
2012 Memorandum of Understanding for Carpet Stewardship: Overview of Negotiations

Panelists: Matt Ewadinger, Larry Cook,
Russ DeLozier

Moderator: Werner Braun

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Presentation Elements

- **Overview: Historical basis for the MOU**
 - Matt Ewadinger
- **Overview: Current MOU process, including Roles & Responsibilities**
 - Werner Braun
- **Update: Work Groups (Rates & Dates, etc.)**
 - Larry Cook
- **Results: Mid-course MOU Satisfaction survey**
 - Russell DeLozier

Overview: Historical basis for the MOU

Matt Ewadinger, State of North Carolina



In the Beginning: Memorandum of Understanding for Carpet Stewardship (MOU)

- **2000: states considering carpet landfill bans initiated dialogue with carpet industry, seeking solutions**
 - **2001: multi-stakeholder negotiations convened**
 - **2002: MOU voluntary agreement signed by:**
 - Carpet industry
 - Government – federal, state and local
 - Non-governmental organizations
 - **Established ambitious ten-year schedule to:**
 - Increase recycling & reuse of post-consumer carpet, and
 - Reduce amount of waste carpet going to landfills.
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History: There were 2 MOUs

- **MOU I: January 2001 – between the carpet industry and the Midwestern Working Group (Minnesota, Iowa and Wisconsin):**
 - **Establish 3rd party organization – CARE**
 - **Negotiate outcomes (landfill diversion)**
 - **Model Procurement Guidelines**

MOU II Negotiated Outcomes Group

■ Participants:

- Carpet manufacturers, CRI,
- fiber manufacturers,
- material suppliers,
- 7 states (CA, IA, MD, MA, MN, NC and OR),
- EPA,
- 2 NGOs (NE Recycling Council and Reuse Development Center)

■ Resulting in MOU II signed January 2002

MOU II – the MOU in force now

- **Good faith, non-binding agreement**
- **Recognized significant technical and logistical challenges exist ...**
 - ...which will require finding new or yet unrecognized solutions
- **Carpet industry recognized that it has primary financial responsibility for implementation of the Negotiated Outcomes**

MOU – Negotiated Outcomes Goals

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Discards ¹	4,678	4,828	4,537	5,038	5,261	5,590	5,642	5,887	6,020	6,605	6,772
Reuse				25			113		211		203-339
Recycling	180			353			620		903		1,354-1,693
Waste-to-Energy		48	45	50	53	56	56	59	60	66	68
Cement Kilns				100			300		200		200
Landfill	4,498			4,510			4,552		4,646		4,812
Recycling Rate	3.8%			7%			11%		15%		20 – 25%
Landfill Diversion Rate	3.8%			10%			19%		25%		27 – 34% ²

**Recycling 20-25%
by 2012**

**Diversion 27-34%
by 2012**

⁽¹⁾ Estimates of carpet discards provided by The Carpet and Rug Institute and incorporated into the MOU.

⁽²⁾ The percentage goals in the MOU do not add up to 40% and are expressed as a range to allow flexibility in achieving and potentially exceeding the total diversion goal. 40% is the official 2012 diversion target.

Goals Established by MOU

Negotiated Outcomes Goals: Diversion of 27-34% by 2012...

- **Reuse: 3-5% – At least 200 million to 340 million pounds**
- **Recycling: 20-25% – At least 1.4 to 1.7 billion pounds**
- **Cement kilns (alternative fuels): 3% or 200 million pounds**
- **Waste-to-energy: 1% or 67 million pounds**

Negotiated Outcomes Goals...

more

- **Range is actually 27% to 34%**
- **“The goals for individual management methods are expressed as a range to allow some flexibility to achieve and possibly exceed the 40% overall diversion rate.”**

Existing MOU for Carpet Stewardship

- 22 states are signatories to MOU

- Other Signatories:

BP/Amoco

**Carpet and Rug Institute
Interface**

J&J Industries

**Mannington Commercial
NERC**

Tandus

Lees Carpet (Mohawk)

Shaw Industries

Solutia



Implementing the Current MOU: Creation of CARE

- **A third-party, non-profit organization was established to meet the goals of the agreement: Carpet America Recovery Effort (CARE)**
- **CARE:**
 - **Consists of members from carpet industry, entrepreneurs, and government.**
 - **Responsible for monitoring, evaluating and assessing progress toward the Negotiated Outcomes Goals.**
 - **Funded through memberships and administered by CARE staff.**

CARE Organization Grows

■ 2002:

- Bob Peoples, PhD, appointed Executive Director
- 5 collectors existed
- New organization developed from scratch
 - Much in-kind contribution of resources
 - Board of Directors established
 - Name for the organization; Bylaws
 - Began work on diversion and recycling; Etc.

