

California Carpet Stewardship Program

2021 Annual Report



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Acknowledgments

CARE gratefully acknowledges the many colleagues and stakeholders who have contributed their time and talent to make the California Carpet Stewardship Program successful. We appreciate and thank you for your tireless energy and patience as the Program continues to grow in a dynamic market environment.

- CalRecycle staff members
- California Carpet Advisory Committee members
- CARE staff, both California and national
- CARE contractors: Aprio; Abbie Beane; Carr, Riggs & Ingram; Cascadia Consulting Group; Churchwell White LLP; Crowe LLP; Gigantic Idea Studio; Guiding Green LLC; Marketing Collaborative LLC; Nichols Cauley; Regenerate LLC; University of California at Davis
- Accounting; The Minor Firm
- CARE Stewardship Planning Committee (SPC) and Sustainable Fund Oversight Committee (SFOC)
- The Carpet and Rug Institute (CRI)
- Dr. Matthew Realff, Georgia Institute of Technology

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1 Contact Information

Carpet America Recovery Effort (CARE) is a 501(c)(3) organization that serves as the designated Carpet Stewardship Organization (CSO) responsible for managing the California Carpet Stewardship Program and for submitting this annual report. CARE is responsible for implementing the Program in compliance with Carpet Stewardship Law and the approved Stewardship Plan, with regulatory oversight by CalRecycle. The mission of CARE is to advance market-based solutions that increase landfill diversion and recycling of post-consumer carpet, encourage design for recyclability by Carpet Mills, and support Manufacturers in using recycled materials in secondary products. Program contact information is provided below.

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The Carpet Stewardship Program is open to all Carpet Mills that make, sell, or distribute carpet products and to distributors that import carpet into California. Appendix 11.1 includes a current list of participating Carpet Mills with their contact information. The [**Compliant Manufacturers List**](#) is updated quarterly on the CalRecycle website.

2 Executive Summary

This executive summary chapter includes the following sections:

- 2.1. Introduction & Program Goals
- 2.2. Recycling Rate
- 2.3. Program Evaluation & Performance Improvements
- 2.4. Report Organization

2.1 Introduction & Program Goals

At the end of 2021, the California Carpet Stewardship Program (referred to as the Program) completed 10.5 years of operation. This 2021 Annual Report covers the Program's efforts with regard to its approved Carpet Stewardship Plan 2018–2022, including modifications included in “Chapter 0,” which CalRecycle approved in February 2019. This report presents progress in achieving the following Performance Goals stated in the Plan, which responds to the requirements embodied in AB 2398, AB 1158, and AB 729—collectively known as California's Carpet Stewardship Law:

1. Increase the recyclability of carpet.
2. Expand and incentivize markets for products made from post-consumer carpet.
3. Increase the reuse of post-consumer carpet.
4. Increase the weight of post-consumer carpet that is recycled.
5. Reduce the disposal of post-consumer carpet.
6. Increase the collection convenience for the recycling of post-consumer carpet and increase the collection of post-consumer carpet for recycling.
7. Increase Processor capacity, including Processor capacity in California.
8. Achieve a 24-percent recycling rate for post-consumer carpet by January 1, 2020, and any other recycling rate established by the Department pursuant to Section 42972.2.

The Program is also committed to the following:

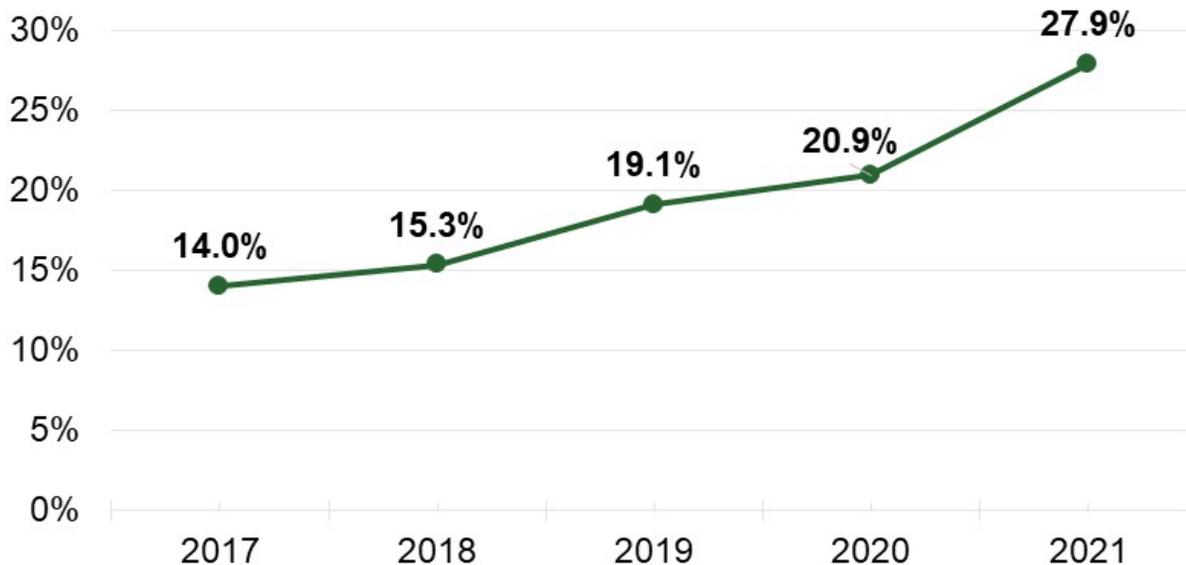
- Provide incentives or grants to state-approved apprenticeship programs for training apprentice and journey-level installers in proper carpet recycling practices.
- Structure grants and subsidies to incentivize Highest Recyclability.
- Ensure that assessment fee funds shall not be expended on penalties or litigation against the state.
- Ensure that no subsidies are provided for Carpet As Alternative Fuel (CAAF), Kiln fuel, or Waste-to-Energy (WTE).

To bolster carpet collection and recycling in the face of the COVID-19 pandemic’s impacts on carpet markets, carpet recycling, the economy, and daily lives in California and beyond, the Program adopted a **COVID-19 Action Plan** on March 30, 2020. With adverse health and supply-chain impacts continuing as new variants emerged, in 2021 the Program continued these actions, which included cash infusions, enhanced subsidies, and other elements.

2.2 Recycling Rate

In 2021, the Program achieved an all-time annual high Recycling Rate of 27.9%, exceeding the 26% Plan goal and reflecting continued annual growth despite the ongoing global pandemic. The Program’s highest-ever Yield rate of 76.4% of Gross Collection supports the increased recycling rate, exceeding the Plan’s goal of 60% Yield. Figure 2-1 shows the Program’s recycling rate growth for the last five years and reflects a continuous upward trend. The Program’s COVID-19 Action Plan and strategic market development efforts in support of new Processor end-market outlets have supported that ongoing growth, even in the face of a continuing global pandemic.

Figure 2-1. Recycling Rate, 2017–2021



2.3 Program Evaluation & Performance Improvements

Table 2-1 on the following pages presents key Program metrics to support evaluation of the effectiveness of the 2018–2022 Plan and the Program’s performance. In 2022, the Program is preparing an updated five-year Plan (2023–2027) to continue the Program’s progress going forward. As described in Chapter 3, *Scope*, the Program adopted the **COVID-19 Action Plan** in March 2020, continued its key activities through 2021, and added additional pilot subsidies in 2021 to support performance improvements.

Table 2-1. Summary of 2021 Program Performance Metrics (see Table Notes on following page)

Metric	Unit	Baseline [1]	2019	2020	2021
Carpet Sold in California	Square yards	98,368,555	80,583,382	66,697,484	67,339,933
Assessment Paid (total dollars)	Dollars	\$4,946,416	\$28,179,023	\$23,359,669	\$23,560,067
Assessment (dollars per square yard)	Dollars	\$0.05	\$0.35	\$0.35	\$0.35
Total Expenses (All-inclusive)	Dollars	\$1,554,245	\$23,960,134	\$24,393,715	\$29,805,935
Post-Consumer Carpet (PCC) Discards	Pounds	356,811,727	303,836,224	251,480,037	242,780,121
Gross Collection (GC)	Pounds	99,843,424	82,142,662	77,404,937	88,465,787
GC: % of Discards (GC/PCC)	Percent	28.0%	27.0%	30.8%	36.4%
Yield: % of GC (RO/GC)	Percent	27.6%	70.6%	68.0%	76.4%
Recycled Output (RO) [2]	Pounds	27,570,393	58,007,077	52,615,057	67,622,801
Recycling Rate: % of Discards (RO/PCC)	Percent	7.7%	19.1%	20.9%	27.9%
Recycled Fiber Type 1 Processed Output	Pounds	21,690,380	42,399,898	37,461,055	48,958,227
Recycled PC4	Pounds	N/A	14,076,731	13,230,157	17,064,673
Recycled Carpet Tile	Pounds	293,915	599,326	1,158,904	770,086
Reuse	Pounds	97,552	716,819	764,941	829,815
Depolymerization, Filler, Carcass	Pounds	5,745,961	214,303	0	0
Non-Nylon Tier 2 Manufacturer Output	Pounds	N/A	19,095,006	20,639,844	26,131,185
Nylon 6 Tier 2 Manufacturer Output	Pounds	N/A	6,983,509	9,906,933	12,097,844
Reported Diversion [3]	Pounds	47,200,441	58,493,339	52,615,057	67,663,622
Reported Diversion: % of Discards	Percent	13.2%	19.3%	20.9%	27.9%
Reported Diversion: % of GC	Percent	47.3%	71.2%	68.0%	76.5%

Metric	Unit	Baseline [1]	2019	2020	2021
Carpet As Alternative Fuel (CAAF) [4]	Pounds	0	1,720	0	0
Kiln [4]	Pounds	0	17,341	0	1,200
Waste-to-Energy (WTE) [4]	Pounds	15,676,674	0	0	0
Incineration [4]	Pounds	0	0	0	0
Net Diversion [5]	Pounds	77,614,766	66,070,619	67,149,714	79,507,851
Net Diversion: % of GC	Percent	77.7%	80.4%	86.8%	89.9%
Source Reduction (SR), per square yard	Pounds	4.2	4.48	4.48	4.11
Process Waste to Landfill [6]	Pounds	22,228,658	16,072,043	10,255,223	8,957,936
Total PCC Waste Disposal to Landfill [7]	Pounds	279,196,961	237,765,605	184,330,321	163,272,270
Pad Recycling [8]	Pounds	3,158,932	8,492,203	9,334,473	12,661,617

Table Notes: Metric definitions are current as of 2021 but have evolved over time and may have been different in the past.

[1] **Baseline** year is July 2011 through June 2012. All other years are calendar years (January through December).

[2] **Recycled Output (RO)** includes reuse, recycled carpet tile, fiber, depolymerization, calcium carbonate, filler, and carcass.

[3] **Reported Diversion** consists of Recycled Output (RO), CAAF, kiln, WTE, and exports.

[4] **CAAF and Kiln** were not subsidized in 2018 and beyond. **WTE and Incineration** have never been subsidized.

[5] **Net Diversion** is calculated as Gross Collection minus Process Waste to Landfill.

[6] **Process Waste to Landfill** refers to waste generated during processing, also referred to as processing waste.

[7] **Total PCC Waste Disposal to Landfill** refers to all PCC waste disposed of in a landfill, inclusive of process waste. It is calculated as the difference between PCC Discards minus Net Diversion; does not count as Recycled Output.

[8] **Pad Recycling** is not included in Gross Collection, Recycled Output, or Reported Diversion.

Per the request of the Advisory Committee, the following supplemental tables are presented. Table 2-2 tabulates the subsidized components that compose the overall Recycled Output in 2021. Table 2-3 denotes the additional Program components that are counted toward Diversion yet receive no subsidy. Cushion/Pad is tracked separately and is not included in Gross Collection, Recycled Output, or Reported Diversion. Pad recycling keeps additional material out of the landfill as a co-benefit of the Program, totaling 12,661,617 pounds in 2021.

Table 2-2. Recycled Output by Type (pounds)

Recycled Output (RO) Components	2019	2020	2021
Reuse	716,819	764,941	829,815
Recycled Carpet Tile	599,326	1,158,904	770,086
Fiber	42,399,898	37,461,055	48,958,227
PC4	14,076,731	13,230,157	17,064,673
Depolymerization	0	0	0
Filler	0	0	0
Carcass	214,303	0	0
Total	58,007,077	52,615,057	67,622,801

Table 2-3. Non-Subsidized Diversion by Type and Carpet Cushion/Pad (pounds)

Non-Subsidized Diversion by Type	2019	2020	2021
Carcass	214,303	0	0
Carpet As Alternate Fuel (CAAF)	1,720	0	0
Kiln	17,341	0	1,200
Waste-to-Energy (WTE)	0	0	0
Exports	467,201	0	39,621
Cushion/Pad (not counted as Diversion)	8,492,203	9,334,473	12,661,617

2.4 Report Organization

This Annual Report is organized into the following Chapters, following the requirements of the Carpet Stewardship Law:

1. **Contact Information**
2. **Executive Summary**
3. **Scope Changes**, indicating any changes from the approved Stewardship Plan
4. **Collection & Recycling** (called Program Outline in Carpet Stewardship Law)
5. **Goals & Activities**, summarizing key Program metrics
6. **Grants** (a new chapter, which shifts the subsequent chapter numbering)
7. **Market Development**
8. **Financing Mechanisms**
9. **Education & Outreach**
10. **Audits**
11. **Appendices**

3 Scope Changes

This Annual Report presents progress on the activities and goals described in the California Carpet Stewardship Program's 2018–2022 Plan, as approved by CalRecycle in February 2019. Following approval of the Plan, to meet the requirements of AB 1158 and advance recycling, the Program incorporated the following additional commitments:

- Structure grants and subsidies to incentivize Highest Recyclability.
- Provide incentives or grants to state-approved apprenticeship programs for training apprentice and journey-level carpet installers in proper carpet recycling practices.
- Considering recommendations from the California Carpet Advisory Committee on stewardship plans, plan amendments, and annual reports.
- Ensure that assessment fee funds shall not be expended on penalties or litigation against the state.
- Ensure that subsidies for Carpet As Alternative Fuel (CAAF) and Kiln are discontinued.
- Support as feasible California state agency efforts to revise state procurement rule to support recycling of post-consumer carpet removed from state buildings and to purchase carpet meeting minimum standards for PCC content.

On March 30, 2020, the Program quickly adopted an aggressive **COVID-19 Action Plan**, which included cash infusions, enhanced subsidies, and other activities to support carpet recycling. The Program continued these activities in 2021 as new variants and associated supply chain challenges continued to disrupt markets and businesses.

In 2021, the Program completed these additional analyses and reports, many of which received CalRecycle approval for revised submission dates due to the COVID-19 pandemic:

1. **Convenient Collection for Flooring Professionals** – Final report submitted in June 2021.
2. **Differential Assessment** – Plan to establish a system of differential assessments, including a definition, submitted to CalRecycle in June 2021. Differential Assessments were initiated in April 2022.
3. **Economic Analysis 2.0** – Final report submitted in June 2021.
4. **Highest Recyclability Analysis** – Submitted in June 2021.

5. **Cost Conversion Model (CCM) and Subsidy Justification Model (SJM)** – Reporting Dashboard. Work to incorporate these models into Planful, the reporting dashboard, is ongoing in 2021 and 2022.
6. **Processor Capacity Study/Survey** – Submitted in June 2021.
7. **Annual Weight Survey for Discards** – Submitted in May 2021; now conducted annually.
8. **Discards Formula Revisions** – Interim report submitted in June 2021.
9. **Reuse Study** – Submitted in June 2021.

All reports are publicly available through CalRecycle and were determined to be compliant with accessibility requirements.

4 Collection & Recycling (Program Outline)

This chapter describes the Program’s collection and recycling efforts, including drop-off sites, pick-up service, Collector/Sorters, Processors, Manufacturers, and throughput and disposition of carpet materials. The Carpet Stewardship Laws refer to this section as the “Program Outline.” It includes the following sections:

- 4.1. Collection & Recycling Program Overview
- 4.2. Public Drop-off Sites
- 4.3. Private Pick-up Service
- 4.4. Collector/Sorters
- 4.5. Tier 1 Processors
- 4.6. Tier 2 Manufacturers
- 4.7. Throughout & Disposition

4.1 Collection & Recycling Program Overview

Post-consumer carpet is collected at **public Drop-off Sites** or through **private collection** before being delivered to Collector/Sorters or Processors for sorting and processing for recycling.

Collection in 2021 included the following types:

- The Program supported **94 public Drop-off Sites** in 2021. These public sites are primarily located at permitted Solid waste and recycling facilities such as transfer stations, construction and demolition (C&D) recovery facilities, landfills, and material recovery facilities (MRFs). Of those, some offer private onsite pick-up services for flooring retailers.
- **Semi-public Drop-off Sites** are new to the Program in 2021. One is located at a Union Training Center in San Leandro, and three are located at Regional Distribution Centers in Union City, Fontana, and Cypress. These semi-public Drop-off Sites are open to flooring professionals and/or will-call customers only.
- **Private collection**, including **onsite pick-up service**, offered by Collector/Sorters and independent collectors. Collector/Sorters offer drop-off and private pick-up service throughout California providing services for generators of post-consumer carpet. In 2021, 218 large-volume carpet/pad generators used Collector/Sorter private onsite pick-up services. In addition, independent collectors, including some public Drop-off Sites, provided onsite private pick-up service to 80 additional locations. In total, there were 298 accounts that received private onsite pick-up service as of the end of 2021. Data reported in Table 4-1 shows the number of collection points by collection type as of year-end 2021 (Quarter 4).

Table 4-1. Number of Collection Points as of 2021 (Quarter 4)

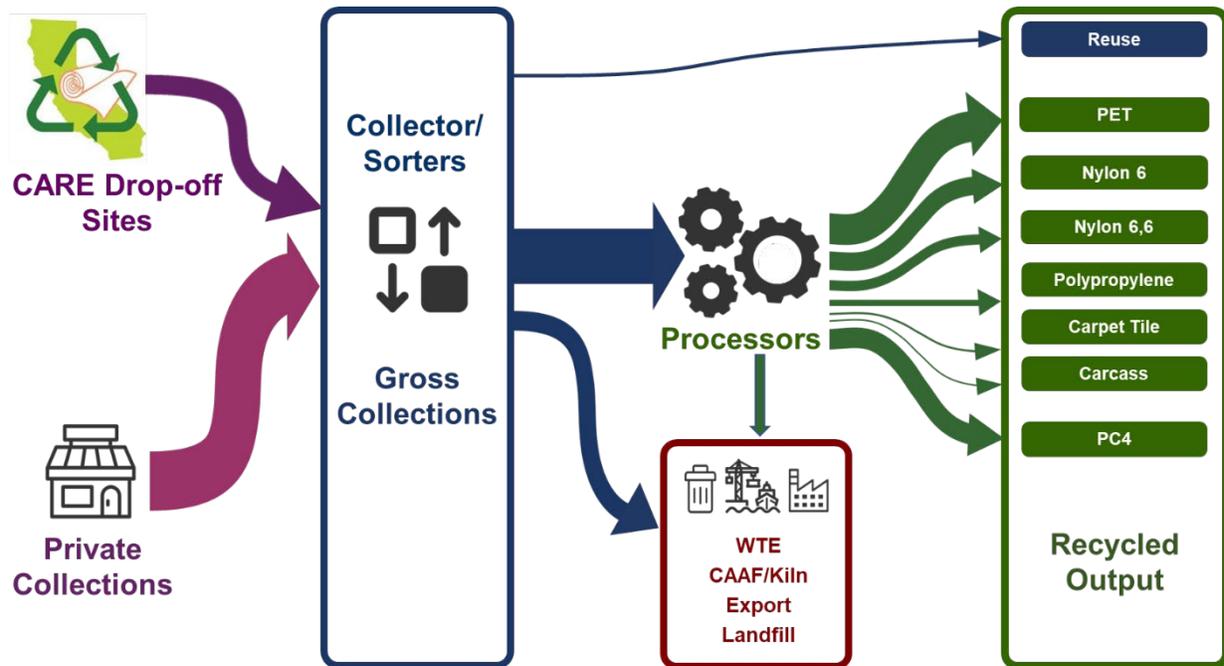
Collection Type	Collection Points
Public Drop-off Sites	94
Semi-Public Drop-off Sites	4
Onsite Pick-up Service (Serviced by Public Drop-off Sites)	80
Onsite Private Pick-up Service (Serviced by Collectors/Sorters)	218
Total Collection Points	396

The post-consumer carpet collected is handled through the following Program participants for recycling:

- Collector/Sorters:** Businesses that provide carpet recycling collection services for retailers, disposal sites, or other sites. *Collector/Sorters* sort received PCC by material type for third-party reuse, or wholesale to Tier 1 Processors for recycling; they do not convert material into Recycled Output. Sometimes referred to as *CSE* for *Collector/Sorter Entrepreneur*.
- Tier 1 Processors:** Companies that use a process such as shredding, grinding, or shearing to convert discarded whole carpet into finished Recycled Output ready to be used as an input for manufacturing products. Some processors may also function as Collector/Sorters or Tier 2 Manufacturers.
- Tier 2 Manufacturers:** Businesses that make secondary products with post-consumer carpet content. Manufacturers receive finished (Type 1) Recycled Output from Tier 1 Processors and use this material in the production of finished secondary products.

Figure 4-1 illustrates the conceptual flow of carpet materials through the Program from collection, through sorting and processing, to the final subsidized Recycled Output category (Reuse; PET; Nylon 6; Nylon 6,6; PP; Carpet Tile; Carcass; and PC4) or other disposition (WTE, CAAF/Kiln, Incineration, Export, or Landfill). The remainder of this chapter describes the Program's collection and recycling activities and participants.

Figure 4-1. Carpet Materials Conceptual Flow Diagram



4.2 Public Drop-off Sites

Overview and Benefits of Public Drop-off Sites

The California Program established and has supported public Drop-off Sites since 2012. Public Drop-off Sites are generally located at traditional disposal and recycling facilities such as transfer stations, landfills, material recovery facilities (MRFs), or construction and demolition (C&D) recovery facilities. These locations allow installation contractors (flooring professionals), do-it-yourself (DIY) individuals, and businesses to drop off source-separated and properly prepared post-consumer carpet (PCC) discards for recycling. The Program allows each Drop-off Site to set carpet recycling fees to allow for their respective regional materials handling cost recovery. However, through the Program's offerings of no-cost transportation, materials processing, and other benefits to participating Drop-off Sites as noted below, the Program strongly encourages sponsored sites to offer reduced tip fees for source-separated carpet to promote landfill diversion. Approximately 50% of sites offered a discounted tip fee for carpet in 2021.

The Program provides convenient PCC collection for flooring professionals, contractors, and residents and the following benefits and services at no cost to the host facility:

- Collection containers and swap-out service.
- Logistical support and in-depth technical assistance via Program staff, quarterly webinars, sharing best practices, and regular Drop-off Site engagements.
- Signage, regular communications, promotion, customized marketing materials, education, and outreach (see Chapter 9, *Education & Outreach*, for more information).
- Inclusion on the Drop-off Site map on CARE's California Program website, including location, site hours, and other facility details.
- Transportation of PCC to Collector/Sorters.
- Ready access to Micro-Grant funds up to \$15,000 to support carpet recycling via equipment (e.g., container covers, stairs, loaders) and/or site improvements such as all-weather pads and weather covers.
- Opportunity to apply for larger Capital Equipment Grants (generally used for covered collection containers for expanded collection service opportunities).

Convenient Collection and Drop-off Sites in 2021

As of year-end 2021, the Program estimates there were 396 Drop-off Sites and private pick-up service locations in California, as shown in Table 4-1. The Program met its goal of establishing at least one public Drop-off Site in every county. As such, 100% of the state's population lives within a county with access to one or more public carpet recycling sites (up from 99.4% in 2020). Of California's 58 counties, 49 counties had at least one public Drop-off Site per 500,000 people as of the end of 2021.

Further analysis shows that approximately 90% of carpet retailers in California are located within a 20-mile radius of a public Drop-off Site, and approximately 70% are within a 10-mile radius of a public Drop-off Site. Carpet retailers are a proxy for flooring installers, which handle the vast majority of post-consumer carpet. The Program updates its map of collection sites regularly, and the current [California Public Drop-off Site Map](#) is available online.

The Program met its goal of establishing at least one public Drop-off Site in every California county in 2021.

In 2021, 15 new public Drop-off Sites were established (see Table 4-2 and Table 4-3). Four public Drop-off Sites voluntarily left the Program due to low volume, change of ownership, and/or shifting operational priorities, resulting in a net gain of 11 new public Drop-off Sites. Accordingly, by the end of 2021, the Program sponsored 94 public Drop-off Sites in California, with all 58 counties having at least one operational Program-sponsored public Drop-off Site. In addition, 4 new semi-public Drop-off Sites open to flooring professionals and will-call customers opened (see Table 4-4).

Table 4-2. Public Drop-off Site Counts Over Time

Year	Total Public Drop-off Sites	Net = +Gain -Loss	Counties Serviced	% Change from Prior Year
2012	6	N/A	6	N/A
2013	6	N/A	6	N/A
2014	14	+8	13 (+7)	+133%
2015	23	+9	23 (+10)	+64%
2016	33	+10	33 (+10)	+43%
2017	44	+11 = +12 -1	41 (+8 = +9 -1)	+33%
2018	53	+9 = +11 -2	47 (+6)	+20%
2019	73	+20 = +22 -2	50 (+3 = +8 -5)	+38%
2020	83	+10	54 (+4)	+14%
2021	94	+11 = 15 -4	58 (+4)	+13%

Table Note: Sutter County is considered serviced, or “covered,” by the Drop-off Site located in Yuba County. Alpine County preferred to establish their Drop-off Site near other services in South Lake Tahoe (El Dorado County). These arrangements were proposed by county representatives and approved by CalRecycle.

At the end of 2021, staff remained in ongoing active discussion with 18 new potential locations. Program staff worked to promote Drop-off Sites with local governments, solid waste task force groups, waste and recycling agencies, facility operators, and selected retailers in multiple counties.

Negotiations to establish new Drop-off Sites can take many months (and in a few cases years) to bring online. Factors slowing progress often include, but are not limited to, contract negotiations, pandemic-related issues (slow-downs, staffing shortages, redirected priorities, etc.), completion of planned or in-process site improvements, space constraints, general labor limitations, as well as resistance to change.

Program-sponsored Drop-off Sites are required to submit quarterly reports and attend quarterly webinars covering best practices, Program updates, and troubleshooting common issues. In 2021, approximately 260 people attended the quarterly webinars, and the Program received 289 quarterly reports.

The Program manages the dispatch of third-party haulers to pick up PCC from sponsored Drop-off Sites and coordinates the delivery of materials to Collector/Sorters. In 2021, the Program handled 484 container swap service requests (pulls of full containers) with third-party haulers. In addition, a number of Drop-off Sites self-haul PCC to Collector/Sorters for reimbursement by the Program (where the facility itself provides the container and hauling service instead of a third party). In 2021, 384 self-haul loads were delivered. The number of container swaps and self-haul loads from public Drop-off Sites increased by 47% in 2021 over 2020. The total public Drop-off Site collection program reported 12.8 million pounds of collection (PCC and pad), which represents a 25% increase over 2020. (Pad is not included in Gross Collection figures.)

The growing Drop-off Site program requires expanding technical assistance, support, and communications. Program staff provided ongoing technical assistance to existing sites through troubleshooting support in the form of regular calls, emails, and virtual and in-person meetings. Individual outreach is conducted to every Drop-off Site on a quarterly basis to support relationship-building, consistent feedback systems, and reliable Drop-off Site operations.

The Program also developed and implemented an outreach plan to supply houses visited by installers, but it was determined that these are not ideal drop-off site locations because they are often space-constrained, and installers do not typically bring tear-out carpet with them while picking up supplies. However, the Program will continue to offer carpet recycling information to installers who visit supply houses through tablings and collateral materials.

Table 4-3. New Public Drop-off Sites Brought Online in 2021

Count	County	City	Facility Name
1	Alameda	San Leandro	Certified Blue
2	Amador	Ione	Buena Vista Landfill
3	Colusa	Maxwell	Maxwell Transfer Station
4	Fresno	Fresno	Robinson's Interiors Fresno Warehouse
5	Imperial	El Centro	Robbie's Fine Flooring
6	Los Angeles	Montebello	Serv-Wel
7	Madera	Oakhurst	Emadco Disposal Services, Inc.
8	Nevada	Grass Valley	Premier Floors
9	Santa Barbara	Lompoc	City of Lompoc Landfill
10	Santa Barbara	Santa Barbara	South Coast Recycling Transfer Station
11	Santa Clara	Morgan Hill	Rivera's Fine Flooring
12	Sonoma	Cotati	Conservation Corps North Bay
13	Sonoma	Santa Rosa	World of Carpet One
14	Stanislaus	Modesto	Flooring Liquidator
15	Trinity	Junction City	Junction City Transfer Station

Table 4-4. Semi-Public Drop-off Sites Brought Online in 2021

Count	County	City	Facility Name
1	Alameda	San Leandro	Union Training Center DC 16
2	Alameda	Union City	Shaw Distribution Center
3	Orange	Cypress	Shaw Distribution Center
4	San Bernardino	Fontana	Mohawk Distribution Center

The locations in Table 4-4 above are open to Union flooring professionals (San Leandro) and Will-Call customers (Union City, Cypress, and Fontana).

Additional highlights and metrics for the Program's public Drop-off Sites in 2021 include:

- The ability to provide service and deliver the Program remained uninterrupted in 2021. Regular outreach was conducted to all Drop-off Sites during the COVID-19 pandemic. The Program worked to understand the unique circumstances and operational challenges of each site and offered technical assistance and support.

- Drop-off Sites themselves experienced varying challenges due to the COVID-19 pandemic. Some reported little effect, while others were forced to temporarily slow or shut down operations, and/or reallocate significant staff resources to maintain operations. Program staff were supportive and responsive to individual Drop-off Site needs. The volume of PCC collection varied by Drop-off Site during the pandemic, with some experiencing significant decreases in carpet collection, while others remained consistent or increased in volume.
- Total costs for hauling, storage, and carpet recycling fees were \$1,291,320 in 2021, a 22% increase from 2020.
- The overall average unit cost remained relatively constant at \$0.10 per pound collected. Average cost per pound is more than two times greater for rural versus urban sites.
- In 2021, private collection sites handled approximately 83% of all Gross Collection pounds, while 17% was collected through Program-sponsored public Drop-off Sites.

