



# California Waste Tire Market Update

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April 27, 2015

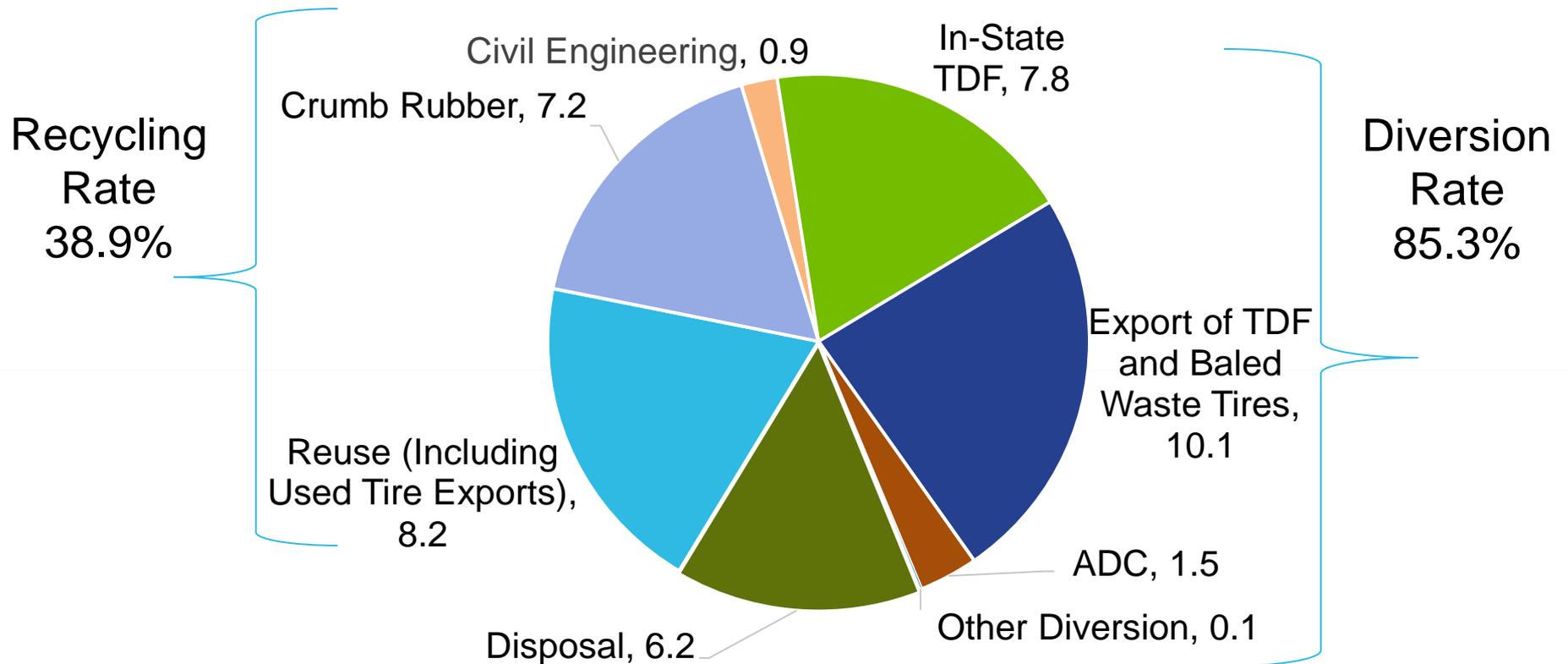


Louis Berger



# Big Picture – 2014 Draft Estimates\*

**Total = 41.9 Million PTE**



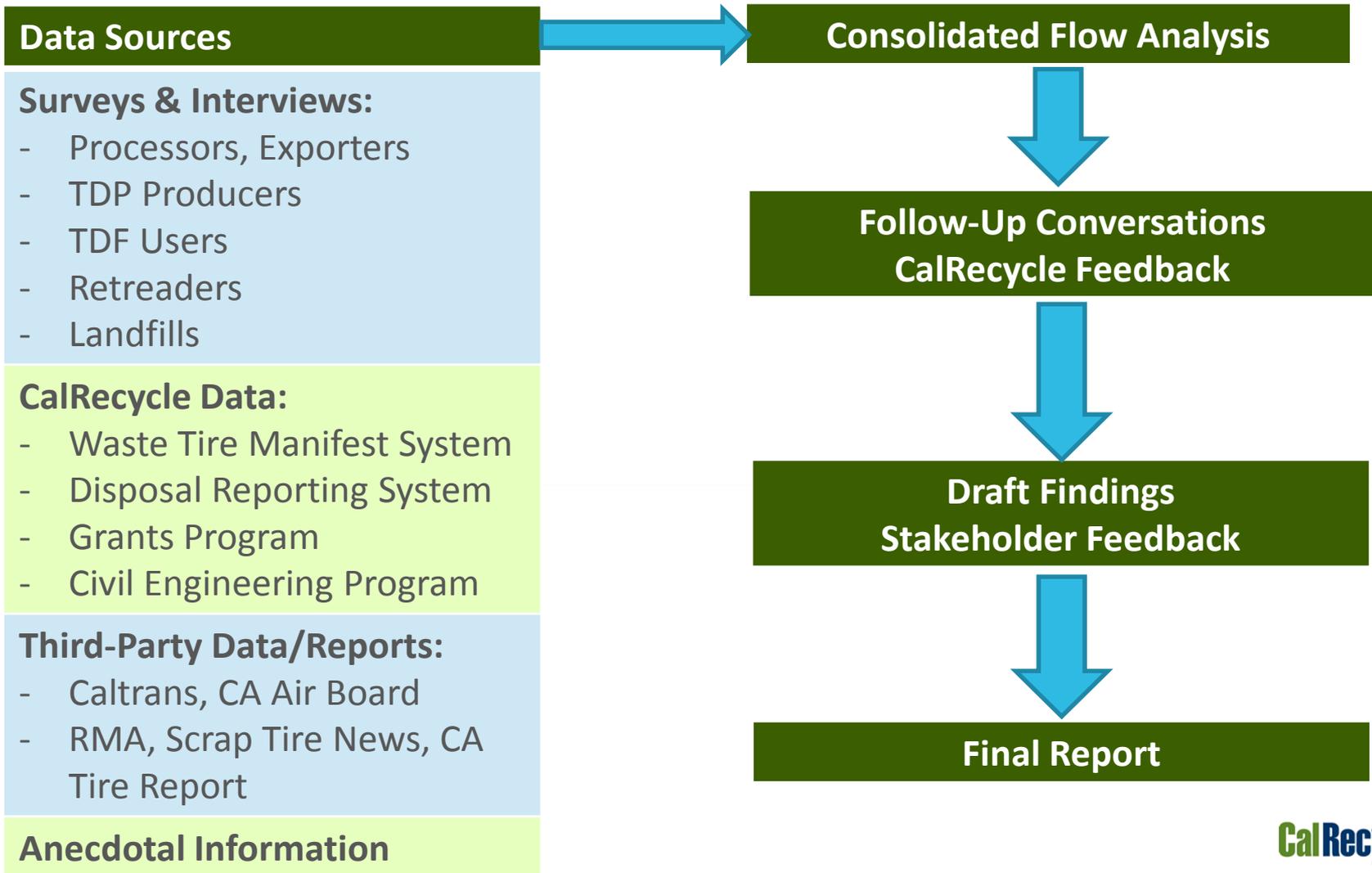
\* Million PTE

# Agenda

- **Methodology**
- **Key Findings and Trends**
- **Implications for Market Development**