■ 2011

- Georgina W. Sikorski, Executive Director in 2009
- Jeremy Stroop, Operations Manager
- 90+ Collectors
- 18 BOD members
- 341 CARE members

CARE Key Results:



- **Since 2002, CARE has diverted 1.8 billion lbs. carpet from landfill**
- **Decreased GHG emissions by 1.2 million MTCE, equivalent to *not burning* 10 million barrels oil/year**
- **Over 1,100 jobs in 2010**

CARE Accomplishments 2002-2010

- **Diversion of post-consumer carpet:**
 - Increased by over 400% since 2002
 - Diverted > 1.8billion lbs. from landfills from 2002-2010
- **Collection grows:**
 - 1,100 FTEs, creating additional 2200 indirect, local jobs
 - From 5 collectors in 2002 to 90+ today
- **Organizational growth:**
 - Increased CARE membership to 341 members
 - Conducted 9 annual conferences and published 9 annual reports
 - Mid-course analysis of progress assisted in determining path forward
- **Carpet recovery innovations & development:**
 - Developed standardized color code for face fiber identification
 - Facilitated the development of advanced fiber ID technology
 - Increased industry investments in carpet reclamation to more than \$300M
- **Outreach & awareness increases:**
 - Achieved 200,000 annual visits to website, www.carpetrecovery.org
 - Increased CARE quarterly e-newsletter distribution to over 1,700 recipients
 - Exposure via many public presentations, media articles, tradeshow, etc.

CARE Goals – 2010

1. **Implement AB 2398**
 1. **Stewardship Plan**
 2. **Sustainable Funding**
 3. **July 1 Assessment begins**
2. **Facilitate the development of end markets for post-consumer carpet**
3. **Complete MOU 2012**
4. **Increase awareness of CARE and strengthen CARE leadership position**

Overview: Current MOU Process

Werner Braun, Carpet & Rug Institute



What are the new Memorandum of Understanding negotiations?

- **A multi-stakeholder collaborative decision-making process about carpet recovery:**
 - **Setting roles & responsibilities of signatories for a 12-year period**
 - **Defining terms**
 - **Establishing rates to achieve goals by certain dates**
 - **Setting evaluation parameters**
-

Joint Committee (voting members) – Current Balance

- **Government** **29%**
 - CA, GA, IA, ME, MA, MN, NC, Seattle, EPA
 - **Entrepreneurs** **24%**
 - Reclamation Depot, MCR, LA Fiber, Kruse Carpet Recycling, CarpetCycle, Pyroflex, Vitro /Polar
 - **Third-party organizations** **11%**
 - NERC, CA PSC, GRRN, PPI
 - **Carpet industry** **31%**
 - CRI, Beaulieu, Shaw, J&J-Invision, Milliken, Universal Fiber, Interface, Tandus, Mohawk
 - **Waste industry** **5%**
 - SWANA, Dalton-Whitfield SWA
-

Process to Date

- **Set up Oversight Committee**
 - This group is the convener
 - Balanced group of 10 stakeholders & staff
 - Sets course for talks, resolves process & content matters
 - Hired facilitator: Gracestone, Inc. (Anne Peters)
- **Established Governance documents**
 - “Rules of the Game”

Roles & Responsibilities of Key MOU Negotiating Parties during MOU...

