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

Notice of Funds Available for California Carpet Stewardship
Grant Program (Cycle 7A)
Capital Improvement Grants

December 16, 2024

Cycle 7A Outline

Purpose

Carpet America Recovery Effort (CARE) serves as the Carpet Stewardship Organization for the California Carpet Stewardship Program (CCSP). The purpose of the **Capital Improvement Grant Program – Cycle 7A** (Program) is to provide funding for capital improvements that will establish, increase, improve and enhance additional California generated post-consumer carpet (PCC) collection, reuse, recycling and/or utilization of recycled content product manufacturing. The precise focus of each solicitation cycle is subject to adjustment by CARE, consistent with the overall goals of the Program.

Cycle 7A grant funding will depend on the availability of funds from the California Carpet Stewardship Program. CARE has allocated \$700,000 total to award to California-based projects throughout Cycle 7A (2025-2027). Individual projects may apply for up to \$500,000 in Cycle 7A funds. CARE may reissue this grant solicitation after the first round of applications are received, based on available funding and market readiness. Grantees must achieve project completion by June 30, 2027. CARE will give preference to projects that can prove project impact in the first year of operations and have a proven track record of operational growth and success.

Eligible Applicants

Eligible applicants may be adjusted for each potential solicitation release, consistent with the objectives of the funding cycle and goals of the Program. Eligible applicants for Cycle 7A include:

- California-based private entities are eligible to apply. For purposes of this Program, “private entities” are defined as businesses intended to operate at a profit. This definition includes benefit corporations (B-Corp), as defined in Corporations Code section 14601(a). The entity must be qualified to do business in California and must be in good standing with all applicable federal, state and local agencies. CARE membership is not required to apply for grant funding. CARE membership is required, however, for any entity that seeks AB 2398 incentives in accordance with CARE’s approved Carpet Stewardship Plan.
- California-based nonprofit organizations that are tax-exempt under IRS 501(c)(3) may apply to the Program if they can demonstrate active involvement in carpet collection, reuse, recycling or secondary manufacturing in line with the goals of this Program and CARE’s Carpet Stewardship Plan. The organization must be in good standing with all applicable federal, state and local agencies.
- Local agencies such as California cities, joint powers authorities and special districts such as local sanitation agencies, may apply if they can demonstrate an active involvement in the collection, reuse, recycling and/or utilization of recycled content in product manufacturing of California-

generated PCC in line with the goals of this solicitation and CARE's Carpet Stewardship Plan and demonstrate a significant contribution to California PCC landfill diversion and recycled output.

Project Requirements (Use of funds):

Projects must increase the additional quantity (pounds) of California generated post-consumer carpet collected, reused, recycled and/or utilized in the manufacturing of Tier 2 recycled products during the grant term. **"Additional pounds" are those defined as having previously been destined for landfill, alternative daily cover, waste-to-energy, kiln or carpet-as-alternative-fuel.** Sources of additional pounds reported will be requested during each quarterly reporting period.

