
CalRecycle Update

Q3 2012 AB 2309 Summary

Updated 1/31/13



Agenda

- 3Q Overview Results
- Manufacturers Report
- Recyclers Report
- SPC Recommendations for Approval
- Rolling Forecast
- Opportunities: Increase Recycle Rates
- CalRecycle Update
- Audit Information



AB 2398 Results to Date

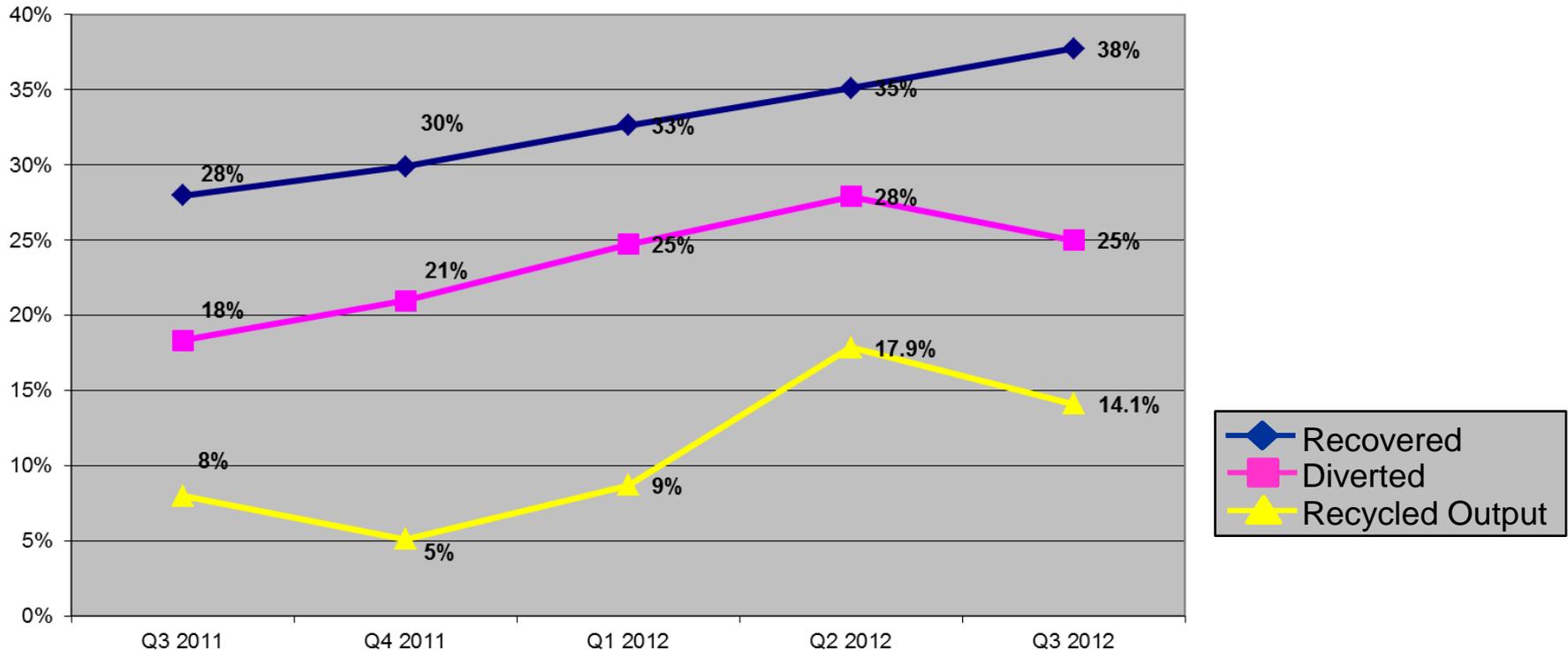


Q3 2012 Summary Results

- 86% Response Rate from Manufacturers (11 of 80)
- 8 of 11 Processors (73%) Reporting for Q3 2012
- Drops across all 3 key metrics reported
- Q3 2012 Rates:
 - 38% Recovered
 - 25% Diverted
 - 14% Recycle Output



AB 2398 Performance Trends



- AB 2398 Performance variable across 5 quarters
- 3Q Results were below expectations
- Opportunity remains to close the gap from recovery to recycled output