**Program-sponsored public Drop-off Sites reported
12.8 million pounds of collection (PCC and pad)
in 2021, a 25% increase over 2020.**

4.3 Private Pick-up Service

Private PCC recycling pick-up service is offered to commercial businesses, primarily at carpet retailers and flooring contractors. Carpet is collected using container pick-up service offered by a Collector/Sorter or Program-sponsored Drop-off Site (local waste/recycling hauler). These retail and flooring contractor businesses provide installation and PCC tear-out services for their customers purchasing new carpet or other flooring. Installation contractors may return PCC tear-out to the retailer for recycling or, in the case of flooring contractors (such as installers for big-box retailers, large multi-family flooring specialists, or union or non-union commercial flooring contractors) to their warehouse or workshop location. To provide more information for convenient collection analysis, the Program requires Collector/Sorters to report monthly on the number of sites to which they provide regular ongoing service.

As of year-end 2021, 218 businesses and contractors received regular PCC recycling pick-up service statewide from a Collector/Sorter, and 80 businesses received regular pick-up service from another collector. The number of private pick-up sites serviced increased 27% from 2020. Each service provider negotiates rates and container service types directly with each private generator of tear-out carpet, generally based upon

volume, spatial constraints, and transport distances. Due to the Program's collector subsidy support, this container recycling service is generally priced lower than regular disposal services. Recognizing the customized, economical, and convenient onsite services that Collector/Sorters provide, the Program strives to avoid setting up services that might undermine their respective private collection networks. Table 4-5 shows the number of private sites by county for those counties with private sites reported.

The Program's collections staff is also working on outreach to Carpet Mills to identify new sources of commercial broadloom carpet and carpet tile as commercial carpet processing and reuse capacity grows.

Table 4-5. Count of Private Sites by County in 2021

County	Number of Private Collection Sites
Alameda	19
Butte	1
Calaveras	1
Contra Costa	8
El Dorado	3
Fresno	4
Kern	2
Los Angeles	47
Marin	3
Monterey	1
Napa	1
Nevada	3
Orange	14
Placer	2
Riverside	11
Sacramento	17
San Bernardino	10
San Diego	38
San Francisco	1
San Joaquin	4
San Luis Obispo	1
San Mateo	5
Santa Barbara	1
Santa Clara	3
Santa Cruz	2
Solano	2
Sonoma	2
Stanislaus	1
Sutter	6
Ventura	2
Yolo	1
Yuba	2
Total	218

*Table Note: Counties **not** listed do not have reported private carpet collection sites.*

4.4 Collector/Sorters

Collector/Sorters, also called CSEs (for Collector/Sorter Entrepreneurs), are a valuable and important participant in the carpet recycling process. These entities collect used carpet (and pad) and sort it by fiber type in preparation to sell/transfer to Processors, which then recycle the material into usable Recycled Output. Collector/Sorters collect used carpet in three ways, generally as a fee for service: 1) CSEs may place a trailer or container at a Dropoff Site; 2) CSEs may accept carpet drop-offs at their locations; 3) CSEs may provide pick-up service from a private pick-up site, such as a retailer or other flooring professional.

Sixteen Collector/Sorters were registered to participate in the California Program during 2021, one more than in 2020. Table 4-6 lists Collector/Sorters requesting funds at least once during each reporting quarter, with “Yes” indicating that funds were requested and received for sorted and shipped PCC, and “No” indicating that no funds were requested or received during the period. Ten Collector/Sorters requested funding during 2021. Eight participating Collectors/Sorters also function as Tier 1 Processors, noted with a “P” in the table below. It should be noted that pure CSEs, which function only as a Collector/Sorter and provide no further processing, continued to receive a legacy reporting subsidy of \$1,000 per month in 2021. Subsidies are described in Chapter 8, *Financing Mechanisms*.

Table 4-6. Collector/Sorters Reporting in 2021

ID	Company	Type	City	State	Q1	Q2	Q3	Q4
1	Aquafil Carpet Recycling, LLC	P	Chula Vista	CA	Yes	Yes	Yes	Yes
2	Carpet Recycling Resources	P	Santa Clara	CA	No	No	No	No
3	Certified Blue	C	San Leandro	CA	N/A	N/A	No	No
4	Circular Polymers	P	Lincoln	CA	Yes	Yes	Yes	Yes
5	Construction & Demolition Recycling, Inc. (CDR, Inc.)	C	South Gate	CA	No	No	No	No
6	Eastern Impressions – Compton	C	Compton	CA	Yes	Yes	Yes	Yes
7	Eastern Impressions – Santa Ana	C	Santa Ana	CA	Yes	Yes	Yes	Yes
8	GISCA	P	Palm Springs	CA	No	No	No	No
9	Gone Green Recycling	C	Reno	NV	Yes	Yes	No	No
10	GreenWaste Carpet Recycling	C	San Jose	CA	Yes	Yes	Yes	Yes
11	Interface, Inc.	P	LaGrange	GA	No	No	No	No
12	Los Angeles Fiber Co. (LA Fiber)	P	Vernon	CA	Yes	Yes	Yes	Yes
13	Phoenix Group, LLC	C	El Dorado Hills	CA	Yes	No	No	Yes
14	Shaw Industries Group, Inc.	P	Dalton	GA	Yes	Yes	Yes	Yes
15	Tarkett USA	P	Dalton	GA	No	No	No	No
16	Upstream Textiles	C	Placentia	CA	Yes	Yes	Yes	Yes

Table Notes: Participants listed as N/A denotes they were not an active participant during the time period shown. “P” indicates those Collector/Sorters that also function as Processors; “C” indicates they are Collectors/Sorters only. California companies that received funding in 2021 are Aquafil Carpet Recycling LLC, Circular Polymers, Eastern Impressions – Compton, Eastern Impressions – Santa Ana, GreenWaste Carpet Recycling, Los Angeles Fiber Co. (LA Fiber), Phoenix Group LLC, and Upstream Textiles.

In 2021, the Program paid out \$3.09 million to Collector/Sorters as subsidies, up 39% from \$2.23 million in 2020 (see Figure 4-2). The COVID-19 Action Plan contributed to the increases in both 2020 and 2021. Since 2018, Collector/Sorters that are also Tier 1 Processors track and report their collections and processing activities separately.

Figure 4-2. Collector/Sorter (CSE) Payouts Over Time (millions of dollars)



To be considered a qualifying recipient for potential subsidy funding, Collector/Sorters (like other Program participants) are required to be CARE members in good standing and sign a CSE agreement. Under the agreement, qualified recipients are subject to program reporting, Agreed Upon Procedures (AUP) review, best management practices, and documentation requirements.

4.5 Tier 1 Processors

Tier 1 Processors receive source-separated PCC discards, de-manufacture (that is, process), and convert the materials into Recycled Output for use in the manufacturing of secondary products. Some Tier 1 Processors may also function as Tier 2 Manufacturers and/or Collector/Sorters. In 2021, 14 Processors were registered with the Program, including 8 active Processors that received funds during the year and 6 inactive Processors that did not request or receive funds. Table 4-7 lists Processor participants requesting funds at least once during each reporting quarter, with “Yes” indicating that funds were requested and received for PCC processed and shipped, and “No” indicating that no funds were requested or received during the period.

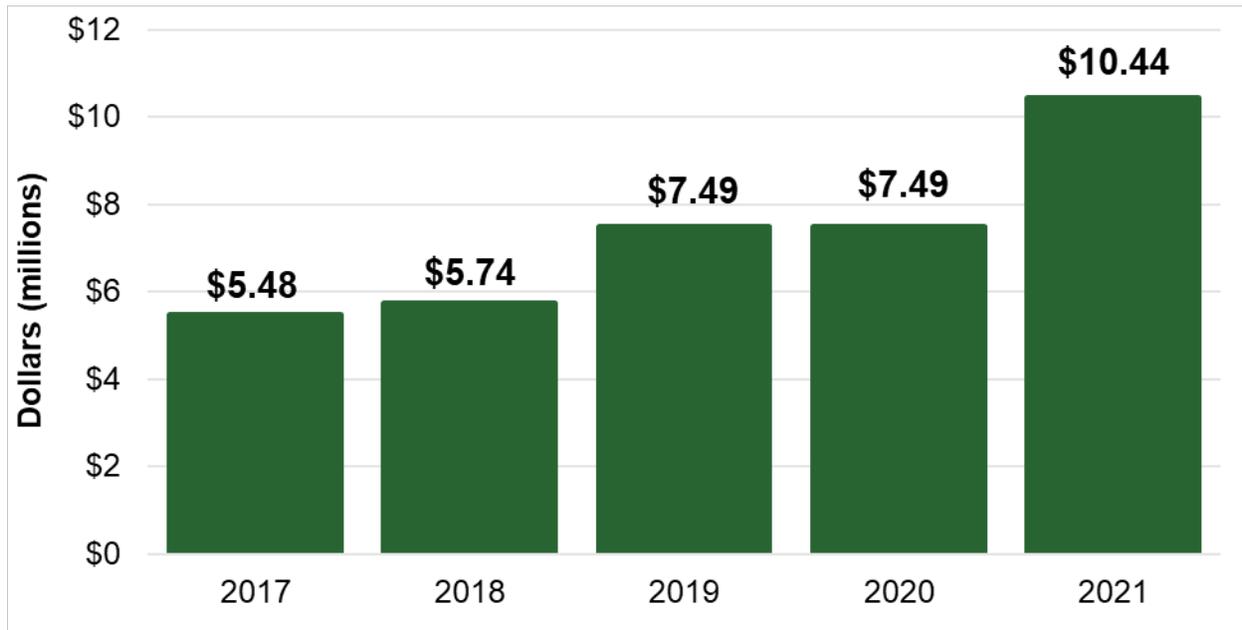
Table 4-7. Tier 1 Processors Reporting in 2021

ID	Company	City	State	Q1	Q2	Q3	Q4
1	Aquafil Carpet Recycling, LLC	Phoenix	AZ	Yes	Yes	Yes	Yes
2	Aquafil Recycling #1, Inc.	Phoenix	AZ	Yes	Yes	Yes	Yes
3	Aquafil Carpet Recycling #2	Woodland	CA	Yes	Yes	Yes	Yes
4	Carpet Recycling Resources	Santa Clara	CA	No	No	No	No
5	Circular Polymers	Lincoln	CA	Yes	Yes	Yes	Yes
6	Columbia Recycling Corp.	Dalton	GA	No	No	No	No
7	GISCA	Palm Springs	CA	No	No	No	No
8	Gold Pond Corp.	Dalton	GA	No	No	No	No
9	Interface, Inc.	Atlanta	GA	No	No	No	No
10	Los Angeles Fiber Co. (LA Fiber)	Vernon	CA	Yes	Yes	Yes	Yes
11	PRET Advanced Materials, LLC	Johnsonville	SC	Yes	No	Yes	Yes
12	Shaw Industries Group, Inc.	Dalton	GA	Yes	Yes	Yes	Yes
13	Tarkett USA	Dalton	GA	No	Yes	No	No
14	Wetsel Oviatt Recycling	Elk Grove	CA	No	No	No	No

Table Note: California companies that received funding in 2021 are Aquafil Carpet Recycling #2, Circular Polymers, and Los Angeles Fiber Co. (LA Fiber).

In 2021, the Program paid out \$10.44 million to Tier 1 Processors as subsidies, a 39% increase from 2020 (see Figure 4-3). Subsidies are described in Chapter 8, *Financing Mechanisms*. Since 2018, Tier 1 Processors that are also Collector/Sorters track and report their collections and processing activities separately.

Figure 4-3. Tier 1 Processor Payouts Over Time (millions of dollars)



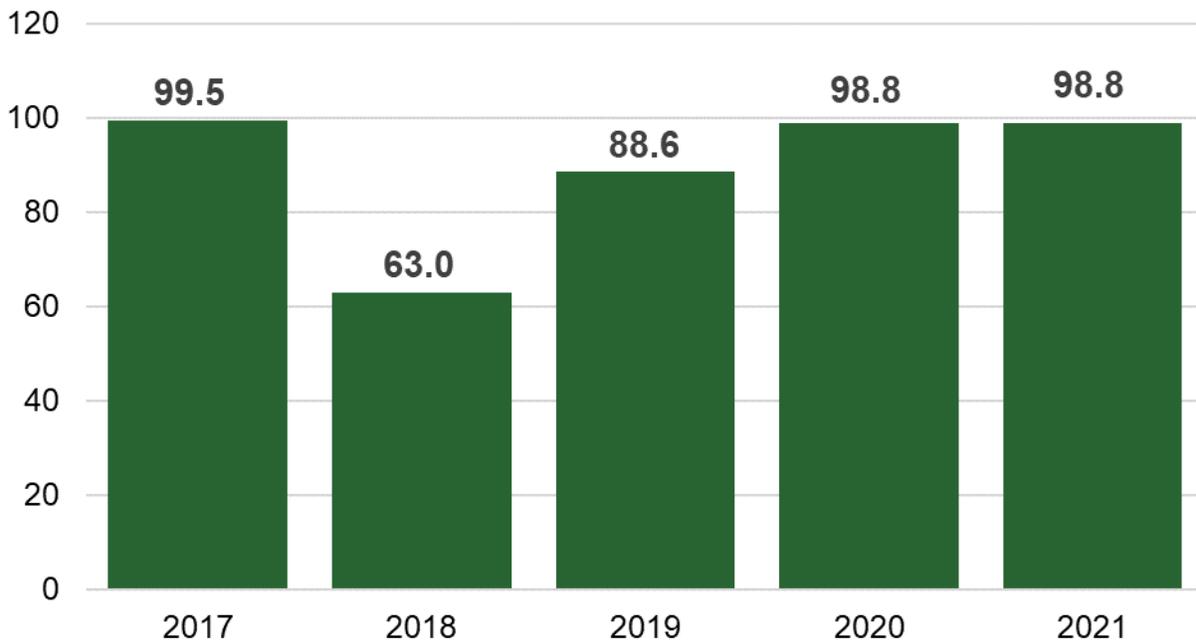
Processor Capacity

The Program defines **capacity** as the estimated maximum volume of carpet discards that can be processed by participating Tier 1 Processors in the marketplace. This measurement is based on self-reported figures and permitted capacity figures. While capacity is often measured in tons per year, it is shown here in pounds for consistency with other reporting. The Program continues to work to increase California’s in-state capacity for collections, recycling, and secondary manufacturing. In 2021, 72% of the total subsidies were paid to California-based operators, compared to 71% in 2020. In addition to subsidies, grant funds are designed to incentivize California-based projects, as described in Chapter 6, *Grants*.

As shown in Figure 4-4, the maximum available capacity in California reported for year-end 2021 was 98.8 million pounds, consistent with 2020. A variety of factors can impact the maximum capacity of any given facility. Examples include processes employed; utility rates (some facilities must shut down during peak demand to avoid excessive electricity costs); mechanical reliability of processing equipment; number of labor shifts per day; market dynamics; and pandemic-related shutdowns, illness, supply chain delays, and limited labor availability.

Capacity varies as Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers enter or leave the market and expand or downsize their operations. California has continued to benefit from the growth and strategic capacity expansion efforts of two successful CSE/Processor/Manufacturers: Circular Polymers and Los Angeles Fiber Company/Reliance Carpet Cushion. The Program has supported these companies with capital equipment and capacity expansion grant funding. Aquafil’s Woodland facility started operations but contributed minimal recycled output in 2021.

Figure 4-4. Processor Capacity in California Over Time (millions of pounds)



4.6 Tier 2 Manufacturers

Used carpet may be recycled to make new carpet or as a feedstock component in the manufacture of other products. Tier 2 Manufacturers use Recycled Output processed from the carpet fiber or carpet backing and incorporate it into new or existing products. During 2021, there were 26 registered, and 10 active, Tier 2 Manufacturers producing a variety of products, including broadloom carpet and carpet tile, carpet cushion/underlayment, building insulation, water heater blankets, bedding, pellets, plastic automotive components, packaging insulation, erosion control products, lightweight aggregate, absorbency products, and a variety of cement-related products, as described in Chapter 7, *Market Development*. Table 4-8 lists participants requesting funds at least once during each reporting quarter for active manufacturing and PCC containing product sales, with “Yes” indicating that funds were requested and received, and “No” indicating that no funds were requested or received during the period.

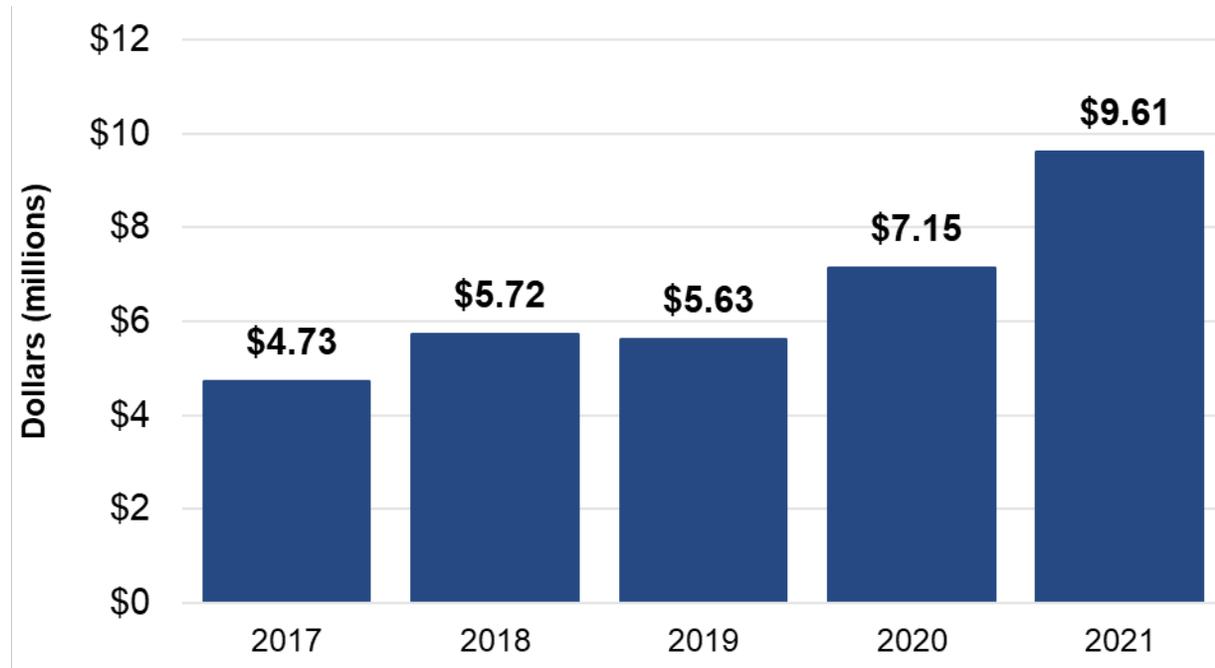
Table 4-8. Tier 2 Manufacturers Reporting in 2021

ID	Company	City	State	Q1	Q2	Q3	Q4
1	American Fiber Cushion	Dalton	GA	No	No	No	No
2	Aquafil Carpet Recycling #1	Phoenix	AZ	Yes	Yes	Yes	Yes
3	Aquafil Carpet Recycling #2	Woodland	CA	No	No	No	No
4	Aquafil USA, Inc.	Cartersville	GA	No	No	No	No
5	Arropol Chemicals	Dalton	GA	No	No	No	No
6	Bonded Logic	Chandler	AZ	No	No	No	No
7	Bro-Tex	St. Paul	MN	No	No	No	No
8	Carpet Recycling Resources	Santa Clara	CA	No	No	No	No
9	Chasen	Irvington	NJ	Yes	Yes	No	No
10	Circular Polymers	Lincoln	CA	Yes	Yes	Yes	Yes
11	Columbia Recycling Corp.	Dalton	GA	No	No	No	No
12	GC Products, Inc.	Lincoln	CA	No	No	No	No
13	GeoHay, LLC	Inman	SC	Yes	Yes	Yes	Yes
14	KMI Group	Kenton	TN	No	No	No	No
15	Leggett & Platt	Fort Worth	TX	Yes	Yes	Yes	Yes
16	Manassas Polymers	Calhoun	GA	No	No	No	No
17	MP Global Products LLC	Norfolk	NE	Yes	Yes	Yes	Yes
18	PRET Advanced Materials, LLC	Johnsonville	SC	Yes	Yes	Yes	Yes
19	Reliance Carpet Cushion	Vernon	CA	Yes	Yes	Yes	Yes
20	Rise Composite Technologies	Mankato	MN	Yes	Yes	Yes	Yes
21	San Pallet, LLC	Troy	OH	No	No	No	No
22	Shaw Industries Group, Inc.	Dalton	GA	No	No	No	No
23	Sustainable Polymer Systems, LLC	Miramar Beach	FL	No	No	No	No
24	United Fibers, LLC	Chandler	AZ	No	No	No	No
25	Wetsel Oviatt Recycling	Elk Grove	CA	Yes	No	No	No

Table Note: California companies that received funding in 2021 are Circular Polymers, Reliance Carpet Cushion, and Wetsel Oviatt Recycling.

Tier 2 Manufacturer payouts totaled \$9.61 million in 2021, an increase of 34% from 2020 (see Figure 4-5). Subsidies are described in Chapter 8, *Financing Mechanisms*. For a summary of all pounds and subsidies paid to Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers in 2021, see Table 8-2.

Figure 4-5. Tier 2 Manufacturer Payouts Over Time (millions of dollars)



4.7 Throughput & Disposition

In 2021, the Program handled 88.5 million pounds of Gross Collection, and 67.6 million pounds were recycled (Recycled Output). Table 4-9 shows throughput and disposition for carpet collection in 2021, including reuse, recycling, energy recovery, exports, and disposal. These figures are based on data from Collector/Sorters, Tier 1 Processors, Tier 2 Manufacturers, and Carpet Mills submitted to an independent accounting firm (Aprio) and does not reflect any disposition activities occurring outside the Program. The Program seeks to manage PCC in alignment with the solid waste management hierarchy described in the 2018–2022 Plan, prioritizing Source Reduction, Reuse, and Recycling, followed by CAAF or Kiln, then WTE, and Disposal as a last resort.

Each Program participant must record the disposition facilities used, including facility names, addresses, and quantities. Data veracity is confirmed through Agreed Upon Procedures (AUPs) conducted regularly with participants by the Program’s independent accounting firm. The Program has access to these confidential records through periodic reviews and requires regular reporting, recordkeeping, proper management practices, and random site visits to review operations and conduct sampling.

Table 4-9. Throughput and Disposition in Pounds per Quarter in 2021

Throughput and Disposition	Q1	Q2	Q3	Q4	2021 (Year)
Gross Collection (Throughput)	19,599,208	22,467,390	24,924,025	21,475,164	88,465,787
Gross Collection – by Collector/Sorters	1,601,119	2,001,848	2,052,784	2,218,416	7,874,167
Gross Collection – Processors	17,998,089	20,465,542	22,871,241	19,256,748	80,591,620
Recycled Output	15,099,087	18,623,328	17,853,882	16,046,504	67,622,801
Recycled Output Yield %	77%	83%	72%	75%	76%
Inventory Whole Carpet + Processed					
Beginning Inventory	9,944,400	10,940,405	11,145,867	14,524,031	9,944,400
Ending Inventory	11,593,259	10,878,862	14,633,929	14,326,614	14,326,614
Reported Diversion	15,138,096	18,624,528	17,853,882	16,047,116	67,663,622
Reuse (Recycled Output, RO)	100,139	276,308	283,037	170,331	829,815
Recycled Carpet Tile (RO)	184,804	277,828	145,353	162,101	770,086
Fiber / Depolymerization (RO)	11,092,828	13,258,140	13,204,000	11,403,260	48,958,227
PC4 (RO)	3,721,316	4,811,053	4,221,492	4,310,812	17,064,673
Filler (RO)	0	0	0	0	0
Carcass (RO)	0	0	0	0	0
CAAF	0	0	0	0	0
Kiln	0	1,200	0	0	1,200
WTE	0	0	0	0	0
Exports (outside of the United States)	39,009	0	0	612	39,621
Carpet Cushion/Pad	2,524,493	2,853,105	4,039,881	3,244,138	12,661,617
Out-of-State (United States outside California)	1,203,472	969,882	2,293,733	1,684,913	6,152,000
Disposal	1,844,445	2,085,993	2,252,151	2,775,347	8,957,936
Process Waste to Landfill	1,844,445	2,085,993	2,252,151	2,775,347	8,957,936
Incineration	0	0	0	0	0

5 Goals & Activities

This chapter describes the goals included in the approved Carpet Stewardship Plan 2018–2022, including the addition of Chapter 0. For each of the following goals, the baseline for measurement is identified along with progress in the 2021 reporting period and efforts to meet the goal:

1. Increase the recyclability of carpet.
2. Expand and incentivize markets for products made from post-consumer carpet.
3. Increase the reuse of post-consumer carpet.
4. Increase the weight of post-consumer carpet that is recycled.
5. Reduce the disposal of post-consumer carpet.
6. Increase the collection convenience for the recycling of post-consumer carpet and increase the collection of post-consumer carpet for recycling.
7. Increase Processor capacity, including Processor capacity in California.
8. Achieve a 26-percent Plan recycling rate for post-consumer carpet for 2021, and any other recycling rate established by the Department pursuant to Section 42972.2.

Table 5-1 shows the **2021 annual goals and actual performance** for the major Program goals. Efforts to increase these numbers, along with measurement methods, assumptions, conversion factors, and data sources are covered in the subsequent sections. This Annual Report covers progress toward achievement of all Program goals in the approved stewardship Plan, and it demonstrates progress over time in increasing source reduction, reuse, and recycling, while decreasing CAAF, Kiln, WTE, and landfill disposal of post-consumer carpet. This chapter includes the following sections:

- 5.1. Carpet Sales
- 5.2. Carpet Discards
- 5.3. Increasing Source Reduction
- 5.4. Increasing Gross Collection
- 5.5. Disposition of Post-Consumer Carpet
- 5.6. Increasing Recyclability
- 5.7. Increasing Recycled Output
- 5.8. Increasing Overall Diversion
- 5.9. Environmental Impacts
- 5.10. Increasing Market Growth of Secondary Products
- 5.11. Creating Green Jobs
- 5.12. Measurement Methodology and Data Sources
- 5.13. Performance Trends and Progress Toward Goals

Table 5-1. Summary of Program Performance Goals and 2021 Progress

Performance Goal	2021 Annual Goal	2021 Actual	Annual Result
#1: Increase recyclability of carpet	<ul style="list-style-type: none"> • 55% Yield 	<ul style="list-style-type: none"> • 76% Yield 	Exceeded
#2: Expand and incentivize markets for products made from post-consumer carpet (PCC)	<ul style="list-style-type: none"> • 37 products • 14 vendors • 7 in California 	<ul style="list-style-type: none"> • At least 103 products • 27 vendors • 10 in California 	Exceeded all 3 goals
#3: Increase reuse of post-consumer carpet	<ul style="list-style-type: none"> • 1.8 million pounds of Reuse 	<ul style="list-style-type: none"> • 829,815 pounds (0.83 million pounds) 	Not yet met: <ul style="list-style-type: none"> • 46% of goal
#4: Increase weight of post-consumer carpet that is recycled	<ul style="list-style-type: none"> • 83 million pounds of Recycled Output 	<ul style="list-style-type: none"> • 67,622,801 pounds (68 million pounds) 	Not yet met: <ul style="list-style-type: none"> • 81% of goal
#5: Reduce the disposal of post-consumer carpet	<ul style="list-style-type: none"> • -26% reduction (244 million pounds) 	<ul style="list-style-type: none"> • -46.8% reduction (175 million pounds) 	Exceeded
#6: Provide for increasing and reasonably convenient collection opportunities in each county	<ul style="list-style-type: none"> • 1 site per county • 1 site per 500,000 people for population over 500,000 • Increase the number of sites with private pick-up service by public Drop-off Sites or CSEs to 33% of return retailers (2021 goal: 267 sites) 	<ul style="list-style-type: none"> • All counties served by public sites • 9 counties need additional sites to meet goal per 500,000 population • 298 private sites 	Mostly met: <ul style="list-style-type: none"> • Achieved 1 site per county • 1 site per 500,000 goal in progress • Exceeded private site goal
#7: Increase processor capacity, including capacity in California	<ul style="list-style-type: none"> • Increase processor capacity in California 	<ul style="list-style-type: none"> • 98.8 million pounds in California 	Met goal and continuing expansion efforts
#8: Achieve 26% recycling rate for PCC by January 1, 2021	<ul style="list-style-type: none"> • 26% Recycling Rate 	<ul style="list-style-type: none"> • 27.9% Recycling Rate 	Exceeded

Table 2-1, Summary of 2021 Program Performance Metrics, beginning on page 4, presents performance data for 2021, two prior years, and the 2011/2012 baseline year. Key quantitative data for 2021 are summarized in Table 5-2 below and described in subsequent sections on *Sales*, *Discards*, *Source Reduction*, *Gross Collection*, and *Disposition*.

Table 5-2. Summary of Program Performance Quantitative Data for 2021

Metric	Unit	2021
Carpet Sold in California	Square yards	67,339,933
Carpet Sold in California	Pounds	276,767,125
Post-Consumer Carpet (PCC) Discards	Pounds	242,780,121
Gross Collection (GC)	Pounds	88,465,787
Source Reduction (SR), per square yard	Pounds	4.11
Disposition		
Recycled Output (RO):	Pounds	67,622,801
Reuse	Pounds	829,815
Recycled Fiber Type 1 Processed Output	Pounds	48,958,227
Recycled PC4	Pounds	17,064,673
Recycled Carpet Tile	Pounds	770,086
Depolymerization, Filler, Carcass	Pounds	0
Carpet As Alternative Fuel (CAAF)	Pounds	0
Kiln	Pounds	1,200
Waste-to-Energy (WTE)	Pounds	0
Incineration	Pounds	0
Process Waste to Landfill	Pounds	8,957,936
Pad Recycling	Pounds	12,661,617

5.1 Carpet Sales

Sales of carpet in California totaled 67,339,933 square yards in 2021. These figures are reported from Carpet Mills registered with CARE to an independent accounting firm. As shown in Table 2-1, carpet sales in California have decreased since the start of the Program. Sales dropped substantially from 2019 to 2020 (–17%) in the COVID-19 pandemic and remained at a similar level in 2021 (1% increase from 2020).

CARE conducts an annual confidential industry survey to compute the average weight of broadloom (residential and commercial) carpet and carpet tiles sold in the United States. The average carpet weight in 2021 was 4.11 pounds per square yard. Applying the average weight to Sales in square yards results in estimated Sales of 276,767,125 pounds.

5.2 Carpet Discards

Discards of post-consumer carpet (PCC) were estimated at 242,780,121 pounds in 2021, using the Discards calculation methodology presented in the approved 2018–2022 Plan. This methodology is being updated in a separate Discards Study, slated for completion in 2022. The 2021 calculation is based on the following formula and variables, with values shown in Table 5-3:

$$S * R * P * (1 + D + DS)$$

S = Sales: Carpet sales (square yards) in California for the reporting period. Sales data comes from the independent accounting firm Aprio, which collects the confidential sales data from the Carpet Mills registered with CARE.

R = Replacement: Percentage of carpet that is replacement—that is, carpet replacing existing carpet. This rate is derived as the weighted average from the residential and commercial sectors and is reported by Market Insights, LLC.

