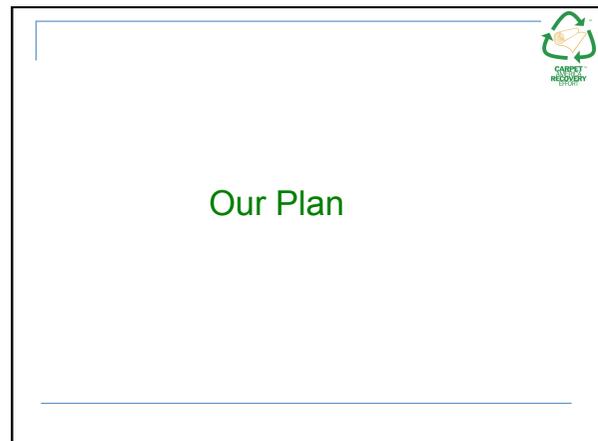
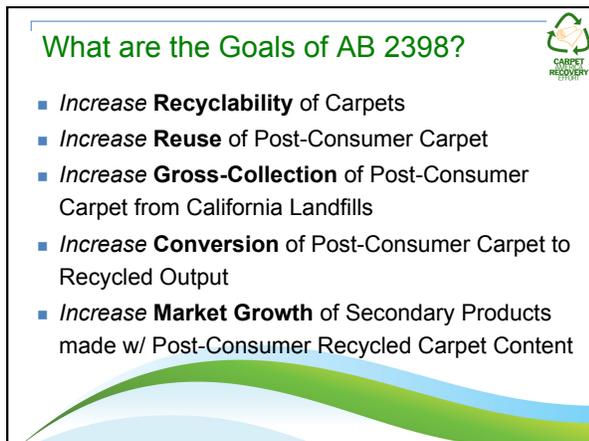


## CARE

- Memorandum of Understanding (MOU) signed Jan 2002
- Voluntary, Nationwide Organization – 501 (c) 3
- California AB 2398 Carpet Stewardship Organization
- **CARE Members:**

• Entrepreneurs	• Carpet Manufacturers
• States	• Fiber Manufacturers
• US EPA	• Architects/Designers/Specifiers
• NGOs	• Retailers & Dealers



### Gross Collection



- **Technology Solutions:**
  - Increase opportunities for streamlined collection
  - Increase efficiency of existing collection
- **Infrastructure Solutions:**
  - Promote existing collection sites
  - Outreach to establish new collection sites
  - Work with stakeholders to increase participation



### Recycled Output



- **Technology Solutions:**
  - Increase efficiency to generate for high value recycled output
  - Increase solutions for non-nylon materials
- **Infrastructure Solutions:**
  - Increase gross collection
  - Increase capacity for processing collected materials



### Market Growth



- **Technology Solutions:**
  - Increase opportunities for recycled output utilization in new products
- **Infrastructure Solutions:**
  - Promote Post Consumer Recycled Carpet Content Products
  - Promote Procurement Opportunities



### Diversion Goals & Pathways



- Present Recycled Output is at 12%
- 2016 Aim to Reach 16%
- 2020 Aspirational Goal to Achieve 24%
- Present Gross Collection is at 24% (Q3), 22% (Q4)
- Represents roughly 1/4 of all estimated discards
- At current levels 16% RO, requires 32% GC (1/3)
- 24% 2020 goal would require 48% GC (1/2)
- Solution lies in: Increased RO (efficiency and fiber types), and Increased GC

### Incentives




### CA Carpet Stewardship

- Effective July 2011
- 5 cents/sqyd sold (broadloom and tile)
- Incentives:
  - 6 cents/lb for high value output
  - 3 cents/lb for low value output
  - 10 cents/lb over target level for high value only
  - 12 cents/lb for 2<sup>nd</sup> tier processor of non-nylon
  - CA university grant (non-nylon)
  - CA Program Manager in State



18

## Education

### Getting the Word Out – Efforts To Date

- Updated Website Resources
  - Stakeholder specific materials and links
- Retailer Education
  - Brochures, signage, window clings, education kits, outreach letters, webinars and industry presentations
- Manufacturer Outreach
  - Trade publications news, magazine and radio interviews and earned media, outreach letters, software vendor engagement, sales webinar training, compliance and incentive participation and compliance

### Getting the Word Out – Efforts To Date

- Consumer Education
  - Print earned media, database listing Earth911
- Rural County Engagement
  - Presentations, webinars, monthly calls, planning, site visits, signage, brochures, handling and storage guidelines
- Outreach Presentations
  - Trade conferences and events

### Building On a Strong Foundation

- Marketing, Education & Outreach focus:
  - Market Research
    - Research, Focus Groups, Surveys
  - Material Development
    - Based on Market Research, Targeted Audiences
    - Meet People Where They Are
  - Direct Engagement & Technical Assistance
  - Earned Media & Social Media Marketing

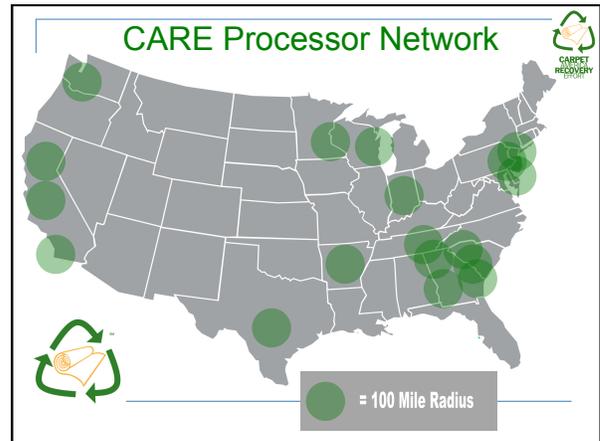
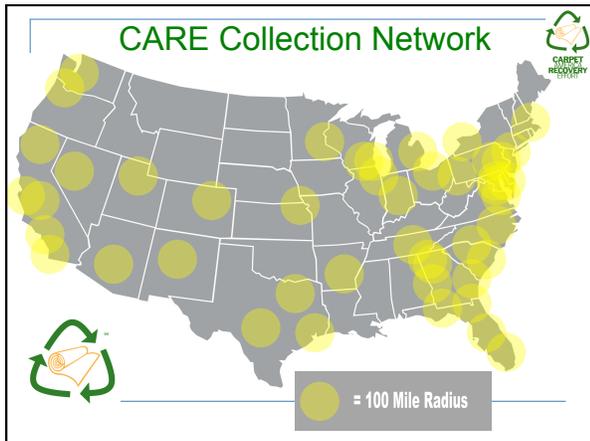
### Building On a Strong Foundation

- Increase Reach, Impact & Effectiveness
- Making the Most of Every Dollar Invested
- Leveraging Resources Already in Place
  - Strong Stakeholder & Community Partners
  - Local Governments
  - NGOs, Community Groups
  - Haulers, Recyclers, Collectors, Processors
  - Trade Organizations, Business Associations

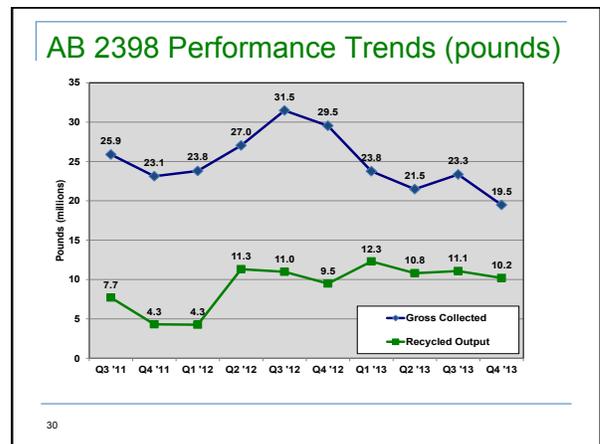
### Challenges & Opportunities

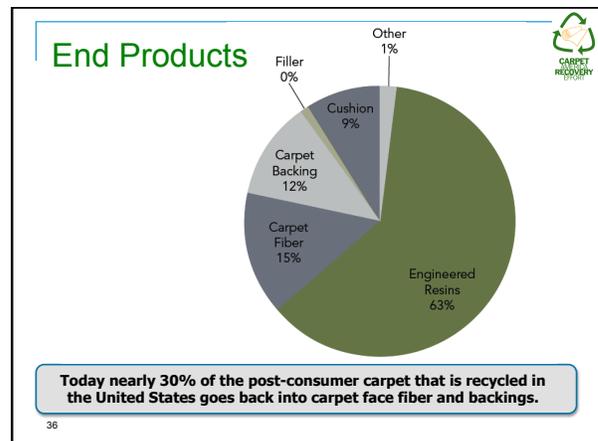
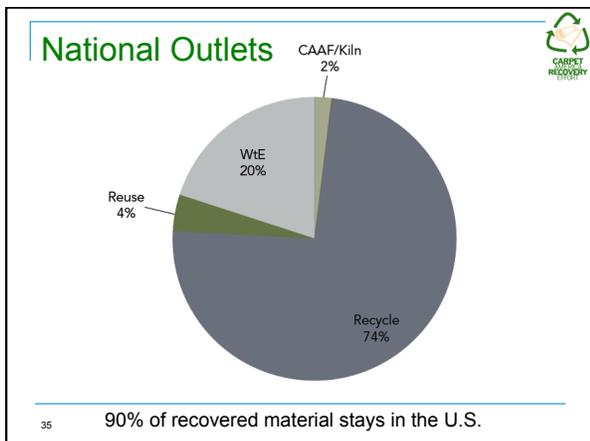
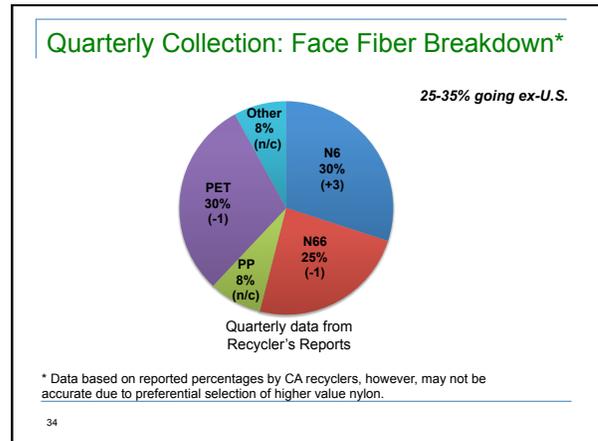
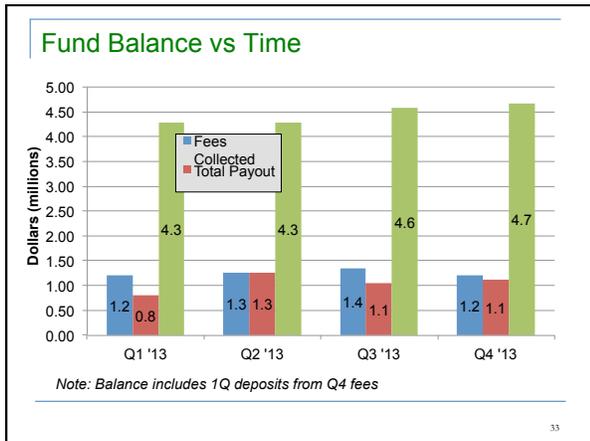
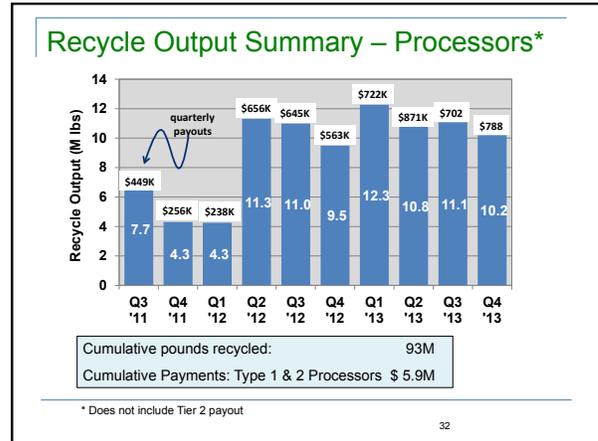
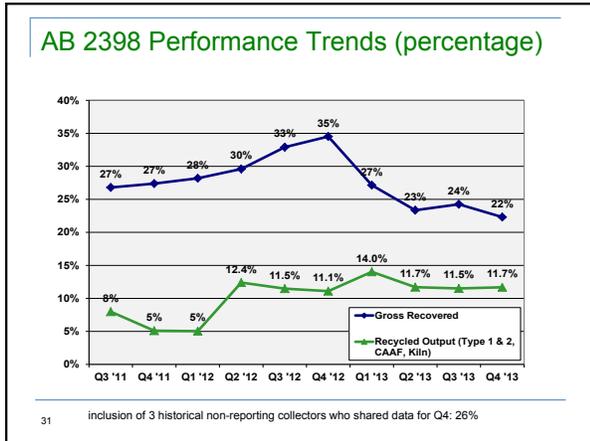
- Program is newly underway, first years of ops
- Complex material composition difficult to recycle
- Multiple material types increase complexity
- Limited recycling outlets for some materials
- General flat and downward trends in recycled output
- New collectors/processors in development
- Rural county program increasing
- Incentives are helping to encourage new technologies to further increase recycled output

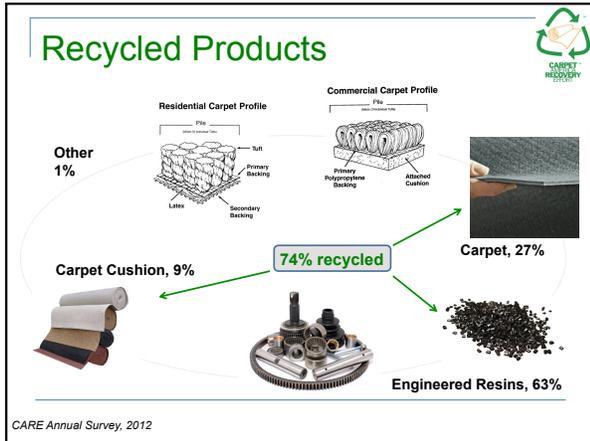
## Results To Date



- ### Local Resources
- **CARE Website: Certified Collector Finder**
    - Find Collectors
    - Find Processors
    - <http://www.carpetrecovery.org/collector-finder/index.html>
  - **Local Governments**
    - Local Recycling Coordinators, Haulers, and Facilities
  - **Local Retailers**
    - Direct service of retailers by Collectors/Processors
      - Direct pick-up service at hundreds of retailers
  - **CARE CA Program Manager** — In Monterey Bay Area
- \*AB 2398, signed into law September 30, 2010







Email: [info@mdmfiber.com](mailto:info@mdmfiber.com)  
 Phone: (215) 369-1520  
[www.mdmfiber.com](http://www.mdmfiber.com)

**MDMFiber™**  
 WORKING TO IMPROVE YOUR PRODUCTS

**Precast Concrete, Asphalt, and Plastic**

Email: [sales@lafiber.com](mailto:sales@lafiber.com)  
 Phone: (323) 589-5637  
[www.lafiber.com](http://www.lafiber.com)

**LOS ANGELES FIBER CO.**

**Carpet Cushion**

## GeoHay™

**Gutter Buddies®**

**Synthetic Hay Bales & Filters**

**ECOSTRATE™**

*Our products are made from post consumer electronic and textile waste that would otherwise be discarded in our landfills and our process is flexible enough to utilize a variety of waste streams to create new products, signs and substrates*

41

## What Stakeholders Can Do?

- Promote Carpet Recovery Collection Locations
- Incorporate Carpet Into Your Edu & Outreach
- Work With Local Waste Facilities & Retailers To Expand Local Collection Opportunities
- Specify Contracts To Recycle Discard Carpet/Tile
- Ask for a Recycle Certificate From The Mills
- Specify New Carpet Products in Line With NSF-140 Standard; Specify PCC Recycled Content
- Use PCC Fiber Cushion Vs. Foam Cushion
- Buy Products With PCC Content

PCC = Post Consumer Carpet

## Making A Sustainable Difference

### California Carpet Stewardship Program

Brennen Jensen  
CA Program Manager  
CA Carpet Stewardship Program  
Carpet America Recovery Effort

CRRA Conference  
August 5, 2014



## What are the Goals of AB 2398?

- Increase **Recyclability** of Carpets
- Increase **Reuse** of Post-Consumer Carpet
- Increase **Gross-Collection** of Post-Consumer Carpet from California Landfills
- Increase **Conversion** of Post-Consumer Carpet to Recycled Output
- Increase **Market Growth** of Secondary Products made w/ Post-Consumer Recycled Carpet Content




## Diversion Goals & Pathways

- Present Recycled Output is at 12%
- 2016 Aim to Reach 16%
- 2020 Aspirational Goal to Achieve 24%
- Current Gross Collection is at 24% (Q3), 22% (Q4)
- Represents roughly ¼ of all estimated discards
- At current levels 16% RO, requires 32% GC (1/3)
- 24% 2020 goal would require 48% GC (½)
- Solution lies in: Increased RO (efficiency and fiber types), and Increased GC



## CA Carpet Stewardship Incentives

- Effective July 2011
- 5 cents/sqyd sold (broadloom and tile)
- Incentives:
  - 6 cents/lb for high value output
  - 3 cents/lb for low value output
  - 10 cents/lb over target level for high value only
  - 12 cents/lb for 2<sup>nd</sup> tier processor of non-nylon
  - CA university grant (non-nylon)
  - CA Program Manager in State

4



## Getting the Word Out – Efforts To Date

- Website Resources—Stakeholder specific materials
- Retailer Education—Brochures, signage, window clings, kits, letters, webinars and industry presentations
- Manufacturer Outreach—Trade news, earned media, letters, sales training, engagement, compliance, incentives
- Consumer Education—Earned media, Earth911
- Rural County Engagement
- Outreach Presentations, Conferences & Events



## Building On a Strong Foundation

- Expanding Marketing, Education & Outreach
- Increase Reach, Impact & Effectiveness
- Making the Most of Every Dollar Invested
- Leveraging Resources Already in Place
  - Strong Stakeholder & Community Partners
  - Local Governments
  - NGOs, Community Groups
  - Haulers, Recyclers, Collectors, Processors
  - Trade Organizations, Business Associations



## Recycled Products

**74% recycled**

- Carpet Cushion, 9%
- Carpet, 27%
- Engineered Resins, 63%
- Other, 1%

**Residential Carpet Profile:** Tuff, Primary Backing, Secondary Backing, Latex.

**Commercial Carpet Profile:** Primary Polypropylene Backing, Attached Cushion.

CARE Annual Survey, 2012

## Expanding Markets

### Manufacturers

[www.carpetrecovery.org](http://www.carpetrecovery.org)

## GeoHay™

### Gutter Buddies®

*Synthetic Hay Bales & Filters*

Email: [info@mdmfiber.com](mailto:info@mdmfiber.com)  
Phone: (215) 369-1520  
[www.mdmfiber.com](http://www.mdmfiber.com)

## MDMFiber™

WORKING TO IMPROVE YOUR PRODUCTS

Precast Concrete, Asphalt, and Plastic

Email: [sales@lafiber.com](mailto:sales@lafiber.com)  
Phone: (323) 589-5637  
[www.lafiber.com](http://www.lafiber.com)

## LOS ANGELES FIBER CO.

**Carpet Cushion**

## EcoSTRATE™

Our products are made from post consumer electronic and textile waste that would otherwise be discarded in our landfills and our process is flexible enough to utilize a variety of waste streams to create new products, signs and substrates

12

## Rural County Program – 10 Counties

### ■ 4 New Rural Counties

- ❑ Butte
- ❑ Trinity
- ❑ Tuolumne
- ❑ Santa Cruz



### County news: Carpet Recycling comes to Butte County



Carpet recycling is now a reality in Butte County. *Recology Butte-Colusa Counties* now accepts most carpet for recycling at their facility at 2270 S. 8th Avenue in Oroville. For carpet to be accepted for the program, it must be dry, no longer than 6 feet in length and rolled. The cost to recycle carpet will be \$35 per ton, significantly less than it would cost to dispose at a landfill. For regular carpet installers and large institutions replacing their carpet, this will amount to a big savings as well as reducing the waste to the landfill.