# Methodology

## Approach



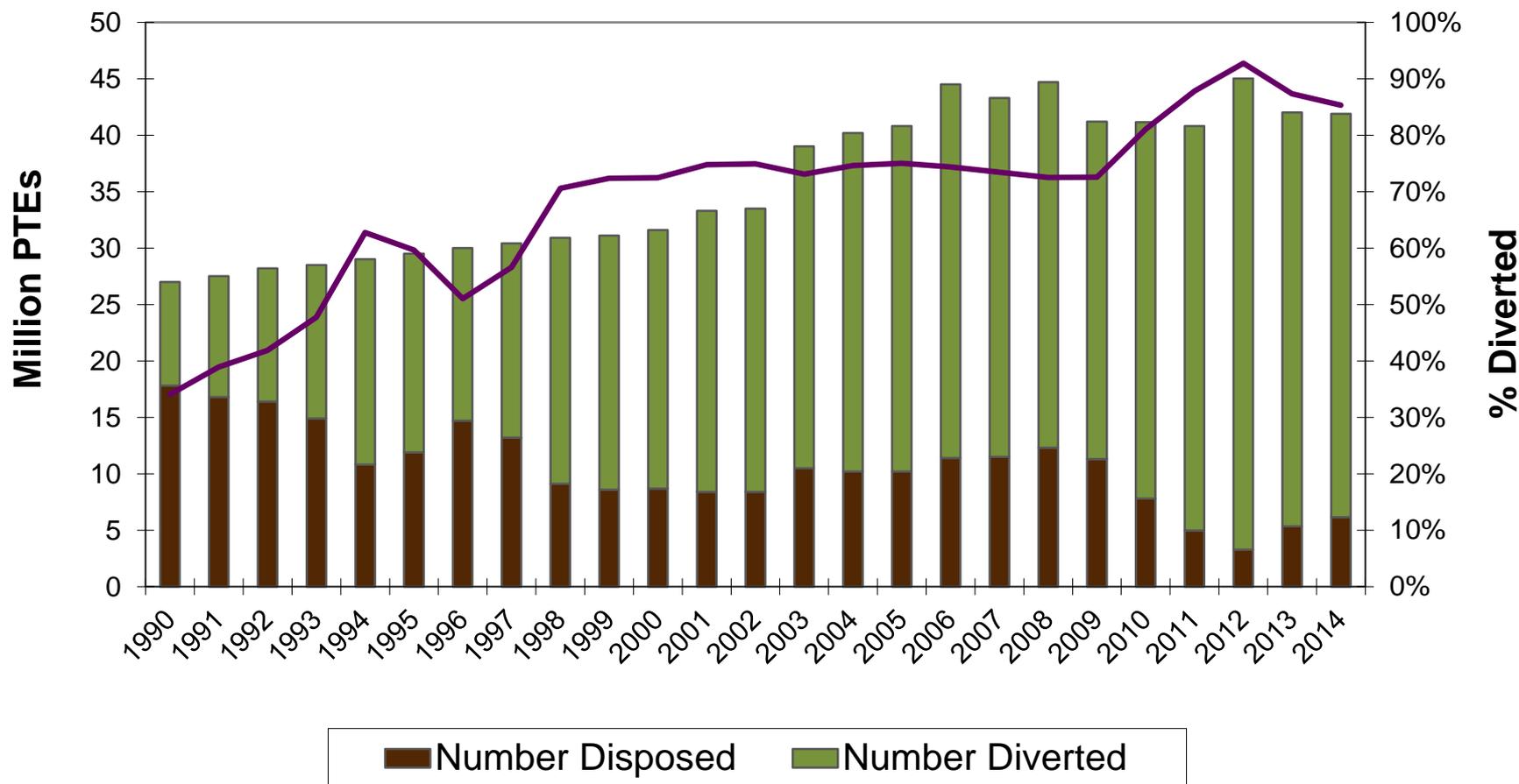
# Methodology

## Interpreting Results

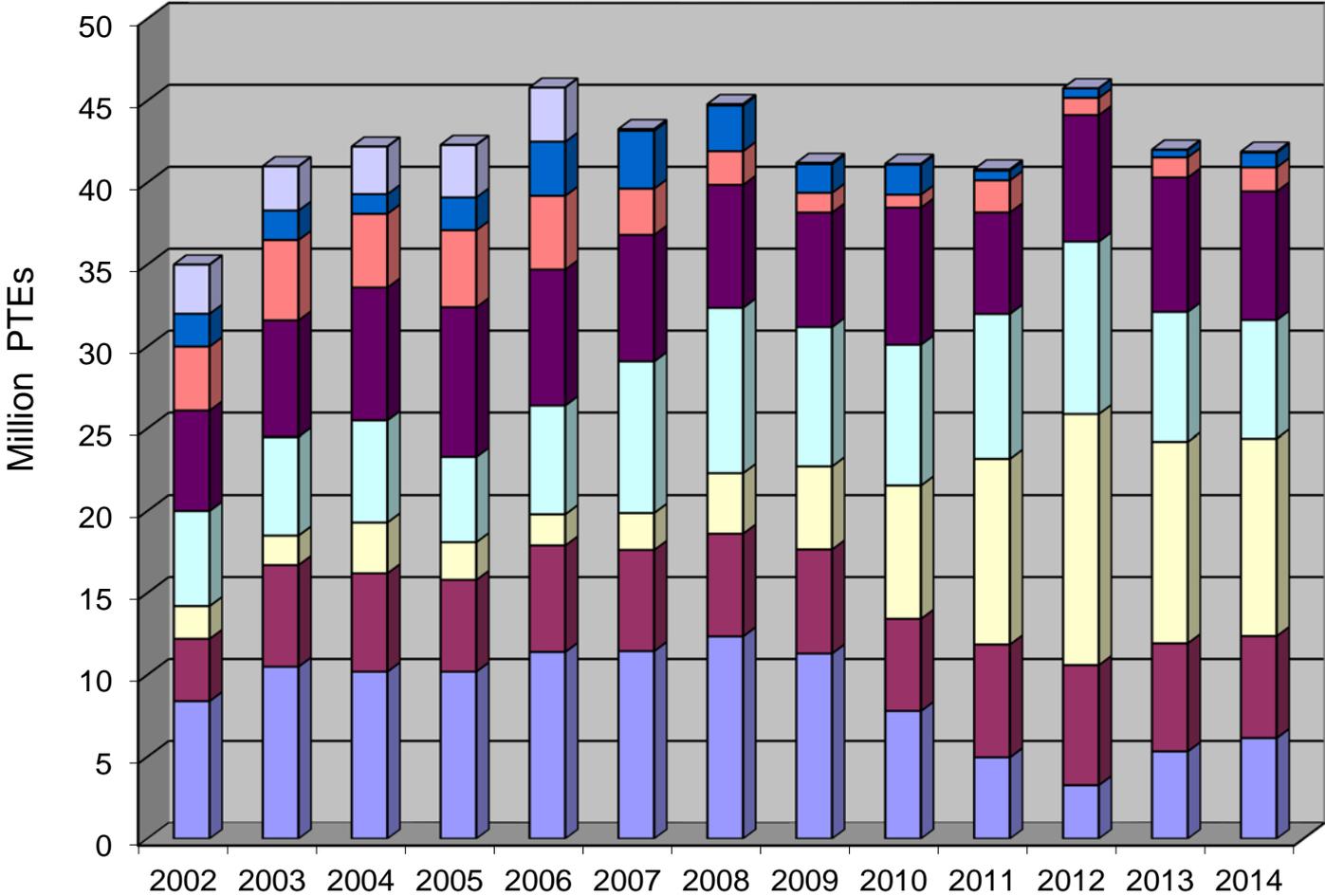
- CA Tire Use, Not Total Market Size
- Documented Tire Shipments, Not “Generation”
- Retreader Buffings Not Included in Tire Counts
- Separated Metal, Fiber Not Counted Separately
- Generally +/- 10% Accuracy
  
- Today's Draft Results are Subject to Change
- Feedback Welcome!

