
CARE Sustainable Funding Oversight Committee

January 9, 2017

Q3 2016 AB 2398 Summary &
Recommendations for Approval

Updated 1/3/17 v1



Agenda

- ✓ Quarterly Overview of Results
- ✓ Manufacturers Report
- ✓ Processors Report
- ✓ Other Information
- ✓ Approval Requests



CARE's Executive Director's Message

Third quarter results indicates continuous progress with growth in both gross collections and recycled output. Carpet backing material continues to gain traction and is beginning to contribute to recycled output in a material manner. Start-up of both Fiber Composite Technologies' new plant and the American Fiber Cushion plant are underway. The full fiber demand of both these plants will dramatically increase recycled output in 2017. A visit was arranged for CalRecycle to tour the new CLEAR plant operating in Lincoln during November. All these developments are a result of the enhanced subsidy program and grants implemented in the fall of 2015 and are right on schedule in term of impact timing. As a reminder, we still expect to see seasonal fluctuations tied to the annual selling cycle of new carpet.

Efforts are underway to roll-out the assessment increase to 25 cents/sqyd effective January 1st using multiple communication avenues.

CARE beat its timing objective to hold face to face visits by 6 months with 50% of all CA-based carpet retailers, estimated at between 1,700 and 2,000. The effort has been extended to contact remaining retailers via additional face to face and phone call outreach.

All stakeholders are encouraged to go to the CARE website, click on the CA tab and sign up for the monthly news letter to stay abreast of the latest developments. www.carpetrecovery.org

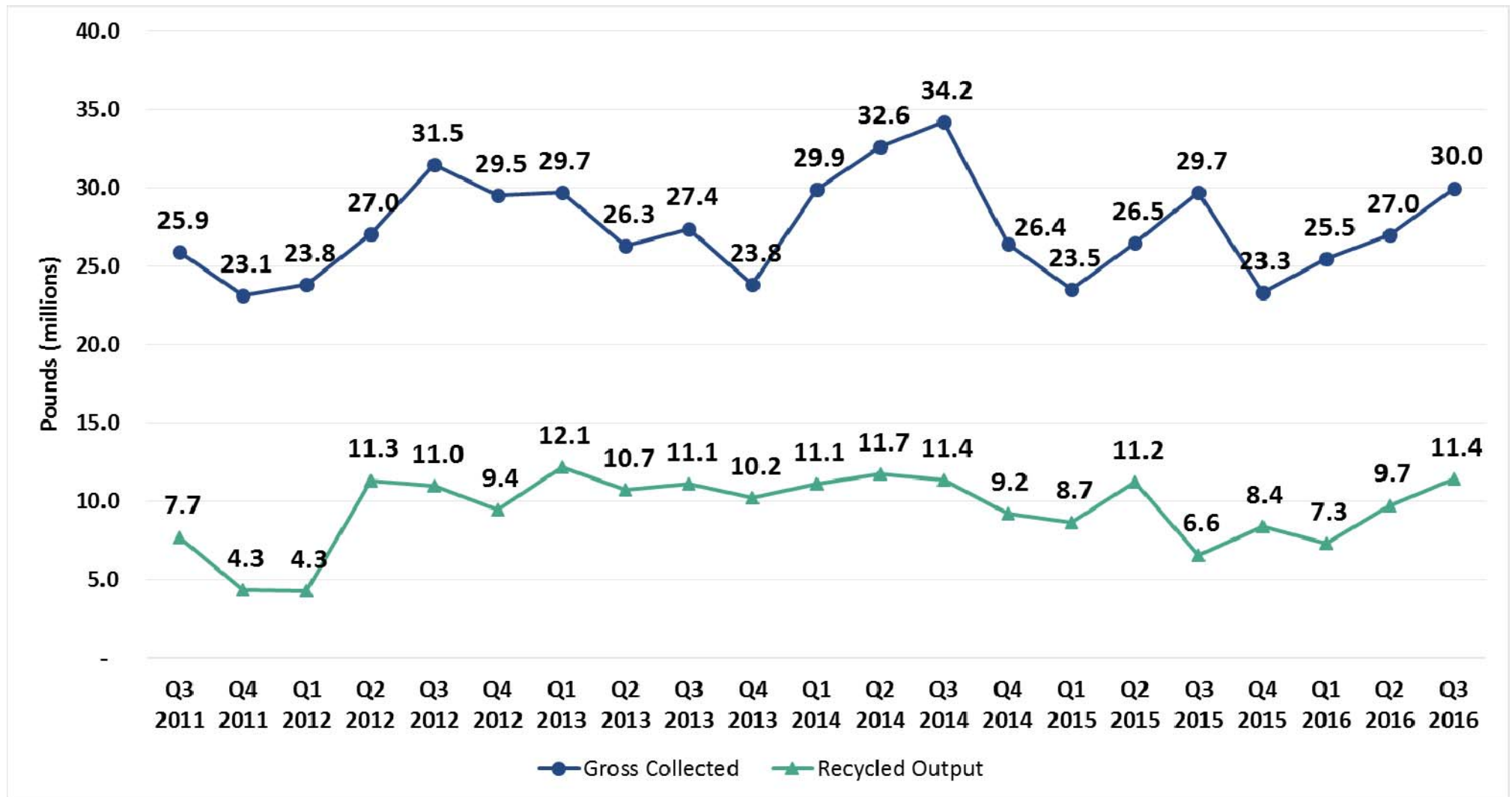
Bob Peoples, Ph.D., Executive Director, January 9, 2017



