

STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0058  
(916) 319-2058  
FAX (916) 319-2158

DISTRICT OFFICE  
8255 FIRESTONE BLVD., SUITE 203  
DOWNEY, CA 90241  
(562) 861-5803  
FAX (562) 861-5158

# Assembly California Legislature



**CRISTINA GARCIA**  
ASSEMBLYMEMBER, FIFTY-EIGHTH DISTRICT  
CHAIR: LEGISLATIVE WOMEN'S CAUCUS

**COMMITTEES**  
CHAIR: NATURAL RESOURCES  
BUDGET  
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UTILITIES AND ENERGY  
SUBCOMMITTEE NO. 3 ON RESOURCES  
AND TRANSPORTATION  
ASSEMBLY LEGISLATIVE ETHICS

January 10, 2018

Al Muratsuchi, Chair  
Joint Legislative Audit Committee  
1020 N Street, Room 107  
Sacramento, CA 95814

Dear Mr. Muratsuchi:

I respectfully request that the State Auditor perform an audit of the Mattress Recycling Council (MRC) to evaluate the MRC's compliance with the California's mattress recycling law (Public Resources Code 42986 et seq.).

The Legislature enacted the program in 2013 and tasked CalRecycle with oversight of the program. MRC is the mattress stewardship organization tasked with implementing the program. Since that time, MRC has accumulated approximately \$40 million in consumer point-of-sale fees which has been used to justify a reduction of the consumer fee that funds the program.

The MRC collects the consumer fee (currently \$10.50) on each mattress sold in California and is tasked, pursuant to California's mattress recycling law (PRC 42986 et seq.), with developing and complying with a mattress recycling plan approved by CalRecycle. MRC's current budget indicates that MRC will collect just under \$40 million from California consumers this year.

Under the plan, MRC is required to increase the number of used mattresses diverted from landfill, reduce the number of illegally dumped mattresses, and increase the quantity of used materials recovered and recycled for other uses. Additionally, the funding mechanism (i.e., the consumer fee) is required to provide for sufficient funding for MRC to implement the plan. The law requires MRC to conduct research to improve used mattress collection, including funding pilot programs to test new technologies to improve mattress recycling in the state. MRC is required to create a financial incentive to encourage parties to collect used mattresses that are illegally disposed and to "develop processes" to collect used mattresses from low-income communities for recycling. MRC is also tasked with providing outreach efforts to educate consumers, manufacturers, and retailers about the program.

While the above items are required by law, there is little data available to demonstrate MRC's compliance with the plan or to justify the reduction in the amount of the consumer fee from \$11.00 to \$10.50 in its 2017 Budget. In 2016, MRC collected \$42.2 million from California

consumers to implement the program; however, little to no information has been made available to the state to demonstrate compliance with the law. According to MRC, only \$19 million was expended in 2016. If that amount of money is available, why has MRC funded so little public education, collection, and recycling? California currently has more capacity available to recycle mattresses. One facility in Southern California recently had its contract with MRC cancelled, and MRC has provided no information to demonstrate that the mattresses currently recycled at that facility will be able to be recycled at the state's other six recyclers.

According to CalRecycle, in 2016 MRC collected 955,054 mattresses and approximately 3.8 million mattresses are sold annually in California. This is a collection rate of just under 25%. MRC's approved plan calls for the collection of 1.2 million mattresses in 2017; 1.4 million in 2018; 1.5 million in 2019 and 1.7 million in 2020.


An audit is necessary to determine that MRC is managing the funds collected by California consumers in accordance with the law and that the funds are being used to accomplish the goals established by the state.

I would request an Audit to evaluate the following:

- 1) Is MRC complying with the significant laws relevant to its funding, its plan for collection and recycling, and reporting?
- 2) What were the annual revenues, expenditures/allocations, and fund balance for the program since its establishment? How does MRC plan to address any unreasonable balance in the fund?
- 3) What were the major categories of expenditures/allocations and were they sufficient to achieve the goals and objectives of the program, including, but not limited to, public education, investments in new technology, mattress processing, and mattress transportation?
- 4) Is the current funding and expenditures sufficient for the MRC to achieve the state's mattress recycling goals and carry out the mattress recycling plan, including the administrative, operational, and capital costs of the plan?
- 5) Are MRC's contracts sufficient to meet the goals of the program?

Thank you for your consideration of this request.

Sincerely,



CRISTINA GARCIA

Assemblymember, 58<sup>th</sup> District