# Key Findings and Trends

## Historical Diversion Trend



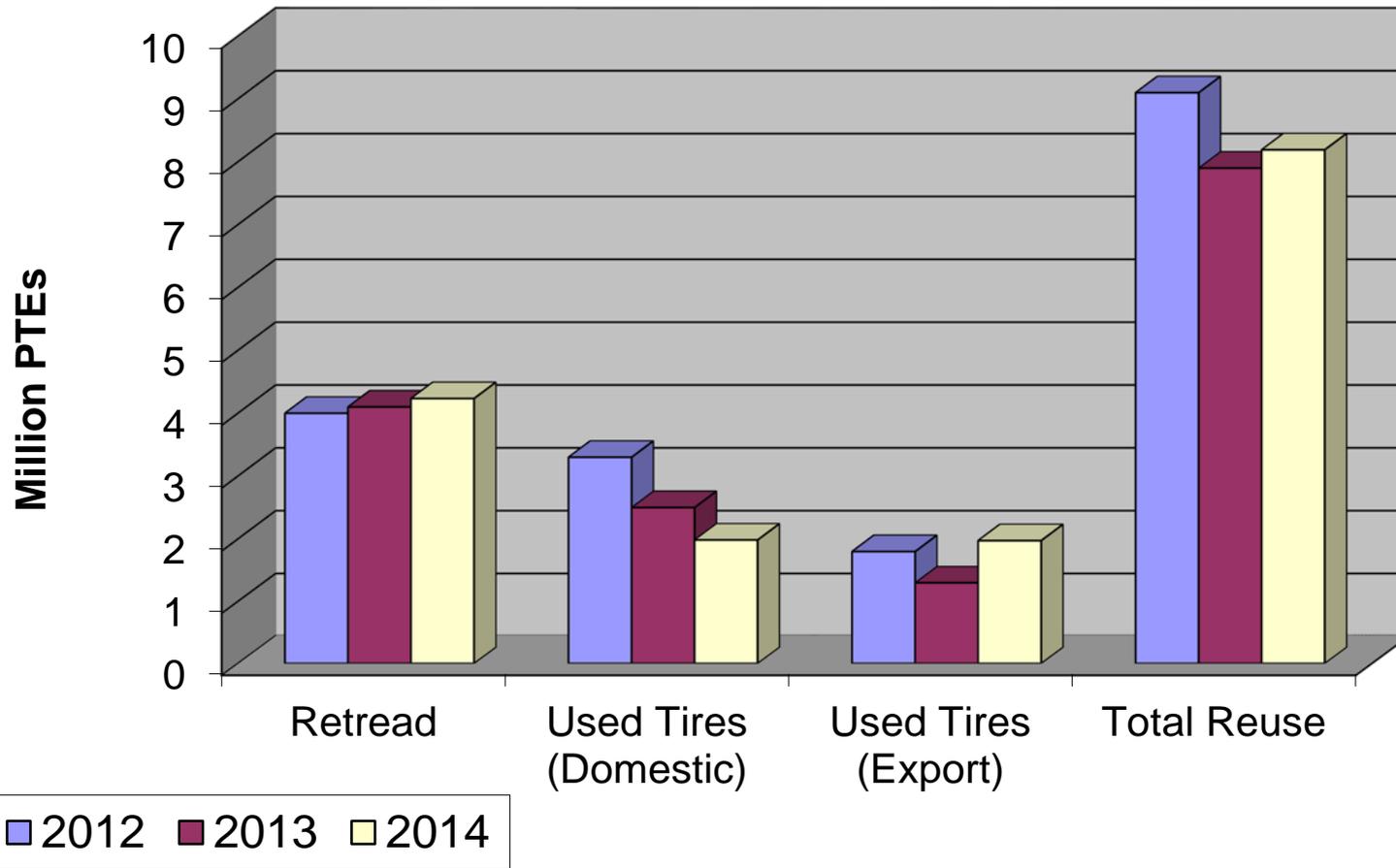
# Historical Market Trend



■ Disposal 
 ■ Reuse 
 ■ Export 
 ■ Crumb Rubber 
 ■ TDF 
 ■ ADC 
 ■ Civil Engineering 
 ■ Other Diversion

