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Secretary for
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Department of Toxic Substances Control

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Edmund G. Brown Jr.
Governor

August 4, 2017

Mr. Stephen Groner
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APPROVAL OF GROUP B & C OUTREACH AND PILOT PROJECTS WITH MODIFICATIONS

Dear Mr. Groner:

The Department of Toxic Substances Control (DTSC) has completed its review of the Thermostat Recycling Corporation's (TRC) plans titled "Outreach Plan for the Collection of Mercury-Added Thermostats in California, Audiences: Groups B & C" and "Pilot Plans for the Collection of Mercury-Added Thermostats in California, Audiences: Groups B & C." TRC was required to submit a revised outreach and pilot project plan to audiences identified in Group B (Group B Plans) in response to DTSC's disapproval letter on April 7, 2017 and TRC was required to submit an outreach and pilot project plan to audiences identified in Group C (Group C Plans) as required by DTSC in the October 6, 2016 approval letter. Based on its review of the revised Group B Plans and the Group C Plans, DTSC is approving both plans but is requiring additional modifications to each plan as discussed below.

The information presented in the Group B Plans and Group C Plans makes it more evident that general awareness of the program outside of the groups on which has traditionally focused is low. In the plans, TRC again focuses significant attention on how to "message" the program to the different groups and constituencies. While this attention may be of some value, it cannot take the place of a more comprehensive awareness of the program across all groups and all geographic areas of California. General program awareness may yield more success across groups, geography and demographics than the sum of any targeted outreach.

DTSC also notes that the plans use as a metric to record the number of entities to be contacted. Monitoring and reporting the entities that have been contacted, while important to track, is not, in and of itself, a metric. A more relevant metric is the number contacted in relation to the whole, with a goal of contacting all by a specific date. In

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addition, while making initial contacts is important to open the lines of communication, a more meaningful metric is what happens as a result of those contacts. DTSC believes that establishing more clear metrics will result in more meaningful information that can lead to more substantive and successful program modifications. It is also important to ultimately measure whether the contacts and collective efforts of the program are successful in yielding more thermostats being collected. Although TRC must comply with the Consent Order, DTSC encourages TRC to not constrain itself to only those activities it has proposed that may have been offered at a time when it had incomplete or insufficient information. TRC should operate in a way that remains responsive and adaptive to new information and areas of focus that it may not have anticipated.

As stated above, DTSC is approving the Group B and C Plans, but is requiring the following modifications:

Utility Company Outreach and Pilot Projects

DTSC notes that utility companies that perform thermostat replacement installations or provide rebates to owners who may "self-install" thermostats are specifically aligned in scope and purpose with TRC's program and TRC should make every effort to further expand this relationship and take advantage of the utility companies' efforts. TRC has proposed to create a database of all utility companies that perform thermostat replacement installations or provide rebates to owners who may "self-install" thermostats. TRC then proposes to further narrow this list of partnered, or known utility companies that fit these criteria, based on socioeconomic, age of dwelling, and geographical location of their customers for the utility company and contractor pilot project.

Rather than narrow the list, TRC is required to offer all utility companies that perform thermostat replacement installations or provide rebates to owners who may "self-install" thermostats the \$5 incentive for collecting mercury thermostats.

TRC also proposes to use bill inserts to educate customers on how to identify a mercury thermostat and if they are in possession of a mercury thermostat, the next steps on disposal procedures. DTSC agrees with this approach, but again requires that it not be limited in scope. Dissemination of program material through this method could significantly increase program awareness and require only limited effort by TRC.

This effort should also be coupled with the Group A pilot project with retailers that is already underway. To align these two efforts, TRC is required to also offer a retailer incentive as described in Group A to those customers that are offered

“self-install” rebates. Prior to offering the incentive, the Group A pilot retail partners must be expanded into areas where a participating utility partner is offering this “self-install” rebate.

School Districts

DTSC notes that school districts that have applied for and received Proposition 39 grants to perform repair, construction or replacement of school facilities and present a very significant opportunity for TRC to collect thermostats that are being removed from outdated school facilities. As an opportunity, it is limited in time, and TRC should make every effort to further expand this relationship and take advantage of the school districts’ efforts.