■ CRI Role

- Actively participate in the process (co-chair) to finalize the MOU 2012.**

■ CARE Role

- CARE is the industry-designated stewardship organization established to monitor and facilitate the achievement of all elements of the MOU. CARE will communicate with stakeholders and the public on the progress and results towards the completion of the negotiations for MOU 2012**

Roles & Responsibilities of Key MOU Negotiating Parties

- **MOU 2012 Joint Committee (JC) Role**
 - **Establish goals and responsibilities and finalize a MOU 2012, for the period 2012-2022, to significantly increase post-consumer carpet diversion and recycling in the U.S.**
- **JC Facilitator Responsibilities:**
 - **Coordinator of process (scheduling, logistics, shepherd); Neutral but knowledgeable; move things along to reach goal; not an advocate for any one position**

Update: MOU Work Groups

Larry Cook, Beaulieu



Work Groups: Where much of the MOU work gets done

- **Work Groups have been formed for:**
 - ❑ **Editing the draft MOU**
 - ❑ **Setting the denominator**
 - ❑ **Defining management methods**
 - ❑ **Crafting definitions**
 - ❑ **Defining roles and responsibilities**
 - ❑ **Setting rates and dates (goals)**
 - ❑ **Articulating evaluation methodologies**
 - ❑ **Setting vision**

Key Elements – Agreed-upon to Date

DENOMINATOR formula

Equation Used to Describe Pounds of Carpet to Landfill at Any Given Year

$$LF_{\text{Lbs}} = (((S_{\text{Act}} + (I_{\text{Yds}} - E_{\text{Yds}})) * R_{\%}) * P_{\text{Lbs}}) + D_{\text{Lbs}}$$

LF
Lbs = Landfill

S
Act = **S** * **F**
CRI Ind

F
Ind = **1.08** under reporting to CRI

I
Yds = Imports into US

E
Yds = Exports outside of US

R
% = Replacement % can fluctuate from 70 to 85%

P
Lbs = Lbs/SY (supplied by Industry, Calculated by CARE)

D
Lbs = Lbs of Carpet from demolition projects not replaced

Key Elements – Agreed-upon to Date

DEFINITIONS of critical terms, e.g.:

■ Disposal Diversion:

- Carpet removed from the waste stream that was destined for the landfill or incineration, for the purpose of reuse, recycling, CAAF or waste-to-energy.

■ Recycling:

- Transforming or remanufacturing discarded carpet materials into usable or marketable materials, rather than for landfill disposal, incineration, WTE, CAAF, or reuse.
-

Key Elements – Agreed-upon to Date

ROLES & RESPONSIBILITIES of signatories, e.g.:

- **CARE:** CARE is the industry-designated stewardship organization established to monitor and facilitate the achievement of all elements of the MOU. CARE seeks market-based solutions and commits to perform the following activities:
 - Facilitate growth of the collection, processing and end-use manufacturing infrastructure for post-consumer carpet.
 - Serve as a resource for technical, economic and market development opportunities for recovered carpet.
 - Develop and perform quantitative measurement and reporting on progress toward the Negotiated Outcomes Goals.
 - Establish appropriate governance policies and procedures to manage the operational budget and the stewardship funds as related to legislated actions.
 - Act as a technical resource link between the carpet industry and others such as collection agents, processors, and manufacturers, in order to maximize the reuse and recycling of carpet.
 - Provide technical consultation and support to other signatories.
 - Participate in the four-year review process as outlined in the Evaluation section.
 - Engage with government agencies and CRI to work towards state/federal legislation to strategically achieve the outcomes of the MOU.

Key Elements: In Negotiation

- **Rates and Dates – a.k.a., the Negotiated Outcomes Goals**
 - **Have agreed to:**
 - A 12-year time frame for the MOU
 - Evaluation of progress at 4-year checkpoints
 - Having a Recycling goal (but not *what the goal is yet*)
 - **Still to negotiate:**
 - Having a Diversion goal
 - Rates and dates for goals (i.e., $x\%$ by y date)

Key Elements: Still In Negotiation

- **Initial text at beginning**
 - Introduction, not binding text
 - Preamble
 - Background
 - **Vision statement**
 - **Evaluation methodology**
 - **Addition/withdrawal of parties**
 - **Effective date/Termination**
 - **Any appendices**
-