### Looking Forward – The Landfill of the future, will they even exist?

Landfills and the way they operate are changing rapidly. It was only a few decades ago when the common practice was to pile up the days trash as set it ablaze. Fortunately for us all, this method of managing our

### Join 6 Existing:

- ❑ Calaveras,
- ❑ Del Norte,
- ❑ Humboldt,
- ❑ Plumas,
- ❑ Siskiyou &
- ❑ Tehema

## Looking Forward To the Future

### ■ Calaveras County Leading the Way



Join CARE in making a sustainable difference

[www.carpetrecovery.org](http://www.carpetrecovery.org)

[bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org)

831-917-3720



## Making A Sustainable Difference

### California Carpet Stewardship Program

Brennen Jensen  
CA Program Manager  
CA Carpet Stewardship Program  
Carpet America Recovery Effort

RCRC ESJPA Meeting  
October 16, 2014



## Rural County Carpet Recycling Program

- Pilot Program, Expansion and Future Horizon
- Overview of Requirements
- New Direction on Fiber and Segment Length
- New Marketing, Education & Outreach (ME&O)
- Sample Carpet Substrate Prints – Ecostrate
- General feedback / Areas for Improvement
- Thank you!



## Rural County Program – 10 Counties

- 4 New Rural Counties
  - Butte
  - Trinity
  - Tuolumne
  - Santa Cruz



**County news: Carpet Recycling comes to Butte County**

Carpet recycling is now a reality in Butte County. Recology Butte-Colusa Counties now accepts most carpet for recycling at their facility at 2270 S. 5<sup>th</sup> Avenue in Oroville. For carpet to be accepted for the program, it must be dry, no longer than 6 feet in length and rolled. The cost to recycle carpet will be \$35 per ton, significantly less than it would cost to dispose at a landfill. For regular carpet installers and large institutions replacing their carpet, this will amount to a big savings as well as reducing the waste to the landfill.

**Looking Forward – The Landfill of the future, will they even exist?**

Landfills and the way they operate are changing rapidly. It was only a few decades ago when the common practice was to pile up the days trash as set it ablaze. Fortunately for us all, this method of managing our

Join 6 Existing:

- Calaveras,
- Del Norte,
- Humboldt,
- Plumas,
- Siskiyou &
- Tehema

## Rural County Program Overview

- 6 Pilot Counties 2013 = Leading the Charge!
- +4 Joined 2014 = 10 Rural Counties Now Participating
- +6 More 2015 = 16 Counties—Is one of these yours?
  - Looking for volunteer Counties now
  - Next round ongoing board as early as Q4 2014
  - Participant Rural Counties are selected based on interest, current access levels and generation potential, as well as other factors.
  - Are you Interested?



## Getting Started



- **Select Ideal Facility**
  - Site Assessment w/CARE
- **Identify Precise Site Collection Point**
  - Area for the Public to Drop Off of Carpet Materials
  - Location for Consolidation Trailer/Bin placement
- **Arrange Site Training**
  - Visit a Participating County
  - Utilize Videos/ CARE
- **Develop Educational Materials**
  - Facility Signage
  - Program Brochure
  - Customized Materials
- **Outreach to Key Stakeholders**
  - Retailers/Distributors
  - Contractors/Trades
  - Residents/Businesses

## What We Offer



- **Assessment & Facilitation Services**
  - Work with your County to Set Up Program Right for Your County
- **Collection & Hauling Assistance**
  - Arrange Consolidation Trailer/Bin Placement
  - Hauling & Change Out Costs Covered
- **Delivery to CARE Collector/Sorter/Processor**
- **Educational Materials**
  - Staff Training
  - Facility Signage
  - Program Brochure
- **Outreach Assistance**
  - Ideas & Strategy
  - Customizable Templates
- **Technical Assistance**
  - Troubleshoot & Refine

## Reporting & Collaboration



- **Reporting**—Metrics are key to program tracking and refinement.
- All participants are required to submit quarterly program metrics including:
  - Containers Received & Shipped
  - Pounds per Container
  - Container Contents Breakdown
  - Educational Materials Distributed
  - Outreach Events/Contacts
  - Revenue & Expenses
  - Training Offered/Received
  - General Feedback

## Reporting & Collaboration



- **Quarterly Calls**—Communication is key to program monitoring and refinement.
- All participants are required to attend quarterly program collaboration calls for a chance to:
  - Share Program Updates (Counties/CalRecycle/CARE)
  - Identify Best Practices and/or Useful Strategies
  - Troubleshoot Challenges
  - Identify Areas for Improvement
  - Receive Training or Direction on New Policies
  - Provide/Obtain General Feedback
  - Learn/Share/Co-Crete/Collaborate

Next Call  
10/30 @  
11 AM

## New Procedure Updates



- **New procedures adopted** regarding materials handling, following recent collector/processor consultations and discussion item at RC quarterly call.
- **Educational materials to be updated**
  - Language & Directions reducing barriers
  - Future periods, as counties order additional materials, new language includes:

9

Updated 6/24/12

## Reducing Barriers To Participation



- **Cut into Manageable Segments**
  - [Cut into Pieces – 4-6' recommended]
  - No longer specifying 4-6' lengths, unless particular county desires to require this
  - Precise segment length is not critical → lightweight and manageability to protect worker safety is key
- **Roll It Up!** (No longer specified fiber side out; Carpet must be rolled; fiber can be in or out)

10

Updated 6/24/12

## New Options for Padding



- **Separate Padding**
  - Padding must be separated from carpet;
  - Roll, fold or neatly stack padding;
  - Do not roll padding and carpet together; sites may elect to inter-mix rolls of carpet and pad within a trailer as long as carpet and pad are not rolled together;
  - Padding no longer needs to be bailed, boxed or palletized;
  - Padding does not need to be added at the end of a trailer, but must be separated from carpet within the trailer.

11

## Diversion Goals & Pathways



- Present Recycled Output is at 12%
- 2016 Aim to Reach 16%
- 2020 Aspirational Goal to Achieve 24%
- Current Gross Collection is at 24% (Q3), 22% (Q4)
- Represents roughly ¼ of all estimated discards
- At current levels 16% RO, requires 32% GC (1/3)
- 24% 2020 goal would require 48% GC (½)
- Solution lies in: Increased RO (efficiency and fiber types), and Increased GC

## Building On a Strong Foundation



- Expanding Marketing, Education & Outreach
- Increase Reach, Impact & Effectiveness
- Making the Most of Every Dollar Invested
- Leveraging Resources Already in Place
  - Strong Stakeholder & Community Partners
  - Local Governments
  - NGOs, Community Groups
  - Haulers, Recyclers, Collectors, Processors
  - Trade Organizations, Business Associations

## ME&O and University Grant Update

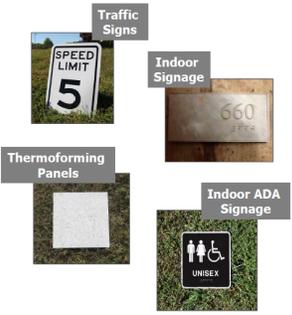


- University Grant RFP released in July 2016
  - RFP closed September 30, 2014
- ME&O Update: 3 Components
  - Product Development/Procurement
    - Contracted June 15; Already Making an Impact
  - Market Research/Communications
    - RFP released July; closed 8/15/14;
    - Gigantic Idea Studio Selected and Running
  - Outreach/Technical Assistance

\*ME&O = Marketing, Education & Outreach

## ECOSTRATE™

*Our products are made from post consumer electronic and textile waste that would otherwise be discarded in our landfills and our process is flexible enough to utilize a variety of waste streams to create new products, signs and substrates*



- Traffic Signs
- Thermoforming Panels
- Indoor Signage
- Indoor ADA Signage

## Looking Forward To the Future

Calaveras County Leading the Way



We Are Just Getting Started!

## Join CARE in making a sustainable difference

[www.carpetrecovery.org](http://www.carpetrecovery.org)

[bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org)

831-917-3720



10.3.11 2014 Research Reports:  
Gigantic Idea Studio - Market Research -The Carpet Recycling Ecosystem in California



**GIGANTIC IDEA STUDIO**  
OUTREACH with IMPACT

## The Carpet Recycling Eco-System in California

A Summary of Primary Research and Recommendations for Outreach

For the California Carpet Stewardship Program of

Carpet America Recovery Effort (CARE)

Prepared by  
Gigantic Idea Studio  
February 2015



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

This is a summary of a more extensive report that makes a number of concrete suggestions for improving the California Carpet Stewardship Program, based on research with key stakeholders. This research was undertaken as part of a larger proposal of outreach services to be provided by Gigantic Idea Studio to the Carpet America Recovery Effort (CARE). The goal of the research is to create a rich picture of the current state of the carpet recycling ecosystem in California and to explore the barriers to improving the rate of carpet diversion from landfill. While the research examined all aspects of the carpet recycling process, the goal of the research is not to solve all of the system's problems, but to determine the most effective outreach tactics, audiences and messages to advance CARE's overall goals in California via the California Carpet Stewardship Program.

The California Carpet Stewardship Program's goals are to influence the recycling rate through the following:

1. **Increase gross collection**
2. Convert material into recycled output
3. Market development of new products
4. Reuse & source reduction

It was agreed that increasing gross collection should be the focus of the primary research.

A survey questionnaire was developed to assess the following:

- **Knowledge and awareness** of the carpet recycling industry and issues (including AB 2398 and CARE)
- **Actions** related to carpet recycling: What are stakeholders doing with carpet they are handling? Where do they get it? Where do they take it after they are finished with it? Are they making an effort to recycle and/or encourage recycling?
- **Barriers and benefits** for recycling carpet/increasing gross collection (including financial considerations)
- **Needs:** What sort of services, incentives, or collateral might help increase their contribution to carpet recycling/gross collection? How can the California Carpet Stewardship Program better serve these needs?
- **Resources:** How do participants currently get information about the carpet recycling industry (e.g., emails, websites, magazines) and what, if any, conferences or other gatherings have they attended on the subject.

After examining the array of stakeholders with the CARE team, it was determined to focus interviews on five primary audiences:

- Manufacturers/Processors
- Retailers/Contractors
- Collectors/Sorters/Sites
- Recycling Coordinators
- Other Stakeholders (e.g., nonprofits monitoring the Plan's activities)



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

Per CARE's ambitious project timeline, interviews were conducted over a three and a half week period, from November 10 to December 3, 2014. Three Gigantic Idea Studio staff conducted the 52 telephone interviews. Results are summarized below by question and audience segment.

### *1. Awareness of AB 2398 and estimates of its impact*

*Are you aware of any legislation in California that has to do with recycling carpet?*

*Given that the purpose of this law is to increase diversion and recycling of carpet in California, how do you think it has and/or will affect your company or organization, if at all.*

The majority of Manufacturers/Processors and Recycling Coordinators were familiar with AB 2398. About half of Retailers and Collectors/Sorters/Sites were familiar with the legislation.

### *2. Please answer the following questions on a scale of 1-5, with 1 being "Not at All" and 5 being "Very Much So":*

*How familiar are you with the steps involved in recycling carpet in California?*

*How important is carpet recycling to your company or organization? Why do you say this?*

*How important do you think carpet recycling is to your customers/ clients/members/citizens? Why do you say this?*

**Manufacturers/Processors'** awareness of carpet recycling in CA is generally very high— 12 gave a 4 or 5; two (both out of state) gave a 1.

Carpet recycling is very important to most processors and manufacturers, (9 rated 4-5). The perceived importance of carpet recycling to their clients varied from 'not at all' to 'very much.'

**Retailers'** awareness of carpet recycling in California is generally low to moderate. Carpet recycling is moderately to very important to half (3 of 6) retailers, not important at all to the other half of retailers. In general they think it is moderately important to their customers.

Carpet recycling is very important to most collectors/sorters, and very important to their clients.

Most **Recycling Coordinator** respondents are somewhat knowledgeable about carpet recycling in California, and believe their organization and residents somewhat value carpet recycling.

*What do you see as the primary barriers and benefits to recycling carpet?*

#### **Manufacturers/Processors:**

- Barriers: Lack of technology and profitable end-markets, limited recyclability of carpet, and financial issues.
- Financial support and addressing operational issues, technical shortcomings, and lack of technology would make it easier to recycle carpet.



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

- Changing the state of the market and financial support would most help them increase the amount of carpet they collect for recycling.
- What they would change: advances in technology.

### **Retailers/Contractor:**

- Barriers: Lack of education, lack of local recycling and collection infrastructure, operational issues (lack of space), and cost.
- Financial support, making it convenient to participate, and more convenient locations to drop off carpet for recycling would make it easier to do the behavior.

### **Collectors/Sorters/Sites:**

Financial support and addressing operational issues and technical shortcomings would make it easier to recycle carpet.

### **Recycling Coordinators:**

- Barriers: Lack of local recycling and collection infrastructure, and operational issues/technical shortcomings.
- Financial support and additional convenient locations to drop off carpet for recycling would make it easier.

### **Other Stakeholders:**

- Barrier: Lack of incentives to recycle.
- Incentives, financial support, and providing information/messaging would make it easier.

*In the next section, interviewees were asked about what works best with how their company or organization currently deals with carpet recycling. Additionally, if they could change anything about how their company or organization deals with carpet recycling, what would it be and what is preventing that from happening. Different audiences were asked different prompting questions.*

### **Manufacturers/Processors:**

- What works well: technical skills, processes, and product development.
- What they'd change: more advances in technology.
- Changing the state of the market and financial support would most help them increase the amount of carpet they collect for recycling.

### **Retailers/Contractor:**

- What's working well: Little. Most are not recycling/participating in a program.
- It's not working well because there is no program, or there is no place to store it/someone to pick it up, or it's not covered in installer training.
- What they'd change: one retailer cited getting rid of the five-cent assessment; others cited the logistical/operational problems with collecting carpet for recycling.
- Retailers said that what would help them increase the amount of carpet they drop off at a carpet recycling collection or processing site, if anything, is having or knowing about convenient locations to drop off carpet for recycling.

### **Collection Sites and Collectors/Sorters**



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

- Most collectors/sorters are looking for outlets for the material.
- Collection Sites and Collectors/sorters said that changing the state of the market, increasing awareness, education, and outreach, and financial support would most help them increase the amount of carpet they for recycling.

### **Recycling Coordinators:**

- What's working well: Some say it's not working, others say partnerships with retailers and infrastructure make the difference.
- What they'd change: Increased financial support and a change in infrastructure.
- Respondents said that increasing awareness, education, and advertising would most help them increase the amount of carpet their collection sites collect for recycling.

### **Other Stakeholders:**

- Other stakeholders view the incentive program as something that's working best with how California/CARE deals with carpet recycling, but acknowledge that it can use some work. CARE's rural counties program was also cited as working well.
- Multiple "other stakeholders" say that if there was one thing they could change about how their organization deals with carpet recycling, it would be to increase incentives/provide financial support.

*Interviewees were ask how the California carpet recycling program could better serve their needs.*

**Manufacturers/Processors** identified financial support as the main issue.

**Retailers/Contractors** seek information, such as how the \$0.05 is being spent, and better collaboration with CARE and the California program.

**Collection Sites and Collectors/Sorters** said the program could provide resources to increase awareness and education, and provide financial support. (4 respondents did not have enough information about CARE to respond).

**Recycling Coordinators** noted the program could better serve respondents' needs by providing resources to increase awareness and education.

**Other Stakeholders** stated the program should focus on building and improving recycling infrastructure, supplying financial support, improving the CARE website, making CARE more of an active presence in CA, and conducting research with a focus on carpet installers.

While different segments of interviewees had different attitudes, many of the themes and challenges of carpet recycling were consistently visible across audiences. The challenges that the California Carpet Stewardship Program faces relate to operations and communications, often with money at the heart of the issue.

Operational issues include:

- Creating a viable system for diverting carpet from landfill, particularly given the growing prevalence of PET. Such a system would need to provide convenient, clear



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

channels for collection, sorting and distribution of tear-out carpet. It would also need to be trusted by the various stakeholders.

- Making the collection and sorting of used carpet cost-efficient. This could include making spectrometer “guns” more widely available, or developing other ways of sorting visually.
- Carpet is heavy and bulky, and needs to be kept dry and relatively clean.
- High and variable transportation costs.
- Ensuring a market for recovered carpet.
- Creating incentives that result in higher carpet diversion rates.
- The increase in the use of PET carpet has disrupted the system set up by AB 2398.
- Lack of access to capital and market uncertainty are creating a sense of instability in the industry.
- While there are opportunities, many carpet recycling businesses are in precarious financial health.

Communication challenges include:

- Lack of understanding about the AB 2398 legislation and the stewardship program.
- Contradictory views on who is responsible for the end life of tear-up carpet.
- Carpet is not a top priority and/or the system is not trusted by some audiences, including Retailers and Recycling Coordinators, who are in a position to communicate with the public,
- Differing attitudes on the impact of consumer attitudes and knowledge on the carpet industry.
- Distrust of CARE and the current system, including suspicion that the money collected is not being fairly distributed, or distributed at all.

Given these challenges, Gigantic Idea Studio recommends that CARE focus on developing outreach strategies and materials for the following audiences in the short term:

### **Installers**

Carpet installers are often responsible for tearing out old carpet before installing new. Communicating with this audience and providing them information and resources could directly benefit landfill diversion and carpet reclamation. Retailers may be the best way to reach installers.



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

### **Retailers**

Retailers are a consumer touch point, but are also involved in removing carpet and discarding used carpet. There are opportunities to work with retailers on communicating recycling benefits to consumers and also to guide the installers with whom they contract.

### **General Public**

Carpet is recycled in California, but many of the stakeholders interviewed note that the public is not aware or is ill-informed on the subject. Historically, public demand has been an important driver in most successful recycling efforts.

### **Recycling Coordinators**

Waste agency staff are responsible for waste diversion goals and are important points of contact with the public, yet are often unsure or mistrustful of the opportunities for carpet recycling.

Moving forward, an Outreach Campaign would use the following framework:

### **Objectives**

- Increase awareness of carpet recycling options and process with all stakeholders, including the general public.
- Improve CARE's operations to become a more engaged and effective partner and leader in the California Carpet Stewardship Program, and improve stakeholders' perception of CARE.
- Gain positive feedback with noted improvement on the Plan from CalRecycle.

### **Strategies**

- Publicize and gain support for a redesigned incentives program.
- Develop instruments (email list, e.g.) to communicate with stakeholders beyond CARE's membership.
- Amplify new developments in the carpet recycling ecosystem.
- Engage in relevant carpet recycling conversations happening already, and encourage others to start.
- Make current and to-be-developed resources easier to find, particularly by non-members of CARE.

### **Tactics**

Below are specific tactics that can reach the target audiences listed above.

#### **a. Short-term**

Refine the California section of the **CARE website** so that it provides effective information for multiple audiences.

- Develop a user-friendly California-focused landing page and publicize its existence.
- Update the database of collection sites and provide more explanation on its use.
- Put a process in place for regular updating so that the information provided is always correct.



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

- Provide context: for example, improve the yardage calculator tool with explanations of how to use it and the significance of results.

Use **social media** (Twitter) and paid promotion to drive traffic and promote content on the site, and to monitor and engage in state and national conversations around carpet recycling. Engaging in the #DesignRecycled Twitter chat (presented by Milliken) in November was a good start.

Create an **email list** signup (not limited to members) by which any interested party can get regular updates about the program. Publicize the signup via the CARE website, Twitter, and by reaching out to partners such as CalRecycle. Send regular (perhaps bi-monthly) updates and solicit and acknowledge feedback.

Develop a CARE **brand manual** and ensure consistent messaging for print and digital collateral. (See Gigantic Idea Studio proposal as accepted by CARE in October 2014 for further detail.)

Create **videos** to support the collateral created for stakeholders at various states of awareness, for example “What Happens to Old Carpet?” for public consumption and a “How to Talk to Customers about Carpet” that retailers could use to train salespeople. (See also Mattress Recycling Council’s plan for state-specific videos.)

Load appropriate **presentations** onto Slideshare and videos on YouTube with attention to keywords and descriptions in order to improve the contents’ “findability.”

