
CARE Sustainable Funding Oversight Committee

Q1 2014 AB 2398 Summary &
Recommendations for Approval

Updated 6-12-14 v10



Agenda

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



CARE's Executive Director's Message

AB 2398 has been operational for 11 full quarters. Trends are now emerging as cyclic quarterly data repeats over time. The marketplace continues to be quite dynamic, while the CARE implementation team works to be both proactive and responsive to support progress toward program goals. An annual analysis of the subsidy program is currently underway. Despite the setback from the loss of two recyclers in 2013, recycled output volumes have remained relatively constant throughout 2013, indicating remaining processors have picked up volume and sustained the output despite the capacity loss. There is an uptick in both gross collections and recycled output for Q1 – a good signal. Further, as the program launches into 2014, CARE is pleased to note the addition of four new Tier 2 processors reporting during the current reporting period, a direct result of the revised subsidy program. Aggressive efforts continue on the PET challenge as the industry works to find long-term solutions to increasing the proportion of materials converted to recycled output.

Additional Q1 developments include CalRecycle's approval of CARE's Carpet Stewardship Plan (v3.2) at the January Public Meeting as well as Northern and Southern CA public workshops held in April. Additionally, we are pleased to have welcomed four new Rural Counties into the program this quarter, increasing participating rural counties by 67% from six to ten. CARE looks forward to continuing to incorporate learnings statewide to grow the recovery effort, increasing outreach efforts and working more closely with State agencies on the procurement side of the equation in the periods ahead.

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

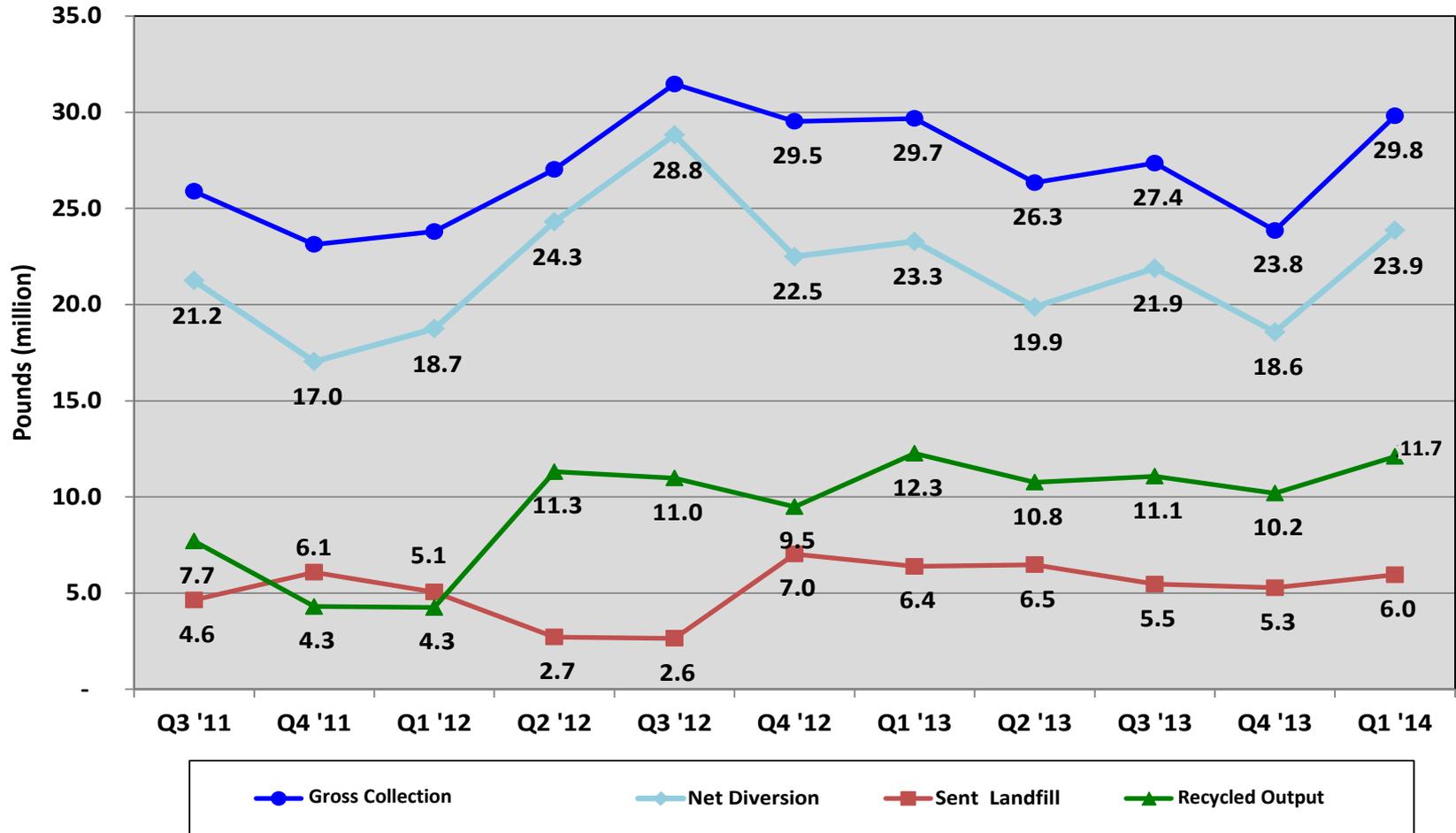
Bob Peoples, Ph.D., Executive Director, May 22, 2014