Results: Mid-course MOU Satisfaction survey

Russell DeLozier, Shaw



MOU Stakeholder Mid-Course Survey Conducted January 2011

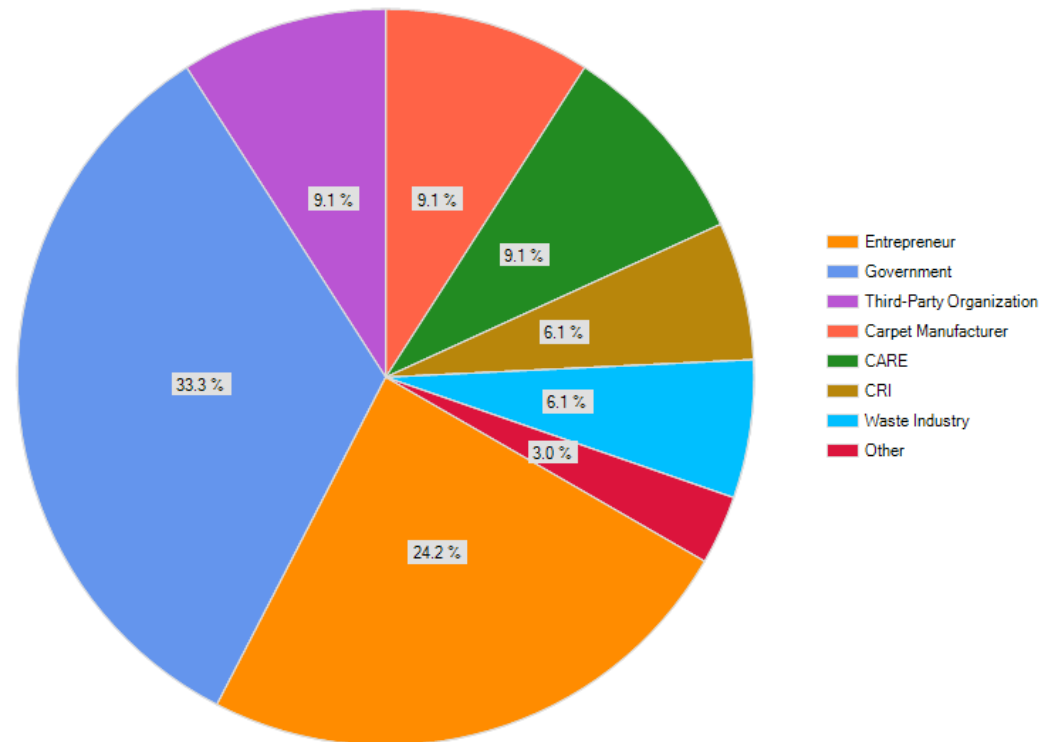
- **Midpoint of process**
- **Purpose – To measure stakeholders' assessment of the MOU:**
 - **Process**
 - **Progress**
 - **Results**
 - **Stakeholder group engagement**
 - **Areas for Improvement**

Survey Overview

- **Survey Committee: Anne Peters, Russ DeLozier, Jeremy Strop, Georgina Sikorski**
- **Web-based survey (Survey Monkey) sent January 31, 2011**
- **Anonymous**
- **Sent to 87 MOU Stakeholders (Joint Committee members and Interested Parties)**
- **Response Deadline February 8, 2011**

Stakeholder Group

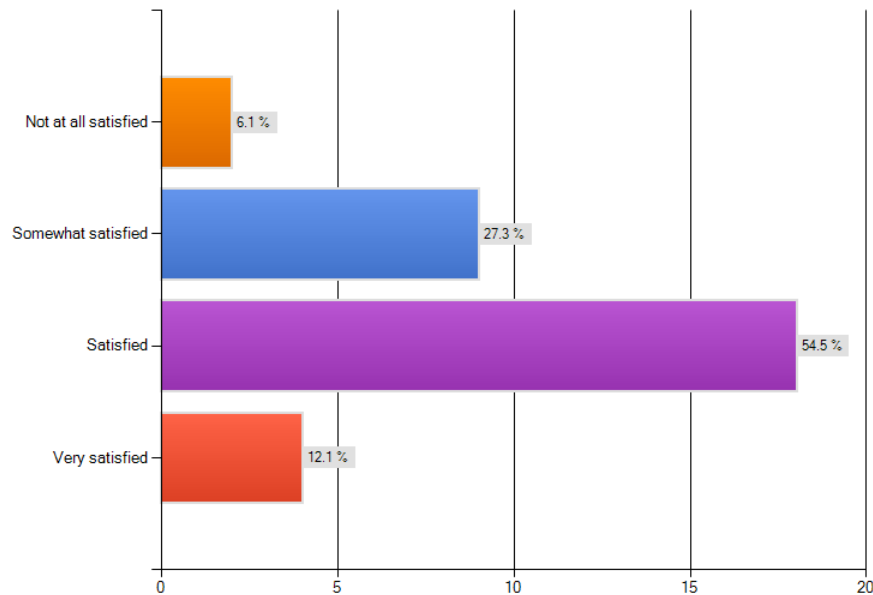
Please indicate your stakeholder group.