### Nurture **partnerships**:

- Develop messages and materials to assist stakeholders, particularly Retailers and Recycling Coordinators.
  - CARE may want to first conduct a survey of California retailers to hone in on needs and barriers to providing accurate carpet information to consumers.
  - Conduct focus groups of installers and/or retailers to refine messaging.
- Reach out to the International Certified Flooring Installers Association and provide information that can be included in all future trainings for carpet installers in California.

Create and carry out a **media plan** to draw attention to the progress and challenges of CARE and carpet recycling.

Further develop **face-to-face relationships** with key segments. Enhance current collateral and develop additional presentations and/or a booth to have a presence at conferences around the state. Consider sponsoring workshops or other opportunities for stakeholder engagement at gatherings including SWANA, Build it Green, and other industry gatherings.



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

Develop a project management system to manage key stakeholder and to ensure multiple, regular “touches” from CARE to key stakeholders.

### **b. Long-term**

In the longer term, recommendations include:

- Develop a long-term plan for thought leadership to guide the discussion around carpet recycling and to gain public and stakeholder trust.
- Continue research; the system is not static and weak signals now may portend big changes in the future. The California program could develop a stakeholder relationship management system to continuously gather data and prepare for inevitable changes in business, technology, and consumer trends.
- Develop a public outreach plan that will educate consumers on what questions to ask when purchasing and getting rid of carpet. It is in the industry’s long-term advantage to be transparent and educate end users about carpet materials, processes and impact.
- Work with manufacturers to address issues such as materials use (PET, e.g.) and product labeling (e.g., labeling nylon vs. PET and/or recycled content/recyclability information) and communicate the results to other stakeholders.

The ultimate measurement of success will be operational measurements reflecting an increase in carpet diverted from landfill, achieving recycling goals, etc. In the mean time, the effectiveness of outreach tactics can be measured by:

- Traffic volume and quality (length of visit, engagement) to CARE website, particularly a redesigned California section.
- Increased awareness of carpet recycling issues among selected stakeholders, as measured by “before and after” surveys or inbound communication.
- Requests for collateral from target audiences
- Email sign-ups
- Social media activity (replies, retweets, engagement)
- Positive feedback from key stakeholders (Cal Recycle, CPSC, CRI, etc.)

### **Changing Landscape of Carpet Recycling**

In addition to a complicated set of stakeholders, the landscape of carpet recycling is changing, with technological and legislative events as well as new businesses coming on board. The California Carpet Stewardship Program will continue to be affected by such developments as:

- New products, such as Nyloporch made from recycled nylon carpet, or a child’s bike also made from recycled carpet.
- Carpet collectors/processors going in and out of business



## GIGANTIC IDEA STUDIO

OUTREACH with IMPACT

- Regulatory changes and new programs: On December 15, the Carpet and Rug Institute (parent company of CARE) announced a Voluntary Product Stewardship Program, which “will provide financial assistance to qualified U.S. Sorters who divert post-consumer carpet.” It is available only in those areas that do not currently have EPR legislation in effect for post-consumer carpet, so California sorters are not eligible for the funding. The effects of this program remain to be seen, but it is certain that watchdog groups, such as the Product Stewardship Institute, will be watching the effort closely and are suspicious that it is a tactic to deflect further EPR legislation.

The full report makes a number of concrete suggestions for improving the California Carpet Stewardship Program, based on research with key stakeholders. Much work remains to be done, from ensuring that incentives are adequate and are equitably distributed, to supporting R&D around the material problems with carpet, to communicating the right message to the right audience on a regular basis.

The process and business of diverting carpet from landfill to more positive end uses is a complex challenge. It appears that some of CARE’s actions to date have damaged its reputation and lessened its effectiveness. In the next phase of work, Gigantic will assist CARE with the implementation of outreach tactics that will help CARE make progress towards its goals. Conducting targeted outreach and communicating more regularly and effectively with various stakeholders will help CARE rebuild trust and advance the health and effectiveness of the carpet recycling system. Gigantic looks forward to assisting CARE improve its messaging and collateral to reach stakeholders in support of the California Carpet Stewardship Program.

# # #

*For more information and to sign up for Program updates, visit [carpetrecovery.org](http://carpetrecovery.org)*

**10.3.11 2014 Research Reports:  
Consultant Lisa Mekis - Bay Area Pilot Education & Outreach - Final Report**

## California Carpet Stewardship Program

Marketing, Education & Outreach Effort

Outreach & Education Specialist - Final Report – December 2014



**Report Prepared For:  
Bob Peoples, Executive Director  
Carpet America Recovery Effort (CARE)**

**Submitted By:  
Lisa Mekis, Outreach & Education Specialist**

**Project Term:  
4<sup>th</sup> Quarter 2014 (October 2014 – December 2014)**

## Overview

Beginning October 2014, CARE designated an Outreach and Education Specialist (Lisa Mekis) to initiate and develop an on-the-ground presence offering direct and informative interactions with local governments, transfer stations, installers and retailers in California.

Work conducted in support of this effort concentrated on site visits and building direct relationships with a network of key stakeholders and facilities in order to catalyze the next level of waste diversion and recycling in California through increased gross collections of post consumer carpet. Working in partnership with the California Program Manager (Brennen Jensen), the communications team (Gigantic Idea Studio), and the market development consultant (Mike Tinney), the Marketing, Outreach and Education (MEO) team, guided by CARE, are collectively addressing CalRecycle's requirements for achieving continuous and meaningful program improvement in the area of Marketing Outreach and Education.

This report summarizes the outreach program scope, metrics, key findings and recommendations for 2015 based on activities conducted by the Outreach and Education Specialist during the 4<sup>th</sup> Quarter 2014. As additional information and recommendations become available from concurrently contracted MEO team members, the 2015 outreach strategy can be further refined.

With the initial time frame set for a three-month period: October 1st through December 31st, it was crucial to clarify a targeted scope so that both 2014 outreach metrics and 2015 recommendations could be achieved. Working in partnership with Executive Director of CARE and the California Program Manager a target region was identified to concentrate program efforts. Results achieved through this effort will serve to inform considerations for future program implementation and potential replication in subsequent regions throughout the state.

## Outreach and Education Scope

### Region:

The San Francisco Bay Area was identified as a pilot region of focus. With a population of over 8 million, the region is Northern California's greatest populated area, comprising over 22% of the state's population. The San Francisco Bay Area includes nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma and 101 cities and towns according to the regional Association of Bay Area Governments (ABAG).



Local government, businesses and citizens within the greater bay area already tend toward a developed understanding of recycling and waste diversion. Jurisdictions like Stopwaste.org in Alameda County are known as industry leaders in the solid waste management arena, with a long history of developing best practices replicated in other jurisdictions throughout the state.

In addition to the more intensive focus on the San Francisco Bay Area, a secondary focus was directed on the broader Northern and Central California counties, both urban and rural. Focusing CARE's outreach and education program in the Bay Area provided CARE with measurable collection results and valuable information regarding carpet recycling opportunities and challenges, applicable to both the San Francisco region and the state at large.

### Goals:

- Increase gross collection of post-consumer carpet (PCC) in support of reaching the 16% recycling goal.
- Identify and increase the number and distribution of PCC collection sites to make recycling opportunities broadly available for those handling PCC.
- Meet CalRecycle's requirements and recommendations for outreach and education, and continual and meaningful growth.
- Look for opportunities to refine the program for highest efficiency.
- Help develop a market for products made from PCC through promotion.

### Strategy:

Engaging local governments, retailers, installers and distributors, as well as conducting site visits at regional disposal sites served as a primary focus of CARE's pilot Outreach and Education strategy implemented during the reporting period.

By inviting local government to participate in this effort, local solid waste and recycling experts were given the opportunity to offer their knowledge of the region, identify resources, needs and gaps, discuss their concerns, and provide the Program with key information on outreach opportunities appropriate for their constituents. In exchange, these interactions also provided CARE with introductions to key stakeholders offering solid and expedited entry into each region for increased impact potential in the future.

As standard protocol in the solid waste management industry, regional disposal sites (Transfer Stations, Landfills and Material Recovery Facilities (MRFs)) function as centralized collection points for a wide variety of discarded materials. These locations have a long-standing history of managing waste diversion

**MRF** "murf" (n.)  
**Materials Recovery Facility - a specialized plant that separates and prepares commingled recyclable materials for end-user manufacturers.**

activities, are open to the public and are well distributed throughout each region in the state. These locations, many of which are now known as "EcoParks" precisely due their principle and increased operational focus in diversion activities over disposal activities over the past several decades, make these sites likely and appropriate public facilities for PCC collection sites. With this in mind, we focused CARE's efforts in establishing and cataloguing regional collection sites, to both better understand the number of participating collection sites and to identify good candidate locations for future program expansion. Additionally, these connections provided the opportunity to explain the existing CARE program, increase awareness of available program resources and promote the possibility of using materials made from PCC in capital projects within their jurisdiction, creating a closed looped system for carpet waste in their communities.

In addition to engaging local government, educating transfer stations, cataloguing and increasing collection sites, an initial outreach to processors, sorters, haulers, retailers and installers was also initiated during the project term. These conversations allowed us to have a more diverse understanding of all the stakeholders involved and to be more broadly informed in all our outreach and educational encounters. As the program continues in 2015, these interactions, combined with integral data resulting from market research concurrently conducted by the communications firm, Gigantic Idea Studio (GIS), and market development insights uncovered by Mike Tinney, will help to guide a refined program outreach strategy for maximized impact within a limited budget.

## Program Metrics

### Results Achieved: Q4-2014 Targeted Outreach & Education Pilot

The following metrics summarize major results achieved through the targeted outreach and education pilot conducted during the reporting period.

- **24 total collection sites** in Northern California were identified, including **10 new sites**
- **11 new potential sites** identified as interested in establishing collection programs
- **31 total collection sites** now known statewide, a **35% increase** over the existing 23 statewide collection sites listed in the 2013 annual report<sup>1</sup>
- **37 transfer stations** outreached to throughout the target region
- **14 site visits conducted** at transfer stations, resulting in **79% participation interest**
- **25 transfer station operators** and staff were directly engaged in discussions
- **15 local government representatives** were consulted through in-person meetings
- **17 retailers** were contacted to understand current practices and assess interest
- **11 distributors** were contacted to assess current and future consolidation potential
- **10 installers** were outreached to understand current practices and opportunities

### Measuring Ongoing Progress

CalRecycle has requested that CARE report on both quantitative outreach metrics such as the number of activities, as well as proposing additional quantitative or qualitative metrics to help assess program effectiveness and impact over time. In this quarter the MEO team collected quantitative tracking of outreach and education activities, as well as qualitative research analysis (primarily in the form of surveys, interviews, meetings and site visits) to gauge a baseline understanding of carpet recycling and promote the CARE program. In the future, analyzing metrics and feedback through quarterly reports and utilizing GIS market research will contribute to the understanding of impact over time. For the purposes of the 2014 annual report, the outreach and education metrics listed above may be included, in addition to data resulting from GIS market research, market development activities completed by Mike Tinney, and those activities conducted directly by CARE staff.

---

<sup>1</sup> Please note, total current sites includes the total collection sites listed in the 2013 annual report (+) 10 new Northern California sites identified during the term (-) the Northern California sites which had previously been incorrectly listed as collection sites or are no longer accepting carpet for recycling, as identified during the project term. The 10 new sites, as compared to the 23 sites in the CARE Annual Report, represent an increase of 43%.

Examples of outreach metrics that may be tracked and reported include:

- ✓ Number of educational materials produced/disseminated
- ✓ Number of blog article postings
- ✓ Number of presentations delivered
- ✓ Number of trainings/workshops conducted
- ✓ Number of site visits/waste assessments performed
- ✓ Number of total collection sites established/distribution of sites
- ✓ Number of articles published/resulting impressions
- ✓ Number of jurisdictions offering reduced tipping fees for carpet recycling
- ✓ Number of jurisdictions adopting supportive policies/contract provisions
- ✓ Number of jurisdictions including recycled materials in their procurement portfolio
- ✓ Number of new products developed/listed
- ✓ Web analytics (visitors, page views, etc.)

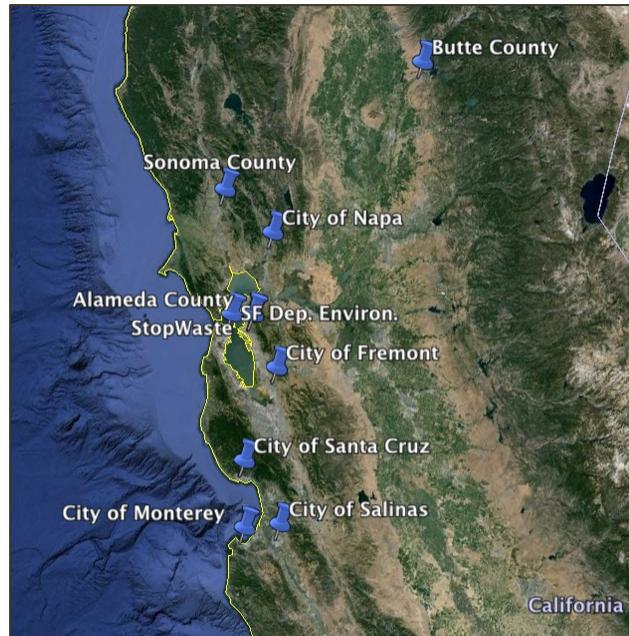
### **Metrics Recommendation**

- The MEO team collaboratively works to design and implement specific Outreach and Education metrics for assessing effectiveness in 2015 and over time.

## Program Findings

### Local Government Lessons Learned

1. Local Government Recycling or Environmental Directors are intimately involved in all diversion activities within their region. They are interested in increasing diversion of remaining materials within their waste stream, and agree there is significant potential for diversion of carpet as a big, bulky and heavy material. However, most representative indicate that existing facilities are unknown or absent within their region. Local governments identify transfer stations, C&D facilities, MRFs and landfill EcoParks as appropriate local consolidation points for future collection programs.
2. Local Government Recycling or Environmental Directors know of CARE and would like to be updated on CARE's activities, and collection locations. Their experience with carpet recycling is that it has been unreliable and expensive, but would like to see diversion and recycling increase. Once they feel that the program is more secure and efficient, they will add CARE's information to their websites and brochures and be ready to make a greater commitment. They would also like to know which other jurisdictions are participating in carpet collection.
3. Local Governments raised concerns about setting up direct collection service at retailers citing space constraints, cost of service compared to trash service, and potential infringements on local franchise agreements in some jurisdictions.
4. Local Government Recycling Coordinators do not typically meet with Procurement and Capital Projects staff. In Alameda County we met with both departments together, and both parties were enlightened and will likely continue to talk and meet.
5. Include Local Government people early in the conversation, it not only creates an invested partner within the region, but expedites the communications with many other stakeholders, including providing more ready access to businesses, haulers and disposal sites (landfills, transfer stations, C&D facilities, and MRFs).



6. Local Governments who have actively sought to initiate carpet recycling activities and/or those representing facilities who no longer provide carpet recycling services but previously did offer such services, indicate that the price of carpet recycling service by sorters/processors is a significant barrier to program adoption.
7. Local Government Recycling and Environmental Directors would like information and materials that outline the CARE program and identify other participating jurisdictions.

### Local Government Recommendations

- Develop educational/marketing materials that display regional participation. Showing both recycling collection sites and regions that are using materials made from PCC, to create a little healthy competition between regions.
- Create a newsletter list serve for updating stakeholders.
- Utilize already existing forums such as California Resource Recovery Association (CRRA) technical councils to provide updates to many local governments at a time.
- Assertively seek cross-departmental meetings between Departments of Recycling/Environment and Capital Projects so as to develop the understanding and commitment toward recycling and recycled material procurement.
- Continue to reach out to local government first. This has been identified as a 'best practice' for expedited participation and reaching stakeholders in their region.

### Collector / Sorter Lessons learned

1. Northern California has only one collector /sorter: GreenWaste Recovery, located in San Jose, and one processor: Rethink Green located in Oakland. In Q4-2014, Rethink Green temporarily suspended operations due to facility relocation. Notices were issued to collection sites serviced by Rethink Green in October that services would be discontinued for approximately 90 days.
2. GreenWaste Recovery will service Transfer Stations, Landfills, MRFs or retailers, by providing right sized containers and transportation (hauling) of PCC to their facility. The cost of service consists of approximately \$50 tip fee (actual cost may vary by location), a monthly container fee, and transportation (hauling) fee. Commercial (looped) carpet is discouraged from being included in the container. If more than 30% of the material in the container is PET, recycling service offered by GreenWaste Recovery may be discontinued.
3. GreenWaste Recovery has Identified transfer stations / landfill / MRFs as their best clients because of minimal contamination and because, "they get it."

4. The Sales Manager of Carpet Recycling at GreenWaste Recovery has cultivated a broad base of relationships with local carpet retailers, and currently services 40 to 50 retailers directly with an additional 20 to 25 retailers that self-haul.
5. Collection sites that were previously serviced by Rethink Green may close because of the suspension of ReThink Green's services.
6. The operational cost of collection for Collector / Sorters is high with very small margins, threatening the long-term sustainability of these operations to continue to provide collection service and a reasonable rate compared to disposal.

### Collector / Sorter Recommendations

- Continue current partnership with GreenWaste Recovery, leveraging their commitment, history and relationships with retailers and PCC handlers.
- Develop additional collector /sorter sites strategically located throughout California that are equipped with an analyzer gun so that (1) PET PCC is not transported throughout the state paid for by CARE and (2) Outlying populations who are limited financially by transportation fees to San Jose will have a financially realistic option for recycling.
- Stockton may be a good location for a collector / sorter site. Located on CA Interstate 5, and being home to an international land and sea cargo port.

### Transfer Stations /Landfills/MRFs Lessons Learned

1. Transfer Stations / Landfills / MRFs continue to be the best choice for establishing collection programs for carpet recycling – These disposal sites already serve as the existing regional consolidation centers for materials management of all types (glass, plastic, metals, paper, cardboard, e-waste, household hazardous waste, paint, mattresses, tires, etc.). Partnering with these facilities offers a chance to increase collections and diversion by leveraging the commitment and infrastructure already developed and in place.
2. Transfer Stations/ Landfills / MRFs are not standardized – Tip fees, operational procedures, space, and commitment to recycling or diversion are all unique. For some facilities it may cost less to send carpet to be recycled but for most, it costs more. There are two primary factors to



- be considered: (1) The economics (which compares the cost of transportation plus the tip fee paid to the recycler, compared to the cost of landfilling it locally) and (2) Their commitment to material diversion from landfills.
3. Over 100,000 tons of PCC is brought to and disposed of at Transfer Stations / Landfills / MRFs each year through self-haul and hauling services. The majority of PCC is brought to transfer stations by carpet installers dumping their tear-out material. Opportunities for outreach and education to carpet installers through direct interactions with scale house attendees are available. Leveraging opportunities for developing behavior change at transfer stations toward source separated PCC has a good probability of success.
  4. Transfer Stations/ Landfills / MRFs should establish collection sites which intercept PCC before it is commingled with Municipal Solid Waste (MSW) on the tipping floor or landfill face. Processors raise concerns about disposal sites that scavenge materials from the tipping floor with high levels of MSW contamination. By establishing drop-off locations at Transfer Stations/ Landfills / MRFs that divert the material before it reaches these points, this concern can be alleviated.
  5. Scale house attendants know who their local carpet installers are that regularly bring in tear-out materials. These scale house interactions offer a unique opportunity for direct outreach precisely to those parties responsible for management of PCC material.
  6. Collection sites that offer reduced tip fees for source separated PCC have reported higher levels of participation in the way of proper source separation and handling, keeping PCC dry and free of contamination.
  7. Several stakeholders have identified that the best way to increase gross collection is to incentivize collection sites so that collection sites can offer a lower tip fee for source-separated carpet. Such incentives should be coupled with education to the installers. This kind of incentive is seen as “providing support to the true heavy lifters”.