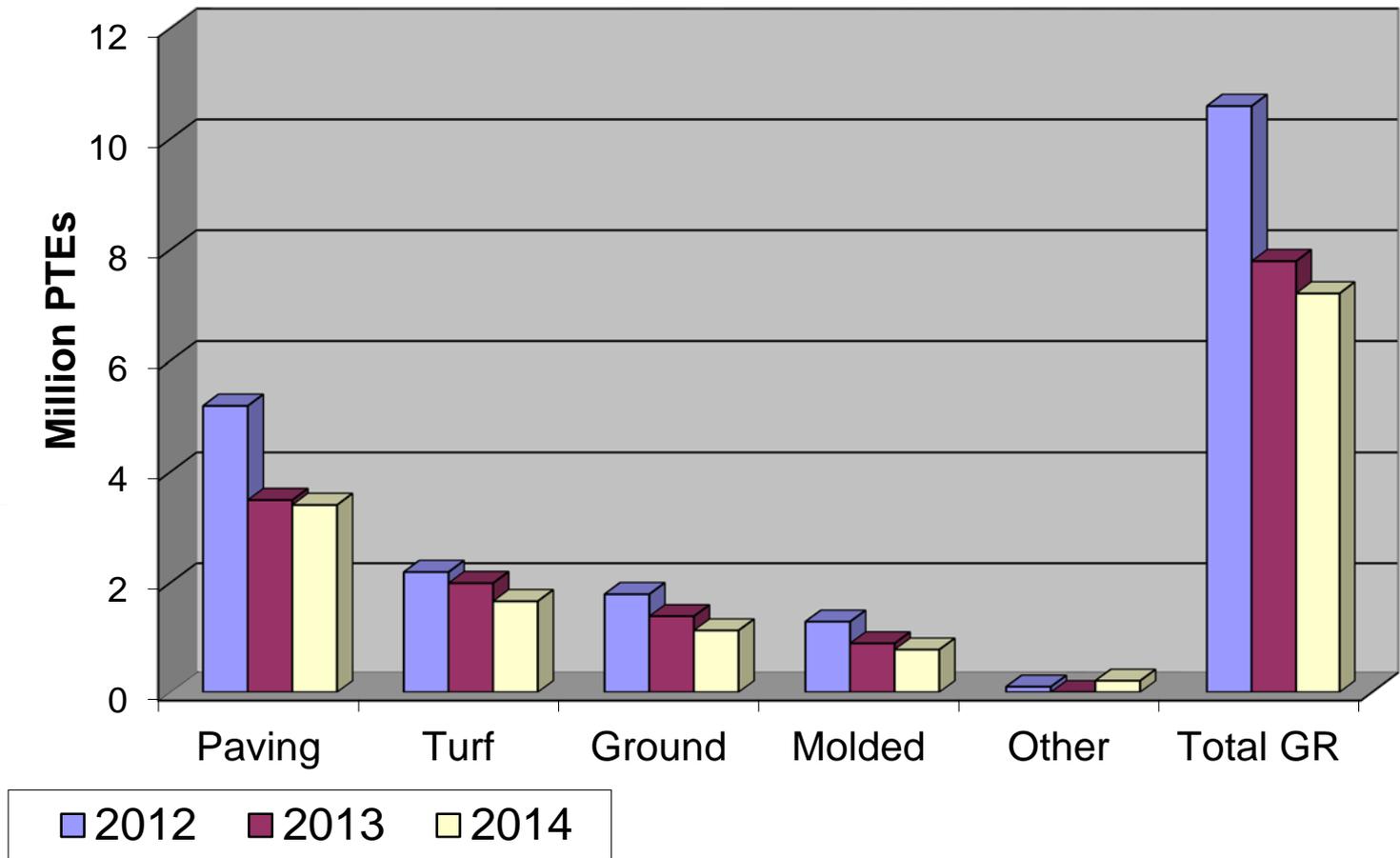


# Reuse Up in 2014 Expect Flat in 2015

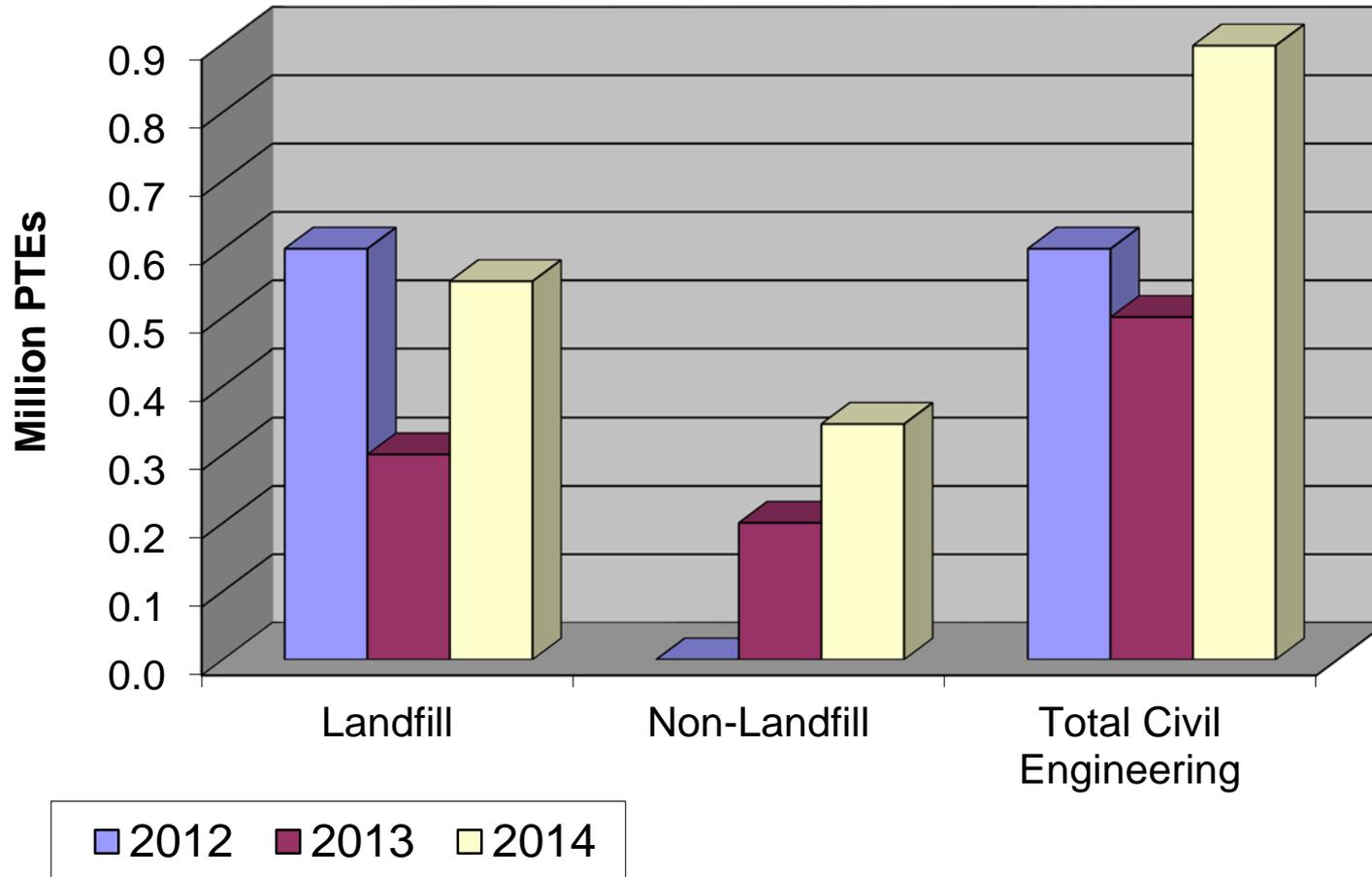