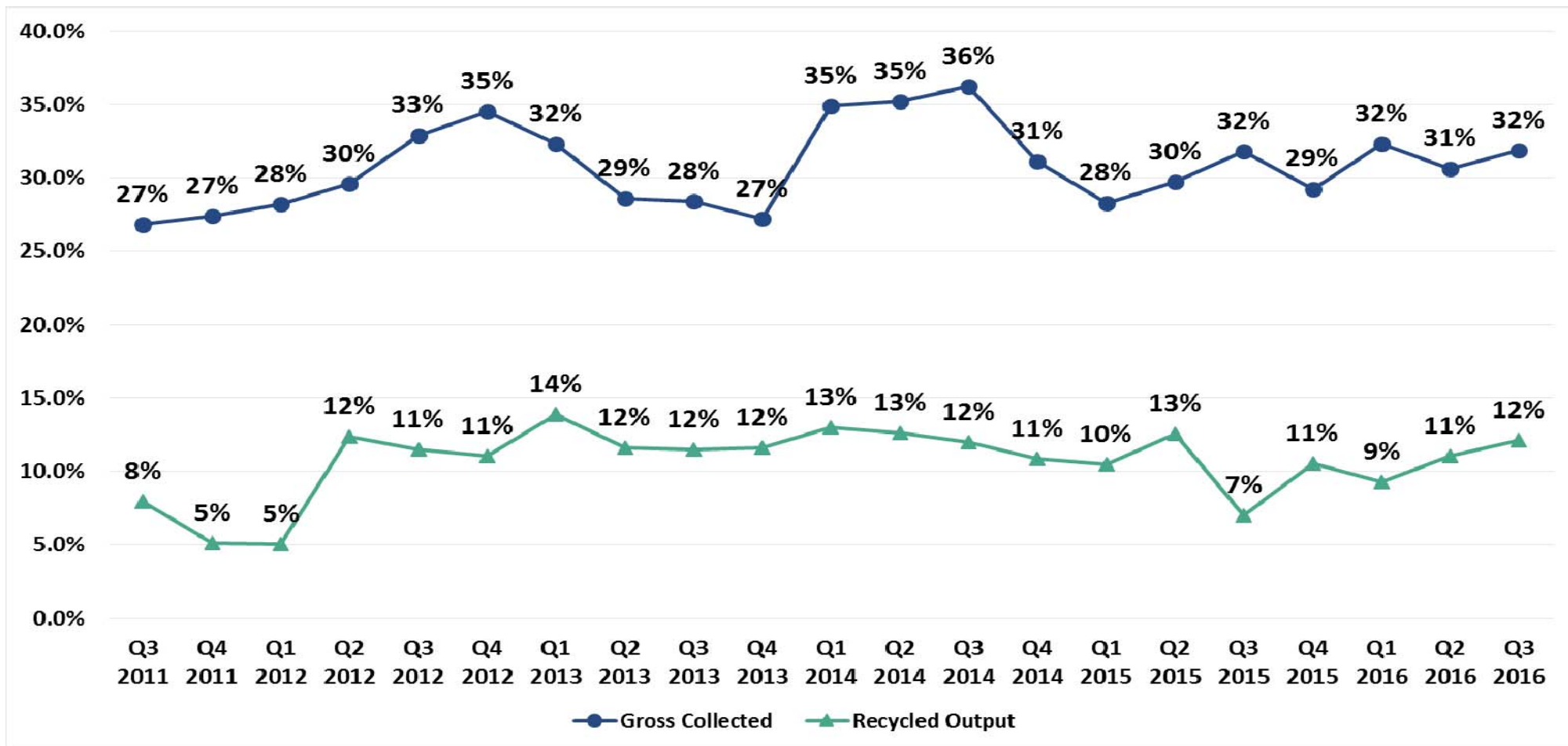
AB 2398 Summary Results



AB 2398 Performance Trends (millions of pounds)



AB 2398 Performance Trends (percentage)

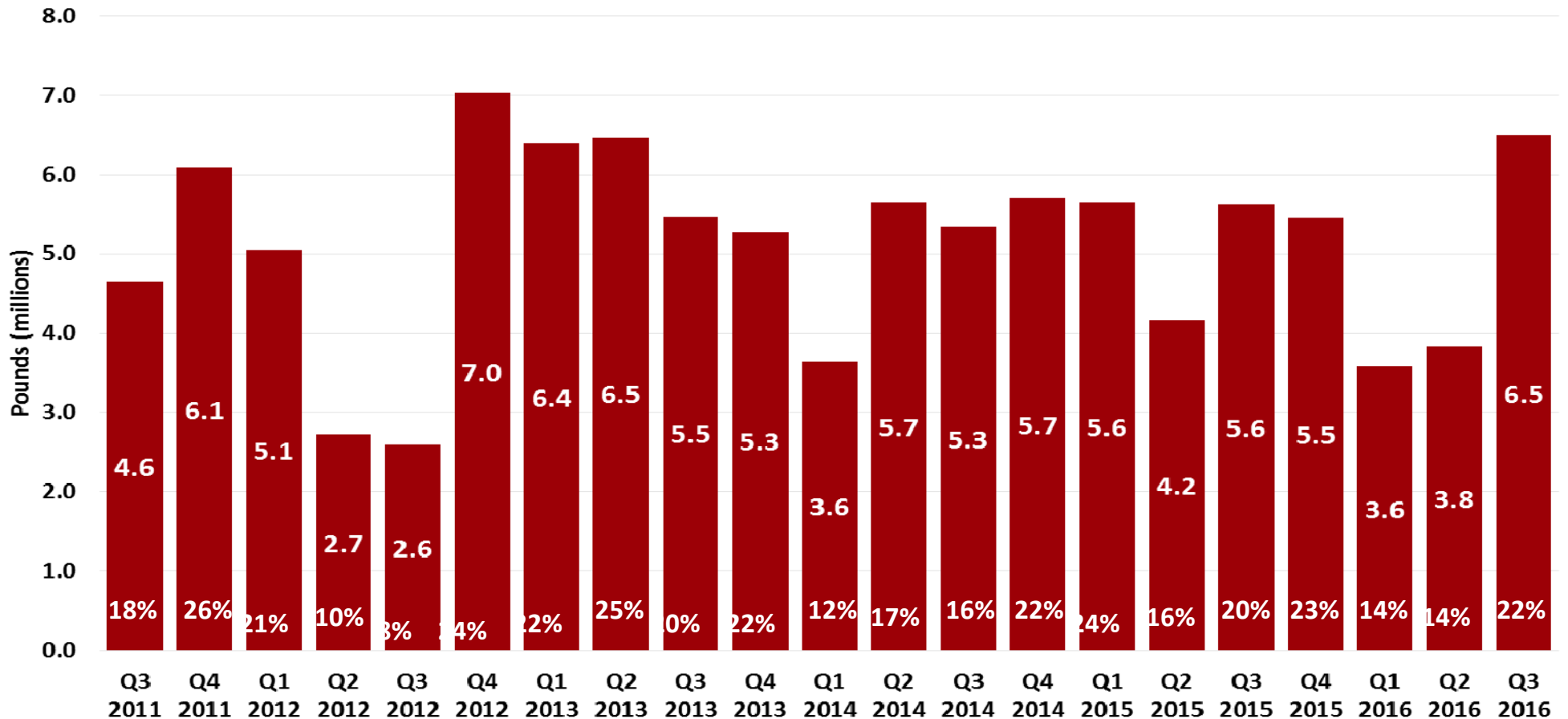


Beginning Q3-2015: adjustments for water content will be applied as appropriate.

