
CARE Update: Q1 2023 Results

California Carpet Stewardship Program Approved Results

06/05/2023

Agenda

- Quarterly Overview of Results
- Manufacturers Report
- Quarterly Subsidy and Expense Payouts
- Drop-off Program Update
- Approval Request
- Program Updates

CARE Executive Director Message

The big news is the return of CARE in April as the Carpet Stewardship Organization (CSO). CARE is in the process of returning to normal operations and resolving a multitude of financial and operational issues created by the CalRecycle November 2022 decision to remove CARE as CSO. One positive result of this unfortunate episode is that CalRecycle staff has a much better understanding of the difficulty of CARE's job.

Coming off a very strong 2022 performance, Q1 saw a steep decline in sales beyond the normal Q1 seasonality and the heavy rains in California. Sales are the trigger for old carpet removal and the steep 15% decline resulting in a drop in collections. Recycled output was also down due to seasonality combined with reduced collections. The Q1 Recycling Rate did rise to 35.6%.

Overall, 80% of expenses were paid out in the form of subsidies and 75% of total expenses were paid out to CA recyclers. Expenses exceeded assessments collected resulting a fund balance of \$1.1M and below our targeted reserve. The assessment increase will begin the process of rebuilding the fund balance in Q2. Another assessment increase is expected later this year.

Finally, all stakeholders are encouraged to go to the CARE website, click on the CA tab and get signed up for the monthly e-news letter to stay abreast of the latest developments.

www.carpetrecovery.org

Robert Peoples, PhD
Executive Director



AB 2398 Summary Results

AB 2398 Performance Trends (millions of pounds)

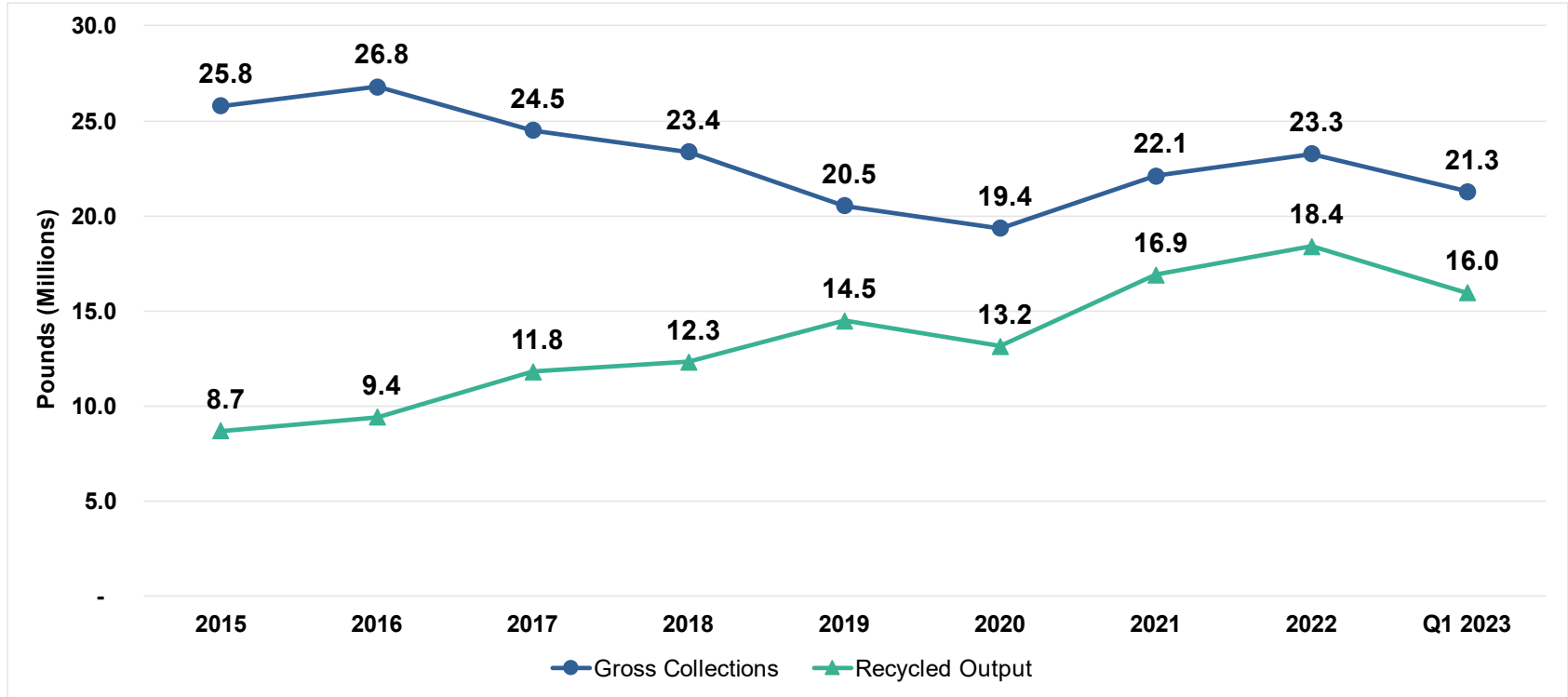


Table Note: 2015 – 2022 Data represents the quarterly average during the year.

AB 2398 Performance Trends (percentage)

