
CARE Sustainable Funding Oversight Committee

Q4 2016 AB 2398 Summary &
Recommendations for Approval

Updated 2/28/17



Agenda

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



CARE's Executive Director's Message

Fourth quarter results indicate the normal drop in both gross collections and recycled output due to lower quarterly sales. Carpet backing material continues to gain traction and is on track and expected to grow steadily in 2017. The full fiber demand of two new plants is expected to dramatically increase recycled output in 2017. The Carpet Stewardship Program ended the year on an upward trend overall, aided in part by the increased subsidies and grants implemented in late 2015.

As planned the new assessment increase to 25 cents/sqyd went smoothly into effect on January 1st and the revenue impact will be seen with Q1 reporting.

CARE Collection sites are at 33 with the goal of coverage in all 58 counties by the end of 2017. The new Installer video is now on-line and outreach will begin in Q1 2017.

CARE submitted its revised 5-Year Plan to CalRecycle as requested on February 20th along with a cover letter addressing all findings in the RFA of December 20th. CalRecycle will issue their decision on the revised Plan at the hearing on April 18th.

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

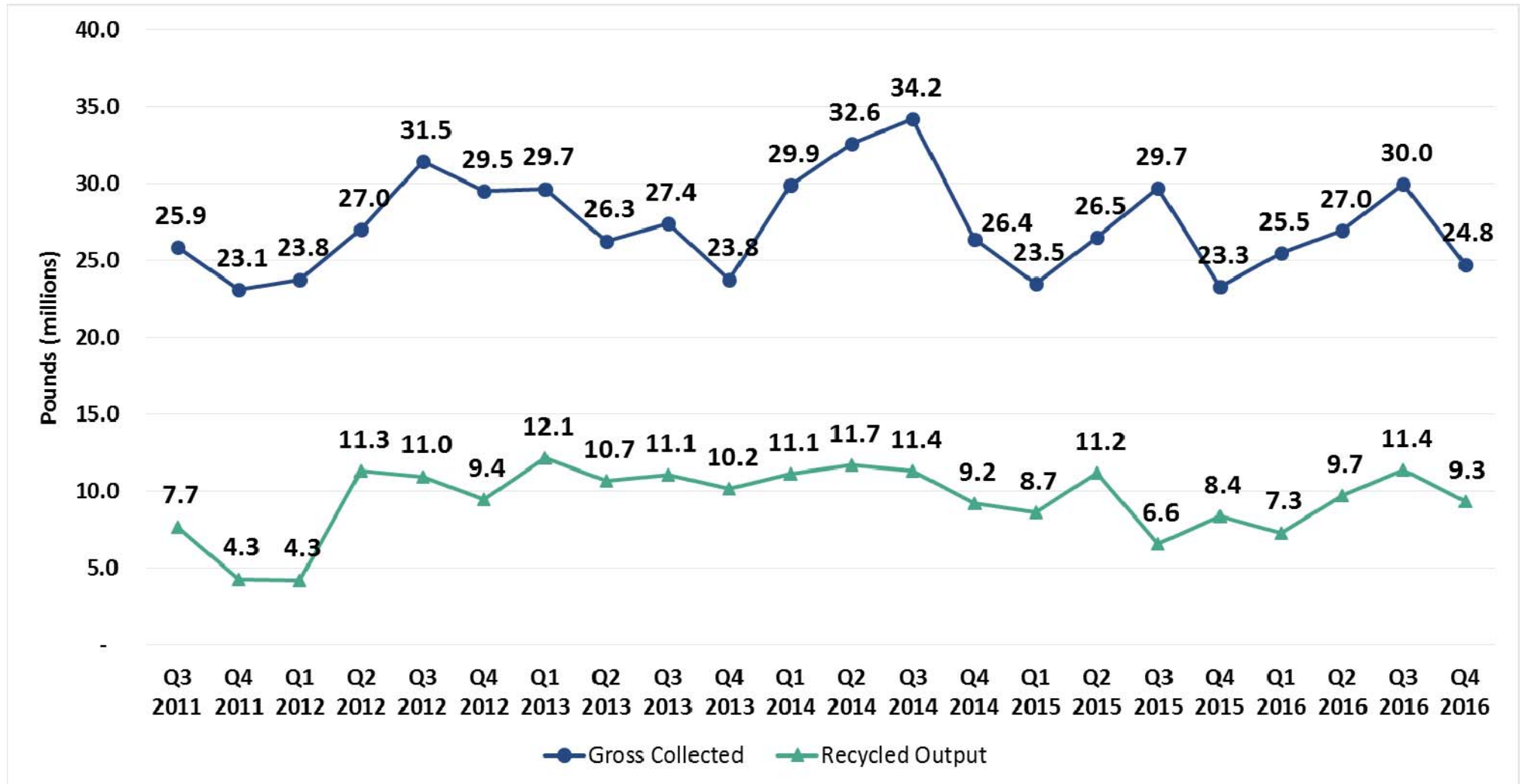
Bob Peoples, Ph.D., Executive Director, February 28, 2017



