Product Stewardship for Carpet in Minnesota

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Minnesota Pollution Control Agency
## Why Carpet?

### Presence in solid waste

<table>
<thead>
<tr>
<th>State</th>
<th>Year of Study</th>
<th>Percent</th>
<th>Tons of Carpet Disposed Overall</th>
<th>Population in Year of Sampling</th>
<th>Lbs. carpet disposed per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>2008</td>
<td>3.2%</td>
<td>1,164,173</td>
<td>36,580,371</td>
<td>63.7</td>
</tr>
<tr>
<td>Connecticut</td>
<td>2010</td>
<td>3.5%</td>
<td>83,125</td>
<td>3,518,288</td>
<td>47.3</td>
</tr>
<tr>
<td>Delaware</td>
<td>2007</td>
<td>1.5%</td>
<td>17,480</td>
<td>864,896</td>
<td>40.4</td>
</tr>
<tr>
<td>Georgia</td>
<td>2005</td>
<td>1.4%</td>
<td>94,514</td>
<td>8,913,676</td>
<td>21.2</td>
</tr>
<tr>
<td>Illinois</td>
<td>2009</td>
<td>1.7%</td>
<td>248,990</td>
<td>4,919,479</td>
<td>29.2</td>
</tr>
<tr>
<td>Minnesota</td>
<td>2000</td>
<td>2.4%</td>
<td>71,940</td>
<td>4,919,479</td>
<td>29.2</td>
</tr>
<tr>
<td>Missouri</td>
<td>2008</td>
<td>0.7%</td>
<td>43,999</td>
<td>5,909,824</td>
<td>14.9</td>
</tr>
<tr>
<td>New York</td>
<td>2008</td>
<td>1.4%</td>
<td>256,369</td>
<td>19,422,777</td>
<td>26.4</td>
</tr>
<tr>
<td>North Carolina</td>
<td>1998</td>
<td>N/A</td>
<td>48,627</td>
<td>8,049,313</td>
<td>12.1</td>
</tr>
<tr>
<td>Oregon</td>
<td>2005</td>
<td>2.6%</td>
<td>78,691</td>
<td>3,617,869</td>
<td>43.5</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2003</td>
<td>1.7%</td>
<td>163,371</td>
<td>12,326,302</td>
<td>26.5</td>
</tr>
<tr>
<td>Washington</td>
<td>2009</td>
<td>2.9%</td>
<td>145,282</td>
<td>6,664,195</td>
<td>43.6</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>2003</td>
<td>2.4%</td>
<td>116,160</td>
<td>5,408,769</td>
<td>43.0</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>2,532,721</td>
<td>129,038,713</td>
<td></td>
</tr>
<tr>
<td><strong>Weighted average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>39.3</td>
</tr>
<tr>
<td><strong>Weighted average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28.6</td>
</tr>
</tbody>
</table>
Profile of Carpet

- Centered in Northwest Georgia
- Shaw, Mohawk, Beaulieu
- Significant leadership in sustainability
  - Ray Anderson, Interface
- 1.3 billion square yards sold in 2010
- 70 percent to residential market
- Several fiber types (N 6, N 66, PP, PET)
  - Growth in PET
- Impact of housing market decline
- Migration to other flooring products
- Little policy attention in U.S.
National Carpet Dialogue

- Initiated by states due to growing concerns with carpet
- Began as regional dialogue (WI, IA, MN) in 2000
- Expanded to national dialogue
- Memorandum of signed in 2002
  - Carpet industry, US EPA, 17 states, NGOs
- First national product stewardship agreement
National Carpet Recycling Agreement

- Established a ten-year schedule to:
  - Divert 40 percent of waste carpet generated by 2012
  - Achieve specified reuse and recycling goals
  - Allowances for WTE and cement kilns
- Established Carpet America Recovery Effort (CARE)
- Carpet industry recognized it has primary financial responsibility for achieving the goals
National Carpet Stewardship Organization

- Board of Directors from carpet industry, government and recycling industry
- CARE responsible for monitoring, evaluating and assessing progress toward the Negotiated Outcomes Goals
- Funded through industry memberships
- Transition to compliance organization due to AB 2398 in CA

Challenges:
- Lack of sufficient funding
- Collaborative decision-making
Progress Under MOU

Millions of pounds diverted from landfill

- MOU Goal
- Reported

AB 2398

- Pre-empted industry effort to pursue federal legislation
- Introduced by Assembly Speaker Perez
- Signed by Governor- September 2010
- Proposal influenced by paint statute in OR
- Eventually supported by industry
  - Shaw and Interface
  - Los Angeles Fibers
  - California Product Stewardship Council
AB 2398

