

CARE Sustainable Funding Oversight Committee

Q1 2018 AB 2398 Summary &
Recommendations for Approval

Updated 6/19/18



Agenda

- ✓ Quarterly Overview of Results
- ✓ Manufacturers Report
- ✓ Quarterly Subsidy and Expense Payouts
- ✓ Drop-off Program Update
- ✓ Other Information (as required)
- ✓ Approval Requests



CARE's Executive Director's Message

Performance in Q1 2018 remained solid despite first quarter seasonal effects. Sales were down as expected in Q1, but also represents yet another low since the program started. Overall sales in Q1 are behind the budgeted volume for 2018. Gross collections were down again as a result of low sales volume but also due to very weak demand for N6. Recycling rate was up slightly continuing the positive slope on this important metric. Total expenses for the quarter were approximately \$3.7M with 78% of those funds going to the recyclers.

CARE held its 16th annual conference in Orlando, FL on May 9th in conjunction with NPE 2018 and in partnership with the Plastics Industry Association ReFocus Plastic Recycling Conference. Mike Tinney, CARE's CA Market Development specialist was selected as CARE's Person of the Year for his efforts to bring new products and processes to the CA market. Readers may access the 2017 CARE Annual Report which is available for download and provides a national perspective: <https://carpetrecovery.org/resources/annual-reports/>

The CA Annual Report for 2017 will be submitted to CalRecycle on September 1st this year due to the required review by the Advisory committee prior to submission to CalRecycle.

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

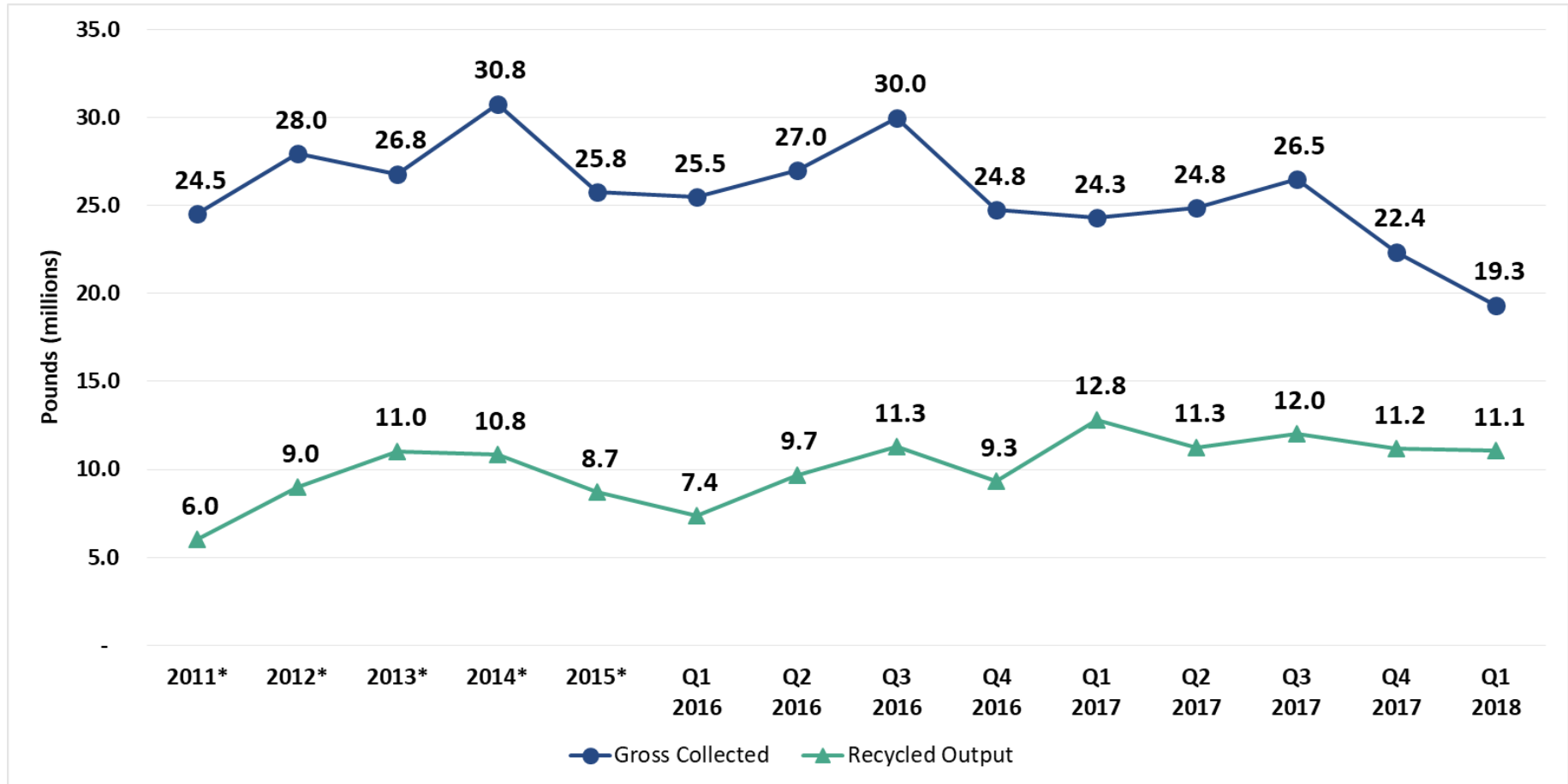
Bob Peoples, Ph.D., Executive Director, June 19, 2017