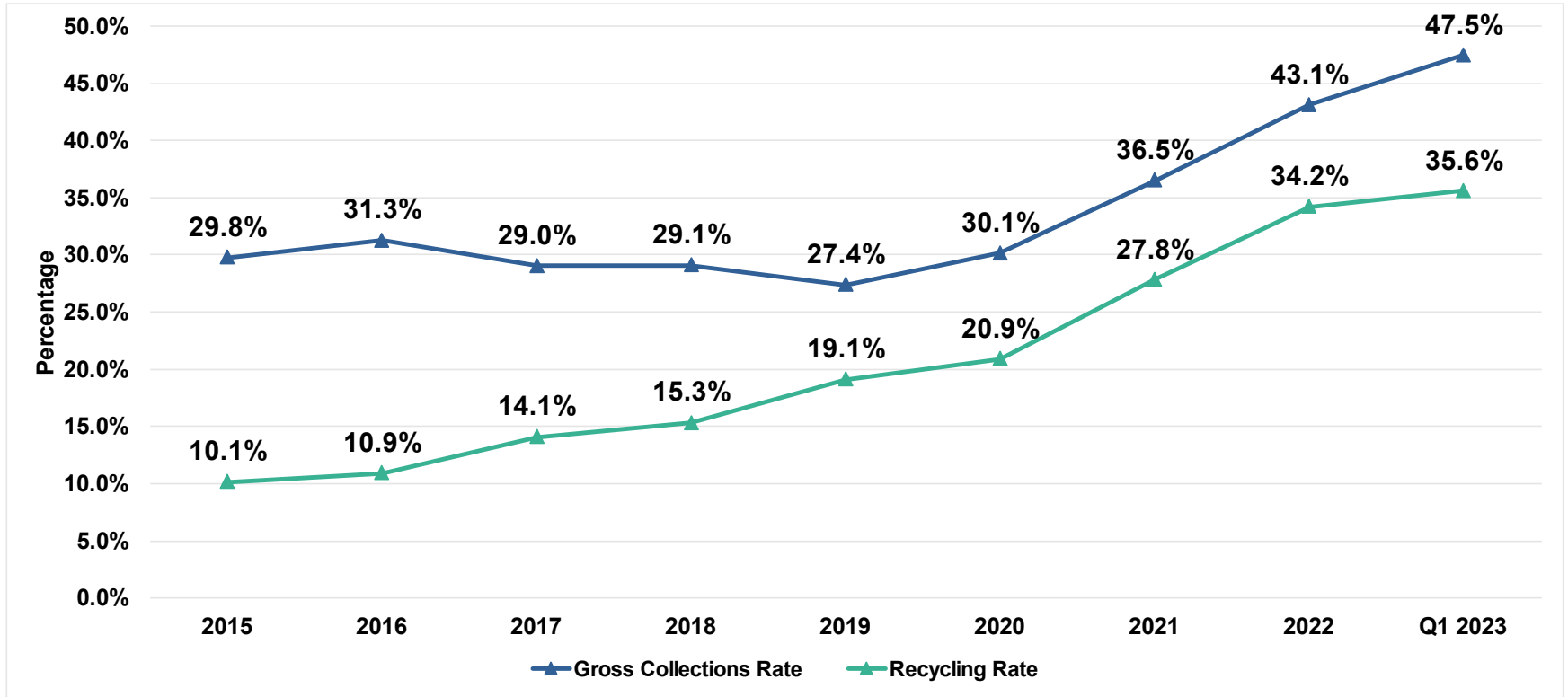
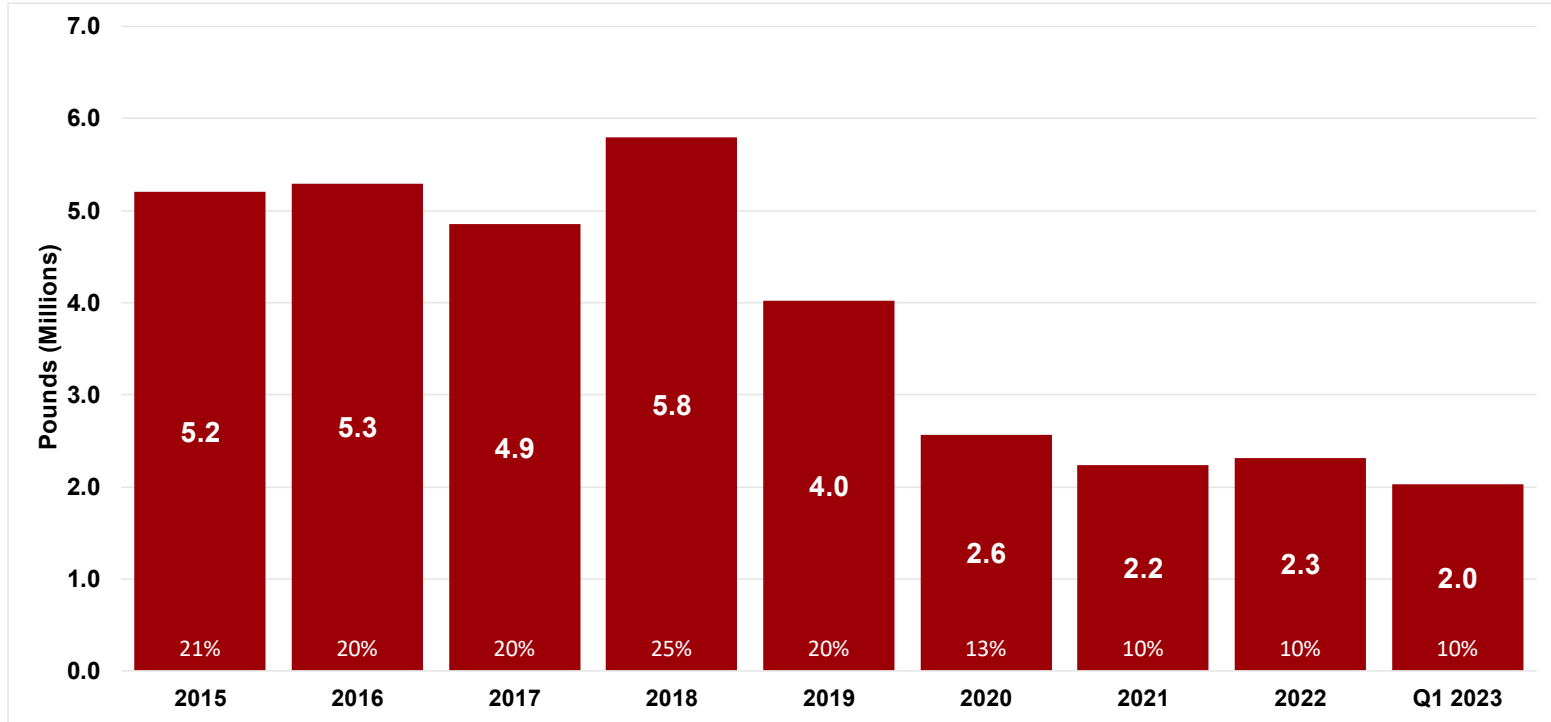


