



**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 COLLECTOR/SORTERS  
JULY 2015**

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

**1. New Program Participant Agreements—Effective July 2015**

New agreements were adopted by CARE as a requirement for all participating processors and manufacturers in the California Carpet Stewardship Program, effective January 2015. In July 2015, this requirement will extend to Collector/Sorter Enterprises (CSEs). Agreements incorporate various program policies into a single document and are required to be executed by all CSEs participating in the incentive program, effective for Q2-2015 reporting period.

If you are requesting incentive payment for the first time in 2015, you **must sign and return an executed agreement to CARE no later than August 10, 2015** in order to be eligible for incentive payments for Q2-2015.

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

**Please scan and email signed agreements to:**

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

**2. CSE Quarterly Reporting Incentive – \$1,000/Quarter**

This is a reminder that CSE Quarterly Reporting Incentive of \$1,000/quarter will continue unchanged, and is now reflecting in the new CSE participant agreements. Participating CSEs receive \$1,000/quarter for submission of collection data. CSEs must utilize the CARE reporting sheet for CSEs in order to be eligible for reporting incentive payments (please see next section #3 for details). Note, this reporting incentive is only available to CSEs. If you have any questions about reporting process, please contact [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org) for assistance.



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

---

**3. New Reporting System—Effective For Q2-2015 Reporting Period**

Due to the significant changes in the Tier 1 subsidy program and its reporting requirements, the **CSE Reporting Sheet has been updated for Q2-2015. Please, do not use previous report versions.**

Q2-2015 data must be submitted utilizing the Excel Q2-2015 Reporting Spreadsheets:

- CSE – Reporting Sheet Q2-2015

If you have any questions in preparing your report, please contact [bjensen@carpetrecovery.org](mailto:bjensen@carpetrecovery.org) for assistance.

**4. New Incentives—Effective For Q2-2015 Payouts**

In December of 2014, CARE submitted to CalRecycle an Addendum to the California Carpet Stewardship Plan version 3.2.2 (Plan). CARE listened to the concerns raised by CalRecycle and stakeholders and have completed a comprehensive analysis of past performance of the subsidy program.

This Addendum was approved by CalRecycle in Jan 2015, and became effective in Q2-2015. Additional changes were adopted during the quarter, effective for Q2-2015 payouts (see adjustment to Calcium Carbonate incentive, and Tier 2 Bonus sections, below). The full addendum and response can be found here: <http://calrecycle.ca.gov/carpet/Plans>

**Summary of New Processor Incentives:**

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>1</sup>
- **\$0.10/lb** for **Carpet Tile Reuse/Recycling [Collector/Sorters + Processors Eligible]**

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**



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

Please note, **Collector/Sorters as well as Processors are eligible<sup>2</sup> for Carpet Tile Incentives Only (See Section C Below for more details on Reuse Incentive).** However, additional incentives program changes are included in this memo for your reference.

**New Incentive Details:**

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 <sup>3</sup> Payout	\$0.10/lb	<b>New:</b> Analogous to the Type 1 growth bonus
Calcium Carbonate <sup>1</sup>	\$0.12/lb	<b>New:</b> Paid for CC used as a raw material <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

**A. Existing Incentives—No Changes**

- As reflected above, no changes have been made to:
  - High value (Type 1)<sup>4</sup> recycled output payouts (6 cents/lb)
  - Lower value (Type 2)<sup>5</sup> recycled output payouts (3 cents/lb)
  - Type 1 Growth Incentive (10 cents/lb), for pounds above established threshold<sup>6</sup>
  - There remains no growth incentive on lower value Type 2 recycled materials

**B. New & Existing Incentives—New Timeline Guarantee**

- New guarantee of stability in subsidy funds provides a 12 months plus current quarter notification before any decrease in funding is implemented.

<sup>2</sup> All participants must complete proper paperwork including annual contract agreements, be a CARE member in good standing, adhere to program guidelines and appropriate business practices

<sup>3</sup> In June 2015, a target of 2M pounds/quarter was adopted for Tier 2 growth bonus payouts, effective Q2-2015

<sup>4</sup> Type 1 Recycling Material: Output of the materials with the most benefits to manufacturers of finished products. Examples of Type 1 recycling materials include post-consumer carpet fiber, post-consumer carpet backing, engineered resins and material for carpet cushion. Products contain <25% ash content per CARE testing protocol.

<sup>5</sup> Type 2 Recycling Material: Output of the materials with benefit to manufacturers of finished products, but a lower value than Type 1 recycling materials. Examples of Type 2 recycling materials include carpet filler and non-functional filler.