AB 2398 Manufacturers Q3 2012 Report



AB 2398 Manufacturers' Summary

Manufacturers	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
# Mills Registered	80	80	80	81	81
# Mills Not Reporting	0	0	0	9	13
Remittance Collection*					
Total Sq Yd Sold	26,707,560	23,351,657	23,055,589	25,253,448	26,454,315
Total Remittances	\$ 1,358,057	\$ 1,167,171	\$ 1,120,027	\$ 1,262,627	\$ 1,322,619
Top 10 Remittances (>\$10,000)	\$ 1,262,109	\$ 1,064,325	\$ 1,034,543	\$ 1,169,493	\$ 1,246,315
Top 10 Percentage of Total	93%	91%	92%	93%	94%

Cumulative SqYds sold 124,822,569

Cumulative Remittances \$ 6,230,501

* As of January 1, 2013



Manufacturer Performance Compared to Plan

2012 Comparison to Plan	Actual	Plan	2012	
	Q3	Q3	Delta	Delta, %
	2012	2012		
Carpet Sales, (yd ²)	26,454,315	25,000,000	1,454,315	5.8%
Stewardship Fee (\$/yd2)		\$ 0.05		
Stewardship Fee (\$)	\$ 1,322,619	\$ 1,250,000	\$ 72,619	5.8%

Cumulative Figures

Q3 2011-Q3 2012 Comparison to Plan	Actual	Plan	2012	
			Delta	Delta, %
	2012	2012		
Carpet Sales, yd ²)	124,822,569	125,000,000	(177,431)	-0.1%
Stewardship Fee (\$/yd2)		\$ 0.05		
Stewardship Fee (\$000's))	\$ 6,230,501	\$ 6,250,000	\$ (19,499)	-0.3%



AB 2398 Recyclers Q3 2012 Report



AB 2398 Q3 2012 Recyclers

Recyclers Performance*	Pounds	
a. Estimated Discards	95,662,660	
b. Total Volume Recovered (b/a)	36,086,227	38%
c. Beginning Inventory Whole Carpet	16,485,116	
d. Total Volume Available (b+c)	48,547,174	
e. Total Volume Diverted (e/a)	23,897,177	25%
f. Total Volume Output (Type 1 & 2)	13,481,051	14.1%
g. Ending Inventory Whole Carpet (g-c/c)	16,082,520	-2.4%
h. Beginning Inventory Processed	523,795	
i. Ending Inventory Processed (i-h/h)	819,168	+56%
j. Total Dollars Requested	\$719,978	

* 8 of 11 recyclers reporting (73%)



