



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

801 K STREET, MS 19-01, SACRAMENTO, CALIFORNIA 95814 • (916) 322-4027 • WWW.CALRECYCLE.CA.GOV

January 06, 2010

Ms. Georgina W. Sikorski
Executive Director
Carpet America Recovery Effort (CARE)

Mr. Werner Braun
President
Carpet and Rug Institute
P.O. Box 2048
Dalton, Georgia 30722-2048

Dear Ms. Sikorski and Mr. Braun:

As you know, the Department of Resources Recycling and Recovery (aka Cal Recycle), California Integrated Waste Management Board (CIWMB), has had a long relationship with the Carpet and Rug Institute (CRI) and the Carpet America Recovery Effort (CARE) through the Carpet Stewardship Memorandum of Understanding (MOU) signed in January 2002. We share a mutual goal of advancing carpet recycling as a means of putting resources to their best use, as highlighted in the MOU.

We understand that you are beginning to negotiate a new MOU to replace the current one that expires in 2012, and that you have asked whether Cal Recycle staff will participate in this process. At this time, in part because of resource constraints but more importantly because of concerns about the past success of this effort and about the financing of any future effort, I am unable to make such a commitment. Specifically, without some changes to provide for a sustainable funding mechanism, we do not see how it will be possible to meet the MOU's goals. We could, however, reconsider our participation if a sustainable funding mechanism is established, as we believe it is a critical component of any successful stewardship program. Indeed, the need for sustainable funding is a key component of the *Extended Producer Responsibility Framework* adopted in 2008 by the CIWMB. (www.calrecycle.ca.gov/EPR/Framework/Framework.pdf).

As indicated in the CARE 2008 annual report, in 2007 the percent of carpet recycled and diverted from landfills was 4.9% and 5.3%, respectively; in 2008, the percent of carpet recycled and diverted was 4.3% and 5.2%, respectively. This shows carpet recycling is far from reaching the MOU goals of recycling 20 to 25% by 2012.

Meanwhile, our *California 2008 Statewide Waste Characterization Study* (www.calrecycle.ca.gov/WasteChar/WasteStudies.htm#2008Study) reports, based on actual sampling at numerous landfills, that an estimated 1.3 million tons of carpet is disposed of in landfills annually in California, comprising 3.2 percent of all disposed solid waste in the State. Carpet is one of the top ten



January 06, 2009

categories of materials disposed in California, which emphasizes the need to vastly improve carpet recycling and establish an effective recycling system. (These data also raise questions about CARE's estimate of 2.8 million tons of carpet discarded nationally; it seems unlikely that California is responsible for almost one-half of this amount. If discards are higher than CARE's estimate, then the estimated recycling and diversion rates would be even lower.)

As staff understand, the CARE organization is funded on a voluntary basis by donations from the various industry members. While this has enabled the organization to get started, it is evident from the low recycling rates that such funding is not sufficient to implement such an ambitious program as the one described in the MOU. Furthermore, CARE's lack of resources to achieve its goals has been identified repeatedly as an important issue over the years. CARE's Board of Directors acknowledged the need for a financing mechanism as a major recommendation in the 2007 annual report (page 15), which states "CARE must establish a sustainable and robust financing mechanism for the CARE organization."

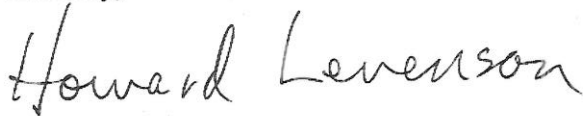
Staff agrees that a robust financing mechanism is essential. Without addressing this finance issue, we do not believe the MOU goals will be achievable.

To address the financing mechanism, individuals within CARE and CRI have studied how to make the funding of CARE part of the funding of CRI. At least one proposal, which has been in existence since before 2004, is to include a small per-yard or per-pound charge to be levied against the industry partners to support environmental efforts of CARE. If this, or something similar, were to be implemented, it could generate a significant sum of money to help capitalize the recovery goals of the MOU. If applied to all carpet it would be fair to all carpet manufacturers.

As noted above, staff are willing to reconsider participating in development of a new MOU, but at this time we are unable to justify committing our time and resources towards a project that, in all these years, has been unable to develop a financing mechanism – a fundamental requirement for achieving the goals of higher recycling rates.

Please keep us apprised of the development of a financing mechanism, at which time we can reconsider our participation in development of the new MOU and discuss the likely efficacy of a new MOU further with our executive management and director. We do have a common goal of advancing carpet recycling and we do not want to lose sight of the opportunities that could be gained by working together.

Sincerely,



Howard Levenson, Ph.D.
Program Director, Sustainability Program

cc: Brenda Smyth, CalRecycle
Kathy Frevert, CalRecycle
Fareed Ferhut, CalRecycle