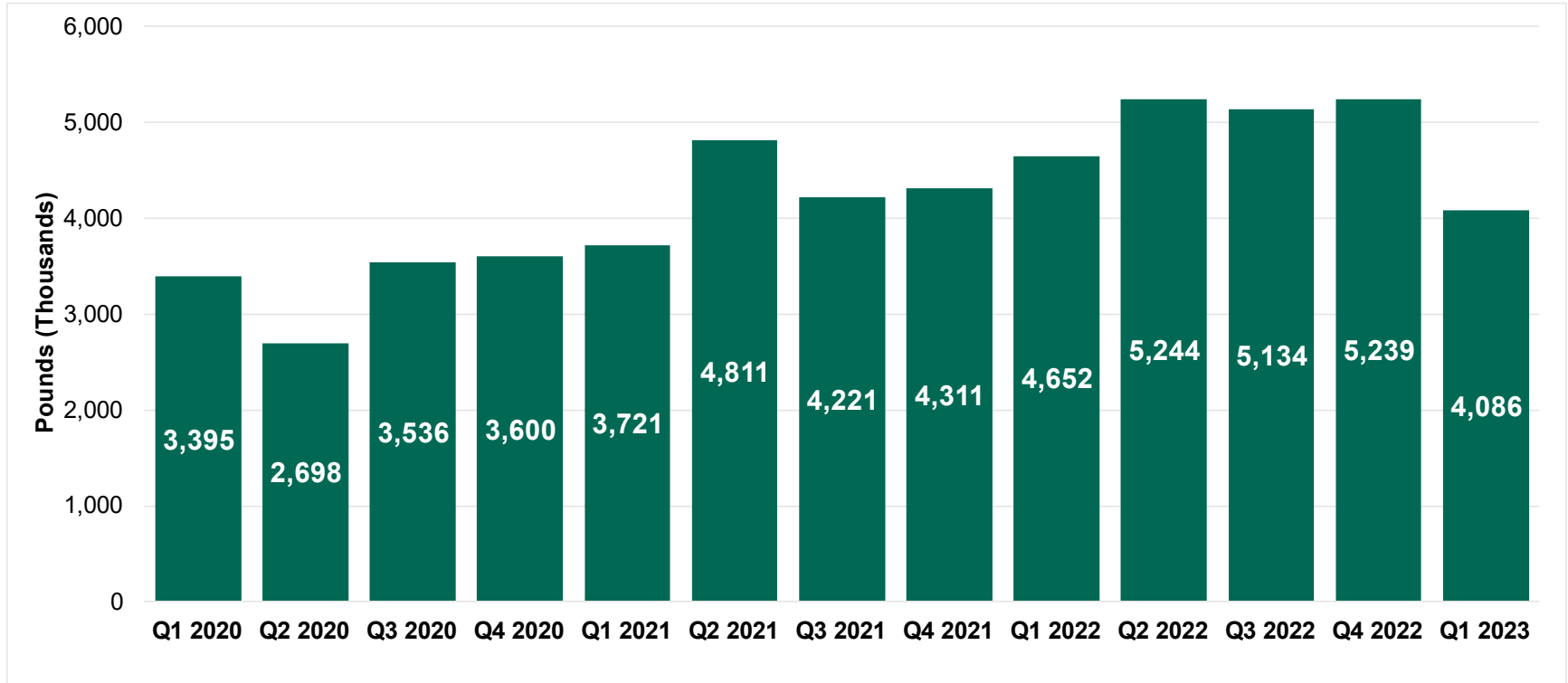
Table Note: 2015 – 2022 Data represents the quarterly average during the year.



Q1-2023 Gross Collected: 21.3M pounds – 2.0M sent to landfill Cumulative to landfill: 203.4M lbs.

1. Percentages shown are % of Gross Collected PCC actually sent to landfill as PCC or process waste. 2015 – 2022 Data represents the quarterly average during the year.

Calcium Carbonate (PC4) by Quarter¹

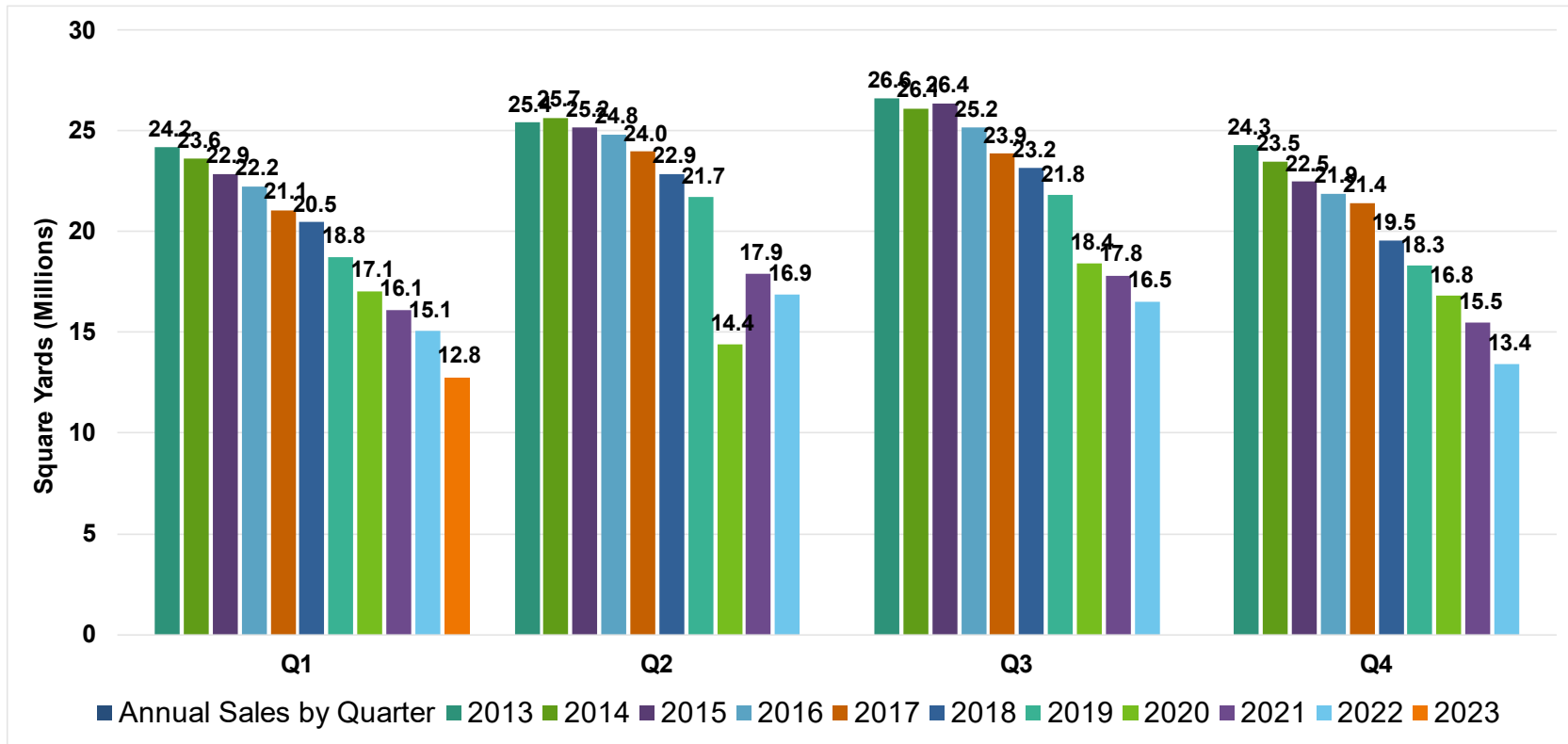


1. Beginning with Q4 2022, PC4 pounds were adjusted to correct for excess water content.

AB 2398 Manufacturers/Mills Quarterly Summary Report

Mills - With Yearly Roll-up													
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
# Mills Registered	76	77	79	79	79	79	77	77	77	78	80	83	82
# Mills Not Reporting	3.0	2.0	4.0	3.0	3.0	1.0	-	2.0	2.0	2.0	-	-	-
Non-response Rate	4%	3%	5%	4%	4%	1%	0%	3%	3%	3%	0%	0%	0%
Remittance Collected													
Total Sq Yd Sold (millions)	17.1	14.4	18.4	16.8	16.1	17.9	17.8	15.5	15.1	16.9	16.5	13.4	12.8
Total Remittances (\$M)	\$ 5.97	\$ 5.04	\$ 6.45	\$ 5.89	\$ 5.64	\$ 6.26	\$ 6.24	\$ 5.42	\$ 5.28	\$ 6.22	\$ 6.11	\$ 4.99	\$ 4.71
Top 10 Remittances (>\$10K)	\$ 5.62	\$ 4.81	\$ 6.15	\$ 5.56	\$ 5.35	\$ 5.93	\$ 5.86	\$ 5.09	\$ 4.90	\$ 5.81	\$ 5.69	\$ 4.63	\$ 4.39
Top 10 % of Total (Avg)	94%	95%	95%	95%	95%	95%	94%	94%	93%	93%	93%	93%	93%