P = Density: Average weight of carpet per square yard. CARE gathers and analyzes raw industry data (via a confidential Carpet Mill survey) to calculate the weighted averages of pounds per square yard of carpet tile and broadloom carpet used in the commercial and residential sectors.

D = Demolition: Pounds of carpet from demolition projects that were not replaced. *D* is converted to pounds by multiplying the percentage by the product of $S * R * P$ —that is, applying the demolition percentage to the replacement quantity by weight. The demolition data are gathered by Market Insights, LLC. Note that demolition represents the teardown of a building. The actual volume of carpet resulting from this process is estimated.

DS = Deselection: Pounds of carpet removed but not replaced by carpet—that is, the removal of carpet for the replacement by another flooring material. Deselection ($DS = \text{Replacement in pounds} * \text{Deselection rate}$) is estimated to be approximately 0.8%, based on review of historical trend data.

Table 5-3. Discards Methodology Variables, 2021

Variable	Description	Value	Source
S	Sales (square yards)	67,339,933	Accounting firm (Aprio, LLP)
R	Replacement rate (%)	0.86	Market Insights, Inc.
P	Average weight of carpet per square yard (pounds)	4.11	CARE/Aprio annual industry survey
D	Pounds of carpet from demolition projects not replaced (%)	0.012	Market Insights, Inc.
DS	Deselection: Pounds of carpet removed but not replaced by carpet (%)	0.008	Market Insights, Inc.

5.3 Increasing Source Reduction

Source reduction is defined as the result of using less product or material in manufacturing and use of carpet (also known as dematerialization or light-weighting) and/or reducing the amount of discarded carpet generated. In 2021, source reduction was estimated at 4.11 pounds per square yard of carpet that is source-reduced. Reuse, which avoids new carpet purchases, totaled 829,815 pounds in 2021. By comparison, the weight per square yard was 4.48 pounds in 2020.

Upstream source reduction efforts such as reduced waste in manufacturing and increased durability are not quantified. Carpet Mills are developing innovative approaches to sustainability that will have positive impacts on carpet recycling efforts and source reduction in years ahead.

Examples include innovations in carpet backing systems that facilitate separation of materials for recycling and reduce weight per square yard. Use of digital samples and virtual preview tools can reduce the need for manufacturing product samples. For example, several Carpet Mills offer a virtual experience that allows customers to upload

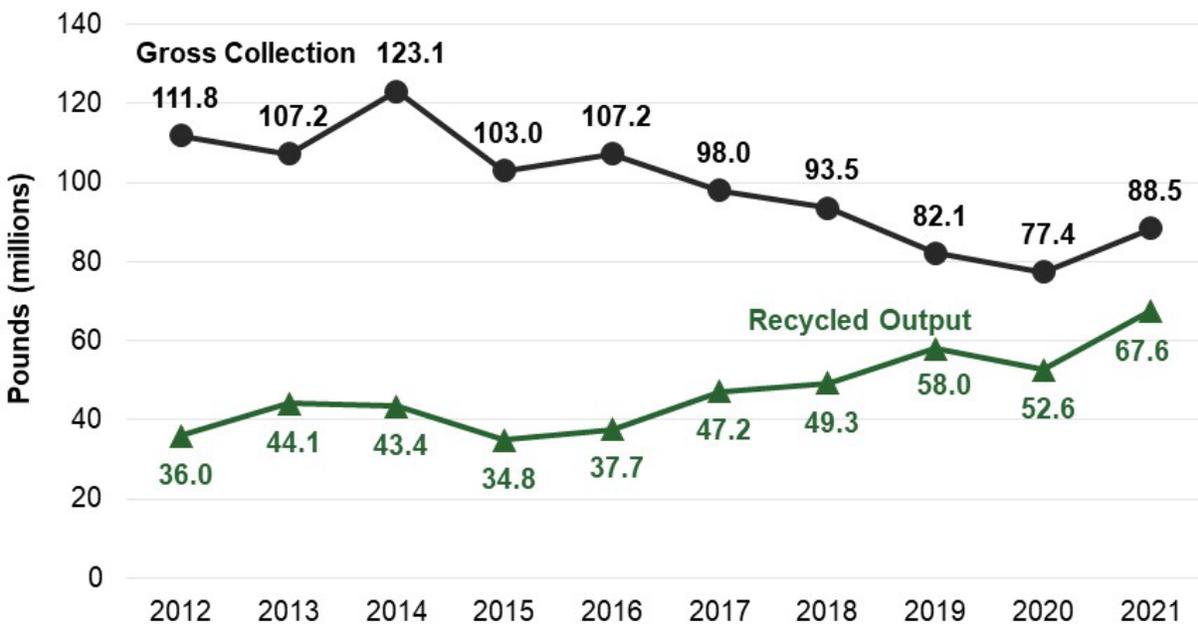
a photo of their room and overlay various carpet patterns to help select a product without physical carpet samples shipments.

Nearly all U.S. Carpet Mills have dedicated efforts to minimize the environmental impact of carpet manufacturing and reduce reliance on natural resources to make new carpet. Carpet Mills were requested to provide a copy of their [Source Reduction and Sustainability Reports](#); responses are posted on CARE’s website.

5.4 Increasing Gross Collection

Gross Collection, as reported by Collector/Sorters, totaled 88,465,787 pounds of post-consumer carpet in 2021, a 14% increase from 2020 when collection dipped in the first year of the COVID-19 pandemic. Gross Collection is the California post-consumer carpet pounds—both broadloom and carpet tile—collected by Collector/Sorters and Processors as reported to the Program. Gross Collection includes the following: Reuse (829,815 pounds in 2021, included in Recycled Output), Recycled Output (67,622,801 pounds), CAAF (0), kiln (1,200 pounds), and WTE (0). Gross Collection also included some unrecyclable PCC or carpet processing waste that was sent to landfill (8,957,936 pounds) for disposal. Figure 5-1 shows trends over time in Gross Collection and Recycled Output.

Figure 5-1. Gross Collection and Recycled Output Over Time



*Figure Notes: **Gross Collection** applies a new calculation methodology beginning in 2017 to avoid potential double-counting of pounds shipped domestically and reported by participating processors. Figures previously reported for prior years are unchanged.*

5.5 Disposition of Post-Consumer Carpet

Disposition identifies how the Program's Gross Collection of post-consumer carpet was handled in 2021, including the following:

- **Reuse:** 829,815 pounds (counted as part of Recycled Output).
- **Recycled Output (RO):** 67,622,801 pounds, includes the following (plus Reuse):
 - **Recycled Carpet Tile:** 770,086 pounds.
 - **Fiber / Depolymerization:** 48,958,227 pounds.
 - **PC4:** 17,064,673 pounds.
 - **Filler:** zero in 2021.
 - **Carcass:** zero in 2021.
- **Reported Diversion:** 67,663,622 pounds, includes Recycled Output plus the following:
 - **Carpet As Alternative Fuel (CAAF):** zero in 2021.
 - **Kiln:** 1,200 pounds in 2021.
 - **Waste-to-Energy (WTE):** zero in 2021.
 - **Exports** to customers outside of the United States: 39,621 pounds.
- **Shipments** to U.S. customers outside of California: 6,152,000 pounds.
- **Disposal** of unrecyclable PCC or carpet processing waste:
 - **Landfill:** 8,957,936 pounds (process waste to landfill).
- **Net Diversion:** 79,516,850 pounds, calculated as Gross Collection minus unrecyclable PCC and carpet processing waste that ultimately goes to landfill.

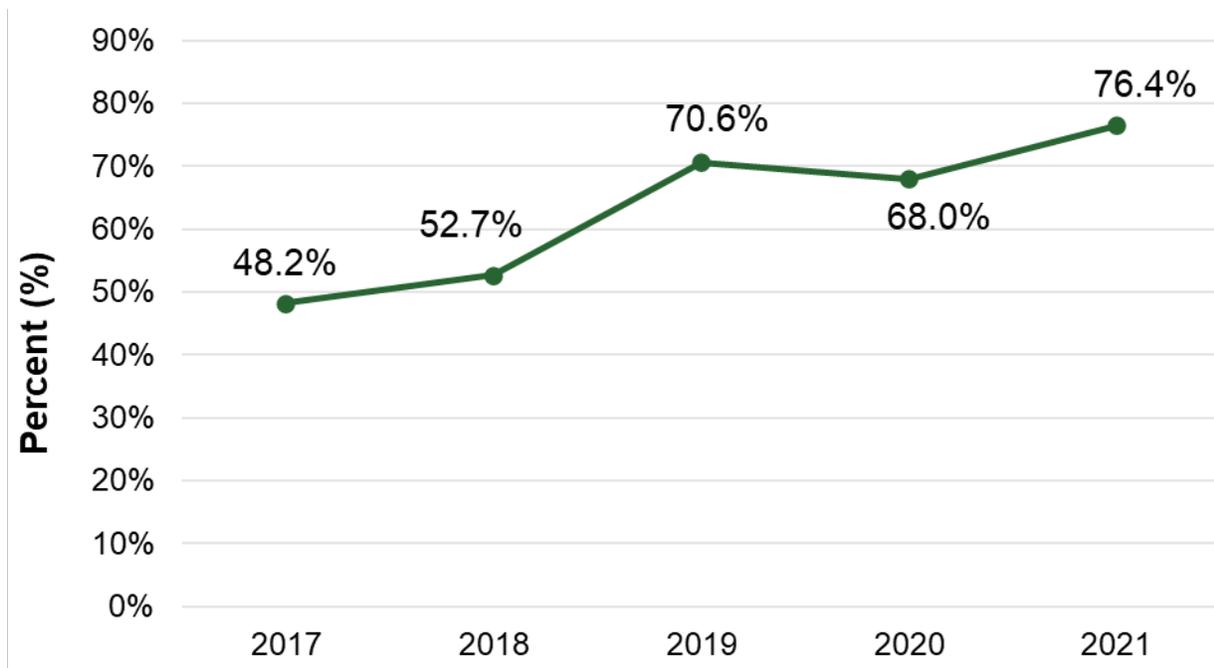
Section 4.7 provides additional information on the Program's disposition of post-consumer carpet in 2021 and the carpet solid waste management hierarchy described in the 2018–2022 Plan.

5.6 Increasing Recyclability

The Program tracks progress in increasing the recyclability of carpet using its *Yield* metric, calculated as the portion of *Gross Collection* converted into *Recycled Output*, expressed as a percentage of *Gross Collection*. Yield serves as the primary metric used to measure changes in recyclability, which refers to how easily carpets can be separated into their component parts and ultimately recycled. As Yield increases, a higher percentage of Gross Collection is converted into Recycled Output, indicating an increase in overall recyclability of post-consumer carpet collected.

Figure 5-2 indicates an increase in Recycled Output percentage. The increase is largely driven by the expanded use of PC4, thus avoiding that material being sent to landfill. Increased Yield is driven primarily by improvements in collection and processing efficiency, technology innovations improving Recycled Output performance, and development of new secondary products.

Figure 5-2. Percent of Gross Collection Converted to Recycled Output (Yield)



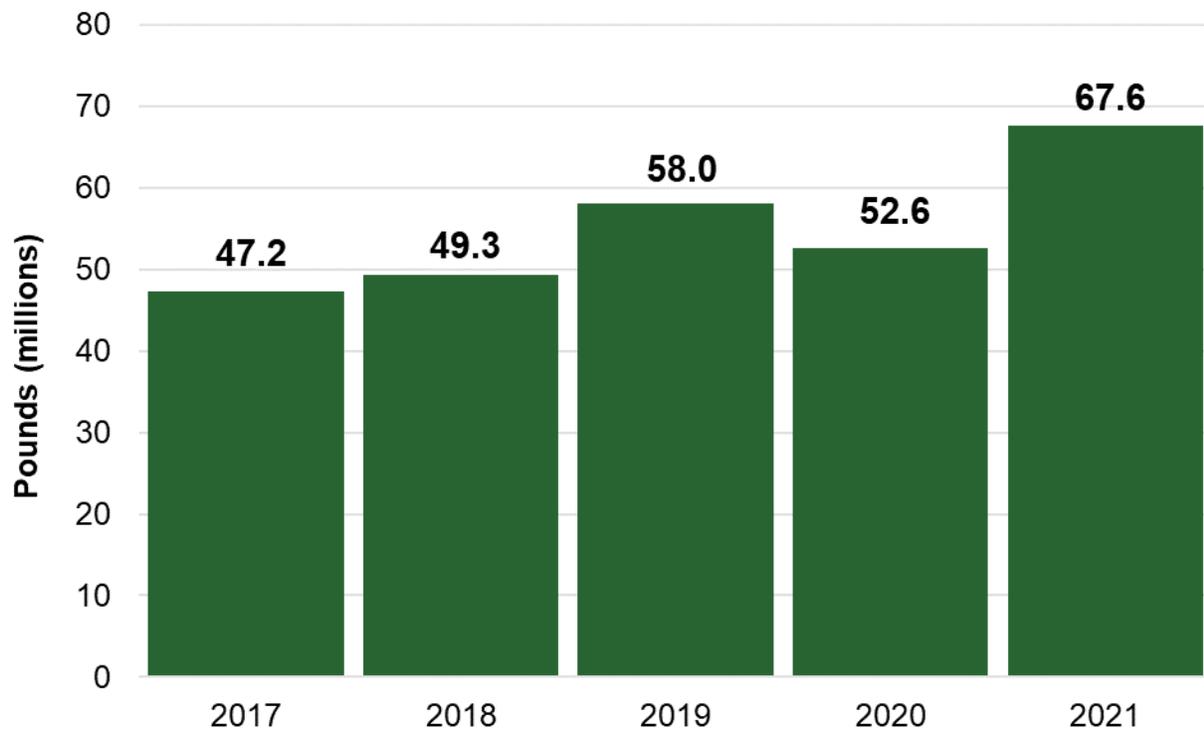
5.7 Increasing Recycled Output

Recycled Output includes the portion of Gross Collection after processing that is shipped and sold as material to be used in manufacturing new or secondary products made with post-consumer recycled carpet content. As shown in Table 2-2, Recycled Output is calculated as the sum of all Type 1 and Type 2 Recycled Outputs, plus Reuse. Figures for 2021 are included below:

- **Reuse:** 829,815 pounds.
- **Fiber** (Recycled Fiber Type 1 Processed Output): 48,958,227 pounds.
- **Recycled PC4:** 17,064,673 pounds.
- **Recycled Carpet Tile:** 770,086 pounds in 2021.
- **Depolymerization, Filler, and Carcass:** zero.

Figure 5-3 shows increases in Recycled Output over time, except for a dip in 2020 related to the COVID-19 global pandemic.

Figure 5-3. Recycled Output Over Time (millions of pounds)



5.8 Increasing Overall Diversion

Overall diversion of post-consumer carpet (PCC) from landfills is a goal of the Program. Diversion from landfill disposal includes Reuse, Recycled Output (Type 1, Type 2, PC4, and Carcass), CAAF and Kiln, Waste-to-Energy (WTE), and exported whole carpet. Carpet cushion/pad is not included in carpet diversion figures but does constitute additional landfill diversion as an auxiliary co-benefit of the Program.

Net Diversion is an estimate based on the estimated pounds of PCC collected and reported by recyclers minus the amount of all whole carpet (PCC) and Processor waste sent to landfill. In 2021, Net Diversion was calculated to be 79,516,850 pounds, an 18% increase from 2020.

Reported Diversion is the sum of Reuse, Recycled Output (Type 1, Type 2, PC4, and Carcass), CAAF and Kiln, WTE, and exported whole carpet. Cushion/pad, representing 12,661,617 pounds in 2021, is not included in these totals. Net Diversion does not equal Reported Diversion for two reasons. First, Gross Collection totals are based on estimates, not actual shipments or sales, while Recycled Output is based on actual weights. Second, a substantial amount of material may be retained in inventory as whole carpet, processed materials, or other outputs in progress that are not yet accounted for as finished material outputs. In 2021, the total Reported Diversion equaled 67,663,622 pounds, a 29% increase from 2020. Table 5-4 shows Reported Diversion by type.

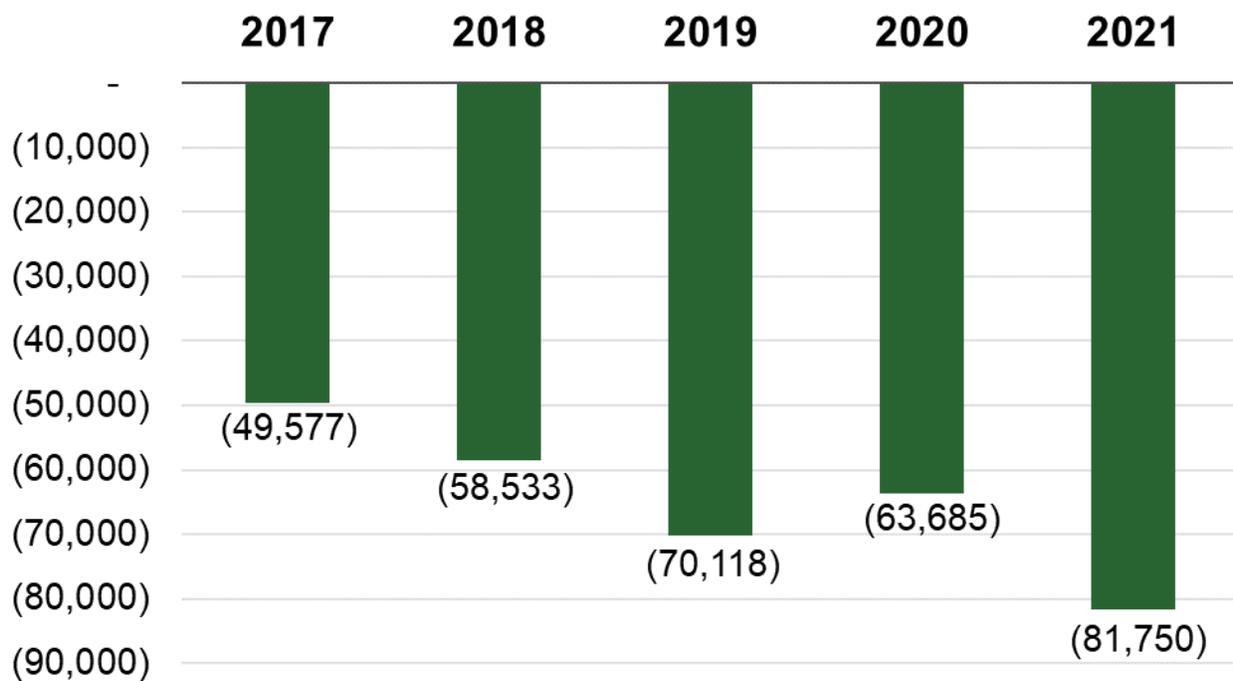
Table 5-4. Reported Diversion by Type (pounds)

Reported Diversion from Landfill by Type	2019	2020	2021
Reuse	716,819	764,941	829,815
Tile Recycled	599,326	1,158,904	770,086
Fiber / Depolymerization	42,999,224	38,619,959	49,728,313
PC4	14,076,731	13,230,157	17,064,673
Filler	0	0	0
Carcass	214,303	0	0
CAAF	1,720	0	0
Kiln	17,341	0	1,200
WTE	0	0	0
Exports	467,201	0	39,621

5.9 Environmental Impacts

Increasing recycling of post-consumer carpet and reducing landfill disposal provides environmental benefits in California and beyond. The U.S. Environmental Protection Agency (USEPA) has identified recycled carpet as a material with significant potential for greenhouse gas (GHG) reductions, and a robust carpet recycling industry contributes to GHG reductions. Reductions in GHG emissions related to carpet reuse and recycling in California in 2021 were calculated using the Excel-based USEPA [Waste Reduction Model \(WARM\)](#), Version 15. As shown in Figure 5-4, recycling and source reduction of carpet were estimated to result in the net reduction of approximately 81,750 metric tons of carbon dioxide equivalent (CO_{2e}) in 2021.

Figure 5-4. Estimated Greenhouse Gas Emissions Reductions (metric tons CO_{2e})



In addition, the Program also continued to follow and reinforce safeguards for the safe and legal use of Recycled Output, including calcium carbonate from post-consumer carpet (PC4). The Program continued to follow and implement revised guidelines on allowed PC4 uses as published in 2019. No payments for PC4 in land or compost applications in California have been made since 2018.

5.10 Increasing Market Growth of Secondary Products

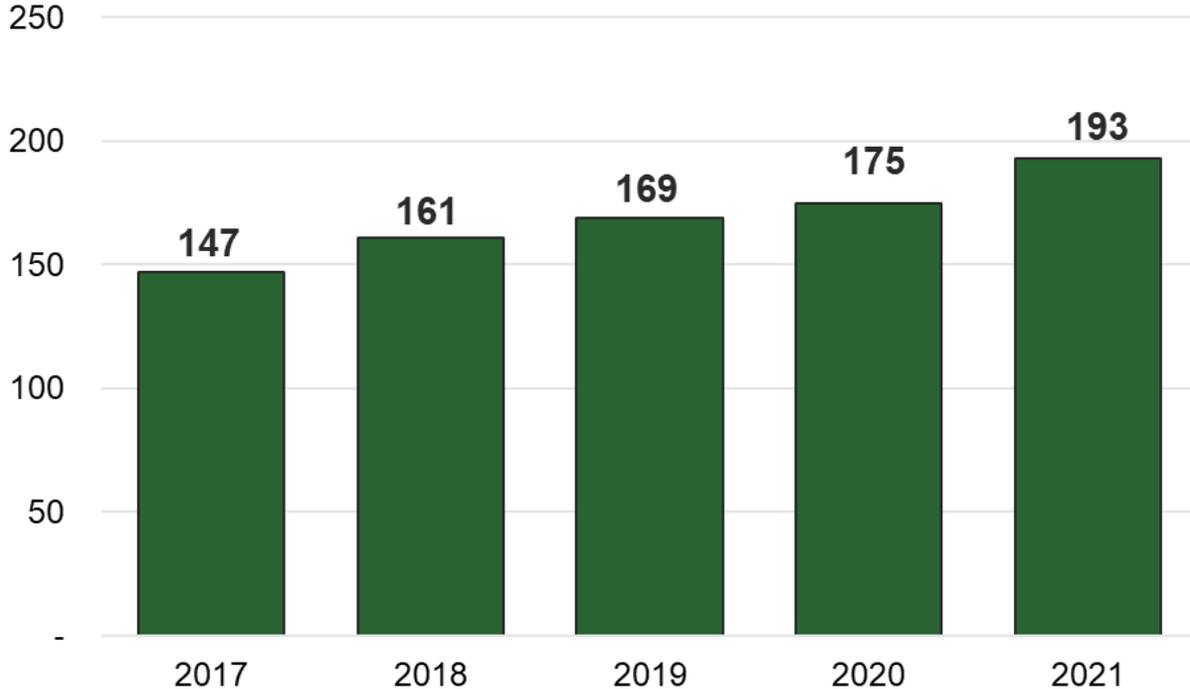
Chapter 7, *Market Development*, describes the Program’s work to increase the market growth of secondary products made from post-consumer carpet content. The Program exceeded its goals for 2021, with at least 103 products (the annual goal was 37) from 27 vendors (the goal was 14), including 10 vendors in California (the goal was 7). The Program counts separate products as defined by the manufacturer. Depending on the manufacturer, different thickness or weights of a product line may be counted as separate products, while other attributes such as varying lengths or colors may be counted as a single product.

5.11 Creating Green Jobs

At the close of 2021, a total of 193 full-time equivalent (FTE) jobs were attributed to Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers receiving subsidy funds, including 12 CARE Program staff and contractors. This is an increase of 10% (18 jobs) from 2020, as shown in Figure 5-5.

Reported job numbers are only for direct jobs within California and are submitted for quarters or months when a company submits a subsidy request. The figure does not include jobs at facilities located outside California, such as Tier 1 Processors and Tier 2 Manufacturers located in other states.

The Program also estimates that 1.4 additional jobs are created for every one job resulting from the PCC recycling industry in California, according to a 2016 University of South Carolina study by Von Nessen. Under this assumption, the industry has created approximately 463 direct and indirect jobs in California in 2021. This figure will increase as Recycled Output demand increases, and Tier 1 Processors and Tier 2 Manufacturers open new facilities within California.

Figure 5-5. Total Full-Time Equivalent (FTE) Jobs Reported (at year end)

5.12 Measurement Methodology & Data Sources

The Program's measurement methodology, assumptions, conversion factors, and data sources are described in the approved 2018–2022 Plan, previous Annual Reports, and in the preceding sections of this chapter (for example, Section 5.2 describes the calculation approach for *Carpet Discards*). This 2021 Annual Report follows the same existing methodologies and data sources. Most variables are updated annually and draw on data from Program participants, which is independently audited, and independent market research firms.

5.13 Performance Trends & Progress Toward Goals

As summarized in Table 2-1, the Program has demonstrated progress over time in increase source reduction, reuse, and recycling, while decreasing disposal of post-consumer carpet. This Annual Report covers progress in 2021 toward achievement of the following goals in the approved stewardship plan:

- **Increase the recyclability** of carpet: Exceed goal with 76% Yield in 2021.
- **Expand and incentivize markets for products** made from post-consumer carpet (PCC): Exceeded goals with at least 103 products from 27 vendors, including 10 in California.

- **Increase reuse** of post-consumer carpet: progressing toward goal with 829,815 pounds of reuse in 2021. The Program is not able to capture information on all pounds of PCC reuse in California, such as those donated to reuse stores by individuals, government, or companies. The Program will, however, consider ways to capture this kind of information in the future.
- **Increase the weight of post-consumer carpet that is recycled**: progressing toward goal with 67,622,801 pounds of Recycled Output in 2021.
- **Reduce the disposal** of post-consumer carpet: exceed goal with 46.8 reduction in disposal (175 million pounds).
- **Provide for increasing and reasonably convenient collection** opportunities in each county: met goals of at least one site per county and private site service; working on goal of one site per 500,000 population in nine counties.
- **Increase processor capacity**, including processor capacity in California: met goal with 98.8 million pounds of processor capacity in California in 2021.
- **Achieve 26% recycling rate** for post-consumer carpet by January 1, 2021: exceeded goal with 27.9% recycling rate in 2021.

6 Grants

This chapter includes the following sections:

- 6.1. Grants Overview
- 6.2. Grant Selection & Management
- 6.3. Capital Improvement Grants
- 6.4. Product Testing Grants
- 6.5. Micro-Grants for Collection & Reuse

6.1 Grants Overview

To advance carpet stewardship goals, the Program awards three main types of grants:

- **Capital Improvement Grants** (labeled as “A” cycle grants)
- **Product Testing Grants** (“B” cycle)
- **Micro-Grants for Collection and Reuse** (“M” cycle)

These grants, described in the sections below, are designed to increase the following:

- Number and capacity of Tier 1 Processors and Tier 2 Manufacturers.
- Number and variety of recycled carpet content products with increasing PCC content.
- Testing and development support for reformulated products, using recycled carpet content to explore new uses for PCC, and to ensure these products perform as required.
- Additional collection for reuse and processing of PCC through new or existing programs with infrastructure and equipment needs.

Plans were created to launch Innovation and Design and Pilot Small-Volume Collection grant programs in 2022.

Table 6-1 provides a summary of grant funds approved for payout in 2021, from both current and previous grant cycles, totaling \$1,541,749. In 2021, new grant funds in the amount of \$1,667,000 were awarded for Cycles 4 and 5. Prior to 2020, a larger amount of grant funding was allocated annually in order to build more recycling and collection capacity in the state, which serves as the foundation for the Program.

Table 6-1. Summary of Grant Funding in 2021

Cycle	Type	Year Awarded	2021 Approved Payouts	2021 Newly Committed Funds
5A	Capital Improvement	2021	\$303,035	\$1,142,000
4A	Capital Improvement	2021 (Rounds 1 & 2)	\$814,411	\$400,000
3A/3X	Capital Improvement	2019	\$204,844	N/A
4B	Product Testing	2021	\$0	\$50,000
3B	Product Testing	2020	\$136,268	N/A
2B	Product Testing	2018	\$7,650	N/A
4M	Micro-Grants	2021	\$50,065	\$75,000
3M	Micro-Grants	2020	\$25,476	N/A
Totals	All	2018–2021	\$1,541,749	\$1,667,000

6.2 Grant Selection & Management

The process of awarding grants is engaged with an independent technical review committee and follows a formal protocol in alignment with criteria outlined in the Program’s grant solicitations. The review committee brings complementary expertise and experience to the process. The Program recognizes this is not an exact science and has continued to refine its selection and evaluation protocols over the last several years as outlined here.

To track grant results and progress toward recycling targets, the Program engages in site visits, consultation, written reports, and signed Agreed Upon Procedures (AUPs) with grantees. The Grants Manager periodically convenes a review to evaluate actual performance in comparison with contract commitments. Other management tasks are outlined below:

- All new grantees completed contracts and submitted quarterly reporting. All completed projects must submit a final report before its 10% retention is released. Retentions are not held on micro-grant projects.
- Ongoing monitoring of past grantees continued to ensure commitments are met and any project hurdles are overcome.

- The Program ran AUPs for four of its grantees, with at least one AUP per cycle.
- The Program processes payment requests for reimbursement as needed by the grantee and within the grantee's contract term. The Program follows a strict, multiple-step review and signature protocol for release of funds.
- The marketing team sends small stickers to grantees to identify grant-funded equipment as well as large decals to recipients of collection containers. The Program then requires a photo be sent to the grant manager for proof of installation.

6.3 Capital Improvement Grants

The Program's Capital Improvement Grants (labeled Cycle A) fund capital improvement, infrastructure, equipment, construction, renovation or expansion of collection, processing or manufacturing facilities that manage or use California-generated PCC. The grants could also be used for partnerships with the aim of increasing the use of Recycled Output. The goal is to "increase the quantity (pounds) of California generated PCC that is collected, recycled, and utilized in manufacturing of Tier 2 recycled products" during the two-year grant term plus at least 3 years beyond the grant term. Both public and private entities are eligible for awards up to \$500,000. The Program allocated approximately \$1 million to Cycle 5A in 2021.

California-based projects are prioritized for capital funding. The Program targets a minimum 75% of funds for California businesses, and since the program began, has allocated approximately 90% of funding for California-based projects. Grants also consider Highest Recyclability during proposal evaluation as required by AB 1158, and all highest recyclability qualifying grants received a 15% weighting within a total score of 100%.

2021 Capital Improvement Grants (Cycle 4A Round 2 and Cycle 5A)

In January 2021, the Program selected two Cycle 4A recipients, funded out of leftover monies from Cycle 4A in 2020. The Program also selected four Cycle 5A recipients. Those grantees are listed below.

