

---

# CARE Sustainable Funding Oversight Committee

---

Q2 2014 AB 2398 Summary &  
Recommendations for Approval



# Agenda

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



# CARE's Executive Director's Message

AB 2398 passed an important milestone this period. The end of Q2 marks 3 full years of operational experience. Trends are continuing to emerge and the Program is building on both past successes and key learnings. The marketplace continues to be quite dynamic, while the Program implementation team works to be both proactive and responsive to support progress toward Program goals. CARE continues to analyze Program results and consider mechanisms for continued improvement over time. During the reporting period, CARE collaborated with CalRecycle to organize and participate in public workshops held in April in Northern and Southern California, to share program results to date and seek new input from stakeholders for the future refinements. The program also submitted its 2<sup>nd</sup> annual report (calendar year 2013) on July 1, 2013. CARE has utilized both stakeholder input as well as ongoing Program data collection to shape implementation efforts in the current period and the periods ahead. Despite the loss of 2 recyclers in 2013, recycled output volumes have remained relatively constant throughout 2014, indicating remaining processors have picked up volume and sustained output despite the capacity loss.

Q2 shows increased carpet sales in line with expected seasonal trends, as well as increased pounds of recycled output, up by approximately 800,000 pounds over Q1. New Marketing, Education and Outreach (ME&O) efforts commenced at the end of Q2 and will increase in the remaining months of 2014 and continue through 2016. Efforts include the addition of new contractors providing services in 3 important areas: (1) Secondary Product Market Development & Procurement Cultivation; (2) Communications Research & Material Development, (3) Increased Outreach & Technical Support. Further, CARE is pleased to note the participation of new Tier 2 processors beginning in Q1 demonstrating the effectiveness of the Tier 2 incentive. Aggressive efforts continue on the PET challenge as the industry works to find long-term solutions to increase the proportion of materials converted to recycled output.

