
CARE Sustainable Funding Oversight Committee

Q4 2013 AB 2398 Summary &
Recommendations for Approval

Updated 2/18/14



Agenda

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



CARE's Executive Director's Message

AB 2398 has been operational for 10 full quarters. Trends are now emerging as cyclic quarterly data repeat as expected. The marketplace continues to be quite dynamic including the loss of two recyclers in 2013. Despite this setback, volumes remain reasonable given quarterly cycles, which is a good sign indicating remaining processors have picked up volume and sustained the output despite the capacity loss. The good news is we have 3 new processors considering initiation of operations in California in 2014. This will be key to reversing the downtrend in gross collections. Aggressive efforts continue on the PET challenge, but I must report no California Universities submitted a proposal in response to the RFP issued to work on PET. CARE will reissue this grant call nationally.

The learnings of the past 2.5 years informed the revised Plan which has now been accepted by CalRecycle. CARE looks forward to continuing to grow the recovery effort and working more closely with State agencies on the procurement side of the equation. Our new Program Manager, Brennen Jensen, is on-board, engaged and is already making a positive impact.

Finally, CARE sincerely appreciates the opportunity to continue our work in partnership with CalRecycle and the people of California.

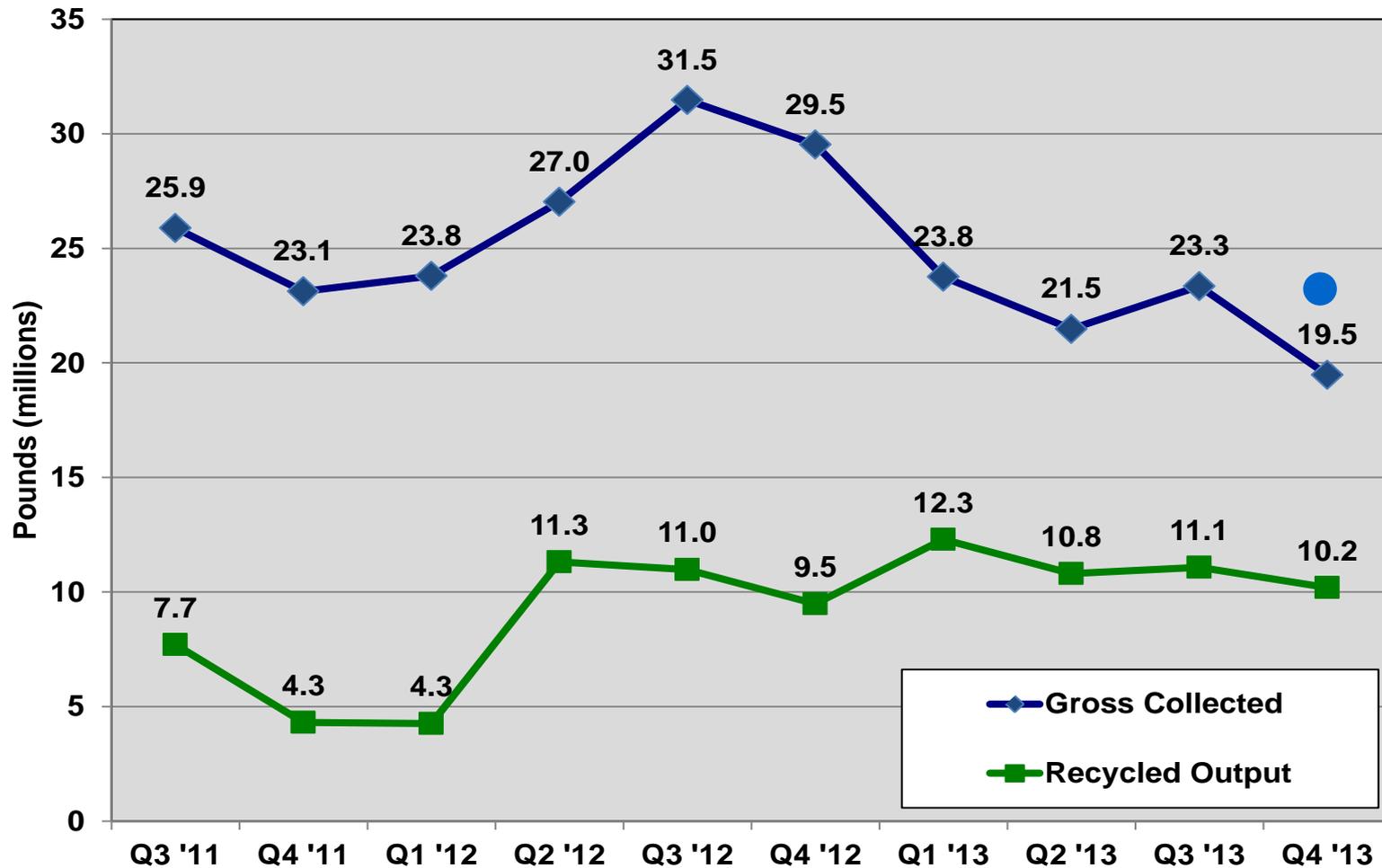
Bob Peoples, Ph.D., Executive Director
March 3, 2014