AB 2398 Summary Results



Performance Trends (Adjusted)

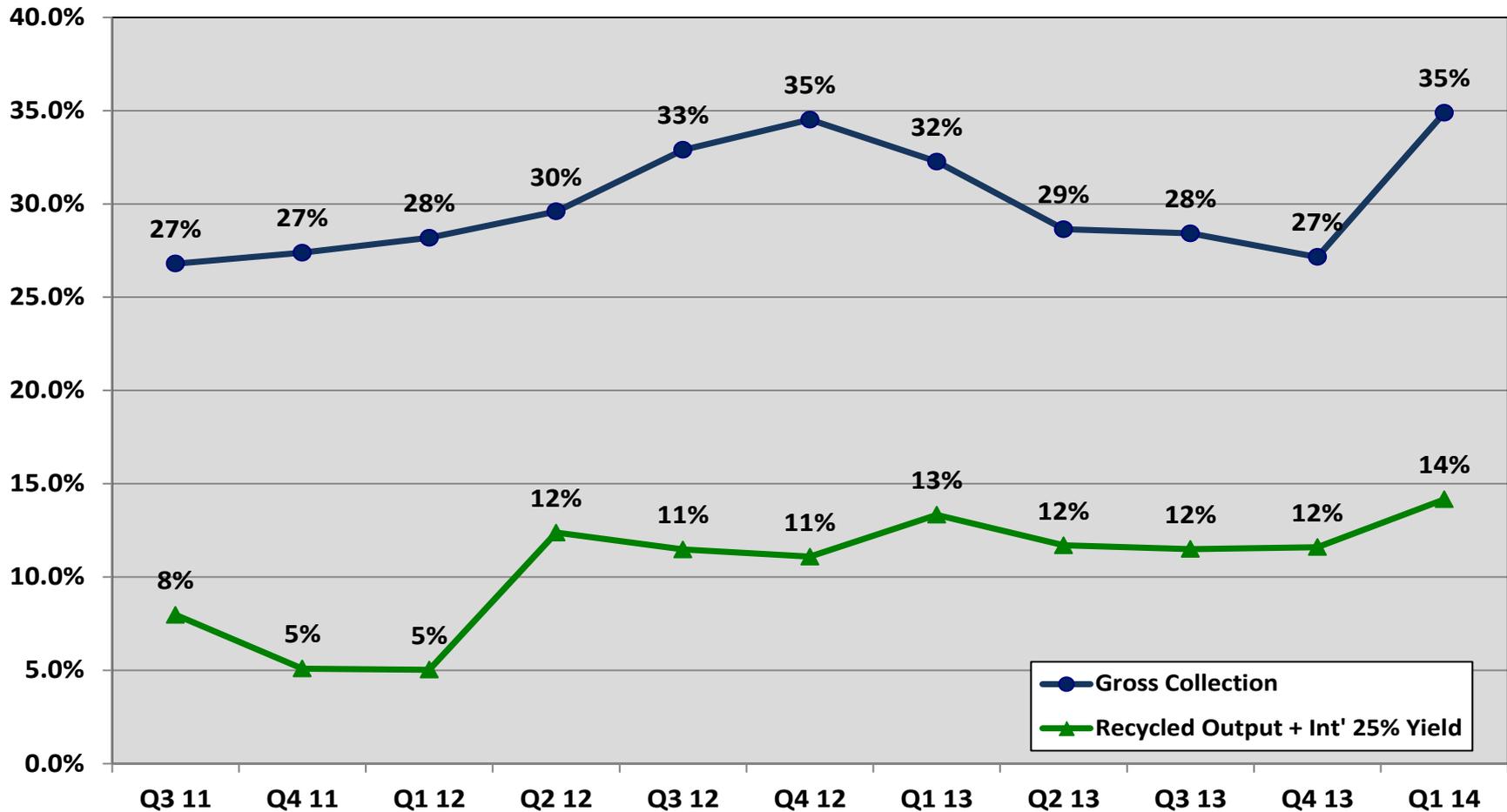


Net Diversion = Gross Collection – Sent to landfill*
 Recycled Output = Type 1 + 2 + Int'l Yield



* Sent to landfill is both PCC collected plus processing waste.

Performance Trends (Adjusted)



Recycled Output = Type 1 + 2 + Int'l Yield



AB 2398 Manufacturers/Mills Quarterly Summary Report



AB 2398 Manufacturers' Summary*

Manufacturers	2011	2012	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14
# Mills Registered	80	80	80	79	76	79	79
# Mills Not Reporting	0	4	4	4	4	7	2
Non-response Rate		5%	5%	5%	5%	9%	3%
Remittance Collected							
Total Sq Yd Sold (millions)	50.1	98.5	24.2	25.4	26.6	24.3	23.6
Total Remittances (\$M)	\$ 2.53	\$ 4.91	\$ 1.21	\$ 1.27	\$ 1.35	\$ 1.21	\$ 1.18
Top 10 Remittances (>\$10K)	\$ 2.33	\$ 4.55	\$ 1.11	\$ 1.18	\$ 1.26	\$ 1.10	\$ 1.05
Top 10 Percentage of Total	92%	93%	92%	93%	93%	91%	89%

Cumulative SQYD sold: 273M

Cumulative Remittances: \$13.7M

* As of May 16, 2014



AB 2398 Processors Quarterly Report



Growth Incentive Contributions

Total Type 1 Pounds for Quarter	11,064,275
Target Pounds for growth incentive	8,500,000
Over (Under) Target	2,564,275
Total Growth Incentive Pool (10 cents/lb over target)	\$256,428