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, August 28, 2014*

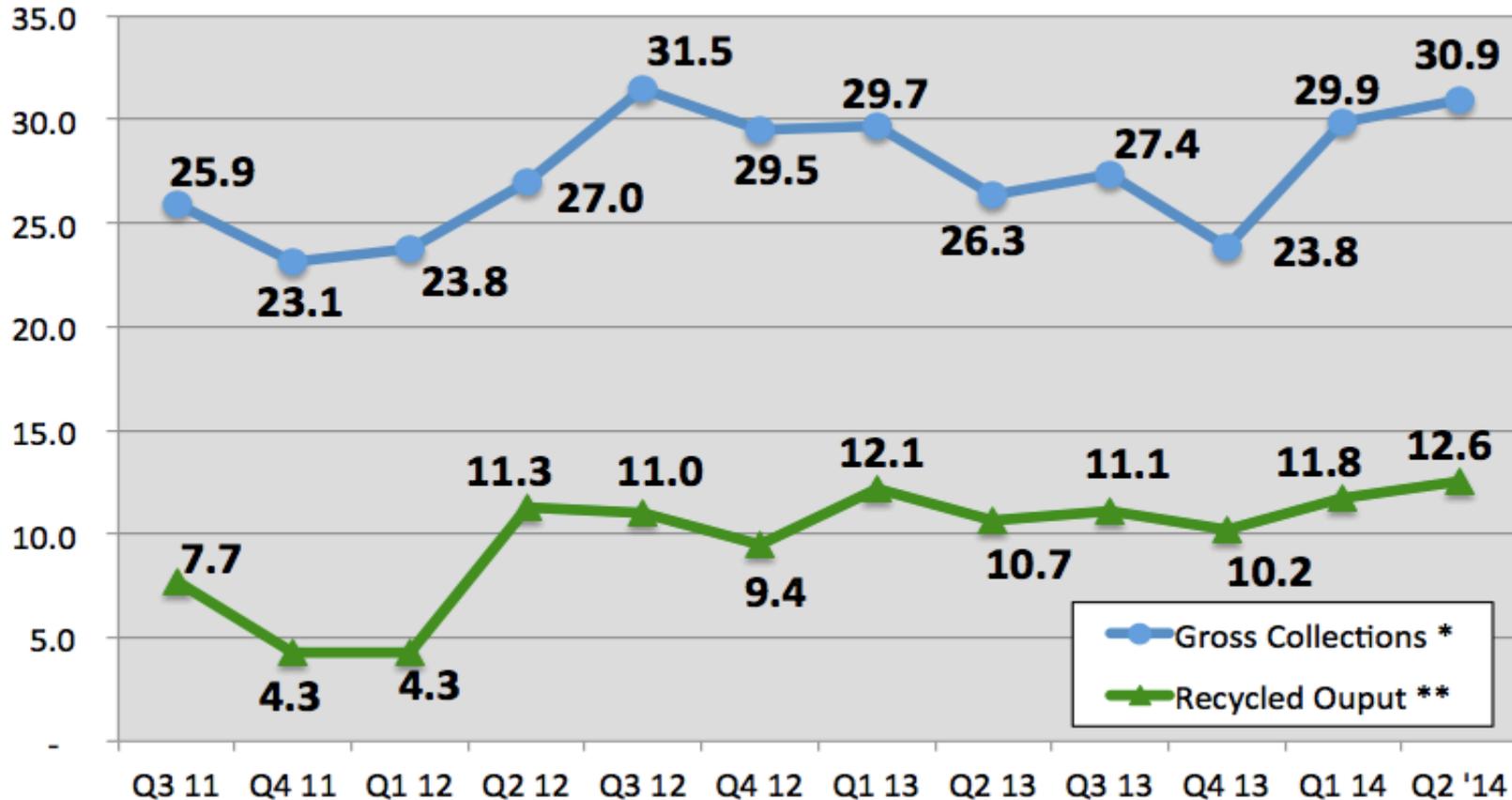