Beginning Q3-2016: The discards calculation applies updated variables to the formula: avg. wt/sqyd (4.39 lbs.), R (0.84), D (0.006), DS [deselection – new for 2016] (0.0075). Formula adjustment details are documented in an email to CalRecycle dated July 15, 2016.

Gross Collected PCC Sent Back to Landfill*

NOTE: Reductions in 2014 and 2015 due to increased use of Kiln and new CaCO₃ incentive as of Q2-2015

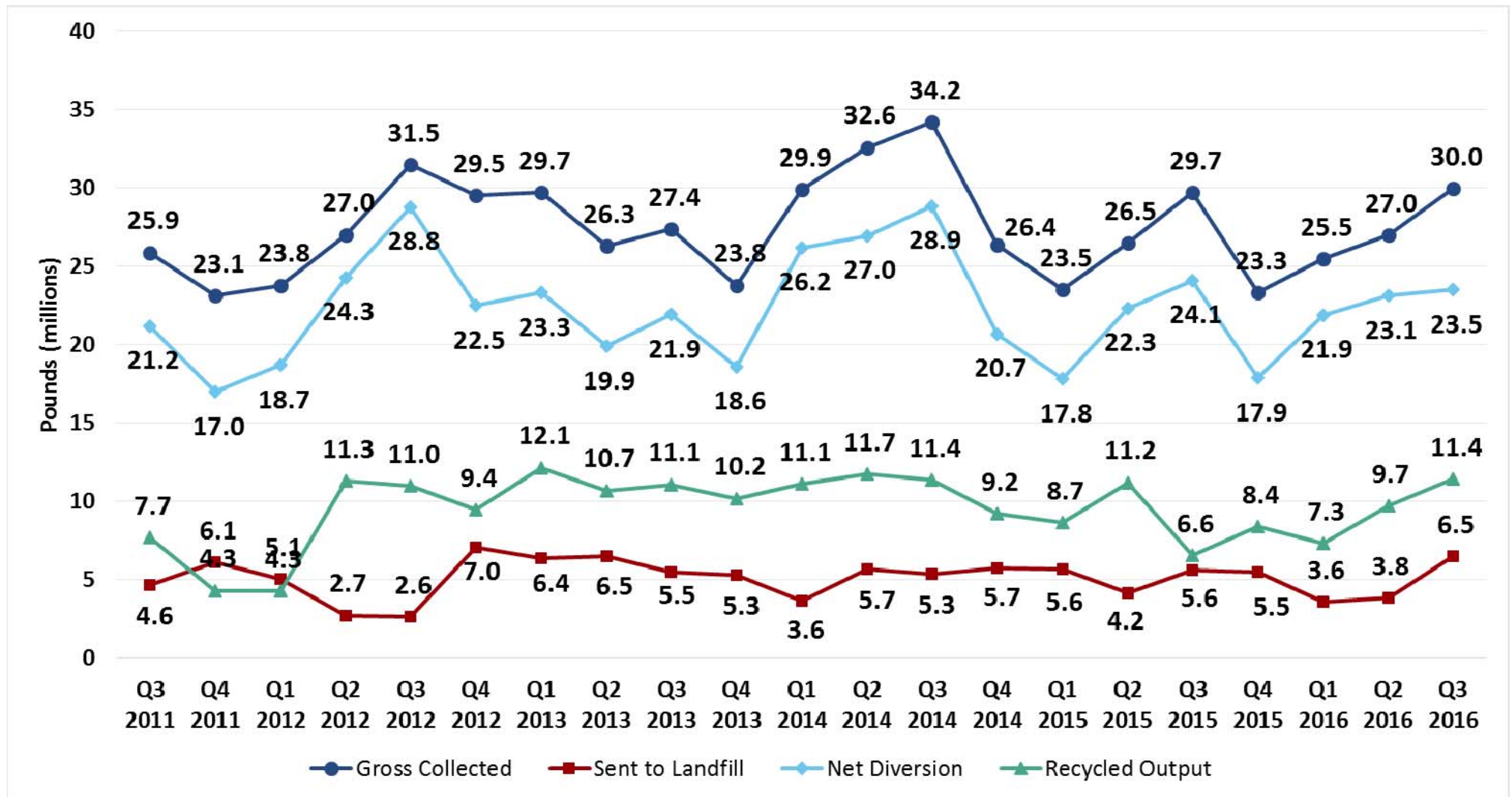


Q3-2016 Gross Collected: 30.0M pounds – 6.5M sent back to landfill
Cumulative back to landfill: 106.8M lbs.



*Percentages shown is % of Gross Collected PCC that actually goes to landfill as PCC or process waste. Data above includes Processor as well as Sorter landfilled pounds beginning in Q2 2014.