<sup>6</sup> The Type 1 Growth Incentive threshold is adjusted annually based on the average recycled output from the previous four quarters,



## **CARPET AMERICA RECOVERY EFFORT** <sup>SM</sup>

Developing market-based solutions for the recycling & reuse of post-consumer carpet

---

- This guarantee is designed to reduce risk for investment and provide the ability to plan ahead in terms of cash flow.

### ***Incentives Open to BOTH Collector/Sorters and Processors:***

#### **C. New Carpet Tile Reuse or Recycle Incentive [OPEN TO COLLECTOR/SORTERS AND PROCESSORS]**

This incentive targets carpet tile and offers several high impact advantages. First, we desire to increase reuse of this product as it is one of the easier reuse applications due to size, ease of handling, and typically commercial tiles are cared for under a maintenance program and thus, tend to be in better condition enabling reuse. When carpet tile is recycled, 100% of the tile is recycled into new carpet backing so there is no material left after processing.

- New carpet tile Reuse or Recycle **subsidy of 10 cents/lb.**
- **Collector/Sorters as well as Processors are eligible**<sup>7</sup> for Carpet Tile Incentives Only

#### Reporting Changes:

- CARE modified report forms and track carpet tile reuse, and carpet tile recycling separately to ensure it isn't confused with Type 1 recycling materials.
- Participants will be required to maintain records to support all claims of reuse and recycling and to prevent any potential or appearance of impropriety.

#### Secondary Benefits:

- There is currently a large transportation cost for recycle of tile from the west coast since most recycling occurs near the east coast. Until such capacity exists in California, this incentive is expected to facilitate increased tile recycle.
- This incentive reinforces CalRecycle's waste hierarchy by encourage reuse.

#### **D. New Resources—Staff & Support**

**In addition to the existing CARE staff and CA Program Manager,** CARE has increased staffing support for the California Program by:

- An additional fulltime resource was added at the end of Q1-2015 (Lisa Mekis, joined in the team, early April 2015)
- Continuing to support Mike Tinney to work on market develop of new and existing products containing post-consumer carpet content.
- CARE will continue to work with Gigantic Idea Studio on educational and outreach activities in the State.

---

<sup>7</sup> All participants must complete proper paperwork including annual contract agreements, be a CARE member in good standing,



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

---

**E. Timeline for New Incentives**

- New Incentives are effective for Q2-2015 Payouts, for **material processed April 1, 2015 through June 30, 2015**
- Reports are due 30 days following the close of Q2-2015, or **July 30, 2015**
- All CSEs must submit annual signed agreements no later than **August 10, 2015**

***Incentives Open to Processors Only (Included for your reference):***

**F. Modified / New Tier 2 Incentives—Increased Payout, New Growth Bonus**

- *Increased Tier 2<sup>8</sup> End User Non-Nylon subsidy from 12 cents/lb. to 17 cents/lb.*
- *Implementation of a Tier 2 Growth Bonus for non-nylon of 10 cents/lb.*

**G. New Calcium Carbonate Incentive**

*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.*

- *New Calcium Carbonate (CC) incentive for use as a raw material at 12 cents/lb.*

**Eligible Uses of CC:**

- *This incentive has the potential to stimulate the recycling of CC into:*
  - *carpet backing,*
  - *production of Portland cement,*
  - *other applications presently utilizing virgin CC, sand or limestone*

**Ineligible Uses:**

- *This is a raw material use credit and is 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.*

**5. New Program Assessment Increase—Effective April 1, 2015—For your reference**

In order to fund the subsidy increases on projected growth in recycle output pounds, it is necessary to increase the assessment from \$0.05 to \$0.10 per pound. In January 2015, CalRecycle approved CARE's request to increase the assessment from \$0.05 to \$0.10 per pound, effective April 1, 2015. Since receiving approval, CARE has engaged in a thorough noticing and outreach process to promote this new program change with retailers, manufacturers and other stakeholders.



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

---

As a CSE, your business benefits from the increased availability of incentives. 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.

Should you receive questions about this new assessment increase from your retailers or other service locations, please direct interested parties to the CARE website to learn more:

For Retailers:

<https://carpetrecovery.org/ca-retailers/>

For Manufacturers:

<https://carpetrecovery.org/ca-manufacturers/>

For Other Stakeholders:

<https://carpetrecovery.org/california-ab-2398/>

For additional information about this notice, please contact:

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

### END OF NOTICE