# Crumb Rubber Down 9% in 2014

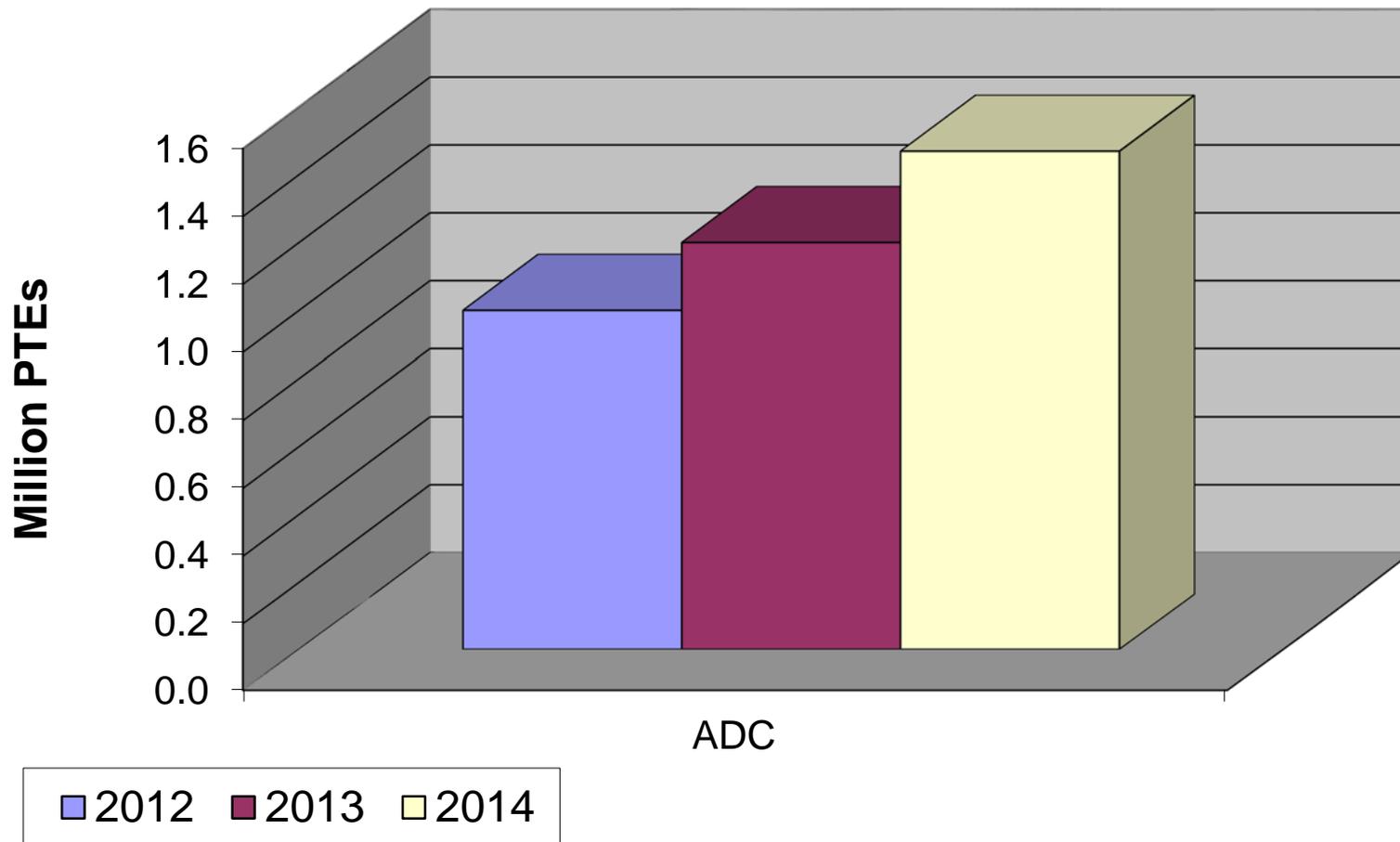
## 2015 Trend