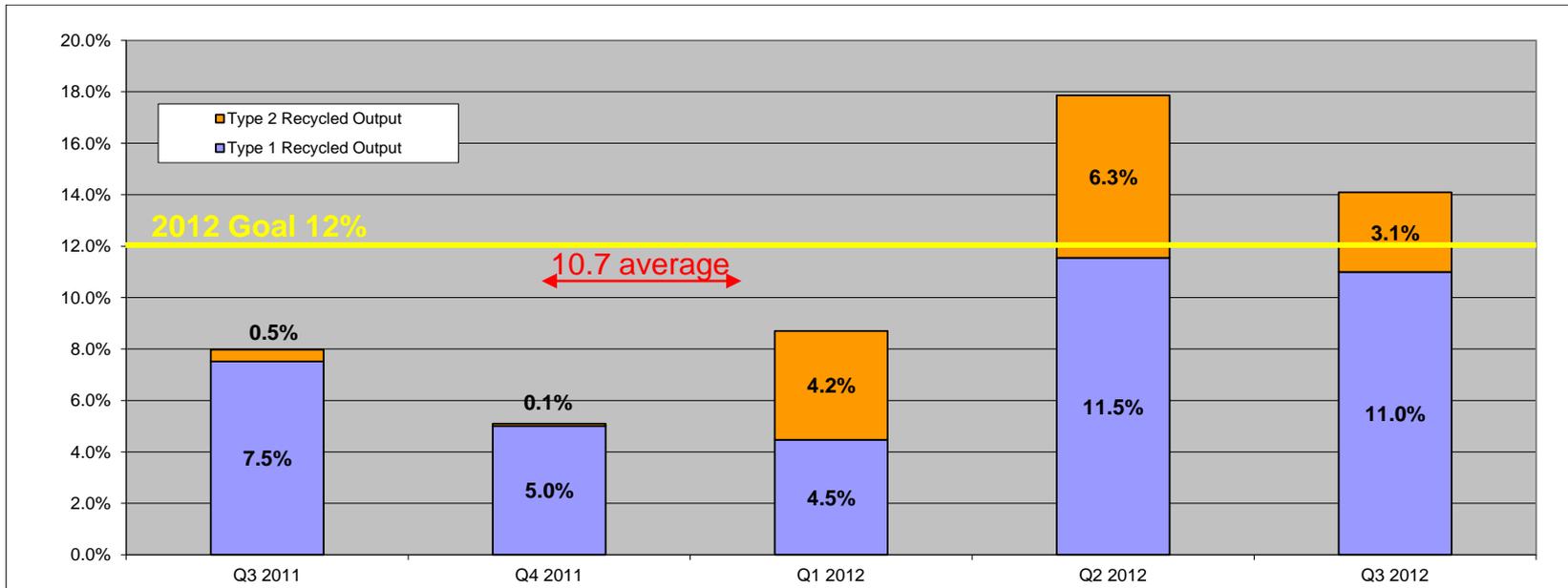
Recycler Summary - Q3 2011 to Q3 2012

Recyclers	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Total
Recycled Output (lb)	7,702,609	4,304,855	7,351,720	16,311,047	13,481,051	49,151,282
\$s Requested	\$448,893	\$255,902	\$327,830	\$805,719	\$719,978	\$2,558,322



Recycled Output Results Compared to Plan

Recycle output average over 5 quarters = 10.7%



- As of Q3 2012, recycled output is 14.1% (2% above Plan Goal)
- About 22% of recycled output is Type 2 outlets (vs. 45% in Q2)



Income and Expenses*, Q3 2011-Q3 2012 (\$000)

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	TOTAL
Total Assessments Rec'd	1,409	1,174	1,120	1,263	1,323	6,289
Unused Funds		894	1,433	1,987	2,275	
Total Funds Available	1,409	2,068	2,553	3,250	3,598	
Recycler Distributions	448	256	328	806	720	2,557
CARE Expenses		321	97	20	115	552
CalRecycle Est'd Expenses	68	58	56	63	66	311
Total Payouts	515	635	566	975	986	3,677
Unused Funds	894	1,433	1,987	2,275	2,611**	

* Q3 2011 – Q2 2012 based on statistically audited data. Q3 2012 data audits in progress.

** Funds will be deployed in 2013 to incentivise and build markets.



Additional Information

- HA&W has questions on documentation of pounds associated with one processor for several quarters.
- HA&W recommends CARE consider withholding funds until issues are resolved.
- SPC recommends withholding payout to this recycler at this time.



Additional Information

- SPC recommends shortening the reporting cycles from the current 60 days plus 15 day grace period to 30 days with no grace period.
- New reporting cycle applies to mills and recyclers.
- New cycle to begin with 1Q 2013 reports.
- Result will shorten the payout cycle from ~100 to ~ 70 days.
- Confirmed with HA&W 90%+ of all funds are collected within 60 days currently.
- Survey of selected recyclers support this proposal.



Recommendations for SFOC Approval

- 1) Approve Distribution of \$720K for Recyclers requesting Funds for Q3 2012.
- 2) Delay/withhold full payout to one recycler until issues resolved.
- 3) Approve reimbursement of CARE expenses
- 4) Approve CalRecycle expenses of \$85K*
- 5) Approve 30 day reporting cycle