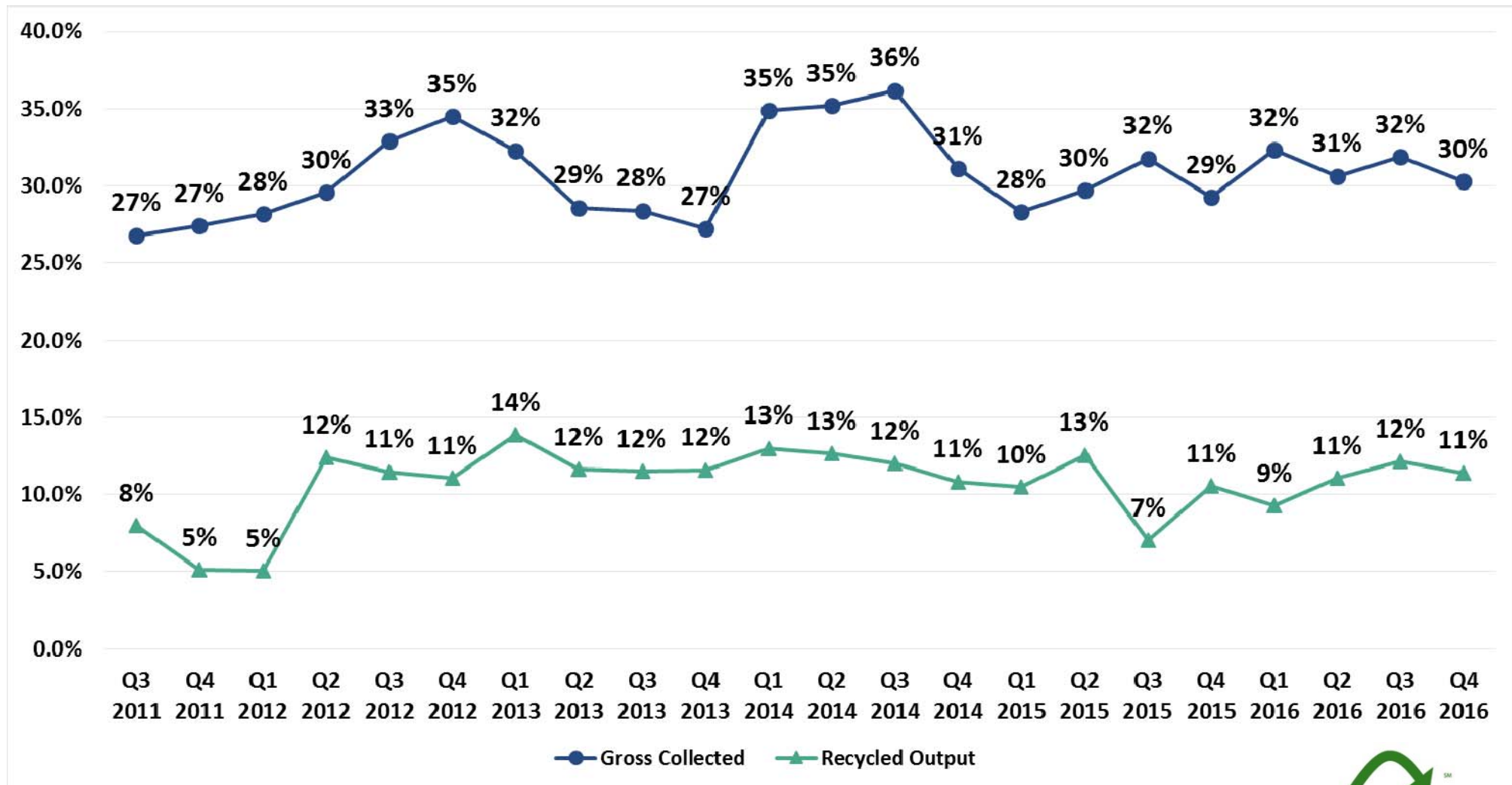
AB 2398 Summary Results



AB 2398 Performance Trends (millions of pounds)



AB 2398 Performance Trends (percentage)



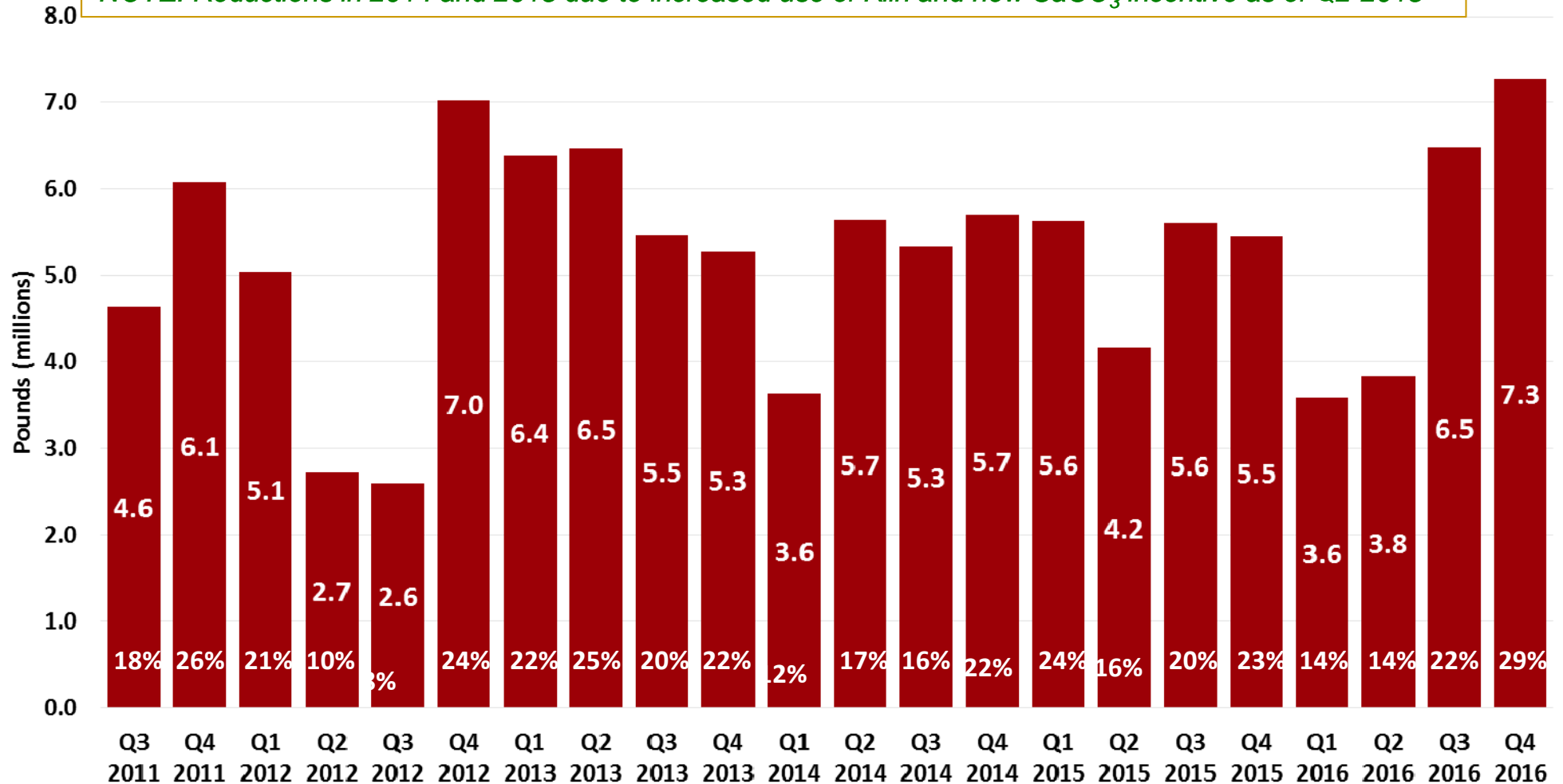
Beginning Q3-2015: adjustments for water content will be applied as appropriate.