Uncertain



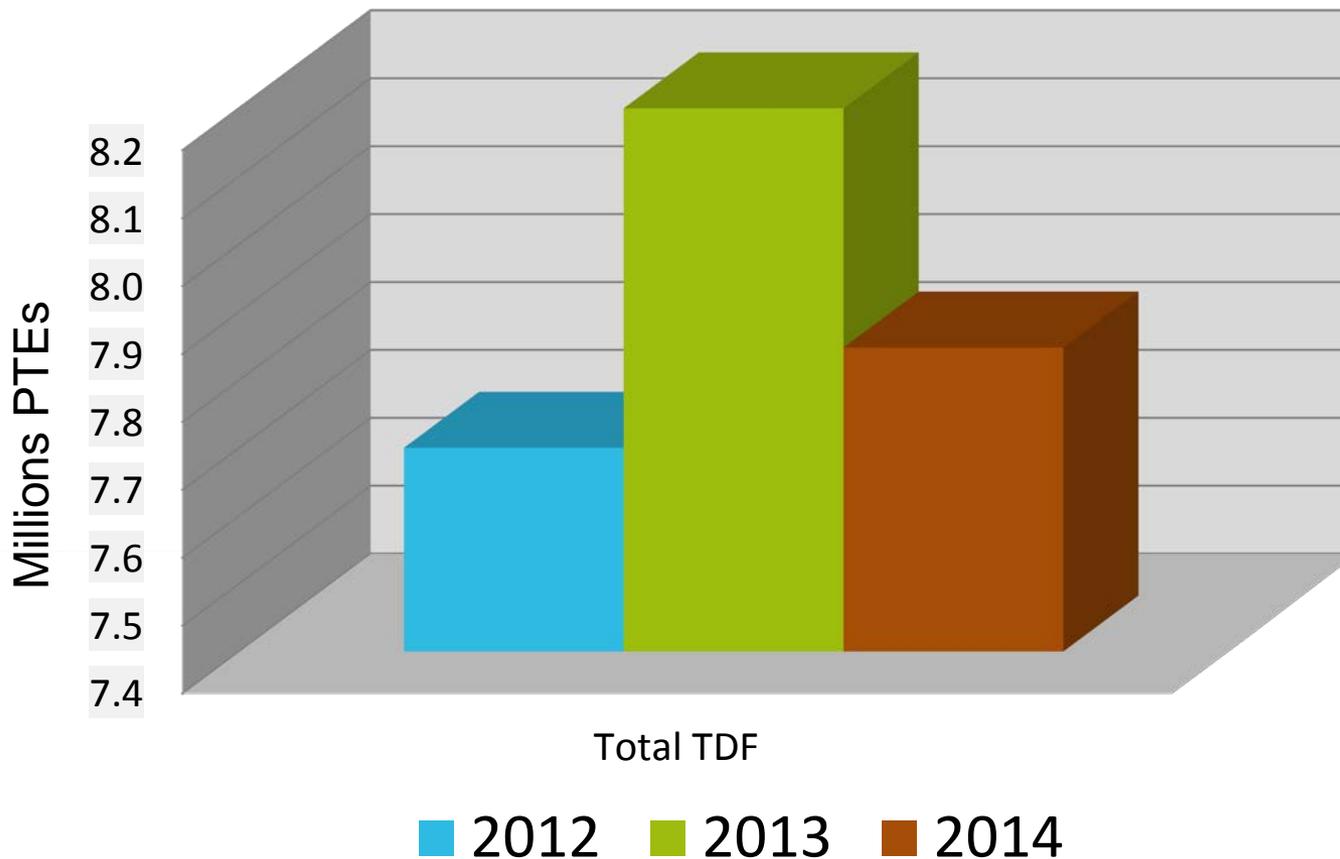
# Civil Engineering Up 97% in 2014 Growth Expected in 2015