---

# AB 2398 Summary Results



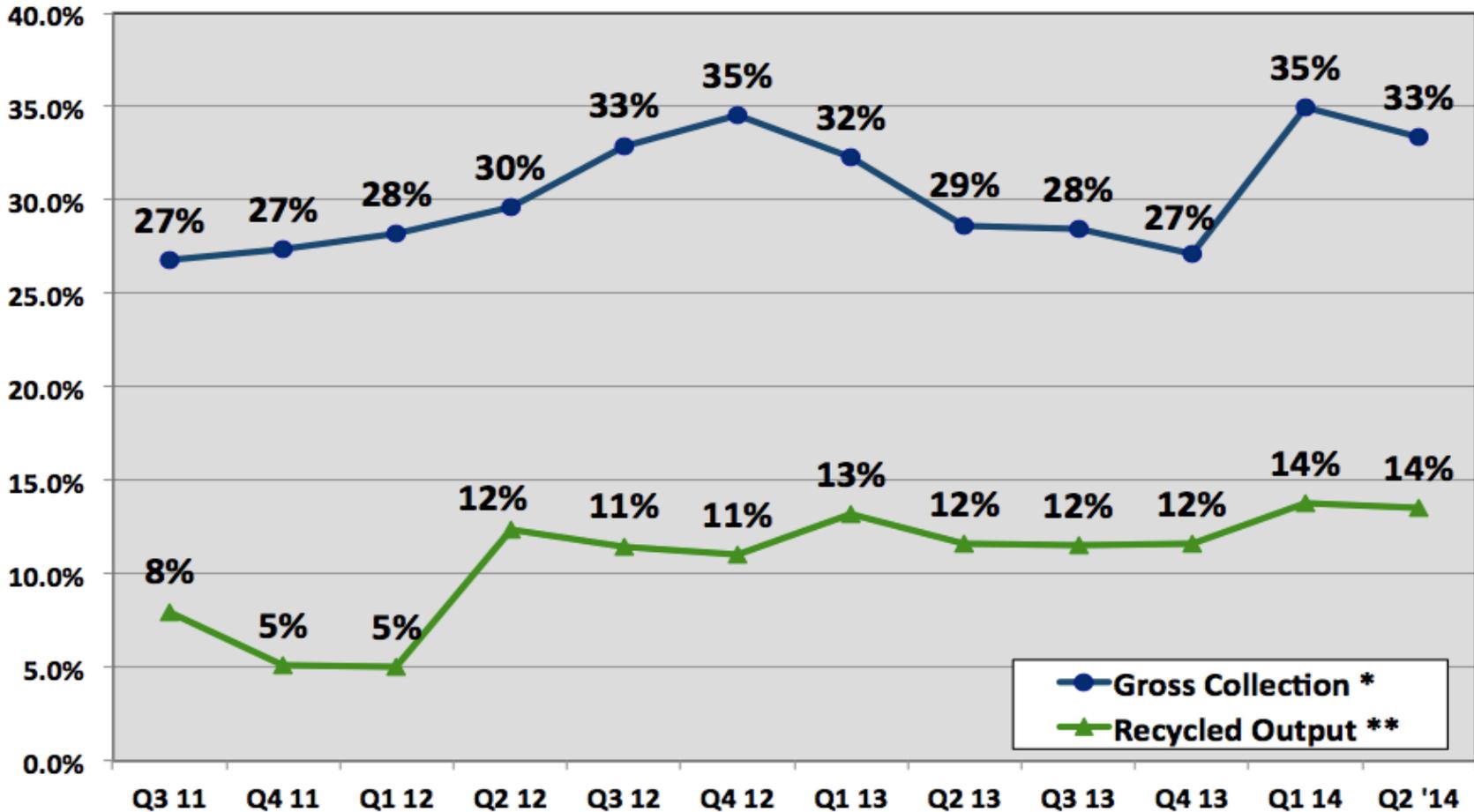
# AB 2398 Performance Trends (pounds)



