



Matthew Rodriguez
Secretary for
Environmental Protection



Department of Toxic Substances Control

Barbara A. Lee, Director
1001 "I" Street
P.O. Box 806
Sacramento, California 95812-0806



Edmund G. Brown Jr.
Governor

July 18, 2017

Mr. Stephen Groner
TRC Project Manager
100 W. Broadway Suite 290
Long Beach, California 90802

APPROVAL OF PROGRAM MODIFICATION PLAN WITH MODIFICATIONS

Dear Mr. Groner:

The Department of Toxic Substances Control (DTSC) has completed its review of the Thermostat Recycling Corporation's (TRC) revised "Program Modification Plan for the Collection of Mercury Added Thermostats in California" (Program Modification Plan). This plan was submitted on May 19, 2017 in response to DTSC's March 6, 2017 disapproval of the first version of TRC's Program Modification Plan submitted on January 5, 2017. Based on its review of the revised plan, DTSC is approving TRC's May 19, 2017 Program Modification Plan, but is requiring additional modifications to TRC's Program discussed below.

In evaluating the Program Modification Plan, DTSC is struck by TRC's repeated forecast for most the program modifications proposed that the modifications are likely to produce only modest increases in collections. For the remaining proposed modifications, TRC is unable to predict any measurable impact on thermostat collections. DTSC recognizes that many of the outreach and pilot project efforts being implemented by TRC in compliance with previously approved outreach and pilot project plans have yet to yield a full set of data and findings. However, DTSC is very concerned about the slow pace and limited scope of modifications TRC is proposing considering the significant deficit in thermostat collections TRC continues to report annually. For 2016, TRC reported collecting only 16,189 thermostats, compared to the 130,665 required under section 66274.5 of Title 22, California Code of Regulations. Collections for 2016 were less than the 19,223 thermostats collected for 2015, and both of those years were less than the 22,453 that were collected for 2014.

DTSC notes that the number thermostats TRC is required to collect increases again in 2017 to 147,750 thermostats. DTSC remains concerned about TRC's level of effort to

Mr. Stephen Groner
July 18, 2017
Page 2

collect thermostats, and the failure to aggressively identify and implement program enhancements that reflect the seriousness and urgency to correct the limited performance of the Program.

In light of the continuing lagging performance, DTSC is requiring the following modifications to TRC's proposals in the Program Modification Plan:

Proposed Modification #1: Smaller Recycling Pails

TRC has proposed to provide smaller recycling pails to locations that request pails that are smaller than the larger collection bins traditionally used. As proposed, this modification, and the smaller pails being made available, will be only accessible to those participants who are aware of and request this option. In implementing this modification, DTSC also requires TRC to revise its enrollment forms to make enrollees aware of the option to request smaller pails.

Proposed Modification #5: Merchandising displays

TRC proposes to offer "a merchandising display to all wholesale or retail locations visited during store sweeps." It is unclear exactly which wholesale or retail locations will be offered a merchandising display under this proposal, because it is not clear which locations are visited during store sweeps. DTSC requires TRC to document its activities, and report on the number of locations visited and the number of locations that accepted the merchandise display, and the reason that locations that did not accept a merchandising display gave for not accepting one.

Proposed Modification #6: Collection Site Visits

TRC proposes to perform site visit "sweeps" two times per year with a target of visiting a minimum of 100 sites. In addition to focusing on sweeps and targeting stores with a history of fewer bin returns, DTSC requires TRC establish a target of visiting all collection locations at least once each year. DTSC agrees that the site visits can increase collections and that in person visits may also ensure longer term participation by collection locations. DTSC also requires that TRC document its site visits and provide that information in its quarterly reports to DTSC.

Proposed Modification #7 Targeting Spanish speaking homeowners.

TRC proposes to translate all of its marketing material in to Spanish. While translating the marketing material to Spanish to target this audience is helpful, DTSC notes that the only TRC program element targeting homeowners reported in the 2016 annual report was limited to the use of Google AdWords. TRC has provided no information that demonstrates whether focusing marketing efforts on this demographic via an electronic medium will be effective.

TRC's justification for continuing the rest of its program marketing efforts as unchanged was based on application of the advertising industry's best practices to develop strategic, multi-channel, diverse media (print and digital) to maximize audience reach and engagement. Solely focusing on this demographic through its limited channels is not likely to demonstrate the desired benefit. DTSC requires that not only must TRC translate materials into Spanish, but it must also expand its communication and marketing strategies beyond the limited use Google AdWords.

Proposed Modification #10 Meet with Other Extended Producer Responsibility (EPR) Programs to Discuss Best Practices.

DTSC believes that sharing of best practices among other EPR programs operating in California may yield significant benefits. DTSC is concerned that TRC identifies no specific data or deliverable to report. DTSC requires that TRC document its meetings with EPR programs, and report on its findings, including opportunities for program improvements that it learns from other EPR programs.

Proposed Modification #11: Contacting HVAC Wholesale Locations Not Participating

DTSC agrees that non-participating wholesale locations should be targeted. DTSC believes that TRC must first use site visits as a tactical tool to make contact with the locations that are not participating, with targeted follow up via visits or calls (or other means) to secure participation. DTSC requires TRC to document its efforts to visit and secure participation, and report its efforts in its quarterly report.

Mr. Stephen Groner
July 18, 2017
Page 4

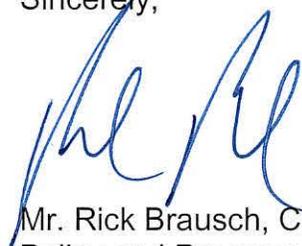
Proposed Modification #12: GIS Mapping of Collection Locations

TRC proposes to use GIS mapping software to evaluate its geographic coverage of the state, and to incorporate the analysis in its annual report. As with any other operational element of TRC's Program, TRC must use this type of information to make more timely course adjustments, and not wait until another year has passed before making adjustments. Rather than incorporating the geographic analysis into the annual report, DTSC requires that the analysis of the geographic information be incorporated into its quarterly reports, and along with the analysis the proposed modifications or changes to the Program that the analysis supports. The modifications could include targeting of additional outreach or marketing efforts for consumers and contractors, as well as targeting additional bin placements in areas not currently served.

DTSC again reminds TRC that it is required to collect 147,750 thermostats in 2017. DTSC strongly encourages TRC to become more aggressive in identifying and implementing program enhancements that will collect more thermostats. As has been communicated in previous correspondence, DTSC remains very interested in working closely with TRC in the implementation of its Program.

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
Policy and Program Support Division
Hazardous Waste Management Program

cc: See next page.

Mr. Stephen Groner
July 18, 2017
Page 5

cc: Mr. Ryan Kiscaden
Executive Director
Thermostat Recycling Corporation
500 Office Center Drive, Suite 400
Fort Washington, Pennsylvania 19034

Ms. Renée Avila
Program Implementation Unit
Policy and Program Support Division
Hazardous Waste Management Program
Department of Toxic Substances Control
1001 I Street, 11th Floor
P.O. Box 806
Sacramento, California 95812-0806