Performance Trends



Net Diversion = Gross Collection – Sent to landfill*



AB 2398 Manufacturers/Mills Quarterly Summary Report



AB 2398 Mills' Summary

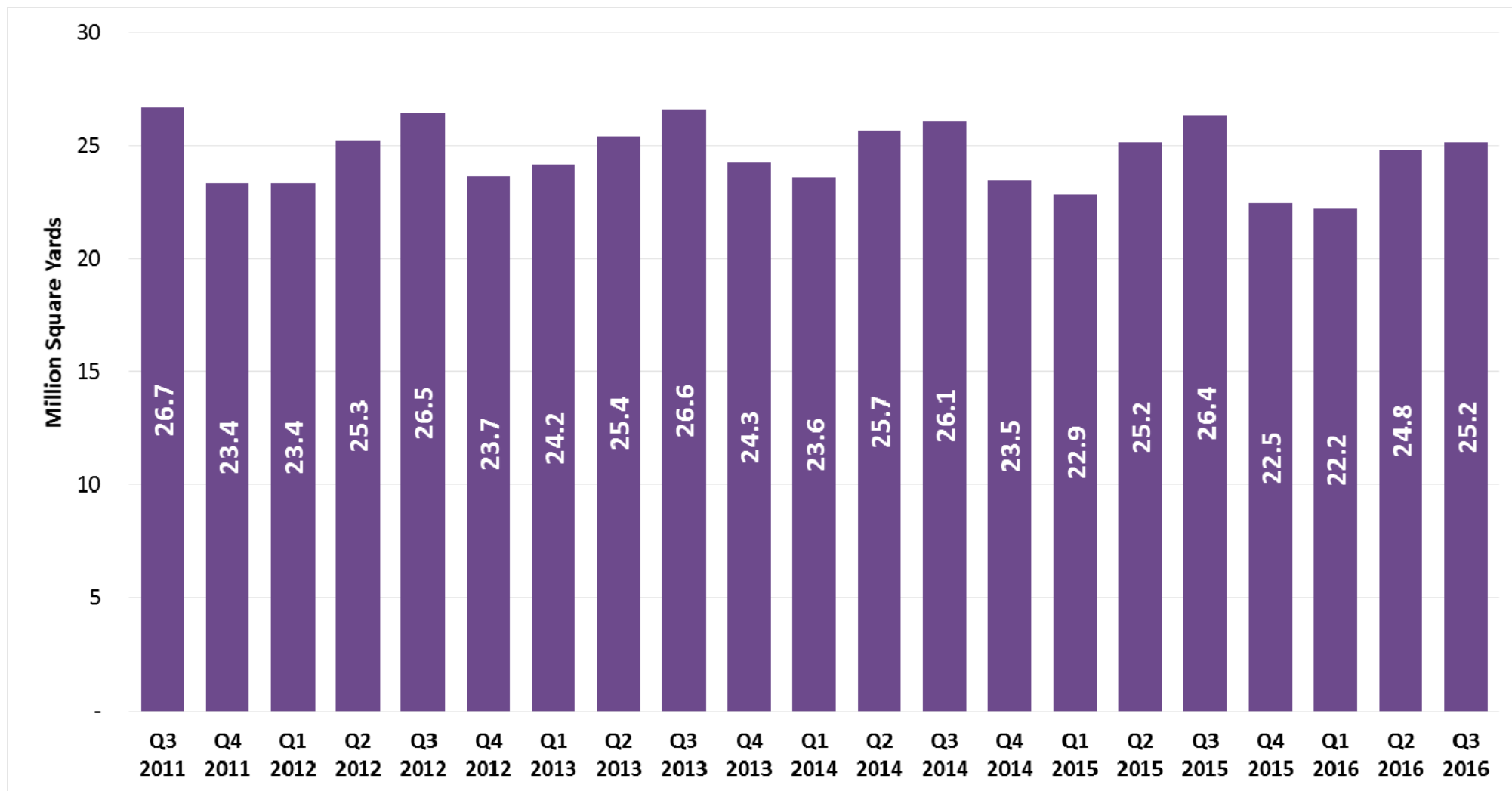
Mills - With Yearly Roll-up								
	2011	2012	2013	2014	2015	Q1 2016	Q2 2016	Q3 2016
# Mills Registered	80	80	79	79	78	75	76	75
# Mills Not Reporting	0	4	5	1	0	0	0	0
Non-response Rate	0%	5%	6%	1%	0%	0%	0%	0%
Remittance Collected								
Total Sq Yd Sold (millions)	50.1	98.5	100.5	98.9	96.9	22.2	24.8	25.2
Total Remittances (\$M)	\$ 2.53	\$ 4.91	\$ 5.05	\$ 4.95	\$ 8.60	\$ 2.23	\$ 4.96	\$ 5.03
Top 10 Remittances (>\$10K)	\$ 2.33	\$ 4.55	\$ 4.65	\$ 4.49	\$ 7.86	\$ 2.03	\$ 4.56	\$ 4.62
Top 10 Percentage of Total (Avg)	92%	93%	92%	91%	91%	91%	92%	92%

Cumulative SQYD sold: 517.1M

Cumulative Remittances: \$38.24M



Total CA Sales (Square Yards)



AB 2398

Processors Quarterly Report



Growth Bonus Summary

Existing (TIER 1, Type 1) Growth Incentive – *established Q2-2013*

Tier 1 Growth Incentive Contributions (\$0.10/lb.)	
Total Type 1 Pounds for Quarter	10,402,285
Target Pounds for Growth Incentive	11,000,000
Over (Under) Target	(597,715)
Total Growth Incentive Pool	\$ -

Existing (TIER 2, Non-Nylon) Growth Incentive – *established Q2-2015*

Tier 2 Growth Incentive Contributions (\$0.10/lb.)	
Total Type 1 Pounds for Quarter	4,604,074
Target Pounds for Growth Incentive	3,500,000
Over (Under) Target	1,104,074
Total Growth Incentive Pool	\$ 110,407.40

Summary of Payouts Q3 2016

CSEs	
CSE Reporting Incentive	\$ 9,000
Tile REUSE	\$ 15,887
Broadloom REUSE	\$ -
Whole Carpet Shipped and Sold for recycling (CSEs)	\$ 60,649
Whole Carpet Shipped and Sold for recycling (Processors)	\$ 237,578
Adjustments	\$ -
Total All CSEs Payouts	\$ 323,114
Processors	
Tile REUSE	\$ 1,701
Broadloom REUSE	\$ 10,622
Total Reuse Payout	\$ 12,324
Tile RECYCLED	\$ 40,034
Type 1 Standard Payout	\$ 1,000,194
Type 1 Growth Bonus Payout	\$ -
Total Type 1 Payout	\$ 1,040,228
Type 2 Filler/Other	\$ -
Calcium Carbonate	\$ 123,118
Type 2 CAAF	\$ 1,488
Type 2 Kiln	\$ 29,053
Total Type 2 Payout	\$ 153,658
Adjustments	\$ -
Total All Processor Payouts	\$ 1,206,211
Manufacturers	
Non-nylon Payouts	\$ 1,151,019
Growth Bonus Payout	\$ 110,407
Adjustments	\$ (4,757)
Total All Manufacturers Payouts	\$ 1,256,669
Subsidy Payouts	
Total Subsidy Payouts for Quarter	\$ 2,785,994

NOTE: Manufacturer Non-nylon Payouts includes -\$1,661 from a self-correction by one of the participants



