



CA CARPET STEWARDSHIP PROGRAM - NOTICE TO PROCESSORS
August 2014

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

1. Growth Incentive Compensation (GIC) Bonus—

In 2013 the GIC Bonus was incorporated as a new processor incentive in an effort to increase overall gross collections and recycled output among the collective processor community. At the time this incentive was adopted, the GIC bonus level was set at the average pounds of Type 1 recycled output for the preceding 4 quarters, or 8.5 million pounds per quarter.

After 1 year of implementation, the GIC bonus has proven to be having the desired effect. As such average recycled output increased in 2013. As part of our annual review, effective 3rd Quarter 2014, the GIC Bonus level will be adjusted to the new annual average recycled output from 2013, or 11 million pounds per quarter. Pounds recycled below this threshold will no longer be compensated at the previous GIC Bonus level. Q2-2014 Payments currently being processed by CARE, will be paid out at the previous GIC Bonus threshold level of 8.5 million pounds. The new bonus level; will impact 3Q 2014 payments.

2. ASH Test Requirements—

This is a reminder that ongoing Ash Test requirements require:

- Ash tests must be completed each quarter to maintain eligibility for incentive compensation.
- A minimum of 1 test is required for every 1 million pounds processed (e.g. If you processed 3 million pounds during the quarter, documentation from at least 3 ash tests must be provided).
- It is recommended, but not required at this time, that these ash tests be conducted over time on a regular basis, such as monthly, to provide consistent barometer.

3. Reporting based on actual pounds purchased and sold—

This is a notice to help clarify the standard calculation method for quarterly reporting.

Collection and purchase of qualifying materials:

- Collected pounds should be reported based on the actual receipt weights or an established and supportable estimate of average of trailer weights based on size, evidenced by receiving weight tickets or third party verification. Processors should retain documentation to support average weights utilized and update estimates annually.
- Purchased materials should also be based on actual receipt weight and evidence by receiving weight tickets or vendor/third party documentation that should be retained.

Reported Sold and Shipped Output:

- Reported recycled Type 1 and 2 output, as well as CAAF and Cement Kiln feedstock should be based on the **actual** number of pounds of materials sold and shipped as supported by sales invoices and shipping documents such as proof of delivery or a third party signed bill of lading.
- Reported sold and shipped output should always be adjusted by a factor that accounts for materials sourced from the state of California, which inversely excludes materials collected from outside the state of California. This factor is a function of where the PCC materials were sourced as a percentage of total purchased and collected pounds.
- As a simple example, if you sold 100 lbs of qualifying output, but you sourced 10% of your material from outside the state of California, then you adjust your qualifying lbs to 90 lbs (100 X (1-10%)) or (100 X 90%).
- The determination of the amount of materials you sourced from California versus outside the state, which you will use in determining this factor, should be measured over a period consistent with your inventory turns to confirm that the appropriate factor for input materials is nearly the same materials being consumed for output.

Exceptions:

- Any alternative to this methodology for calculation of qualifying output must be approved by CARE.

Please refer to **Attachment IX: AUP Procedures for Mills, and Processors - p.72** of the current CA Carpet Stewardship Plan: <http://calrecycle.ca.gov/carpet/Plans/default.htm> for additional details regarding quarterly reporting requirements.

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

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