CYCLE 4A ROUND 2, CAPITAL IMPROVEMENT GRANT GRANTEEES

- **Circular Polymers**, Lincoln, California (\$250,000): For infrastructure to process commercial broadloom carpet and carpet tile, including polyurethane-backed carpet tile. \$225,000 was paid out in 2021.
- **Eastern Impressions**, Santa Ana and Compton, California (\$150,000): For small trailers and baling equipment to increase collection of PCC in Southern California

at medium- to small-volume generators. \$144,554 was paid to this project in 2021.

CYCLE 5A, CAPITAL IMPROVEMENT GRANT GRANTEES

- **Aquafil Carpet Recycling (ACR2)**, Woodland, California (\$192,000): For PET opening equipment to service new markets and expand PET processing for higher-end uses.
- **Circular Polymers**, Lincoln, California (\$450,000): For expanded infrastructure to process commercial broadloom carpet and carpet tile, including polyurethane-backed carpet tile, as well as to expand throughput of residential carpet. \$303,035 was paid out in 2021.
- **Hayward Transfer Station**, Hayward, California (\$50,000): For collection containers to provide onsite service to carpet retailers and other flooring stores who wish to source separate PCC for recycling.
- **RISE Composite Technologies**, Mankato, Minnesota (\$450,000): For a California-based baling machine that would allow California PCC to be properly baled and shipped to its Minnesota plant for manufacture into building products. Note, this grant was not executed as awarded and in 2022 will be reallocated to fund the baler for California-based processor Circular Polymer.

2021 Capital Grant Results

Of the grantees funded in 2021, nearly 4 million additional pounds of PCC was collected as a result of the projects. The other projects remained in the construction phase through 2021. One of the entities became a new collector/sorter/entrepreneur for the program.

Including existing operational capital grantees (15 total), an additional 28.2 million pounds was collected, or 75 percent of target pounds, and an additional 33.7 million pounds was processed in 2021, or 37 percent of target pounds. Processors would have hit 59 percent of target pounds if not for one recycler which vastly underperformed compared to its large commitment. The existing grant-funded Tier 2 manufacturers used more than 712,000 pounds of PCC material (PC4 only) in new products in 2021.

Since grantees began producing additional recycled output in late 2016, the program has paid 5 cents per pound when considering the total dollars invested. On the manufacturing side, the program has paid 7 cents per pound of output based on total investment. The program has paid approximately 2 cents per pound for additional collections in urban areas since the program began.

6.4 Product Testing Grants

The Program's Product Testing Grants (labeled Cycle B) fund activities focused on product testing, research and development, and similar activities that will enhance PCC collection, recycling, and use in manufacturing. This applies to feedstock conversion projects, new or reformulated products, or feasibility studies for new uses of PCC materials. The goal is to provide "assistance to eligible applicants to research, develop, and test new products or reformulate existing products produced using PCC material generated in California." This Cycle targets a minimum 75% of funding for California projects. Both public and private entities were eligible for Cycle 4B funds in 2021. The Program allocated \$150,000 to Cycle 4B, and \$50,000 was the maximum award. The grant term is limited to one year.

2021 Product Testing Grants (Cycle 4B)

- **Arizona Alternative Materials**, Phoenix, AZ (\$50,000): Funds were awarded for this company to test PC4 in three higher end-use concrete applications. Arizona Alternative Materials was the only new testing grantee funded in 2021, and by year end, it had tested PC4 in concrete as a substitute for cement and fly ash to create a baseline for further screened PC4 testing. A PC4 screening vendor was also secured.

In 2021, six other prior testing grantees remained active in testing and marketing new products made with California-sourced PCC:

- **3B Protection** continues to test and market ballistic and blast protection products made with PC4 and PCC aggregate inclusion.
- **CMJ Systems** has passed testing to market a concrete mix with PCC fiber for residential applications (bagged and slab on grade). CMJ is currently working on getting this product into the International Code Council Product Listing.
- **GC Products** successfully included PC4 at 4.7 percent by weight in its colored glass fiber reinforced concrete product.
- **NecoTech** found viable applications for densified PCC, PCC fiber, and PC4 in cementitious block and military-grade asphalt applications.
- **Verdex Technologies, Inc.** nearly completed its R&D line to test new nonwoven products made with PCC; in 2022 Verdex will install a 25-inch line to create nonwoven rolls for HVAC/HEPA products.
- **ReFiber, LCC** has continued testing its ReFiber reloadable filtration cartridge and transportable filtration cartridge. Major highlights included motor oil and

wildfire ash contamination absorption; herbicides and fertilizer were also tested. Nylon 6, PP, and PET were tested for permitted Sacramento-area projects, which meet all state and local requirements.

6.5 Micro-Grants for Collection & Reuse

The Program's Micro-Grants (labeled Cycle M) award up to \$15,000 per project, to California public agencies, nonprofits, public or private businesses, public Drop-off Sites, and Collector/Sorters for new and existing collection or reuse programs. \$100,000 was allocated for this cycle. The goal is to achieve additional collection or reuse through infrastructure improvements (localized hauling) and/or equipment (weather covers). Due to the continuing need to increase collections and bring on new Drop-off Sites, Cycle M now remains open throughout the year as a commitment to enhancing convenient collection efforts. Entities are given one year to complete projects.

An additional \$100,000 is allocated to union-based training centers for flooring professionals.

2021 Micro-Grants (Cycle 4M)

- **Aquafil Carpet Recycling**, San Diego, California (\$15,000): For collection containers to provide onsite service to carpet retailers and other flooring stores seeking to source-separate PCC for recycling. All funds were reimbursed in 2021.
- **DC 16 Journeyman and Apprentice Training Trust Fund (JATTF)**, Fremont, California (\$15,000): Funds paid for a carpet tile weighing and wrapping machine that allows union-based installers and trainers to stack, strap and wrap post-consumer carpet tile for recycling or reuse. The machine also weighs material to provide the construction industry with proof of recycling. All funds were reimbursed in 2021. This was a Union grant as required under AB 729.
- **Hayward Transfer Station**, Hayward, California (\$15,000): For collection containers to provide onsite service to carpet retailers and other flooring stores seeking to source-separate PCC for recycling. \$10,065 was reimbursed in 2021.
- **Rivera's Fine Flooring**, Morgan Hill, California (\$15,000): Funds were allocated for a cement pad to keep PCC clean and dry for recycling at this new public Drop-off Site. Rivera's also has plans to construct a weather cover. \$10,000 was reimbursed in 2021.
- **Serv-Wel**, Los Angeles, California (\$15,000): Grant monies funded the construction of three large containers for collection of PCC at a regional

distribution center for carpet in Southern California. The PCC is then hauled to a processor for recycling. Funds were not reimbursed in 2021.

2021 Results of Micro-Grants

In 2021, micro-grants funded three new collectors and one new public Drop-off Site. Most Cycle 4M grantees spent 2021 purchasing and deploying new equipment or building funded infrastructure. However, 23 micro-grantees remained active in 2021 and collected over 2.5 million additional California PCC pounds, or 30% of target pounds. In total, the grantees would have hit 63 percent of target pounds if not for two lagging sites which are receiving technical assistance. Pounds produced by micro-grantees who were also funded for collection projects under the capital improvements cycle are included under the collected pounds total above in the capital grants section.

Based on total investments made since 2017, the program paid 23 cents per pound collected in 2021. The cost per pound ranges from 1 cent up to 62 cents to provide support for rural sites.

6.6 2021 Activities on Prior Grants

In addition to grant activities described above, additional actions included the following:

- Monitoring and closing (closing means that requirements have been met and the project is complete) one capital improvements grant for **Los Angeles Fiber Company**, funded under Cycle 2A and Cycle 3A. \$198,750 in remaining funds were paid in 2021 for the grantee's dust plant intended to increase recycling yield and reduce plant dust.
- **Circular Polymers** was monitored under Cycle 3X for a pelletization project for advanced recycling end markets and was paid \$6,094. (3X was a one-time grant cycle used in 2019 for a new opportunity and urgent need at that time.)
- The grants program also monitored Cycle 4A grants for **Los Angeles Fiber Company**, **PRET**, **Aquafil Carpet Recycling (ACR1)**, and **Green Waste Carpet Recycling**; the program paid **ACR1** \$234,000 in 2021. Three of the grant terms were extended into 2022.
- The program closed Cycle 4A grants for **Eastern Impressions** and **Hayward Transfer Station**, paid \$210,857 in total in 2021. Full project details can be found in the 2020 Annual Report.
- Monitoring and closing three Cycle 3B product testing projects. A total of \$136,268 was paid out in 2021 to **necoTech**, **GC Products**, and **ReFiber, LLC**. Full project details can be found in the 2020 Annual Report.

- A Cycle 2B project with **CMJ Systems** to testing PET in concrete applications continued through Q2 2022 and was monitored and paid \$7,650 in 2021.
- Monitoring and closing seven Cycle 3M micro-grant projects for collection/reuse. A total of \$25,476 was paid out in 2021 to **ACES Waste** and **Sierra County** after projects were completed. A full list of projects can be found in the 2020 Annual Report.
- New case studies were created for **necoTech** under a Cycle 3B testing grant and for **916 Floors** under its Cycle 3M micro-grant for collections/reuse.
- The Program reclaimed \$225,000 in Cycle 1A grant funds from **XT Green** for non-performance over five years.

7 Market Development

This chapter includes the following sections:

- 7.1. Market Development Overview
- 7.2. Technical Assistance & Outreach
- 7.3. Market Development Policy Support
- 7.4. Measuring Market Development
- 7.5. Product Development & Available Recycled Products
- 7.6. Conferences & Market Development
- 7.7. Business & Marketing Assistance

7.1 Market Development Overview

In 2021, historical successes in product development work based on the concept of feedstock conversion continued. This involves adding PCC material into the recipes of existing secondary products; new products were also developed using PCC material. Newly released equipment and testing grants are providing insight into the ability to apply PCC materials in new emerging markets, including the use of PC4 in decorative, nonstructural facades, post-consumer PET face fiber in Commercial/Residential foundations, PCC fiber and PC4 in roadbase/asphalt applications and in the exploration of sound-deadening wall applications.

The Program continued with its long-standing commitment to providing market and product development assistance, as well as affording substantial support, both through technical assistance and grants, for California-based capacity expansion. Key to the Program's market development and product expansion efforts have been the consistent and reliable expertise in the following areas: Technical Assistance via Assets Unlimited (Frank Endrenyi), Grants Management and Coordination via Abbie Beane, Marketing and Communications Strategies via Gigantic Ideas Studio, and direct staffing from CARE Product and Market Development Manager Rob Thiess.

The Program's product and market development strategies include the following:

- Development/support of new recycled carpet products produced in California.
- Exploration of alternative uses for PCC in existing products.
- Increasing the number of manufacturers producing recycled carpet products in California and the numbers of PCC collectors in California.
- Increasing the volume of used PCC materials that Tier 2 Manufacturers use in their recycled carpet products in California.

- Development of a Carpet Tile Collection plan and help to educate the public on the reuse of the Carpet Tiles collected. The Program worked with several potential and existing reused carpet tile outlets to increase the amount of carpet tile flowing to reuse. Collector/Sorters and union groups were also provided with technical assistance to help locate and prepare the carpet tile for reuse.
- Engaging with public entities, Department of General Services (DGS), the State Agency Buy Recycled Campaign (SABRC), the State Agency Green Employee group (SAGE), and procurement groups that are required to purchase “green products” to increase interest and build market demand for purchasing recycled carpet-content products for their projects.
- Building market demand with companies outside of California to use and incorporate PCC materials into their current or additional product lines when additional volume is available.
- Participation in multiple tradeshow events via presentations, and/or displays, often with recyclers present to promote their products and to get the word out that carpet is recyclable.
- Extensive confidential consulting with Eastman Chemical Company on their Carbon Renewal project and future Methanolysis PET Depolymerization plans.
- Recycler engagement with Rise Technologies to qualify post-consumer PP/PET carpet fiber to be used in commercial and residential siding applications.
- Extensive and ongoing dialog and support for recyclers in general on feedstocks, processing technology and market opportunities.
- Regular testing of California PCC material ash and moisture levels to assure that proper subsidies are paid.

7.2 Technical Assistance & Outreach

The Program continues to provide technical and business development assistance to Processors, Manufacturers, and their potential customers on a confidential basis. Current product and market development work is being driven by three operational California processors looking to open additional markets:

- **Aquafil–Woodland**, California: This new PCC processor started operations in 2021 and continued to make efforts to secure enough PCC for its recycling capacity for the remainder of the year.
- **Circular Polymers**, a 2021 Cycle 5A grant recipient in Lincoln, California: Circular Polymers continued to expand its capacity to now accept California-sourced Carpet Tiles and Commercial Broadloom. They have also increased

their overall ability to process additional PCC volumes. The carpet tile recycling testing efforts were funded in part by the Program.

- **Los Angeles Fiber Company (LAF)**, Vernon, California: completed its new updated dust collection plant, which will further expand yield and create a better work environment. The extra capacity that this creates enables LAF to accept and process streams that are more difficult to recycle.

2021 activities continued to center on maintaining and building upon the successful product and market efforts that the Program has established for California post-consumer carpet (PCC) material in the following ways:

- An outreach effort to contact all the California companies currently manufacturing products containing post-consumer recycled material, in an effort to expand PCC market outlets for California Processors.
- Continuation of outreach to California-based recycled product Manufacturers (Tier 2) to examine additional ways to support expansion efforts to incorporate a higher volume of PCC in their current product lines.
- Engagement with the **California Manufacturing Technology Consultants (CMTC)**. This is a nonprofit corporation that provides consulting services to all manufacturing operations located in California. This effort aids in additional exposure of PCC derived materials for use as a primary or supplementary raw material in another industry.
- **NecoTech** and **CMJ Systems**, both testing grantees, completed or continued testing of California PCC in new products. NecoTech is testing PCC materials for use in asphalt base construction, and CMJ Systems continued testing for commercial and residential cement-based foundation mixes.
- **GC Products** continued to test the performance of PC4 additions in both sound-deadening and decorative non-structural façades in hopes to use more PC4 in their product lines.

7.3 Market Development Policy Support

Building on the progress above, ongoing policy-related efforts include the following:

- Marketing outreach for environmental sustainability and State procurement professionals via education of the SABRC and SAGE programs.
- Securing an additional category to include: “carpet derived products” listed on the SABRC website. CARE continues to stand in support of legislation that will establish “carpet derived products” as the twelfth SABRC category. Such legislation would also look for an enforcement mechanism to provide

consequences for agencies failing to reach their SABRC mandated goals. This is an ongoing challenge for CalRecycle. As an added effort, CARE has worked to connect various manufacturers to local government bid opportunities by introducing them to RFP/RFQ platforms such as Planet Bid.

- Introducing new additions to AB 661/1369, which will aid in language sent to contractors. This language explains that carpet pulled from rehabilitation projects must be recycled and that the replacement of materials should contain a recycled-content element. They should also source Carpet-Derived Products containing California-derived PCC material when available.
- A Carpet-Derived Products category would include, but not be limited to acoustical materials, architectural elements, carpet, carpet cushion, insulation for buildings, insulation for product shipment, flooring systems, flooring underlayment, mats, manufactured lumber, pallets, parking stops, spill absorbency, and wheelchair ramps.
- The Program increased processing and collections significantly in 2021 based on new grant cycles and capital investments made in new and existing processing facilities and collections operations.
- Ongoing technical assistance and outreach to companies currently using recycled content material or having the potential to incorporate PCC.
- Marketing and promotion business assistance efforts were coordinated with GIS, where appropriate, to further facilitate materials collection, product expansion, sales, website updates and product placement assistance to companies currently using PCC.

7.4 Measuring Market Development

Market development is currently measured in two primary ways: the number of Tier 2 pounds used in the manufacture of recycled products, as reported by Tier 2 Manufacturers; and the number of products containing PCC recycled content, as self-reported by participating and non-participating manufacturers (note that the product counts are not necessarily equivalent to stock-keeping units, or SKU numbers).

2021 saw slight increase in Tier 2 Manufacturer use of Non-Nylon Recycled Output in products that have shipped and sold. Tier 2 Manufacturer Non-Nylon pounds shipped and sold increased from 20.6 million pounds in 2020 to 26.1 million pounds in 2021, a 27% increase.

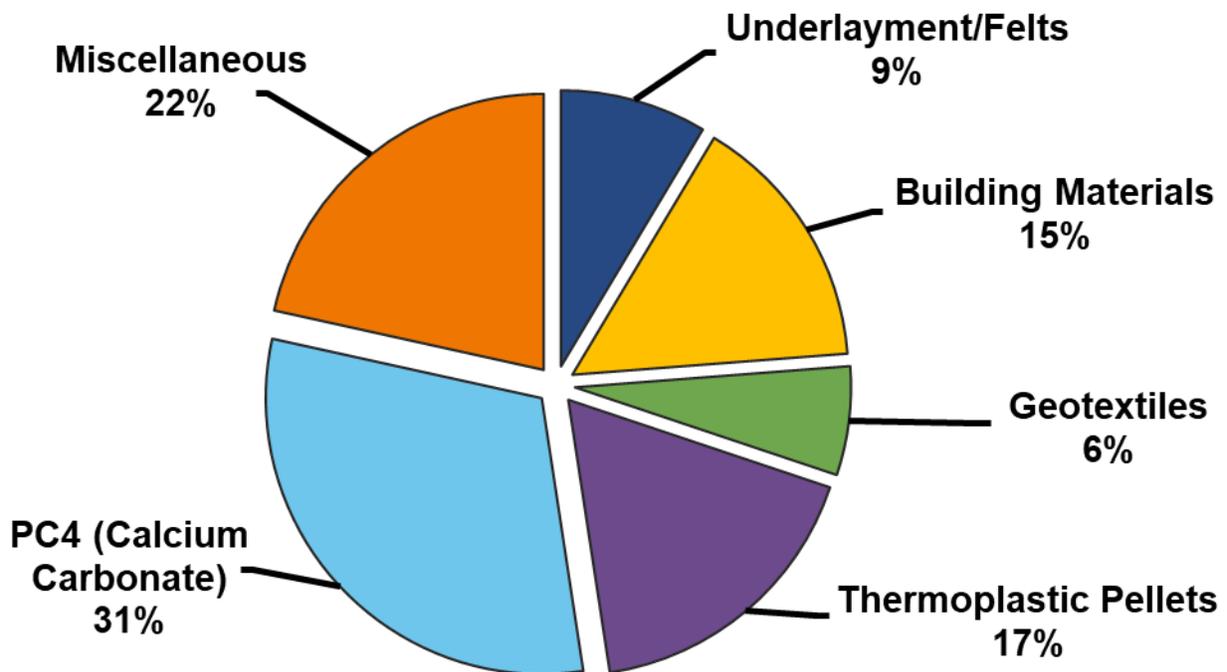
As anticipated, the Tier 2 Nylon 6 subsidy, coupled with the new Highest Recyclability incentive added in 2019, continued to spur growth in 2021. The Nylon pounds shipped and sold increased to 12.1 million pounds in 2021, over the 9.9 million pounds in 2020,

reflecting an increase of 22% on Nylon shipped and sold data (see Section 5.7). This subsidy enables the Program to further track secondary use of Nylon 6 in Tier 2 manufacturing. In addition to Tier 2 manufactured pounds, Tier 1 Processors produced 17,064,773 PC4 pounds shipped and sold in 2021 for use in secondary products, an increase from 13,230,157 million pounds in 2020, a 28.9% increase.

Of the 25 Tier 2 Manufacturers registered for the subsidy program in 2021, a total of 10 active Tier 2 Manufacturers received subsidy payments in 2021, a decrease from the 14 Tier 2 Manufacturers that received funding in 2020. Transportation costs and pandemic-related impacts were key drivers in this change. Participating Tier 2 Manufacturers reported the product categories shown in Figure 7-1.

In total, 27 manufacturers, including those not collecting subsidies, made products with California-sourced PCC in 2021; this number includes 10 California manufacturers. The total number of products manufactured with recycled-carpet content was 103 in 2021.

Figure 7-1. Product Output Categories



Currently reported recycled products fall into six main product categories:

- 31% PC4 (used in variety of products such as rubber mats, transition ramps, cement, adsorbents, and lightweight aggregate), compared with 30% in 2020.
- 17% Thermoplastic Pellets (including Polypropylene and Nylon 6, used in a variety of new plastic products), compared with 18% in 2020.
- 9% Underlayment/Felts (such as carpet cushion), down from 16% in 2020.

- 6% Geotextiles (such as erosion control products), down from 9% in 2020.
- 15% Building Materials (such as insulation and plastic lumber), up from 3%.
- 22% Miscellaneous (such as adsorbent, bedding, and packaging), compared with 24% in 2020.

Manufacturer listings are voluntary and may not include all available products containing California recycled PCC, especially if the manufacturer is not participating in the subsidy program.

7.5 Product Development & Available Recycled Products

The following companies took steps to develop new products using California Recycled Output in 2021:

- **Arizona Alternative Materials:** Researching higher-value concrete markets for the PC4 generated by California recyclers.
- **Circular Polymers:** Successfully expanded their equipment lines throughout 2021 to include the ability to recycle commercial broadloom and carpet tiles.
- **CJM Systems:** Commercial and residential concrete foundation applications and bagged material.
- **Green Hive Group:** Continued to source new end-users for its absorbent product AbsorbsWell.
- **NecoTech:** Asphalt mixes using post-consumer recycled carpet materials as supplementary raw feed for the Department of Defense and private sectors; cementitious blocks.
- **Rise Technologies:** Increased its consumption of both PP and PET for its siding manufacturing business.
- **SaN Pallets:** Setting up lines to manufacture plastic end caps and pallets for rolled goods and products, with the support of Program grant funds.

The Program provides a [video](#) and additional information about [Recycled Carpet-Derived Products](#) on the CARE California website.

7.6 Conferences & Market Development

In 2021, despite the continuance of pandemic-related limitations on in-person events and gatherings, CARE's Market Development Manager and other team members participated in a number of conferences and meetings on behalf of the California Program to help advance recycled carpet products:

- Participated in and engaged with industry and local government professionals during the California Resource Recovery Association's (CRRA) virtual conference.
- Conferred with CalRecycle Local Assistance and Market Development staff.
- Presented to SABRC, SAGE, and DGS staff regarding the California Carpet Stewardship Program. Discussed CARE's role in managing the Program, educating the public and the procurement professionals that carpet is recyclable. Showcased products manufactured using post-consumer carpet material.
- Worked with the SABRC campaign to provide information to include PCC products in legislation requiring the purchase of recycled-content products by local governments.
- Worked on providing information to justify including carpet tear-out in legislation and bid language requiring the recycling of demolition materials for government projects.
- Participated virtually in the California Association of Public Procurement Officials (CAPPO) annual conference.
- Marketing and communications agency Gigantic Idea Studio (GIS) assisted with market development in 2021, including the efforts described in the following section and Chapter 9, *Education & Outreach*.

7.7 Business & Marketing Assistance

As part of the Program's support for grantees and other entities using California-sourced PCC in end products, consultant Gigantic Idea Studio offered marketing advice and assistance to grantees in 2021, including the following support:

- **Circular Polymers:** Launched logo and website redesign. Assisted with design and content of flyer and PowerPoint slide presentation for conferences.
- **Green Hive Group:** Design and strategy advice on collateral and website for AbsorbsWell product.
- **3B Protection:** Edited directory submission for *Waste Advantage*.

Overall, PCC Product Promotion marketing efforts included the following:

- Revised two digital versions of the Recycled Carpet-Derived Products flier in March and December 2021.
- Updated presentation on procurement for SAGE and CalRecycle.
- Discontinued promotion of Double Green standard due to the lack of support in the industry to this Green Label standard and the fact that when two or more recyclables are combined into one product, it can become harder to recycle. CARE and the Program seek to advance improved Circular Economy strategies in carpet manufacturing and recycling.
- For CAPPO, placed ad in Directory, supported January 2021 virtual conference booth, and created video promoting PCC-derived products for conference.

In addition to the above, Gigantic Idea Studio provided support on grants-related communications, including flyers, blog posts, and video and print case studies for Program grantees, as noted in Chapter 6, *Grants*.

8 Financing Mechanisms

This chapter includes the following sections:

- 8.1. Total Program Cost
- 8.2. Cost per Capita
- 8.3. Cost per Pound Collected
- 8.4. Education & Communications Costs
- 8.5. End-of-Life Materials Management Costs
- 8.6. Program Administration Costs
- 8.7. Governance Costs
- 8.8. Total Cost to Local Government
- 8.9. Summary of Expenses
- 8.10. Surplus Funding
- 8.11. Assessment Rate

8.1 Total Program Cost

The following numbers are reported in accordance with the accrual basis accounting method:

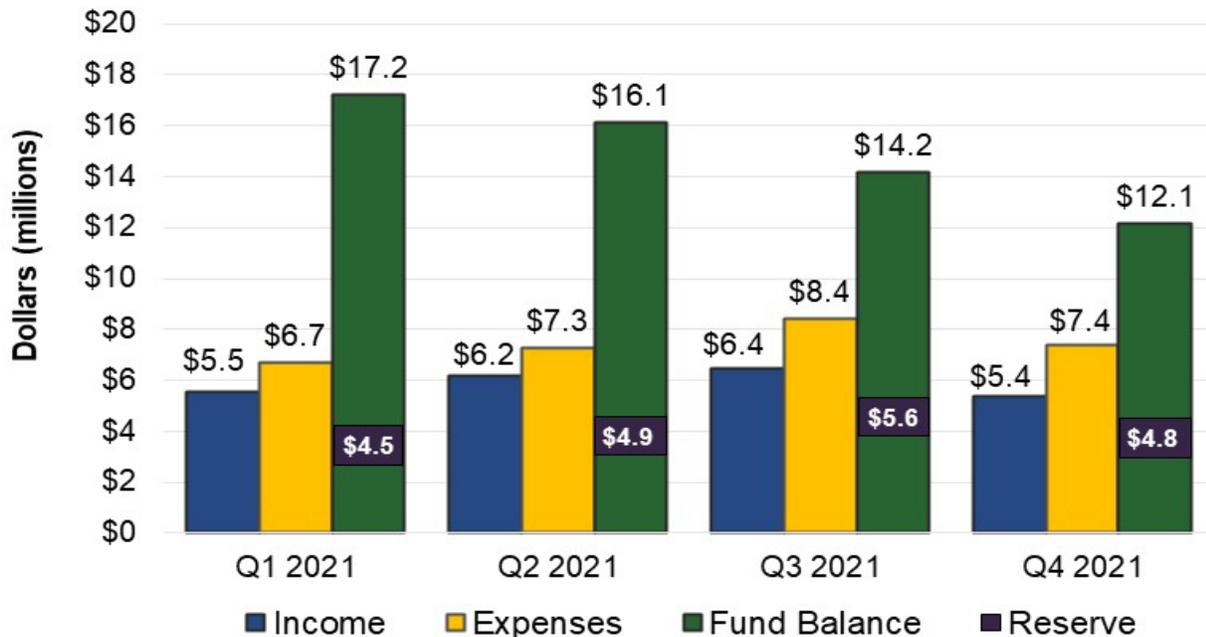
- **2021 Starting Balance: \$18.6 million.**
- **2021 Total Income: \$23.6 million**, consisting of \$23.6 million in assessment remittances paid by participating Carpet Mills and interest income of \$18,067.
- **2021 Total Expenses: \$29.8 million**, allocated as follows:
 - 77.7% Program Subsidies.
 - 0% COVID-19 Response Special Payout.
 - 2.3% Administration, includes Program Administration (0.3%) and CalRecycle Fees (2.1%).
 - 4.7% Direct: includes Salaries and Benefits (4.1%) and Support (1.1%).
 - 4.7% Drop-off Site (Collections) Program.
 - 1.6% Technical Assistance.
 - 4.1% Grants.
 - 3.6% Education and Outreach.
 - 1.3% Accounting and Legal.
 - 0.0% Advisory Committee.
- **2021 Ending Balance: \$12.4 million.**
- **2021 Ending Program Reserve: \$4.9 million**, 40.5% of ending balance.

As outlined in the 2018–2022 Plan, funding has remained sufficient to cover all costs with an objective of spending down the Fund Balance. Over time, the excess Fund Balance has primarily been a result of two factors: lower than budgeted recycled output and thus lower subsidy payouts over time, coupled with the 2019 increase in the recycling assessment from \$0.25 per square yard to \$0.35. The excess funds were incorporated into the Plan to help ensure a balanced budget as required. In light of the worldwide business and supply chain impacts experienced during the COVID-19 pandemic, the availability of funds enabled the Program to support and sustain recyclers, preventing the potential loss of any Collector/Sorters, Processors, or Manufacturers involved in the California Program. Based on feedback from recyclers, pandemic-related shutdowns and possible closure of operations would likely have occurred in 2020 and 2021 if the Program had not implemented the COVID-19 Action Plan.

With the approved Plan, and through use of CARE’s Budget Model, the Program adjusted its reserve calculation to equal a two-month average of total Program expenses over the last quarter (based on a total of the last 3 months divided by 3 and multiplied by 2). By the end of 2022, excess funds will be reduced such that the balance will meet the calculated Plan reserve.

Figure 8-1 summarizes the revenues, expenditures, and fund balance retained by quarter throughout 2021. It also summarizes the Reserve, a portion of the Fund Balance that represents most of surplus funding. Note, Program revenue is realized through the sale of new carpet which are seasonal and reflected as the reported income.

Figure 8-1. Program Remittances, Expenditures, and Balance Over Time



8.2 Cost per Capita

Based on California's population of roughly 39.2 million people in 2021, the \$29.8 million expended in 2021 on total Program expenses accounts for \$0.76 for each Californian, a 22.6% increase from \$0.62 from 2020.¹

8.3 Cost per Pound Collected

On a total Program cost basis, Gross Collection of post-consumer carpet totaled 88,465,787 pounds in 2021. An average of 2.26 pounds of PCC was recovered per capita. Based on **total Program funds expended** in 2021 (\$29.8 million), the total Program cost per pound collected is \$0.34 per pound, a 6% increase over the cost per pound in 2020 at \$0.32 per pound.

Looking exclusively at the **direct costs** (transportation, storage, and Collector/Sorter recycling fees) of the Program's **public Drop-off Sites**, the average cost per pound collected was \$0.10 per pound in 2021, the same as in 2019 and 2020. The average cost per pound has decreased from \$0.17 per pound in 2015, while the PCC tonnage collected has increased. Since 2018, the Program has tracked direct costs for Urban versus Rural collection sites in the public Drop-off Collection program. For 2021, Urban costs averaged \$0.09 per pound with more than 11.1 million pounds of PCC collected at public Drop-off Sites. Rural costs averaged \$0.18 per pound with more than 1.6 million PCC pounds collected. The public Drop-off Sites collected 12.8 million pounds of PCC in 2021 (note that the Urban and Rural subtotals do not add exactly due to rounding). Table 8-1 shows the costs and quantities of Urban and Rural pounds (in millions) collected in recent years.

¹ Per-capita calculations are based on the [California Department of Finance's population estimate](#) of 39,185,605 as of January 1, 2022.