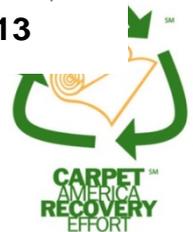
AB 2398 Summary Results



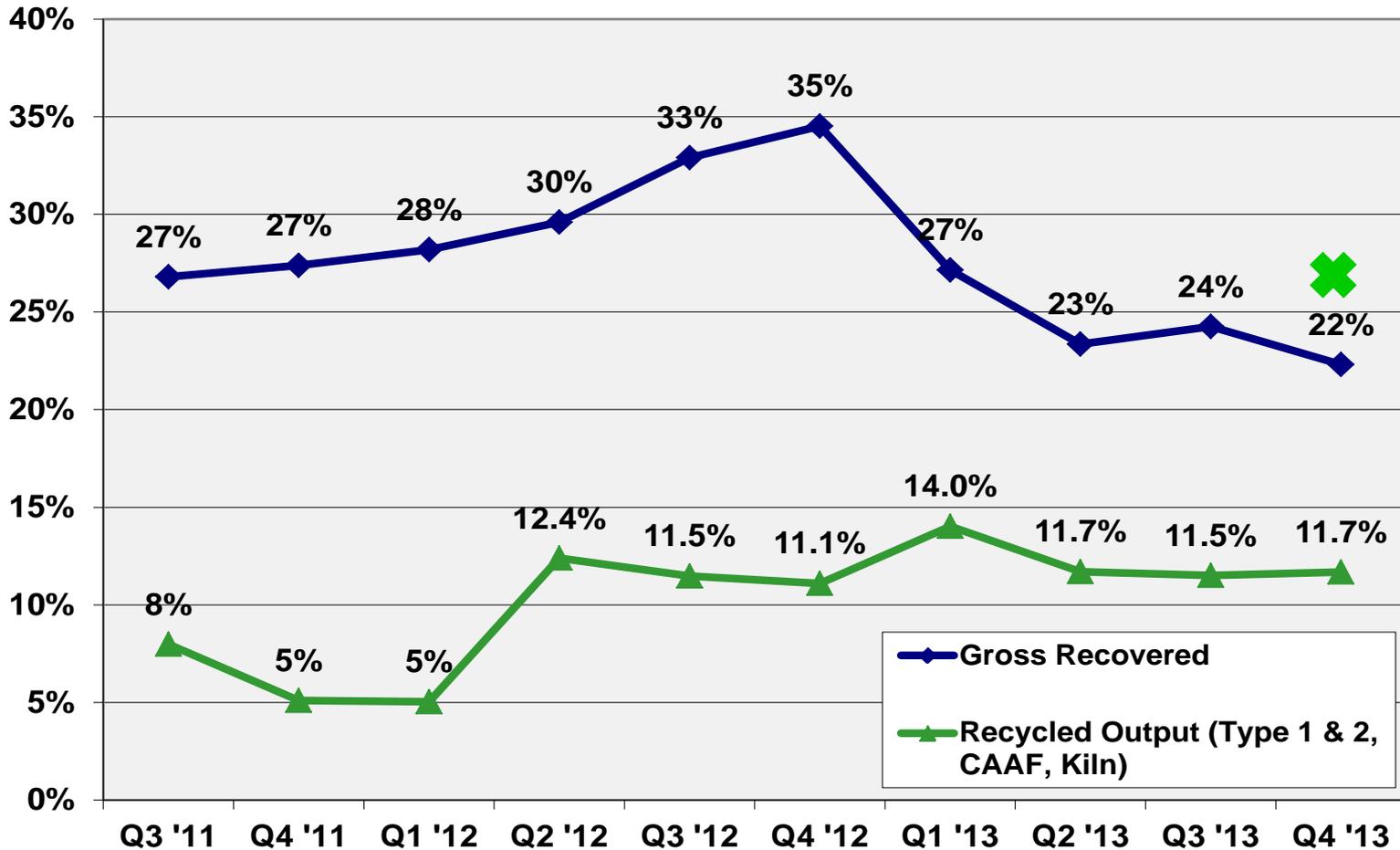
AB 2398 Performance Trends (pounds)



