
CARE Sustainable Funding Oversight Committee

Q3 2013 AB 2398 Summary &
Recommendations for Approval

Updated 11/13/13



Agenda

- Quarterly Overview of Results
- Manufacturers Report
- Recyclers Report
- Approval Request



CARE's Executive Director's Message

AB 2398 has now been operational for 9 full quarters. While this may sound like a long time, the dynamic nature of this initiative has resulted in a number of significant changes among processors. These changes have had a major impact on our numbers and understanding. In an effort to continuously learn and adapt, CARE has made significant changes in the Plan and considerable time continues to be spent on “what if” analyses to try to understand how to best ensure success of the AB 2398 program. Q3 delivered another shunt down of a California recycler thus further reducing processing capacity in the state. Despite this loss the good news was an uptick in gross pounds diverted from the landfills along with a small increase in recycled output. We also saw a drop in material sent to the landfill after collection, a sign efficiencies are improving.

CARE wishes to thank all those who continue to invest time and energy in helping to make AB 2398 a successful program. Finally, CARE sincerely appreciates the opportunity to work in partnership with CalRecycle and the people of California.

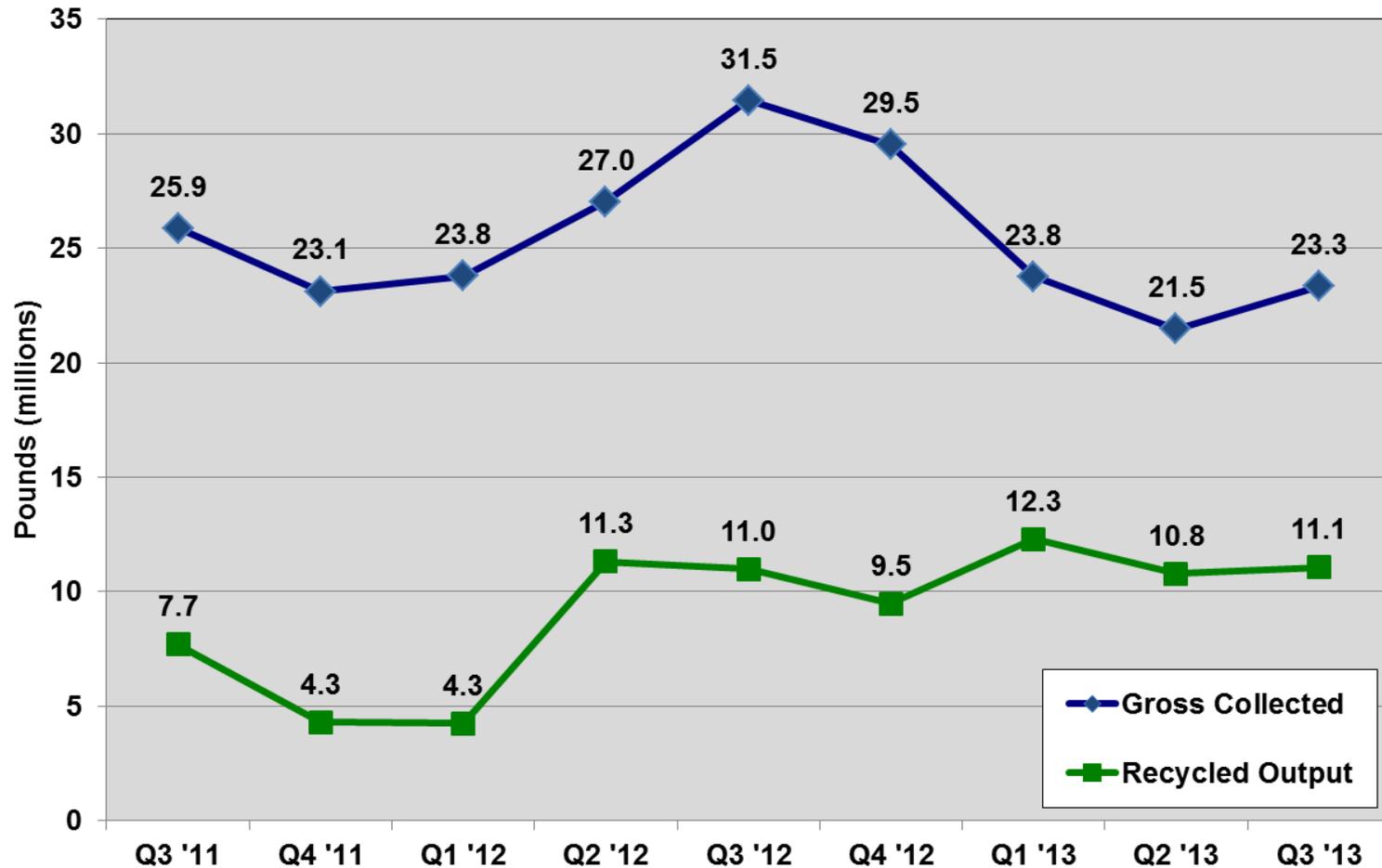
*Bob Peoples, Ph.D., Executive Director
November 21, 2013*