\*As of Q1-2014, Gross Collections (GC) include refined data historically collected, but not previously reported. These data adjust GC amounts beginning Q1-2013 through the current period.

\*\*Beginning in Q1-2014, Recycled Output (RO) includes domestic data previously reported + estimated international RO based on a conservative 25% yield of reported pounds exported. RO is also adjusted to include only Type 1 + Type 2 pounds. Pounds diverted from landfill through CAAF and Kiln are no longer included in RO figures above.

# AB 2398 Performance Trends (percentage)

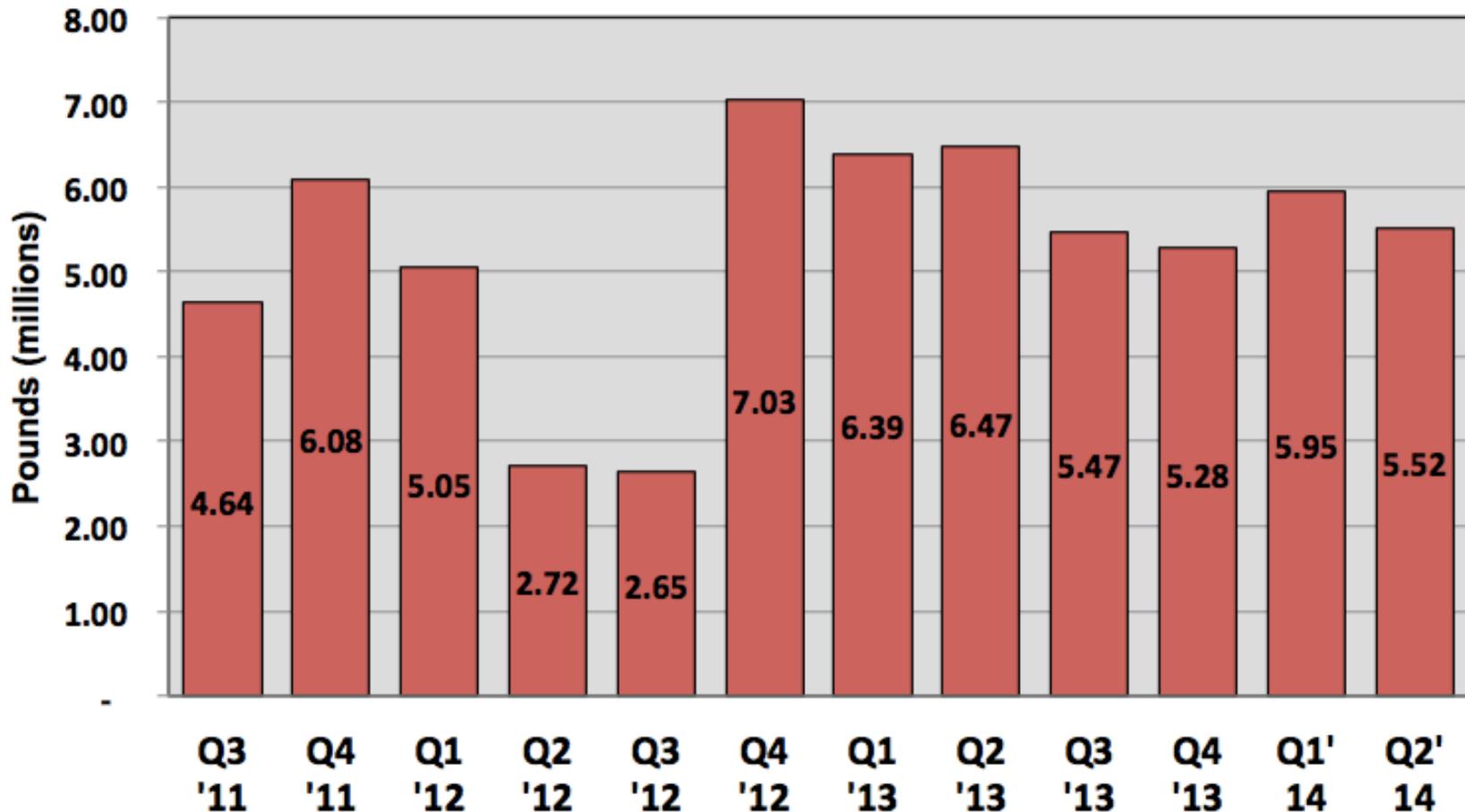


\*As of Q1-2014, Gross Collections (GC) include refined data historically collected but, not previously reported.

These data adjust GC amounts beginning Q1-2013 through the current period.

\*\*Beginning in Q1-2014, Recycled Output (RO) includes Domestic data previously reported + estimated international RO based on a conservative 25% yield of reported pounds exported. RO is also adjusted to include only Type 1 + Type 2 pounds. Pounds diverted from landfill through CAAF and Kiln are no longer included in RO figures above.