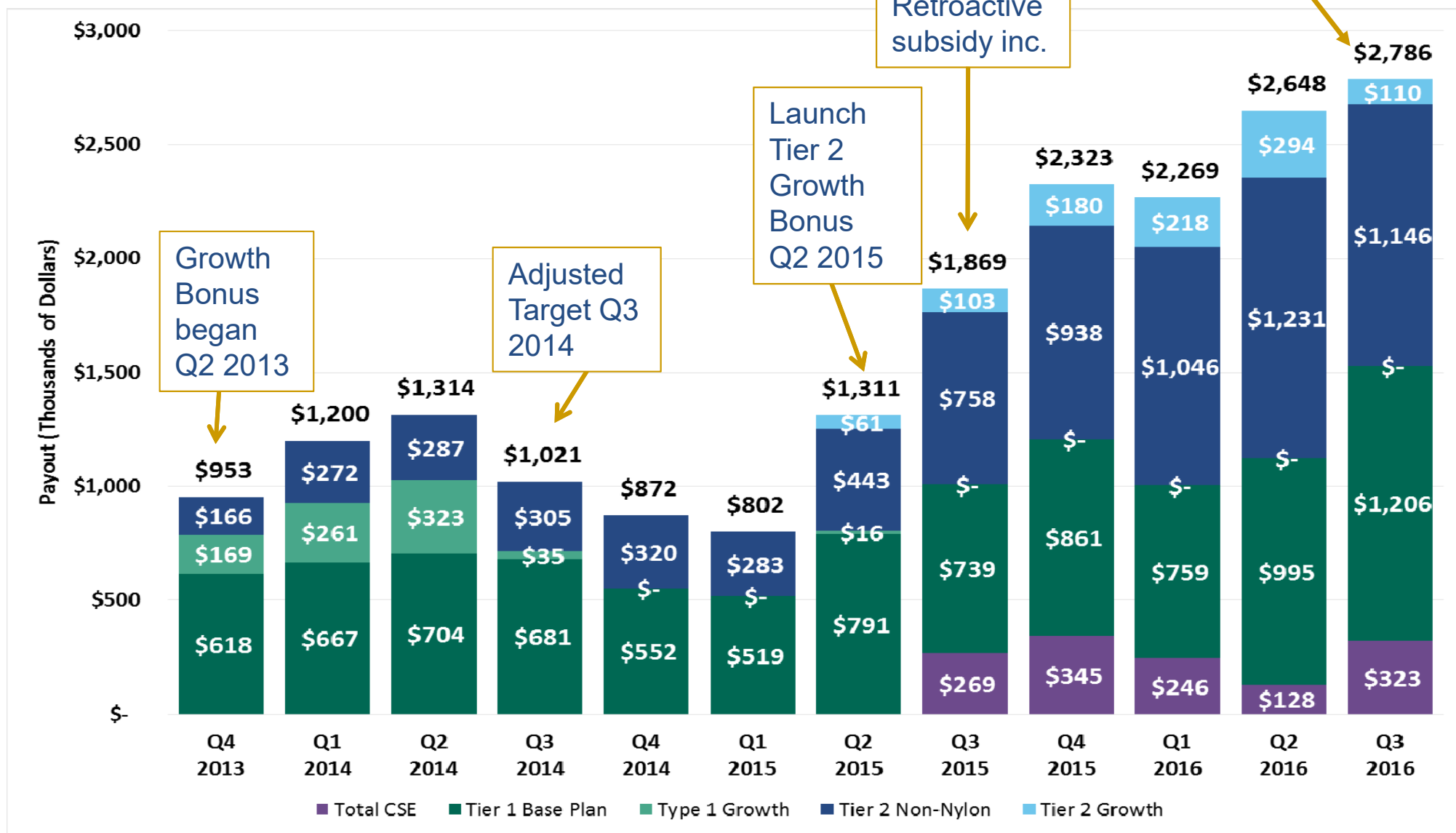
Summary of Expenses

Expenses	Q3 2016	Percentage
Subsidy Payouts	\$ 2,785,994	62%
CalRecycle	\$ 89,399	2%
CARE Administration Cost	\$ 331,646	7%
Education and Outreach	\$ 171,420	4%
Accounting and Legal	\$ 108,277	2%
Collections Program	\$ 321,487	7%
Grants	\$ 713,164	16%
Total		
Total Expenses	\$ 4,521,387	100%