Cumulative SQYD Sold: 1,004.7M Cumulative Remittances: \$189.2M



AB 2398 Quarterly Subsidy and Expense Payouts

1

CSEs	
CSE Reporting Incentive	\$ 7,000
Tile Recycling or Reuse Pilot	\$ 59,104
Tile Reuse	\$ 176,421
Broadloom Reuse	\$ -
Total Reuse Payout	\$ 176,421
Broadloom Shipped and Sold	\$ 548,658
Adjustments	\$ -
Total CSE Payouts	\$ 791,182

2

Processors	
Tile RECYCLED	\$ 57,495
Type 1 Standard Payout	\$ 1,398,751
Highest Recyclability: Nylon	\$ 254,169
Total Type 1 Payout	\$ 1,710,414
Type 2 Filler/Other	\$ -
PC4 (Calcium Carbonate)	\$ 694,593
Total Type 2 Payout	\$ 694,593
Adjustments	\$ -
Total All Processor Payouts	\$ 2,405,007

3

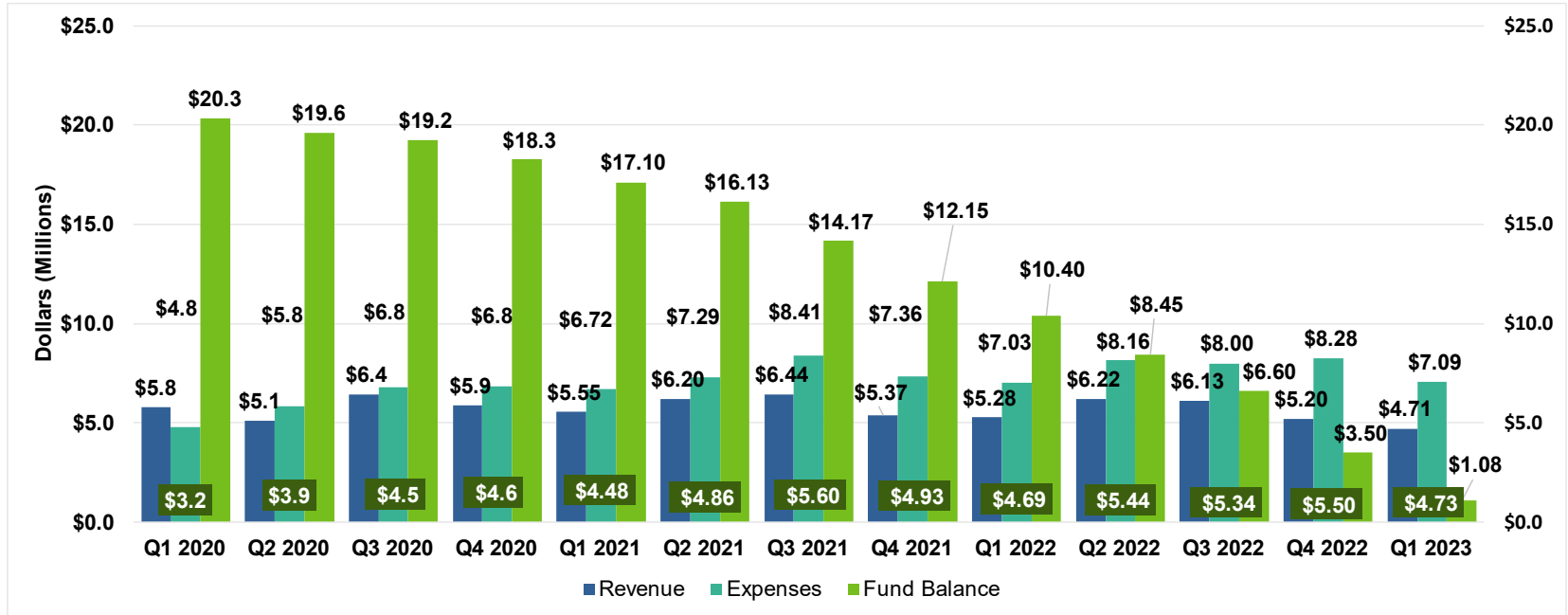
Manufacturers	
Non-Nylon Payouts	\$ 1,514,590
Nylon 6 Payouts	\$ 812,994
Nylon 6,6 Payouts	\$ 152,177
Adjustments	\$ -
Total All Manufacturers Payouts	\$ 2,479,761

4

Subsidy Payouts	
Total Subsidy Payouts for Qtr	\$ 5,675,950

Expenses	Q1 2023	Percentage
Base Subsidy Payouts	\$ 5,675,950	80%
Total Subsidy Payouts for Quarter	\$ 5,675,950	80%
Advisory Committee	\$ -	0%
Education and Outreach	\$ 183,819	2%
Collections Program	\$ 323,610	5%
Grants	\$ 296,826	4%
Technical Assistance	\$ 6,000	0%
Program Expenses Sub-total	\$ 810,255	11%
CalRecycle	\$ 200,000	3%
CARE Administrations Cost	\$ 4,980	0%
Direct Expenses	\$ 264,933	4%
Direct Support	\$ 86,538	1%
Accounting and Legal	\$ 45,429	1%
Admin Expenses Sub-total	\$ 601,880	9%
Program & Admin Expenses Total	\$ 1,412,135	100%
Total		
Grand Total Expenses	\$ 7,088,085	100%