# Diverted PCC Sent Back to Landfill

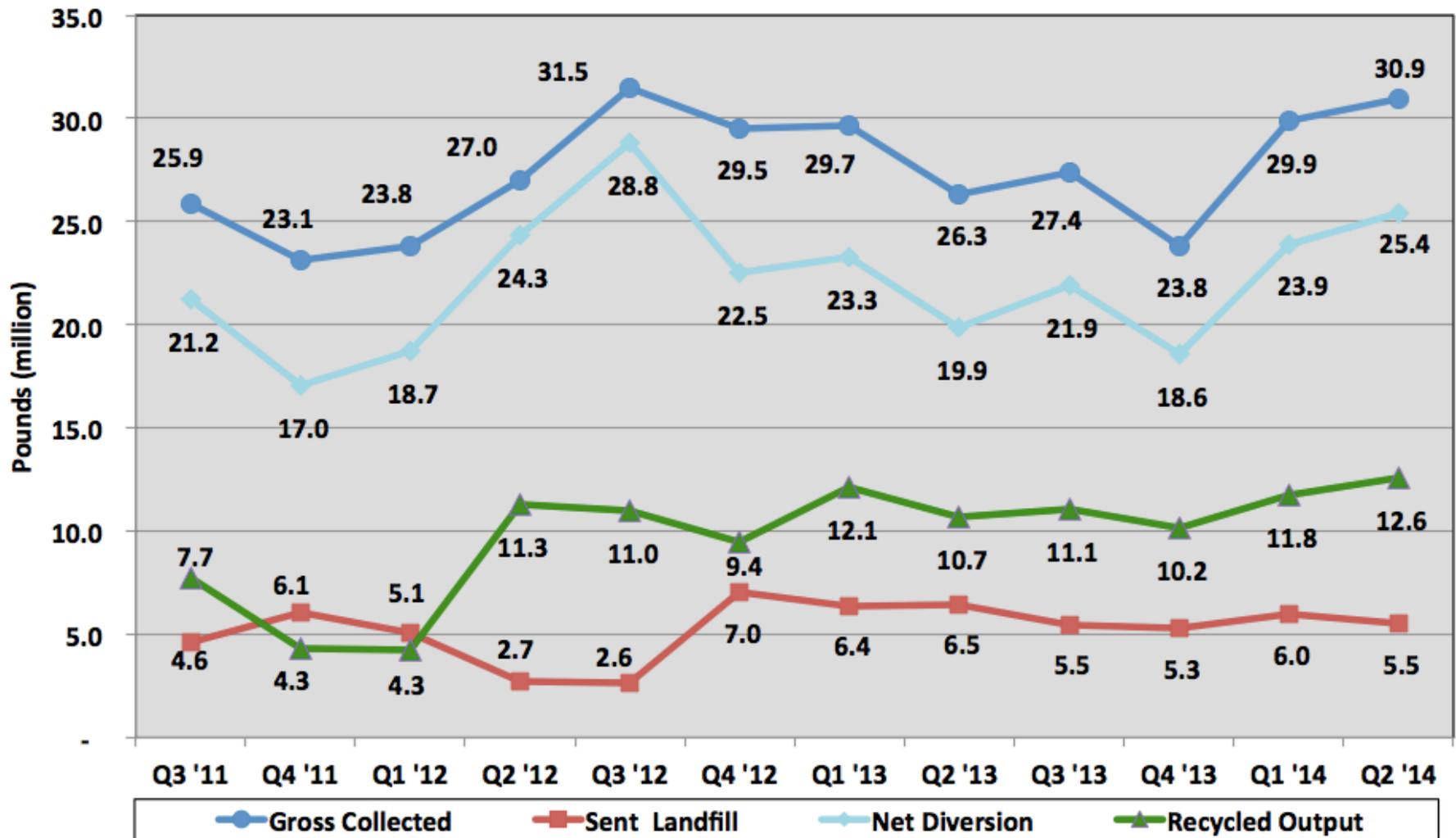


Q2 Gross Collected: 30.9M pounds – 5.5M sent back to landfill  
 Cumulative back to landfill: 63.3M lbs



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

# Performance Trends



Net Diversion = Gross Collection – Sent to landfill\*

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

---

# AB 2398 Manufacturers/Mills Quarterly Summary Report



# AB 2398 Manufacturers' Summary\*

Manufacturers	2011	2012	2013	Q1 '14	Q2 '14
# Mills Registered	80	80	79	79	79
# Mills Not Reporting	0	4	5	2	0
Non-response Rate		5%	6%	3%	0%
<b>Remittance Collected</b>					
Total Sq Yd Sold (millions)	50.1	98.5	100.5	23.6	25.7
Total Remittances (\$M)	\$2.53	\$4.91	5.0	\$1.18	\$1.28
Top 10 Remittances (>\$10K)	\$2.33	\$4.55	4.7	\$1.05	\$1.18
Top 10 Percentage of Total	92%	93%	92%	89%	92%