- 33 Responses (38% response rate)

Most Respondents: satisfied with the progress made on the MOU

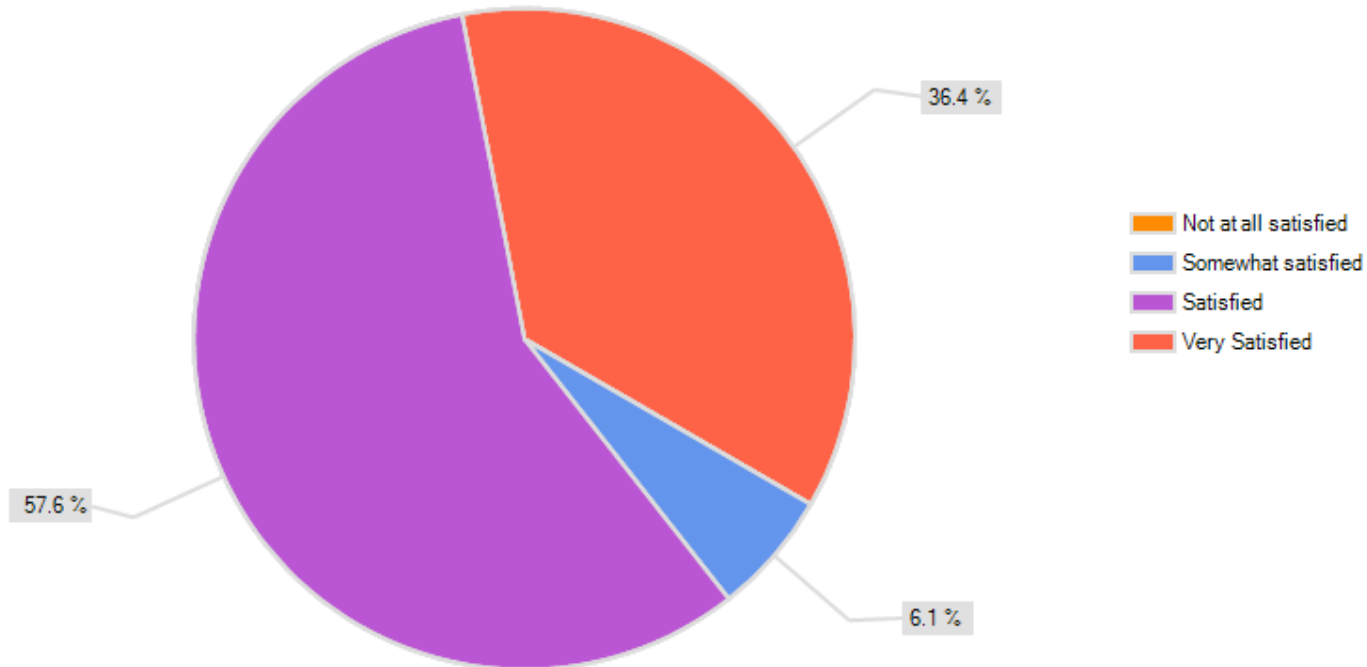
How satisfied are you with the overall progress of the MOU (2012) for Carpet Stewardship to date?



66% of respondents were either satisfied or very satisfied with progress made on the MOU to date

95% of Respondents are Satisfied or Very Satisfied with Availability of Information!

How satisfied are you with the dissemination of information, and availability of information, on the proceedings of the Joint Committee?