All data from Melanie confirmed 11/17/16

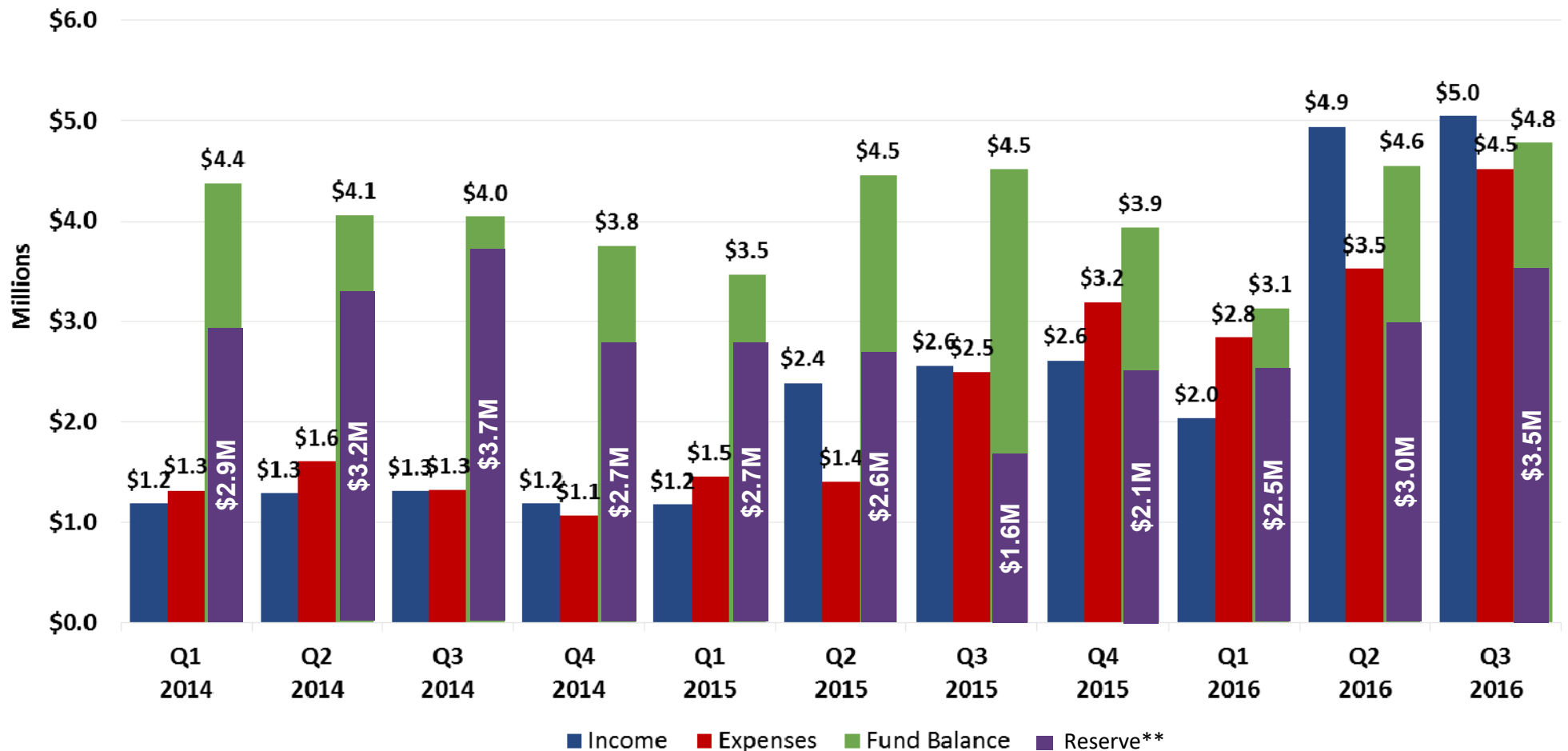


Payouts Over Time



Fund Balance Trends*

ACCRUAL BASIS

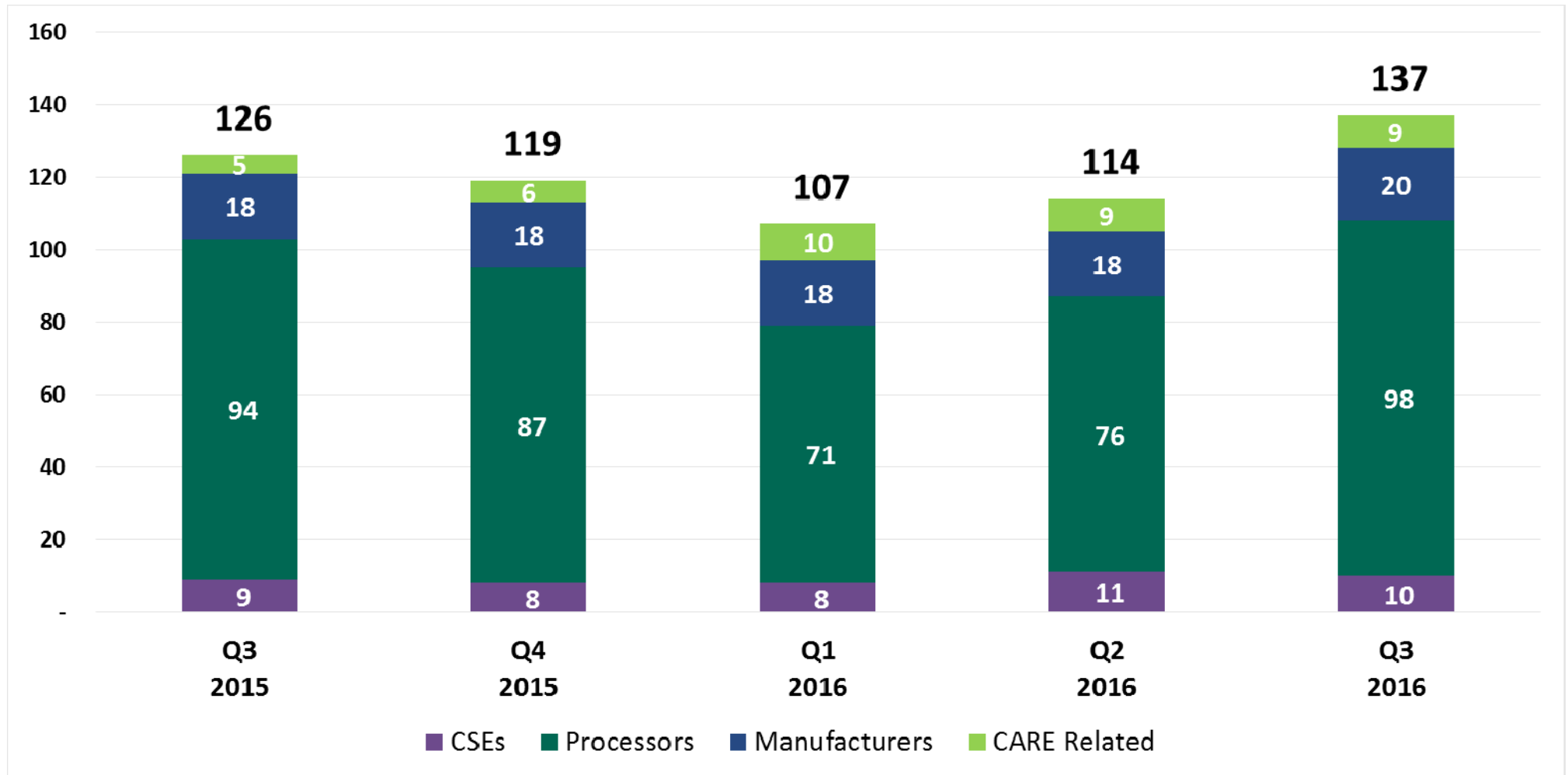


* Includes CSEs + Processors + Tier 2 Manufacturers

**** Reserve = last 4 quarter payouts divided by 4 to ensure fund availability and stability (effective Q3-2015)**
Prior to Q3-2016, the Reserve = last 4 quarter payouts divided by 2



CA Recycling Jobs (FTE*)