### Transfer Stations /Landfills/MRFs Recommendations

- Continue partnerships with Transfer Stations/ Landfills / MRFs so that PCC materials are properly prepared, contamination is minimized, installers are educated, and that each community benefits from distributed and convenient locations to recycle their carpet.
- Provide an educational brochure for carpet installers at the transfer station scale house.
- Provide trainings to facility operators, including scale house attendants, and maintenance workers (not just managers) so on-site staff can understand and enforce best practices with contractors, installers and other self-haulers dropping off PCC for recycling.
- Provide signage for maintenance workers at the transfer stations.
- Incentivize collector sites so that they can offer a lower tip fee for carpet that is properly prepared and source separated.

### Retailers, Distributors & Installers Lessons Learned

1. Most retailers hire a third party installer and think of them as responsible for handling and disposing of PCC.
2. When PCC carpet is returned to the retailer by the installer, it is often dumped into the mixed debris bin (MSW) and picked up with the regular garbage service. In this case, the installers are often employees of the retailer.
3. Some larger retailers have contracts with local carpet collector /sorters and receive container, hauling, and recycling service.
4. Nine out of ten installers contacted said they take their PCC material to the local transfer station / landfill/ MRF, and four of five expressed interest in recycling carpet in 2015 and beyond given the information and opportunity.
5. US Installation Group (a third party installer) is responsible for all carpet installations and tear-outs for all Home Depots. In Northern California USIG's PCC is serviced by GreenWaste Recovery.
6. Most distributors were not interested in PCC being returned to their warehouse. Stating that "bringing it back to the distributors made little sense". The distributors generally felt they were ill equipped to handle used carpet in terms of finding space on their site, labor and potential added recycling costs. They identified the installer as being responsible for disposal or recycling.
7. Carpet installers receive trainings to become certified carpet installers. Through GIS' interview process, it was discovered that installation trainers would like to include educational materials on best practices for PCC handling. These trainings offer a valuable opportunity to train many carpet installers on best practices for PCC recycling.
8. Currently GreenWaste Recovery is the only collector / sorter that directly services retailers/distributors in Northern California. ReThink Green will reestablish service in 2015. The cost of service by GreenWaste includes a monthly container fee, transportation (hauling) fee, and tipping fee. The cost benefit for the retailer typically occurs only if the PCC load is large enough to fill a container regularly and the cost of the container, transportation, and tip fees are less than (or at least equal to) regular garbage service.



### Retailers, Distributors & Installers Recommendations

- Using GIS's market research, clarify best practices for handling PCC between retailers and installers.
- Develop educational materials directed toward and shared by retailers and installers that promote best practices.
- Create an educational training module outline to be included in carpet installation certification.
- Provide outreach brochures directed toward installers at transfer station scale houses.
- Deliver trainings and/or provide contractor associations with educational materials for installers; including BOMA, USGBC, Build it Green, Builders Exchange

### Rural County Lessons Learned

1. Rural counties that are receiving incentives from CARE are eager to set up carpet recycling service to their communities.
2. Providing a 'Rural County CARE packet' to participants that explains program offerings, requirements, educational materials and photos has shown to be very helpful.
3. Some rural county collection sites are offering a lower tip fee which incentivizes installers to handle and manage PCC in a source separated, clean and dry way.
4. Educational brochures and signage for the scale house have been identified as potentially good advertising, informative and helpful.
5. The requirement to qualify as a 'Rural County' is set by CalRecycle at less than 200,000 tons of landfilled debris per county per year. Geographically remote, or economically disadvantaged counties that do not qualify by this standard cannot afford transportation costs and urban tip fees.
6. CARE is paying for the transport of tons of PET from rural county collection sites to urban landfills.

### Rural County Recommendations

- Continue rural county program and expand to a minimum of one collection site per county.
- Address the issue of transporting PET and commercial broadloom from rural counties to urban landfills. Possibilities include: Supporting regional collector / sorter sites with the leasing of analyzer guns at \$350 a month, piloting the use of analyzer guns at rural county collection sites, and/or developing alternative strategies for identifying and excluding undesirable materials types at the point of collection.
- Collate a list of local retailers and installers, provide them with outreach and education materials, and include them in CARE's mailing list.

- Educate retailers and installers on materials made from recycled carpet and the importance of a closed loop environmental and economic circle. Ask them to promote materials made from recycled carpet.

### Urban County Lessons Learned

1. San Francisco's tip fee is \$151, Oakland's is \$120, GreenWaste Recovery in San Jose charges \$93, a ton at the gate for carpet, but quotes \$50 a ton for recycling service for PCC collection sites. Sacramento charges \$68, and Stockton charges \$37 a ton.
2. GreenWaste Recovery does not broadcast or readily offer their cost scale for recycling service. The total cost of the container, transportation and tip fees for carpet recycling is only communicated by GreenWaste to the potential collection site. This has proven to be an obstacle when providing information to potential urban collection sites.
3. Urban transfer stations with a relatively high tip fee and relatively low mileage from San Jose (GreenWaste Recovery) or Pittsburg (ReThink Green) are likely candidates for service with one of these two Sorter/Processors.
4. Urban transfer stations with low tip fees and economically prohibitive distances from Collector /Sorters will likely require additional support for participation. Possibilities include: an incentive based on economics, a local collector /sorter site established, or the lease of a carpet analyzer gun.
5. The six I5 Corridor cities from Sacramento to Fresno represent high populations, lower tip fees, and a greater distance from GreenWaste Recovery or ReThink Green. These I5 Corridor cities may require a different approach for participation. Adding an additional Collector / Sorter facility in this area could promote participation.
6. Stockton (one of the cities on the I5 corridor) may be an ideal location for an additional collector /Sorter site. Stockton has the lowest current tip fee in the region at \$37 and has an international land and sea cargo port.

### Urban County Recommendations

- Clarify fee scale (including transportation and container service) with GreenWaste Recovery and ReThink Green
- Identify a strategic plan for distant or economically disadvantaged communities participation.
- Continue outreach to likely urban transfer station participants, by reviewing tip fee schedules and distance from Collector Sorters.
- Consider adding an additional Collector /Sorter on the I5 Corridor. Possibly Stockton with its low tip fees and land and sea cargo port.
- Develop outreach materials that identify regional participants and procurement opportunities.

## Recommendations for 2015

Based upon the findings revealed by the initial Outreach & Education effort in 4th Quarter 2014, the following activities are recommended as guiding elements for a 2015 strategy:

1. **Collaborative Approach:** A collaborative meeting of the California CARE team (Bob Peoples, Brennen Jensen, Gigantic Idea Studio, Mike Tinney and Lisa Mekis) to clarify a strategic plan for 2015 and develop next-level educational tools and resources in support outreach efforts.
2. **Educational Materials:** Several specific educational materials are recommended for development to (1) support future outreach activities in 2015, and (2) guide outreach materials to be developed by communications firm Gigantic Idea Studio in 2015:
  - Procurement Package
    - Outline of all the available recycled content materials with descriptions of their available applications.
    - Description of the relevance of a CARE's innovative approach calling for a closed loop environmental *and* economic system.
  - Installer/Retailer Package
    - Outline of best practices for PCC Handling for retailers, installers, and installation
    - Resources for training opportunities and useful tools (installer training, cutters)
    - Brochure and signage for transfer station scale house and retailer cargo bay
  - Local Government Package
    - Outline of the CARE program
    - Identification of participating jurisdictions
    - Procurement package
    - Identification of jurisdictions using PCC recycled materials
  - Rural County Package
    - Outline of the Rural County Program including participation requirements and best practices
    - Photos of collection options (trailer, cargo bins)
    - Resources for useful tools (stand-up cutter, analyzer guns, etc.)
    - Educational materials samples (brochures, signage)
  - Transfer Station / Landfill / MRF Package
    - Best practices for intake and handling
    - Brochure and signage for transfer station scale house
    - Photos of collection options (trailer, cargo bins)
    - Resources for useful tools (stand-up cutter, analyzer guns, etc.)

3. **Focused Outreach:** In the short term, it is recommended that outreach efforts be concentrated on three principle key audiences: (a) Installers, (b) Transfer Station /Landfill /MRFs, (c) Local Governments.
  - Installers are the primary handlers of PCC responsible for disposal, and were identified by CalRecycle as an underrepresented stakeholder group. Installers offer the opportunity to design a highly targeted and scalable outreach campaign, with the highest probability of connecting with the precise audience directly handling the most PCC in California
  - Transfer Stations / Landfill / MRFs are the primary disposal sites for PCC. They are designed for regional service and many are already committed to waste diversion and recycling. They offer the opportunity to readily provide new regional collection sites throughout California. Providing them with the proper education and training for handling PCC would provide opportunities for increased PCC collection and diversion.
  - Local Governments facilitate expedited responses and results from varying stakeholder groups and are likely partners in the procurement of recycled materials.
4. **Strategic Planning and Cost Benefit Analysis:** As the CARE program grows it is recommended to schedule quarterly strategic planning sessions so that the California team has the opportunity to share results and discuss the primary opportunities and challenges to align the program's direction and goals for that quarter and year. In addition, a cost benefit analysis is recommended so that an economically efficient program design is developed for the near future. For example: (a) transporting PET across Northern California to then be sorted and landfilled may be more expensive than leasing analyzer guns, (b) investing in an additional sorter / collector site may be more cost effective than considering additional incentives.
5. **On-the-Ground and Face-to-Face:** Continuation of on-the-ground outreach is recommended. A high percentage of stakeholders contacted were interested in recycling carpet, but because of carpet recycling's inconsistent history and reputation the conversations often began with some reticence. Once the frustrations were heard and the challenges of the program confirmed, the various stakeholder groups began to shift the conversation toward possible solutions and expressed increased interest in program participation.
6. **Newsletter:** Many stakeholders communicated that they would like to be updated on CARE's progress. Sending a bi-annual newsletter to all stakeholder groups providing updates regarding all aspects of the California CARE program is recommended.
7. **Analyzer Guns:** Consideration of leasing analyzer guns for rural counties or additional collector /sorter sites is recommended. Leasing an analyzer gun costs \$325 a month with a \$1000 Deposit which may cost less than transporting non-recyclable carpet for sorting.

8. **Collector / Sorter for the I5 Corridor:** There are six cities along a 170 mile stretch on Interstate 5 in California ranging from 150,000 to 500,000 in population that do not qualify for the rural county incentive and whose distance from the Bay Area is prohibitive for cost effectively transporting PCC for recycling (see Figure 6). The economics of the region are also significantly different from the SF Bay Area with regional tip fees ranging from \$40 to \$70 as opposed to \$90 to \$150 in the Bay Area. It is recommended to site additional collector / sorter locations along this corridor. Stockton may be a good location because it is centrally located, currently has the lowest tip fee of \$37, and has a land and sea cargo port. Fresno may also be a good location because of its large population and relative distance from Stockton.
9. **Rural County incentive:** The rural county incentive is based on CalRecycle's description of counties that have less than 200,000 tons of debris (MSW) per year. This criterion will prove to be challenging for ensuring that all counties can afford to recycle their PCC. The expectation that economically challenged or remote communities (who do not qualify for the rural county incentive) will pay for transportation of PCC to the San Francisco Bay Area for recycling rather than landfilling it locally is unlikely. Currently there is only one collector / sorter in Northern California (GreenWaste Recovery) with the proposed reopening of one sorter / processor in first quarter of 2015 (ReThink Green). It is recommended that (1) CARE support regional sorting or processing infrastructure throughout California or (2) expand the rural county incentive to communities outside a designated mile radius from a collector / sorter facility so that recycling carpet is an economically feasible option for all communities.
10. **ReThink Green:** ReThink Green identified the first quarter of 2015 as their date to reopen their operations in Pittsburg CA. Contradicting information suggests that this date may not be accurate. Confirming the date they are scheduled to reopen is recommended.
11. **Procurement:** Expanding the effort on procurement is recommended. In the past term Outreach and Education was focused on gross collections of PCC. Expanding the Outreach and Education to include a plan for procurement of recycled materials and integrating the systems-thinking approach of the gross collection of PCC and procurement of recycled material may create new opportunities for an increase of media interest and recycled material sales.

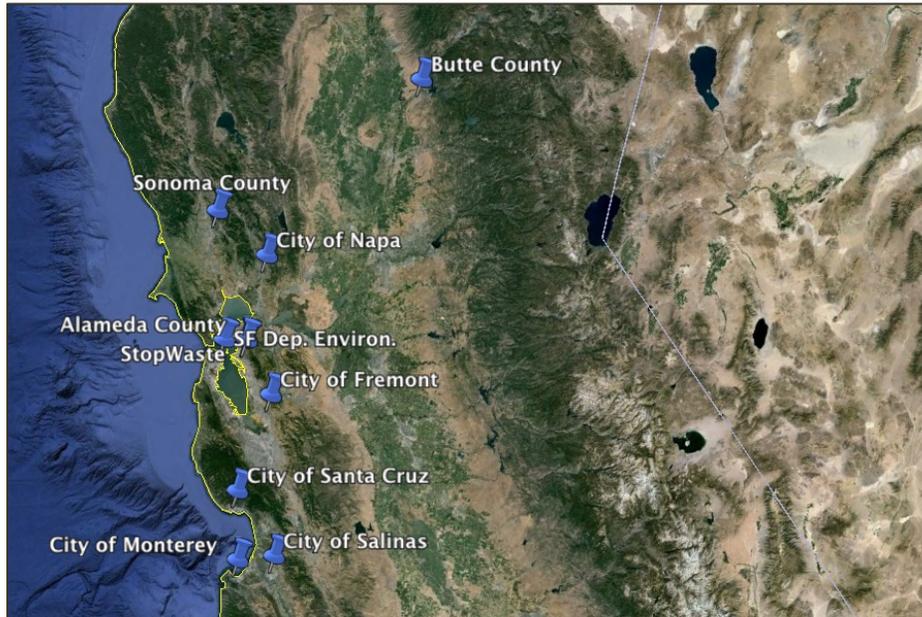
## Summary of Figures

Several support Figures are included in this report, representing materials developed or utilized during the term of the project. As additional outreach materials are developed and produced in 2015 in coordination with the communications firm, CARE may wish to draw upon these documents to guide program efforts.

### Figures

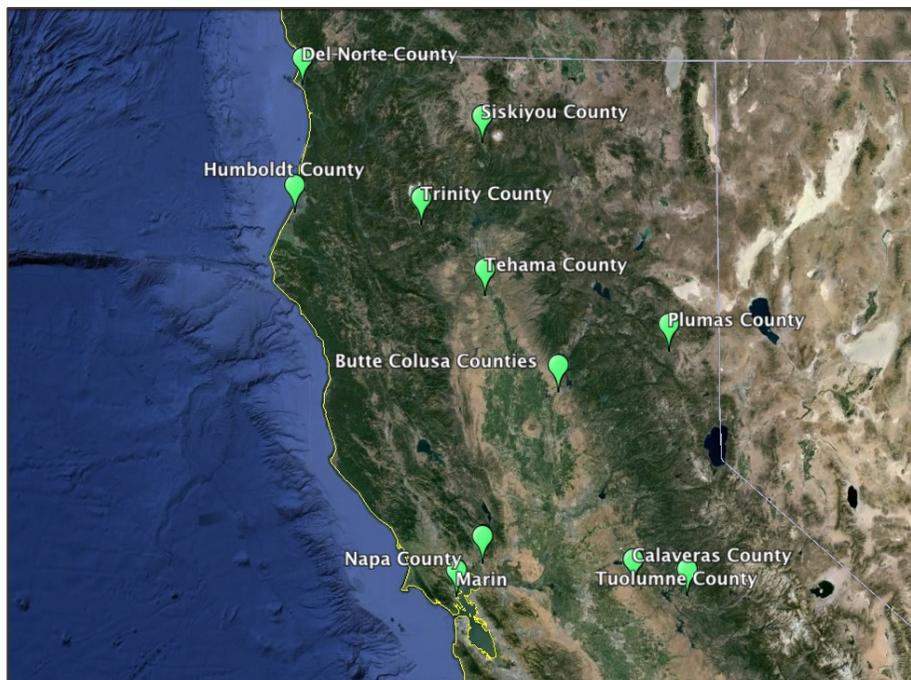
The following figures include Google Earth images generated to represent results and recommendations of collection site outreach for the target region of the San Francisco Bay Area and surrounding Northern California region. The complete Google Earth project can continue to be added to in the future to illustrate new collection sites or other important geographical features as deemed appropriate to the program, and may serve as a beneficial addition to the 2014 CalRecycle Annual Report, and/or to support internal CARE program planning efforts.

Figure 1 Met with Local Government Recycling Directors



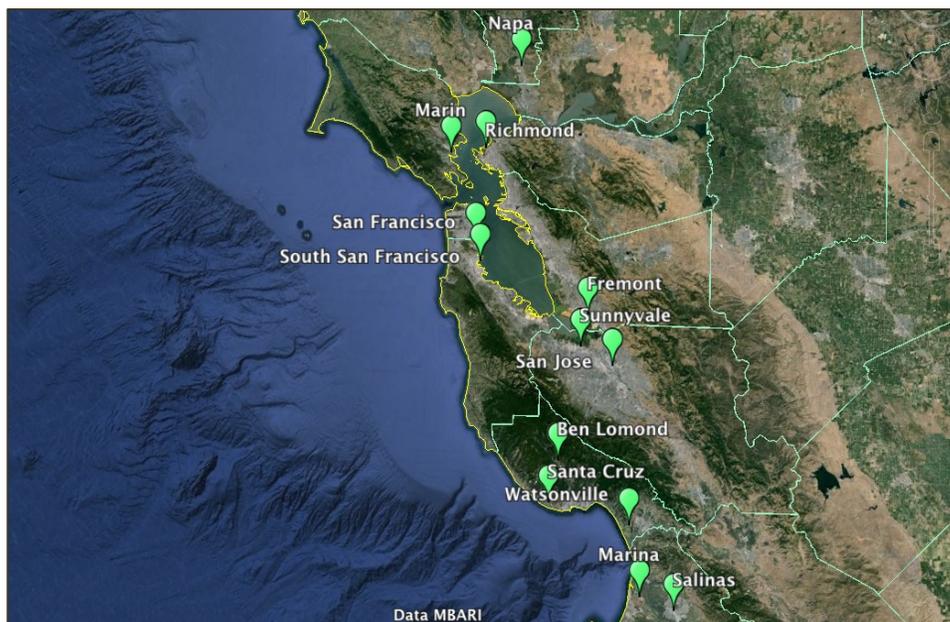
Local government meetings were conducted with Recycling Directors throughout the target region .

Figure 1 Rural County Collection Sites



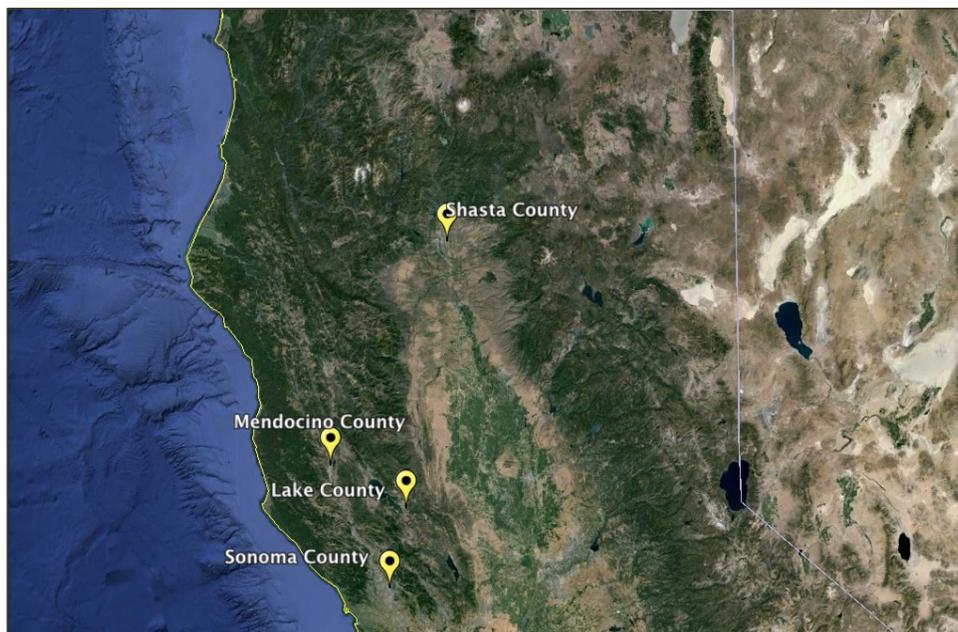
Northern California Rural County Collection Sites are illustrated above. This includes the new rural county program in Napa, adapted as a long-time collector sorter and Marin County transitioned from a discontinued program to a new rural county collection site, beginning in Jan 2015.