Table 8-1. Costs per Pound and Quantities Collected at Public Drop-off Sites: Urban, Rural, and Combined

Year	Urban Cost per Pound	Urban Pounds (millions)	Rural Cost per Pound	Rural Pounds (millions)	Combined Cost per Pound	Combined Pounds (millions)
2017	N/A	N/A	N/A	N/A	\$0.10	6.9
2018	\$0.10	6.1	\$0.17	1.8	\$0.12	7.9
2019	\$0.08	8.7	\$0.21	1.5	\$0.10	10.2
2020	\$0.09	8.9	\$0.20	1.3	\$0.10	10.2
2021	\$0.09	11.1	\$0.18	1.6	\$0.10	12.8

Rural program costs are generally higher due to smaller volumes captured over a longer period, container storage fees, and greater transport distances, which are affected by federal Department of Transportation rules limiting driver road time. Conversely, Urban program costs generally relate to larger volumes captured in shorter time frames, lower container storage costs (containers swapped out more frequently), and shorter transport distances. Additionally, some Urban sites may choose to self-haul, a cost the Program reimburses, which often can afford a lower transport rate as well as no added container storage costs. Note that these costs reflect direct Drop-off Site costs, not overall Program costs, including subsidies, payroll, and grants.

8.4 Education & Communications Costs

To maintain engagement with multiple stakeholder groups, with widely different perspectives and agendas, the approved 2018–2022 Plan included a forecast budget for marketing, outreach, education, and communications at \$1,240,000 in 2021 (of which \$1,069,341 was expended). These figures include the Carpet Advisory Committee. Due to COVID-19 pandemic-related Health Orders requiring business closures and work from home, Outreach Team travel costs from mid-March 2020 through the end of 2021 were heavily curtailed. Expenditures in this category in 2021 included the expenses for the California Carpet Advisory Committee, which due to pandemic-related travel restrictions, resulted in minimal funds expended in support of the Advisory Committee. Total expenditures under this category equate to 3.6% of the total expenses incurred in 2021, roughly the same as in 2020.

Although the Program’s overall budget is authorized by CARE by subcategory, actual expenditures may be adjusted over the course of each year in response to dynamic program conditions, new educational opportunities, or other factors. Overall actual

education and outreach expenditures in 2021 were considerably lower than anticipated due to pandemic impacts.

While education and communications activities are designed to support program goals, the Program relies primarily on subsidy expenditures as the principal mechanism for achieving increased Recycled Output, diversion, and other program goals. Efforts continue to explore ways to tie education and outreach activities to operational performance metrics. The Program does measure before and after program awareness and PCC pounds captured at public Drop-off Sites, as examples, to determine the effectiveness of marketing, education, and outreach strategies in the field. That information is used to further refine efforts.

8.5 End-of-Life Materials Management Costs

For the purpose of this report, End-of-Life (EOL) is defined as activities occurring at the point when a product is discarded by the consumer or the end of the useful life of a product, whichever comes first. EOL disposition options include such activities as reuse, recycling, secondary product manufacturing, energy recovery, and landfilling. In 2021, \$19.9 million in Program resources were directed to support EOL materials management in the following amounts:

1. **Gross Collection** – In 2021, the Program expended \$1,397,821 on operational support for 98 Drop-off Sites serving all 58 counties in California (see Chapter 4). This is a cost increase of 27% from the \$1,099,501 spent on the Collections Program in 2020.
2. **Grants** – Grant funds approved for payout in 2021 totaled \$1,459,974, including payouts from grant cycles committed in previous years as well as new grants awarded in 2021. Chapter 6 and Table 6-1 provide more details on grant funding. It should be noted that accounting rules stipulate that grant funds committed and paid in 2021 must be accounted for in the 2021 financials. Table 6-1 is a statement of committed and paid funds but does not take accounting periods and accrual into consideration.
3. **Recycling** – The bulk of Program resources support the conversion of Gross Collection into Recycled Output materials by participating Tier 1 Processors and use of generated Recycled Output as feedstock by Tier 2 Manufacturers. In 2021, \$23.1 million was paid through the following subsidies and incentives supporting recycling, as well as the COVID-19 Special Payout (see Figure 8-2 and Figure 8-3):
 - a. **Tier 1 Processor Subsidies**, Total: \$10.4 million.
 - **Carpet Tile recycled** by Processors: \$194,065.

- **Type 1 Processor Recycled Output** (recycled output within ash content thresholds, currently less than 25% ash): \$6.2 million.
 - **Type 2 Processor Recycled Output** (recycled output with higher ash content thresholds, currently more than 25% ash): \$0.
 - **Highest Recyclability**: \$1.1 million.
 - **PC4 Processor Recycled Output** in 2021: \$2.9 million.
- b. **Tier 2 Manufacturer Subsidies**, Total: \$9.6 million.
- c. **Collector/Sorter Entrepreneur (CSE) Subsidies**, Total: \$3.1 million.
- i. **Reporting Incentive**, and Collector/Sorter whole carpet and carpet tile recycling collection subsidy: \$2.9 million.
 - ii. **Reuse Subsidy CSEs** (broadloom and carpet tile): \$235,602.
- d. **COVID-19 Special Payouts**, Total: \$0.
4. **Energy Recovery** – Waste-to-Energy (WTE) does not receive subsidy payouts under the current Plan. In 2021, Carpet As Alternative Fuel (CAAF) and Kiln saw no payouts.
5. **Disposal** – Disposal figures are reported in Table 4-9. No subsidies are offered for disposal, including Incineration and Landfill.

Figure 8-2. Program Expenditure Ratios (millions), 2021

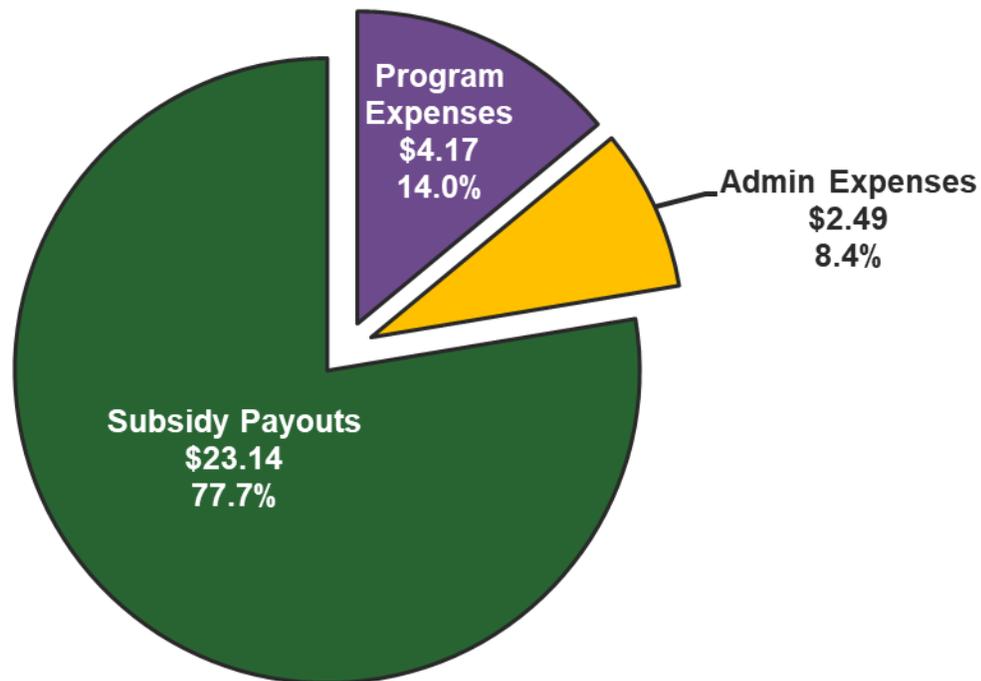
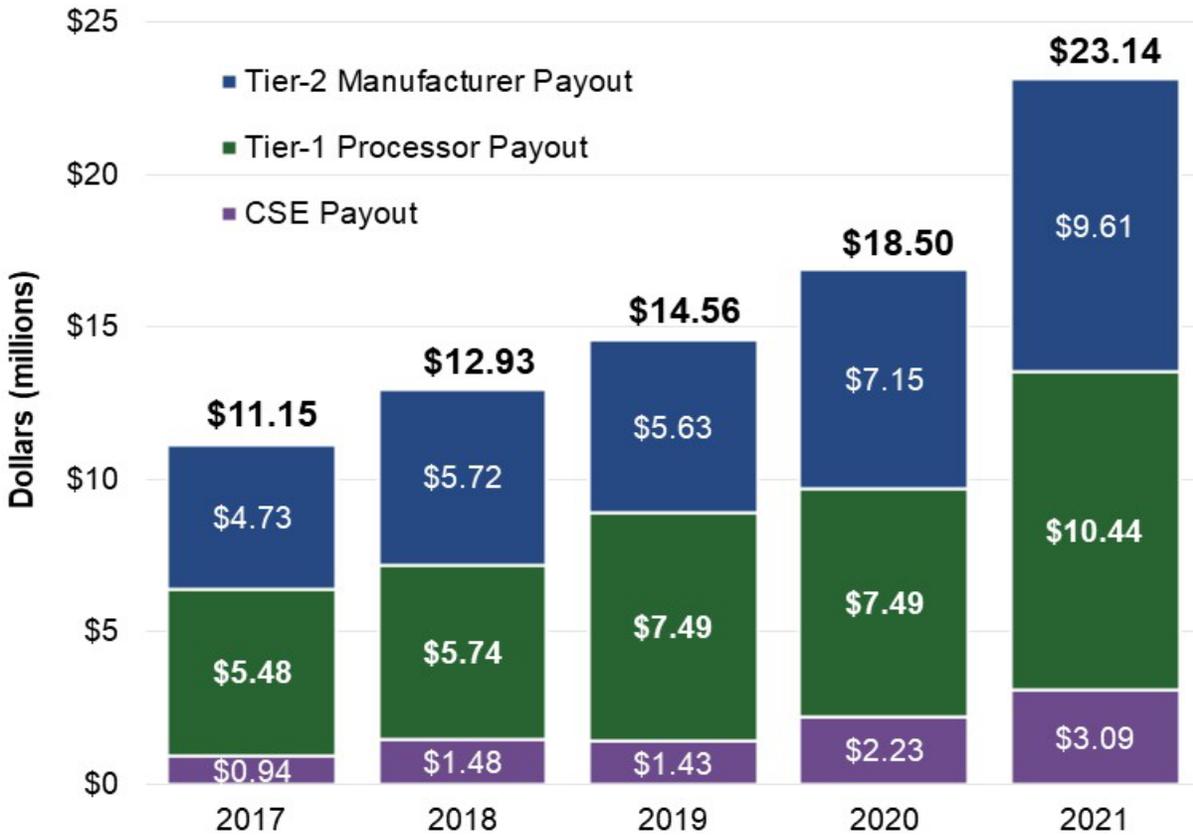
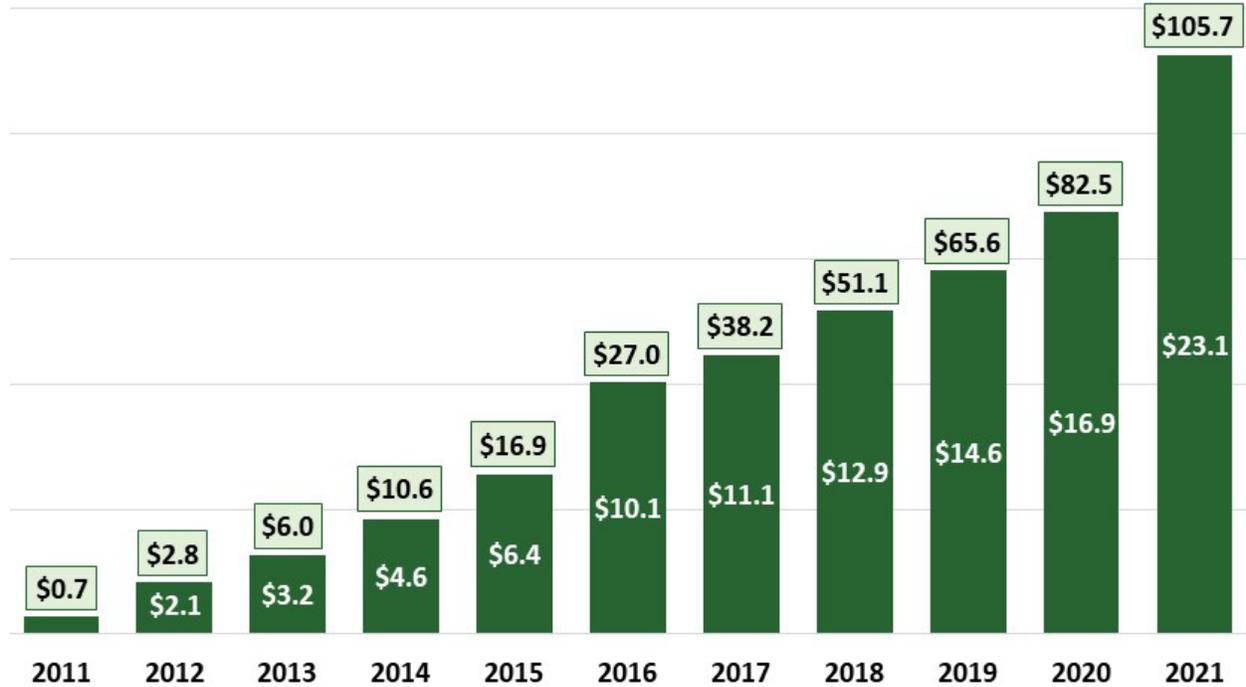


Figure 8-3. Summary of Subsidy Funds Paid to Participants Over Time by Type



Since the Program’s inception, CARE has invested heavily in supporting the recovery and recycling of PCC, and the cumulative subsidies paid out across CSEs, Processors and Manufacturers has totaled \$107.26 million. Figure 8-4 below reflects the annual and cumulative subsidy payouts from 2011 through 2021. The orange bars show the progressively increasing annual subsidy payouts during each respective year, while the blue rectangles above each orange bar reflect the cumulative subsidies paid out year over year through 2021.

Figure 8-4. Annual and Cumulative Subsidy Payouts (million dollars), 2011–2021



In response to an Advisory Committee recommendation, Table 8-2 has been revised to summarize both planned and actual pounds and expenditures according to each subsidy category. It should be noted that budgets are best estimates and vary as the year progresses due to market, technology, and unexpected event forces at play.

Table 8-2. Pounds and Subsidies Paid by Type in 2021 (Budgeted and Actual)

Type	Pounds Actual	Pounds Budgeted	Delta	Subsidies Paid	Subsidies Budgeted	Delta
CSE Reporting Incentive	N/A	N/A	N/A	\$52,000	\$48,000	\$4,000
Carpet Tile Recycled or Reuse SUBSIDY PILOT	2,253,940	2,182,952	70,988	\$110,631	\$109,148	\$1,483
Carpet Tile REUSE	829,815	871,708	-41,893	\$235,602	\$247,331	-\$11,729
Broadloom REUSE	0	0	0	\$0	\$0	\$0
Broadloom Recycling Collected, Sold, and Shipped	67,380,781	92,126,166	-24,745,385	\$2,695,231	\$3,685,047	-\$989,815
Adjustments	N/A	N/A	N/A	\$0	\$0	\$0
Collector/Sorters (CSEs) – Total	70,464,536	95,180,826	-24,716,290	\$3,093,464	\$4,089,525	-\$996,061
Carpet Tile RECYCLED	770,086	804,653	-34,567	\$194,065	\$228,305	-\$34,240
Type 1 Standard	48,958,227	55,141,307	-6,183,080	\$6,244,262	\$6,599,794	-\$355,531
Total Type 1	49,728,313	55,945,960	-6,217,647	\$6,438,327	\$6,828,099	-\$389,771
Type 2 Filler/Other	0	0	0	\$0	\$0	\$0
PC4 (Calcium Carbonate)	17,064,673	21,029,438	-3,964,765	\$2,900,994	\$3,575,004	-\$674,010
Total Type 2	17,064,673	21,029,438	-3,964,765	\$2,900,994	\$3,575,004	-\$674,010
Highest Recyclability: Nylon (6 & 6,6)	21,989,435	14,517,676	7,471,759	\$1,099,472	\$725,884	\$373,588
Adjustments (non-specified budgeted subsidy amounts)	N/A	N/A	N/A	\$0	\$0	\$0
Processors – Total	66,792,986	91,493,074	-24,700,088	\$10,438,793	\$11,128,987	-\$690,193
Non-Nylon Payouts	26,131,185	21,306,199	4,824,986	\$6,834,650	\$5,635,983	\$1,198,667
Nylon 6 Payouts	10,016,027	10,061,768	-45,741	\$2,504,007	\$2,515,442	-\$11,435
Nylon 6,6 Payouts	2,081,816	1,275,308	806,508	\$270,636	\$165,790	\$104,846
Adjustments	N/A	N/A	N/A	\$0	\$0	\$0
Manufacturers	36,147,212	32,643,275	3,503,937	\$9,609,293	\$8,317,215	\$1,292,078
Total All Subsidy Payouts	173,404,734	219,317,175	-45,912,441	\$23,141,551	\$23,535,727	-\$394,177

8.6 Program Administration Costs

Total program cost includes three primary elements: subsidies (77.7%), program expenses (14.0%), and administration expenses (8.4%), as shown in Table 8-3. Subsidies are the combined expenses for subsidies to Collector/Sorters, Processors, and manufacturers. Program expenses include education and outreach (E&O), collection, grants, and technical assistance.

Administrative expenses include fees to CalRecycle (2.1%), CARE administrative costs (0.2%), direct expenses (3.6%), direct support (1.1%), and legal and accounting services (1.4%). Administrative expenses include apportioned CARE Executive Director, Finance Director and Administrative Support staff, California Program Director, two California Senior Associates, California Grants Manager, California Market/Product Development Manager, California Program Coordinator. Legal and accounting services include assessment remittance reporting and fund management, subsidy reporting and payouts, Agreed Upon Procedures (AUP) reviews, legal oversight, financial audits, grant administration, and any related activities which may include annual report data generation, special analyses of data, surveys, Planful subscription fee, subscriptions to data services and information reporting, etc.

Table 8-3. Total Program Expenses in 2020 and 2021

Program Expenses (in thousands of dollars)	2020 Total	2020 % of Expenses	2021 Total	2021 % of Expenses	2021 Budgeted
Subsidy Payouts (accrual)	\$16,867	69.1%	\$23,143	77.6%	\$16,762
COVID-19 Special Payout	\$1,627	6.7%	\$0	0.0%	\$0
Program Expenses:					
Advisory Committee	\$3	0.0%	\$8	0.0%	\$40
Education & Outreach	\$888	3.6%	\$1,062	3.6%	\$1,200
Collections Program	\$1,100	4.5%	\$1,398	4.7%	\$1,800
Grants	\$1,057	4.3%	\$1,235	4.1%	\$2,100
Technical Assistance	\$511	2.1%	\$465	1.6%	\$712
Subtotal of Program Expenses	\$3,559	14.6%	\$4,168	14.0%	\$5,852
Administrative Expenses:					
CalRecycle Fees	\$511	2.1%	\$635	2.1%	\$1,190
CARE Office Admin. Costs	\$76	0.3%	\$51	0.2%	\$171
Direct Expenses (CARE)	\$1,006	4.1%	\$1,071	3.6%	\$1,070
Direct Support (CARE)	\$255	1.0%	\$340	1.1%	\$500
Legal	\$125	0.5%	\$23	0.1%	\$65
Accounting	\$368	1.5%	\$377	1.3%	\$351
Bad Debt	\$0	0.0%	\$0	0.0%	\$0
Subtotal of Administrative Expenses	\$2,341	9.6%	\$2,497	8.4%	\$3,346
Subtotal of Program & Admin. Expenses	\$5,900	24.2%	\$6,665	22.4%	\$9,198
TOTAL Expenses	\$24,394	100.0%	\$29,807	100.0%	\$25,960

Table Notes: This table shows program expenses in thousands of dollars, including subsidy payouts, Program expenses, and Administrative (Admin.) expenses.

8.7 Governance Costs

Program governance is provided by CalRecycle. In 2021, the Program paid \$634,869 to CalRecycle for the agency's role in providing governance support and oversight on behalf of the state of California, equivalent to 2.1% of total 2021 Program expenditures. The 2021 figure represents a 24.3% increase from the \$510,918 paid to CalRecycle in 2020 (2.1% of program expenses).

8.8 Total Cost to Local Government

The Program does not currently track the costs of managing discarded carpet incurred by local governments, and it does not require any direct contribution by local governments. Some local governments may support Program efforts, in line with their local waste diversion goals. Local governments participating in the Program's public Drop-off Sites may see financial benefits through offset costs of trailer and bin storage fees, transportation fees, and tip fees charged by receiving Collector/Sorters and Tier 1 Processors incurred by the Program.

Local governments and disposal sites may continue to charge tip fees for carpet recycled through the Drop-off Site Program, although sites are encouraged to offer a reduced tip fee for source-separated carpet prepared for recycling. Landfill volume savings from carpet and pad, though unquantified, is an additional benefit of the Program. The Program does not provide funds to offset labor costs that may be incurred as part of participation in the Drop-off Site Program.

8.9 Summary of Expenses

Table 8-4 below summarizes Program expenses in 2021. Cost per pound of Gross Collection averaged \$0.34 per pound and cost per capita was \$0.76 per person.

Table 8-4. Summary of Program Expenses by Category in 2021

Expenses	\$ Millions
Total Assessment Remittances	\$23.5
Total Interest Income	\$0.02
End-of-Life (EOL) Base Incentive Payout	\$7.5
PC4	\$2.9
Type 2 Filler/Other	\$0.0
EOL Bonus Subsidy Payout (Type 1)	\$0.052
EOL Tier 2 Subsidy Payout (base and growth incentives)	\$9.6
CSE Incentive Payout	\$3.0
EOL Gross Collection Payout (Rural County Program Storage & Transport.)	\$1.4
Marketing, Education, Outreach	\$1.1
Grant Program	\$1.2
Program Administration	\$1.9
Technical Assistance	\$0.465
Program Governance (CalRecycle Fees)	\$0.635
Total Program Cost	\$29.8

In the table above, the Marketing, Education, Outreach category includes both Education & Outreach and Advisory Committee Expenses. Program Administration includes CARE Administrative Office Expenses, Accounting/Legal Expenses, Direct Expenses (Salaries & Benefits), and Direct Support. Technical Assistance expenses include Technical Assistance/consulting to recyclers, Modeling Consultant, PET Project, Testing Fees, Reporting Database, and Studies.

The Program prioritizes subsidy expenditures which incentivize Collector/Sorters, Tier 1 Processors, and Tier 2 Manufacturers based on actual pounds of PCC material managed, shipped, and sold/donated. In this way, payouts are linked to direct market results, increasing accountability, and tying Program investments to market-based

solutions. In 2021, Program expenses across several categories, including Advisory Committee expenses and Education and Outreach, remained lower than pre-pandemic levels as a result of continued travel and health limitations. Continuing its efforts to support and sustain Collector/Sorters, Processors, and Manufacturers in 2021, the Program maintained subsidy adjustments from its COVID-19 Action Plan to aid in business continuity.

No Funds Expended for CAAF, Kiln, or Related Disposition

In accordance with Carpet Stewardship Laws, the Program did not expend funds for engineered municipal solid waste conversion, the use of cement kilns to burn carpet, or transformation as defined in Public Resources Code Section 40201.

In 2021, zero pounds of carpet collected were handled as Carpet As Alternative Fuel (CAAF) or Waste-to-Energy (WTE), and no subsidies were paid to CAAF or WTE. Kiln utilization totaled 1,200 pounds in 2021, and no subsidies were paid to Kiln. These disposition methods are counted toward landfill diversion figures but are not eligible for subsidies.

8.10 Surplus Funding

The starting fund balance at the beginning of 2021 was \$18.6 million. During the calendar year, program revenues totaled \$23.6 million, consisting of \$23.5 million in assessment remittances paid by participating Carpet Mills and interest income of \$18,067. Total expenditures in the form of subsidy payouts and other expenses totaled \$29.8 million during the term, or 126.5% of remittances. At the close of 2021, the Program's total ending fund balance was \$12.4 million. The Reserve changes monthly with the level of payouts. The approved 2018–2022 Plan provides a reserve equal to a two-month average of total program expenses over the last quarter (based on a total of the last 3 months divided by 3 and multiplied by 2).

8.11 Assessment Rate

Effective January 1, 2019, the assessment rate increased from \$0.25 to \$0.35 per square yard of carpet sold in California throughout the reporting period. The assessment remained at that level in 2020 and 2021.

9 Education & Outreach

The Program's marketing, education, and outreach (referred to as MEO or E&O for education and outreach) team works to support the operational goals of the organization. As operational priorities shift, MEO also pivots. In contrast to previous years where efforts were directed to market development and increasing outlets for recycled carpet material, a major focus of the Program and its outreach in 2021 was increasing collection of tear-out carpet to feed the demand that has grown in the past couple of years. Efforts included expanded focus on communicating about Drop-off Sites and recycling benefits to retailers, regular communication with licensed flooring contractors, supporting union training with carpet recycling information, and raising public awareness about carpet's recyclability.

MEO activities have been conducted in rural counties as well as in various languages to meet audience needs. This includes installer training videos and signage created in both English and Spanish.

The MEO program does measure before and after program awareness, procurement of PCC-content products, and PCC pounds captured at public Drop-off Sites, as examples, to determine the effectiveness of marketing, education, and outreach strategies in the field. The MEO program also assesses the effectiveness of its strategies and adjusts accordingly, based on marketing metrics, online surveys, outreach calls, and in-person tablings.

This chapter includes the following sections:

- 9.1. Retailers
- 9.2. Installers
- 9.3. Consumer Outreach
- 9.4. Regional Approach
- 9.5. Drop-off Sites Engagement
- 9.6. Marketing Assistance for Market Development
- 9.7. Reuse
- 9.8. General Outreach

Outreach and education goals are intended to support and promote the overall Program goals. These activities include both planned and timed outreach as well as opportunistic outreach as information and events require. Outreach and educational activities include the following:

- Increase collection by informing flooring retailers and installers about recycling opportunities, in particular public Drop-off Sites.

- Increase Recycled Output through stimulation of market awareness and demand for recycled products and ongoing support promoting the continued incorporation of PCC in appropriate products.
- Increase diversion by highlighting carpet reuse and recyclability opportunities.
- Support efforts to identify new opportunities for Program-sponsored public Drop-off Sites or making such opportunities known to the private collection network.
- Raise public awareness of the Program's activities to support carpet recycling.

Audiences included Retailers, Installers, Drop-off Sites, Local Government, current and potential Grantees, Collector/Sorters, Processors, Manufacturers, Carpet Mills, Contractors, Building Owners, and Consumers.

The Program uses a wide array of communications and outreach channels, including one-to-one outreach, direct mail, online and print advertising, media relations, conferences, websites, and social media. The COVID-19 pandemic forced the Program to scale back in-person outreach; regular in-person outreach to retailers was largely replaced by phone "visits," which actually enabled significantly more stakeholder contacts than were feasible in-person.

9.1 Retailers

Retailer contacts focused on promoting and informing them about the following:

- Drop-off Site opportunities.
- Recycling pick-up service uptake (where available).
- Consumer education materials on carpet recycling and recyclability.
- PCC recycled-content products.
- Information about differential assessments.
- Installer operations.

As initiated in 2020, the inclusion of hard-surface retailers in the retailer "universe" entailed efforts to raise awareness of carpet recycling opportunities among retailers that, while they may be involved in carpet tear-out, do not sell carpet and are less aware of the assessment and thus are more difficult to persuade to recycle. Initial attempts at engagement have not been fruitful to date due to limited responsiveness and interest.

2021 Retailer Activities

- Informing retailers of new public Drop-off Sites in their area and working to promote recycling services, inform of assessment compliance and upcoming

changes, and provide collateral. In 2021, 1,155 retailers were contacted by phone, an increase of 77% from 2020.

- Distribution of collateral, often as follow-up to outreach call. In 2021, 7,035 retailer brochures were mailed to stakeholders. The annual California Program “good news” print piece was sent to approximately 2,300 carpet and hard-surface flooring retailers in July 2021.
- Assisting Program staff with research and mapping of stakeholders (retailers, drop-off sites, haulers, reuse stores, supply houses, etc.) and passing on leads for increasing collection by retailers or potential grant applicants.
- Maintaining a current and accurate database of all carpet retailers in California to enhance effective and timely communications, while increasing the data points collected. Data relating to PCC handling, recycling interest, available space for recycling provide both team referral opportunities and program design feedback.

Carpet Differential Assessment Communications Plan

A major component of outreach in 2021 was informing carpet retailers about the upcoming Carpet Differential Assessment (CDA). An initial email asking for input on the CDA plan was sent in March 2021. Communications ramped up in the fall of 2021 with email and direct mail communications informing about the April 1 deadline. The CDA landing page included copies of all communication, a Frequently Asked Questions one-sheet, and, in late 2021, an explainer video. Despite these efforts, a random sample phone survey conducted in late 2021 indicated that many retailers (about half of the 50 contacted) were not aware of the impending change. The feedback informed strategic planning going into 2022.

Carpet Differential Assessment communications were also sent to the mills (with request to distribute to their customers) and appropriate software vendors. CARE staff had a series of calls with technical staff working with the World Floor Covering Association to clarify changes needed to the major sales management platforms before the April 2022 CDA launch. Communication efforts were further increased in early 2022.

9.2 Installers

With growing awareness that flooring contractors can be both the implementer and the decisionmakers around carpet recycling, Program staff focused on communicating directly with installers in 2021, in addition to via retailers. The Program used the list of C-15 licensed installers publicly available through the Contractors State License Board to reach over 7,000 flooring contractors via direct mail. Since many of the installers might deal with carpet tear-out but not necessarily carpet installation, the Program focused on raising awareness that carpet can be recycled and that there are Drop-off

Sites for carpet recycling. Licensed installers, a challenging trade to reach and engage, received three direct mail pieces in 2021:

- Awareness flyer.
- “Good news” piece about carpet recycling progress in 2020, sent to more than 7,000 installers in 2021; also sent to retailers.
- Reminder postcard.

Due to COVID-19 restrictions, in-person tablings at supply houses were suspended for 2021. The outreach team has also found that reaching out to the installers directly, rather than tabling at supply houses, is much more effective and cost efficient. Tabling at Regional Distribution Centers (RDC), however, is cost-efficient due to the greater number of installers who visit the RDCs.

The MEO team learned early on through in-person installer tablings that there is a large population of Spanish-speaking installers in the industry. From the start, the team has created installer sheets with English on one side and Spanish on the other for Drop-off Sites to distribute, and the Program has a Spanish version of its installer training video. In the past, Russian language drop-off signage has also been created by request. Marketing materials also include imagery that can convey the messages without much language. The Program will continue to assess when and where other languages are needed to reach all Californians.