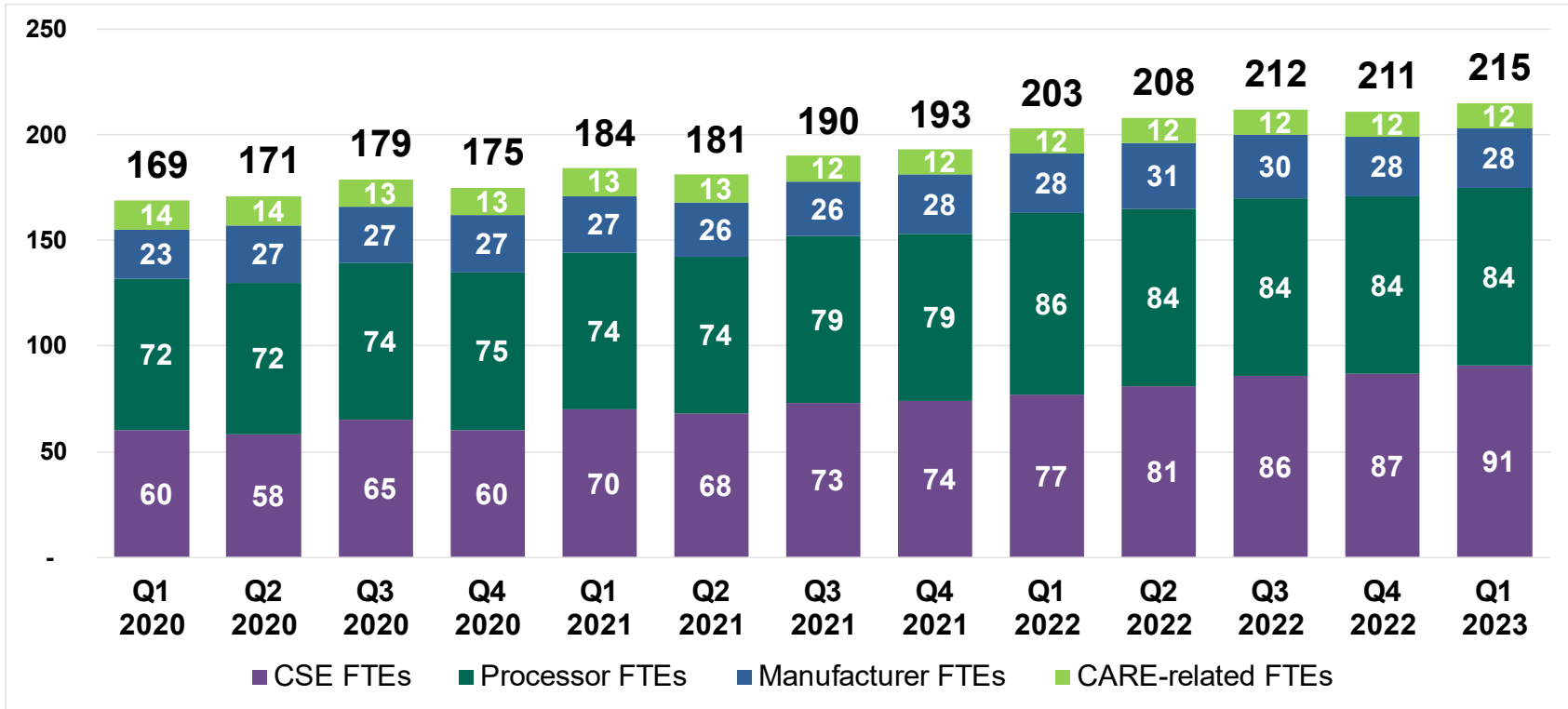
All data from Finance Director confirmed 05/31/2023



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

Reserve = 2-month average of the last quarter total expenses (effective Q1-2019)