Figure 2 San Francisco Bay Collection Sites



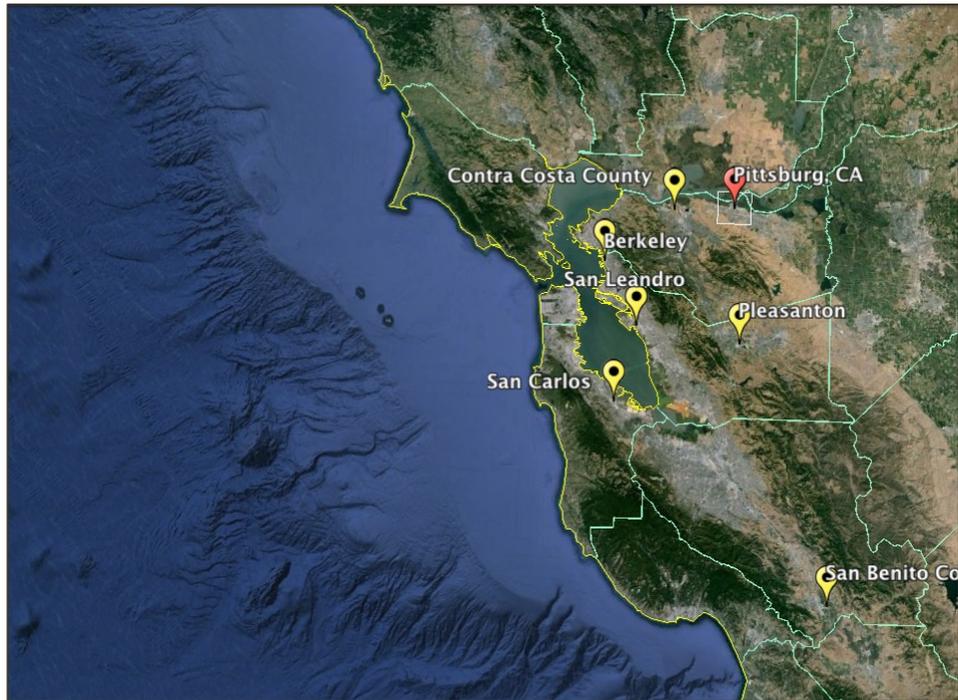
San Francisco Bay Collection Sites include all known facilities collecting carpet for recycling in the Bay Area, including CARE Rural County locations as well as individual program operated by individual jurisdictions.

Figure 3 Possible New Collection Sites, Rural Counties



This image illustrates four northern California locations identifying as interested in setting up a carpet recycling collection site under the Rural County Program in 2015, based on discussion with CARE staff and outreach conducted during the project term: Counties of Shasta, Mendocino, Lake and Sonoma.

Figure 4 Possible New Collection Sites, SF Bay Area



This image identifies potential carpet recycling collection sites (yellow) in the Bay Area, based on outreach conducted during the project term: Counties of Contra Costa and San Benito, and Cities of San Carlos, Berkeley, San Leandro, Pleasanton. Future potential site of Bay Area processor is Pittsburg (red).

Figure 5 Interstate 5 Corridor Cities



Interstate 5 corridor cities of Sacramento, Stockton, Modesto, Merced, Madera, and Fresno illustrate opportunities for future location of collection sites, collector/sorter businesses or processors as an area of the state presently underserved.



## 10.4 Appendix IV: Audited Financial Statements

The Financial Statements of CARE and California's Stewardship Plan AB2398 for the year ended December 31, 2014 follow.



# 2014 CARE Annual Report to CalRecycle

## 10.4.1 CARE 2014 Audited Financial Statement

**CARPET AMERICA RECOVERY EFFORT, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2014 and 2013**

# CARPET AMERICA RECOVERY EFFORT, INC.

## Contents

---

INDEPENDENT AUDITORS' REPORT	1	INDEPENDENT AUDITORS' REPORT
STATEMENT OF FINANCIAL POSITION	3	STATEMENT OF FINANCIAL POSITION
STATEMENT OF ACTIVITIES	4	STATEMENT OF ACTIVITIES
STATEMENT OF CASH FLOWS	5	STATEMENT OF CASH FLOWS
NOTES TO THE FINANCIAL STATEMENTS	6-9	NOTES TO THE FINANCIAL STATEMENTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Carpet America Recovery Effort, Inc.

We have audited the accompanying financial statements of the Carpet America Recovery Effort, Inc. (a nonprofit organization), which are comprised of the statements of financial position as of December 31, 2014 and 2013, the related statements of activities and cash flows, and the related notes to the financial statements for the years then ended.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

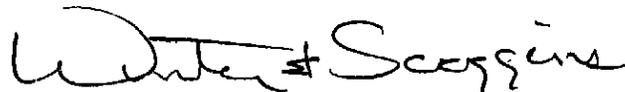
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Carpet America Recovery Effort, Inc.  
Page 2

**Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Carpet America Recovery Effort, Inc. as of December 31, 2014 and 2013, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

A handwritten signature in cursive script that reads "Winter & Scoggins". The signature is written in black ink and is positioned above the printed name of the firm.

Winter & Scoggins  
Certified Public Accountants, PC

Dalton, GA  
June 9, 2015

Carpet America Recovery Effort, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
 December 31,

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 314,219	\$ 472,916
Accounts receivable, net	65,200	34,693
Accounts receivable - AB2398	70,767	24,868
Prepaid expenses	<u>14,429</u>	<u>4,296</u>
Total current assets	<u>464,615</u>	<u>536,773</u>
 PROPERTY AND EQUIPMENT, NET	 <u>1,813</u>	 <u>3,433</u>
 Total Assets	 <u>\$ 466,428</u>	 <u>\$ 540,206</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 10,501	\$ 23,618
Accrued expenses	5,738	30,933
Deferred revenue	<u>-</u>	<u>19,500</u>
Total current liabilities	<u>16,239</u>	<u>74,051</u>
 NET ASSETS		
Unrestricted	<u>450,189</u>	<u>466,155</u>
 Total net assets	 <u>450,189</u>	 <u>466,155</u>
 Total Liabilities and Net Assets	 <u>\$ 466,428</u>	 <u>\$ 540,206</u>

**SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO THE FINANCIAL STATEMENTS**

Carpet America Recovery Effort, Inc.

STATEMENTS OF ACTIVITIES

Years Ended December 31,

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
CARE dues	\$380,955	\$303,300
CARE conferences	89,681	95,520
Contributions in-kind of CRI	61,505	90,625
Interest income	<u>1,298</u>	<u>1,302</u>
Total revenues	<u>533,439</u>	<u>490,747</u>
<b>EXPENSES</b>		
Program Services		
Member programs	<u>406,363</u>	<u>326,048</u>
Total program services	<u>406,363</u>	<u>326,048</u>
Support services		
Administrative	106,049	89,542
Uncollected Dues	16,300	15,000
Facilities	<u>20,693</u>	<u>15,139</u>
Total support services	<u>143,042</u>	<u>119,681</u>
Total expenses	<u>549,405</u>	<u>445,729</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(15,966)</u>	<u>45,018</u>
UNRESTRICTED NET ASSETS - beginning of year	<u>466,155</u>	<u>421,137</u>
UNRESTRICTED NET ASSETS - end of year	<u>\$450,189</u>	<u>\$466,155</u>

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO THE FINANCIAL STATEMENTS

Carpet America Recovery Effort, Inc.  
**STATEMENTS OF CASH FLOWS**  
 Years Ended December 31,

	2014	2013
<b>Cash Flows From Operating Activities</b>		
Change in unrestricted net assets	\$(15,966)	\$ 45,018
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,620	1,874
(Increase) Decrease in net accounts receivable	(30,507)	(24,050)
(Increase) Decrease in accounts receivable-AB2398	(45,899)	123,547
(Increase) in prepaid expense	(10,133)	(4,296)
(Decrease) in accounts payable	(13,117)	(7,888)
(Decrease) Increase in accrued liabilities	(44,695)	36,639
Total adjustment	(142,731)	125,826
Net cash provided (consumed) by operating activities	(158,697)	170,844
<b>Cash Flows Used In Investing Activities</b>		
Acquisition of equipment	-	(2,363)
Net cash used in investing activities	-	(2,363)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(158,697)	168,481
<b>CASH AND CASH EQUIVALENTS-beginning of year</b>	472,916	304,435
<b>CASH AND CASH EQUIVALENTS-end of year</b>	\$314,219	\$472,916

**SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO THE FINANCIAL STATEMENTS**

Carpet America Recovery Effort, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

A. Summary of Significant Accounting Policies

**ORGANIZATION** - The Carpet America Recovery Effort, Inc. (known by the trade name "CARE") is a non-profit organization that was formed to encourage and oversee market based solutions for the recycling of post-consumer carpet.

Interested parties can join CARE as members by paying dues. Membership allows participation in the Organization's programs.

To achieve its goals, CARE sponsors events and conferences that bring together stakeholders in the carpet recycling industry. CARE also produces educational programs to help the public understand carpet recycling. A major part of its educational program is the Organization's website, [www.carpetrecovery.org](http://www.carpetrecovery.org).

CARE is also the "Carpet Stewardship Organization" (CSO) under California AB2398 whereby it administers the Organization's "Carpet Stewardship Plan" (the Plan). As the CSO, CARE acts as a fiduciary of funds collected from the sale of carpeting in California through the carpet stewardship assessment and administers disbursements in accordance with the Plan. Similar legislation has been proposed in other states.

**PRESENTATION OF FINANCIAL STATEMENTS** - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements are prepared under the requirements of ASC Topic 958-205-05. The topic requires CARE to recognize any contributions as support in the period received or when an unconditional pledge has been made. In addition, contributed services using specialized skills that would have been required to be purchased, if not provided by donation, are also recognized in the period performed.

CARE is required to report information regarding its financial position and activities according to three classes of assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2014 and 2013, CARE had no temporarily restricted or permanently restricted net assets.

Other significant accounting policies followed by CARE are described below.

1. **CASH AND CASH EQUIVALENTS** - CARE considers all money market accounts and highly liquid debt instruments with maturities that do not exceed ninety days to be cash equivalents for financial statement purposes. The amounts that exceed federally insured limits are secured by investment portfolio securities of the bank.

**SEE INDEPENDENT AUDITORS' REPORT**

Carpet America Recovery Effort, Inc.  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Years Ended December 31, 2014 and 2013

2. **ESTIMATES AND UNCERTAINTIES** - The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
  
3. **REVENUE RECOGNITION** - Revenue from membership dues is recognized over the course of the membership period. Revenues from events are recognized at the time of the event.
  
4. **ACCOUNTS RECEIVABLE** - Accounts receivable consist of dues owed from members as of December 31, 2014 and 2013. Management has evaluated historical trends and individual account collectability and determined that an allowance for doubtful accounts of \$16,300 at December 31, 2014 and \$15,000 at December 31, 2013 was necessary.
  
5. **ACCOUNTS RECEIVABLE - AB2398 - CARE** is reimbursed for costs it incurs as the Carpet Stewardship Organization under California AB2398 Carpet Stewardship Plan, and "Accounts receivable – AB2398" consists of amounts due to CARE from the Plan as of December 31, 2014 and 2013.
  
6. **PROPERTY AND EQUIPMENT** - Property and equipment are carried at cost less accumulated depreciation. It is management's policy to capitalize acquisitions of property and equipment of \$1,500 or more. Maintenance and repairs are charged as incurred.

Property and Equipment consist of the following major classifications at December 31:

	<u>2014</u>	<u>2013</u>
Computer equipment	\$ 16,990	\$ 16,990
Accumulated depreciation	<u>(15,177)</u>	<u>(13,557)</u>
	<u>\$ 1,813</u>	<u>\$ 3,433</u>

Depreciation expense for the year ended December 31, 2014 and 2013 was \$1,620 and \$1,874, respectively.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 years
--------------------	---------

**SEE INDEPENDENT AUDITORS' REPORT**

Carpet America Recovery Effort, Inc.  
**NOTES TO THE FINANCIAL STATEMENTS**  
Years Ended December 31, 2014 and 2013

7. **ACCRUED EXPENSES** - Accrued expenses consist of accounting expenses incurred and amounts due to employees but not yet paid.
8. **INCOME TAX STATUS** - The Organization is currently exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The exemption does not apply to activity unrelated to the tax exempt function of the Organization. CARE did not have any unrelated business income for the year ended December 31, 2014 and 2013.
9. **ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES** - CARE has adopted ASC Topic 740-10 which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The topic provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that CARE does not hold any uncertain tax positions as of December 31, 2014 and 2013. CARE's returns are subject to examination by the IRS generally for three years following the date filed. With few exceptions, the Organization is no longer subject to tax examination for years prior to 2011.
10. **FUNCTIONAL ALLOCATION OF EXPENSES** - Expenses are charged directly to programs and supporting activities as incurred and have been summarized on a functional basis. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for overall administration of the Organization.

**B. Related Parties; Industry Affiliate**

The primary organizer of CARE was the Carpet and Rug Institute, Inc. (known by the trade name "CRI"). CRI is a 501(c)(6) organization under the Internal Revenue Code and one of the primary trade groups of the carpet industry.

CRI initiated CARE's organization as the entity to represent and to promote the industry's carpet recycling efforts and to manage the industry's recycling programs.

CRI acts as an advocate of the carpet industry and actively works to represent its interest in legislative, regulatory, and judicial issues at the federal, state, and local levels. CRI played an active role in the development of the AB2398 legislation in California, and actively lobbies for the carpet industry in other states considering similar product stewardship or extended producer responsibility (commonly referred to as EPR) legislation.

Carpet America Recovery Effort, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

B. Related Parties; Industry Affiliate (continued)

CRI shares common directors and facilities and also provides administrative and technical support to CARE. CARE recognizes this support as in-kind contributions. The amount of this support totaled \$61,505 for the year ended December 31, 2014 and \$90,625 for the year ended December 31, 2013.

Under AB2398, CARE is allowed to be reimbursed for costs it incurs administering its Carpet Stewardship Plan. Costs incurred directly by the Plan are paid from AB2398 funds. Shared labor costs of AB2398 and CARE are systematically allocated and periodically settled. The plan reimbursed CARE a total of \$147,778 for the year ended December 31, 2014 and \$153,747 for the year ended December 31, 2013.

To participate in CARE's AB2398 California Carpet Stewardship Plan, membership in CARE is required.

C. Concentrations

CARE holds all of its cash at one bank. The amounts that exceed federally insured limits are secured by investment portfolio securities of the bank. Management believes that there is no significant concentration of credit risk.

Approximately 50% of dues were received from ten members.

D. Subsequent Events

The Voluntary Product Stewardship (VPS) Program is a voluntary, nationwide program to support the Carpet Sorting Network for diversion of post-consumer carpet from landfills. The Program was launched in the first quarter of 2015. CARE will serve as the VPS Program Stewardship Organization whereby it administers the program.

VPS Program participants include carpet manufacturers and other members of CARE who are members of CRI. These members are participating voluntarily and have committed \$4.5 million for the initial year of the VPS Program. CARE will act as the fiduciary of these funds that will be escrowed and kept separate from CARE's funds. Payout and expenses will be limited to funds contributed. It is expected that the VPS program will have a two year term.

Management has evaluated events through June 9, 2015, the date on which the financial statements were available to be issued.



## 2014 CARE Annual Report to CalRecycle

### 10.4.2 California Carpet Stewardship Plan 2014 Audited Financial Statement

**THE AB2398 CALIFORNIA CARPET STEWARDSHIP PLAN**  
**FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

# The AB2398 California Carpet Stewardship Plan

## Contents

---

INDEPENDENT AUDITORS' REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-12

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Carpet America Recovery Effort, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of the AB2398 California Carpet Stewardship Plan, which are comprised of the statements of financial position as of December 31, 2014 and 2013, and the related statement of activities, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Carpet America Recovery Effort, Inc.  
Page two

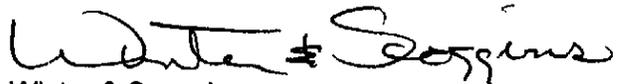
**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the AB2398 California Carpet Stewardship Plan, as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2015, on our consideration of the Carpet America Recovery Effort, Inc.'s internal control over the AB2398 California Carpet Stewardship Plan's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Carpet America Recovery Effort, Inc.'s internal control over the AB2398 California Carpet Stewardship Plan's financial reporting and compliance.

Sincerely,



Winter & Scoggins  
Certified Public Accountants, PC

Dalton, GA  
June 9, 2015

The AB2398 California Carpet Stewardship Plan  
**STATEMENTS OF FINANCIAL POSITION**  
 December 31,

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$3,860,096	\$4,505,017
Accounts receivable	<u>1,178,081</u>	<u>1,258,500</u>
Total current assets	<u>5,038,177</u>	<u>5,763,517</u>
 Total Assets	 <u>\$5,038,177</u>	 <u>\$5,763,517</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$1,286,698	\$1,020,633
Accrued expenses	<u>-</u>	<u>642,342</u>
Total current liabilities	<u>1,286,698</u>	<u>1,662,975</u>
 <b>LONG TERM LIABILITIES</b>		
Accrued expense	<u>-</u>	<u>-</u>
Total long term liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,286,698</u>	<u>1,662,975</u>
 <b>NET ASSETS</b>		
Unrestricted	<u>3,751,479</u>	<u>4,100,542</u>
Total net assets	<u>3,751,479</u>	<u>4,100,542</u>
Total Liabilities and Net Assets	<u>\$5,038,177</u>	<u>\$5,763,517</u>

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO THE FINANCIAL STATEMENTS

The AB2398 California Carpet Stewardship Plan

STATEMENTS OF ACTIVITIES

Year Ended December 31,

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Carpet recovery assessments	\$ 4,942,695	\$ 5,134,537
Interest income	<u>13,769</u>	<u>11,139</u>
Total revenues	<u>4,956,464</u>	<u>5,145,676</u>
<b>EXPENSES</b>		
Recycler disbursements	4,682,006	3,443,017
Accounting	226,268	349,531
CalRecycle administrative fees	(168,477)	256,727
Personnel	147,778	153,747
Transportation	78,073	44,511
Professional fees	138,416	40,831
Travel	27,268	31,225
Facilities	15,152	19,520
Communications	42,488	-
Testing fees	6,800	-
CA Manager	108,044	-
Other	<u>1,711</u>	<u>939</u>
Total expenses	<u>5,305,527</u>	<u>4,340,048</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<u>(349,063)</u>	<u>805,628</u>
<b>UNRESTRICTED NET ASSETS - beginning of year</b>	<u>4,100,542</u>	<u>3,294,914</u>
<b>UNRESTRICTED NET ASSETS - end of year</b>	<u>\$ 3,751,479</u>	<u>\$ 4,100,542</u>

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO THE FINANCIAL STATEMENTS

The AB2398 California Carpet Stewardship Plan

STATEMENTS OF CASH FLOWS

Year Ended December 31,

	<u>2014</u>	<u>2013</u>
<b>Cash Flows From Operating Activities</b>		
Change in unrestricted net assets	\$ (349,063)	\$ 805,628
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (Increase) in accounts receivable	80,419	(61,486)
Increase (Decrease) in accounts payable	266,065	(239,002)
(Decrease) Increase in accrued expenses	<u>(642,342)</u>	<u>103,614</u>
Total adjustment	(295,858)	(196,874)
Net cash (consumed) provided by operating activities	<u>(644,921)</u>	<u>608,754</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(644,921)	608,754
<b>CASH AND CASH EQUIVALENTS-beginning of year</b>	<u>4,505,017</u>	<u>3,896,263</u>
<b>CASH AND CASH EQUIVALENTS-end of year</b>	<u>\$3,860,096</u>	<u>\$4,505,017</u>

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO THE FINANCIAL STATEMENTS

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

A. Summary of Significant Accounting Policies

ORGANIZATION - The AB2398 California Carpet Stewardship Plan (the Plan) is authorized by CA AB2398 to implement measures to achieve measurable improvements in the landfill diversion and recycling of postconsumer carpet. AB 2398 was signed into law by the governor of California on September 30, 2010. Subsequent regulations were approved and are found in Title 14, Division 7, Chapter 11. The Plan began operations on July 1, 2011 and is managed by the Carpet America Recovery Effort, Inc. (CARE).