- For the purpose of this Program, a Tier 2 "product" is defined as a good or package in a form which requires no further processing or forming before it is offered for sale to an end-user.
- **CARE's current priorities are to enhance PCC tile recycling and reuse, PCC collection and PCC calcium carbonate backing (PC4) recycling; develop fiber agnostic markets; and grow pelletizing and compounding infrastructure in California.**
- CARE will provide capital improvement grant funds to California-based projects only.
- Projects must specify, itemize and reasonably quantify the additional pounds to be diverted via collection, reuse or recycling into finished products. Applicants should provide data to support these claims, such as the applicant's customer demand for its products.
- Grantees requesting trailers or containers for collection projects must report sources of additional PCC pounds and frequency of container usage before funds are disbursed. "We Recycle Carpet With CARE" decals must also be affixed to all grant-funded containers or trailers at the grantee's expense and before operations commence. Collection projects must demonstrate they can attain at least one million pounds annually of new PCC collection.
- CARE is interested in projects which explore the impact of financial incentives and AI technology on increasing PCC collection.
- Applicants must show that they have a site and that all necessary permits will be obtained prior to the disbursement of grant funds. Projects must meet all local, state and federal requirements.
- Grant-funded projects must demonstrate that they can successfully produce recycled output from California-sourced PCC before funds are disbursed.
- Applicants producing products proving long-term market success, recyclability, and other program and environmental benefits may be preferred.
- Applicants submitting in partnership with another project must designate one applicant as the primary grantee. A single company is limited to one individual application per grant category, and one application in partnership with another entity per category. A single company may not submit multiple applications even if they are affiliate companies in different locations.
- Applicants must provide 25% in matching funds, which may be in-kind, such as equipment or a portion of staff time directly related to the grant-funded project.
- Projects must submit a storage management plan to CARE outlining the quantities of materials to be stored, a timeline for storage, and quantity threshold at which materials will be diverted via energy recovery, export or other strategies, as well as when landfilling would be utilized.
 - The storage management plan must identify how many additional pounds will be collected and stored through the proposed project, what timeline and quantity thresholds the facility will utilize to ensure stored material is appropriately managed, and how the project team will ensure materials are prioritized for best use, consistent with California's waste hierarchy in such case that these timeline or quantity thresholds are reached.
 - The storage management plan must identify and clearly define any energy recovery strategy, including the identification of facility outlets, and how and when Carpet As Alternative Fuel (CAAF) or Kiln would be utilized vs. Waste-To-Energy (WTE). Incineration

for the purpose of sending ash to landfill is prohibited. **No grant funds may be used to support energy recovery (CAAF, Kiln or Waste-To-Energy) or landfilling.**

- CARE may retain a portion of grant funds in connection with each storage management plan until PCC is reused, recycled and shipped/sold, and/or utilized in recycled content manufacturing.

Eligible Projects

- Capital investment; infrastructure; equipment; construction, renovation, or expansion of collection, reuse, recycling or manufacturing facilities which manage or utilize California-generated post-consumer carpet.
- Projects aimed at establishing or increasing the use of recycled output fiber, PC4 backing material, carpet carcass, commercial broadloom, or other material or component of the post-consumer carpet waste stream with potential benefit to the broad carpet recycling marketplace.

Ineligible Costs

- Costs exceeding 10% for product sales and marketing.
- Costs incurred before the beginning of, or after the end of, the Grant Term.
- Costs associated with landfilling, CAAF, Kiln, WTE or incineration for the purpose of sending ash to landfill. Projects must adhere to the California waste hierarchy; non-recyclable portions of the PCC gross collections should be prioritized for other diversion prior to disposal by landfill.
- Costs exceeding five percent (5%) of the total amount requested for permitting.
- Design and engineering costs greater than five percent (5%) of the total grant amount.
- Costs related to environmental review of the project, including the preparation of environmental impact reports.
- Public education and outreach.
- Indirect costs, overhead and salaries.
- Purchase of recycled carpet feedstock.
- Purchase of carbon offsets.
- Costs deemed unreasonable by CARE; costs that are unrelated to the grant project.
- Travel expenses.
- New equipment purchases must be pre-approved.
- Cars, trucks or similar types of vehicles.

Funding (total allocation, min/max amounts)

CARE anticipates \$700,000 will be allocated in 2025-27 under this grant Program element, at the discretion of the Stewardship Plan Committee (SPC) and subject to available funding. Maximum grant awards for Cycle 7A will be limited to \$500K for each grant awarded under this Program. Continuation and/or modifications of the grant program will be determined based on the success of Capital Improvements cycles and the CA Carpet Stewardship Plan.