AB 2398 Summary Results



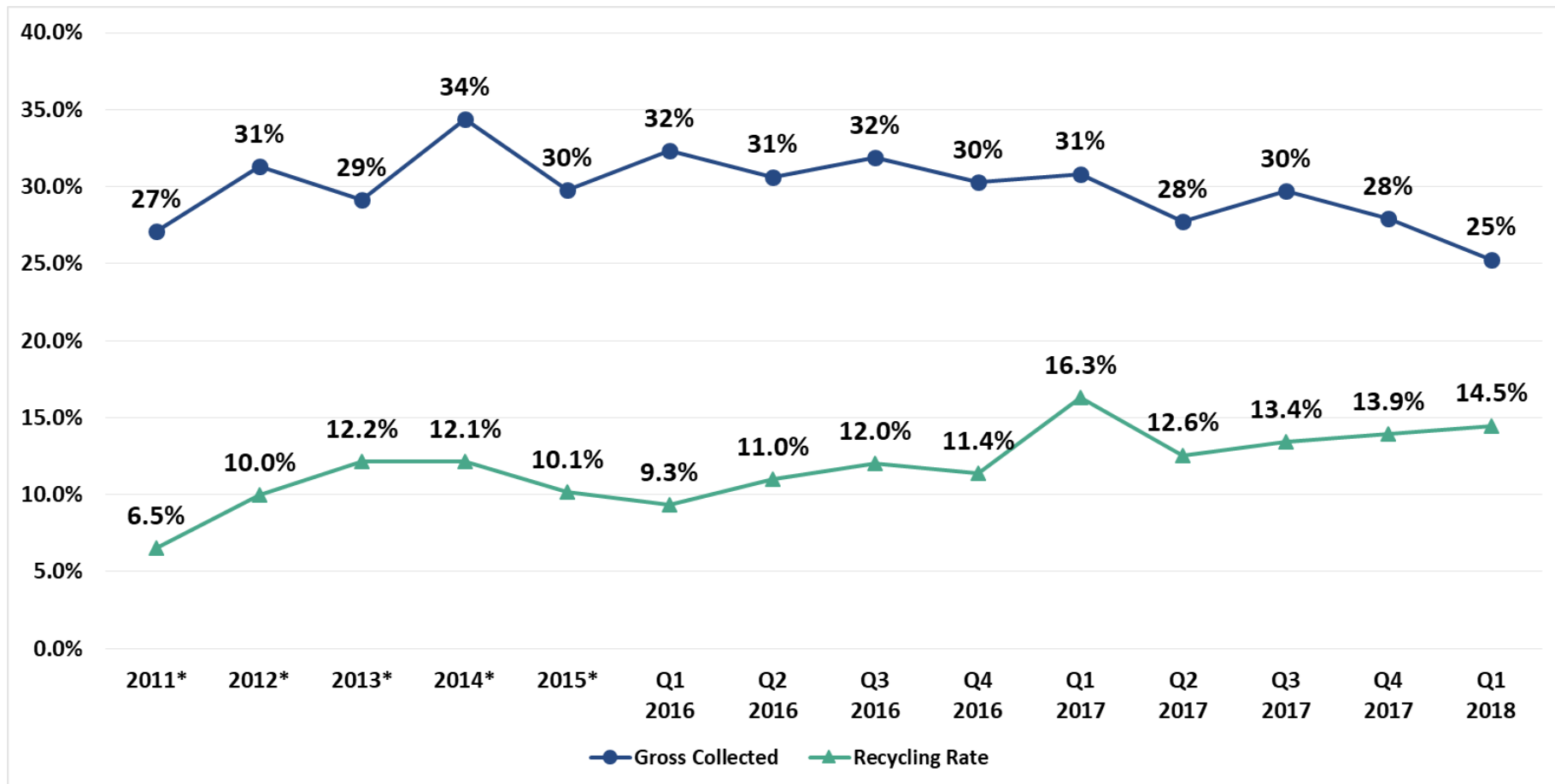
AB 2398 Performance Trends (millions of pounds)



*Average: 2011 is average of Q3 & Q4; 2012-2015 is 4 quarter average



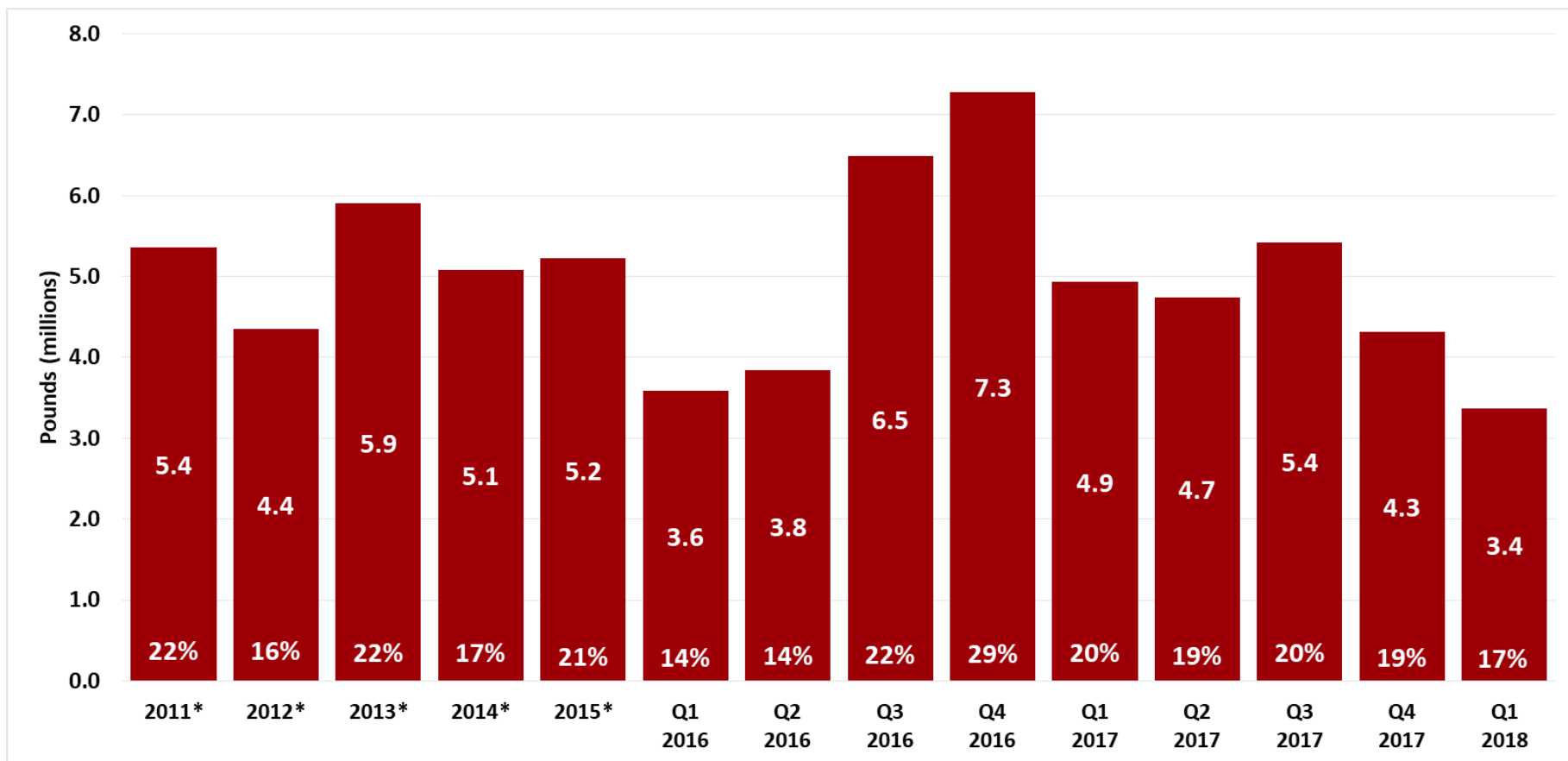
AB 2398 Performance Trends (percentage)



