DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

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May 13, 2013

Bob Peoples, Ph.D.
Executive Director,
Carpet America Recovery Effort (CARE)
100 South Hamilton Street
P.O. Box 2048 Dalton, GA 30720

Re: Upcoming Revision of CARE Stewardship Plan, Due May 31, 2013

Dear Dr. Peoples:

I am writing in anticipation of the upcoming revised CARE carpet stewardship plan, due to CalRecycle on May 31, 2013. Much has been accomplished since CalRecycle conditionally approved the Plan last year, and I would like to personally thank you for the leadership you have shown as CARE's Executive Director. You have worked diligently with your Board, CalRecycle staff, recycling operators, and other interested stakeholders to implement the Plan.

At the same time, it is clear that the program is in its infancy and as such has had some growing pains. Based on CalRecycle staff's experience overseeing the program and on input from local enforcement officials, operators, and interested stakeholders, we are aware that significant unexpected obstacles and issues have arisen concerning market dynamics and individual operators, particularly in the last several months. From our personal conversations, I understand that you and CARE are well aware of these challenges as well.

CalRecycle and CARE have a mutual interest in the success of the program and in developing a carpet recycling infrastructure that is economically viable and in compliance with applicable local and state regulations. Many people around the State and the country are looking to see how CalRecycle (as the governmental body overseeing the program) and CARE respond to these difficult issues.

Accordingly, rather than wait for submittal of the revised Plan, it seems opportune to advise you at this date of CalRecycle's perspective that the revised Plan should include discussion and, where time has allowed for appropriate development, proposals regarding but not limited to the following concepts:

- Establishing incentives, differential fees, or other mechanisms to address the complexities and market dynamics and recycling consequences associated with the growing use of polyester in carpet;

- Providing technical assistance to existing and potential California carpet recyclers about better business practices, including but not limited to accounting procedures, equipment purchasing and start-up/maintenance, regulatory compliance, understanding needs of end-use markets, etc.;
- Plans to further implement the program in rural counties in order to provide convenient access to all consumers who have paid a fee;
- Improved procedures to tighten verification to ensure processors are complying with CARE's requirements
- Establishing an inclusive consultation process with a broad range of California stakeholders;
- Considering whether recycling operators should have financial assurance mechanisms in place before being allowed to receive incentive funding, or that CARE itself have a financial assurance contingency to address potential cleanups if a facility closes.

We understand that CARE already has been discussing some of these issues, knows of our concerns, and may include relevant proposals in the upcoming revised Plan. We would welcome such proposals and give them careful review as we consider whether the revised Plan is adequate to achieve the program's goals. Although there may be some costs involved in implementing such proposals, it is my understanding that CARE has a substantial unused amount of AB 2398 funds in reserve that could be used for these purposes. Additionally, CARE is also free to adjust the carpet assessment as is reasonably necessary to effectuate the purposes described in AB2398. For issue areas where it may take CARE more time to consider and formulate specific proposals, we expect these issues to be acknowledged in the revised Plan and that a course of action be outlined on how CARE will address them.

I offer these comments and perspectives in a constructive manner and hope that they assist CARE as it finalizes its revised Plan. CalRecycle looks forward to receiving the revised Plan and working with CARE to ensure that the program moves forward in an effective manner. If you have questions, please call me at (916) 341-6311 or direct them to Kathy Frevert at Kathy.frevert@calrecycle.ca.gov or (916) 341-6476.

Sincerely,

Howard Levenson

Howard Levenson, Ph.D.
Deputy Director
Materials Management and Local Assistance Division

cc: Caroll Mortensen, Director, CalRecycle
Ken DaRosa, Chief Deputy Director, CalRecycle
Ty Moore, Staff Counsel, CalRecycle
Kathy Frevert, CalRecycle
Brenda Smyth, CalRecycle
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