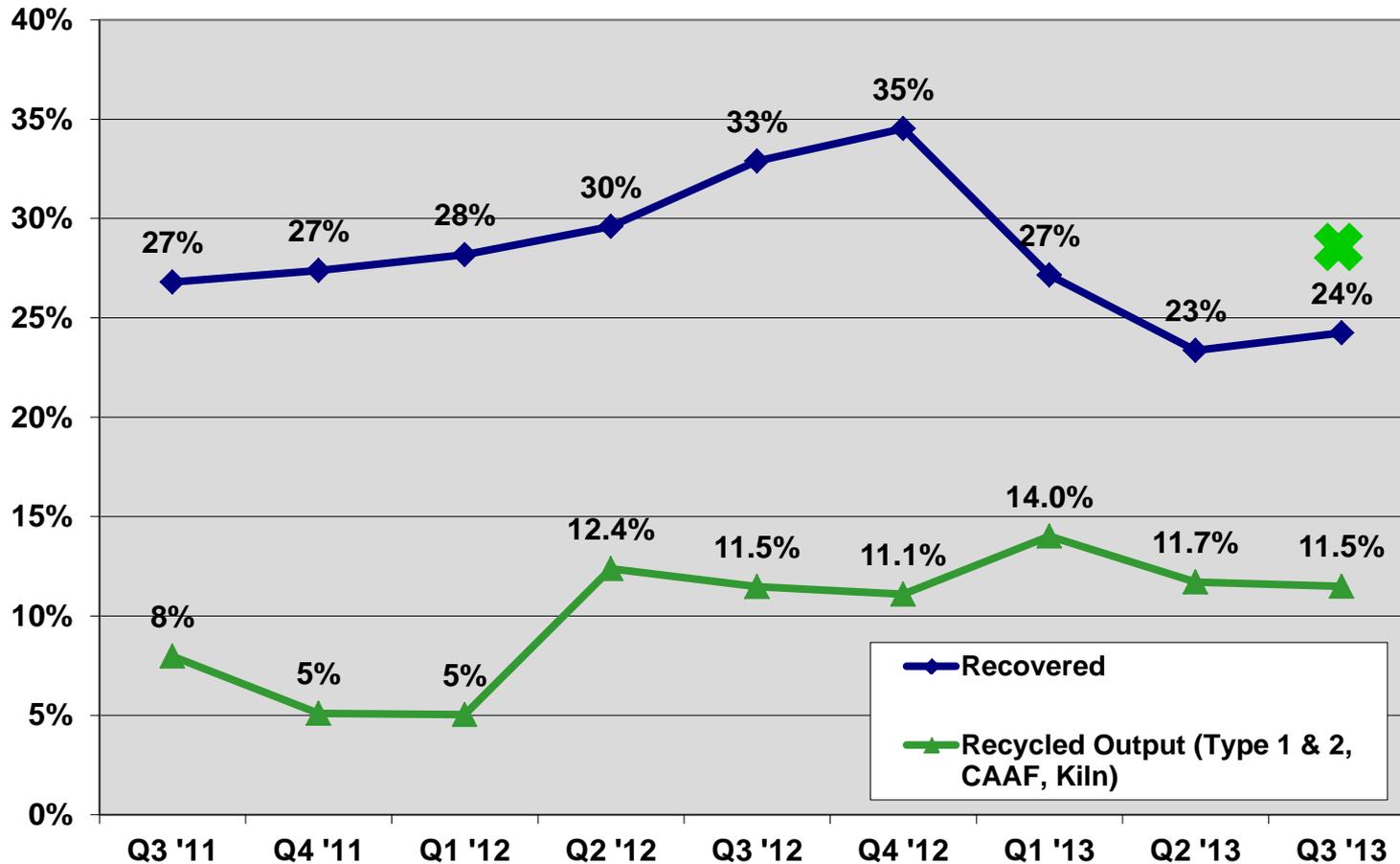
AB 2398 Summary Results



AB 2398 Performance Trends (pounds)