Cumulative SQYD sold: 298M

Cumulative Remittances: \$14.2M

\* As of 9/2/14



---

# AB 2398 Processors Quarterly Report



# Growth Incentive Contributions

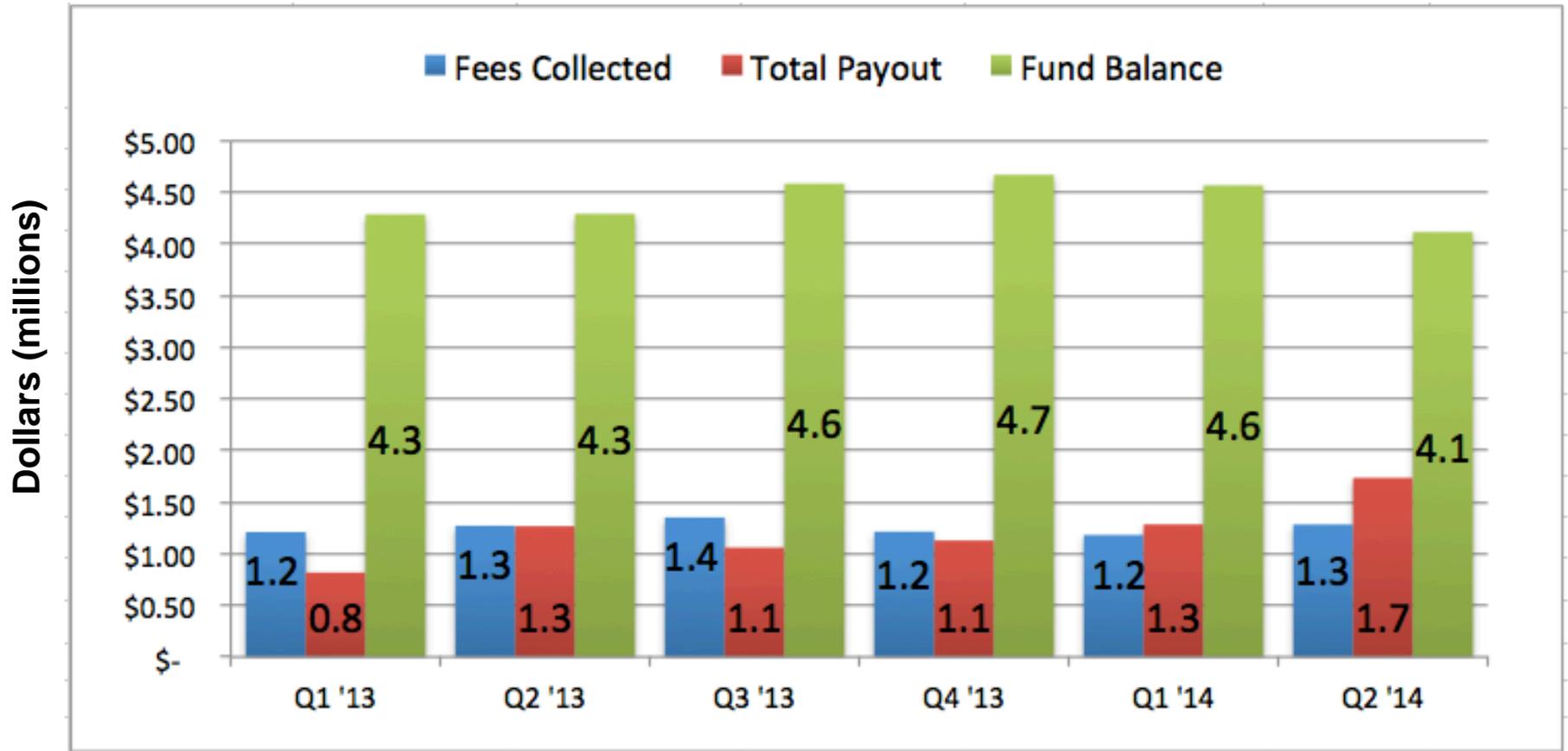
Total Type 1 Pounds for Quarter	11,728,712
Target Pounds for growth incentive	8,500,000
Over (Under) Target	3,228,712
Total Growth Incentive Pool (10 cents/lb over target)	\$322,871

	Description	Amount in Thousands
Processors	Type 1 Standard Payout	\$ 703.7
	Type 1 Growth Bonus Payout	\$ 322.9
	<i>Total Type 1 Payout</i>	\$ 1,026.6
	Type 2 Filler/Other	\$ -
	Type 2 CAAF	\$ -
	Type 2 Kiln	\$ 8.7
	<i>Total Type 2 Payout</i>	\$ 8.7
	Adjustments*	\$ (3.9)
	<b>Total All Processor Payouts</b>	<b>\$ 1,031.4</b>
	Non-nylon (Tier 2) Payouts	\$ 287.4
	<b>Total Program Payouts for Quarter</b>	<b>\$ 1,318.8</b>
	Expenses	\$ 408.44
	<b>Total</b>	<b>\$ 1,727.29</b>

31% of  
Total All  
Processor  
Payouts

Q2 Adjustment reflects (1) payment for single processor Q1 submission error + associated GI for all Q1 processors, and (2) Q1 single processor Type 2 overpayment