* Fulltime equivalent employees

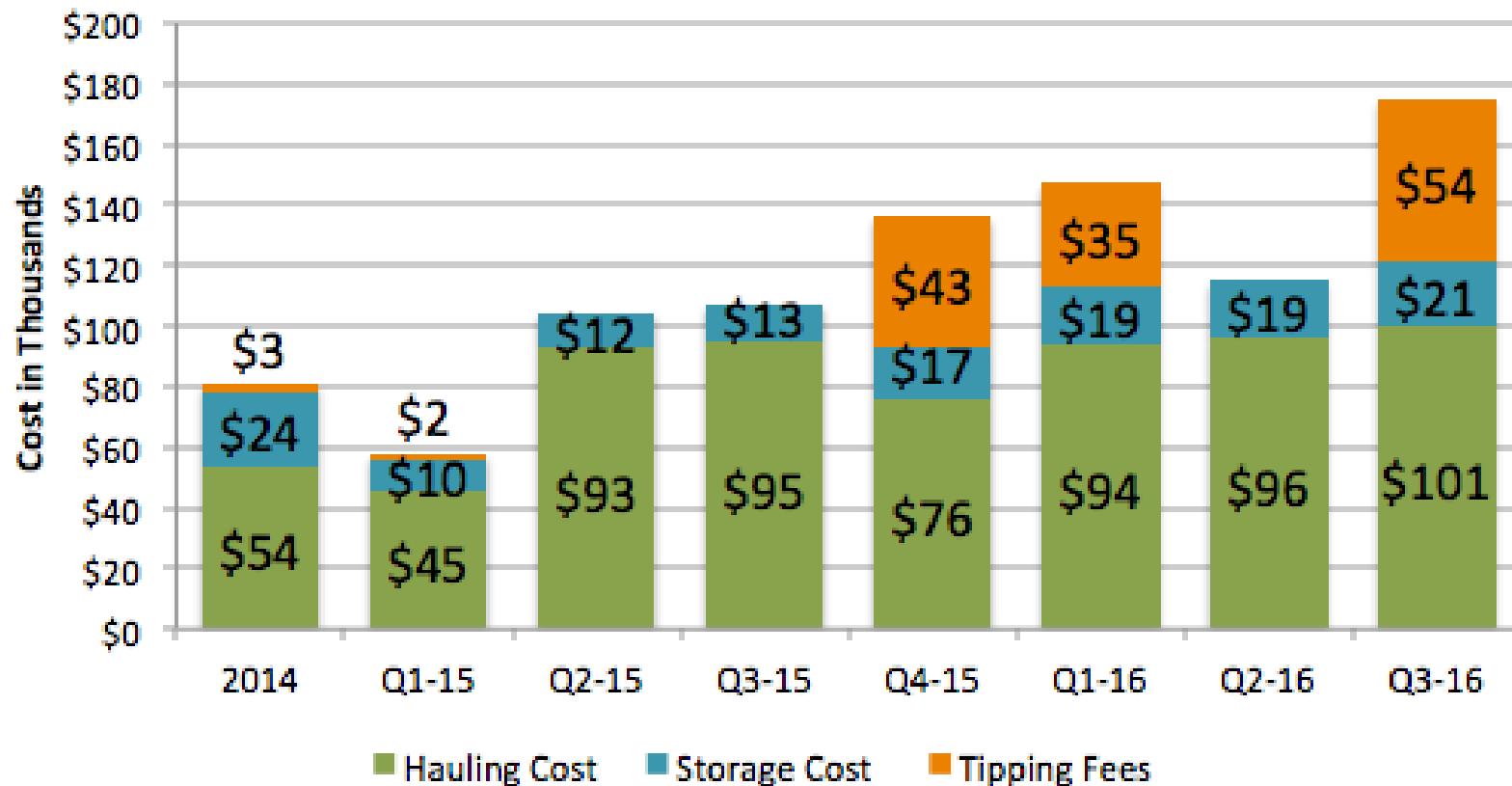


Drop-Off Site Program Update

Q3 2016



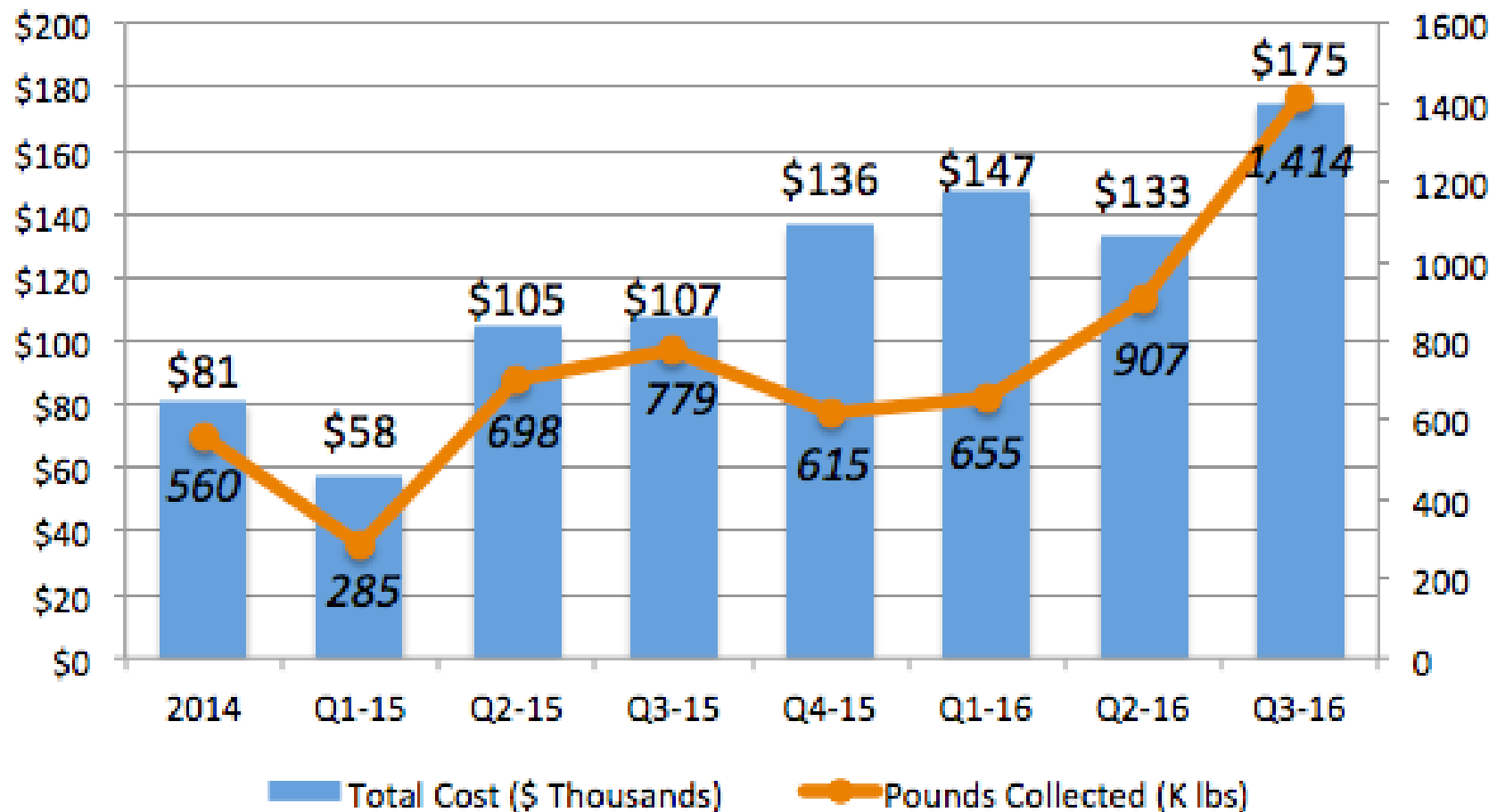
Program Costs



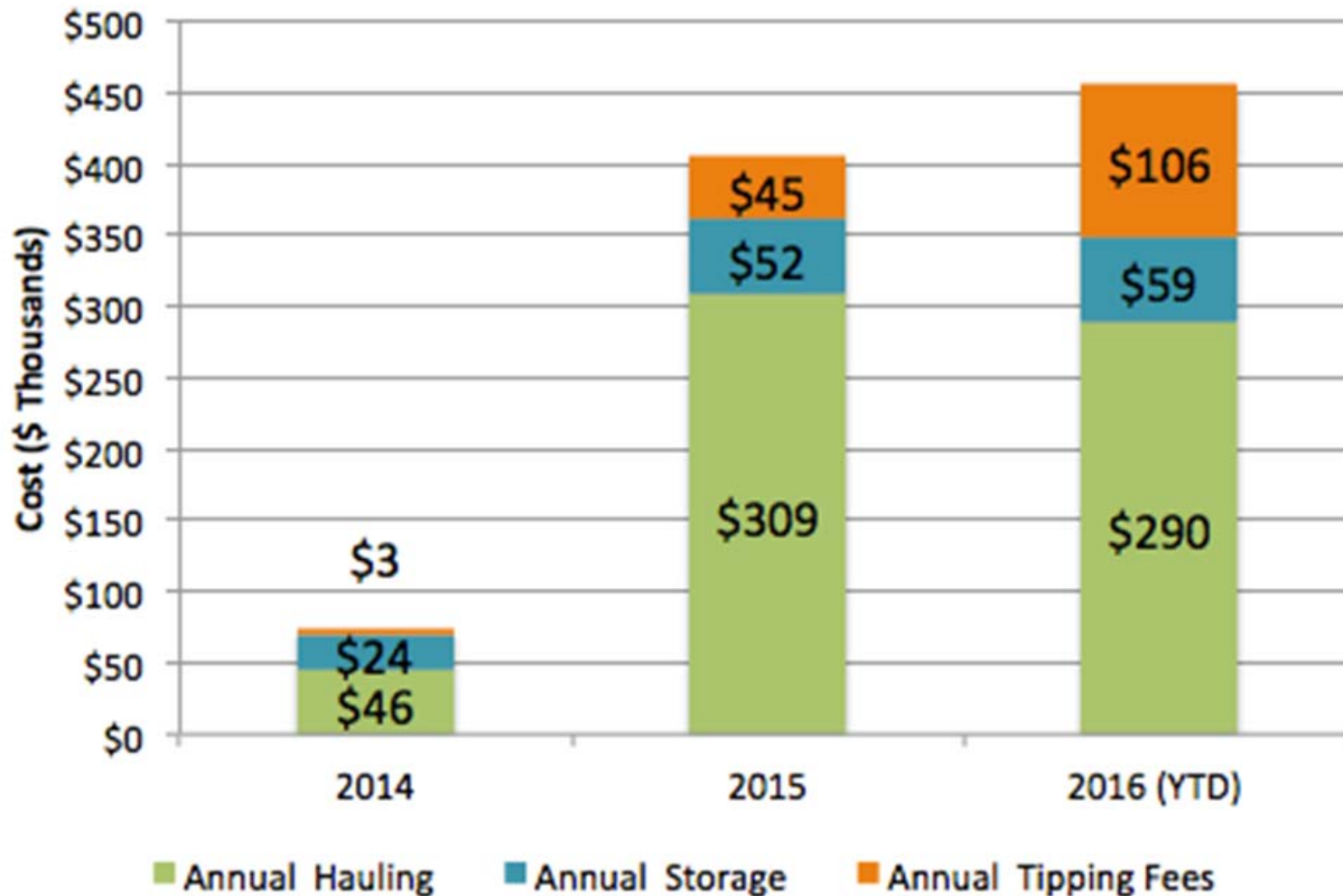
- ◆ Storage: 57% of Q3 Total Cost
- ◆ Hauling: 12% of Q3 Total Cost
- ◆ Tipping Fees: 31% of Q3 Total Cost



Total Cost vs. Pounds Collected



Annual Cost Comparison



Program Summary

Data Summary (#s in thousands)						
Data Collected	2014	2015	Q1-16	Q2-16	Q3-16	2016 YTD
Hauling Cost	\$54	\$309	\$94	\$96	\$101	\$290
Storage Cost	\$24	\$52	\$19	\$19	\$21	\$59
Tipping Fees	\$3	\$45	\$35	\$18	\$54	\$106
TOTAL Cost	\$81	\$406	\$147	\$133	\$175	\$456
Cost/lb Collection	\$0.14	\$0.17	\$0.23	\$0.15	\$0.12	\$0.17
Cost/Capita*	\$0.08	\$0.05	\$0.08	\$0.01	\$0.01	\$0.03
Pounds Collected (K lbs)	560	2,378	655	907	1,414	2,976

- ◆ 2016 YTD pounds collected exceed pounds collected in 2015 by 25%
- ◆ 28 Drop-Off Sites; 28 Counties

**Colusa County Added to Cost/Capita Calculation in Q2 2015*



Recommendations to SFOC



Recommendations for SFOC Approval

- 1) Approve CSE subsidy* (\$323.1K)
- 2) Approve Processor subsidy* (\$1,206.2K)
- 3) Approve Manufacturer subsidy (\$1,256.7K)
- 4) Approve Administrative reimbursements (\$1,022.2K)
- 5) Approve Grant payouts (\$713.2K)

Total Payout Q3: \$4,521.4K

* Some Processors also collect and those pounds are counted as CSE pounds. Dollars are tracked in each category respectively.



End of Review