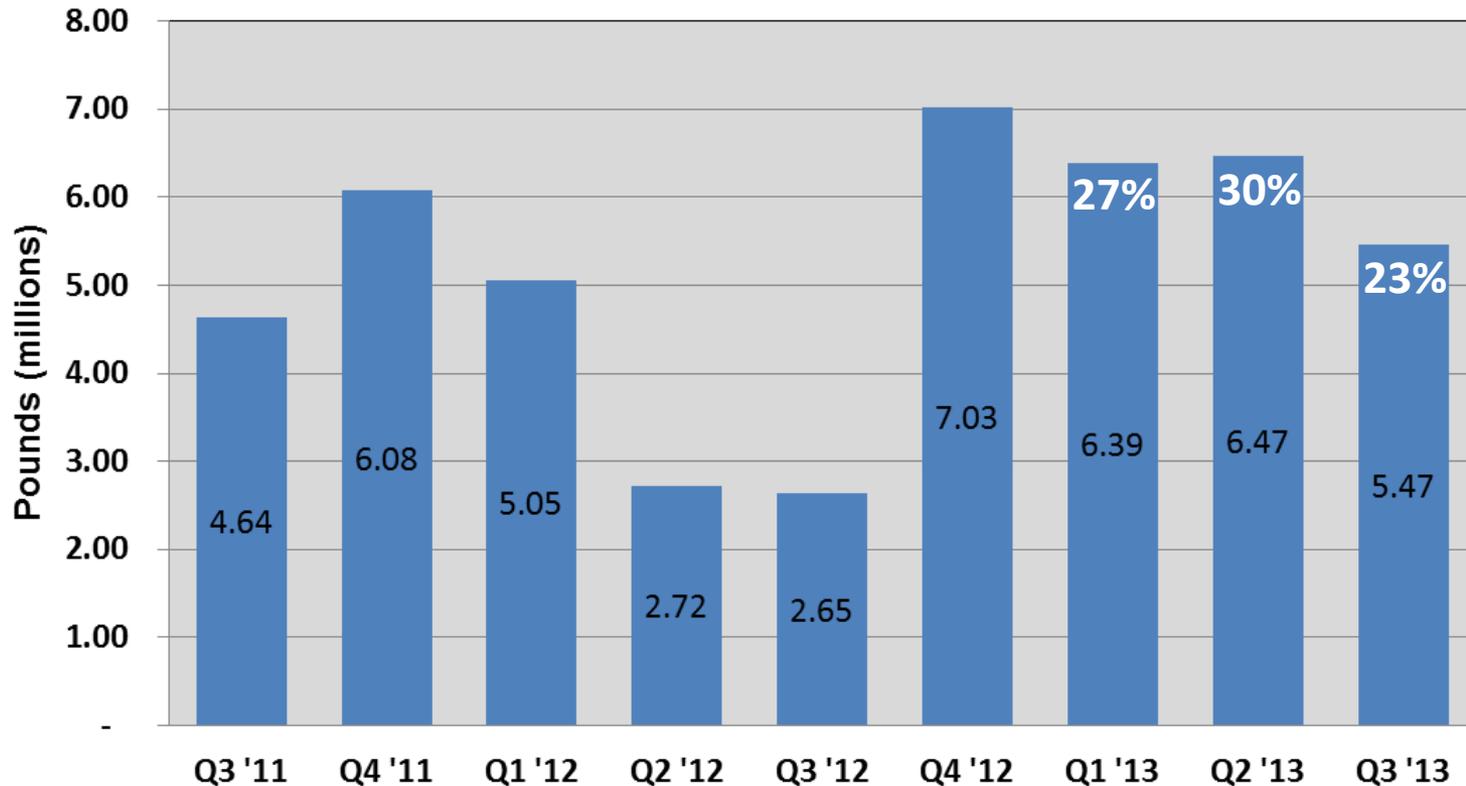
AB 2398 Performance Trends (percentage)