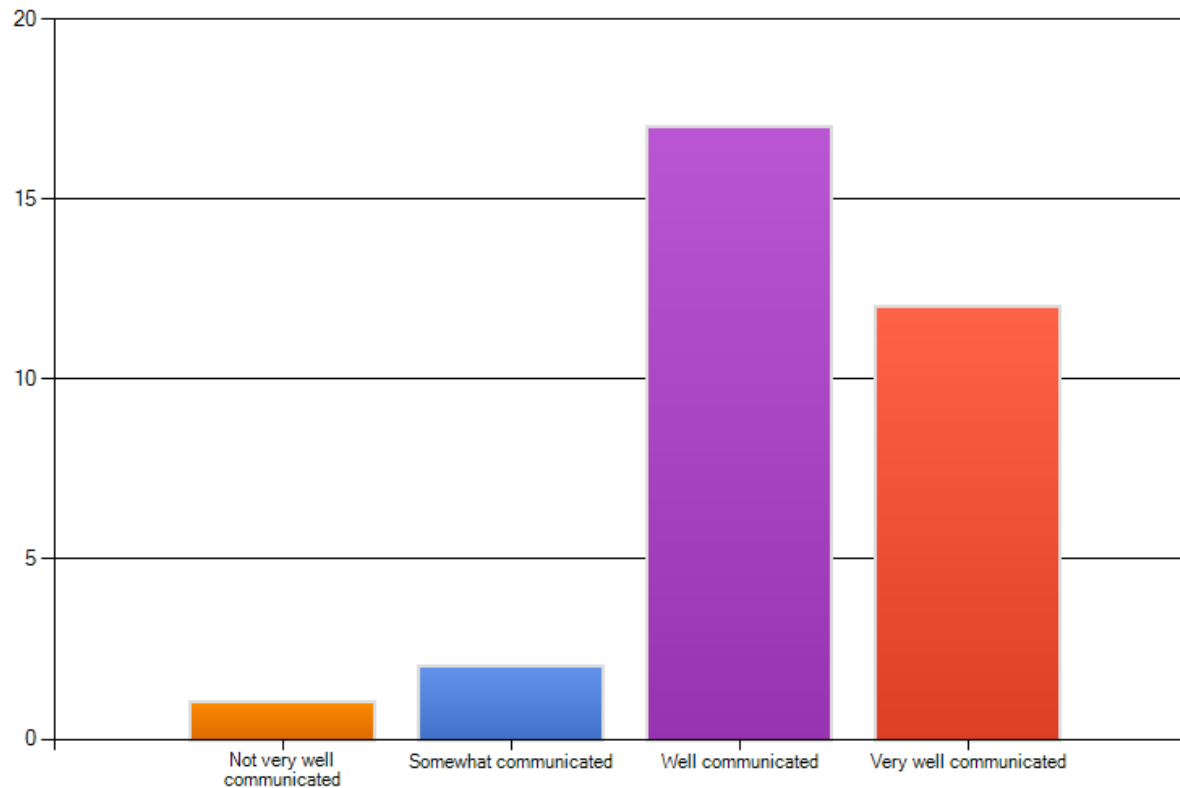


Received Qualitative Observations

- Calendar was a great build and should address many issues.
- More information about the subjects to be covered in upcoming meetings and what decisions need to be made at each meeting.
- I think Ann is doing a great job. Use less acronyms. Sometimes I have to look at old e-mails to see what they mean.
- If all the other participants came to meeting having read the material, we would all stay current and be more productive.
- Very satisfied with current info supplied
- Communication seems about right
- Clear focus on the future and zero waste
- The e-mails are messy, too frequent, not clear enough. There are parts that are being done in a vacuum and cannot be, which is holding up progress and confusing participants. Feel "jammed" when important issues are discussed.
- Feel like CARE is keeping us informed. A monthly high level update might help.
- Less Government confusion