Regional Distribution Centers

CARE determined that Regional Distribution Centers (RDCs) of flooring companies offer excellent opportunities as potential collection and outreach sites to connect with installers. Through engagement with both national leadership and state/regional Carpet Mill representatives and local RDC staff, CARE created further opportunities for expansion of carpet recycling outreach and referrals for larger volume onsite collection services, as well as exploring opportunities for convenient will-call customer recycling drop-off locations at RDC facilities. In 2021, outreach included the following efforts:

- Extensive collateral to one Mohawk and two Shaw distribution centers.
- Development and pilot of RDC will-call customer lounge carpet recycling displays.
- Development of carpet recycling information flyer and maps for inclusion with bills of lading on RDC flooring product shipments.
- Measuring success of outreach activities through pounds collected at RDCs and customer awareness.

Union Training

Despite disruptions from the COVID-19 pandemic, Program staff continued working with flooring union DC 16 in San Leandro. Staff conducted 4 remote and 3 in-person trainings of 74 apprentices and trainers in 2021. A quiz is conducted at the end of each training session to assess installer learning outcomes. The DC 16 Training Center was significantly impacted by COVID-19 and was closed for most of 2021. The center opened for a brief period in Fall 2021 and then closed again.

- The Program worked with DC 16 to develop the carpet recycling training package for future use, including with DC 36. Training plans with DC 36 commenced in 2021 and will continue in 2022.
- DC 16 became a Program-sponsored Drop-off Site for both carpet tile and broadloom carpet discards.
- Collaboration and preparation for the training video occurred in 2021 and was completed in early 2022.

Videos

The Program produced English and Spanish-language videos to educate flooring installers about best practices for carpet recycling in 2017. In 2021, those videos garnered over 22,000 views. To extend the Program's reach to the next generation of carpet installers, a video companion to the in-person union training was started in 2021 and will be distributed via the unions and elsewhere in 2022.

9.3 Consumer Outreach

Consumers do not think much about the carpet beneath their feet until they are ready to move or renovate. The Program focuses on communicating with those homeowners who are considering new flooring, while laying a groundwork of the idea that carpet is recyclable, like paint, mattresses, and other materials, when brought to the right place.

The Carpet Stewardship Program collaborated with stewardship organizations Mattress Recycling Council, PaintCare, and Call2Recycle (for batteries) in 2021 to create an online "partner article" that was placed on a network of major media websites across the state. Placements included:

- English version: 46 media placements with 24 million impressions.
- Spanish version: 44 media placements with 14.8 million impressions.

In the last few years, the Program has partnered with the other Stewardship groups to promote awareness about hard-to-recycle items (carpet, mattress, paint, and batteries).

These articles were created and distributed in both English and Spanish. Distribution varies per collaboration effort, and more than 1 million copies were printed with approximately 30% of the total for Spanish language newspapers.

9.4 Regional Approach

Starting in 2017, the Program adopted a Regional Approach strategy to test the effectiveness of a multi-touch strategy that works to educate and learn from various stakeholder groups within a geographic area, with a goal of improving collection, recycling, and awareness of carpet recycling opportunities. The regional approach is used to conduct new strategies in a specific region so that their effectiveness can be measured when compared to similar areas in the state that are not receiving the same treatments. That information is then used to refine approaches.

In 2021, Program staff conducted regional campaigns in the San Francisco Bay Area and San Diego County. Specific landing pages were created for each regional approach area to measure campaign impact.

San Francisco Bay Area

Following one-to-one contacts with Bay Area retailers for focused outreach on recycling practices and opportunities, the Program conducted a multi-tactic mass media campaign in July 2021, including the following activities:

- Advertisements in Bay Area News Group properties: *East Bay Times* and *San Jose Mercury News*.
- KQED sponsorship.
- Google display, text, and video ads.
- Billboards.

The promotions yielded significant uptakes in traffic to a Bay Area landing page on the CARE website. The Bay Area landing page accounted for 44% of all entrances (first page visited) to the website in July and was the second most-viewed page, with 2,666 pageviews during the month. As part of the Bay Area regional outreach effort, the outreach team conducted three in-person tabling events in summer 2021, reaching 89 installers/contractors.

San Diego County

Following contacts with San Diego County retailers to inform and learn about recycling practices and opportunities, the Program conducted a multi-tactic mass media campaign in November and December 2021. Tactics included the following:

- San Diego Union-Tribune print and digital ads.
- KPBS public media sponsorship.
- Google display, text, and video ads.
- Direct mail postcard to approximately 900 San Diego County retailers and installers linking to the San Diego County landing page.

Once more, the promotions yielded significant uptakes in traffic to the San Diego County landing page on the CARE website. The San Diego landing page accounted for 43% of all entrances (first page visited) to the website in November and was the second most-viewed page, with 3,133 pageviews during the month.

9.5 Drop-off Sites Engagement

In addition to ongoing Drop-off Site support, Program staff conduct a Quarterly Engagement with all public Drop-off Sites. Quarterly Engagement involves the following: completion of a quarterly report by all Drop-off Sites; a phone meeting between Program staff and a representative from each Drop-off Site to review container weights and swaps, operational challenges, and promotional materials; and presentation of a quarterly educational Drop-off Site webinar. In 2021, the Program hosted 4 webinars with a total of 260 people in attendance. Webinars are recorded and available on the CARE website.

Quarterly Engagement webinars covered the following topics:

- Program updates and data review: current news and collection data by quarter.
- AB 901 Reporting and Disposal Reporting System (RDRS) requirements.
- Technical assistance: container loading tips, container load weights, signage placements, carpet handling in weather (rain/snow).
- Micro-grants and Infrastructure grants: outlining grant opportunities and grant funded improvement examples.
- Recognition of Drop-off Site efforts for overall PCC volumes captured, increase in PCC volume, container loading efficiencies, and promotional/outreach efforts above and beyond Program promotions.
- Open discussion: site operational success and challenges, best practices, feedback on how the Program is working.

Marketing activities to promote Drop-off Sites included updates to and distribution by request of the following pieces in 2021:

- 1,754 region-focused Drop-off Site maps.

- 4,339 site- or county-customized Drop-off Site flyers.
- 2,445 product brochures.

An “onboarding video” was created in late 2020 and posted to the CARE website to introduce new Drop-off Site staff to the benefits and responsibilities of being a public Drop-off Site. The video was viewed 86 times in 2021. A total of 100 signs in multiple versions (loading instructions and liability notices in English and Spanish) were sent to existing and new Drop-off Sites in 2021.

9.6 Marketing Assistance for Market Development

As part of the Program’s support for grantees, consultant Gigantic Idea Studio offered marketing and outreach assistance to grantee Circular Polymers in 2021. Section 7.7 in the *Market Development* chapter describes these activities along with overall PCC product promotion marketing efforts in 2021.

9.7 Reuse

The California Program’s website has a landing page to promote Reuse opportunities as well as a section where feedback on the quality and performance of reused carpet tile can be submitted. In 2021, the Program worked with a Habitat for Humanity ReStore (covering Alameda, Contra Costa, and Santa Clara counties) on a cooperative ad effort to increase sales of used carpet tiles. Following a test run in December 2020, search engine ads geared toward people searching for inexpensive flooring were placed in February, April, and June 2021 to see if the ads boosted interest in, and sales of, used carpet tile. Evaluation of the effort determined that:

- Visits to the ReStore carpet tile landing page increased significantly during the ad runs.
- Carpet tile sales in April (when ads ran) were up 23% over the previous March.
- The ReStore was generally very pleased with the results.

Expanding the experiment to other ReStores faced several barriers, including reduced operating hours and stricter policies during the omicron wave of the COVID-19 pandemic.

9.8 General Outreach

In 2021, additional multi-stakeholder outreach efforts (not previously covered) included the following activities:

- 14 blog posts.
- 12 e-news editions.
- 230 Tweets.
- Creation of a video, **Carpet Recycling: Forward Together**, to promote the progress of the California Program at the CARE National Conference and on CARE’s website and YouTube channel.

Website Traffic

The [California section of the CARE website](#) is an essential support to all of the Program’s communications. As shown in Table 9-1, the number of California-based visits to the website increased by more than 77% year over year. The California Drop-off Site map—a major landing page for California traffic and the destination for finding carpet recycling drop-off sites—had 26,720 page views in 2021, an increase of 61% over the previous year. The Program considers website traffic upticks as a solid indicator to judge impacts and reach for communications initiatives.

Table 9-1. Website Metrics

Website Metrics	2020	2021	% Change
California Visitors	12,654	23,338	+85%
California Visits	18,116	32,132	+77%
Average Visit Duration	1:45	1:38	-7%

Social Media

The Program has focused on using Twitter to reach influencers and businesses involved with sustainability. CARE’s Twitter account topped 500 followers in 2021, and the organization’s 230 tweets received over 35,000 impressions.

In addition to Twitter, CARE maintains a [YouTube channel](#) and a [SlideShare account](#) to reach users who may be searching for pertinent material but may not be aware of CARE or the California Carpet Stewardship Program. The YouTube channel hosts 16 videos, has 294 subscribers, and garnered 37,500 video views in 2021. The SlideShare

account hosts 24 presentations from public presentations and webinars and received 3,558 views in 2021.

Stakeholder Database

The Program maintains a robust database of more than 7,000 individuals, businesses, organizations, and agencies in California. In addition to general contact information, the database tracks retailers' recycling status; collateral requested and sent to retailers, installers, and Drop-off Sites; reports of in-person visits; and more.

Earned Media

Press release topics in 2021 included announcing the 2020 Annual Report results, the Aquafil Miramar site opening, and reaching the milestone of "1 Billion Pounds of Carpet Collected."

A press release about the 1-billion-pound collection milestone was sent out before America Recycles Day in November. Industry outlets Waste Advantage, Floor Covering Weekly, Floor Trends, [Deck and Patio News](#), and CD Recycler ran the story, as did the [San Diego Daily News](#). In addition, a promoted tweet about the milestone garnered 10,282 total Impressions and 220 clicks.

Conferences/Events

While the continued COVID-19 pandemic curtailed many in-person events in 2021, Program staff did attend and exhibit, virtually or in person, at the following events:

- NorCal Facilities Expo.
- California Association of Public Procurement Officers (CAPPO).
- California Resource Recovery Association (CRRA).
- Mohawk Market Show.
- SoCal Facilities Expo.

In addition, CARE Executive Director Bob Peoples was a speaker at a well-attended Product Stewardship Institute web symposium entitled, "Rolling Out the Carpet to Recycling and the Circular Economy" in May 2021.

10 Audits

The financial statements of CARE and the California Carpet Stewardship Program for the year ending December 31, 2021, were audited by independent Certified Public Accounting firm Carr, Riggs & Ingram, LLC, of Atlanta, Georgia. CARE National Audits, which are not paid for with California Recycling Assessment monies, are available to CalRecycle upon request.

The audit statements are presented in Appendix 11.6.

11 Appendices

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11.1 Participating Carpet Mills, Subsidiaries, and Brands

The following records are for the 2021 year and reflect Program participation as of December 31, 2021.

Active Mills (as of 12/31/2021)

ID	Parent Company	Subsidiaries	Mailing Address	City	State
1	Apache Mills (FKA Berkshire Flooring)	Berkshire Flooring, Inc.	PO Box 907	Calhoun	GA
2	Beaulieu Canada Company	N/A	335 Rue Roxton	Acton Vale, CANADA	QC
3	Bellbridge Inc	Westbrook, Carpets of New Zealand	5401 Industrial Way	Benicia	CA
4	Bentley Prince Street (BPS Parent, Inc.)	Bentley Mills, Inc.	14641 East Don Julian Road	City of Industry	CA
5	Best Carpet Values, Inc./W.R. Inc.	Innovative Ind., S & J Carpet, Best Carpet Value	PO Box 1639	Chatsworth	GA
6	Bloomsburg Carpet Ind., Inc.	N/A	4999 Columbia Blvd	Bloomsburg	PA
7	BP Farms US, LLC (beginning sales during Q1 2022)	N/A	11373 Southbridge Pkwy, Ste B	Alpharetta	GA
8	Brintons Carpets	Brintons	1000 Cobb Place Blvd. Bldg. 200 Suite 200	Kennesaw	GA

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State
9	CAP Carpet Inc.	Aircraft Interior Products, White Oak Custom Carpets, MRM by White Oak, LLC	535 Emerson St.	Wichita	KS
10	Catalina Carpet Mills, Inc.	N/A	14418 Best Ave.	Santa Fe Springs	CA
11	Couristan, Inc.	N/A	Two Executive Drive	Fort Lee	NJ
12	Crossley Holdings of South Africa	Crossley Axminster	PO Box 1777	Greenville	MS
13	Design Materials, Inc.	N/A	241 S. 55th Street	Kansas City	KS
14	Earth Weave Carpet Mills Inc.	N/A	P.O. Box 6120	Dalton	GA
15	ECMC, LLC dba CM Hospitality Carpets	N/A	2304 Dalton Industrial Court	Dalton	GA
16	Egetaepper a/s.	Ege Americas Inc	Industrivej Nord 25, PO Box 190	Herning, DENMARK	DK
17	Emerald Carpet, Inc.	Emerald, Mainline	PO Box 1625	Dalton	GA
18	Emery Park Carpet Company	N/A	105 N. Industrial Blvd	Calhoun	GA
19	Encore Hospitality Carpet, Inc.	N/A	PO Box 1779	Calhoun	GA
20	Engineered Floors	N/A	PO Box 2207	Calhoun	GA
21	Event Carpet Pros, Inc.	N/A	14301 Alondra Blvd.	La Mirada	CA

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State
22	Exploring, Inc. dba Brumark	Shelmarc	3655 Atlanta Ind. Dr. #100	Atlanta	GA
23	Fibreworks Corporation	N/A	2301 Brennen Business Ct.	Louisville	KY
24	Forbo Flooring Systems	N/A	8 Maplewood Drive	Hazle Township	PA
25	Foss Manufacturing Co LLC	N/A	243 Huffaker Road, NW	Rome	GA
26	Harris Flooring Group (FKA Q.E.P. and Kraus)	N/A	PO BOX 704	Clarion	PA
27	IncStores	N/A	2045 S Vineyard Ste 118	Mesa	AZ
28	Twitchell Technical Products LLC (Infinity)	Infinity Woven Products LLC	5211 Mitchell Bridge Rd	Dalton	GA
29	Innovative Carpets, LLC	N/A	45 Legion Drive	Cresskill	NJ
30	Innovative Tile Technologies LLC	All American Carpet Tiles LLC, EZ Carpet LLC	1505 Coronet Dr	Dalton	GA
31	Interface Americas, Inc.	InterfaceFLOR, LLC, FLOR, Interface Services	1000 Marietta Street NW Suite 238	Atlanta	GA
32	J Mish LLC	N/A	8 River Drive	Cartersville	GA
33	Joy Carpets & Co.	N/A	P.O. Box 5379	Fort Oglethorpe	GA
34	Julie Industries, Inc.	N/A	PO Box 153	North Reading	MA

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State
35	Kaleen Rugs, Inc.	N/A	1013 Bonny Oaks Dr.	Dalton	GA
36	Art Flock & Screen Inc (Kane Carpet)	Kane Carpet	214 Ditmas Avenue	Brooklyn	NY
37	Kaya Carpets	N/A	20 River Drive	Cartersville	GA
38	Excel Carpet (Kinsley Carpet Mills)	Kinsley Carpet	P.O. BOX 1351	Dalton	GA
39	Lancer Enterprises, Inc.	Lancer Enterprises, Inc.	PO Box 1505	Dalton	GA
40	Langhorne Carpet Co Inc.	N/A	PO BOX 7175	Penndel	PA
41	Lexmark Carpet Mills, Inc.	N/A	285 Kraft Drive	Dalton	GA
42	Mannington Mills, Inc.	Mannington Commercial	PO Box 12281	Calhoun	GA
43	Mantra Style, LLC dba Decorative Concepts	N/A	1803 Abutment Road	Dalton	GA
44	Marquis Industries, Inc.	Marquis Industries, Omega Pattern Works, Artisans Hospitality, Astro Carpet Mills	2743 Hwy 76 PO Box 1308	Chatsworth	GA
45	Mathews & Parlo Carpet Wholesalers, Inc.	N/A	196 Belwood Rd	Calhoun	GA
46	Merida Meridian Inc	N/A	1 Design Center Pl. Suite 714	Boston	MA
47	Millennium Carpet Mills Inc.	N/A	P.O. Box 1079	Chatsworth	GA

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State
48	Milliken & Company	Milliken Flooring	920 Milliken Road, M- 620 Dock B	Spartanburg	SC
49	Mohawk Industries, Inc.	N/A	160 S. Industrial Blvd	Calhoun	GA
50	Momeni, Inc.	N/A	60 Broad Street	Carlstadt	NJ
51	Colin Campbell & Sons Ltd./Nature's Carpet	N/A	55-8385 Fraser St.	Vancouver, CANADA	BC
52	Next Floor Inc.	N/A	1857 Sawmill Rd. #202	Conestogo, CANADA	ON
53	Nourison Industries Inc.	N/A	5 Sampson St	Saddle Brook	NJ
54	Patriot Mills (FKA as Manassas Textiles)	N/A	P.O. Box 470	Adairsville	GA
55	Pharr Yarns, LLC d/b/a Phenix	N/A	1001 Enterprise Dr	Dalton	GA
56	Prestige Mills	N/A	34-01 38th Avenue	Long Island City	NY
57	R.C. Willey Home Furnishings, Inc.	N/A	2301 S. 300 W.	Salt Lake City	UT
58	RADICI USA, INC	N/A	P.O. BOX 3143	Spartanburg	SC
59	Relative Space (Floorworks)	N/A	400 West Broadway	New York	NY

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State
60	Revolution Mills	N/A	PO Box 3205	Huntersville	NC
61	Royal Thai Americas, Inc.	N/A	715 Curtis Parkway SE	Calhoun	GA
62	Scott Group Custom Carpets, DBA Scott Group Studio	N/A	3232 Kraft Ave. SE	Grand Rapids	MI
63	Shaheen Carpet Mills	Carpets by Sierra	P.O. BOX 167	Resaca	GA
64	Shaw Industries, Inc.	N/A	PO Drawer 2128	Dalton	GA
65	Signature Hospitality Carpet LLC	Signature Hospitality Carpets	PO Box 1328	Dalton	GA
66	Southwind Building Products, LLC	N/A	601 Callahan Rd	Dalton	GA
67	Stanton Carpet Corporation	Stanton Carpet	100 Sunnyside Blvd.	Woodbury	NY
68	Stark Carpet Corp	N/A	979 Third Ave	New York	NY
69	Summit Flooring	N/A	1 Apollo Drive	Whippany	NJ
70	TaiPing Carpets Americas Inc.	N/A	PO Box 249	Adairsville	GA
71	Tarkett Finance Inc.	Tarkett USA	3000 Aurora Road	Solon	OH
72	The Dixie Group, Inc.	TDG Operations, LLC, Fabrica International, Inc.	P.O. Box 2007	Dalton	GA
73	The Miller Davis Group	N/A	300 West 28th Street	Chattanooga	TN

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State
74	Totally Enterprises, LLC	Totally Enterprises, LLC	404 Mitchell St.	Dalton	GA
75	Ulster Carpet Mills (North America) Inc.	N/A	81 Whitlock Avenue SW	Marietta	GA
76	Unique Carpets Ltd.	N/A	7360 Jurupa Avenue	Riverside	CA
77	Van Gelder	N/A	300 Union Grove Road	Calhoun	GA

Mills No Longer Active

The companies numbered 17 through 21 in the list became **no longer active** during 2021.

ID	Parent Company	Subsidiaries	Mailing Address	City	State	Notes/Changes
1	Carpet Crafts	N/A	PO Box 667	Dalton	GA	Inactive as of Q1 2017
2	J&J Industries, Inc.	N/A	PO Box 1287	Dalton	GA	Inactive as of Q1 2017
3	Fortune Contract, Inc.	N/A	PO Box 2287	Dalton	GA	Inactive as of Q2 2017
4	Wellington	N/A	40087 Mission Blvd #170	Fremont	CA	Inactive as of Q2 2017
5	Royalty Carpet Mills, Inc.	Camelot Carpet Mills, Pacificrest Mills, Moda	17111 Red Hill	Irvine	CA	Inactive as of Q4 2017
6	ATM Floor Covering, Inc.	N/A	PO Box 1012	Dalton	GA	Inactive as of Q1 2018
7	Riviera Carpets	N/A	402 Beamer Road	Calhoun	GA	Acquired by Jmish in Q1 2018
8	Hibernia Woolen Mills	N/A	9829 Carmenita Road, Unit D	Whittier	CA	Acquired by Stanton in Q1 2018

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State	Notes/Changes
9	Beaulieu Group LLC	Aqua, Armstrong FashionSmart, Armstrong FashionSmart B, Beaulieu, Beaulieu Commercial, Beaulieu Engineered Fabrics & Fibers, Beaulieu of America, Bliss Aligned Dealer Program, Bliss by Beaulieu, Bliss Flooring Solutions, BOA Distributor Div., BoYu, Cambridge, Citation, Compass, Coronet Carpets, Coronet SFC, Hollytex, Interloom, Laura Ashley, Property Mgmt. Solutions, Pure, Royalist, Surfaces	PO Box 1248	Dalton	GA	Acquired by Engineered Floors in Q2 2018
10	Godfrey Hirst USA, Inc.	IDG, Carpet One, Flooring America, Pro Source, Abbey, Floors to Go, NRF, Carpets Plus, FCI, FCA	7629 Adairsville Hwy, P.O. BOX 849	Adairsville	GA	Acquired by Mohawk in Q3 2018
11	Woolshire Carpet Mills Inc.	N/A	PO Box 66	Calhoun	GA	Acquired by Jmish in Q3 2018
12	Savnik & Company, Inc.	N/A	601 McClary Avenue	Oakland	CA	Closed for business in Q1 2019
13	Perfect Flooring dba Shelmarc	N/A	3655 Atlanta Ind. Dr. #100	Atlanta	GA	Absorbed by Exploring, Inc. in Q1 2020
14	Lonesome Oak Trading Co., Inc.	N/A	P.O. Box 216	Chatsworth	GA	Acquired by Marquis in Q1 2020

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

ID	Parent Company	Subsidiaries	Mailing Address	City	State	Notes/Changes
15	Balta Group (Modulyss)	Balta Rugs, ITC, Modulyss, Balta Broadloom, Captiqs	6739 New Calhoun Hwy Blvd #100	Rome	GA	All sales are being reported by Bentley Prince Street (BPS Parent, Inc.)
16	Himalaya Carpets (Qinghai Himalya Home Co., LTD)	Himalaya Carpets USA	Unit 21-22 Roman Way, Industrial Estate	Preston, UNITED KINGDOM PR2 5BB	UK	Stopped selling in the US in December 2020
17	A.M. Claret (formerly and DBA ALLIANCE TEXTILES)	N/A	218 River Drive	Cartersville	GA	Ceased business as of June 1, 2021
18	Indian Summer Carpet Mills, Inc.	N/A	601 Callahan Road	Dalton	GA	Sold to BAMR Holdings on May 1, 2021. Began doing business as Southwind Building Products LLC
19	iCarpetiles.com., Inc.	N/A	PO Box 6003	Louisville	KY	Ceased business as of April 30, 2021
20	Design Manufacturing International, LLC.	N/A	17 Vincent Circle	Warminster	PA	Acquired by Stanton carpets in May 2021
21	Daltonian Flooring, Inc.	N/A	115 Old Belwood Road	Calhoun	GA	Ceased business in December 2021

Subsidiaries (alphabetical order)

Aircraft Interior Products
All American Carpet Tiles LLC
Artisans Hospitality
Astro Carpet Mills
Bentley Mills, Inc.
Berkshire Flooring, Inc.
Best Carpet Value
Brintons
Carpets by Sierra
Carpets of New Zealand
Crossley Axminster LLC
Ege Americas Inc
Emerald
EZ Carpet LLC
Fabrica International Inc.
FLOR
Globe Dist.
Harris Flooring
Infinity Woven Products LLC
Innovative Ind.
Interface Services
InterfaceFLOR, LLC
Kane Carpet
Kinsley Carpet
Mannington Commercial
Marquis Industries
Mainline
Milliken Flooring
Mohawk
MRM by White Oak, LLC
Northwest Carpets
Omega Pattern Works
S & J Carpet
Shelmarc
Signature Carpets

Appendix 11.1 – Participating Carpet Mills, Subsidiaries, and Brands

Stanton Carpet
Tarkett USA
TDG Operations, LLC
Totally Enterprises, LLC
Westbrook
White Oak Custom Carpets

Brands

The extensive list of covered brands is available in the [2021 Compliant Manufacturers List](#) on CalRecycle’s website.

11.2 Definitions

Advisory Committee: A mandated committee under Public Resources Code Section 42972.1(a) to provide recommendations on carpet stewardship plans, plan amendments, and annual reports. The [Advisory Committee webpage](#) provides more information.

Agreed Upon Procedure (AUP): A prescribed procedure executed by an external accounting firm or contractor to examine the records of Program participants to verify compliance and prevent fraud.

Assessment: The amount added to the purchase price of carpet that is subsequently remitted to a stewardship organization or manufacturer, which shall be spent on implementing the carpet stewardship plan.

Calcium Carbonate: See *Post-Consumer Carpet Calcium Carbonate (PC4)* below.

Capacity: Theoretical maximum volume of carpet discards able to be processed by participating processors in a given year, based on self-reported estimates and/or permitted capacity figures.

Carpet: A manufactured article that is used in commercial or residential buildings affixed or placed on the floor or building walking surface as a decorative or functional building interior feature and that is primarily constructed of a top visible surface of synthetic or natural face fibers or yarns or tufts attached to a backing system derived from synthetic or natural materials. *Carpet* includes, but is not limited to, a commercial or a residential broadloom carpet or modular carpet tiles. *Carpet* does not include a rug, pad, cushion, or underlayment used in conjunction with, or separately from, a carpet.

Carpet America Recovery Effort (CARE): A nationwide, 501(c)(3) non-profit organization whose focus is on post-consumer carpet stewardship.

Carpet As Alternative Fuel (CAAF): Fuel that has been produced from source-separated and sorted post-consumer carpet and processed, including (1) extraction of components for recycling if at all possible and (2) size reduction, shredding, and/or blending with coal fines, etc. *CAAF* is not a type of recycling or reduction in disposal for purposes of this Program. *CAAF* is an alternative fuel source to other fuel sources such as coal, natural gas, and fuel oil.

Carpet-Derived Aggregate (CDA): A potential utilization of Recycled Output as an alternative to heavy rock and soil for use in geotextiles, road construction, or similar civil engineering application; similar to *Tire-Derived Aggregate (TDA)*. Examples might include lightweight wall backfill, vibration attenuation, embankment repair, etc.

Carpet Industry: The universe of participants involved in the production of carpet, including Carpet Mills, fiber manufacturers, material suppliers, etc. It includes but is not limited to members of the Carpet and Rug Institute (CRI).

Carpet Mill: A primary producer of carpet, carpet tiles, or related products covered under the Plan. Also referred to as a *Carpet Manufacturer*.

Carpet Manufacturer: With regard to a carpet that is sold, offered for sale, or distributed in the state, includes, at a minimum: those who manufacture and sell or distribute the carpet under their name or brand; the owner or licensee of a trademark or brand under which the carpet is sold or distributed in the state, those who import carpet into the state for sale or distribution. See California Carpet Stewardship Law for expanded detail.

Carpet Stewardship Law: Includes Assembly Bill 2398 passed in 2010 and amended by AB 1158 in 2017, AB 2097 in 2018, AB 729 in 2019, and their associated regulations, as codified in sections 18940 through 18948 of the California Code of Regulations (CCR).

Cement Kiln: Cement production facility that may use CAAF as a source of energy and/or as an additive for cement production.

Collected: Gross collected pounds of California PCC (total includes material that may eventually be sent to landfill). Also referred to as *Gross Collected* or *Gross Collection*.

Collection: Any method of consolidating and temporarily storing recovered commercial and/or residential carpet.

Collector/Sorter: A business that provides carpet recycling collection services for retailers, disposal sites, or other sites. *Collector/Sorters* sort received PCC by material type for third-party reuse, or wholesale to Tier 1 processors for recycling; they do not convert material into Recycled Output. Sometimes referred to as *Collector/Sorter Entrepreneur (CSE)*.

Collector/Sorter Entrepreneur (CSE): See *Collector/Sorter* above.

Demolition: Represents the teardown of a building (one-time carpet removal). There is no estimate of percentage of flooring covered by carpet.

Discards: Carpet that has completed its lifecycle as a consumer item or is no longer used for its manufactured purpose. Also referred to as *post-consumer carpet materials*.

Disposal: The management of solid waste through landfill disposal, transformation, or engineered municipal solid waste conversion, at a permitted solid waste facility (per Public Resources Code Section 40192). Under this Plan, total pounds of post-consumer carpet sent to landfill and incineration are counted as disposal.

Disposal Facility: Facilities that are licensed and permitted to provide final disposal for the specific wastes they accept, including incineration and landfill.

Diversion: “Diversion” or “divert” means activities which reduce or eliminate the amount of solid waste disposed at landfills in a manner consistent with the state's hierarchy for waste management pursuant to Section 40051. (Reference: 14 CCR §18941)

Diversion (Net): See *Net Diversion*.

Diversion (Reported): See *Reported Diversion*.

DSC: Differential Scanning Calorimeter. Analytical testing device for identification of polymer/fiber type based on differential melting points.

Education/Communication Costs or Education and Outreach (E&O): Refers to expenses incurred in support of marketing, education, and outreach efforts conducted under the Plan. Includes the cost of market development promotion on-the-ground education and outreach support, communications, collateral and materials development, and related expenses, as well as costs related to the California Carpet Advisory Committee.

End-of-life (EOL) Costs: Program cost associated with the management of carpet discards from the point when a product is discarded by the consumer or the end of the useful life of the product, whichever occurs first. Costs may include subsidies, incentives or other expenditures related to reuse, recycling, waste-to-energy recovery, landfilling, and other forms of carpet disposition in line with Program goals. It also includes storage and transportation for the collection Drop-off Site program.

Energy recovery: Burning carpet in a kiln or Waste-To-Energy (WTE) facility or as Carpet As Alternative Fuel (CAAF) to replace other fuels such as coal, natural gas, or fuel oil.

Filler: Materials such as calcium carbonate and the like used in the production of carpet backing.

Governance Costs: Includes costs charged quarterly by CalRecycle for regulatory oversight of the Program.

Gross Collection (GC): Estimated pounds of California PCC removed from waste stream for reuse, recycle, CAAF, kiln, or WTE, as reported to CARE by Collector/Sorters, prior to processing. This also includes unrecyclable PCC or carpet processing waste that may eventually be sent to landfill.