● inclusion of 3 historically non-reporting collectors who shared data for Q4 increases to 22.8



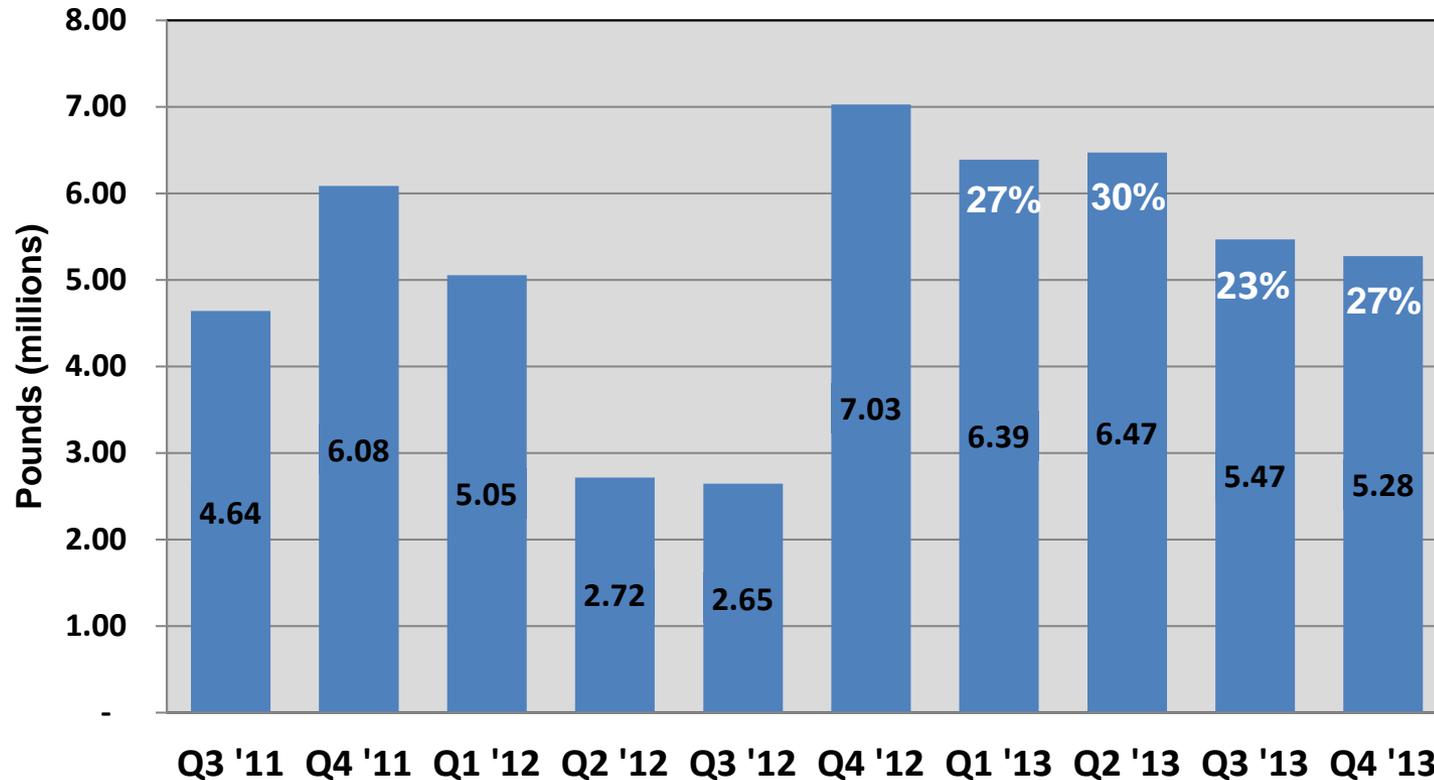
AB 2398 Performance Trends (percentage)