✖ = estimated level of recovery when non-reporters included, 28%



Diverted PCC Sent Back to Landfill



Q3 Recovered: 23.3M pounds – 5.5M sent back to landfill
Cumulative back to landfill: 46.5M lbs

Note: percentage shown is % of Recovered PCC that actually goes to landfill as PCC or process waste.



AB 2398 Manufacturers/Mills Quarterly Summary Report



AB 2398 Manufacturers' Summary*

Manufacturers	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13
# Mills Registered	80	81	81	80	80	79	76
# Mills Not Reporting	0	4	4	4	4	4	4
Non-response Rate		5%	5%	5%	5%	5%	5%
Remittance Collected							
Total Sq Yd Sold (millions)	23.1	25.3	26.5	23.7	24.2	25.4	26.6
Total Remittances (\$M)	\$1.12	\$1.26	\$1.32	\$ 1.20	\$ 1.21	\$ 1.27	\$ 1.35
Top 10 Remittances (>\$10K)	\$1.04	\$1.17	\$1.25	\$ 1.10	\$ 1.11	\$ 1.18	\$ 1.26
Top 10 Percentage of Total	92%	93%	94%	92%	92%	93%	93%

Cumulative SQYD sold: 225M

Cumulative Remittances: \$11.3M

Mills dropped: Foss (rugs only)
Robertex (now Dixie)
Gulistan (bankrupt)