Timeline

Cycle 7A program applications are due no later than March 31, 2025. Projects must reach completion by June 30, 2027. Application process and submission instructions are outlined throughout this notice. Proposals that do not follow application instructions may be considered non-responsive. The remaining key dates outlined below are to be used as reference and may be subject to revision by CARE:

KEY DATES –	KEY ACTION
December 16, 2024	Release Cycle 7A Solicitation (online application form posted December 18)
Dec 16 2024-Jan 10, 2025	Question & Answer Period – All Questions Due
Jan 17, 2025	Q&A Responses (tentative)
March 31, 2025	Application Due Date
April 2025	Evaluation of grant proposals by CARE Technical Committee
May 2025 (tentative)	Anticipated Notice of Awards for applications (release of funds may be in disbursements)
June 2025 (tentative)	Anticipated Grant Agreements Executed for applicants Anticipated Term Begins for applicants

Evaluation & Scoring Criteria:

The criteria presented below are based on similar grant solicitations by CalRecycle, as modified by CARE. A technical committee will be formed by CARE at the direction of the Executive Director or SPC and the technical committee will review Program applications using the criteria listed below, as a guide. These criteria may be subject to further revision by CARE.

% or Points	Criteria
5%	Quality of Proposal – clear project description; well-planned project approach; identification of key milestones; probability of success ; project adequately describes and justifies throughput strategy and use of funds requested to maximize collection, reuse, recycling and/or recycled product manufacturing of California-generated PCC
10%	Applicant/Project Team Qualifications & Experience – description of company history; fiscal soundness of company; track record implementing projects of similar size and complexity; key members of the project implementation team demonstrate background, experience, capacity and staff resources necessary to successfully implement
10%	Need – clearly describes why the project is needed (does it fill a CA infrastructure gap?) and how it will benefit the CA Carpet Stewardship Program; demonstrates an industry need; addresses barriers and obstacles to collection, recycling, reuse and remanufacturing CA post-consumer carpet including increasing the percentage of recycled or reused carpet output (yield) such as pelletizing and densifying material in California; identifies significant market potential for increasing collection, reuse, recycling or remanufacturing (Tier 2 product manufacturing) of post-consumer carpet; provides sufficient evidence and reliable data to support the need; proposals for the manufacture of recycled products leverage a proven product , completed product testing, or other data to support probability of success
20%	Proposed Effectiveness and Project Impact – clearly identifies goals and objectives to achieve goals and measurable outcomes; goal(s) are relevant and support stated need(s); clear description of data to be collected and how effectiveness will be evaluated; project is innovative; project supports new, existing, improved and/or enhanced collection, reuse,

5%	recycling and/or remanufacturing (Tier 2 manufacturing) of CA post-consumer carpet; project identifies and quantifies target post-consumer carpet material types and components; project manages difficult to recycle portions of the carpet recycling waste stream and identifies the additional impact by material component (e.g. nylon, non-nylon, commercial, PC4 backing material, natural fibers, or other material components); size of impact is significant; project permits/licenses have been secured; claims are well supported; customers and/or sources of additional PCC collection are identified Sustainability: Proposal identifies the necessary resources for ongoing operations; applicant demonstrates commitment to long-term presence in the industry; project improves market stability; applicant is willing to provide a personal guarantee if requested Conservation: Project incorporates additional resource conservation (energy, water, material), source reduction, reuse, environmentally preferable purchasing policy (EPPP), or take-back strategies; reduces particulate emissions from processing technologies; prioritizes use of all carpet components (higher yield)
5%	Work Plan – reasonable, logical and ambitious outline of key activities, milestones and due dates during the grant term; project speed to market is high; project is well planned; identification of necessary permits and ability to obtain within reasonable timeline (preference given to projects that have already secured necessary permits)
10%	Budget and Cost Effectiveness – project costs are reasonable, justified, cost effective use of funds; line items are clearly defined and justified; budget clearly identifies matching contributions and/or the value of in-kind services; project identifies Pounds Recycled, Pounds Diverted, MTCO₂e greenhouse gas emissions reductions per \$ of requested grant funds
20%	CA Job Creation, CA Business – Project identifies the number of new CA (green) jobs that will be created and existing CA jobs that will be sustained; applicant has specialized business certifications such as: Disabled Veteran Business Enterprise, Certified Green Business; project supports disadvantaged and/or rural communities
15%	Highest Recyclability — PCC components used follow highest recyclability hierarchy in CA Carpet Stewardship Plan 2023-2027; PCC products created can be recycled again and are designed for recycling; products created from PCC are durable and do not negatively impact the natural environment; claims are proven
100%	TOTAL