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



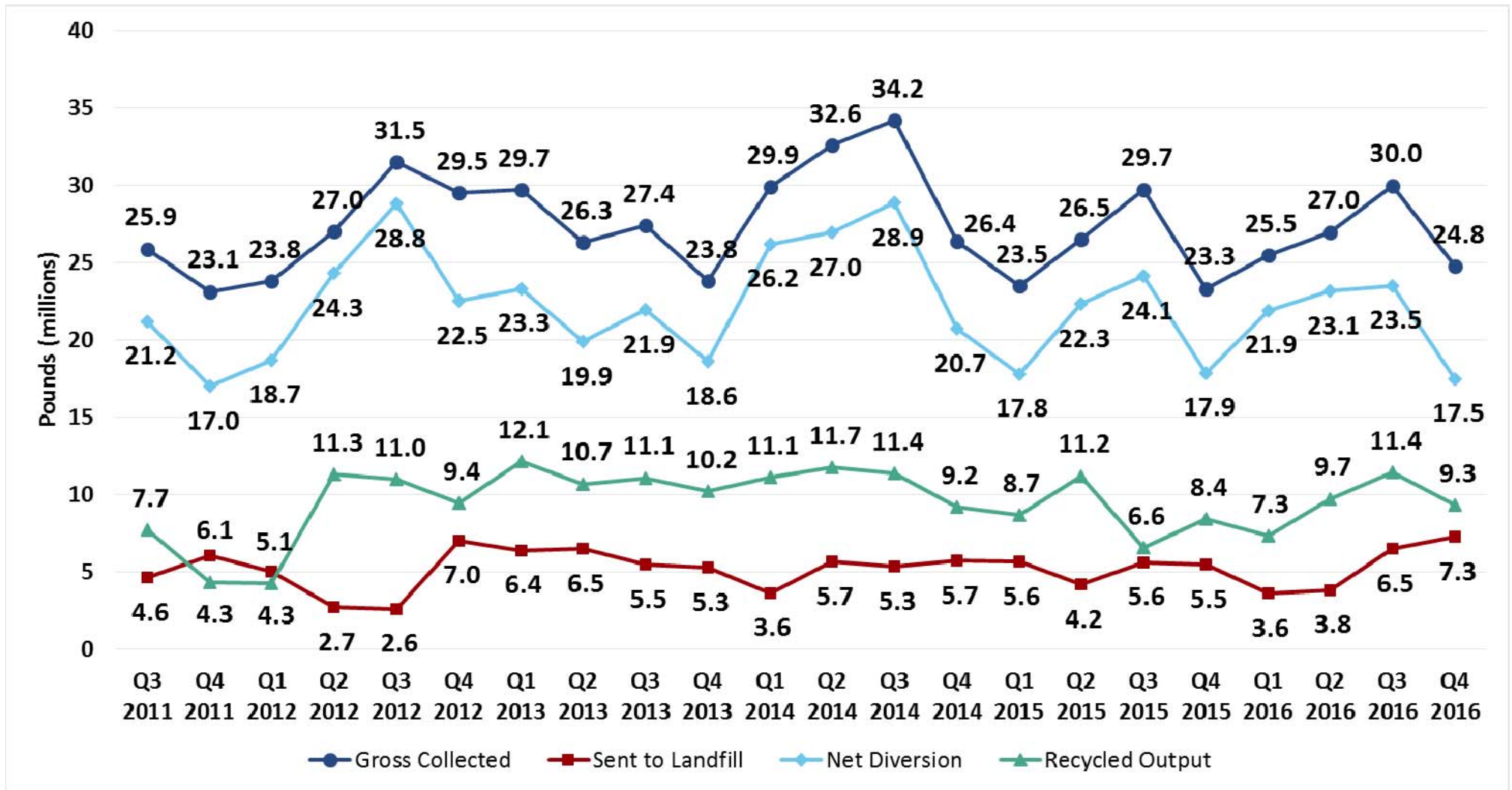
Q4-2016 Gross Collected: 24.8M pounds – 7.3M sent back to landfill

Cumulative back to landfill: 114.1M lbs. / Cumulative Net Diversion 487M 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

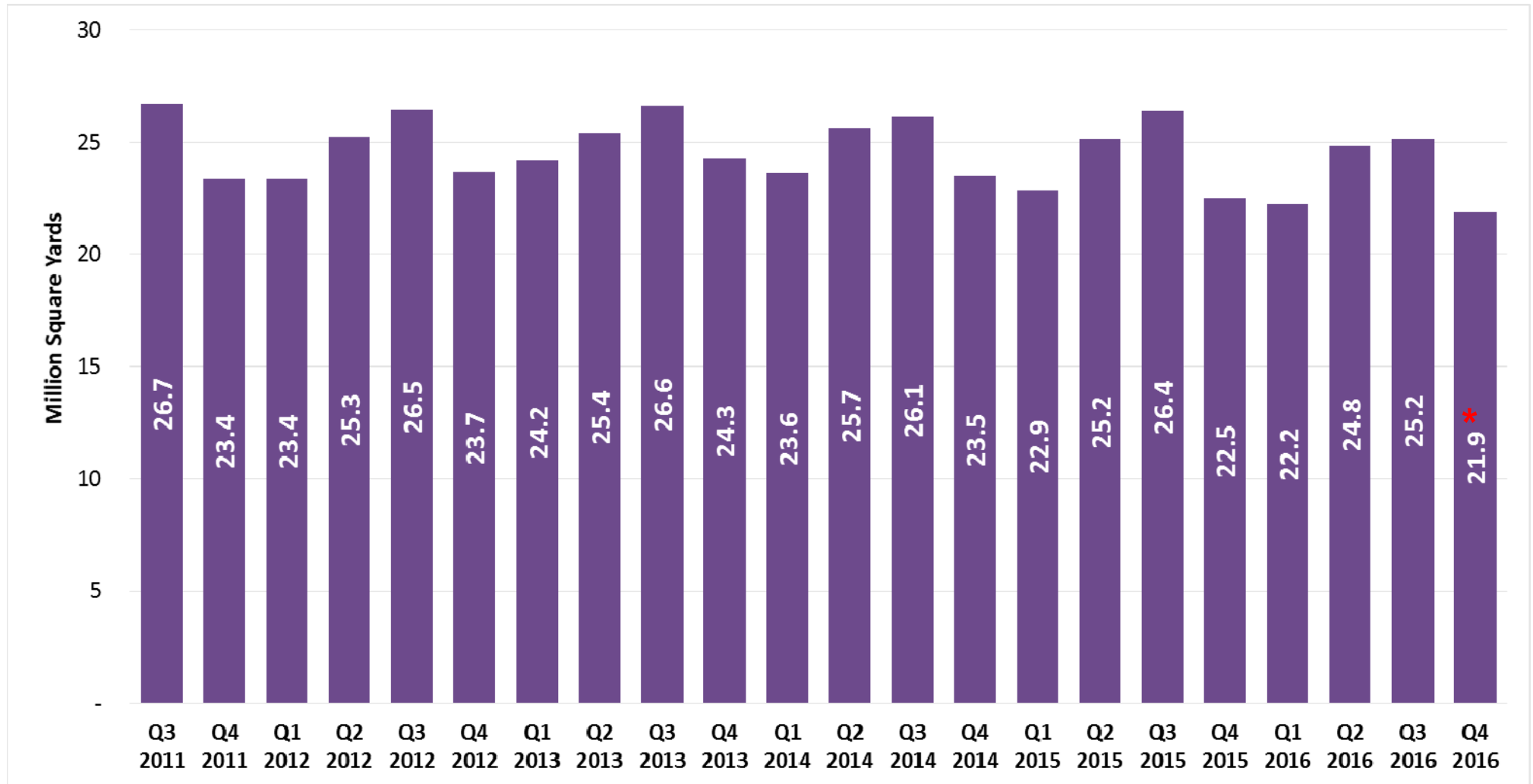
Mills - With Yearly Roll-up									
	2011	2012	2013	2014	2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
# Mills Registered	80	80	79	79	78	75	76	75	76
# Mills Not Reporting	0	4	5	1	0	0	0	0	1
Non-response Rate	0%	5%	6%	1%	0%	0%	0%	0%	1%
Remittance Collected									
Total Sq Yd Sold (millions)	50.1	98.5	100.5	98.9	96.9	22.2	24.8	25.2	21.9
Total Remittances (\$M)	\$ 2.53	\$ 4.91	\$ 5.05	\$ 4.95	\$ 8.60	\$ 2.23	\$ 4.96	\$ 5.03	\$ 4.38
Top 10 Remittances (>\$10K)	\$ 2.33	\$ 4.55	\$ 4.65	\$ 4.49	\$ 7.86	\$ 2.03	\$ 4.56	\$ 4.62	\$ 4.00
Top 10 Percentage of Total (Avg)	92%	93%	92%	91%	91%	91%	92%	92%	91%