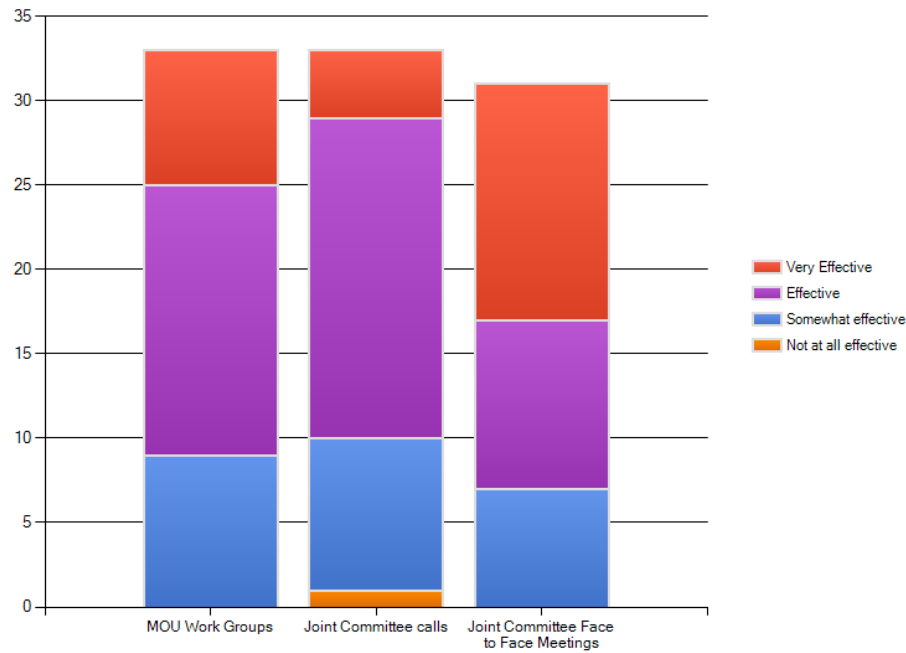
96% of respondents say tasks are well/very well communicated

The critical tasks for the MOU negotiations are to develop a new MOU which includes definitions, negotiated goals, and roles and responsibilities for each stakeholder group. How well have the critical tasks, to be completed for the MOU, been communicated?

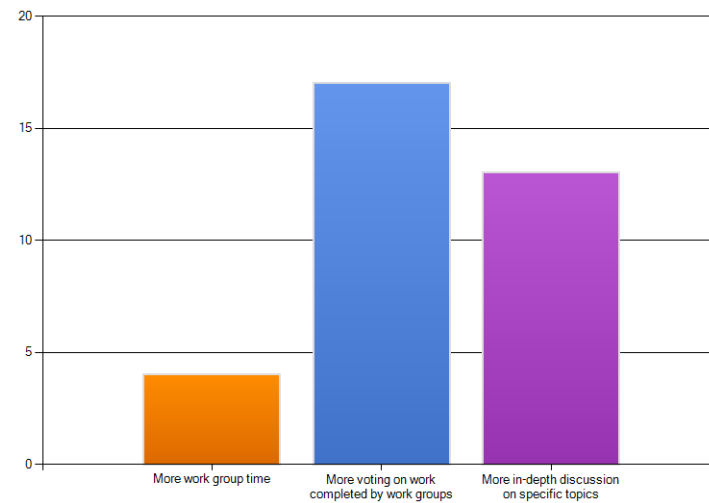


F2F meetings are most effective

How effective are the following in completing the work?