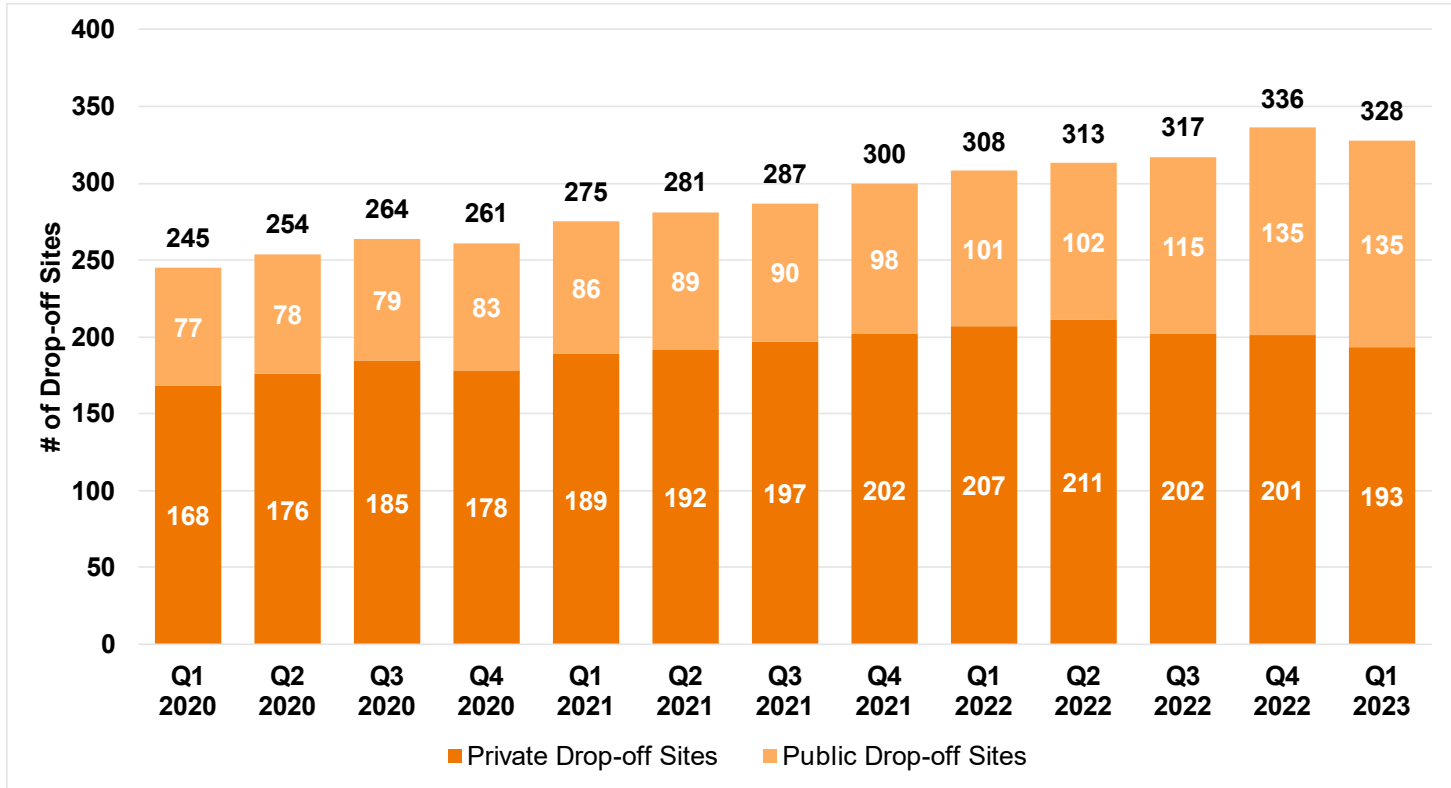
Financial Director confirmed 05/31/2023



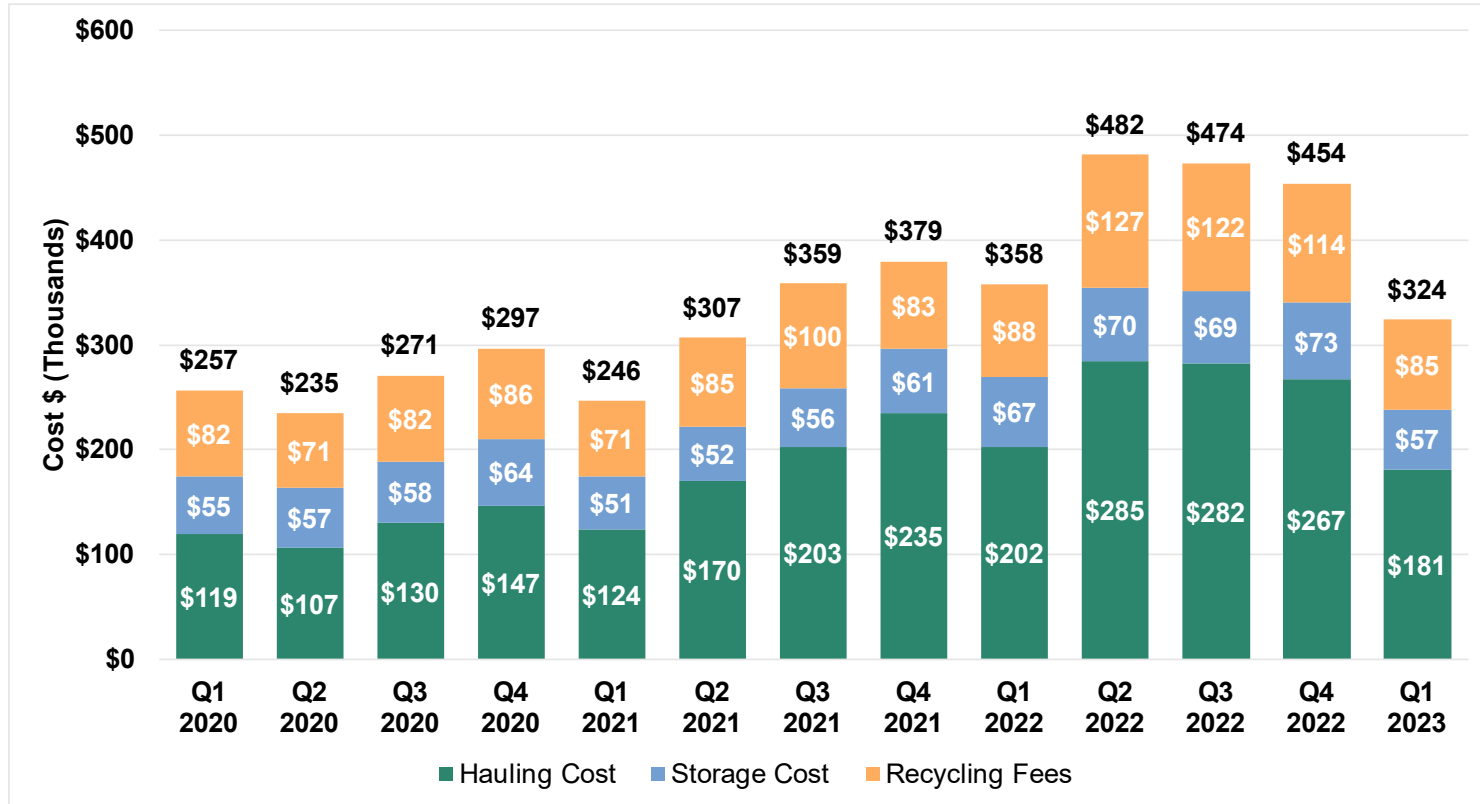
FTE = Fulltime equivalent employees

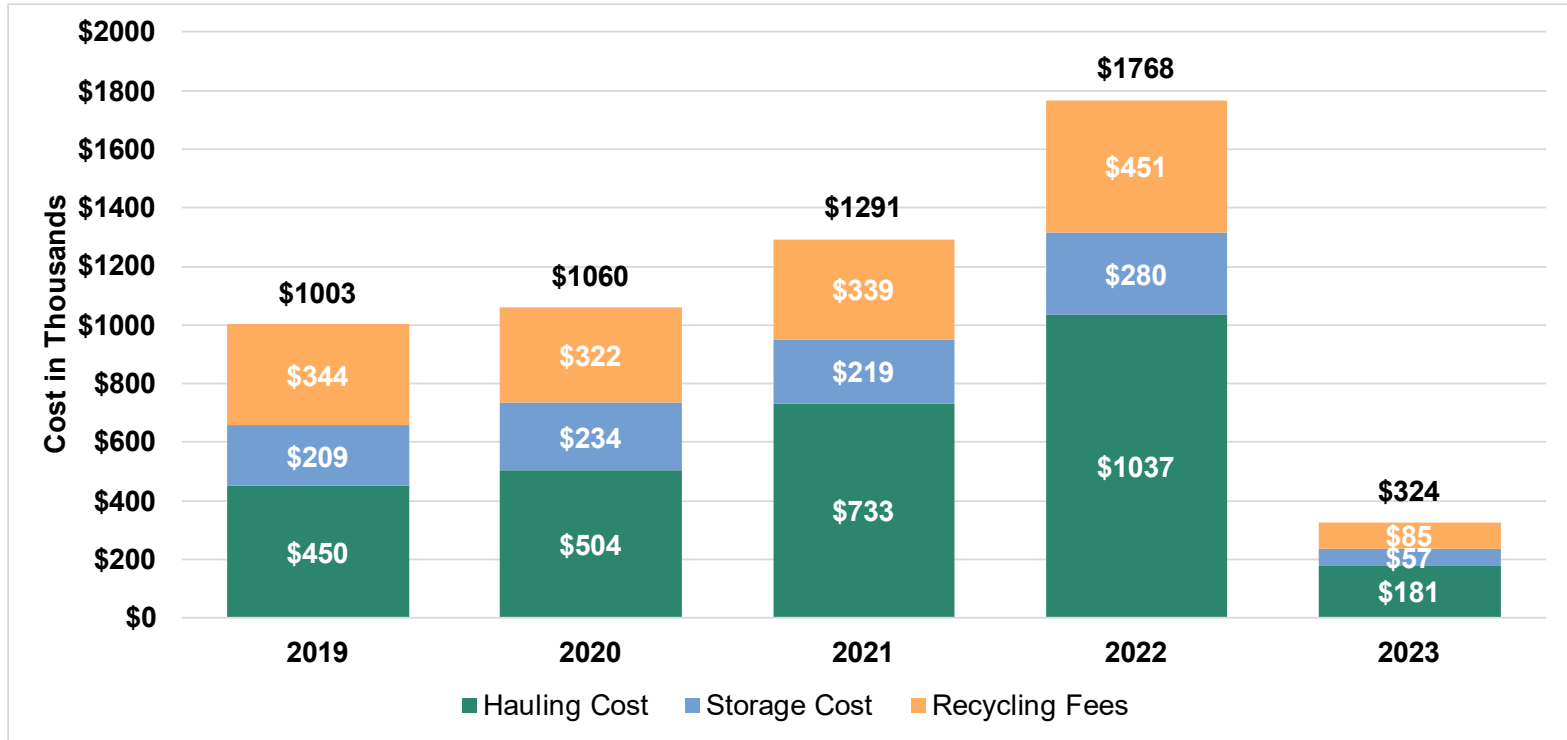
Drop-Off Site Program Update

Q1 2023



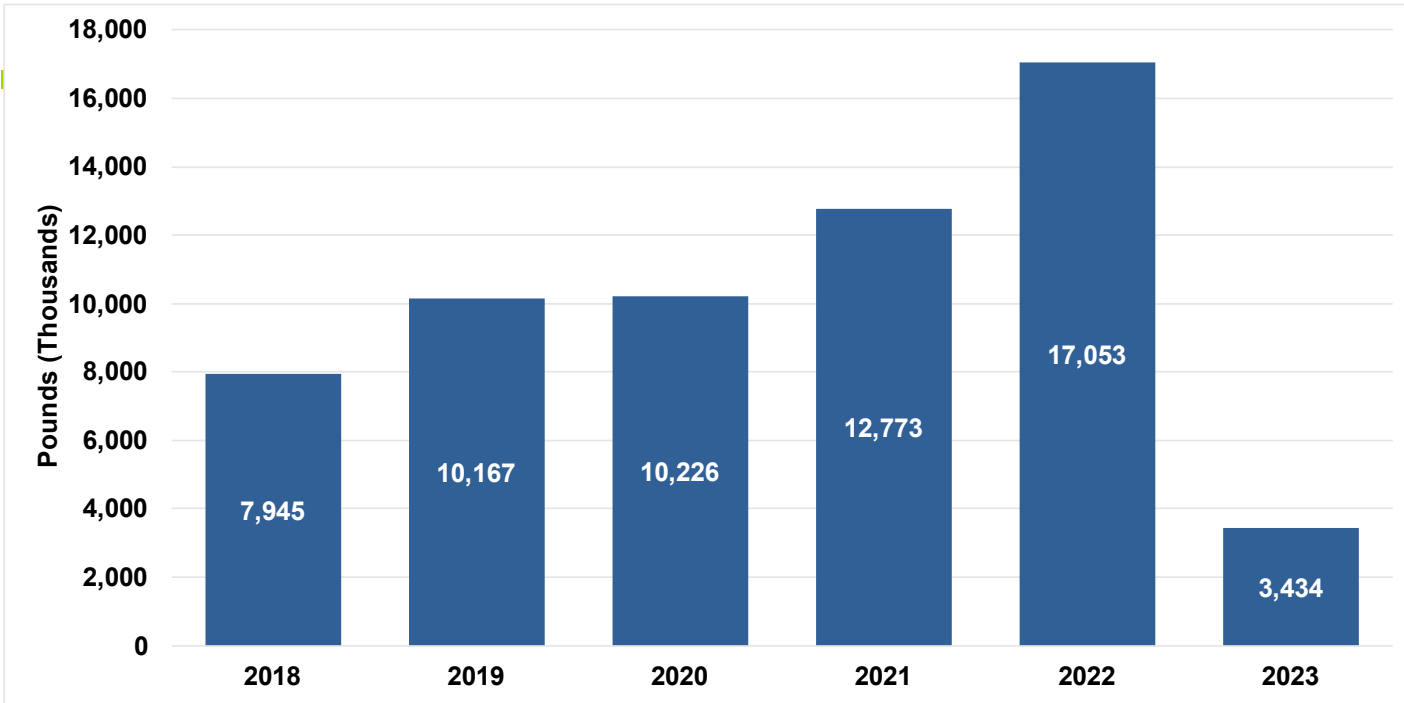
Public drop-off site data includes one union site and three regional distribution sites.