The Plan is a set of guidelines that CARE uses to administer AB2398. The Plan was developed by CARE and an initial plan document was conditionally approved by the California Department of Resources Recycling and Recovery (CalRecycle). A revised stewardship plan document (version 3.2.2) was approved by CalRecycle on January 21, 2014 and a Plan Amendment on January 5, 2015. Periodic changes are made to the Plan and changes are approved by CalRecycle.

AB2398 requires manufacturers or retailers to collect an assessment based on the square yardage of carpeting sold in California. CARE collects the funds from the retailers and manufacturers and disburses the proceeds in accordance with the Plan.

Disbursements are to promote carpet recycling in California and cover the costs of administering the Plan. The primary use of funds is to carpet recyclers who are paid by the pound of qualifying products that are processed and subsequently sold.

Manufacturers or retailers participate voluntarily in the Plan; however, AB2398 requires that they participate in CARE's Plan, or develop and implement their own Carpet Stewardship Plan.

CARE was the sole carpet stewardship organization until April 1, 2015. At that time other organizations can apply for status as a "Carpet Stewardship Organizations".

CARE does not have the authority to levy penalties on Manufacturers or Retailers that are not compliant with AB2398. That authority belongs solely to the state of California.

PRESENTATION OF FINANCIAL STATEMENTS - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Plan is required to report information regarding its financial position and activities according to three classes of assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2014 and 2013 the Plan had no temporarily restricted or permanently restricted net assets.

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

Other significant accounting policies followed by the Plan are described below.

1. **CASH AND CASH EQUIVALENTS** - The Plan considers all money market accounts and highly liquid debt instruments with maturities that do not exceed ninety days to be cash equivalents for financial statement purposes. The amounts that exceed federally insured limits are secured by investment portfolio securities of the bank.
2. **ESTIMATES AND UNCERTAINTIES**-The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
3. **REVENUE RECOGNITION** - Revenue from carpet recovery assessments is recognized during the calendar quarter the carpeting is sold by a manufacturer that is a participant in the Plan. Manufacturers report their sales on a quarterly basis. Reports and payments were due within 30 days following the close of each quarter. The assessment for the years ended December 31, 2014 and 2013 was \$0.05 per square yard of carpeting sold in California.  
  
The carpet recovery fee is added to the wholesale price of carpet, and it is passed through until it reaches the retail consumer.
4. **ACCOUNTS RECEIVABLE** - Accounts receivable consist of carpet recovery assessments due from plan participants. As of December 31, 2014 and 2013, management is of the opinion that all accounts are collectible.
5. **ACCRUED EXPENSES** - The Plan is responsible for reimbursing CalRecycle's costs to administer the Plan. Pursuant to AB2398 Section 42977(d), the total amount payable to CalRecycle is up to 5% of the carpet recovery assessments received. The accrual at December 31, 2013 was for CalRecycle's estimated unreimbursed costs. There were no unreimbursed costs as of December 31, 2014.
6. **INCOME TAX STATUS** - The Plan is not subject to income taxes under Section 115 of the Internal Revenue Code.

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

7. **FUNCTIONAL ALLOCATION OF EXPENSES** - Expenses are charged directly to programs and supporting activities as incurred and have been summarized on a functional basis. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for overall administration of the plan.

B. Related Parties; Industry Affiliate

The Plan is administered by the Carpet America Recovery Effort, Inc. (known by the trade name "CARE"). CARE was established in 2002 to represent the carpet industry's effort to support market based carpet recycling solutions. CARE is a not-for-profit, 501(c)(3) organization that was formed to oversee and enable market-based solutions for the recovery and recycling of post-consumer carpet.

To participate in the Plan, manufacturers and retailers must maintain a membership in good standing with CARE. Recyclers who wish to receive disbursements must also maintain a membership in good standing to receive funds.

The primary organizer of CARE was the Carpet and Rug Institute, Inc. (known by the trade name "CRI"). CRI is a 501(c)(6) organization and is the primary trade group of the carpet industry. CRI initiated CARE's organization as the entity to represent, promote the industry's carpet recycling efforts and to manage the industry's recycling programs.

CRI acts as an advocate of the carpet industry and actively works on representing its interest on legislative, regulatory, and judicial issues at the federal, state, and local levels. CRI played an active role in the development of the AB2398 legislation in California, and actively lobbies for the carpet industry in other states considering similar product stewardship or extended producer responsibility (commonly referred to as EPR) legislation.

CARE and CRI share common directors and facilities.

Under AB2398, CARE is allowed to be reimbursed for costs it incurs administering its Carpet Stewardship Plan. Costs incurred directly by AB2398 are paid from AB2398 funds. Shared labor costs of AB2398 and CARE are systematically allocated and periodically settled. These shared labor costs totaled \$147,778 for the year ended December 31 2014 and \$153,747 for the year ended December 31, 2013.

The Plan included in accounts payable \$70,767 and \$24,868 due to CARE as of December 31, 2014 and 2013 for expenses paid by CARE, but incurred by the Plan.

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

C. Concentrations

The Plan holds AB2398 bank accounts at one bank. Management believes that there is no significant concentration of credit risk due to amounts that exceed federally insured limits being insured by investment portfolio securities of the bank.

The Plan has funds held by an escrow agent. The amount held by the escrow agent at December 31, 2014 was \$9,651 and at December 31, 2013 was \$918,705. These funds likewise are held at one bank and amounts in excess of FDIC limits are secured by investment portfolio securities of the bank.

For the year ended December 31, 2014 and 2013, 10 carpet manufacturers accounted for approximately 90% of the carpet recovery assessments. These manufacturers also accounted for 90% of accounts receivable at December 31, 2014 and 2013.

For the years ended December 31, 2014 and 2013, there were 13 and 12 recyclers respectively that received disbursements from the Plan.

D. Commitments

In November 2014, CARE on behalf of AB2398 selected the University of Connecticut to receive a grant of \$500,000 for the purpose of identifying value-added uses for PET (polyester carpet fiber) derived from post-consumer carpet. The final contract was signed January 19, 2015.

E. Compliance

In October 2014, CalRecycle notified CARE, that based upon their review of CARE's 2013 Report, the Plan was out of compliance for the following reasons:

1. CARE, as the sole stewardship organization, is not making sufficient, continuous, and meaningful improvement towards the goals in the approved plan, particularly with respect to the seven quarters ended December 31, 2013.
2. CARE may not count a portion of post consumer carpet exports toward the recycling rate calculation.
3. The total net assets of the plan continue to grow.

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

4. There were deficiencies in the 2013 plan year report including:
- (a) CAAF and Kiln were incorrectly included in the definition of recycling.
  - (b) A request for more information on carpet collection facilities and disposition of materials.
  - (c) Minimal education activities were reported for 2013.
  - (d) A recommended format for program performance metrics that consolidates the information in one place.

By way of responding to CalRecycle's findings, CARE met with CalRecycle to gain a better understanding of the feedback received. Based on this, CARE took the following actions:

1. Hired a contract staffer to pour over the CalRecycle feedback and reporting content and format requirements. Using this information, she created a template to follow to meet CalRecycle expectations on reporting.
2. Issued an RFP to identify a market and outreach firm to help CARE evaluate stake holder groups, information needs, development of content and formats to deliver such materials along with a rollout plan.
3. Gigantic Idea Studio was issued a contract through December 2015 to execute objective #2.
4. The Stewardship Plan Committee of CARE undertook a deep analysis of the subsidy program and brainstormed ideas on how to significantly increase recycler output, a key measure that CalRecycle tracks.
5. As a result of #4, CARE made several significant changes to the subsidy program in an effort to drive more pounds of recycled output into the market. These changes go into effect April 1, 2015.
6. CARE recognized that one half of the collected materials are of low value (the backing) and explicitly put a new incentive in place to use the calcium carbonate, a very low cost filler material, and increased the calcium carbonate incentive to \$0.12 per pound effective April 1, 2015.

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

7. In recognition of CalRecycle's desire to increase reuse, an area where carpet tile is a strong contributor, CARE implemented a new incentive for the reuse and recycling of carpet tile.
8. To further enhance the drive for PET opportunities, CARE raised the base incentive for PET use in products from 12 cents to 17 cents per pound and added an additional growth bonus to incentives for even more aggressive efforts to find market outlets of this material.
9. CARE committed to hire fulltime CARE person by the end of the first quarter of 2015. Lisa Mekis joined the CARE team in early April 2015.
10. In evaluating the financial impacts of the new incentives, in late December CARE recommended to CalRecycle an increase in the assessment from 5 cents to 10 cents per square yard. Director Mortensen approved that increase in early January to be effective April 1, 2015.
11. Completion of item 10 allowed CARE to aggressively prepare for a roll out of the increased assessment on April 1<sup>st</sup>. Thus, saving a full quarter by avoiding having to wait until July 1, 2015 to increase assessments. Implementation was completed as planned on April 1, 2015.
12. Provided recyclers a one year notice of any reduction in incentives.
13. Are moving toward a fund balance reserve of two quarters of average expenses.
14. CARE is continuing to work very closely with Gigantic Idea Studio to complete the development of all marketing and outreach materials and has requested a follow up proposal to aid in the outreach efforts in the second half of 2015.
15. CARE continues to employ Mike Tinney as a consultant (engaged in 2014) to do market development work and to focus on opportunities in the State.
16. CARE continues to employ Frank Endrenyi as a consultant to assist in the national challenge on PET which is also in support of California's efforts.
17. CARE considered expansion of the subsidy program to include sorters. A decision was reached that at this time, it is not more collection that is needed but rather more products and outlets. Once those outlets grow, creating increased demand for the material, diversion will also increase and CARE will revisit the sorter question at that time.

SEE INDEPENDENT AUDITORS' REPORT

The AB2398 California Carpet Stewardship Plan  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2014 and 2013

18. As a result of preliminary results for the first quarter of 2015, CARE has already begun another round of creative brainstorming to further consider innovative ideas to stimulate product development and market outlets, including procurement options.

F. Subsequent Events

On January 5, 2015, an amendment to the Carpet Stewardship Plan (version 3.2.2) was approved by the California Department of Resources Recycling and Recovery. The Plan Amendment increased the assessment of carpeting sold to \$0.10 per square yard and increased the payments to recyclers for qualifying products

Management has evaluated events through June 9, 2015, the date on which the financial statements were available to be issued.

## The AB2398 California Carpet Stewardship Plan

### Contents

---

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	1-2
SCHEDULE OF FINDINGS AND RESPONSES	3-7

# WINTER & SCOGGINS

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the  
Carpet America Recovery Effort, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the AB2398 California Carpet Stewardship Plan, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carpet America's Recovery Effort, Inc.'s internal control over financial reporting (internal control) of the Plan to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carpet America Recovery Effort, Inc.'s internal control over the Plan. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we identified one deficiency in internal control described in Finding 2014-1 that we consider to be a material weakness. In addition, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, as described at 2013-1 and 2013-2 in the accompanying schedule of findings and corrective action plans that we consider to be material deficiencies.

Board of Directors  
Carpet America Recovery Effort, Inc.  
Page two

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the AB2398 California Carpet Stewardship Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Carpet America Recovery Effort, Inc.'s Response to Findings**

The Carpet America Recovery Effort, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and corrective action plans. The Carpet America Recovery Effort, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Winter & Scoggins  
Certified Public Accountants, PC

Dalton, GA  
June 9, 2015

The AB2398 California Carpet Stewardship Plan  
Schedule of Findings and Corrective Action Plans  
December 31, 2014

**SUMMARY OF AUDIT RESULTS**

**Opinion:**

Unqualified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller of the United States.

**Internal Control Deficiencies:**

During the audit of the financial statements three material weakness, one new and two prior material weakness in internal controls were disclosed.

**Material Noncompliance:**

No instances of compliance or other matters were disclosed.

**FINDINGS AND CORRECTIVE ACTION PLANS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

**INTERNAL CONTROL:**

**Prior Audit Findings:**

**Finding 12-1-Approvals and Documentation**

**Criteria:**

Government Auditing Standards state that, "inadequate controls for the safeguarding of assets," is a control deficiency.

**Condition Found:**

Upon review of the AB2398 disbursement process, the following conditions were found:

1. One processor/recycler request for funds could not be located and was provided by the recycler.
2. There was no written authorization of disbursements to recyclers.
3. There was a difference of \$23,356.82 between a request for reimbursement and the actual amount dispersed with no documentation supporting the change attached to the disbursement schedule.

The AB2398 California Carpet Stewardship Plan  
Schedule of Findings and Corrective Action Plans  
December 31, 2014

**Recommendation:**

1. All disbursements must be supported by adequate documentation. The documentation should be sufficient to determine that the amount dispersed is equal to the amount approved. We recommend that the executive director prepare a physical summary of payments listing the detail of disbursements and that this schedule be reviewed and approved prior to its submission to the SFOC and SPC for approval in total.
2. Requests for AB2398 disbursements should be accompanied by documentation that the disbursement has been approved. We recommend that the chairman of the SFOC as well as the Executive Director of CARE sign the approval document to release funds, and that this approval be submitted to accounting.
3. Adequate documentation should be maintained illustrating any differences between requests and disbursements. If requests are mathematically inaccurate the documentation should include an analysis of where the calculations were incorrect and document the correct calculations.

**Status:**

Recommendation 1 had been fully implemented in 2013.

Recommendation 2 has been fully implemented as the disbursements are approved by the Executive Director and the CFO.

Recommendation 3 has been fully implemented, with the documentation assembled and maintained in one file, per quarter, located in a secure central location in CARE's offices.

**Finding 13-1**

**Criteria:**

Government Auditing Standards state that "inadequate controls for the safeguarding of assets" is a control deficiency.

**Condition Found:**

Upon review of the AB2398 system of revenue reporting by manufacturers and payment requests by recyclers, the following conditions were found:

On January 4, 2013, the sustainable funding oversight committee of CARE reduced the reporting window for mills and recyclers from 60 days plus a 15 day grace period to 30 days after quarter end with no grace period, effective with the Q1 2013 data, in order to shorten the payout cycle to the recyclers.

The AB2398 California Carpet Stewardship Plan  
Schedule of Findings and Corrective Action Plans  
December 31, 2014

However, the timetable for the application of the plans agreed upon procedures have not been shortened and delivery of the agreed upon procedure reports for the 2013 data are seven and eight months after the quarterly data is available.

This makes it difficult for the management of the plan to timely respond to issues discovered by the agreed upon procedures.

**Recommendation:**

1. The timetable for the completion of the appropriate agreed upon procedures needs to be compressed to ninety days. Reporting of manufacturers and their remittance to the Plan is to occur within 30 days after each calendar quarter end. Recyclers, likewise, are to report and request payment within 30 days of the end of the calendar quarter. The agreed upon procedures need to take place within the 90 day window between reporting deadlines to be effective and reduce the chance for an excess payment to be made or recovered. Likewise an error in revenue recognition from the mills would be reduced.

**Status:**

We tested four of the ten AUPs completed for 2014. Three were completed within 90 days; one was completed in 170 days. The AUP accountants timely began the process and stated the delay was the result of correspondence back and forth between the mill and their staff. All AUPs were completed within 90 days of year end. In part this was achieved by the decision to not perform AUPs on Q4 2014 data. This finding will be maintained for follow up for 2015.

**Response:**

CARE developed an agreement with HA&W to complete all audits with 90 days barring any findings that extend the review process. However, it is incumbent on the party under review to be timely in responding to such requests. At this time CARE does not have a mechanism to enforce timely response, but will take this under advisement. The mill referenced in the status taking 170 days was such a recalcitrant mill.

**Finding 13-2**

**Criteria:**

Government Auditing Standards state that "inadequate controls for the safeguarding of assets" is a control deficiency.

The AB2398 California Carpet Stewardship Plan  
Schedule of Findings and Corrective Action Plans  
December 31, 2014

**Condition Found:**

CARE management does not maintain a registry of, nor an easy access library of, the agreed upon procedure reports performed by the independent accountant. Likewise, an easy access library of the minutes of the SFOC, SPC, and meetings with CalRecycle are not maintained in a centralized repository. These reports and minutes are central to the system of internal control of the Plan and need to be maintained in one central location.

**Recommendation:**

1. We recommend that hard copies of all agreed upon procedure reports be maintained in a locked, confidential, fireproof cabinet in the CARE offices for access by management and auditors.
2. We recommend that hard copies of all minutes be maintained in the same cabinet.
3. Further, we recommend CARE's copy of the AB2398 registration, annual filings, the approved stewardship plan, etc., likewise, be maintained in this repository.

The above documents are key to the existence and internal control of CARE and CARE's role as steward over AB2398.

**Status:**

CARE embarked upon developing an electronic centralized filing system for all key documents. Gaps in reports and minutes were still noted with CARE personnel having to obtain these documents from a contract employee and CalRecycle. Further, the indexing and electronic filing system used made it difficult for CARE personnel to retrieve requested data. It is as if they are incorporating two different indexing systems. We recommend that they file either by year with clearly labeled subfolders within the general folder for the year or the general folders be labeled as the different key documents and the subfolders are indexed by year and quarter. At present, it is a combination of both systems which makes it difficult to search for any documents as it is unclear where they could be filed.

**Response:**

The new electronic archive was put in place. Filing protocol is subject to personal organizational logistics. CARE will strive to reorganize the filing structure in 2015 to increase visibility and accessibility.

The AB2398 California Carpet Stewardship Plan  
Schedule of Findings and Corrective Action Plans  
December 31, 2014

**Current Audit Findings:**

**Finding 14-1**

**Criteria:**

Government Auditing Standards state that "inadequate controls for the safeguarding of assets" is a control deficiency.

**Condition Found:**

In order to receive funds from the Plan, the recipient must submit a signed request for payment within 30 days of the last day of the quarterly reporting period (page 36 of the Plan document). Upon review of the AB2398 disbursement process, there were four instances where the request for release of funds authorization signature pages from recyclers/processors could not be located. Subsequently, two of said releases were found, but two had to be obtained from the recycler.

**Recommendation:**

We recommend that a checklist be created for each quarter to verify that all necessary documents are received timely from the recyclers/processors prior to issuing the disbursements and that the documents are properly filed within the system to allow for easy retrieval.

**Response:**

CARE has put in place an internal control to verify that each quarter all signed attestation letters are received for processors/recyclers prior to payment of quarterly funds. In addition, each processor AUP will now include a check of this protocol to verify receipt of the proper documentation.



### 10.4.3 Independent Auditor Letter to CalRecycle

During the 2014 audit, the CalRecycle Program governance fee was identified as having been accrued in excess of actual line item expenses to date. In a letter dated May 18, 2015 independent auditor confirmed with CalRecycle that all expenses under this line item to date have been billed and paid in full. This letter follows as an attachment.



**CARPET AMERICA RECOVERY EFFORT** <sup>SM</sup>  
Developing market-based solutions for the recycling & reuse  
of post-consumer carpet

---

May 18, 2015

State of California  
Department of Resources  
Recycling and Recovery  
Attn: Kathy Frevert  
1001 I Street  
Sacramento CA 95812  
Via email: [kfrevert@ciwmb.ca.gov](mailto:kfrevert@ciwmb.ca.gov)

Our auditors, Winter & Scoggins, CPAs, PC, are conducting an audit of the financial statements of AB2398. Our records reflect that CalRecycle has received all fees to be charged to AB2398 through December 31, 2014 and no accrual for monies to be paid to CalRecycle for the plan year ending December 31, 2014 need to be reflected on the program's year-end financial statements.

If there is a balance due, please attach a statement of the items comprising the balance.