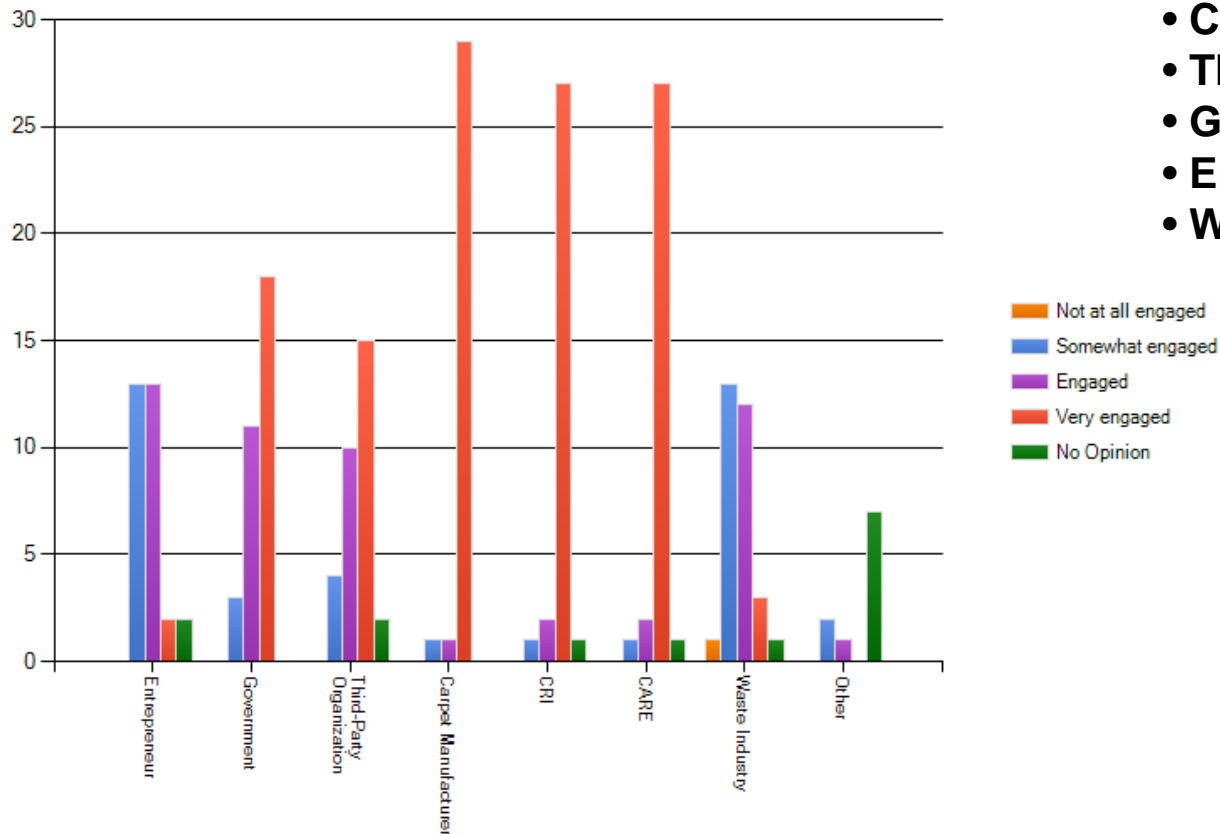


How should the next face-to-face meeting be structured?



Stakeholder Engagement

How engaged has each stakeholder group been in the negotiations process to date?



Very Engaged:

- Carpet Manufacturers 95%
- CRI 86%
- CARE 86%
- Third-Party Orgs 48%
- Government 43%
- Entrepreneurs 5%
- Waste Industry 10%

Ideas on how to increase engagement

- **More participation from:**
 - **Entrepreneurs**
 - **Build business case for involvement**
 - **More states**
 - **Waste industry, haulers**
- **Ask non-participants why they don't participate**
- **We are not going the same way; push back all the time**
- **Entrepreneurs**
 - **May be concerned about sharing information with 'competitors', cost to participate**

Recommendations for Improvements

- **In general, going well (7)**
- **Communications:**
 - **Be Pro-active in bringing issues into the discussion**
 - **Communicate meeting objectives and deliverables**
 - **Address questions raised in emails**
 - **Only distribute documents when there have been identified changes**
 - **Be more streamlined, decisive and efficient (3); better planning**
 - **Better understanding, continued open dialogue; more explanations, more data (8)**
 - **Possibly increasing F2F to every 2 months**
- **Education:**
 - **More education sessions and plant/processing facility visits before negotiations**
- **Negotiation strategies:**
 - **Identify who will move the needle and what they need to be successful**
 - **Engage entrepreneurs**
- **More information on the web site, if there are resources to do so**
- **Content opinions:**
 - **A future goal should be high minded (recycling not burning)**
 - **More investment from the industry**
 - **More government purchasing**
 - **More equality on CARE board and better understanding of collectors' troubles**
 - **Not seeing enough progress – too slow**

Summary

- **In general, process is going well, with progress being made**
 - **Some concerns about the rate of progress**
- **Entrepreneur and waste industry engagement can be improved**
- **Good recommendations for how to improve the overall process**

Questions? Comments?