Coordination with CalRecycle:

CalRecycle will review CARE's implementation of the Program. CARE will provide CalRecycle with quarterly data on Program performance and solicit input from CalRecycle as needed or desired in evaluating the Program.

Questions - Submission

- Questions submitted during the question and answer period should be sent to Abbie Beane, CARE Grants Manager, at abeane@carpetrecovery.org. CARE anticipates posting answers to the CCSP Grants webpage on January 17, 2025.

Application – Proposal Requirements

Applications must include the following components and clearly communicate the manner in which their proposed project meets the criteria listed above. Applicants must use the Cycle 7A Capital Improvements online form, and associated budget template, which should be uploaded into the online form. Trade secrets and any other confidential information must be clearly marked as such and may be subject to regulatory disclosure requirements of CalRecycle or other state entities.

- Executive summary
- Key project contacts (2 required) with phone number and email information
- Two project references, including work completed and contact information
- Project Narrative
 - Applicant/Team Qualifications and Experience
 - Project Need
 - Background, Goals and Objectives
 - Project Impact and Effectiveness; the [EPA WARM Model](#) may be used to calculate GHG emissions reductions
 - Applicant Commitment, Environmental Impact
 - Strategy for Throughput (describe proposed plan for sale, shipment, storage, energy recovery, export)
 - Creation of California Jobs, use of California Facilities, benefit to [CalEnviroScreen 3.0 Map](#)-identified disadvantaged communities
 - Verified description of how processed or manufactured output meets highest recyclability criteria.
- Proposed Budget ([template provided](#))
- Proposed Work Plan
- Notification of any pending or outstanding judgments or enforcement actions against the company or its products including environmental citations and fines. CARE may withhold the issuance of grant funds until such judgments or orders are resolved, and the resolution of such judgment or order is documented to CARE.
- Attachments (Letters of Commitment/Letters of Support, Equipment Quotes, Purchase Orders, Resumes, Business Certificates, Other Documentation).
- CARE may request a financial statement, such as a balance sheet or profit and loss statement.

Application - Submission

Applications must be submitted by the deadline. Late submissions will not be considered. Applications should be sent through the Cycle 7A Capital Improvements online form, located on the [CARE grants webpage](#). Please email **Abbie Beane, Grants Manager, CARE**, abeane@carpetrecovery.org if you require an alternate submission method.

- Applicants should acknowledge any potential conflicts of interest with any CARE leadership committees, and current or prior employment in the carpet and recycling industries. CARE technical committee members evaluating grant applications are not eligible for grant funding. Applicants who lobby technical committee members, the CARE Stewardship Plan Committee, the CARE Executive Director and/or the CARE grant manager for funding may be disqualified.

Grant Funding Awards

Program grant awardees will be required to agree to grant agreement terms and conditions, which will include monitoring requirements, such as the submission of regular progress reports to CARE. Grant project audits and other monitoring may also be required. Grant funding will depend on the availability of funds from the California Carpet Stewardship Program. Grantees may be asked to provide documentation referencing their readiness for work, status of project permitting, etc. Grant funds will be disbursed quarterly on a reimbursement basis only. Grant funds will not reimburse new California-sourced PCC processors and manufacturers until the grant-funded party successfully uses its equipment to process or manufacture California-sourced PCC recycled output. Grant funds will not reimburse PCC collection containers or trailers until new sources of PCC are identified.

Failure to execute a grant award contract after 30 days of notification will result in termination of the grant award.

APPLICATION DEADLINE FOR SUBMISSION: March 31, 2025 @ 5 pm PDT