*Average: 2011 is average of Q3 & Q4; 2012-2015 is 4 quarter average



Gross Collected PCC Sent Back to Landfill**



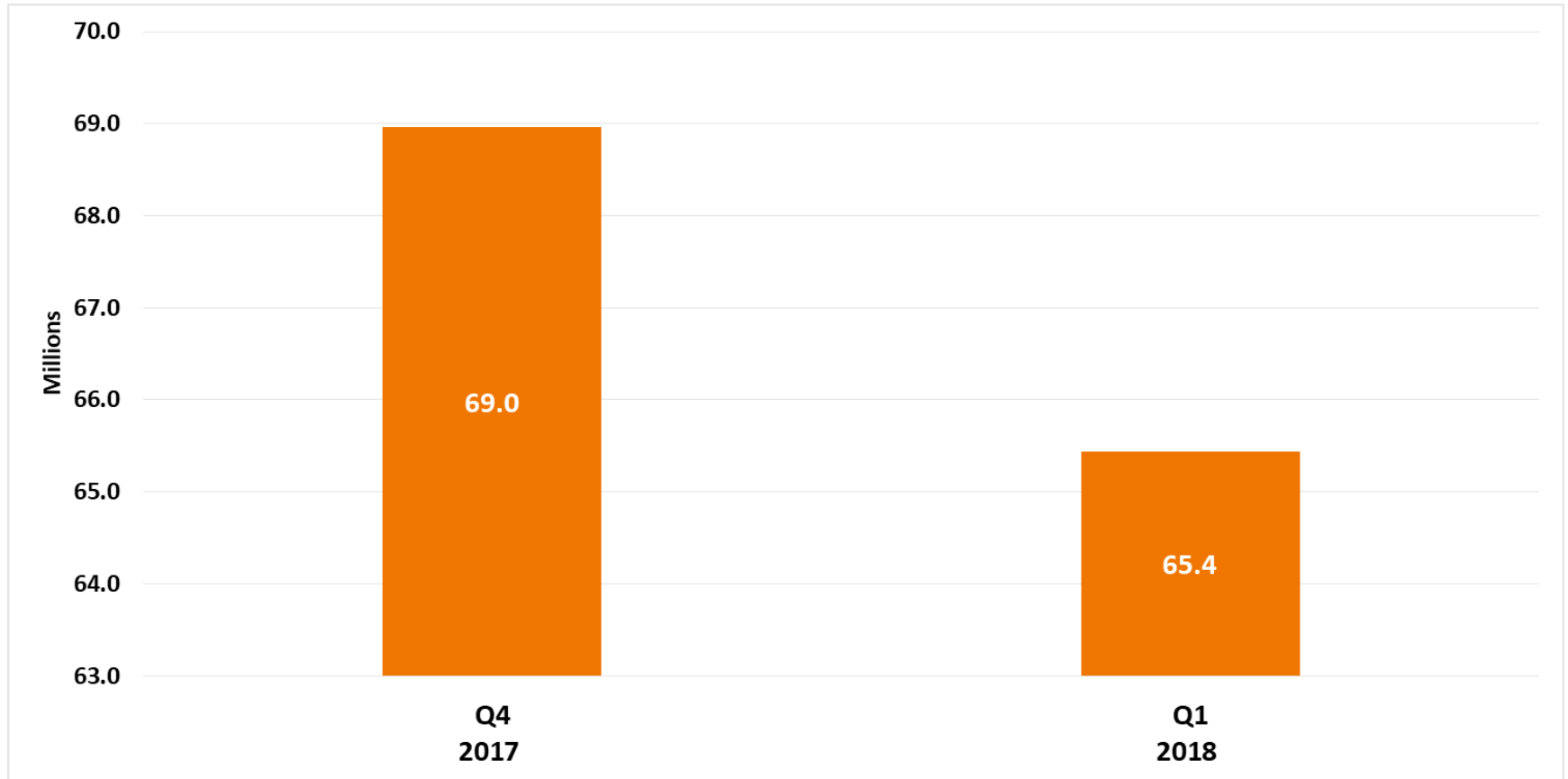
Q4-2017 Gross Collected: 19.3M pounds – 3.4M sent to landfill
Cumulative to landfill: 136.9M lbs.