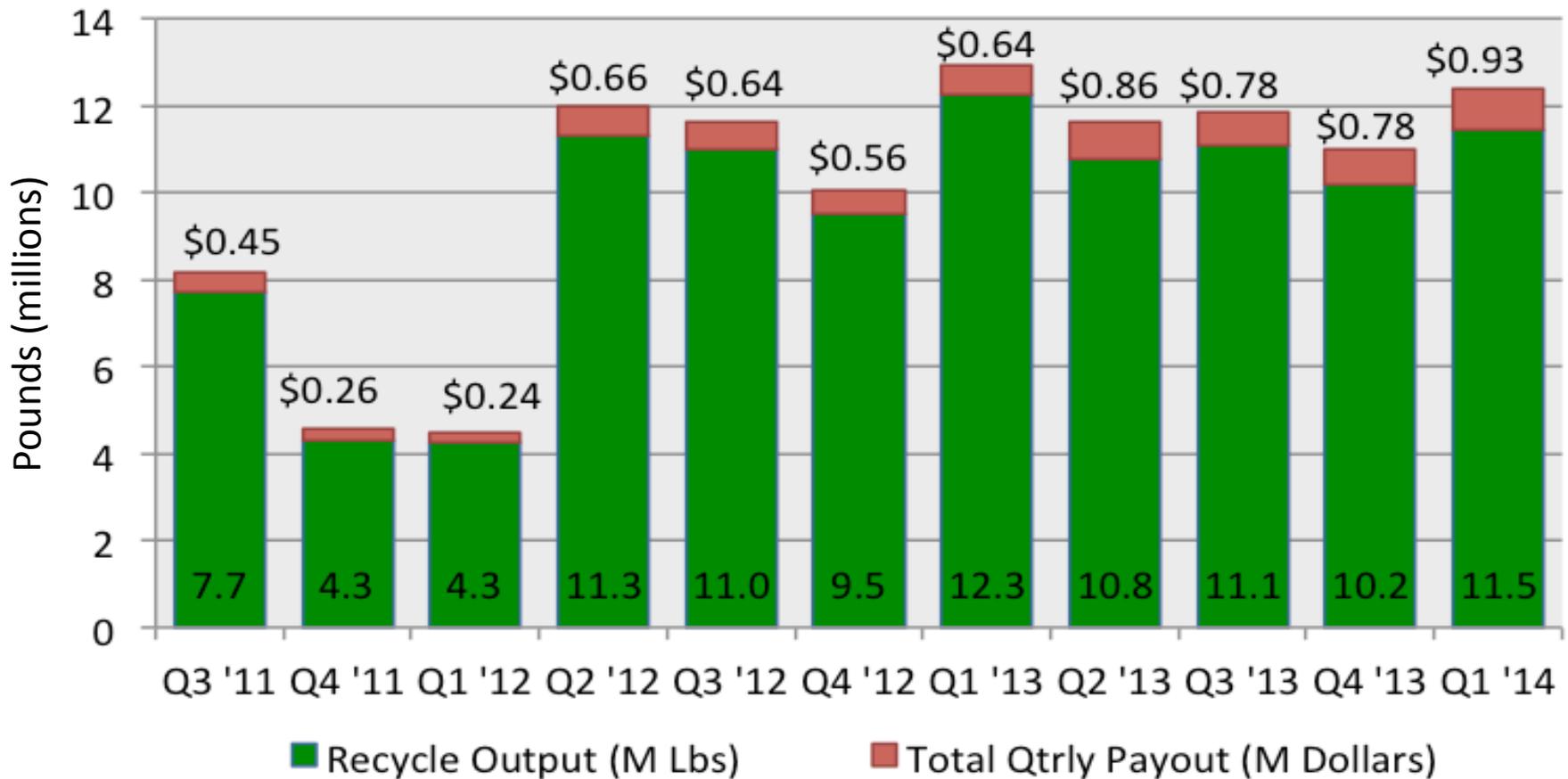
	Description	Amount in Thousands
Processors	Type 1 Base Payout	\$ 663.9
	Type 1 Growth Bonus Payout	\$ 256.4
	<i>Total Type 1 Payout</i>	\$ 920.3
	CAAF/Kiln	\$ 11.6
	Filler/Other	\$ -
	<i>Total Type 2 Payout</i>	\$ 11.6
	Adjustments*	\$ -
	Total All Processor Payouts	\$ 931.9
	Non-nylon (Tier 2) Payouts	\$ 272.2
	Total Program Payouts for Quarter	\$ 1,204.2