Gross Collection Conversion Rate: The ratio of *Gross Collection* converted into *Recycled Output (RO)*, expressed as a percentage of *Gross Collection*; also referred to as *Yield*.

ID: Identification number.

Implementation Costs: Includes total expenses associated with Program implementation, as the sum of EOL subsidies, incentives, grants, technical assistance, education/communication costs and program administration costs.

Incineration: Complete burning of material to ashes, with no energy recovery, to reduce waste volume.

In-ground and On-ground Applications (subject to testing protocols): Placing PCC and/or byproducts of carpet at or below the surface of the earth. This application of using PCC must consist of transforming PCC into a useful product, must meet all local government laws and codes, and must be approved by the CARE SPC Definitions Subcommittee.

Input: The post-consumer carpet that is collected, sorted, and readied for processing.

Landfilling: Landfilling includes the placement of post-consumer carpet and/or the residuals from a post-consumer carpet management method into a landfill disposal facility.

Manufacturer: A manufacturer of secondary products made with post-consumer carpet content. Manufacturers receive finished (Type 1) Recycled Output from Tier 1 processors and utilize this material in the production of finished secondary products. In this report, secondary manufacturers are referred to as Tier 2 manufacturers.

Marketing, Education & Outreach (MEO): Communications, education, and/or outreach activities related to Program promotion, technical assistance, or stakeholder support to increase Program adoption, impact, and/or effectiveness. Also referred to as *Education & Outreach (E&O)*.

Memorandum of Understanding (MOU) for Carpet Stewardship: An agreement entered into by multiple stakeholders, including carpet industry, entrepreneurs, government entities and nongovernmental organizations.

Net Diversion: Estimated total PCC managed for reuse, recycle, CAAF, kiln, WTE, or export, rather than disposal in California landfills. It is calculated as the difference of Gross Collection pounds minus unrecyclable PCC and process waste pounds that ultimately go to landfill from Tier 1 Processors or Collector/Sorters. Based on *Gross Collection* being an estimate by Collector/Sorters, *Net Diversion* is also an estimate.

Nongovernmental Entities: Nongovernmental entities or organizations (NGOs).

On-ground Applications See *In-ground and On-ground Applications* above.

PC4: See *Post-Consumer Carpet Calcium Carbonate (PC4)* below.

Plasma: An extreme thermal process using plasma which converts organic matter into a syngas (synthesis gas), which is primarily made up of hydrogen and carbon monoxide. A plasma torch powered by an electric arc is used to ionize gas and catalyze organic matter into syngas, with slag remaining as a byproduct. It is used commercially as a form of waste treatment and has been tested for the gasification of municipal solid waste, biomass, industrial waste, hazardous waste, and solid hydrocarbons, such as coal, oil sands, petcoke, and oil shale.

Post-Consumer Carpet Calcium Carbonate (PC4) (subject to testing protocols): The residual, non-fiber content that is collected by a *Type 1 Processor* when a carpet is separated. This is typically in the form of a powder, which is associated with the “ash content” when an ash test is performed. The substance can be a high PC4 product or a mix that could include coal fly ash, cured adhesives, and some residual fibers. Because of the carpet manufacturing processes, PC4 in PCC processing will always have residual latex or other backing binder.

Post-Consumer Carpet (PCC) Materials: Carpet that has completed its lifecycle as a consumer item or is no longer used for its manufactured purpose. Also referred to as *Discards*.

Post-Industrial/Pre-Consumer Carpet Material: Carpet materials generated in manufacturing and conversion processes, including, but not limited to, manufacturing scrap and trimmings/cuttings.

Processing: Preparing carpet material for reuse, recycling, CAAF, WTE, or disposal. It is meant to refer to some form of mechanical or chemical processing beyond cutting flats, sorting, or baling whole carpet.

Processor: A company that uses a process including but not limited to shredding, grinding, shearing, depolymerization, etc., to convert discarded whole carpet into finished recycled output that is ready to be utilized as an input material for manufacturing products. In this report, processors are referred to as Tier 1 processors. Some processors may also function as Collector/Sorters or Tier 2 manufacturers.

Program Administrative Costs: Non-subsidy Program expenses, including accounting, legal services, CARE facilities and operational expenses, staffing/contractor expenses, professional services, and marketing, education, and outreach activities. Program administration also includes service payments (governance costs) to CalRecycle for Program oversight.

Pyrolysis: A thermochemical decomposition of organic material in the absence of oxygen (or any halogen). It involves the simultaneous change of chemical composition and physical phase and is irreversible. Pyrolysis is a type of thermolysis and is most commonly observed in organic materials.

RCRC: Rural County Representatives of California, a 35-member county service organization that champions policies on behalf of California’s rural counties.

Recovered: See *Gross Collection* above.

Recyclability: Refers to how easily carpets can be separated into their component parts and ultimately recycled. Yield is used as the primary metric to measure changes in recyclability. See also *Yield*.

Recycled Content: Also known as recovered material content, it is the percentage of material, by weight, a product is made from that has been recovered from consumers in the municipal solid waste stream (post-consumer recycled content), plus any industrial materials salvaged for reuse (pre-consumer/post-industrial content).

- **Post-Consumer Recycled Carpet Content (PCRCC):** The amount or percent of carpet, by weight, that is no longer used for or has served its manufactured purpose, that is incorporated into the manufacturing process of the same or a different product.
- **Post-Industrial/Pre-Consumer Recycled Carpet Content:** The amount or percent of carpet material, by weight, generated by manufacturers or product converters, such as trimming, overruns, and products returned to the Carpet Mills that are incorporated back into the manufacturing process of the same or a different product.

Recycled Output (RO): The sum of reuse plus the material that results from the industry-recognized processing (shredding, shearing, hammer-milling, depolymerization, etc.) of PCC from a Processor. Examples of Recycled Output include fiber, shredded carpet tile, depolymerized chemical components, carpet filler, PC4, etc. The Program currently distinguishes between two types of material:

- **Type 1 Recycled Output Material:** Higher-value Recycled Output with the most benefits to manufacturers of finished products and which generally takes more processing to achieve. Type 1 recycled materials must meet requirements set by CARE. This includes maximum allowable ash content requirements, which are presently set at 25% or less and verified with quarterly ash testing in line with CARE-approved testing protocols. Examples of Type 1 recycled materials include PCC fiber, PCC backing, engineered resins, and material for carpet cushion.
- **Type 2 Recycled Output Material:** Lower-valued Recycled Output with generally lower benefit to manufacturers of finished products and a lower value than Type 1 recycled materials. Type 2 recycled materials exceed 25% ash content in line with CARE-approved testing protocols. Examples of Type 2 recycled materials include carpet filler and non-functional filler.

Recycling: The process, consistent with PRC Section 40180, of converting post-consumer carpet into a useful product that meets the quality standards necessary to be used in the marketplace. Transforming or remanufacturing discarded carpet materials into usable or marketable materials, rather than for landfill disposal, incineration, WTE, CAAF, or reuse.

Recycling Rate: The proportion of carpet discards converted into *Recycled Output*, expressed as a percentage of carpet *Discards*.

Reported Diversion: The sum of reported PCC that reduces disposal in California landfills. It is calculated as the sum of reported pounds of Reuse + Recycled Output (Type 1 + Type 2) + Carcass + CAAF + Kiln + WTE + Export.

Retailer: A person who offers new carpet in a retail sale, as defined in Section 6007 of the Revenue and Taxation Code, including a retail sale through any means, including remote offerings such as sales outlets, catalogs, or an internet website or other similar electronic means.

Reuse: The donation or sale of recovered carpet back into the market for its original intended use. The reuse of recovered carpet retains the original purpose and performance characteristics of the carpet.

Rug: A loose-laid (not installed or attached at wall base) soft floor covering manufactured from natural or synthetic fiber, including carpet cut into room or area dimensions that is not intended to cover the entire floor.

Rural County: California counties that meet the CalRecycle definition of rural: “A rural county is defined as a county which disposes of less than 200,000 tons of waste annually.” (Public Resources Code Section 40183-4)

SFOC: Sustainable Fund Oversight Committee of CARE.

Sorting: The method used for separating collected carpet into the various backing types (e.g., PVC, SBR latex, etc.) and/or fiber types (e.g., Nylon 6; Nylon 6,6; polypropylene; polyester).

Source Reduction: The result of using less product or material in manufacturing and use of carpet (also known as dematerialization), and/or reducing the amount of discarded carpet generated.

Source Separation: The process by which carpet is separated/segregated from all other materials at the end of its useful life (or when discarded).

SPC: Stewardship Planning Committee of CARE.

Throughput: The total amount of material received at a facility, in tons or pounds per year for a specific activity in a given year, equal to *Gross Collection*. *Throughput* is

presented in combination with a summary of final disposition data for gross collected discards managed by participating Processors and Collector/Sorters.

Tier: Distinguishes end-market uses of PCC Recycled goods. Where the term *Type* distinguishes between the level of processing of PCC, *Tier* is used to differentiate the end product applications that may or may not need incentives to facilitate their adoptions. Examples of Tier 2 finished products from Type 1 PCC fibers: depolymerization, fiber pad, home insulation batting, plastic lumber, engineered pellet, and non-woven filtration wattles.

Type: See *Recycled Output (RO)* above.

Waste-to-Energy (WTE): Process of recovering thermal energy from solid waste through combustion.

Yield: The ratio of *Gross Collection* converted into *Recycled Output*, expressed as a percentage of *Gross Collection*; also referred to as *Recycling Efficiency*. See also *Gross Collection Conversion Rate* above.

11.3 Subsidies and Incentive Payouts Summary

Table 11.4.a. Summary of Subsidy and Incentive Payouts (one-page image version, followed by accessible versions)

Count	Subsidy/Incentives	Payout Rate	Description	Timeline/Date of Action	Addendum	Notice
Collector/Sorters (CSEs)						
1	CSE Reporting Incentive (CSE)	\$1,000/month	No change anticipated	Initiated 2014	N/A	Incentive; not subject to guaranteed timeline
2	Broadloom Recycling Collected, Sold, and Shipped	\$0.02/lb	For self-collected, sorted, sold, and shipped CA pounds.	California Program-approved under current Plan purview; retroactive to Q3 2015	3	Subject to adjustment, beginning Q4 2017
3	Reuse	\$0.10/lb	For self-collected and shipped/sold or donated carpet tile or broadloom for the purpose of reuse	Effective Q2 2015; clarified June 2015 as applicable to the reuse of both broadloom and carpet tile, and retroactive to Q2 2015	1, 3	Subject to adjustment, beginning Q4 2017
4	Tile Reuse or Recycling Collected, Sold, and Shipped	\$0.05/lb	For CA generated carpet tile collected, shipped and sold for recycle/reuse or donated for reuse.	Effective Q1 2018	N/A	Initiated as a 6-month pilot, effective January 1, 2018 and still in effect
5	COVID-19 Action Plan: Additional Broadloom Recycling Collected, Sold, and Shipped	\$0.02/lb	Initiated as an emergency fiscal support to aid cashflow for collected broadloom in direct response to COVID-19 pandemic, reviewed quarterly.	Effective March 1, 2020	N/A	Initiated as temporary pandemic related fiscal support, effective March 1, 2020, reviewed quarterly. Note, the special Covid subsidy was extended through the end of 2021 and beyond.
6 (new in 2021)	Tile Reuse / Recycling PILOT: Additional Tile Reuse Collected, Sold, and Shipped	\$0.20/lb	Pilot subsidy to support additional carpet tile reuse by CSEs	Effective 4/1/2021	N/A	Initiated 4/1/2021
Tier 1 Processors						
7	Tile Recycled	\$0.10/lb	For carpet tile recycled output	Effective Q2 2015	1	Subject to adjustment, beginning Q4 2017
8	Type 1 Recycled Output Payout	\$0.10/lb	Adjusted subsidy payout from \$0.06/lb to \$0.10/lb, tied to market indices; [Type 1 refers to recycled fiber output within ash content thresholds, currently less than 25% ash]	In Plan v.3.2.2 – March 2014; base payout rate adjustable, may be tied to market indicator using Models	3	\$0.06/lb subject to adjustment, beginning: Q4 2017; \$0.04/lb adjustable quarterly effective Jan. 2016.
9	Type 2 Recycled Output Payout	\$0.03/lb	Type 2 refers to recycled output with higher ash content thresholds, currently more than 25% ash.	In Plan v.3.2.2 – March 2014	N/A	Subject to adjustment, beginning Q4 2017
10	Type 2 PC4 (Calcium Carbonate) Payout	\$0.17/lb	Non-fiber recycled output containing predominately calcium carbonate for use as feedstock in secondary products; currently \$0.17/lb	Change 1, effective Q2 2015; change 2, in June 2015; change 3, effective Q3 2015; [For use as a raw material (recycled output feedstock) only]	1, 3	Subject to adjustment, beginning Q4 2017
11	Commercial Broadloom	\$0.02/lb	For CA generated commercial broadloom recycled output. NOTE: this incentive is currently suspended and not in force	Initially slated to go into effect implemented Effective Q3 2018, but implementation suspended due to operational concerns	N/A	Initiated beginning Q3 2018
12	Highest Recyclability	\$0.05/lb	For CA generated PCC fibers meeting the Highest Recyclability parameters defined by the HR Committee (Plan Table 6), and calculated through the Subsidy Justification Model. Beginning 1/1/19, N6 and N66 broadloom and carpet tile qualify for Highest Recyclability incentive.	Effective Q1 2019	N/A	Initiated Q1 2019
13	COVID-19 Action Plan: Additional Type 1 PET and Polypropylene Payout	0.05	Initiated as an emergency fiscal support for CA generated PET and PP Type 1 fiber output, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020		Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special Covid subsidy was extended through the end of 2021 and beyond.
14 (new in 2021)	Tile Reuse / Recycling PILOT: Additional Tile Recycling Output Payout	\$0.20/lb	Pilot subsidy to support additional carpet tile reuse by Processors	Effective April 1, 2021	N/A	Initiated 4/1/2021
Tier 2 Manufacturers						
15	Tier 2 Manufacturer Non-Nylon Payout	\$0.25/lb	For Type 1 non-nylon recycled output used as a feedstock in the manufacture of secondary products; currently \$0.25/lb	Change 1, effective Q2 2015; change 2, retroactive to Q3 2015	1, 3	Subject to adjustment, beginning Q4 2017
16	Tier 2 Manufacturer PET Payout	\$0.25/lb	For Type 1 PET recycled output used as a feedstock in the manufacture of secondary products; currently \$0.25/lb	Effective Q3 2018	N/A	Initiated July 1, 2018; as a break-out from Non-Nylon
17	Tier 2 Manufacturer Polypropylene Payout	\$0.25/lb	For Type 1 Polypropylene recycled output used as a feedstock in the manufacture of secondary products; currently \$0.25/lb	Effective Q3 2018	N/A	Initiated July 1, 2018; as a break-out from Non-Nylon
18	Tier 2 Manufacturer Nylon 6 Payout	\$0.10/lb	For Type 1 nylon 6 recycled output used as a feedstock in the manufacture of secondary products; currently \$0.10/lb	Effective Q4 2017	NA	Initiated as a 6-month pilot, effective October 1, 2017 and remains in effect
19	Tier 2 Manufacturer Nylon 6,6 Payout	\$0.10/lb	For Type 1 Nylon 6,6 recycled output used as a feedstock in the manufacture of secondary products; currently \$0.10/lb	Effective Q1 2019	N/A	Initiated Q1 2019
20	Tier 2 Manufacturer PET Pellets Payout	\$0.11/lb	For CA generated PET fiber converted into PET Pellets.	Effective Q4 2019	N/A	Initiated Q1 2019
21	Tier 2 Manufacturer Polypropylene Pellets Payout	\$0.05/lb	For CA generated Polypropylene fiber converted into Polypropylene Pellets.	Effective Q1 2020	N/A	Initiated Q1 2020
22	COVID-19 Action Plan: Additional Nylon 6 Payout	\$0.15/lb	Initiated as an emergency fiscal support for Type 1 Nylon 6 recycled output used as feedstock in the manufacture of secondary products, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special Covid subsidy was extended through the end of 2021 and beyond.
23	COVID-19 Action Plan: Additional Nylon 6,6 Payout	\$0.03/lb	Initiated as an emergency fiscal support for Type 1 Nylon 6,6 recycled output used as feedstock in the manufacture of secondary products, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special Covid subsidy was extended through the end of 2021 and beyond.

Table 11.4.b. Collector/Sorters (CSEs): Summary of Subsidy and Incentive Payouts (Accessible Version)

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
1	CSE Reporting Incentive (CSE)	\$1,000 per month	No change anticipated	Initiated 2014	N/A	Incentive; not subject to guaranteed timeline
2	Broadloom Recycling Collected, Sold, and Shipped	\$0.02 per pound	For self-collected, sorted, sold, and shipped California pounds.	Program-approved under current Plan purview; retroactive to Q3 2015	3	Subject to adjustment, beginning Q4 2017
3	Reuse	\$0.10 per pound	For self-collected and shipped/sold or donated carpet tile or broadloom for the purpose of reuse	Effective Q2 2015; clarified June 2015 as applicable to reuse of broadloom and carpet tile, and retroactive to Q2 2015	1, 3	Subject to adjustment, beginning Q4 2017
4	Tile Reuse or Recycling Collected, Sold, and Shipped	\$0.05 per pound	For California- generated carpet tile collected, shipped, and sold for recycle/reuse or donated for reuse.	Effective Q1 2018	N/A	Initiated as a 6- month pilot, effective 1/1/2018 and still in effect

Appendix 11.3 – Subsidies and Incentive Payouts Summary

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
5	COVID-19 Action Plan: Additional Broadloom Recycling Collected, Sold, and Shipped	\$0.02 per pound	Initiated as an emergency fiscal support to aid cashflow for collected broadloom in direct response to COVID-19 pandemic, reviewed quarterly.	Effective 3/1/2020	N/A	Initiated as temporary pandemic-related support , effective 3/1/2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through 2021 and beyond.
6 (new in 2021)	Tile Reuse / Recycling PILOT: Additional Tile Reuse Collected, Sold, and Shipped	\$0.20 per pound	Pilot subsidy to support additional carpet tile reuse by CSEs	Effective 4/1/2021	N/A	Initiated 4/1/2021

Table 11.4.c. Tier 1 Processors: Summary of Subsidy and Incentive Payouts (Accessible Version)

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
7	Tile Recycled	\$0.10 per pound	For carpet tile recycled output	Effective Q2 2015	1	Subject to adjustment, beginning Q4 2017
8	Type 1 Recycled Output Payout	\$0.10 per pound	Adjusted subsidy payout from \$0.06 to \$0.10 per pound, tied to market indices; [Type 1 refers to recycled fiber output within ash content thresholds, currently less than 25% ash]	In Plan v.3.2.2 – March 2014; base payout rate adjustable, may be tied to market indicator using Models	3	\$0.06 per pound subject to adjustment, beginning; Q4 2017; \$0.04 per pound adjustable quarterly effective January 2016.
9	Type 2 Recycled Output Payout	\$0.03 per pound	Type 2 refers to recycled output with higher ash content thresholds, currently more than 25% ash.	In Plan v.3.2.2 – March 2014	N/A	Subject to adjustment, beginning Q4 2017
10	Type 2 PC4 (Calcium Carbonate) Payout	\$0.17 per pound	Non-fiber recycled output containing predominantly calcium carbonate for use as feedstock in secondary products; currently \$0.17 per pound	Change 1, effective Q2 2015; change 2, in June 2015; change 3, effective Q3 2015; [For use as a raw material (recycled output feedstock) only]	1, 3	Subject to adjustment, beginning Q4 2017

Appendix 11.3 – Subsidies and Incentive Payouts Summary

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
11	Commercial Broadloom	\$0.02 per pound	For California-generated commercial broadloom recycled output. NOTE: this incentive is currently suspended and not in force	Initially slated to go into effect implemented Effective Q3 2018, but implementation suspended due to operational concerns	N/A	Initiated beginning Q3 2018
12	Highest Recyclability	\$0.05 per pound	For California-generated PCC fibers meeting the Highest Recyclability parameters defined by the HR Committee (Plan Table 6) and calculated through the Subsidy Justification Model. Beginning 1/1/2019, N6 and N66 broadloom and carpet tile qualify for Highest Recyclability incentive.	Effective Q1 2019	N/A	Initiated Q1 2019

Appendix 11.3 – Subsidies and Incentive Payouts Summary

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
13	COVID-19 Action Plan: Additional Type 1 PET and Polypropylene Payout	\$0.05 per pound	Initiated as an emergency fiscal support for California- generated PET and PP Type 1 fiber output, in direct response to COVID-19	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2021 and beyond.
14 (new in 2021)	Tile Reuse / Recycling PILOT: Additional Tile Recycling Output Payout	\$0.20 per pound	Pilot subsidy to support additional carpet tile reuse by Processors	Effective April 1, 2021	N/A	Initiated 4/1/2021

Table 11.4.d. Tier 2 Manufacturers: Summary of Subsidy and Incentive Payouts (Accessible Version)

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
15	Tier 2 Manufacturer Non-Nylon Payout	\$0.25 per pound	For Type 1 non-nylon recycled output used as a feedstock in the manufacture of secondary products; currently \$0.25 per pound	Change 1, effective Q2 2015; change 2, retroactive to Q3 2015	1, 3	Subject to adjustment, beginning Q4 2017
16	Tier 2 Manufacturer PET Payout	\$0.25 per pound	For Type 1 PET recycled output used as a feedstock in the manufacture of secondary products; currently \$0.25 per pound	Effective Q3 2018	N/A	Initiated 7/1/2018; as a break-out from Non-Nylon
17	Tier 2 Manufacturer Polypropylene Payout	\$0.25 per pound	For Type 1 Polypropylene recycled output used as a feedstock in the manufacture of secondary products; currently \$0.25 per pound	Effective Q3 2018	N/A	Initiated 7/1/2018; as a break-out from Non-Nylon

Appendix 11.3 – Subsidies and Incentive Payouts Summary

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
18	Tier 2 Manufacturer Nylon 6 Payout	\$0.10 per pound	For Type 1 nylon 6 recycled output used as a feedstock in the manufacture of secondary products; currently \$0.10 per pound	Effective Q4 2017	NA	Initiated as a 6- month pilot, effective 10/1/2017 and remains in effect
19	Tier 2 Manufacturer Nylon 6,6 Payout	\$0.10 per pound	For Type 1 Nylon 6,6 recycled output used as a feedstock in the manufacture of secondary products; currently \$0.10 per pound	Effective Q1 2019	N/A	Initiated Q1 2019
20	Tier 2 Manufacturer PET Pellets Payout	\$0.11 per pound	For California- generated PET fiber converted into PET Pellets	Effective Q4 2019	N/A	Initiated Q1 2019
21	Tier 2 Manufacturer Polypropylene Pellets Payout	\$0.05 per pound	For California- generated Polypropylene fiber converted into Polypropylene Pellets	Effective Q1 2020	N/A	Initiated Q1 2020

Appendix 11.3 – Subsidies and Incentive Payouts Summary

Count	Subsidy/ Incentives	Payout Rate	Description	Timeline/ Date of Action	Addendum	Notice
22	COVID-19 Action Plan: Additional Nylon 6 Payout	\$0.15 per pound	Initiated as an emergency fiscal support for Type 1 Nylon 6 recycled output used as feedstock in the manufacture of secondary products, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective 7/1/2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2021 and beyond.
23	COVID-19 Action Plan: Additional Nylon 6,6 Payout	\$0.03 per pound	Initiated as an emergency fiscal support for Type 1 Nylon 6,6 recycled output used as feedstock in the manufacture of secondary products, in direct response to COVID-19 pandemic impacts on market conditions, reviewed quarterly.	Effective July 1, 2020	N/A	Initiated as a temporary fiscal support, effective July 1, 2020, reviewed quarterly. Note, the special COVID-19 subsidy was extended through the end of 2021 and beyond.

11.4 Accessible Data Sources for Figures and Tables

Most figures in the main report include an accessible version of the source data in alternative text. For the following figures with larger and more complex data sets, the data are provided in accessible tabular format in this appendix:

- Figure 5-1. Gross Collection and Recycled Output Over Time
- Figure 8-1. Program Remittances, Expenditures, and Balance Over Time
- Figure 8-3. Summary of Subsidy Funds Paid to Participants Over Time by Type
- Figure 8-4. Annual and Cumulative Subsidy Payouts (million dollars), 2011–2021

Figure 5-1. Gross Collection and Recycled Output Over Time (Data Table)

This figure shows the change over time in Gross Collection of carpet and Recycled Output.

Category (million pounds)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross Collected	111.8	107.2	123.1	103.0	107.2	98.0	93.5	82.1	77.4	88.5
Recycled Output	36.0	44.1	43.4	34.8	37.7	47.2	49.3	58.0	52.6	67.6

Figure 8-1. Program Remittances, Expenditures, and Balance Over Time (Data Table)

The figure shows the income, expenses, fund balance, and reserve (portion of fund balance) for each of the four quarters of 2021.

Category (million dollars)	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Income	\$5.5	\$6.2	\$6.4	\$5.4
Expenses	\$6.7	\$7.3	\$8.4	\$7.4
Fund Balance	\$17.2	\$16.1	\$14.2	\$12.2
Reserve (Portion of Fund Balance)	\$4.5	\$4.9	\$5.6	\$4.8

Figure 8-3. Summary of Subsidy Funds Paid to Participants Over Time by Type (Data Table)

The figure shows the change over time in subsidy funds paid to participants by participant and payout type.

Payout Type (dollars in millions)	2011 Q3/Q4	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CSE Payout	N/A	N/A	N/A	N/A	\$0.65	\$1.02	\$0.94	\$1.48	\$1.43	\$2.23	\$3.09
Tier 1 Processor Payout	\$0.70	\$2.10	\$3.00	\$3.42	\$2.92	\$3.94	\$5.48	\$5.74	\$7.49	\$7.49	\$10.44
Tier 2 Manufacturer Payout	N/A	N/A	\$0.17	\$1.18	\$2.78	\$5.11	\$4.73	\$5.72	\$5.63	\$7.15	\$9.61
COVID-19 Special Payout	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1.63	\$0.00
Total	\$0.70	\$2.10	\$3.17	\$4.60	\$6.35	\$10.06	\$11.15	\$12.93	\$14.56	\$18.50	\$23.14

Figure 8-4. Annual and Cumulative Subsidy Payouts (million dollars), 2011–2021 (Data Table)

The figure shows the change over time in subsidies paid annually and in total (cumulative) for 2011 through 2021.

Subsidy Payouts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual Payouts	\$0.7	\$2.1	\$3.2	\$4.6	\$6.4	\$10.1	\$11.1	\$12.9	\$14.6	\$16.9	\$23.1
Cumulative Payouts	\$0.7	\$2.8	\$6.0	\$10.6	\$16.9	\$27.0	\$38.2	\$51.1	\$65.6	\$82.5	\$105.7

11.5 CARE Response to Advisory Committee Feedback on 2021 Annual Report



August 31, 2022

CARE Response to Advisory Committee Recommendations Related to the CARE 2021 Annual Report

CARE has carefully reviewed the comments and recommendations of the Advisory Committee. As required by California’s Carpet Stewardship Law, CARE is providing a response to the 8 recommendations generated by the Advisory Committee on CARE’s 2021 Annual Report resulting from the Advisory Committee meeting of July 20, 2022.

The recommendations section of the Advisory Committee’s letter dated July 20, 2022, is reproduced below. CARE responses immediately follow each recommendation in **blue, bold** font and are labeled as “CARE Response.” In all cases where recommendations have been adopted, any appropriate language was incorporated into the referenced sections of the report.



July 20, 2022

To: CARE and CalRecycle
From: Carpet AC

Re: Comments and Recommendations on the 2021 Annual Report

Dear CARE and CalRecycle,

The following motions were discussed and voted on during the AC meeting on 7/20/22 according to the Bagley-Keene rules. This letter was written during the meeting and approved by the roll call vote included at the bottom.

Motions:

1. The AC commends CARE for the succinctness of the report and timeliness of submitting to the AC for review. Future reports and documents should follow this template and process.

Motion by: Eric; Second: Wes

12 Ayes/0 Noes/0 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: CARE thanks the AC for recognizing the hard work expended to achieve this result.

2. The AC recommends Table 4-5 on page 19 to include a row with the total counts, and Table 4-8 on page 26 to add a column line-item number for total tier manufacturers. There is also an error for “reference source not found” on page 41 in section 5.13.

Motion by Nat; Seconded by Joanne

12 Ayes/0 Noes/0 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: CARE has made the requested change.

3. The AC commends CARE on exceeding or mostly-meeting 8 of the 10 performance goals listed on page 30.

Motion by Gail; Seconded by Steve L.

12 Ayes/0 Noes/0 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: CARE thanks the AC for recognizing the heavy lifting done by the recycling community and CARE Team to achieve these results.

4. The AC recommends adding details on efforts to tie education and outreach activities and expenditures to performance described on Page 62, page 72, and also pages 75 and 76 to specifically include implementation metrics and topics of equity and diversity in outreach.

Motion by Suna: Seconded by Gail.

9 Ayes/0 Noes/3 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: Additional information has been added that addresses how Gigantic Idea Studio, the Program’s marketing and outreach consultant, assesses results of our marketing, education, and outreach in the field and adjusts our strategies accordingly. In addition, more information has been added regarding additional languages used, where appropriate, during marketing, education, and outreach activities.

5. The AC recommends CARE remove the two referrals to the carpet AC on page 62 out of the narrative because the AC budget is a separate line item from Education and Outreach.

Motion by Gail; Seconded by Franco

5 Ayes/1 Noes/6 Abstentions/1 absent

The motion does not pass.

Roll call votes are marked in the minutes.

CARE Response: No response required as motion did not pass.

6. The AC commends CARE and the participating carpet mills for setting up convenient collection sites at the regional distribution centers.

Motion by Howard; Seconded by Wes

12 Ayes/0 Noes/0 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: CARE thanks the AC for recognizing the importance of this development and the collaborative efforts expended by Shaw Industries, Mohawk Industries, and the CARE Team to achieve these results.

7. The AC recommends adding the per-capita collections weight for urban vs rural, in addition to the statewide metric provided on page 61 in section 8.3.

Motion by Suna; Seconded by Nat

11 Ayes/0 Noes/1 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: CARE has added the requested information for CARE Drop-off Sites (see Table 8-1). CARE does not have such information broken out for the private collection network.

8. The AC recommends adding a graph to page 24 showing the change in processing capacity for participating processors annually.

Motion by Nat; Seconded by Suna

12 Ayes/0 Noes/0 Abstentions/1 absent

The motion passes.

Roll call votes are marked in the minutes.

CARE Response: CARE had added the requested information for aggregated processor capacity on an annual basis (see Figure 4-4).