*Average: 2011 is average of Q3 & Q4; 2012-2015 is 4 quarter average

**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.



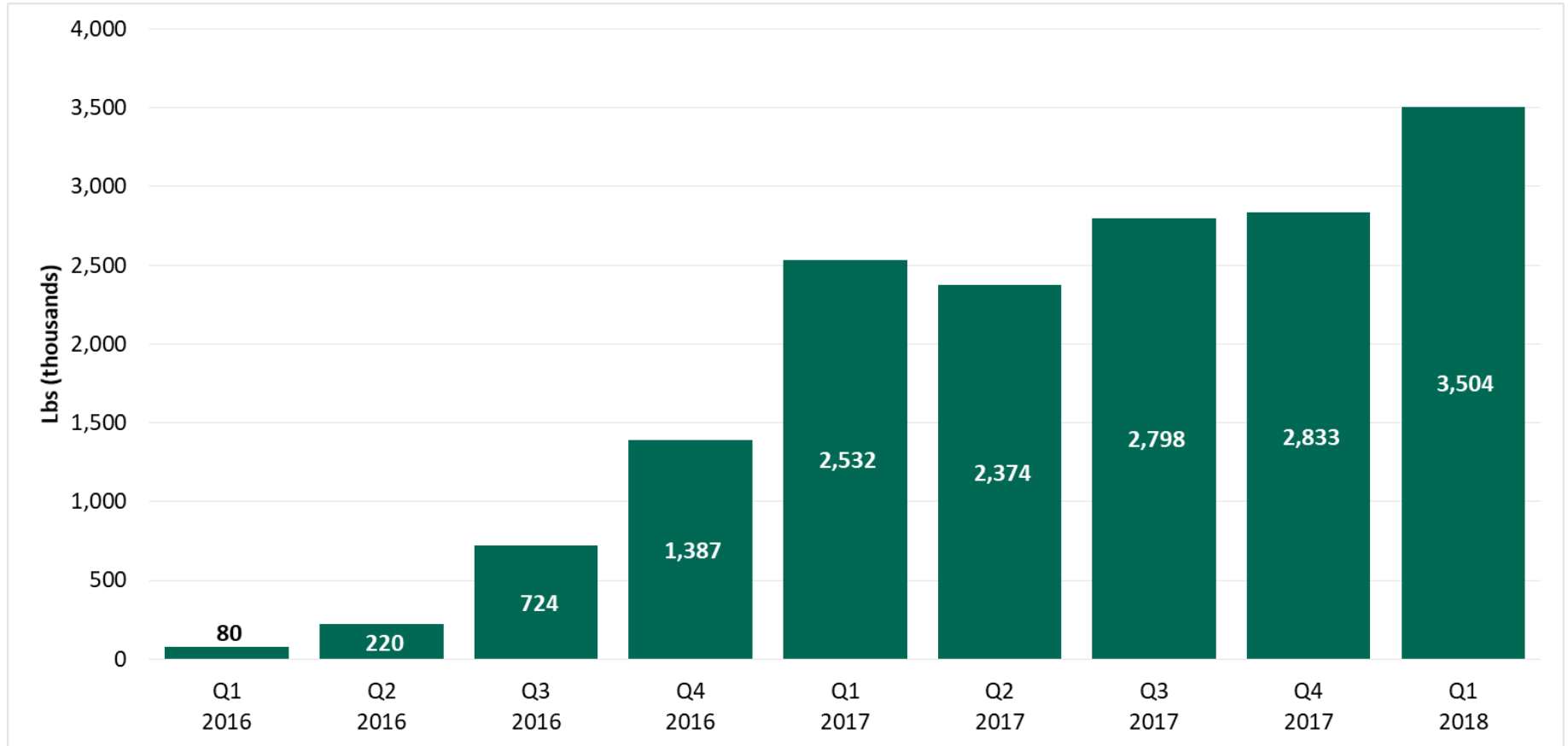
Reduction in Disposal



% Change in Disposal: -5%



Calcium Carbonate (PC4) by Quarter



AB 2398 Manufacturers/Mills Quarterly Summary Report



AB 2398 Mills' Summary

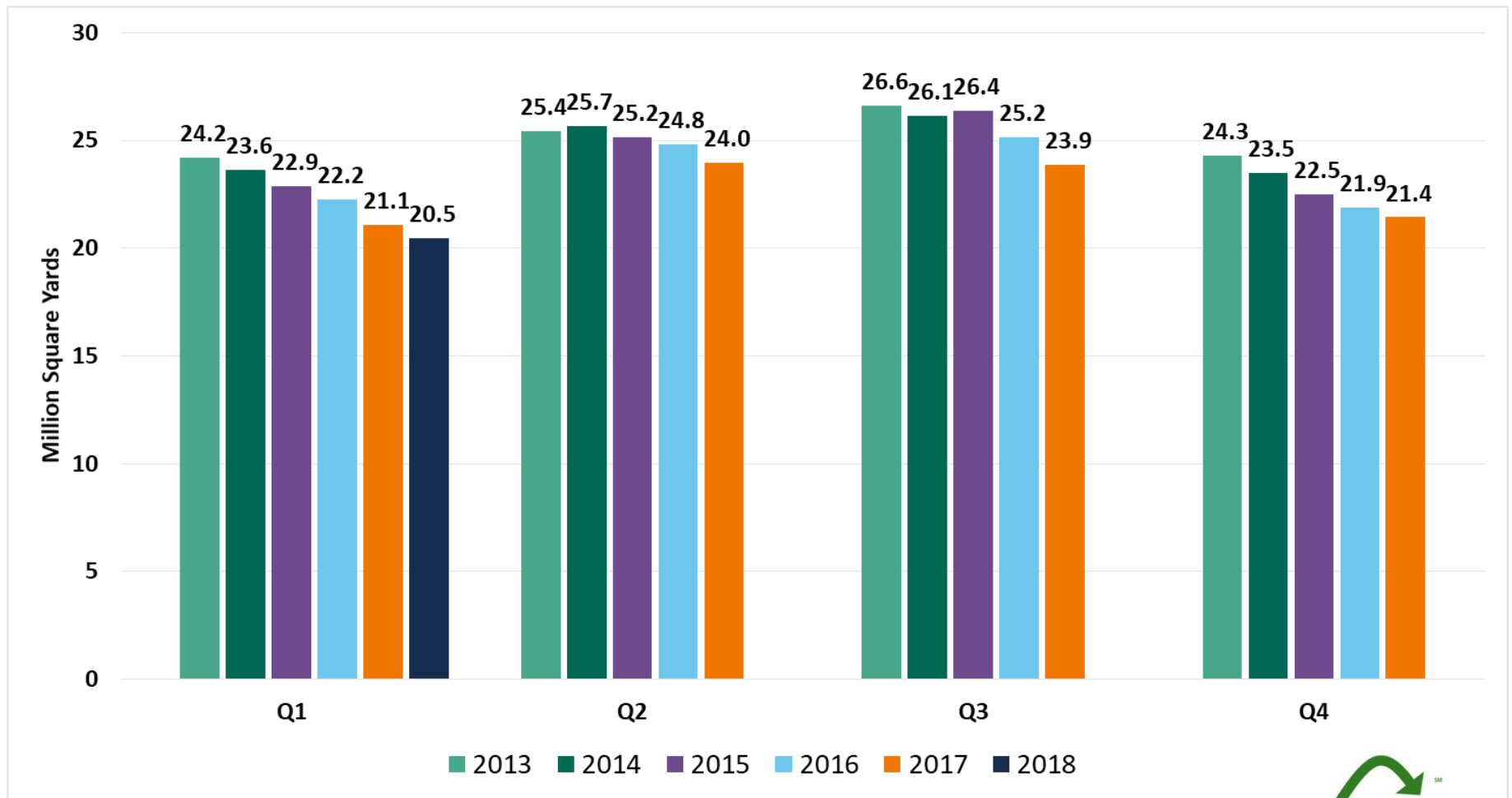
Mills - With Yearly Roll-up				
	2015	2016	2017	Q1 2018
# Mills Registered	78	75	76	73
# Mills Not Reporting	0	0	3	2
Non-response Rate	0%	0%	4%	3%
Remittance Collected				
Total Sq Yd Sold (millions)	96.9	94.1	90.4	20.5
Total Remittances (\$M)	\$ 8.60	\$ 16.60	\$ 22.59	\$ 5.12
Top 10 Remittances (>\$10K)	\$ 7.86	\$ 15.21	\$ 20.93	\$ 4.76
Top 10 Percentage of Total (Avg)	91%	91%	93%	93%

Cumulative SQYD sold: 649.8M

Cumulative Remittances: \$70.39M



Sales by Quarter



AB 2398

Quarterly Subsidy and Expense Payouts



Summary of Payouts Q1 2018

1

CSEs		
CSE Reporting Incentive	\$	8,000
Tile Recycling or REUSE PILOT (CSEs)	\$	6,995
Tile Recycling or REUSE PILOT (Processors)	\$	5,430
Tile REUSE (CSEs)	\$	7,473
Tile REUSE (Processors)	\$	5,061
Broadloom REUSE (CSEs)	\$	2,518
Broadloom REUSE (Processors)	\$	-
Total Reuse Payout	\$	15,052
Broadloom Shipped and Sold for recycling (CSEs)	\$	61,553
Broadloom Shipped and Sold for recycling (Processors)	\$	217,620
Adjustments	\$	-
Total All CSEs Payouts	\$	314,650