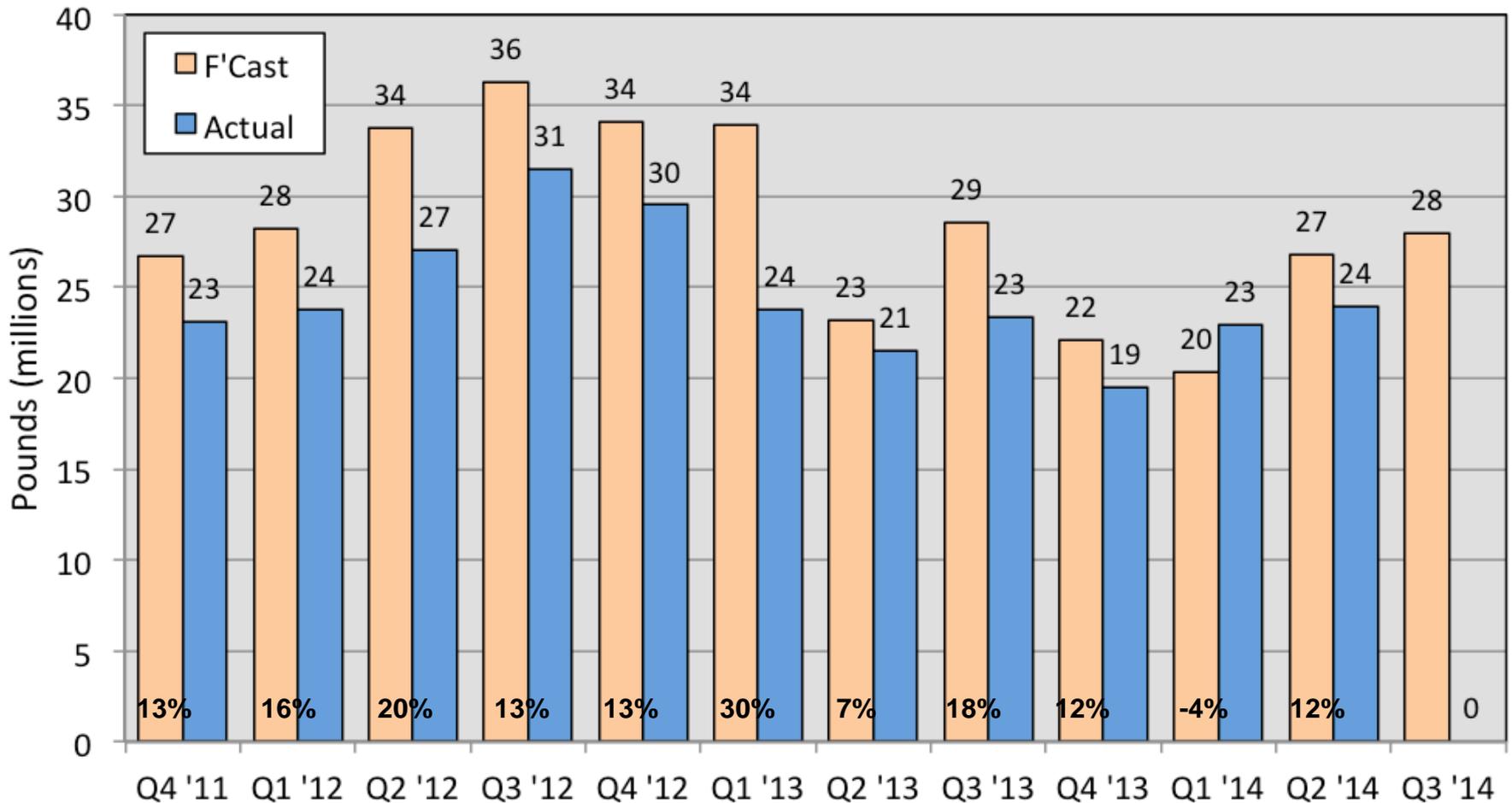
# Fund Balance vs Time



*Note: Balance includes 3Q deposits from Q2 fees*



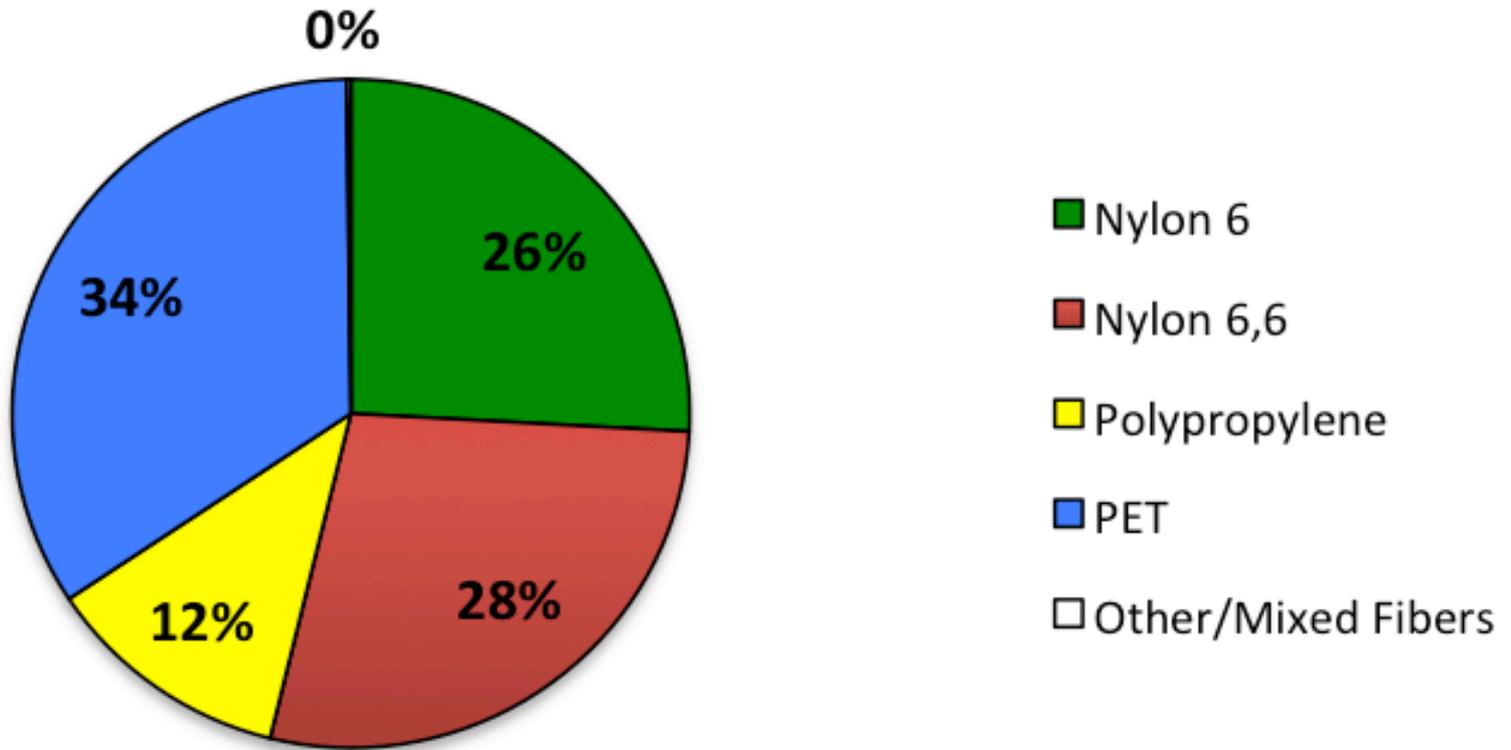
# Gross Collection (lbs): Processor Estimates



Gross Collected Pounds (in millions of pounds) are listed along chart peak  
 Percent difference between Forecasted vs. Actual appears along chart base



# 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 (\$1031.4K)
- 2) Approve Tier 2 Distribution (\$287.4K)
- 3) Approve Administrative reimbursements (\$408.4K )
- 4) Adjustments less than \$10K can be made by CARE staff
- 5) Participant Agreement and Delisting Protocol Document's final approval by SPC

*Total Payout Q4: \$1,727K*



# Additional Information

- CARE is now operating under Plan version 3.2.2 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