Cumulative SQYD sold: 539.0M

Cumulative Remittances: \$42.62M



Total CA Sales (Square Yards)



** Another record low sales quarter.*



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	7,829,430
Target Pounds for Growth Incentive	11,000,000
Over (Under) Target	(3,170,570)
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	4,019,609
Target Pounds for Growth Incentive	3,500,000
Over (Under) Target	519,609
Total Growth Incentive Pool	\$ 51,960.88

Summary of Payouts Q4 2016

CSEs		
CSE Reporting Incentive	\$	8,000
Tile REUSE	\$	8,046
Broadloom REUSE	\$	-
Whole Carpet Shipped and Sold for recycling (CSEs)	\$	38,951
Whole Carpet Shipped and Sold for recycling (Processors)	\$	214,922
Adjustments	\$	-
Total All CSEs Payouts	\$	269,919
Processors		
Tile REUSE	\$	939
Broadloom REUSE	\$	2,120
Total Reuse Payout	\$	3,059
Tile RECYCLED	\$	42,330
Type 1 Standard Payout	\$	740,613
Type 1 Growth Bonus Payout	\$	-
Total Type 1 Payout	\$	782,943
Type 2 Filler/Other	\$	-
Calcium Carbonate	\$	235,872
Type 2 CAAF	\$	54
Type 2 Kiln	\$	25,522
Total Type 2 Payout	\$	261,448
Adjustments	\$	-
Total All Processor Payouts	\$	1,047,449
Manufacturers		
Non-nylon Payouts	\$	1,004,902
Growth Bonus Payout	\$	51,961
Adjustments	\$	(1,072)
Total All Manufacturers Payouts	\$	1,055,791
Subsidy Payouts		
Total Subsidy Payouts for Quarter	\$	2,373,159