All recommendations approved by the SFOC 1/4/12

*3rd and final start-up installment, additional administration fees apply



12 Month Rolling Forecast Carpet Recyclers

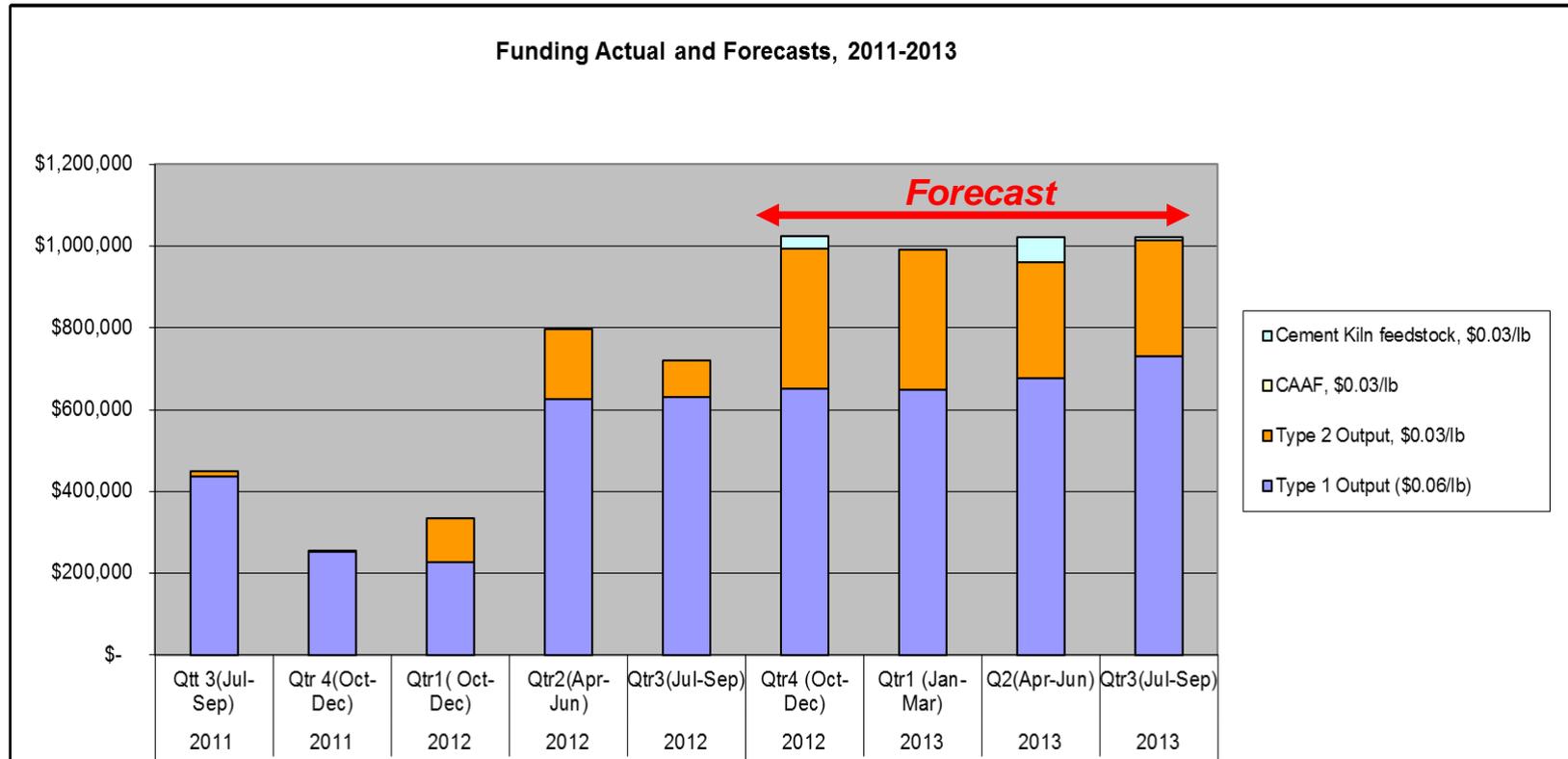


Summary

- In Q3 2012, 8 of 11 Recyclers submitted forecasts
- Demand for post-consumer carpet decreased during 3Q – an unexpected result
- A major contributor was a drop in a type 2 outlet
- International demand is picking up
- The Cost of Collection has continued to increase



Forecast for Recycled Output, lbs



Actual and Estimated Payouts, 2011-2013

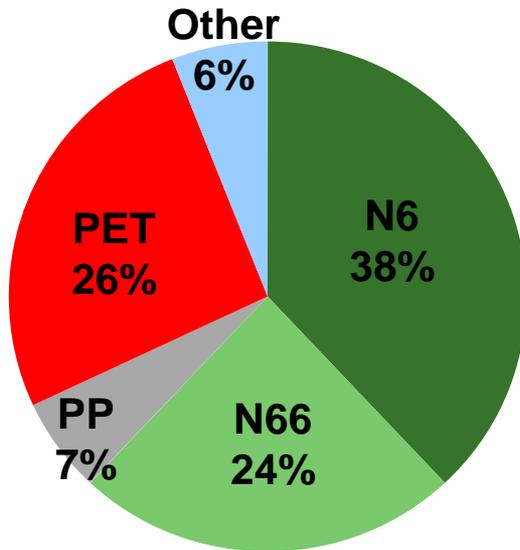
	Actual	Actual	Actual	Actual	Actual
	2011	2011	2012	2012	2012
Funding Distributions	Q3 (Jul-Sep)	Q4 (Oct-Dec)	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Qtr3 (Jul-Sep)
Type 1 Output (\$0.06/lb)	\$ 435,629	\$ 253,512	\$ 220,547	\$ 632,775	\$ 631,094
Type 2 Output, \$0.03/lb	\$ 13,264	\$ 2,390	\$ 107,283	\$ 172,944	\$ 88,885
CAAF, \$0.03/lb	\$ -	\$ -	\$ -	\$ -	\$ -
Cement Kiln feedstock, \$0.03/lb	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL Requested (\$)	\$ 448,893	\$ 255,902	\$ 327,830	\$ 805,719	\$ 719,978