Total Program Costs: **Hauling: 56%** of Q1 2023 Cost **Storage: 18%** of Q1 2023 Cost **Recycling Fees: 26%** of Q1 2023 Cost

Material Collected by CARE Drop-Off Sites (Annual)



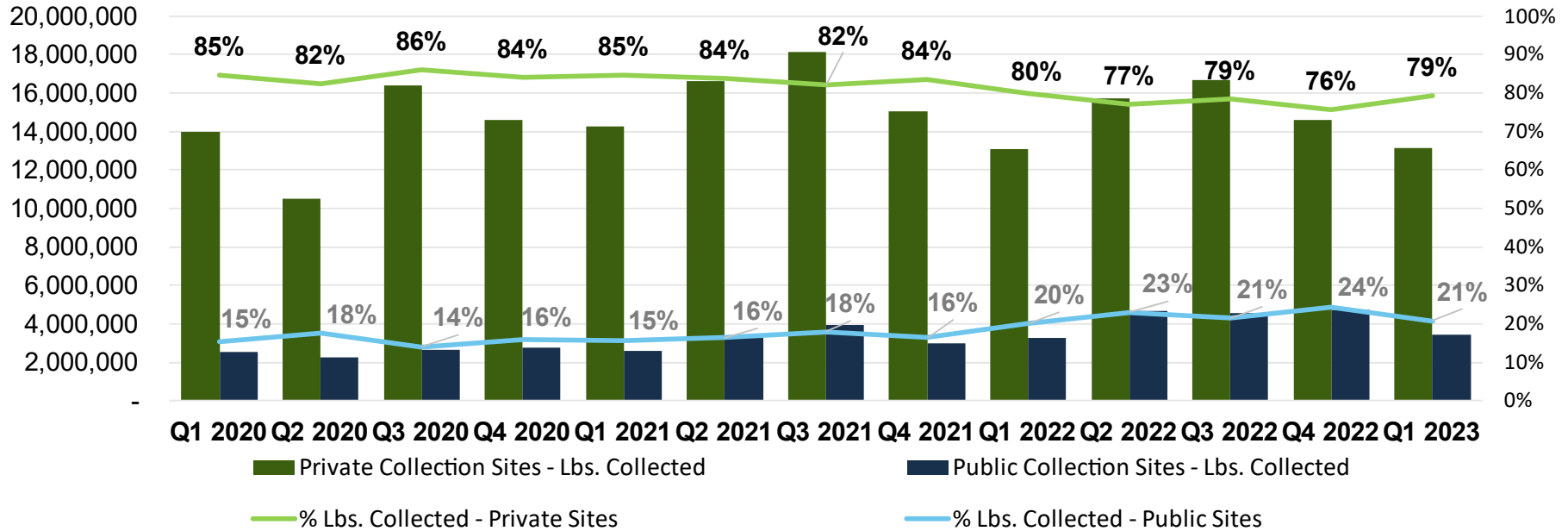
2023 lbs. collected YTD: **20% of total 2022 lbs. collected**