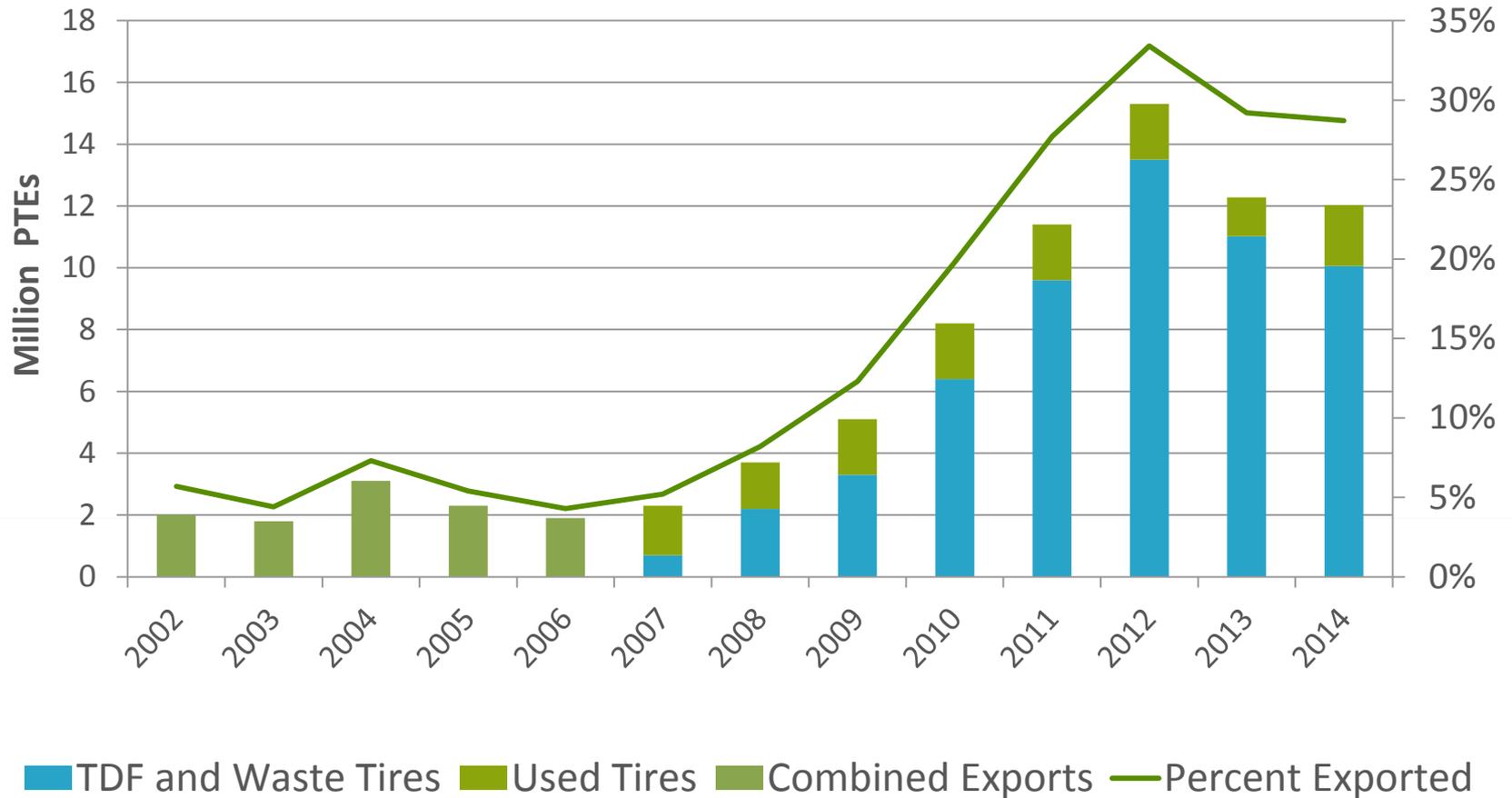
# ADC Up 19% in 2014 Expect Flat in 2015



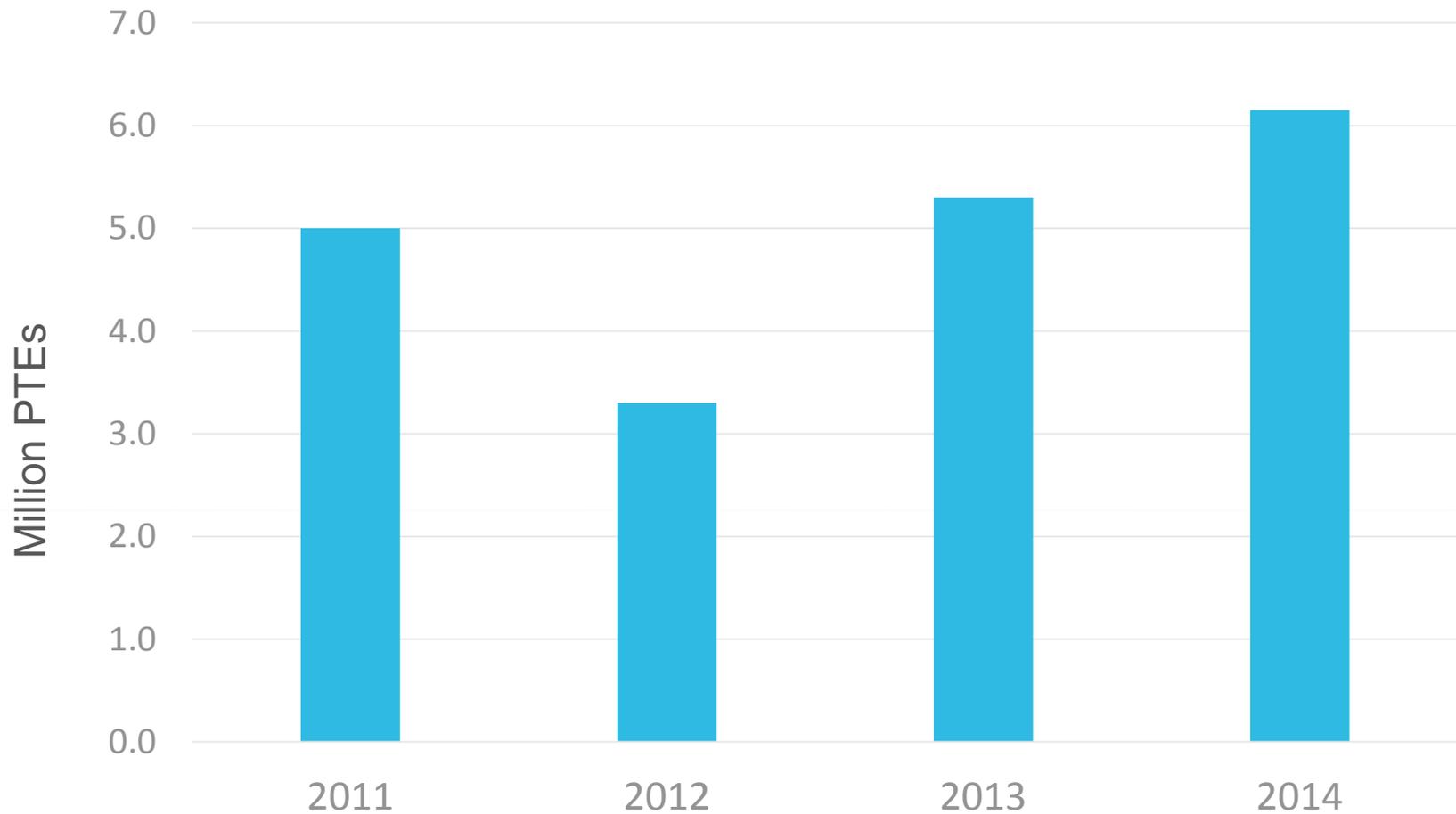
# Consumption of CA TDF Down 4% in 2014 Modest Growth Expected in 2015