✕ inclusion of 3 historical non-reporting collectors who shared data for Q4: 26%



Diverted PCC Sent Back to Landfill



Q4 Recovered: 19.5M pounds – 5.3M sent back to landfill
Cumulative back to landfill: 51.8M 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	Q3 '11	Q4 '11	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13
# Mills Registered	80	80	80	81	81	80	80	79	76	79
# Mills Not Reporting	0	0	0	4	4	4	4	4	4	6
Non-response Rate				5%	5%	5%	5%	5%	5%	8%
Remittance Collected										
Total Sq Yd Sold (millions)	26.7	23.4	23.1	25.3	26.5	23.7	24.2	25.4	26.6	24.3
Total Remittances (\$M)	\$1.36	\$1.17	\$1.12	\$1.26	\$1.32	\$1.20	\$1.21	\$1.27	\$1.35	\$1.21
Top 10 Remittances (>\$10K)	\$1.26	\$1.06	\$1.04	\$1.17	\$1.25	\$1.10	\$1.11	\$1.18	\$1.26	\$1.10
Top 10 Percentage of Total	93%	91%	92%	93%	94%	92%	92%	93%	93%	91%

Cumulative SQYD sold: 249M

Cumulative Remittances: \$12.5M

76 to 79 Added:

1. Total Enterprises new bus.
2. Broke out Beaulieu Canada
3. Broke out Interface Services

* As of Feb 18, 2014



AB 2398 Processors Quarterly Report



Growth Incentive Contributions

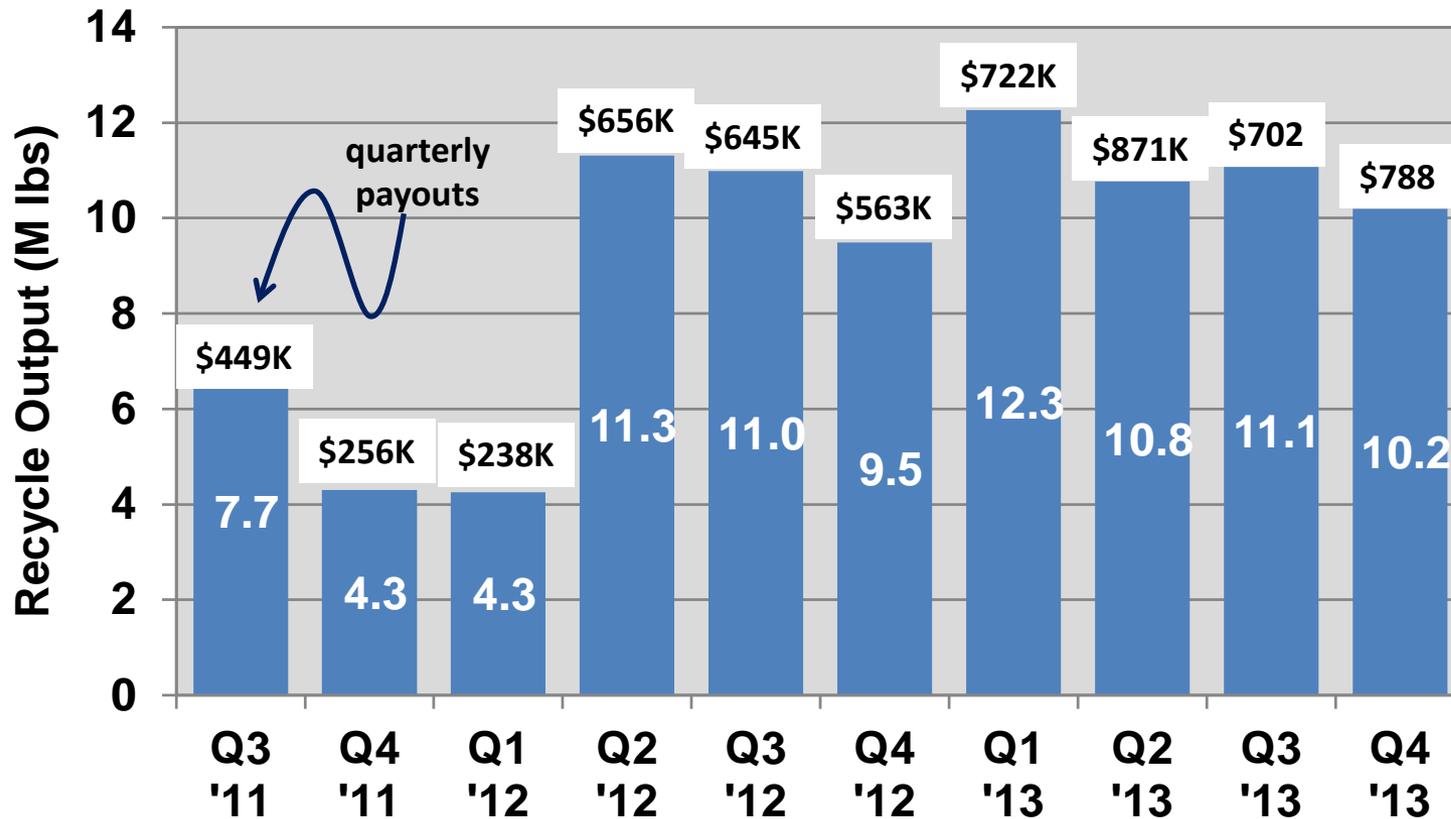
Total Type 1 Pounds for Quarter	10,194,046
Target Pounds for growth incentive	8,500,000
Over (Under) Target	1,694,046
Total Growth Incentive Pool (10 cents/lb over target)	\$169,405