As of Nov 12, 2013



AB 2398 Processors Quarterly Report



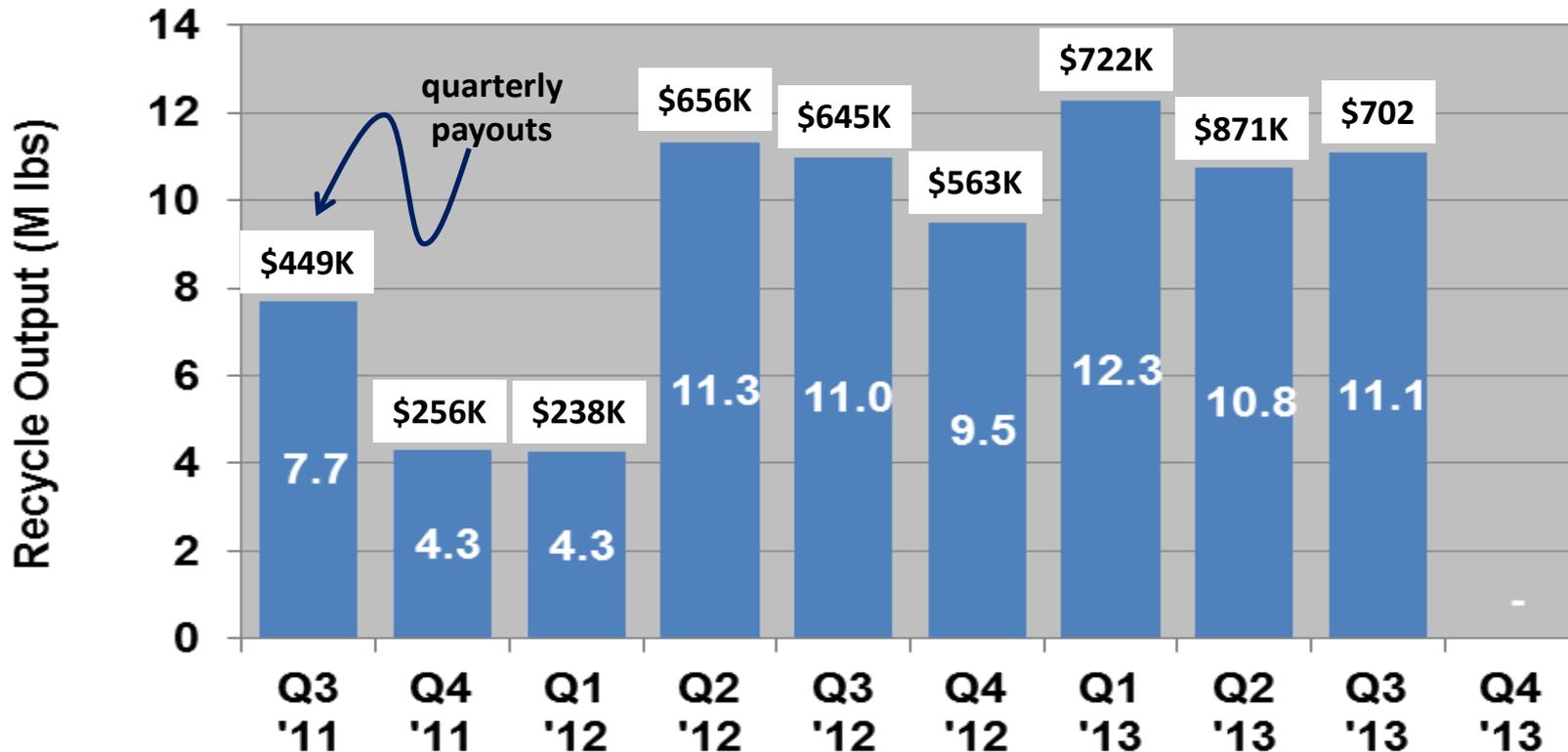
Growth Incentive Contributions

Total Type 1 Pounds for Quarter	9,668,751
Target Pounds for growth incentive	8,500,000
Over (Under) Target	1,168,715
Total Growth Incentive Pool (10 cents/lb over target)	\$116,871

PROCESSORS	Type 1 standard payout	\$ 580.1K	
	Type 1 growth bonus payout	\$ 116.9K	← 17%
	Total Type 1 Payout	\$ 697.0K	
	Total Type 2 Payout	\$ 0.0K	
	Kiln	\$ 0.0K	
	Adjustments	\$ 5.0K	
	Total All Processor Payouts	\$ 702.0K	←
	Non-nylon (Tier 2) Payouts	\$ 147.5K	
	Total Program payouts for quarter	\$ 849.5K	