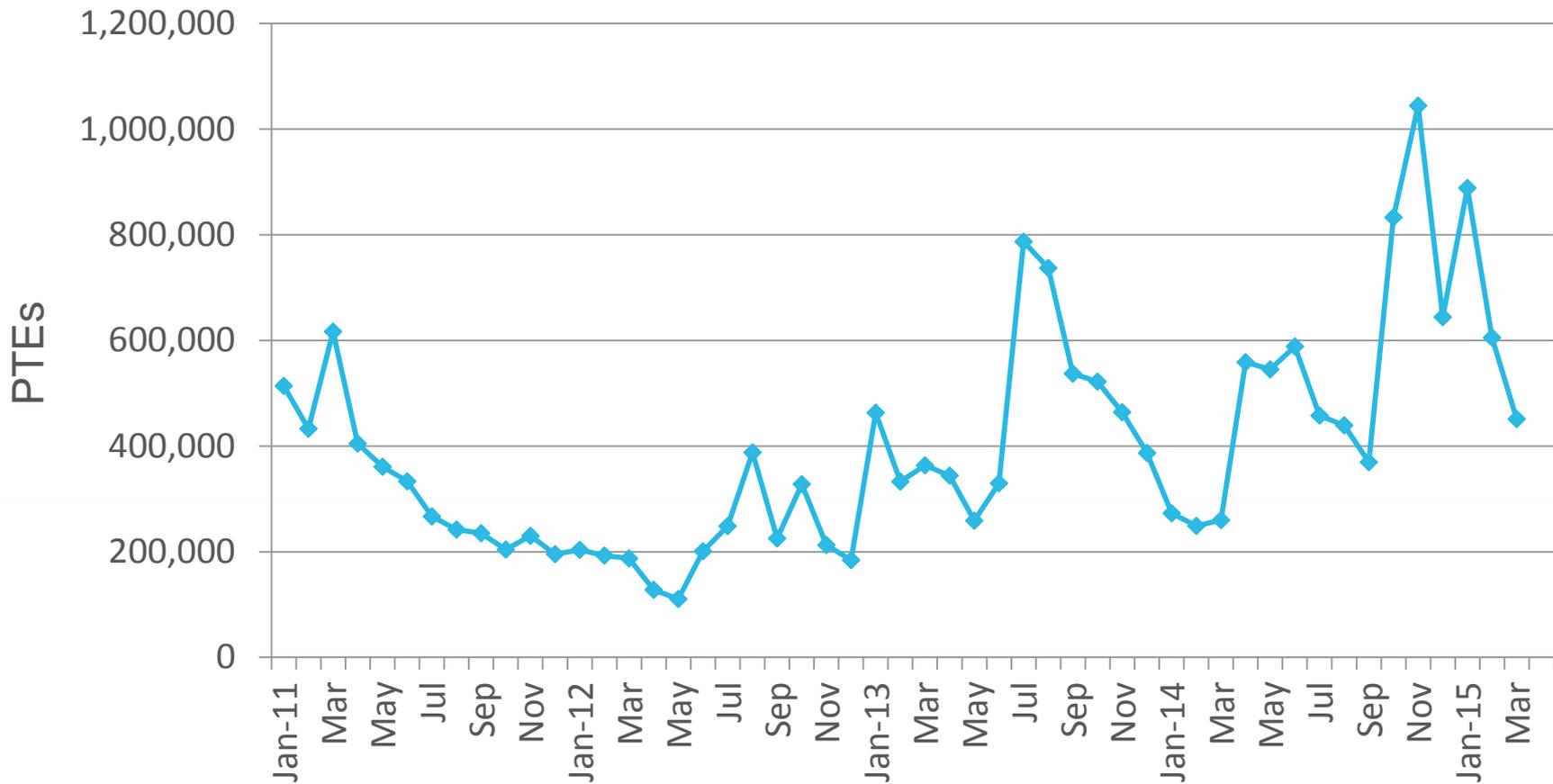
# Preliminary: Export of TDF and Baled Waste Tires Down 9% in 2014 - Possible Growth in 2015



# Disposal Up 15% Possible Decline in 2015



# Monthly Tire Deliveries to Top Six Tire Disposal Sites



Source: CalRecycle WTMS System



# *Implications for Market Development Efforts*

# Market Development Observations – Supply Side

- Exporters – Continuing Erratic Operations and Volumes/Warehoused Inventories
- Export-Induced Disruptions Stabilizing Somewhat, but:
  - Some Operational Disruptions Continue and
  - Collection Revenues Have Not Fully Rebounded
- Chicken-or-Egg Dilemma Still Stymies Crumb Rubber Expansion, Especially for Fine-Mesh Production

# Market Development Observations – Demand Side

- Flat or Reduced Demand
- Media Attention of Perceived Environmental Health Risks
- Feedstock Conversion – Long Development Time and Modest Volumes to Date
- Pressures from Out-of-State Crumb Suppliers May be Moderating
- Local Government Budget Constraints/Reduced CalRecycle TDP Grant Funding
- Continuing Need to Raise Awareness about TDPs and Their Benefits

# Grant-Supported vs. Total Sales of CA Crumb

## Annual Averages for FY 2008/09 – 2011/12



# The Long-Term Outlook for Increasing Recycling (3-7 Years)

Optimistic View Point	Pessimistic View Point
Continued Strong Reuse Markets	Low-Quality Imported Tires Reduce Reuse
New Caltrans Policies Greatly Expand Rubberized Paving	Low Paving Volumes and Prolonged Testing Delay any Boost
Growth in Molded/Extruded Products through Feedstock Conversion and New Product Dev.	Continued Slow Growth in Molded Volumes
New Research and Communication Strategies Put to Rest Concerns over Health and Safety	Perceptions of Risks Continue to Plague Markets and Result in Declines
Exports Stabilize and/or Decline	Periodic Export Spikes Cause Disruptions
TDA Gains Traction in Many High-Volume Uses	Sporadic TDA Use Dependent upon Grants
New TDPs or Market Niches Emerge and Use High Volumes in Environmentally Beneficial Ways	Current Large-Volume Markets Stagnate and No New Markets Emerge

**Wild Card:** CalRecycle's New Incentive Payment-Based Vision for Scrap Tire Market Development



# Q&A and Comments

*Send feedback and suggestions on this draft analysis **by June 1** to*

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*The final report is expected to be published in July.*



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