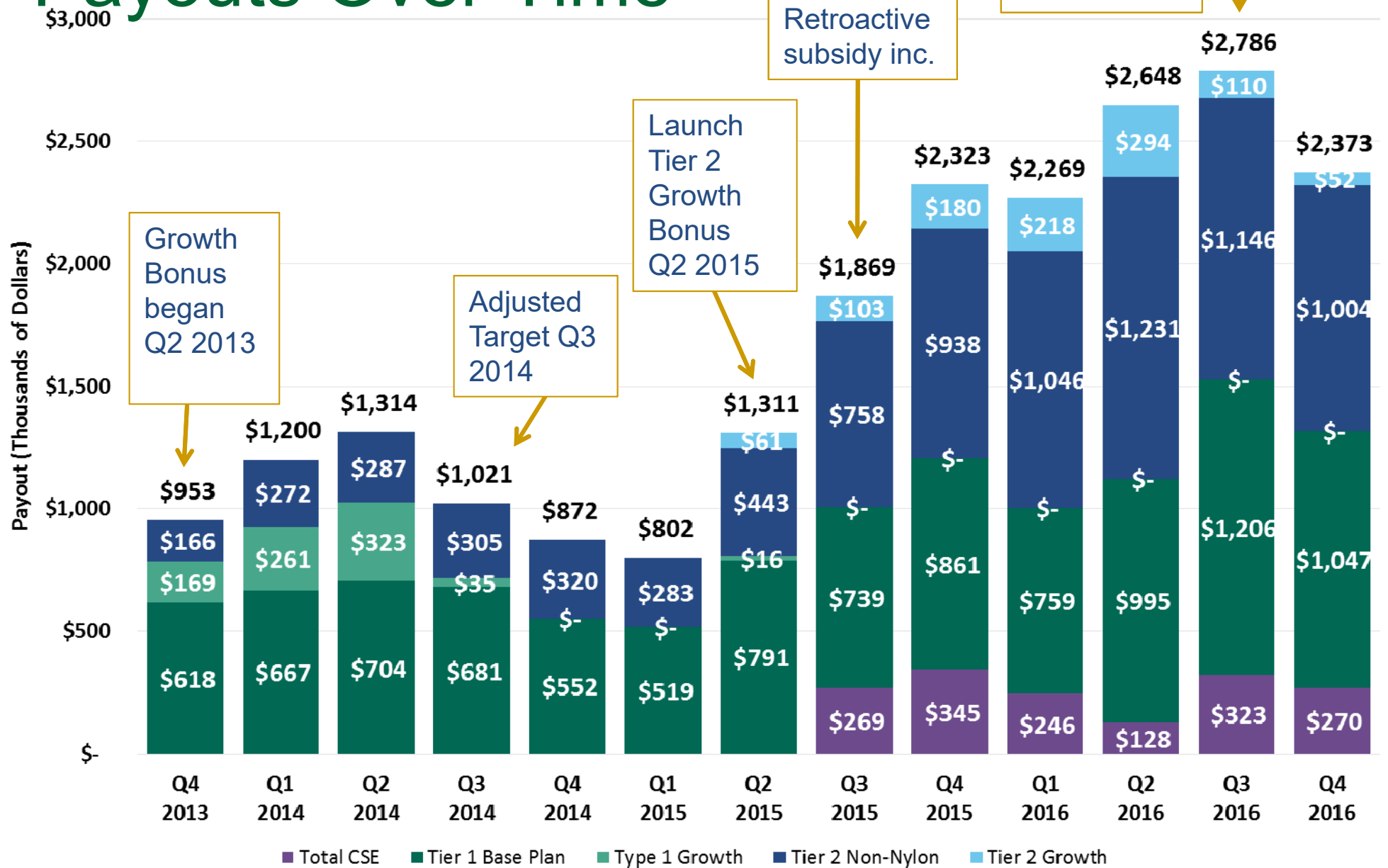


Summary of Expenses

Expenses	Q4 2016	Percentage
Subsidy Payouts	\$ 2,373,159	65%
CalRecycle	\$ 313,861	9%
CARE Administration Cost	\$ 351,985	10%
Education and Outreach	\$ 122,246	3%
Accounting and Legal	\$ 68,736	2%
Collections Program	\$ 331,688	9%
Grants	\$ 110,501	3%
Total		
Total Expenses	\$ 3,672,176	100%