TRC proposes direct outreach to Proposition 39 grant applicant and recipients to raise awareness and provide collection bin. In addition to this outreach approach, TRC is also required to promote and enroll these schools who may be using in-house HVAC employees to change out these devices according to their Proposition 39 plans in a specific pilot project.

Universities and Colleges

TRC proposes to conduct direct outreach to colleges and universities to identify those who are renovating HVAC systems, but not necessarily for those with campus facilities that still have mercury thermostats in operation. DTSC requires TRC, as part of its outreach, to determine if mercury thermostats are still in use, and if so, to offer a collection bin and enrollment in the \$5 pilot project plan. TRC may want to consider additional outreach and pilot projects such as working with the deans of construction management related programs or environmental science programs to engage students in the program collection efforts, including encouraging class projects where they develop and submit their own plans for surveying and identifying mercury thermostats in campus facilities or other off campus buildings.

Commercial Property Management Companies

TRC proposes to partner with associations to conduct outreach. DTSC requires TRC to also identify and partner with larger commercial property management companies (those that typically manage multiple properties) to perform direct outreach. Direct outreach should include phone calls and in-person meetings, in addition to emails or other correspondence.

Residential Property Management Companies

TRC proposes to partner with associations, county and city department to engage with these companies to educate on disposal procedures and provide collection bins. DTSC requires TRC to also expand the identification of larger property management companies to perform direct outreach beyond the list provided in the plans. Outreach should also include promotion of the pilot project for those management companies.

Residential and Commercial Property Management Company Pilot Project

DTSC requires TRC to provide the \$5 incentive to all residential and commercial property management companies that have in-house maintenance employees that are responsible for the replacement of thermostats in the managed properties. The geographical limitations at this time are to be applied only to those who will participate in the \$5 incentive pilot project for mixed recycling of mercury and electronic thermostats.

Third Party Contractors

TRC proposes that several of the audiences in both Group B Plans and Group C Plans utilize third-party contractors to conduct thermostat replacement. A database is to be created that TRC will use to conduct direct outreach and provide a \$5 incentive to those third-party contractors who obtain a collection bin. DTSC requires TRC to collect additional information on which audience utilizes the third-party contractor, what type of license the contractor holds with the Contractor State License Board, and apply this incentive statewide.

Advertising Plan and Budget

As DTSC mentioned earlier, with TRC's development of the various individual component strategies in its Groups A through C, it is apparent that a more comprehensive awareness of the program across all groups and all geographic areas of California is needed. General program awareness may yield more success across groups, geography and demographics than the sum of any targeted outreach. In addition to carrying out its Groups B and C Outreach Plans (as modified), TRC is required to develop a comprehensive advertising plan and a proposed advertising budget, and submit it to DTSC within 60 days. The

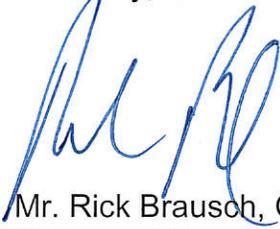
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advertising plan is to describe general awareness strategies to be used, and include promotion of the various ongoing pilot projects. It is also critical that the advertising plan incorporate ways to achieve coordination between the multiple outreach and pilot activities that are underway.

DTSC appreciates the progress that TRC has made, and especially appreciates its willingness to open lines of communication with interested stakeholders and incorporate their feedback into its efforts. The intent of the various components of the Consent Order, and plans that it required, was not to create unnecessary constraints or restrictions on TRC that prevent it from acting on new information in a timely way. DTSC encourages TRC to not constrain itself to only those activities it proposed in plans that may have been offered at a time when it had incomplete or insufficient information. TRC should operate in a way that is responsive and adaptive to new information and areas of focus that it may not have anticipated at the time it developed its plans. The purpose is not outreach for outreach's sake, or pilot projects for pilot projects' sake, but is ultimately for TRC's program to collect as many mercury containing thermostats as possible at a time when they are still being removed from service.

If you have any questions regarding this letter please contact Ms. Renée Avila at (916) 322-4819 or at Renee.Avila@dtsc.ca.gov.

Sincerely,



Mr. Rick Brausch, Chief
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cc: See next page.

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cc: Mr. Ryan Kiscaden
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