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Processors		
Total Reuse Payout	\$	15,052
Tile RECYCLED	\$	17,114
Type 1 Standard Payout	\$	725,245
Total Type 1 Payout	\$	742,359
Type 2 Filler/Other	\$	-
PC4 (Calcium Carbonate)	\$	595,724
Total Type 2 Payout	\$	595,724
Adjustments	\$	-
Total All Processor Payouts	\$	\$1,338,083

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Manufacturers		
Non-Nylon Payouts	\$	1,179,749
Nylon 6 Payouts	\$	36,795
Adjustments	\$	-
Total All Manufacturers Payouts	\$	1,216,544

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Subsidy Payouts

Total Subsidy Payouts for Quarter \$2,869,277



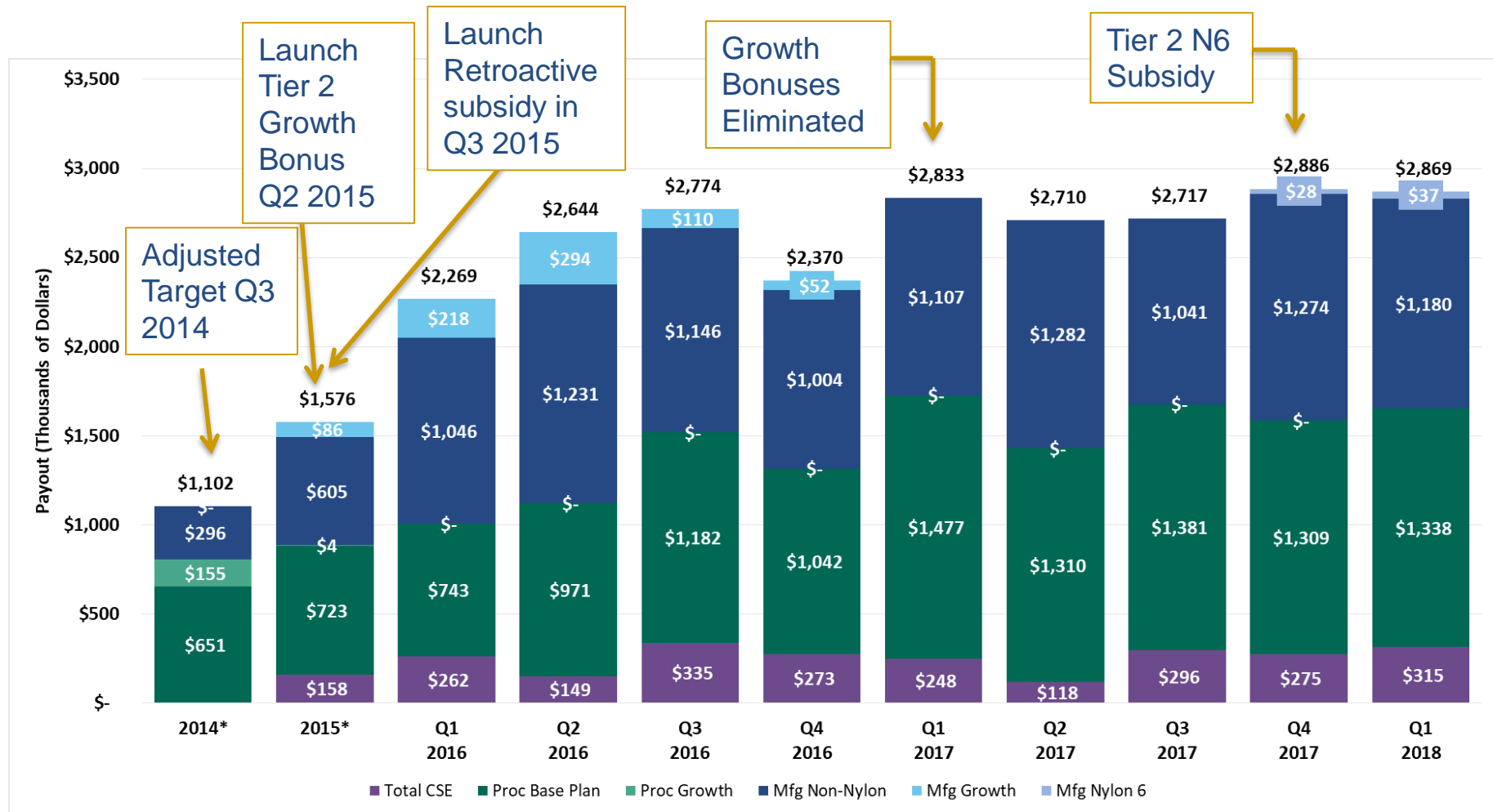
Summary of Expenses

Expenses	Q1 2018	Percentage
Subsidy Payouts Total	\$ 2,869,277	78%
Advisory Committee	\$ 8,249	0%
Education and Outreach	\$ 109,005	3%
Collections Program	\$ 186,464	5%
Grants	\$ 9,045	0%
Technical Assistance	\$ 58,626	2%
Program Expenses Sub-total	\$ 371,389	10%
CalRecycle	\$ -	0%
CARE Administration Cost	\$ 7,430	0%
Direct Expenses	\$ 160,298	4%
Direct Support	\$ 100,249	3%
Accounting and Legal	\$ 148,698	4%
Admin Expenses Sub-total	\$ 416,675	11%
Program & Admin Expenses Total	\$ 788,064	22%
Total		
Total Expenses	\$ 3,657,341	100%