- Carpet stewardship organization or individual manufacturer will submit a carpet stewardship plan to Cal Recycle
- CARE is designated organization until 2015
- Rulemaking completed in 2011
- Plan (valid for five years) submitted and approved January 2012
AB 2398 Finances

- First program year- July 2011-June 2012
- 80 brand owners registered
- 98 million sq. yards sold
- Brand owners remitted $4.9 million to CARE
- Recyclers requested $1.8 million
AB 2398

Starting July 1, 2011 - January 1, 2013, a carpet manufacturer will add an assessment of $0.05/yd on the purchase price of carpet sold in California
- Expectation that $5 million will be collected annually
- Fee as stated in statute sunsets in 2013

Dealers and retailer must make assessment visible on all invoices

Funds will be used:
- market growth of secondary products made from post-consumer carpet,
- reuse of post-consumer carpet
- recycling post-consumer carpet

Paid to “first-level” processor

Type I and II
Infrastructure Outcomes

- Recycled output of 16.3 million lbs.
  - 17.8 percent
- Collectors and processor grew from 3 to 16
- Over $6 million invested
- 204 employees in carpet recycling industry (spring 2012)
- 6 rural pilots underway
  - Trailers at MRFs, landfills (CARE funds)
  - Expansion planned for all rural counties
Analysis of AB 2398

- Expansion of collection network to 15 entities
- Concern with specified assessment
  - Reaction from retailers and consumers
- CARE is specified in statute
- No specified performance goals
- Is expected financing sufficient?
2010-2011 MOU Dialogue

- Convened in April 2010 with states (NC, WA, CA, NY, MN, ME, GA and WI) and local government
- NGOs - CPSC and PPI
- Decision in August 2011 to discontinue dialogue
  - Gov. support for sustainable funding/state legislation
  - NGO interest in broader product profile
  - Carpet industry sought delay for 3-4 years pending outcomes of AB 2398
  - Concern about marketplace for carpet relative to other flooring types
Legislative Consideration in U.S.

- New York
  - A. 8492 introduced in 2011

- Washington
  - SB 5110 introduced in 2011
  - Hearing in 2012
    - Producers of must participate in a stewardship organization by January 1, 2014.
    - Program must be approved and implemented by July 1, 2014.
    - Program must finance, collect, and recycle discarded carpet.
    - The program must include five-year performance goals
    - Program offered at no cost to installers and no fees charged by collectors

- Legislative study bill enacted in Delaware

- Identified as priority product in CCME EPR Action Plan

Minnesota Pollution Control Agency
Context in Minnesota

- 2.4 percent of MSW
  - Translates into 71,490 tons (29 lbs. per capita)
  - Olmsted WTE (2004): 1.16%
  - Newport WTE (2007): 1.5%
  - Elk River WTE (2007): 1%

- Carpet was 3.7 percent of the CDI stream (2007)
  - 40,000 tons annually.

- One processor in MN (Bro-Tex)

- SCORE- 382 tons (2011)
  - Six counties reported collection
Policy Approach

- Brand owners must participate in stewardship program to sell in MN
- Stewardship plan submittal required:
  - Description of the methods by which paint will be collected in all areas in the state without relying on end-of-life fees
  - Explanation of how the collection system will be convenient and adequate to serve the needs of small in both urban and rural areas on an ongoing basis
  - Description of how the adequacy of the collection program will be monitored and maintained
  - Names and locations of collectors, transporters, and recyclers that will manage discarded products
  - Description of how carpet will be safely and securely transported, tracked, and handled from collection through final recycling and processing
Policy Approach

- Stewardship plan components:
  - The promotion and outreach activities to encourage participation in the collection and recycling programs
  - Five-year performance goals, including an estimate of the percentage of carpet that will be collected, reused, and recycled during each of the first five years of the stewardship plan. The goals must include a specific goal for the amount of carpet that will be collected and recycled and reused each year of the plan.
  - The goals must be based on: most recent collection data; estimated amount of carpet disposed of annually; the weight of the carpet that is expected to be available for collection annually; and actual collection data from other existing programs.
  - A discussion of the status of end markets and what, if any, additional end markets are needed to improve the functioning of the program
Financing Options

- Cost internalization- no specified financing mechanism
  - Could be implemented individually or collectively

- Eco-fee- remitted by brand owners and passed through sales chain
  - Not required to be visible at point of sale
  - Fee schedule approved by agency