PROCESSORS	Type 1 standard payout	\$ 611.6K	
	Type 1 growth bonus payout	\$ 169.4K	← 22%
	Total Type 1 Payout	\$ 781.0K	
	Total Type 2 Payout	\$ 0.0K	
	Kiln	\$ 0.0K	
	Adjustments*	\$ 6.6K	
	Total All Processor Payouts	\$ 787.6K	←
	Non-nylon (Tier 2) Payouts	\$ 165.5K	
	Total Program payouts for quarter	\$ 953.1K	

* One processor misunderstood qualification and resubmitted for Q1 & Q2 2013



Recycle Output Summary – Processors*



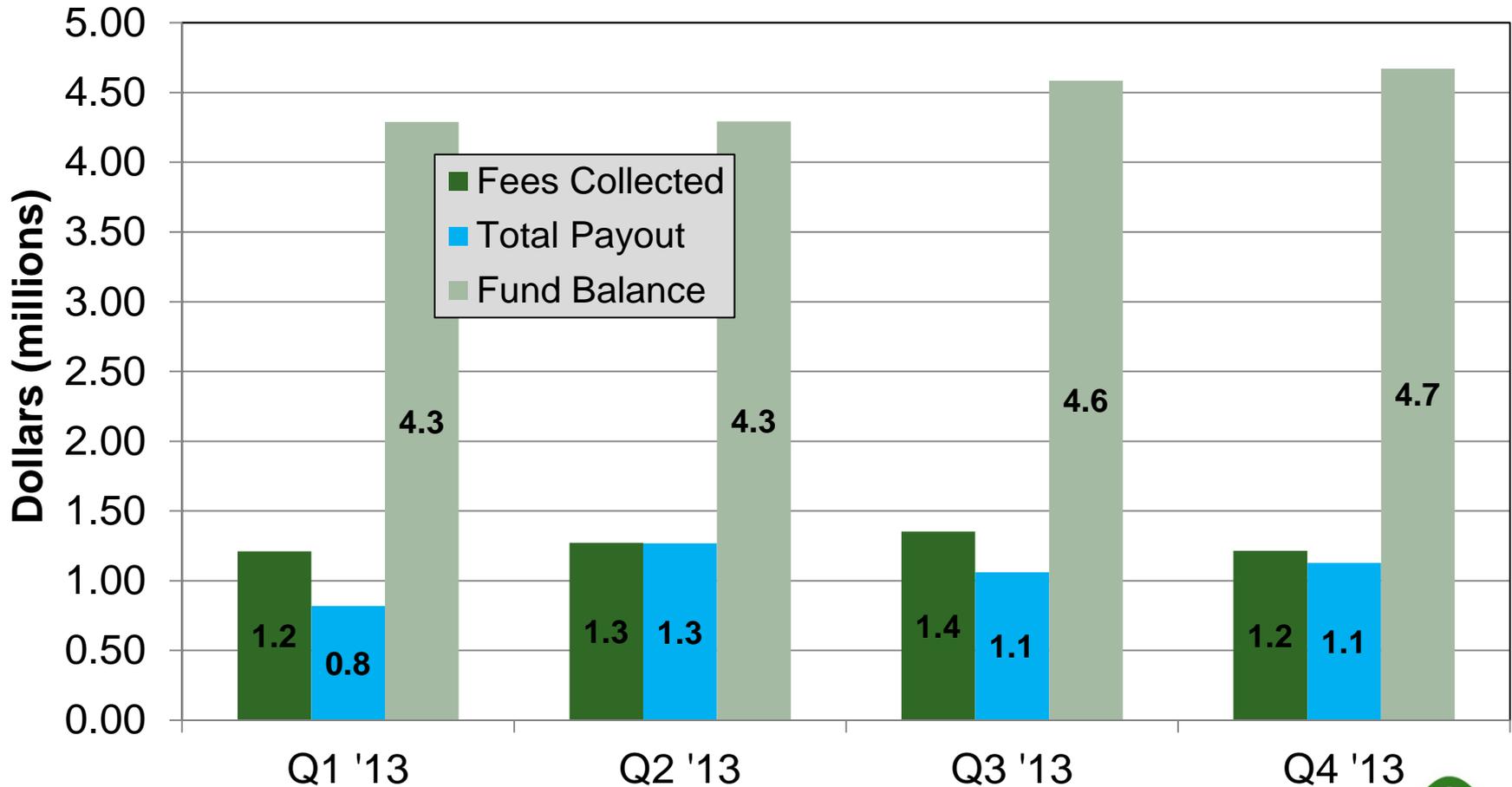
Cumulative pounds recycled: 93M

Cumulative Payments: Type 1 & 2 Processors \$ 5.9M



* Does not include Tier 2 payout

Fund Balance vs Time

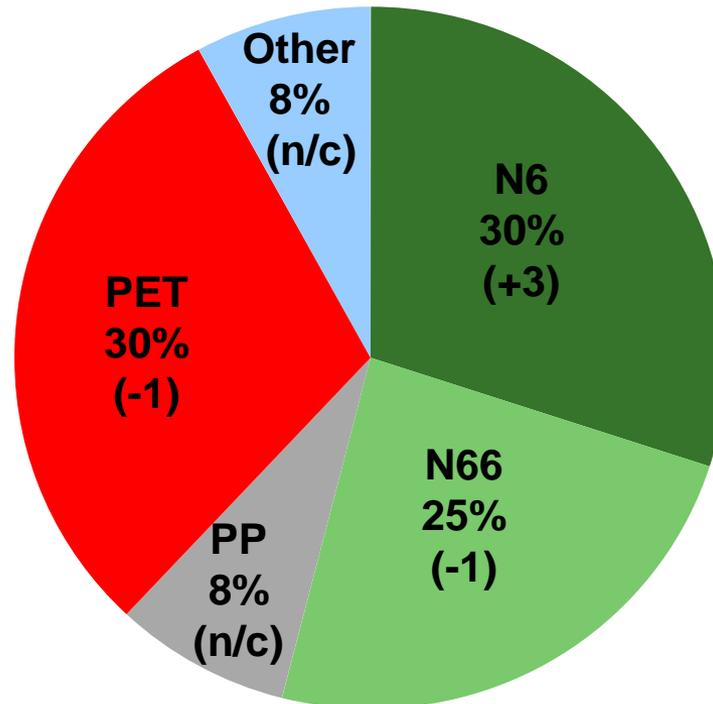


Note: Balance includes 1Q deposits from Q4 fees



Quarterly Collection: Face Fiber Breakdown*

25-35% going ex-U.S.



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 (\$788K)
- 2) Approve Tier 2 Distribution (\$166K)
- 3) Approve Administrative reimbursements (\$174K)

Total Payout Q4: \$ 1,128K



End of Review

Following slides are for reference



Calculation of Discards

- Revised Carpet Stewardship 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 (0.34%)

Example using actual data from Q2 2013: Sales Q2 2013: 25.4M sqyds, so
Discards = $(25.4 * 0.85 * 4.2) = 90.7 + D$
where $D = 90.7 * 0.0034 = 0.3$ million pounds, thus,
Discards = $90.7 + 0.3 = 91.0$ million pounds in Q2 2013

* CalRecycle agreed to CARE baseline methodology



Definitions (revised December 2013)

- **CAAF:** carpet as alternate fuel
- **CARE:** Carpet America Recovery Effort (www.carpetrecovery.org)
- **Diverted:** actual PCC removed from waste stream for reuse, recycle, CAAF or WtE (gross collected pounds minus PCC and process waste pounds that ultimately does go to landfill from processors)
- **Gross Collected:** actual pounds of CA PCC removed from waste stream for reuse, recycle, CAAF, kiln, or WtE, as reported to CARE by recyclers
- **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.
- Signature on the request for funds verifies that the company is operating in good standing.
- ***Company must be a viable, operational, and on-going business enterprise contributing to the continued growth of PCC reclamation.***
- CARE Dues are current.

Version 1-14-14