All data from Melanie confirmed 5/1/18



Payouts Over Time



*Average: 2014-2015 is 4 quarter average

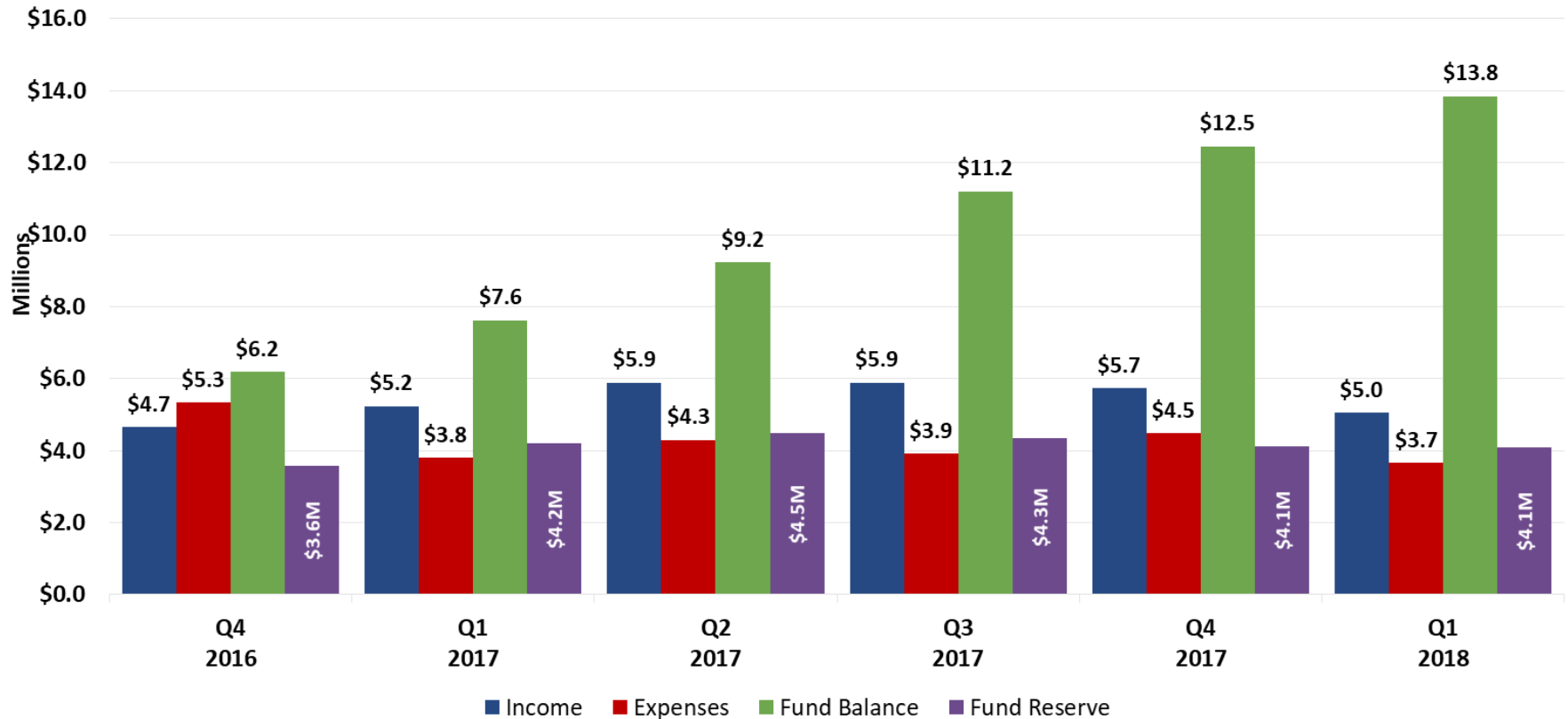
NOTE: All REUSE payouts are now counted under the CSE category. Previously, they were split between the CSE and Processor categories respectively. Historical data has been adjusted to reflect this change in order to accurately show trend lines. The quarterly total payout numbers were not changed – just re-categorized.



Fund Balance Trends

ACCRUAL BASIS

Based on unaudited numbers – adjustments may be made after audit closes

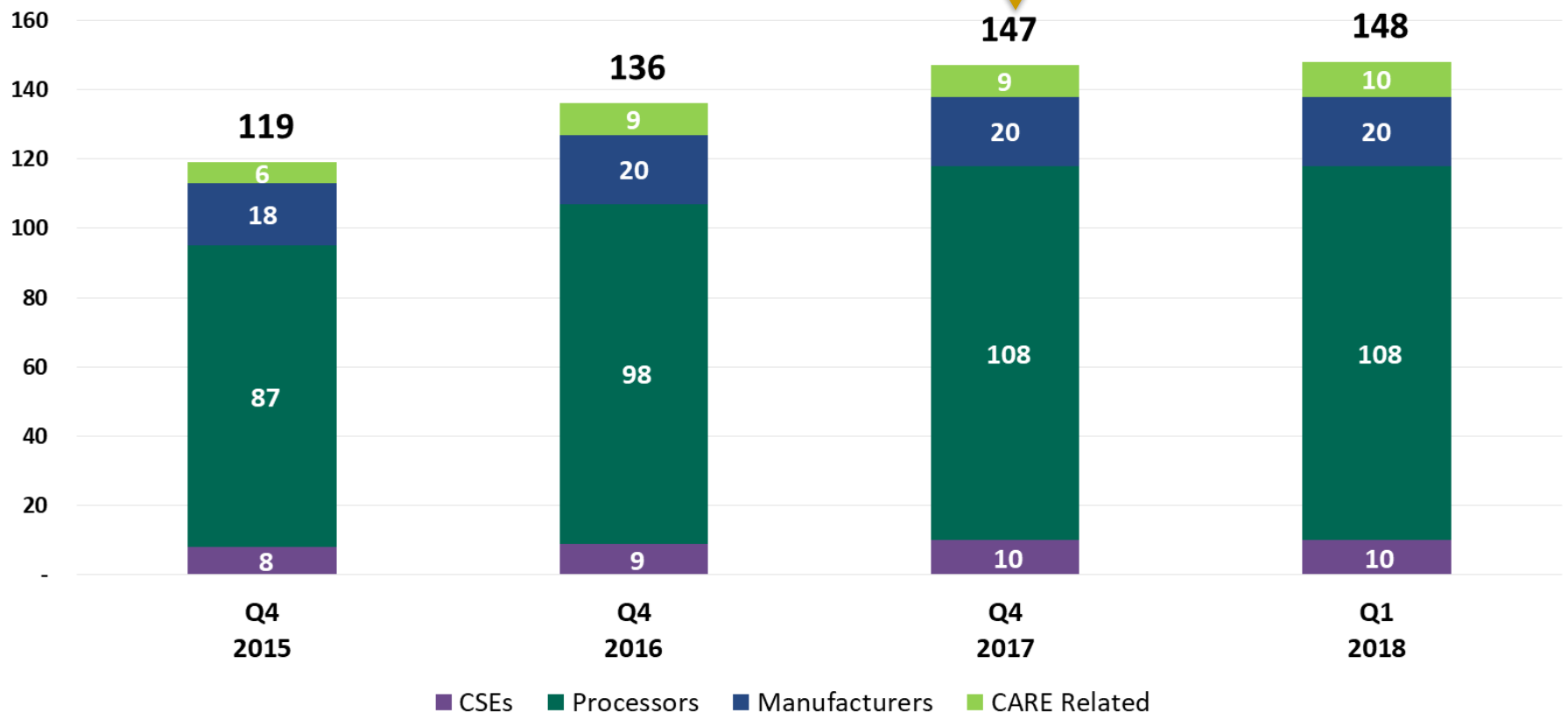


Reserve = average of the last 4 quarter payouts (effective Q3-2015)



CA Employees (FTEs*)