After signing and dating your reply, please mail it directly to Winter & Scoggins, CPAs, PC, PO Box 2644, Dalton GA 30722 or scan and email to [lwinter@winterscogginscpa.com](mailto:lwinter@winterscogginscpa.com).

Very truly yours,

Susan Newberry  
Chief Financial Officer,  
CARE for AB2398

To: Winter & Scoggins, CPAs, PC

We concur with the statement that there are no monies owing to nor should any be accrued for CalRecycle for AB238 as of December 31, 2014 except as provided below:

---

---

Signature: Jane Dyer Date: 5/22/15  
Title: Accounting Admin

PO Box 2048  
Dalton, Georgia 30722-2048  
Phone: 706 428 2127  
[www.carpetrecovery.org](http://www.carpetrecovery.org)



## 10.4.4 Performance Audit 2014

# WINTER & SCOGGINS

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Board of Directors of the  
Carpet America Recovery Effort, Inc.  
PO Box 2048  
Dalton, GA 30722-2048

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS

### ***Compliance***

We have audited CARE's compliance with the requirements specified in the State of California's Code of Regulation, Title 14, Division 7, Chapter 11, Article 1 applicable to CARE's statutory requirements identified below for the year ended December 31, 2014.

We have also audited the basic financial statements of Carpet America Recovery Effort, Inc. (CARE) as of and for the year ended December 31, 2014 and have issued our report thereon dated June 9, 2015.

Both audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

CARE's management is responsible for CARE's compliance with laws and regulations. In connection with our audits referred to above, we selected and tested transactions and records to determine CARE's compliance with state laws and regulations applicable to CARE's program.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on CARE's compliance based on our audit.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS MEMBER: DIVISION FOR CPA FIRMS

---

206 WEST CRAWFORD STREET	P.O. BOX 2644	DALTON, GEORGIA 30722-2644	(706) 278-2834	FAX (706) 226-8630
208 N. WALL ST., 2ND FLOOR	P.O. BOX 1808	CALHOUN, GEORGIA 30703-1808	(706) 629-9978	FAX (706) 629-9920

Carpet America Recovery Effort, Inc.  
 June 30, 2015  
 Page two

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State of California’s Code of Regulation, Title 14, Division 7, Chapter 11, Article 1 applicable to CARE’s statutory requirements. Those standards and the State of California’s Code of Regulations require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the statutory requirements listed below occurred. An audit included examining, on a test basis, evidence about CARE’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CARE’s compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine CARE’s compliance with state laws and regulations including, but not limited to, the following applicable items:

<b>Description</b> List each compliance requirement	<b>Audit Procedures Performed</b> (Yes/No)	<b>Complied</b> (Yes/No)
<b>Performance Goals and Activities.</b> Measurement methods accurately identify:		
a.	Amount of California carpet that is diverted from landfills	Yes
b.	Amount of California carpet that is processed into a new commodity	Yes
c.	That California carpet is managed in a manner consistent with the state's waste management hierarchy.	Yes
d.	Amount of California carpet discarded each year (estimated using a formula based on sales). Assumptions used in the formula are appropriate for California.	Yes

Carpet America Recovery Effort, Inc.

June 30, 2015

Page three

<b>Financing Mechanisms</b>			
a.	Assessments are paid to CARE on all carpet sold in the state of California at the rate indicated in the Plan (i.e., 5 cents per sq yd)	Yes	Yes
b.	The assessments collected for the AB2398 program are only spent on the AB2398 program.	Yes	Yes
c.	The payments are accurately presented by categories found in the Regulations, Section 18944 (7). Annual Report Compliance Criteria, Financing Mechanism.	Yes	Yes
d.	The annual report accurately presents information.	Yes	Yes
<b>Program Performance Measurement</b>			
a.	Applicants applying for incentive payments submit documentation as required in the Plan (and Agreed Upon Procedures) that are in place at the time documents are submitted.	Yes	Yes*
b.	CARE is tracking information needed to include in Annual Report per regulations Section 18944.	Yes	Yes
c.	CARE's practices support a level playing field among those requesting AB2398 funds.	Yes	Yes
d.	CARE has a method to determine the effectiveness of educational and outreach activities that is appropriate for use in California.	Yes	Yes

\*See Finding 14-1 to 2014 Audit of AB2398 Financial Statements. Issue was CARE's inability to locate documentation, a copy of which was readily supplied by the processor upon request. Managements' response to the Finding was to put into place a control to assure receipt and retention prior to payments.

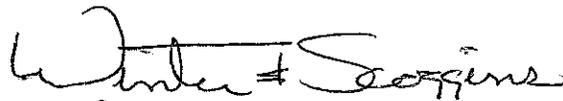
Carpet America Recovery Effort, Inc.  
June 30, 2015  
Page four

***Opinion***

In our opinion, CARE complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed above for the year ended December 31, 2014.

This report is intended solely for the information of the Board of Directors of the Carpet America Recovery Effort, Inc. and CalRecycle and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Winter & Scoggins CPAs, PC  
Dalton, GA  
June 30, 2015



## 10.5 Appendix V: Updated Glossary of Terms (Definitions)

### 2014 Annual Report Update Glossary of Terms (Definitions)

Definitions presented below are included within the AB 2398 statute, and/or in the Product Stewardship for Carpet Regulations (November, 2011). Revisions presented in the approved Plan are marked with an asterisk (\*). Additional revisions presented in this report are underlined.

**Capacity:** Theoretical maximum volume of carpet discards able to be processed by participating processors in a given year, based on self-reported estimates and/or permitted capacity figures. In line with CalRecycle FacIT definitions, Capacity is generally presented in Tons Per Year (TPY). Both pounds per year and TPY are presented in this report.

**Carpet\*:** A manufactured article that is used in commercial or residential flooring applications as a decorative or functional feature and that is primarily constructed of a top visible surface of synthetic or natural face fibers or yarns or tufts attached to a backing system derived from synthetic or natural materials.

- (1) “Carpet” includes, but is not limited to, a commercial or a residential broadloom carpet or modular carpet tiles.
- (2) “Carpet” does not include a rug, pad, cushion, or underlayment used in conjunction with, or separately from, a carpet.

**Carpet as Alternative Fuel (CAAF\*):** Fuel that has been produced from source-separated, and sorted post-consumer carpet and processed, including (1) extraction of components for recycling if at all possible; and (2) size reduction, shredding, and/or blending with coal fines, etc. CAAF is not a type of recycling, but it is a type of diversion for purposes of this Article. CAAF replaces other and is an alternative fuel source to other fuel sources such as coal, natural gas and fuel oil.

**Carpet America Recovery Effort (CARE):** A nationwide, 501(c)(3) non-profit organization whose focus is on post-consumer carpet stewardship.

**Carpet Derived Aggregate (CDA):** A potential utilization of recycled output as an alternative to heavy rock and soil for use in geotextiles, road construction or similar civil engineering application; similar to Tire Derived Aggregate (TDA). Examples might include lightweight wall back fill, vibration attenuation, embankment repair, etc.

**Carpet Industry:** The universe of participants involved in the production of carpet, including carpet manufacturers, fiber manufacturers, material suppliers, etc. It includes, but is not limited to, members of the Carpet and Rug Institute (CRI).

**Cement Kiln:** Cement production facility that may use CAAF as a source of energy and/or as an additive for cement production.

**Collected:** Gross collected pounds of CA PCC collected (total includes material that may eventually be sent to landfill). Also referred to as *Gross Collected*.

**Collection:** Any method of consolidating and temporarily storing recovered commercial and/or residential carpet.



## 2014 CARE Annual Report to CalRecycle

**Collector/Sorter Enterprises (CSE):** An enterprise that provides carpet recycling collection services for retailers, disposal sites or other sites. CSEs sort received PCC by material type for third party reuse, or wholesale to Processors for recycling. CSEs do not convert material into recycled output.

**Demolition:** Represents the teardown of a building (1 time carpet removal). There is no estimate of percentage of flooring covered by carpet.

**Disposal Diversion:** Carpet removed from the waste stream that was destined for the landfill or incineration, for the purpose of reuse, recycling, CAAF, kiln or waste-to-energy.

**Disposal Facility:** Facilities that are licensed and permitted to provide final disposal for the specific wastes they accept, including waste-to-energy, incineration, and landfilling.

**Diversion (Net):** Estimated total PCC removed from California landfills for reuse, recycle, CAAF, kiln or WTE (calculated as the difference of gross collected pounds minus PCC and process waste pounds that ultimately goes to landfill from processors or collectors).

**Diversion (Reported):** The sum of reported PCC removed from California landfills (calculated as the sum of reported pounds of reuse + recycled output (Type 1 + Type2) + CAAF + Kiln + Carcass + Cushion + Export + WTE).

**Education/Communication Costs:** Refers to expenses incurred in support of Marketing, Education and Outreach (ME&O) efforts conducted under the Plan. Includes the cost of market development professional services, research and promotion, on-the-ground education and outreach support, communications, market research, collateral and materials development, product costs, and related expenses.

**End-of-life (EOL) Costs:** Program cost associated with the management of carpet discards from the point when a product is discarded by the consumer or the end of the useful life of the product, whichever occurs first; may include subsidies, incentives or other expenditures related to reuse, recycling, incineration for energy recovery, landfilling and other forms of carpet disposition in line with Program goals. Includes storage and transportation for the rural county program.

**ESJPA:** Environmental Services Joint Power Authority

**Entrepreneur:** Individual or privately-held company which is not a carpet manufacturer, who actively, collects, sorts, processes or manufactures products made from post-consumer carpet.

**Filler:** Materials such as calcium carbonate, etc. used in the production of carpet backing.

**Governance Costs:** Includes costs charged by the Department (CalRecycle) for regulatory oversight of the Program; Limited to 5% of total Program implementation costs.

**Gross Collection (GC):** Actual pounds of PCC removed from waste stream for reuse, recycle, CAAF, kiln, or WtE, as reported to CARE by recyclers, prior to processing (this includes unrecyclable PCC carpet or carpet processing waste that may eventually be sent to landfill). Terms *Recovered* and *Collected* were previously used to describe *Gross Collected*.

**Gross Collection Conversion Rate:** The ratio of gross collections converted into recycled output, expressed as a percentage of gross collections; also referred to as *yield*.

**Implementation Costs:** Includes total expenses associated with Program implementation, as the sum of EOL subsidies (incentives) costs and administration costs.



## 2014 CARE Annual Report to CalRecycle

**Incineration:** Complete burning of material to ashes, with no energy recovery, to reduce waste volume.

**Input:** The post-consumer carpet that is collected, sorted and readied for processing.

**Landfilling:** Landfilling includes the placement of post-consumer carpet and/or the residuals from a post-consumer carpet management method into a landfill disposal facility.<sup>1</sup>

**Memorandum of Understanding (MOU) for Carpet Stewardship:** An agreement entered into by multi-stakeholders, including carpet industry, entrepreneurs, government entities and non-governmental organizations.

**Marketing Education & Outreach (ME&O):** Communications, education, and/or outreach activities related to Program promotion, technical assistance or stakeholder support for the purpose of increasing Program adoption, impact and/or effectiveness.

**Recycled Output (RO):** The material that results from the industry-recognized processing (shredding, shearing, hammer milling, depolymerization, etc.) of post-consumer carpet from the processor. Examples of output include: fiber, shredded carpet tile, depolymerized chemical components, carpet filler, etc. The Program currently distinguishes two types of material:

**Type 1 Recycled Output Material:** Output of the materials with the most benefits to manufacturers of finished products. Type 1 recycling materials must meet requirements set by SFOC, including maximum allowable ash content requirements, presently set at 25% or less and supported by quarterly ash testing in line with CARE approved testing protocols. Examples of Type 1 recycling materials include post-consumer carpet fiber, post-consumer carpet backing, engineered resins and material for carpet cushion. Note: Since depolymerization reduces ash to zero it is automatically qualified as a Type 1 output without the need to conduct ash testing. Tile is recycled 100% so the ash is incorporated into the new tile therefore it is automatically qualified as a Type 1 output without the need to conduct ash testing.

**Type 2 Recycled Output Material:** Output of the materials with benefit to manufacturers of finished products, but a lower value than Type 1 recycling materials. Type 2 recycling materials exceed 25% ash content in line with CARE approved testing protocols.. Examples of Type 2 recycling materials include carpet filler and non-functional filler.

**RCRC:** Rural County Representatives of California

**Rural County:** California counties, which meet the CalRecycle definition of rural:

PRC 40183-4: *“A rural county is defined as a county which disposes of less than 200,000 tons of waste annually.”*

**Recycled Content:** Also known as recovered material content, is the percentage of material, by weight, a product is made from that has been recovered from consumers in the municipal solid waste stream (post-consumer content) plus any industrial materials salvaged for reuse (pre-consumer/post- industrial content).

- **Post-Consumer Recycled Carpet Content (PCRCC):** The amount or percent of carpet, by weight, that is no longer used for or has served its manufactured purpose, that is incorporated into the manufacturing process of the same or a different product.
- **Post-Industrial/Pre-Consumer Recycled Carpet Content:** The amount or percent of carpet material, by weight, generated by manufacturers or product converters, such as trimming, overruns, and products returned to the mills that are incorporated back into the manufacturing process of the same or a different product.



## 2014 CARE Annual Report to CalRecycle

**Post-Consumer Carpet Materials:** Carpet that has completed its life cycle as a consumer item or is no longer used for its manufactured purpose.

**Post-Industrial/Pre-Consumer Carpet Material:** Carpet materials generated in manufacturing and conversion processes, including, but not limited to manufacturing scrap and trimmings/cuttings.

**Processing:** Preparing carpet material for reuse, recycling, CAAF, WTE, or disposal.

**Processor:** Qualified recipient participating under the Plan, directly engaged in the recycling of carpet discards through an industry-recognized process such as shredding, grinding, sheering, depolymerization, or similar process. Processors may also function as Collector/Sorters.

- **Tier 1 Processor:** A processor or recycling facility that converts discarded whole carpet into finished (Type 1 or Type 2) recycled output, ready to be utilized as an input material for secondary products.
- **Tier 2 Processor:** A manufacturer of secondary products made with post consumer recycled carpet content. Tier 2 processors received finished (Type 1 or Type 2) recycled output from Tier 1 processors and utilize this material in the production of finished secondary products.
- **Tier 2 non-nylon end-user:** A Tier 2 processor that utilizes non-nylon Type 1 recycled output from California for the manufacture of a finished secondary product made with post consumer recycled carpet content. At the time of this report, Tier 2 non-nylon end-users are eligible to receive targeted subsidies.

**Program Administrative Costs:** Includes all non-subsidy Program expenses, including: accounting, legal services, CARE facilities and operational expenses, staffing/contractor expenses, and marketing, education and outreach activities and professional services. Program administration also includes service payments (governance costs) to CalRecycle for Program oversight.

**Recovered:** Gross collected pounds of CA PCC collected (this includes unrecyclable PCC carpet or carpet processing waste that may eventually be sent to landfill). Also referred to as *Gross Collected*.

**Recycling:** Transforming or remanufacturing discarded carpet materials into usable or marketable materials, rather than for landfill disposal, incineration, WTE, CAAF, or reuse.

**Recycling Rate:** The proportion of carpet discards converted into recycled output, expressed as a percentage of carpet discards. The Program's recycling rate goal is 16% by 2016 and 24% by 2020.

**Reuse:** Refurbishing and donating/selling recovered carpet back into the market for its original intended use. The reuse of recovered carpet retains the original purpose and performance characteristics of the carpet.

**Rug:** A loose laid (not installed or attached at wall base) soft floor covering manufactured from natural or synthetic fiber, including carpet cut into room or area dimensions that is not intended to cover the entire floor.

**Sorting:** The method used for segregating collected carpet into the various backing types (PVC, SBR Latex, etc.) and/or fiber types (e.g., Nylon 6, Nylon 6.6, Polypropylene and Polyester).

**Source Reduction:** The result of using less product or material in manufacturing and use of carpet, and/or reducing the amount of discarded carpet generated.



## 2014 CARE Annual Report to CalRecycle

**Source Separation:** The process by which carpet is separated/segregated from all other materials at the end of its useful life (or when discarded).

**SFOC:** Sustainable Fund Oversight Committee

**SPC:** Sustainable Plan Committee

**Throughput:** Consistent with the FacIT system definition, throughput means the total amount of material actually received at a facility, in tons per year for a specific activity in a given year, equal to gross collections. Throughput is presented in combination with a summary of final disposition data for gross collected discards managed by participating processors and CSEs.

**Waste-to-Energy:** Process of recovering thermal energy from solid waste through combustion.

**Yield:** The ratio of gross collections converted into recycled output, expressed as a percentage of gross collections; also referred to as *gross collection conversion rate*.



## SPECIAL ADDENDUM SECTION

The following section is a *special addendum* to the 2014 annual report. It is designed to give an update on activities and actions undertaken by CARE since January 1, 2015 and which are designed to have a significant impact on Plan results. These actions demonstrate a commitment to continuous and meaningful improvement in the program to divert and recycle post-consumer carpet from California landfills.

## 11 Report Addendum: Additional Progress - 2015 Updates

*CARE received feedback from CalRecycle in late September 2014 that the 2013 Annual Report did not successfully demonstrate the Program was on target for demonstrating meaningful progress in 2013. Following this finding, CARE took swift and aggressive action in the remaining days of Q3 and Q4 2014 to address these concerns. While operational results in 2014 were not optimal, the groundwork has been laid for significant progress in 2015 in operations, market development, and education/outreach as outlined in this Addendum. CARE feels confident that these efforts will satisfy CalRecycle and CARE's goal of achieving tangible progress in these areas. CARE is continuously monitoring market responses to changes and will adjust accordingly.*

### 11.1 Major Operational Efforts Activities, Q1-2 2015

**Per Plan Addendum submitted in December 2014, and approved by CalRecycle on January 5, 2015, the following major operational changes have been incorporated into the Program.**

#### 11.1.1 New Program Assessment Increase—Effective April 1, 2015

In January 2015, CalRecycle approved CARE's request to increase the assessment from \$0.05 to \$0.10 per pound, effective April 1, 2015. CARE initiated a 90-day implementation strategy concentrated in January 1 - April 1, 2015 to design and launch formalized outreach and communication protocols necessary to ensure smooth roll-out of the new assessment, beginning Q2 2015. This effort included an array of outreach communications, revised website materials, documents and FAQs. A dual strategy targeted: (1) California retailers, and (2) manufacturers participating under the California Plan. In addition, other stakeholder groups including local governments, trade groups and NGOs were contacted to increase communications channels.

The increased assessment was deemed necessary in order to fund expanded and enhanced subsidy increases in line with the targeted growth in recycled output pounds and other programmatic goals. Beginning in July 2015, following the 1st quarter in which the new assessment is launched, the fund balance may increase until the new incentives and program resources begin to be utilized in subsequent quarters driven by increased payouts. As uptake of new incentives is achieved, the fund balance is projected to decrease over time.



### 11.1.2 Incentive Changes:

Three new incentives have been added to the Program, effective Q2-2015:

- **\$0.10/lb growth payout for Tier 2 Non-Nylon End Users**
- **\$0.07/lb incentive for Calcium Carbonate<sup>37</sup>**
- **\$0.10/lb for Carpet Tile Reuse/Recycling**

Two modifications to incentives have been adopted, effective Q2-2015:

- Increased base payout for Tier 2 non-nylon end users from \$0.12 to **\$0.17/lb**
- Increased incentive payout for **Calcium Carbonate \$0.07 to \$0.12/lb**

The increased base payout was adopted in December 2014 for Tier 2 processors manufacturing secondary products using non-nylon recycled output (Tier 2 end-user non-nylon payout). In addition, following the announcement of new incentives, CARE listened to feedback received from the marketplace regarding each of the new incentives.

In June 2015, the SFOC approved an additional adjustment to the calcium carbonate subsidy from 7 cents to 12 cents, demonstrating swift and responsive action to market feedback obtained during Q1 and Q2 of 2015, indicating the 7 cent subsidy was insufficient to drive demand consistent with subsidy objectives. Since the announcement of this adjustment three new market leads for utilization of calcium carbonate have been identified. Preliminary analysis indicates that even a nominal increase in calcium carbonate recycled output, is expected to have significant impact on the Program's recycling and diversion rates, even if gross collection and fiber recycled output rates remain constant. As such if calcium carbonate usage manifests, the Program will take a significant step toward our 2016 goal of 16% recycled output. CARE estimates that adding 3M pounds per quarter of new calcium carbonate outlets could result in a nominal 3 percentage point increase in recycled output.