Sincerely,

Joanne Brasch, Acting Chair

Appendix 11.5 – CARE Response to Advisory Committee Feedback

Roll call votes approving this letter as written on 7/20/2022

Member	Organization	Vote on the Letter
DOUGLAS WILLIAMS	LA Fiber	Aye
ERIC NELSON	Aquafil	Aye
FRANCO ROSSI	Aquafil	Aye
GAIL BRICE	XT Green	Aye
HOWARD SAPPER	Carpet Manufacturers Warehouse	Aye
JEN JACKSON	SF Dept. of the Environment	Absent
JOANNE BRASCH	CA Product Stewardship Council	Aye
JOE YARBROUGH	The Carpet and Rug Institute	Aye
NAT ISAAC	City of Los Angeles Bureau of Sanitation	Aye
STEVE BELONG	Carpet, Linoleum, & Soft Tile Workers Local Union #12; N. CA Floor Covering Finishing Trades Institute Joint Apprenticeship Training Committee	Aye
STEVE LANDRETH	ProSpectra Contract Flooring; Senate Rules Committee Appointee	Aye
SUNA BAYRAKAL	Product Stewardship Institute	Aye
WES NELSON	GreenWaste Carpet Recycling	Aye

11.6 Audited Financial Statements

This appendix includes the following financial statements of the California Carpet Stewardship Program for the year ending December 31, 2021.

The statements were audited by independent Certified Public Accounting firm Carr, Riggs & Ingram, LLC, of Atlanta, Georgia, and are presented without modification, except formatting.

Note: This document has been reformatted to make it compliant with CalRecycle requirements for accessibility. Pagination and formatting in this ADA-compliant version of the audit report may differ from the original non-compliant version of the audit report. Page numbers have been modified for inclusion in this annual report appendix.

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REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California Carpet Stewardship Program

Opinion

We have audited the accompanying financial statements of California Carpet Stewardship Program (the Program) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Carpet Stewardship Program as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements of California Carpet Stewardship Program as of December 31, 2020, were audited by other auditors whose report dated August 23, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Programs' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Programs' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2022, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Program's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 23, 2022

FINANCIAL STATEMENTS**STATEMENT OF FINANCIAL POSITION**

The accompanying notes are an integral part of these financial statements.

Assets

Description	2021 (\$)	2020 (\$)
Cash and cash equivalents	10,788,847	16,103,649
Accounts receivable, net	5,421,863	5,893,784
Prepaid expenses and other assets	6,400	2,150
Total current assets	16,217,110	21,999,583
Total assets	16,217,110	21,999,583

Liabilities and Net Assets**Liabilities**

Description	2021 (\$)	2020 (\$)
Due to recyclers	2,984,480	2,645,272
Due to CalRecycle	170,111	123,449
Due to related party	224,877	186,017
Grants payable	167,431	6,094
Accounts payable and accrued expenses	219,105	365,858
Total current liabilities	3,766,004	3,326,690
Total liabilities	3,766,004	3,326,690

STATEMENT OF FINANCIAL POSITION (CONTINUED)

The accompanying notes are an integral part of these financial statements.

Net Assets

Description	2021 (\$)	2020 (\$)
Net assets without donor restrictions	12,451,106	18,672,893

Total Liabilities and Net Assets

Description	2021(\$)	2020 (\$)
Total liabilities and net assets	16,217,110	21,999,583

STATEMENT OF ACTIVITIES**For the year ended December 31, 2021***The accompanying notes are an integral part of these financial statements.*

Description	Without Donor Restrictions (\$)	Total (\$)
Revenue and Other Support		
Carpet recovery assessments	23,566,082	23,566,082
Interest income	18,067	18,067
Total revenue and other support	23,584,149	23,584,149
Expenses		
Program services		
Program	28,498,990	28,498,990
Total program services	28,498,900	28,498,990
Supporting services		
General and administrative	1,306,946	1,306,946
Total supporting services	1,306,946	1,306,946
Total expenses	29,805,936	29,805,936
Change in Net Assets		
Change in net assets	-6,221,787	-6,221,787
Net assets at beginning of year	18,672,893	18,672,893
Net assets at end of year	12,451,106	12,451,106

STATEMENT OF ACTIVITIES (CONTINUED)**For the year ended December 31, 2020***The accompanying notes are an integral part of these financial statements.*

Description	Without Donor Restrictions (\$)	Total (\$)
Revenue and Other Support		
Carpet recovery assessments	23,359,669	23,359,669
Interest income	69,277	69,277
Total revenue and other support	23,428,946	23,428,946
Expenses		
Program services		
Program	23,161,673	23,161,673
Total program services	23,161,673	23,161,673
Supporting services		
General and administrative	1,232,042	1,232,042
Total supporting services	1,232,042	1,232,042
Total expenses	24,393,715	24,393,715
Change in Net Assets		
Change in net assets	-964,769	-964,769
Net assets at beginning of year	19,637,662	19,637,662
Net assets at end of year	18,672,893	18,672,893

STATEMENT OF FUNCTIONAL EXPENSES**For the year ended December 31, 2021***The accompanying notes are an integral part of these financial statements.*

Description	Program Services (\$)	General & Administrative (\$)	Total Expenses (\$)
Salaries and benefits	705,678	307,040	1,012,718
Payroll taxes	47,745	10,481	58,226
Subsidies	23,141,551	0	23,141,551
Collection program	1,048,366	349,455	1,397,821
Communications (E&O)	796,381	265,460	1,061,841
Grants for capacity expansion	1,234,974	0	1,234,974
Professional services	247,898	0	247,898
Legal expense	48,799	5,416	54,215
Technical assistance	83,778	0	83,778
Program studies	227,838	0	227,838
Reporting database	31,920	0	31,920
Product testing	5,355	0	5,355
Accounting	0	345,911	345,911
CalRecycle expenses	634,869	0	634,869
Facilities	15,286	15,286	30,572
Leases	2,400	0	2,400
Program travel expense	19,077	2,120	21,197
Annual report to CalRecycle	70,848	0	70,848
Modeling consultant	74,123	0	74,123

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**For the year ended December 31, 2021***The accompanying notes are an integral part of these financial statements.*

Description	Program Services (\$)	General & Administrative (\$)	Total Expenses (\$)
PET Project allocation	20,400	0	20,400
ID technology project	22,077	0	22,077
Advisory committee	7,500	0	7,500
Bank service charges	696	232	928
Dues and subscriptions	2,852	951	3,803
Shipping & mailing	1,311	0	1,311
Office expense	311	104	415
Telephone	2,231	2,231	4,462
Insurance	1,028	1,030	2,058
Miscellaneous	3,698	1,229	4,927
Total	28,498,990	1,306,946	29,805,936

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**For the year ended December 31, 2020***The accompanying notes are an integral part of these financial statements.*

Description	Program Services (\$)	General & Administrative (\$)	Total Expenses (\$)
Salaries and benefits	642,803	307,257	950,060
Payroll taxes	45,810	10,056	55,866
Subsidies	18,494,230	0	18,494,230
Collection program	824,626	274,875	1,099,501
Communications (E&O)	666,296	222,099	888,395
Grants for capacity expansion	1,057,054	0	1,057,054
Professional services	195,338	0	195,338
Legal expense	112,533	12,490	125,023
Technical assistance	73,790	0	73,790
Program studies	278,379	0	278,379
Reporting database	38,445	0	38,445
Product testing	1,000	0	1,000
Accounting	0	368,046	368,046
CalRecycle expenses	510,917	0	510,917
Facilities	30,327	30,327	60,654
Leases	2,400	0	2,400
Program travel expense	20,529	2,281	22,810
Annual report to CalRecycle	36,488	0	36,488
Modeling consultant	109,439	0	109,439

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**For the year ended December 31, 2020***The accompanying notes are an integral part of these financial statements.*

Description	Program Services (\$)	General & Administrative (\$)	Total Expenses (\$)
PET Project allocation	9,600	0	9,600
Advisory committee	3,000	0	3,000
Bank service charges	64	21	85
Dues and subscriptions	2,948	983	3,931
Shipping & mailing	295	0	295
Office expense	450	150	600
Telephone	2,261	2,261	4,522
Insurance	1,030	1,032	2,062
Depreciation	1,129	0	1,129
Miscellaneous	492	164	656
Total	23,161,673	1,232,042	24,393,715

STATEMENTS OF CASH FLOWS

The accompanying notes are an integral part of these financial statements.

Cash Flows from Operating Activities

Description	2021 (\$)	2020 (\$)
Changes in net assets	-6,221,787	-964,769

**Adjustment to Reconcile Change in Net Assets to
Net Cash Used in Operating Activities**

Description	2021 (\$)	2020 (\$)
Depreciation	0	1,129

Changes in Operating Assets and Liabilities

Description	2021 (\$)	2020 (\$)
Accounts receivable	471,921	523,235
Prepaid expenses and other assets	-4,250	-750
Due to recyclers	339,208	143,424
Due to CalRecycle	46,662	-30,000
Due to related party	38,860	57,557
Grants payable	161,337	-789,924
Accounts payable and accrued expense	-146,753	-18,292
Net cash provided by (used in) operating activities	-5,314,802	-1,078,390

STATEMENTS OF CASH FLOWS (CONTINUED)

The accompanying notes are an integral part of these financial statements.

Cash and Cash Equivalents

Description	2021 (\$)	2020 (\$)
Net change in cash and cash equivalents	-5,314,802	-1,078,390
Cash and cash equivalents at beginning of year	16,103,649	17,182,039
Cash and cash equivalents at end of year	10,788,847	16,103,649

NOTES TO FINANCIAL STATEMENTS

Note 1: DESCRIPTION OF THE ORGANIZATION

The California Carpet Stewardship Program (the Program) has previously been referred to as the AB2398 California Carpet Stewardship Plan. Due to the passage of new legislation, the program is now called the California Carpet Stewardship Program.

The California Carpet Stewardship Plan (the Plan) is authorized by California Assembly Bill (AB2398) to implement measures to achieve measurable improvements in the landfill diversion and recycling of post-consumer carpet. AB2398 was signed into law by the governor of California on September 30, 2010.

In October 2017, California Governor Jerry Brown signed into law AB1158 placing additional requirements on any Carpet Stewardship Organization (CSO). Key Changes to the law include:

- Achieve 24% recycling rate by January 1, 2020 and meet or exceed annually thereafter;
- Incentivize (grants or subsidies) materials that have the “highest recyclability;
- Supply all data necessary for CalRecycle to evaluate effectiveness of program;
- The Program cannot use funds to pay penalties or litigation against the state;
- The Program cannot pay subsidies for kiln, waste to energy (WtE), carpet as alternative fuel (CAAF) or incineration;
- All state projects must be managed in a way consistent with carpet stewardship laws;
- Department of General Services must publish minimum post-consumer carpet (PCC) content specs for purchases of carpet by 7/1/18;
- Must increase diversion and increase collection;
- Must increase collection convenience;
- Must expand and incentivize markets for products made from PCC;
- Must increase processor capacity, including in California;
- Must increase recyclability of carpet;
- Must describe measures that enable source reduction, source separation & processing to segregate & recover recyclable materials, environmentally safe management of materials that cannot feasibly be recycled; and

- Must provide incentives or grants to state-approved apprenticeships programs for training apprentices and journey-level installers in proper practices for recycling PCC.

In October 2019, California Governor Gavin Newsom signed into law AB729 placing additional requirements on any CSO. Key changes to the law include the inclusion of a contingency plan, the establishment of a trust fund or escrow account for unexpended funds and required approval of increases or decreases in the assessment rate.

Collectively, AB2398, AB1158 and AB729 are referred to as the carpet stewardship laws. Approved regulations are found in Title 14, Division 7, Chapter 11.

The Plan became effective on July 1, 2011, and is managed by the Carpet America Recovery Effort, Inc. (CARE). The Plan is a set of guidelines that CARE uses to administer the Program. The Plan was developed by CARE and an initial plan document was conditionally approved by the California Department of Resources Recycling and Recovery (CalRecycle). A revised stewardship plan document (version 3.2.2) was approved by CalRecycle on January 21, 2014, and plan amendments on January 5, 2015 (Addendum #1), October 21, 2015 (Addendum #2), and January 26, 2016 (Addendum #3). Collectively this Plan was referred to as Version 3.2.2.

On October 16, 2018, CalRecycle conditionally approved CARE's 5-Year Plan for 2018-2022 and gave CARE 60 days to resubmit addressing findings of non-compliance. On February 19, 2019, the revised Plan was approved by CalRecycle. Version 3.2.2 continued in force and CARE continued to manage the Program until the new Plan was approved.

CARE was the sole carpet stewardship organization until April 1, 2015. At that time, other organizations could apply for status as a "Carpet Stewardship Organizations". As of August 23, 2022, no other Carpet Stewardship Organizations have submitted a Plan or approved.

The carpet stewardship laws require carpet manufacturers or retailers to collect an assessment based on the square yardage of carpeting sold in California. CARE mill members participating under the Plan collect the funds from California retailers. Mills (manufacturers) submit funds directly to CARE quarterly based on reported yards sold in the prior quarter. CARE disburses the proceeds in accordance with the Plan.

Disbursements are to promote carpet recycling in California and cover the costs of administering the Plan. The primary use of funds is to carpet recyclers who are paid by the pound of qualifying products that are processed and subsequently sold.

Manufacturers or retailers participate voluntarily in the Plan; however, the carpet stewardship laws require that they participate in CARE's Plan, or development and implement their own Carpet Stewardship Plan.

CARE does not have authority to levy administrative penalties for failure to comply with contractual requirements. That authority belongs solely to the state of California.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to useful lives of depreciable assets and the allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Program provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Program's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Program reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Program, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Carpet recovery assessments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Income from carpet recovery assessments received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 23, 2022, and determined there were no events that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Accounting Guidance not yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Program is currently evaluating the impact of the guidance on its financial statements.

In September 2020, the FASB issued ASU 202-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Program is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Program maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Program’s expenditures come due. The following reflects the Program’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Description	2021 (\$)	2020 (\$)
Total assets at year end	16,217,110	21,999,583
Less non-financial assets: prepaid expenses and other assets	-6,400	-2,150
Financial assets at year-end	16,210,710	21,997,433
Financial assets available to meet cash needs for general expenditures within one year	16,210,710	21,997,433

The Program is principally supported by assessments collected on carpet sold in California.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

Description	2021 (\$)	2020 (\$)
Carpet recovery assessments	5,421,863	5,893,784
Total accounts receivable	5,421,863	5,893,784
Less allowance for doubtful accounts	0	0
Accounts receivable, net	5,421,863	5,893,784

Note 5: REVENUE***Disaggregated Revenue***

A summary of disaggregated revenue information follows:

Description	2021 (\$)	2020 (\$)
Contracts with customers: recognized at a point in time	23,566,802	23,359,669
Interest	18,067	69,277
Total revenue	23,584,149	23,428,946

The Program's customers are primarily carpet manufacturers located throughout the United States.

Contract Balances

Description	2021 (\$)	2020 (\$)
Receivable from contracts, beginning of year	5,893,784	6,417,019
Receivable from contracts, end of year	5,421,863	5,893,784

Note 6: CONCENTRATIONS OF CREDIT RISK

At December 31, 2021 and 2020, the Organization's cash balances consist of deposits with two financial institutions. The amounts that exceed federal insured limits in the Organization's bank accounts at one of the financial institutions are secured by investment portfolio securities of the bank. The Organization's cash balances at the other institution did not exceed the FDIC's insured limits at December 31, 2021 and 2020.

Note 7: COMMITMENTS AND CONTINGENCIES

During the years ended December 31, 2021 and 2020, the Sustainable Funding Oversight Committee (SFOC) allocated \$1,217,000 and \$2,078,662, respectively, to support grants. Additionally, for the years ended December 31, 2019 and 2018, the SFOC allocated \$2,396,984 and \$3,484,673, respectively, to support grants. The actual amount of reimbursements is expected to differ from the authorized amounts depending

on the number of applicants, projects selected, changes in project scope, and grantees' ability to meet contract obligations. As of December 31, 2021, \$50,069 remains committed for the grants committed during the year ended December 31, 2018, \$570,952 remains committed for the grants committed during the year ended December 31, 2020, and \$646,935 remains committed for the grants committed during the year ended December 31, 2021. No amounts remain committed for the grants committed during the year ended December 31, 2019.

CalRecycle has presented an accusation covering CARE's performance during fiscal years 2013, 2014 and 2015. CalRecycle sought penalties in the amount of \$182,500, \$1,460,000, and \$1,642,500 from CARE for the three years in question, totaling \$3,285,000. Initial litigation at the administrative level has concluded with a finding against CARE of \$182,500, \$273,750, and \$365,000 for a total of \$821,250. CARE appealed the decision however; the lower court's decision was upheld by the Third District Court of Appeals on January 27, 2021.

In the second action, CalRecycle presented an administrative accusation covering CARE's performance during calendar year 2016. CalRecycle sought a penalty of \$1,830,000. An administrative law judge issued a proposed decision, finding that CARE was not negligent.

The Director of CalRecycle rejected the proposed decision and issued a decision imposing an administrative penalty of \$1,830,000. CARE appealed penalty issuance by CalRecycle and, on October 22, 2020, the Sacramento Superior Court granted CARE's petition for writ. Following remand from the trial court, CalRecycle issued its decision assessing penalties against CARE in the amount of \$274,500.

On March 12, 2021, the parties reached a settlement to resolve all claims related to the CalRecycle accusations against CARE, with CARE paying CalRecycle \$1,175,000 no later than June 15, 2021. On June 4, 2021, CalRecycle confirmed receipt and deposit of the settlement payment.

The Program has no liability or expenses related to these actions.

During the year ended December 31, 2021, CalRecycle found CARE noncompliant with its California Carpet Stewardship Plan 2018-2022 for failure to achieve recycling goals in 2019 and 2020. CARE was referred to the Waste Permitting, Compliance and Mitigation Division for enforcement. In May 2022 CalRecycle presented an accusation regarding noncompliance covering CARE's performance during fiscal years 2019 and 2020. CalRecycle is seeking penalties in the amount of \$1,538,365. CARE has rejected this ruling and has filed an appeal with the State of California. The Organization's liability under the above referenced litigation remains unknown as of the date of issuance of these financial statements. Therefore, no amounts have been recorded in the accompanying financial statements.

Note 8: RELATED PARTIES

The Program is administered by the Carpet America Recovery Effort, Inc. (known by the trade name CARE). CARE was established in 2002 to represent the carpet industry's effort to support market-based carpet recycling solutions. CARE is a not-for-profit, 501(c)(3) organization that was formed to oversee and enable market-based solutions for the recovery and recycling of post-consumer carpet.

To participate in the Program, manufacturers and retailers must maintain a membership in good standing with CARE. Recyclers who wish to receive disbursements must also maintain a membership in good standing to receive funds.

The primary organizer of CARE was the Carpet and Rug Institute, Inc. (known by the trade name CRI). CRI is a 501c(6) organization under the Internal Revenue Code and one of the primary trade groups of the carpet industry. CRI initiated CARE's organization to represent and to promote the industry's carpet recycling efforts and manage the industry's recycling programs.

CARE was created in dialog with the U.S. Environmental Protection Agency (EPA), several States, non-governmental organizations (NGOs), and carpet industry members as a result of a Memorandum of Understanding signed January 8, 2002.

CRI acts as an advocate of the carpet industry and actively works to represent its interest in legislative, regulatory, and judicial issues at the federal, state, and local levels. CRI played an active role in the development of the current legislation in California, and actively lobbies for the carpet industry in other states considering similar product stewardship or extended producer responsibility (commonly referred to as EPR) legislation.

CARE and CRI share one common non-voting director and facilities and they provide administrative and technical support to each other and the Program.

Under the carpet stewardship laws, CARE is allowed to be reimbursed for costs it incurs administering its Carpet Stewardship Plan. Costs incurred directly by the Program are paid from Program funds. Shared labor and other costs of the Program and CARE are systematically allocated and periodically settled. These shared labor costs totaled \$1,019,358 and \$940,091 for the years ended December 31, 2021 and 2020, respectively.

The Program has accounts payable of \$224,877 and \$186,017 due to CARE as of December 31, 2021 and 2020, respectively for expenses paid by CARE but incurred by the Program.

Some of the members of the Board of Directors work for various organizations that receive subsidies from the Program. Management does not believe the risk of undue influence associated with these relationships is significant.

Note 9: CONCENTRATIONS OF REVENUE

For both of the years ended December 31, 2021 and 2020, three carpet manufacturers accounted for approximately 82% of the carpet recovery assessments. These manufacturers also accounted for 81% and 82% of assessments receivable at December 31, 2021 and 2020, respectively.

Note 10: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The California Carpet Stewardship Program:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The California Carpet Stewardship Program, (the Program), which comprise the statements of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 23, 2022.

Reporting on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as finding number 2021-001 and 2021-002. There were no other findings except for the CalRecycle accusations included in Note 7 of the Program’s financial statements.

Carpet America Recovery Effort’s Response to Findings

Carpet America Recover Effort’s (CARE) response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CARE’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 23, 2022

SUMMARY OF FINDINGS

SUMMARY OF AUDIT RESULTS AND COMPLIANCE FINDINGS

Financial Statements:

- 1. Type of auditors' report issued Unmodified
- 2. Internal Control over Financial Reporting:
 - A. Material weakness(es) identified? Yes No
 - B. Significant deficiencies identified that are not considered to be material weaknesses? Yes None noted
- 3. Noncompliance material to financial statements noted? Yes No

**Compliance Findings
2021-001 and 2021-002**

Criteria: California laws and regulations require the Program is required to reach a goal of reuse of 1.8 million pounds of postconsumer carpet during the year ended December 31, 2021. The Program is required to reach a goal of 83 million pounds of postconsumer carpet recycled during the year ended December 31, 2021, as outlined in the plan.

Condition: As a result of our audit procedures, it was determined that the methods used to measure whether California carpet is managed in a manner consistent with the state's waste management hierarchy are accurate. However, we noted the Program did not reach the goal of 1.8 million pounds of postconsumer carpet reuse. Additionally, the Program did not reach the goal of 83 million pounds of postconsumer carpet recycled.

Effect: By not reaching these goals by the target dates, CalRecycle may find CARE non-compliant and assess penalties or other performance requirements against CARE.

Recommendation: We recommend procedures be implemented to ensure the program meets future reuse and recycling goals as outlined in the plan.

Cause and Views of Responsible Officials and Planned Corrective Actions: Based on the anticipated 2021 growth trajectory, expectations were to meet or exceed the Recycling Rate target – the most important metric for tracking progress. CARE accomplished that objective for the first time in 2021! The 2021 Recycling Rate is up 314% since 2015 – a remarkable accomplishment given the adverse economic and logistical impacts of the last couple of years.

In another first, the Advisory Committee, in their Annual Report review meeting held July 20, 2022, issued 8 motions 3 of which were commendations of CARE, including one for, “exceeding or mostly-meeting 8 of 10 goals.”

Reuse has proven to be a major challenge and we did miss this goal, despite many efforts to grow reuse. However, as we continue to try and find ways to grow this minor outlet, the learnings from 2021 have resulted in changes that are showing excellent results in the first half of 2022, and we are on track to meet or exceed the goal this year. Again, it is worth noting that reuse represented 2% of our overall Recycled Output goal.

CARE did miss its Recycled Output (RO) goal of 83M pounds. Despite major push to grow collection, which we did accomplish and that enable RO, we were not able to reach this level. It is important to note that the vast majority of collection is driven by the sale of new carpet. Carpet sales plummeted again in 2021 as sales were down almost 17% from the last normal year of 2019. The Aquafil plant located in Woodland was also a key element in the planned growth in RO. Unfortunately that facility, which did eventually come on line, never came close to the level of RO expected and ultimately shutdown in early 2022.

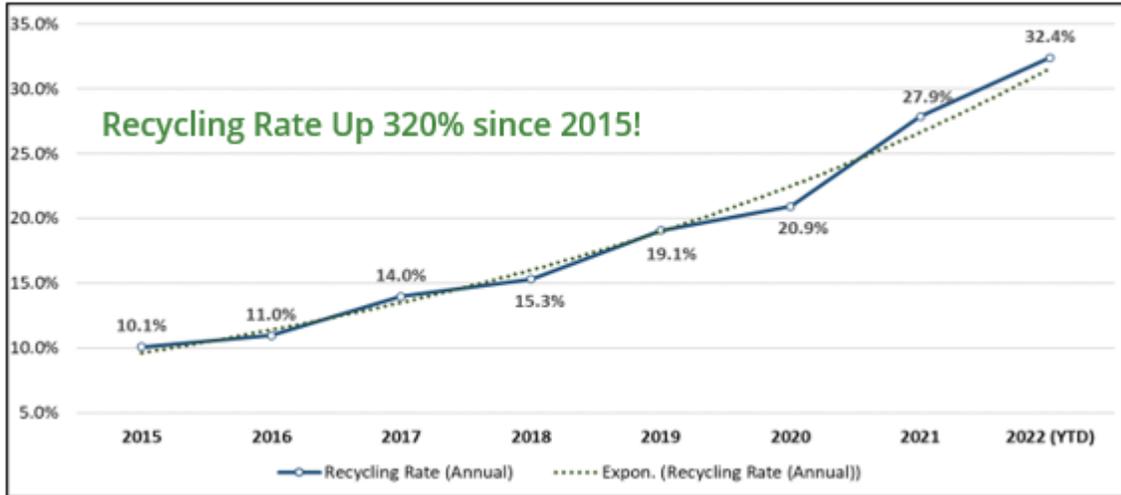
CARE ended 2020 with 178 private and 83 public Drop Off Sites (DOS) for a total of 261 sites. Aggressive work by CARE staff grew the DOS number to 98 by the end of 2021 and that brought the total number of sites, both public and private, to 300 for growth of 15% in 1 year. CARE also facilitated the start-up of 3 Regional Distribution Center sites – a major accomplishment adding to our ability to collect more pounds.

To further aid collection growth, CARE carried out discussions (the Next 100M pounds initiative) with recyclers and supported pilot collection programs both financially and via collaborative technical assistance. CARE also had to contend with continued cases of cannibalization which does not aid growth in collections, but rather redistributes what is already being collected.

CARE recognized the urgent need for the development of new identification technology with the loss of one of the two suppliers (the second supplier also exited the business in December 2021). This prescient move has resulted in the development of 2 new ID technology platforms, both of which are commercially available today. Without this important project initiated by CARE, the future of our industry would have been in jeopardy.

The CARE Covid Action Plan was implemented on an emergency basis in April 2020 to maintain critical collection and processing capacity in California as well as product manufacturing outlets. Details of those actions are well documented. The added subsidies were continued into 2021 as factors such as inflation, supply chain, utility, and transportation costs began to take off. Had these continuing actions not been taken, it is highly likely there would be a very different and greatly diminished landscape for carpet recycling in California today.

Finally, in my opinion as the Executive Director, the CARE Team, in collaboration with the recycling community, has done an amazing job of analyzing, understanding, and proactively taking actions to continue the accelerating growth trajectory despite some of the most challenging market and economic turmoil this economy has seen if over a decade – see chart below.



There were no other instances of noncompliance or other matters to disclose except for the CalRecycle accusations included in Note 7 of The California Carpet Stewardship Program’s financial statements.



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE REQUIREMENTS

To the Board of Directors of
The California Carpet Stewardship Program
100 S. Hamilton Street

COMPLIANCE

We have audited Carpet America Recovery Effort Inc.'s (CARE) compliance with the requirements specified in the State of California's Code of Regulations, Title 14, Division 7, Chapter 11, Article 1 applicable to CARE's statutory requirements identified below for the year ended December 31, 2021.

We have also audited the basic financial statements of The California Carpet Stewardship Program (the Program) as of and for the year ended December 31, 2021 and have issued our report thereon dated August 23, 2022.

Both audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

CARE's management is responsible for the Program compliance with laws and regulations. In connection with our audits referred to above, we selected and tested transactions and records to determine compliance with state laws and regulations applicable to CARE's program.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on CARE’s compliance based on our audit. We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State of California’s Code of Regulation, Title 14, Division 7, Chapter 11, Article 1 applicable to CARE’s statutory requirements. Those standards and the State of California’s Code of Regulations require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the statutory requirements listed below occurred. An audit included examining, on a test basis, evidence about CARE’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CARE’s compliance with those requirements. In connection with the audit referred to above, we selected and tested transaction and records to determine CARE’s compliance with state laws and regulations including, but not limited to, the following applicable items:

Performance Goals and Activities

Description	Audit Procedures Performed	Complied
List each compliance requirement	(Yes/No)	(Yes/No)
Measurement methods accurately identify:		
a. Amount of California carpet that is diverted to landfills	Yes	Yes
b. Amount of California carpet that is processed into a new commodity	Yes	Yes
c. That California carpet is managed in a manner consistent with the state’s waste management hierarchy.	Yes	No See Note 1
d. Amount of California carpet discarded each year (estimated using a formula based on sales). Assumption used in the formula are appropriate for California.	Yes	Yes

Financing Mechanisms

Description	Audit Procedures Performed	Complied
List each compliance requirement	(Yes/No)	(Yes/No)
a. Assessments are paid to CARE on all carpet sold in the state of California at the rate indicated in the Plan (i.e., 5 or 10 cents per sq. yd).	Yes	Yes
b. The assessments collected for the Program are only spent on the program.	Yes	Yes
c. The payments are accurately presented by categories found in the Regulations, Section 18944 (7). Annual Report Compliance Criteria, Financing Mechanism.	Yes	Yes
d. The annual report accurately presents information.	Yes	Yes

Program Performance Measurement

Description	Audit Procedures Performed	Complied
List each compliance requirement	(Yes/No)	(Yes/No)
a. Applicants applying for incentive payments submit documentation as required in the Plan (and Agreed Upon Procedures) that are in place at the time documents are submitted.	Yes	Yes
b. CARE is tracking information needed to include in Annual Report per regulations Section 18944.	Yes	Yes
c. CARE's practices support a level playing field among those requesting Program funds.	Yes	Yes
d. CARE has a method to determine the effectiveness of educational and outreach activities that is appropriate for use in California.	Yes	Yes

Note 1: See audit findings 2021-001 and 2021-002 Audit of California Carpet Stewardship Program financial statements. As a result of our audit procedures, it was determined that the methods used to measure whether California carpet is managed in a manner consistent with the state's waste management hierarchy are accurate. However, during our testing, we noted two goals within the waste management hierarchy that were not met as of December 31, 2021. The Program did not reach the goal of 1.8 million pounds of postconsumer carpet reuse. Additionally, the Program did not reach the goal of 83 million pounds of postconsumer carpet recycled.

CARE has taken a number of steps to address both of these important metrics. Management's response to the findings are detailed in the Audit of California Carpet Stewardship Program financial statements.

OPINION

In our opinion, except for the noncompliance noted above, CARE complied, in all material respects, with the compliance referred to above that are applicable to the statutory requirements listed above for the year ended December 31, 2021.

This report is intended solely for the information of the Board of Directors of the Carpet America Recovery Effort, Inc. and CalRecycle and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

CARR, RIGGS & INGRAM, LLC

Atlanta, GA
August 23, 2022