Carpet Solutions Shutdown



* Fulltime equivalent employees

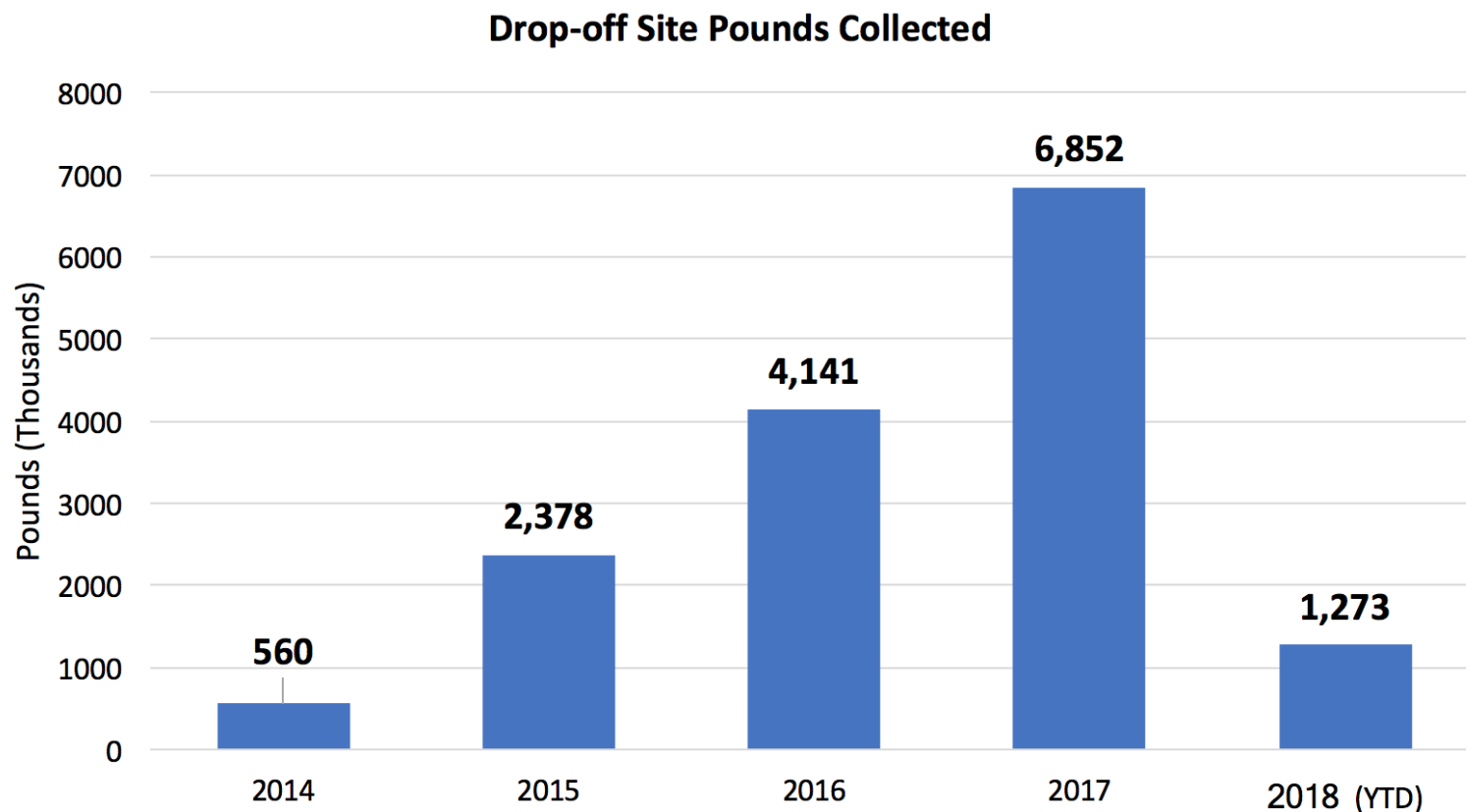


Drop-Off Site Program Update

Q1 2018



Material Collected by CARE Drop-Off Sites (Annual)