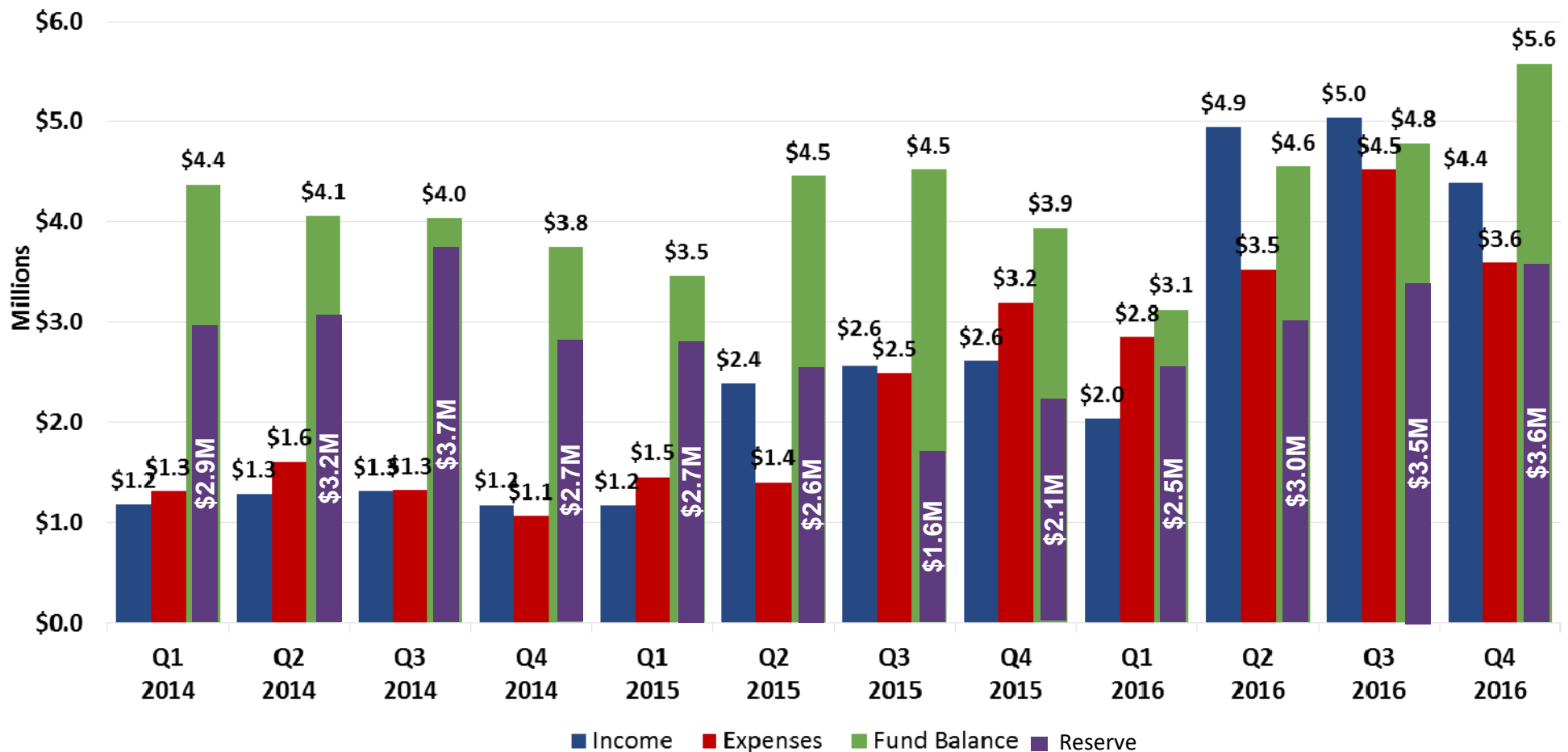
Payouts Over Time



Fund Balance Trends*

Q4 based on unaudited numbers and are not final

ACCRUAL BASIS



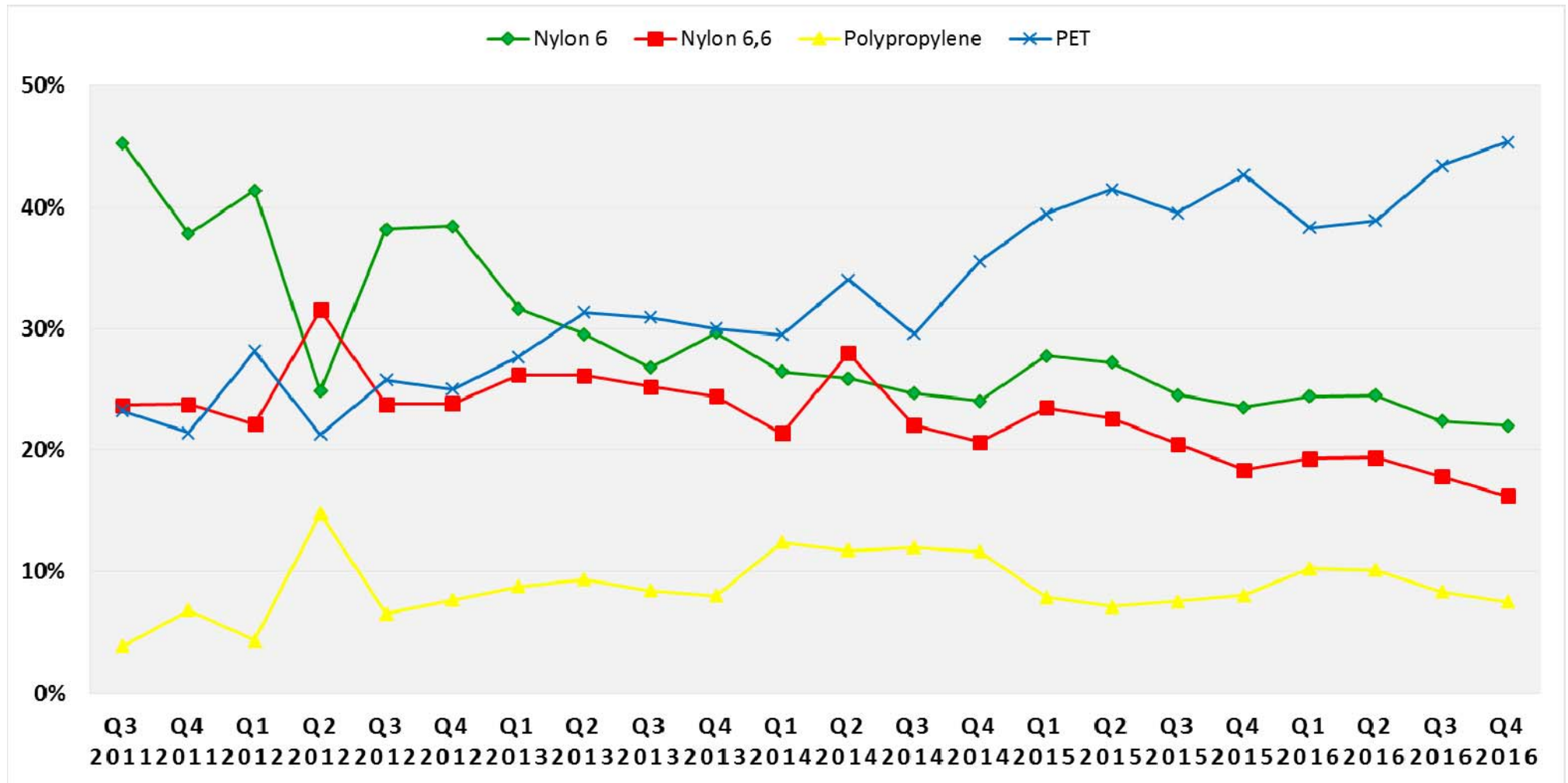
* Includes CSEs + Processors + Tier 2 Manufacturers

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



All data from Melanie 2/15/17

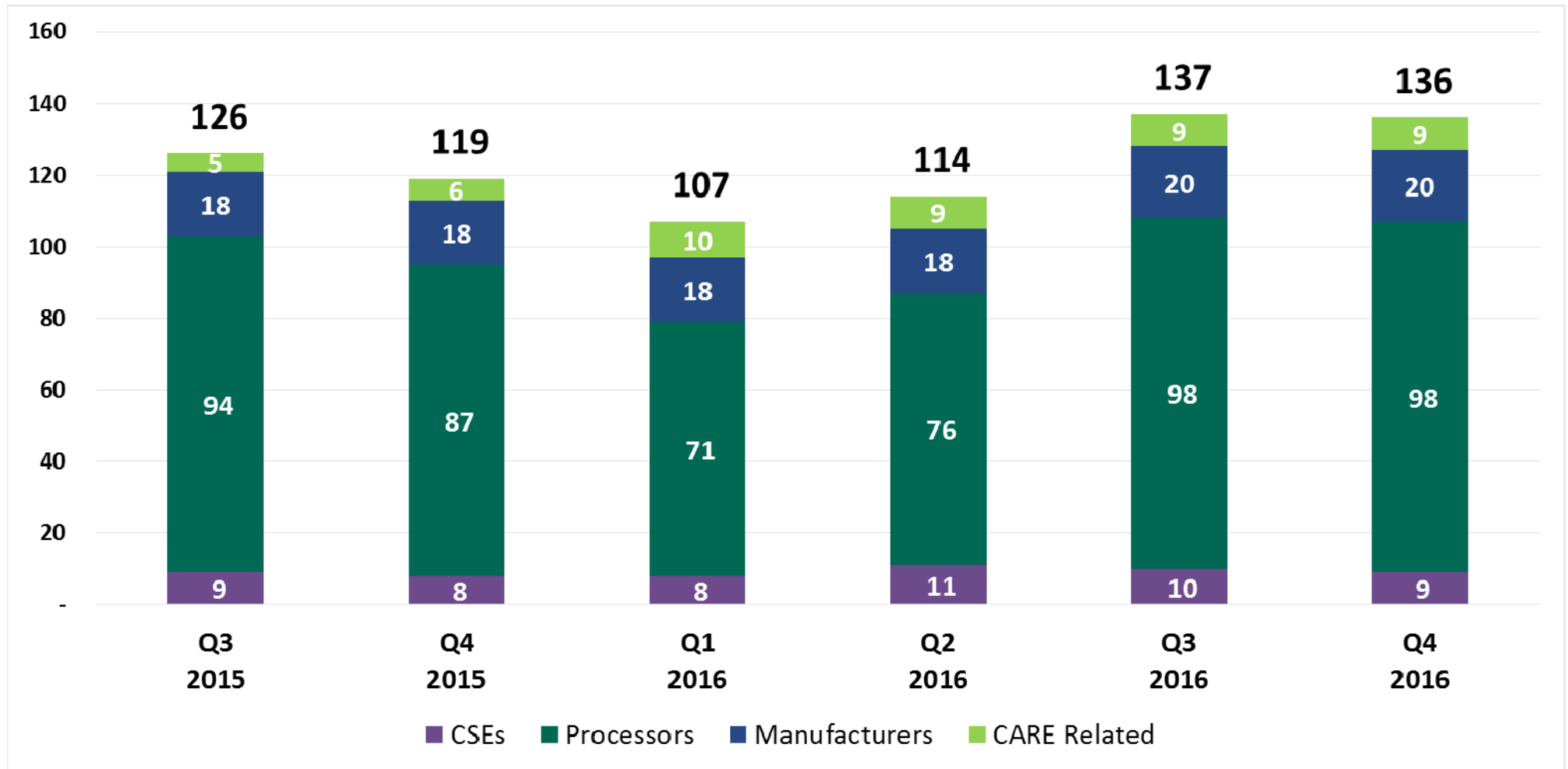
PCC Collection Face Fiber Trend*



* Data based on reported percentages by recyclers of CA PCC. Data may not be accurate due to preferential selection of higher value fiber types.