Recycle Output Summary - Processors

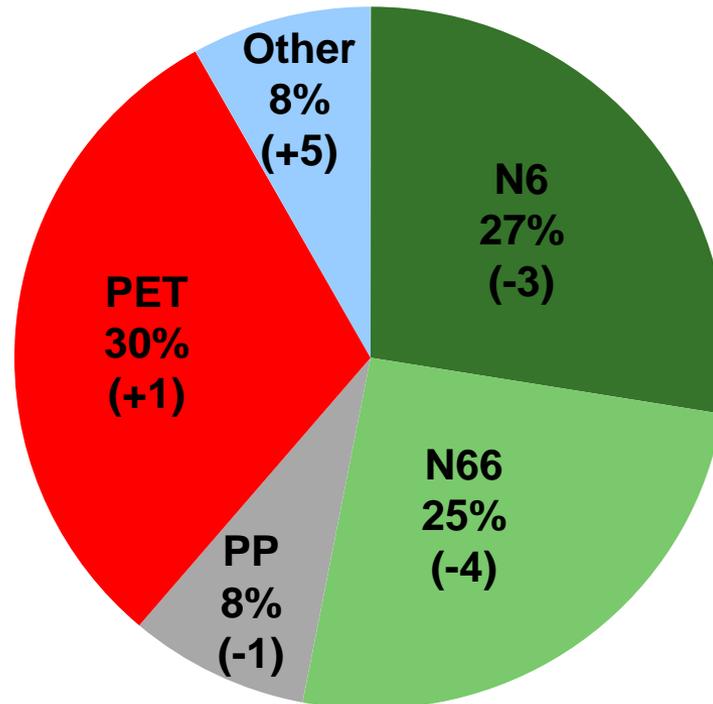


Cumulative pounds recycled: 82M

Cumulative Payments – Tier 1 Processors: \$ 5.1M



Quarterly Collection: Face Fiber Breakdown*



Quarterly data from
Recycler's Reports

* Data based on reported percentages by CA recyclers, however, may not be accurate due to preferential selection of higher value nylon.



Recommendations to SFOC



Recommendations for SFOC Approval

- 1) Approve Processor Distribution (\$702K)
- 2) Approve Tier 2 Distribution (\$148K)
- 3) Approve Administrative reimbursements (\$210K)
- 4) Fowler Recommendation: create Committee to study
- 5) Carpet Collectors Recommendation: get CARE on creditor list

Total Payout 3Q: \$ 1,060K



End of Review

Following slides are for reference



Calculation of Discards

- Revised Plan uses the following:
 - Baseline: Agreed to use CARE baseline methodology

$$\text{Discards} = (((\text{Sales} * R) * P) + D)$$

- S= actual CA sales as reported
- R= replacement estimate (85%)
- P= average weight (4.2 lb/sqyd)
- D= demolition not replaced (1.3%)

Example using actual data from Q2 2013: Sales Q2 2013: 25.4M sqyds, so

$$\text{Discards} = (25.4 * 0.85 * 4.2) = 90.7 + D$$

where $D = 90.7 * 0.013 = 1.2$ million pounds, thus,

$$\text{Discards} = 90.7 + 1.2 = 91.9 \text{ million pounds in Q2 2013}$$

* CalRecycle agreed to CARE baseline methodology



Definitions (revised October 2013 – **bold** denotes changes)

- CAAF: carpet as alternate fuel
- CARE: Carpet America Recovery Effort (www.carpetrecovery.org)
- Company in good standing: see next page
- **Diverted**: actual PCC removed from waste stream for reuse, recycle, CAAF or WtE (Collected Pounds minus PCC and process waste pounds that ultimately goes to landfill from processors or collectors)
- HA&W: accounting firm responsible for independent audits
- Kiln: cement kiln
- Manufactures: manufacturers of carpet and carpet tile products
- Mills: manufacturers of carpet and carpet tile products
- PCC: post-consumer carpet
- Processors:– companies who process post-consumer carpet
- **Recovered**: gross pounds of CA PCC collected (this includes unrecyclable PCC carpet or carpet processing waste that may eventually be sent to landfill).
- **Recycled Output**: material that results from the processing (shredding, shearing, hammer milling, etc.) of post-consumer carpet from the processor. Examples include fiber, shredded carpet tile, depolymerized chemical components, carpet filler, etc.
- SFOC: Sustainable Funding Oversight Committee
- **SPC**: Stewardship Plan Committee
- WtE: waste to energy



Definition: “A Company in Good Standing”

- The company must complete all required CARE reporting of activities in accordance with the time-frame required by the Carpet Stewardship Plan.
- The company must be compliant with all federal state and local OSHA, DOT Fire Department, EPA and all other regulatory agencies requirements.
- The funds being requested will be compliant with CARE's agreed upon procedures and be able to be verified through sales bills and/or a document from a certified scale.
- CARE Dues are current.
- Signature on the request for funds verifies that the company is operating in good standing.