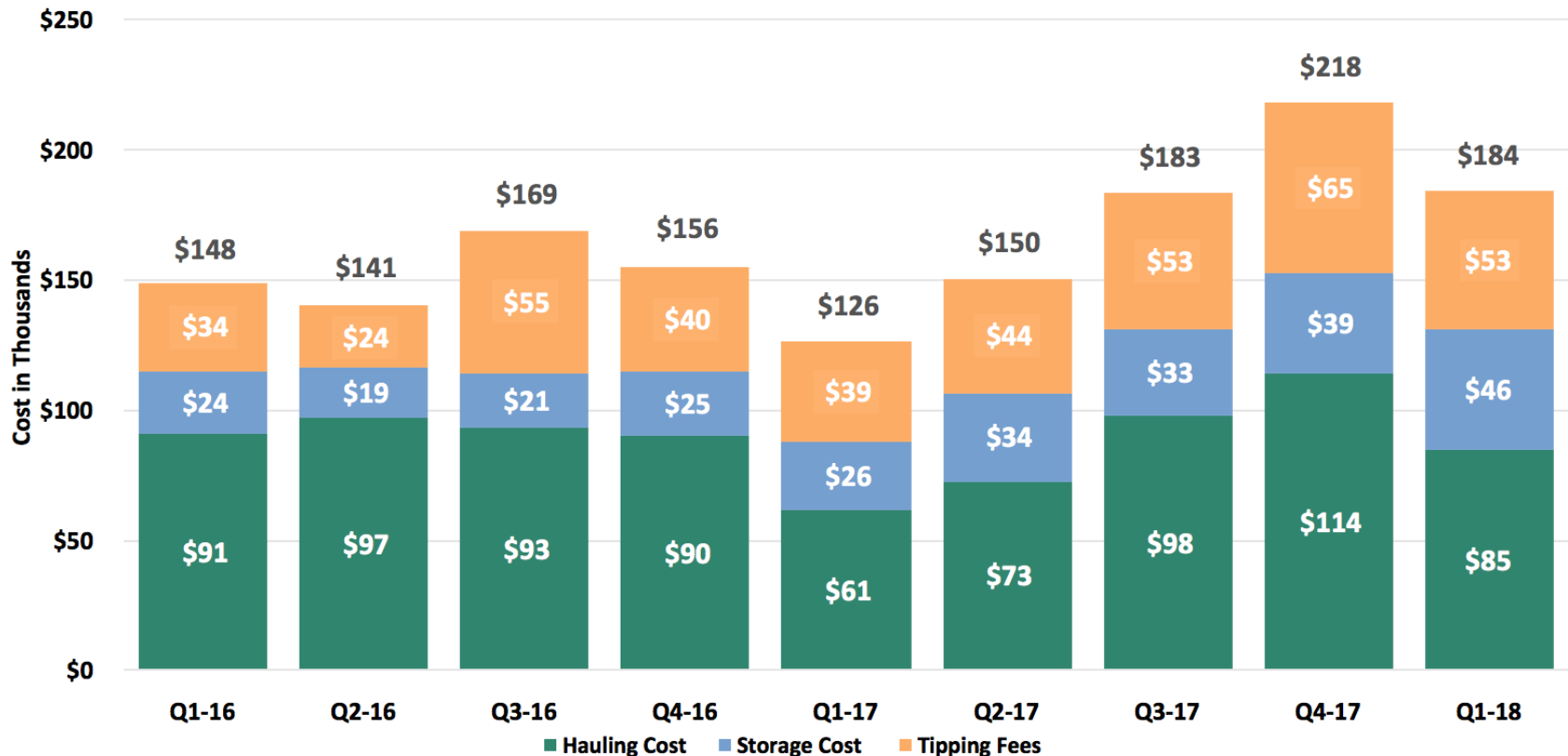


- 2018 lbs collected YTD: **19% of total 2017 lbs collected**
- Q1 2018 lbs collected: **8% increase over Q1 2016 lbs collected**



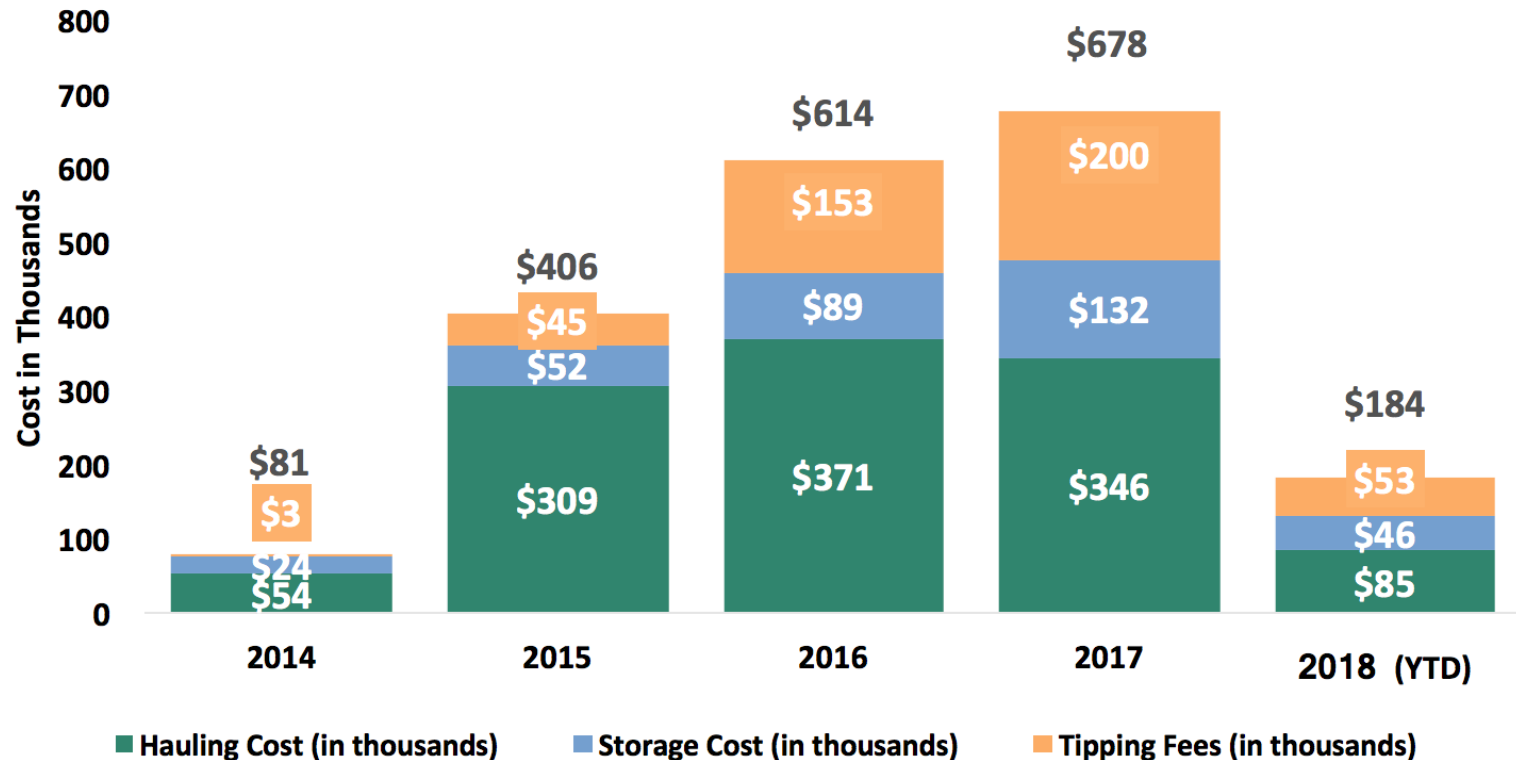
Drop-Off Site Total Program Costs

Drop-off Site Program - Quarterly Costs



Annual Cost Comparison

Drop-off Site Program - Annual Costs



- **Hauling:** 46% of Q1 2018 Total Program Cost
- **Storage:** 25% of Q1 2018 Total Program Cost
- **Tipping Fees:** 29% of Q1 2018 Total Program Cost



Drop-Off Site Program Summary

Annual Data Summary					
Data Collected	2014	2015	2016	2017	2018 (YTD)
Hauling Cost (in thousands)	\$54	\$309	\$371	\$346	\$85
Storage Cost (in thousands)	\$24	\$52	\$89	\$132	\$46
Tipping Fees (in thousands)	\$3	\$45	\$153	\$200	\$53
TOTAL Cost (in thousands)	\$81	\$406	\$614	\$678	\$184
Cost/lb Collection	\$0.14	\$0.17	\$0.15	\$0.10	\$0.14
Cost/Capita*	\$0.08	\$0.05	\$0.03	\$0.005	\$0.006
Pounds Collected (K lbs)	560	2,378	4,141	6,852	1,273
Private Drop-Off Sites	Not Available	201	200	215	179
CARE Drop-Off Sites	14	23	32	44	46

- **46 operational CARE Drop-Off Sites in 41 CA counties**
- **179** (down from 216) operational private sites

**Cost/Capita uses updated Census information as available*



Recommendations to SFOC



Recommendations for SFOC Approval

1) Approve CSE subsidy*	\$314.7 K
2) Approve Processor subsidy*	\$1,338.1 K
3) Approve Manufacturer subsidy	\$1,216.5 K
4) Approve Program costs	\$371.4 K
5) Approve Administrative costs	\$416.7 K
Total Payout:	\$3,657.3 K

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



End of Review