CA Employees (FTEs*)



* Fulltime equivalent employees

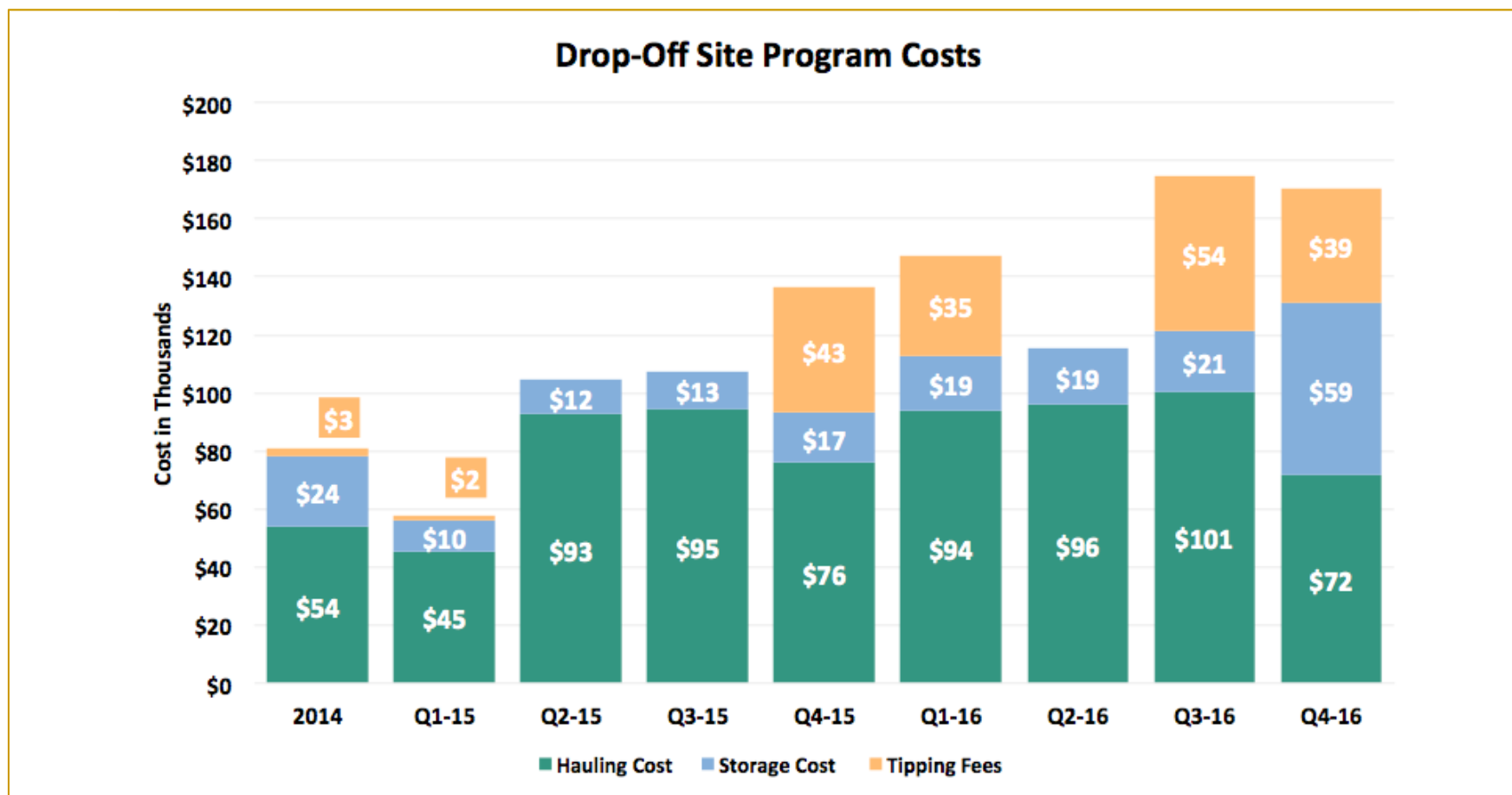


Drop-Off Site Program Update

Q4 2016



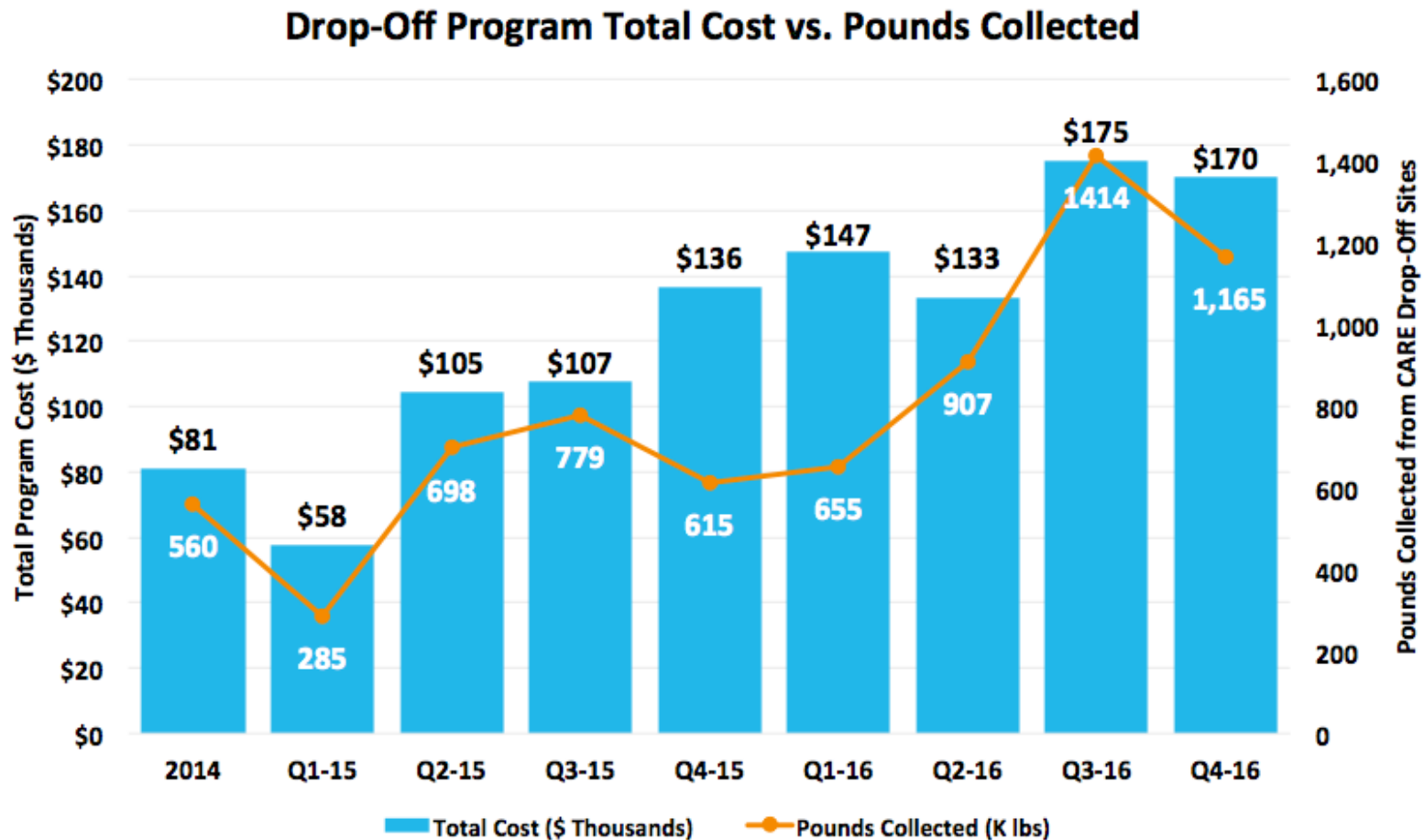
Drop-Off Site Total Program Costs



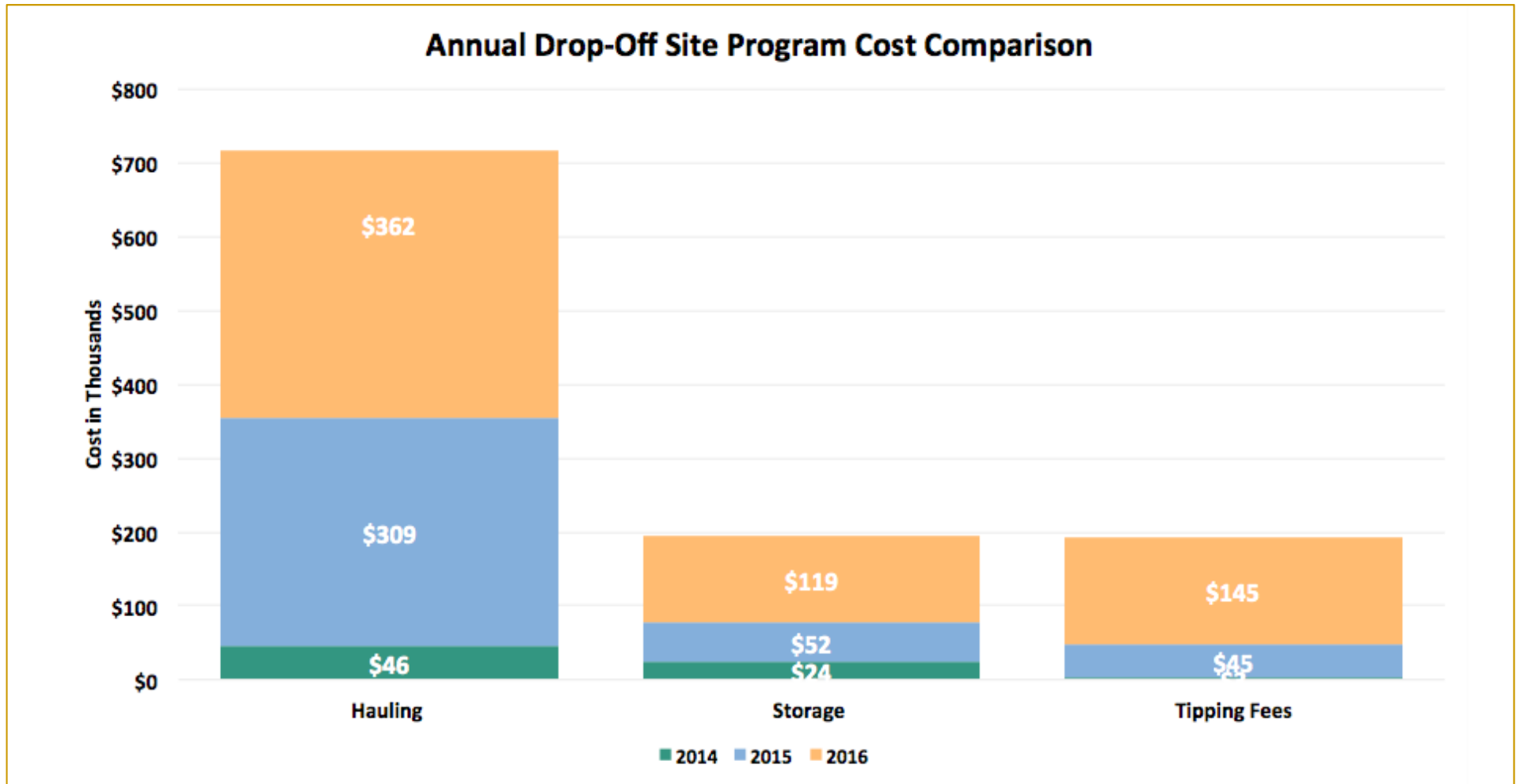
- ◆ Hauling: 42% of Q4 Total Program Cost
- ◆ Storage: 35% of Q4 Total Program Cost
- ◆ Tipping Fees: 23% of Q4 Total Program Cost



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	Q4-16	2016
Hauling Cost	\$54	\$309	\$94	\$96	\$101	\$72	\$362
Storage Cost	\$24	\$52	\$19	\$19	\$21	\$59	\$119
Tipping Fees	\$3	\$45	\$35	\$18	\$54	\$39	\$145
TOTAL Cost	\$81	\$406	\$147	\$133	\$175	\$170	\$626
Cost/lb Collection	\$0.14	\$0.17	\$0.23	\$0.15	\$0.12	\$0.15	\$0.16
Cost/Capita	\$0.08	\$0.05	\$0.08	\$0.01	\$0.01	\$0.01	\$0.03
Pounds Collected	560	2,378	655	907	1,414	1,165	4,141

- ◆ 33 CARE Drop-Off Sites in 33 Participating CA Counties
- ◆ 74% increase in pounds collected from CARE sites in 2016 from 2015



Recommendations to SFOC



Recommendations for SFOC Approval

- 1) Approve CSE subsidy* (\$269.9K)
- 2) Approve Processor subsidy* (\$1,047.4K)
- 3) Approve Manufacturer subsidy (\$1,055.8K)
- 4) Approve Administrative reimbursements (\$1,299.0K)

Total Payout Q4: \$3,672.2K

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



End of Review