← 28%

←



Recycle Output Summary – Processors*



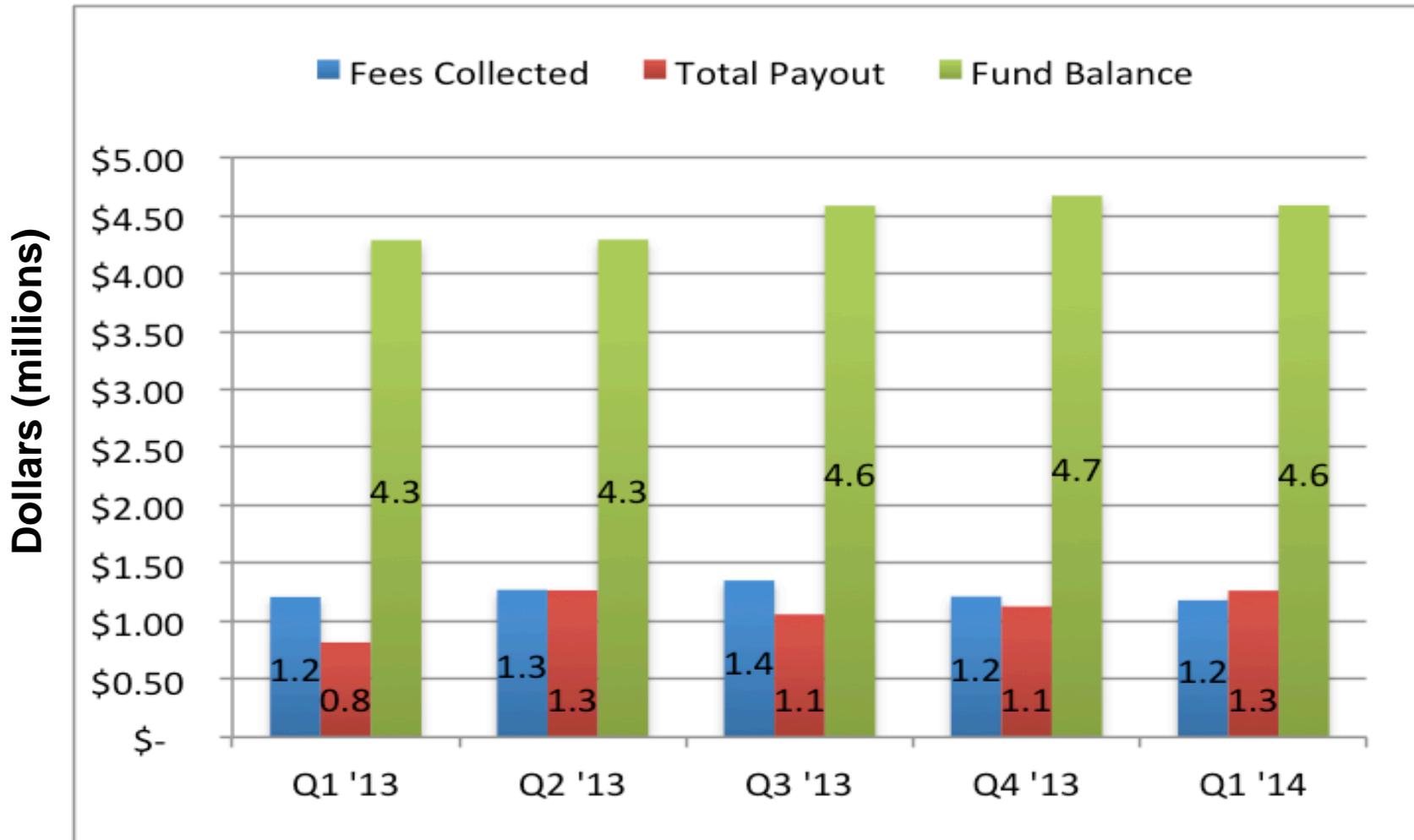
Cumulative pounds recycled: 103M

Cumulative Payments: Type 1 & 2 Processors \$ 6.8M

* Does not include Non-Nylon Tier 2 payout



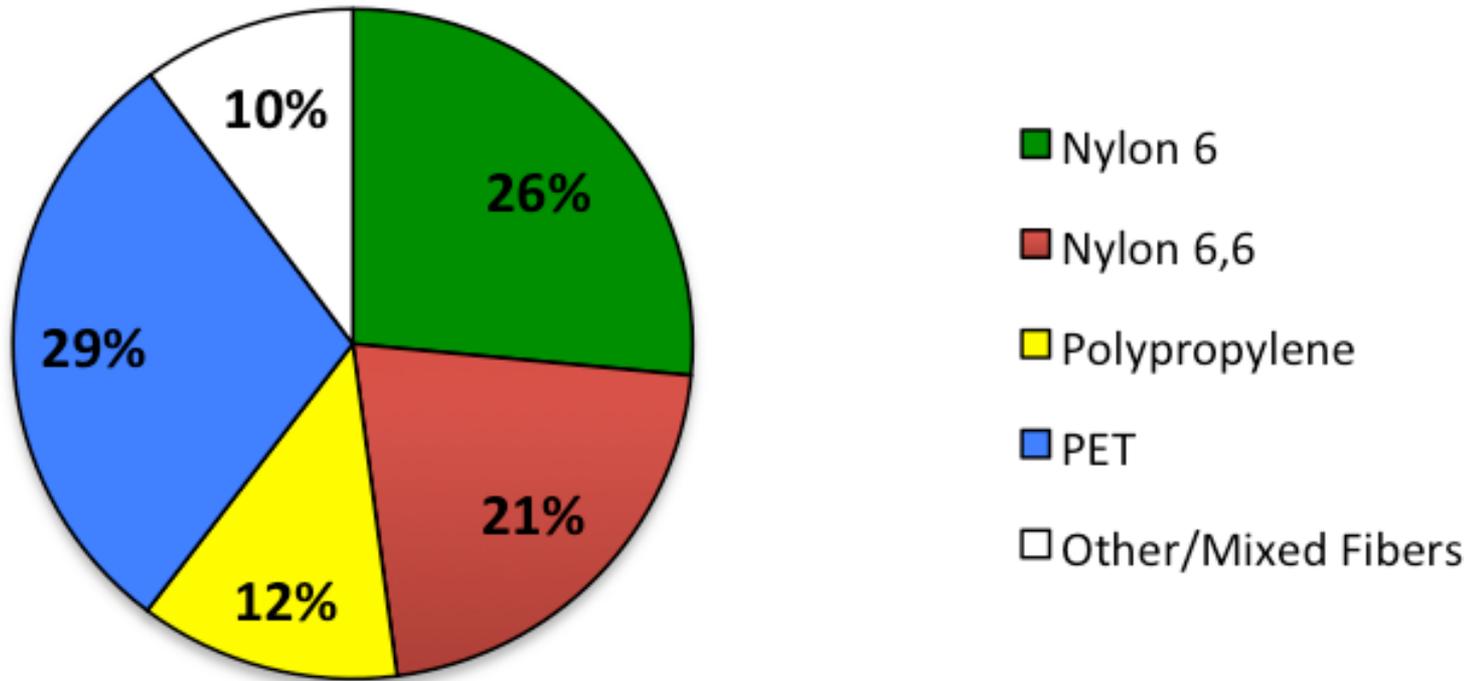
Fund Balance vs Time



Note: Balance includes 2Q deposits from Q1 fees



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*

* SFOC = Sustainable Fund Oversight Committee



Recommendations for SFOC Approval

- 1) Approve Processor Distribution (\$931.9K)
- 2) Approve Tier 2 Distribution (\$272K)
- 3) Approve Administrative reimbursements (\$72K)
- 4) Additional Actions (see following slides)

Total Payout Q4: \$1,276K



Recommendations for SFOC Approval

Summary of Additional Actions

- 1) Motion: Recommend that CARE adopt a 25% yield of whole carpet exports. CARE does not support subsidy payments outside of the US. **APPROVED**
- 2) Motion: Recommend that effective Q1 2014 CARE will include gross collection data from the collectors/sorters that are not currently in the system. CARE has now put in place a mechanism to collect the data. **APPROVED**
- 3) CARE will scrutinize data that it possesses to include pounds that may have not been reported in previous quarters. These gross collected and reported pounds will be adjusted going back to Q1 2013. Output will be restated Q1 2014. **APPROVED**



Recommendations for SFOC Approval

Summary of Additional Actions (continued)

- 4) Motion: Recommend the payout remain the same with one exception:
- Growth Bonus target will be adjusted beginning with the Q3-2014,
 - Adjust ME&O* from \$200,000 to \$300,000,
 - Adjust University Grant from \$300,000 to \$500,000,

APPROVED



Additional Information

- CARE is now operating under Plan version 3.2 dated March 10, 2014 and approved by CalRecycle in January 2014.
- A copy of the Plan may be downloaded from the CalRecycle website.
- The formula used for calculation of total CA discards is based on carpet sales and may be found in the approved Plan on page 20.
- Definitions used in these slides may be found in the approved Plan under Appendix III (page 51).



End of Review