Existing incentives for Type 1 and 2 recycled output and Type 1 growth are unchanged.

---

<sup>37</sup> Please see additional update to this incentive adopted in June 2015, effective for Q2-2015 processor payouts adjusting this incentives from 7 cents/pound to 12 cents/pound based on real-time market feedback obtained in Q1-Q2 2015.



## 2014 CARE Annual Report to CalRecycle

The table below summarizes the 2015 approved assessment structure. Items noted in red are the changes implemented.

Element	Metric	Status
Type 1 Recycled Output Payout	\$0.06/lb	No Change
Type 2 Recycled Output Payout	\$0.03/lb	No Change
Bonus for Type 1 Output Growth*	\$0.10/lb	No change: Growth target changes annually
Tier 2 End User Non-Nylon Payout	\$0.17/lb	<b>Modification:</b> Increased from \$0.12 to \$0.17/lb
Tier 2 End User Non-Nylon Growth Payout	\$0.10/lb	<b>New:</b> Analogous to the Type 1 growth bonus
Calcium Carbonate (CC)	\$0.12/lb	<b>New:</b> Paid for CC used as a raw material only <b>Modification:</b> Increased from \$0.07 to \$0.12/lb
Tile Reuse/Recycle	\$0.10/lb	<b>New:</b> To drive reuse and 100% recycle of tile

\* The target for growth bonus payout for non-nylon was set at 2,000,000 pounds in June 2015



# 2014 CARE Annual Report to CalRecycle

## 11.1.3 New & Existing Incentives—New Timeline Guarantee

- ✓ One of the key changes to the Program is a guarantee of stability in subsidy funds by providing a 12 months plus current quarter notification before any decrease in funding is implemented.
- ✓ This element of the Plan is designed to reduce risk for investment and provide companies the ability to plan ahead in terms of cash flow.
- ✓ New Incentives are effective for Q2-2015 Payouts, for material processed April 1, 2015 through June 30, 2015

## 11.1.4 New Resources—Staff & Support

In addition to the existing CARE staff and California Program Manager, CARE has increased staffing support for the California Program by:

- ✓ Adding a full-time Associate at the end of Q1-2015
- ✓ Renewing contract with Tinney Associates to work on market development of new and existing products containing post-consumer carpet content.
- ✓ Extending Gigantic Idea Studio for communications, education, and outreach activities (see below) through end of 2015.

## 11.1.5 Labeling

CalRecycle enforcement staff identified inconsistencies in retailer and mill invoice labeling in 2014. In 2015, CARE utilized the new assessment increase as an opportunity to provide education on this issue.

- ✓ Description and links to the labeling section of the CalRecycle website were included in program notices, CARE website updates and March webinar series.
- ✓ Updated FAQ and Sampled Invoicing Materials (March 2015)
- ✓ Noticing regarding new approved labels included in June E-newsletter (June 2015)

Labeling Requirements

**JOE'S CARPET SHOP**  
INVOICE

SELL TO: Super Carpet 158 Little Blaine Way Somersworth, CA, 12345	SHIP TO: Super Carpet 158 Little Blaine Way Somersworth, CA, 12345	Invoice # 1234567 Invoice Date: 04/02/2015 Customer ID: 123456
---	---	--

DATE	WORK ORDER #	OUR ORDER #	SUBSIDY REF.	P.C.A.	SHIP VIA	TERMS	TAX ID
4/2/2015	Suite Q	9876543			Net 10 Day		

QTY	UNITS	DESCRIPTION	UNIT PRICE	TOTAL
35	SY	Perfect Carpet (12' x 26' 3")	4.56	159.60
Sub Total				159.60
Tax @ 10%				15.96
<b>CA Crpt Stewardship Assessment :</b>				<b>3.50</b>
Total				179.06



# 2014 CARE Annual Report to CalRecycle

## 11.1.6 Rural Counties Program

In line with Rural County Program goals, CARE has expanded service in rural counties in 2015:

- ✓ Six new rural counties added to the Rural County Program,
- ✓ 18 total participating counties (113% of the Program June 2015 goal), and now serving a total of 20 collection sites (125% of the Program June 2015 goal).

Participating Rural County Sites (Phase 1 and Phase 2 Sites, established through 2014)	Additional Expansion County Sites (Phase 3 and Phase 4 = Added Through July 2015)		
<ol style="list-style-type: none"> <li>1. <b>Butte</b></li> <li>2. <b>Calaveras</b></li> <li>3. <b>Del Norte</b></li> <li>4. <b>Humboldt</b></li> <li>5. <b>Napa (City)</b></li> <li>6. <b>Napa (County)</b></li> <li>7. <b>Plumas</b></li> <li>8. <b>Santa Cruz (City)</b></li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Colusa</b></li> <li>2. <b>Lake</b></li> <li>3. <b>Marin</b></li> <li>4. <b>Mendocino</b></li> <li>5. <b>Mariposa</b></li> <li>6. <b>Sutter</b> (<i>Shared Collection Site with Yuba</i>)</li> <li>7. <b>Yuba</b> (<i>Shared Collection Site with Sutter</i>)</li> </ol>		
<ol style="list-style-type: none"> <li>9. <b>Santa Cruz County (Watsonville)</b></li> <li>10. <b>Santa Cruz County (Ben Lomond)</b></li> <li>11. <b>Siskiyou</b></li> <li>12. <b>Tehama</b></li> <li>13. <b>Trinity</b></li> <li>14. <b>Tuolumne</b></li> </ol>	<table border="1"> <thead> <tr> <th data-bbox="776 1115 1437 1192">Additional Expansion Counties (Phase 4 = Counties in discussion/consideration):</th> </tr> </thead> <tbody> <tr> <td data-bbox="776 1192 1437 1451"> <ol style="list-style-type: none"> <li>1. <i>Amador</i></li> <li>2. <i>San Benito</i></li> <li>3. <i>Shasta</i></li> <li>4. <i>Yolo</i></li> </ol> </td> </tr> </tbody> </table>	Additional Expansion Counties (Phase 4 = Counties in discussion/consideration):	<ol style="list-style-type: none"> <li>1. <i>Amador</i></li> <li>2. <i>San Benito</i></li> <li>3. <i>Shasta</i></li> <li>4. <i>Yolo</i></li> </ol>
Additional Expansion Counties (Phase 4 = Counties in discussion/consideration):			
<ol style="list-style-type: none"> <li>1. <i>Amador</i></li> <li>2. <i>San Benito</i></li> <li>3. <i>Shasta</i></li> <li>4. <i>Yolo</i></li> </ol>			

Participating Counties listed above appear in bold. If more than one collection site is present within a particular County, subsequent collection sites appear in plain text.



## 11.1.7 Recyclability/ Source Reduction

New calcium carbonate (CC) incentive is specifically designed to increase recyclability by targeting the significant portion of the carpet waste stream (filler/backing), currently left over after processing to separate the fiber recycled output.

- Up to 50% of PCC is comprised of CC filler which could be used in other processes, but is presently uneconomical compared to virgin material alternatives.
- Responsive action to increase incentive based on market feedback and desire to encourage the use of CC as part of a full-circle carpet-to-carpet process, adds a source reduction benefit in addition to increased recyclability potential.

Carpet tile incentive acknowledges the higher recyclability of carpet tile, which may be up to 100% recyclable, based on construction.

## 11.1.8 Reuse

New carpet tile reuse incentive aimed to promote waste hierarchy to reuse prior to recycling.

- Both Collector/Sorters as well as Processors are eligible for carpet tile reuse incentive subsidy payouts.
- Preliminary data indicates both parties are gearing up to increase reuse efforts; Collectors/Sorters are poised for participation
- Incentive will increase the Program's ability to more accurately account for reuse occurring in the marketplace.

## 11.1.9 Gross Collection

The Program has adopted a specific strategy to de-emphasize gross collection, as market development, processor capacity and product demand are increased. This helps to limit the unnecessary, wasteful and resource intensive movement, handling, storage and subsequent disposal of materials with currently limited or no available recycling outlets. As product demand, processing technology and market opportunities increase, the Program will be able to re-evaluate the potential to stimulate increased gross collection.

Positive gross collection developments in 2015 include:

- Bay Area processor has relocated operations and is in the process of re-establishing operations in 2015, with initial processing beginning in Q3-2015.
- Rural County program expansion is increasing public access to collection sites in remote rural locations.
- New staff and communications resources planned for development in the 2nd half of 2015, will help provide educational resources to urban counties by beginning to engage local governments, retailers and installers, helping to connect and expand consumers to collection locations, where available.



### 11.1.10 Recycled Output

Three new processors poised to join the California Program in 2015, in part due to the new Tier 2 non-nylon base subsidy increase and Tier 2 growth incentive, as well as the promotional and facilitative work conducted by Program market development consultant:

- Ecostrate, an existing CARE member presently outside of CA, is working to establish a new in-state CA manufacturing facility in 2015, made possible in part by CalRecycle grant funds helping to facilitate the move; Program efforts helped the Company secure CalTrans' approval of their PCC product (June 2015).
- GeoHay has joined CARE and begun utilizing CA sourced non-nylon PCC recycled output in their products rather than other sources, encouraged by new incentives, as well as the Program product promotion with CalTrans, Community Colleges and State Water Agency (Q2-2015). Should demand justify, GeoHay management have indicated they would consider production capability in CA. Initial dialog has commenced.
- An existing tire recycling processor worked with CARE to conduct equipment tests, and determined that PCC can be processed on the same equipment as tires. If successful, this effort could open the door for up to 5 "ready" existing in-state processors to join the Program, while also offering these companies the chance to diversity their products and thereby increase resiliency for both carpet and tire recycling markets.

Additionally the following developments are underway, which may further recycled output beyond 2015:

- XT Green continues to explore efforts to establish a new processing facility in CA.
- CARE is now aware of several new possible calcium carbonate outlets being tested due to the increased subsidy as noted above.
- CARE opened discussions with a potential new processor evaluating the use of nylon (and possibly non-nylon) in pallet applications, again driven by the enhanced incentives.

### 11.1.11 Diversion

The Program seeks to increase both recycling and diversion. While recycled output rates have remained flat in recent periods, diversion levels have increased, providing a next best utilization of materials unable to be converted into salable recycled output products at this time. In 2015, the Program anticipates:

- Increased utilization of kiln within the approved Plan limits, helping to maximize diversion for materials unable to be recycled
- Several processors have made strategic decisions to utilize WTE rather than landfill disposal in an effort to increase diversion while providing the secondary benefit of energy recovery.



## 11.1.12 Market Development Activities

Market development remains a central program effort to achieve long-term increases in recycling and diversion rates and other Program goals. Throughout 2015, these efforts are continuing to:

- **Increase Product Demand:** Promote existing products made with PCC recycled output.
- **Develop New Products:** Work with processors and manufacturers to identify opportunities for new products.
- **Improve Product Technology:** Conduct testing and outreach to identify opportunities for improved technology applications to improve recyclability for product use.



### Activities in 2015 include:

- ✓ Identified a potential market for the use of CC as a raw material, with rubber and plastic molders, opening the door for established processors to add carpet to their raw material mix.
- ✓ Furthered potential new product ideas for PET fiber used in geotextiles, mats, firelogs, and car parts.
- ✓ Developed new product ideas like carpet-derived aggregate (CDA) turf infill and rubber/carpet mats.
- ✓ Achieved Caltrans Product approval in June 2015 for EcoStrate, "Traffic 025" product.
- ✓ Supported testing and collaboration efforts with CalTrans and the private sector on the potential use of GeoHay in California, resulting in their new processor application and initiated use of CA-sourced non-nylon PCC.
- ✓ Conducted tests to confirm existing tire processing equipment can shake and screen calcium carbonate and PET, providing clean material needed for molding, a capability heretofore missing in California.
- ✓ Established that existing processors of tires can and will, process carpet on existing equipment.
- ✓ CARE Releases *New 2015 Recycled Carpet Product Brochure* (May 2015).
- ✓ Delivered eight product presentations to potential users and specifiers, including:
  - First dual products presentation, in partnership with CalRecycle, showing products made from recycled carpet, recycled tires, and combinations of both.
  - First CA Program presentation at Department of General Services Procurement Division State Department Customer Forum (May 2015) giving new visibility to state procurement officers about available recycled carpet products



## 2014 CARE Annual Report to CalRecycle

### 11.1.13 Education & Outreach Activities

#### Introduction: Strategy for Q1-2 2015

Cal Recycle approved the suggested increase in assessment from \$0.05 to \$0.10 per square yard in January 2015. The assessment increase went into effect on April 1, 2015, therefore informing retailers and other stakeholders of the assessment increase was a primary focus for January - March. This outreach also served as the foundation for an increased and enhanced communication plan with the retailer audience in line with recommendation resulting from Gigantic Idea Studio's 2014 market research.

The graphic is a vertical stack of three colored boxes. The top box is dark green and contains the Carpet America Recovery Effort logo (a recycling symbol with a carpet roll) and the text "Attention Carpet Retailers:". The middle box is light green and features the date "APR 01" in large white font, followed by the text "Carpet Stewardship Assessment Increases to \$0.10 per square yard on April 1, 2015." The bottom box is dark grey and contains the text "ARE YOU READY?" in white, with a small green box to its right containing the URL "Visit www.carpetrecovery.org/CA-retailers".

Gigantic Idea Studio's stakeholder research and literature review pointed out issues that were hampering communication of CARE's message, including lack of resources (staff), no consistent communication plan with key audiences of retailers and recycling coordinators, and "mistrust of CARE and the current system, including suspicion that the money collected is not being fairly distributed, or distributed at all" observed by multiple stakeholders.

#### Consequently, the following near-term strategies were recommended:

- Publicize the redesigned incentives program, including transparency on reasons for the assessment increase.
- Develop instruments (collateral, email list, social media, workshops, and driving website traffic, e.g.) to communicate with stakeholders beyond CARE's membership.
- Amplify new developments in the carpet recycling ecosystem.
- Be transparent and ask for input.

In addition to the activities listed below, Gigantic Idea Studio provides input into CARE's overall California strategy and planning efforts, and assists with Market Development and Operational communication tasks as needed by CARE staff.



# 2014 CARE Annual Report to CalRecycle

## 11.1.14 Education/Outreach Activities 2015 to Date:

**Retailer Notifications:** In compliance with direct marketing best practices, CARE purchased/rented mailing and email lists of all California carpet retailers and sent communications via letter, postcard and email to over 4,000 contacts. In addition, follow-up telephone interviews were conducted with over 35 retailers to ascertain whether they were aware of, and in compliance with, the assessment increase. In addition, the 77 manufacturers were alerted to the assessment via mail and email and were asked to disseminate the assessment information through their supply chains.

**Webinars:** CARE held two webinars March, managed and promoted by Gigantic to inform stakeholders about the coming changes to assessment and incentives. Post-webinar surveys were conducted to obtain feedback and make improvements to the presentation.

**Email list:** A California-specific email list was set up and monthly “e-news blasts” are being created and sent as of May 2015.

**Branding:** California-specific logo is being created. PowerPoint presentations have been updated and improved with consistent branding for audiences including procurement officials, retailers, and other stakeholders, in addition to improved visuals and infographics that can be used for multiple audiences.

**Social Media:** In April CARE began tweeting more and more strategically from the main CARE Twitter account (@CarpetRecycle) in order to raise the organization’s profile and find influencers. Twitter will play a support role in providing additional “touches” to amplify CARE’s California messaging as well as serve as a way to monitor developments and conversations already happening online.

**Website work includes:** Updating information; adding graphics; adding prominent email sign-up links for the California Program; creating a retailer-specific landing page. Additional updates include posting retailer-focused content and collateral and simplifying navigation along with California-focused blog posts. A new California-specific Collector map is in the process of being updated and expanded with a new interface and additional information to make it more user friendly. The new Collector map is expected to be online Summer 2015. The newly released 2015 Product Catalog will be added as a download and made more user-friendly. Use of Google Analytics to understand how the site is currently being used and accessed and make adjustments accordingly.

**CARPET AMERICA RECOVERY EFFORT**  
Developing market-based solutions for the recycling & reuse of post-consumer carpet

---

### California Carpet Stewardship Program

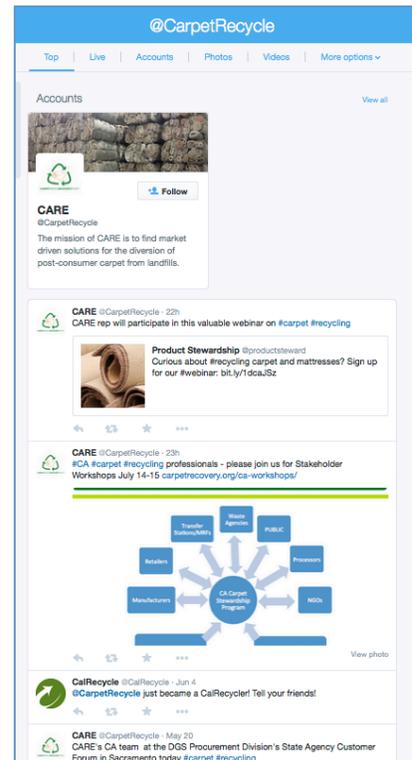
May 2015 Update

**Assessment Increase Supports New Market Incentives**

As announced, the California Carpet Stewardship assessment increased to \$.10/sq.yd. from \$.05/sq.yd. on April 1. The increase will allow improvements to the current incentives system to develop new markets for recycled carpet. The additional funds will support a new carpet tile reuse and recycling incentive, and increased incentives for the manufacture of secondary products using non-nylon post consumer carpet content (known as "Tier 2" incentives), along with new incentives for the utilization of Calcium Carbonate (a major carpet recovery by-product). Learn more [here](#).

**Save the Date!**  
**Stakeholder Workshops July 14 & 15**

CARE will host the Program's Second Annual Stakeholder Workshop Series this July, in collaboration with CalRecycle. The workshop will be offered in Southern California (Lakewood)





**Stakeholder Workshops:** Northern and Southern California Workshops (2) are planned for July 2015 with the aim to be more collegial and inclusive, speaking “with” rather than “at” stakeholders in order to encourage a more holistic understanding of the carpet recycling system and challenges and to encourage buy-in and support for CARE’s activities.

Further activities are being designed for the remainder of 2015 into 2016.

### 11.1.15 Projected Activities Q3-Q4 2015

CARE held an internal brainstorming session in mid-June to map the carpet recycling ecosystem in an effort to seek new perspectives and generate additional ideas for consideration to enhance the Program in California. In the second half of 2015, CARE looks forward to continued collaboration with California stakeholders to further refine Program efforts for the remaining year and the periods ahead. Program efforts in the latter half of 2015 will:

- ✓ Support processors to increase utilization of new Program incentives to increase recyclability, source reduction, reuse, recycled output and market development
- ✓ Support Collector/Sorters in participating in new reuse incentive
- ✓ Increase product demand for new and existing products made with recycled carpet to enable improved gross collections, recycled output, and market development
- ✓ Support new product development and technology improvements to increase recycling capacity, drive market development and gross collections
- ✓ Increase engagement with existing and new processors to expand (incrementally and via new investment) capacity and grow recycle output
- ✓ Release new communications tools for local governments, retailers and installers to increase consumer awareness and utilization of existing collection opportunities
- ✓ Explore new mechanisms to address concurrent program goals as recycled markets are developed and strengthened
- ✓ Explore new tools for understanding the carpet recycling ecosystem, enhance the reporting infrastructure and begin to understand the statistics associated with the expanding database
- ✓ Refine the ash and moisture protocols used by CARE

### 11.1.16 Conclusion

It is our hope that the activities outlined in this Addendum demonstrate that CARE has received the message from stakeholder and market feedback, and is focused on taking aggressive, responsive action to enable the success of this Program. Our goal is to bring renewed energy, creativity, and nimble analysis via a partnership approach.