	Forecast				
	2012	2013	2013	2013	Forecast
Funding Distributions	Q4 (Oct-Dec)	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	TOTAL
Type 1 Output (\$0.06/lb)	\$ 650,265	\$ 647,741	\$ 677,136	\$ 731,136	\$ 2,706,279
Type 2 Output, \$0.03/lb	\$ 343,885	\$ 344,198	\$ 284,198	\$ 284,198	\$ 1,256,480
CAAF, \$0.03/lb	\$ -	\$ -	\$ -	\$ -	\$ -
Cement Kiln feedstock, \$0.03/lb	\$ 30,000	\$ -	\$ 60,000	\$ 6,000	\$ 96,000
TOTAL Requested (\$)	\$ 1,024,150	\$ 991,940	\$ 1,021,335	\$ 1,021,335	\$ 4,058,759

Q3 2013 Split: Type 1 = 85%
Type 2 = 15%

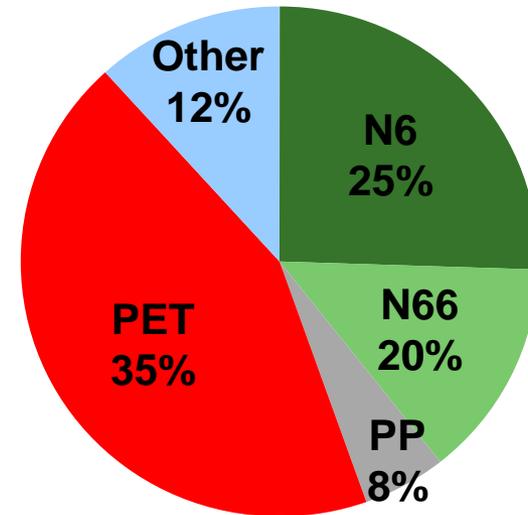


Face Fiber Breakdown*



Date from Recycler's Quarterly Reports

VS.



Estimated from Actual Flows

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



Opportunities for Increasing Recycle Rate



Possibilities

- Reopened dialog with Nycon and Concrete Lumber companies
- Visited NC State Non-wovens Institute: PET based geo-textiles
- Work to be done here
 - PET Committee
 - New Products & Markets Committee
- Plan update next quarter



CalRecycle Update



CalRecycle

Approved

- An extension for final plan submission has been requested of CalRecycle (new target May 31st)
- Work on the revised Plan is currently in process by SPC
- CalRecycle has accepted formula for calculation of denominator (next slide)
- Monthly meetings continue and have been invaluable in advancing the program.



CalRecycle*

- Revised draft plan is in works
 - Baseline
 - Agreed to use CARE baseline methodology
 - 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%)
 - Rural County Project
 - 4 of 6 Counties have filled a total of 8 Trailers
 - Project is on Track
 - Must await full year to draw conclusions

* CalRecycle would like to see more detail and transparency



Audit Information



AUP Audit Status

- Since Q3 2011:
 - 24 mills have completed audits
 - 5 mills in process currently

- 2013 Proposed Plan
 - 2 large mills
 - 6 medium mills
 - 10 small mills



Definitions

The report contains numerous abbreviations:

- CAAF – carpet as alternate fuel
- CARE – Carpet America Recovery Effort (www.carpetrecovery.org)
- Diverted – PCC removed from waste stream for reuse, recycle, CAAF or WtE
- 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 – pounds of CA PCC diverted from landfill to a collector or processor
- Recycled Output – processed pounds of product produced from CA PCC
- SFOC – Sustainable Funding Oversight Committee
- WtE – waste to energy



Questions? Comments?