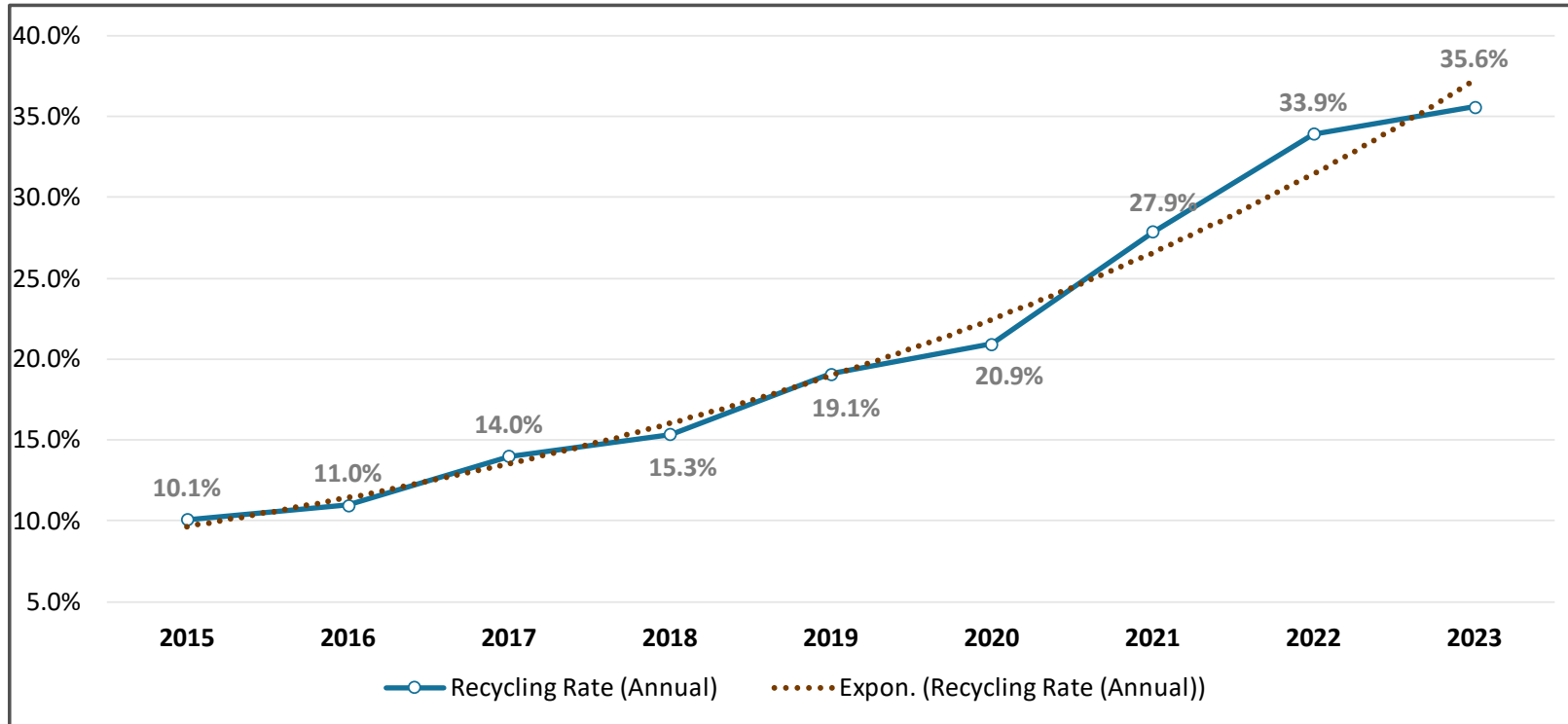
Q1 2023 lbs. collected: **4% increase** over Q1 2022 lbs.; **31% increase** over Q1 2021 lbs. collected

Annual Data Summary						YTD
Data Collected	2018	2019	2020	2021	2022	2023
Hauling Cost (K \$)	\$475	\$450	\$504	\$733	\$1037	\$181
Storage Cost (K \$)	\$172	\$209	\$234	\$219	\$280	\$57
Recycling Fees (K \$)	\$284	\$344	\$322	\$339	\$451	\$85
TOTAL Cost (K \$)	\$930	\$1003	\$1060	\$1291	\$1768	\$324
Avg. Cost/lb Collection	\$0.12	\$0.10	\$0.10	\$0.10	\$0.10	\$0.09
Avg. Cost/lb - Rural	\$0.17	\$0.21	\$0.20	\$0.19	\$0.18	\$0.20
Avg. Cost/lb - Urban	\$0.10	\$0.08	\$0.09	\$0.09	\$0.09	\$0.08
Average Cost/Capita [1]	\$0.005	\$0.004	\$0.003	\$0.003	\$0.004	\$0.003
Pounds Collected (K lbs)	7,945	10,167	10,226	12,773	17,053	3,434
Private Drop-Off Site	117	160	178	202	201	193
Public Drop-Off Site	53	73	83	98	135	135

- 135 operational CARE Drop-Off Sites in 55 CA counties at end of Q1
- 193 operational private sites reported at the end of Q1. Public drop-off site data includes one union site and three regional distribution sites.

1. Cost/Capita uses updated U.S. Census information as available.





1. Recycling rate increased by an average of 27% year of year from 2016 to 2022.
2. 2023 reflects recycling rate for Q1 2023 results.

Recommendations to SFOC

	(Thousands)
1) Approve CSE subsidy	\$ 791,182.0
2) Approve Processor subsidy	\$ 2,405,007.0
3) Approve Manufacturer subsidy	\$ 2,479,761.0
4) Approve Program costs	\$ 810,255.0
5) Approve Administrative costs	\$ 601,880.0
Total Payout:	\$ 7,088,085.0



CARE Program Update

- Education & Outreach
- Collection
- Grants
- Market Development
- Newsletters & Communications

- **Retailer and Installer Outreach**
 - 388 phone outreach calls to flooring retailers in 2023 YTD
 - DOS Map Booklet mailed to all retailers and C-15 installers
 - Accelerated Differential Assessment Communication Plan undertaken
- **Consumer Outreach**
 - Lowe’s instore carpet recycling signage is in the process - 113 Locations
- **Drop-off Site Outreach**
 - Two quarterly outreach efforts
 - Technical assistance phone calls with CARE drop-off sites
 - One quarterly educational webinar for Drop-off Sites

- CARE Drop-off Sites – 136 sites
 - 131 public drop-off sites supporting 57 counties.
 - Four semi-public Drop-off Sites supporting flooring installers
- Three new Drop-off Sites:
 - 2 in Northern CA
 - Mono County, Lee Vining, Pumice Valley Landfill
 - Calaveras County, Angel's Camp, Pinnell's Carpet One Floor & Home
 - 1 in Southern CA
 - Madera County, Madera, J&M Floor Covering

■ Convenient Collection

- One public Drop-off Site per 500k population: Goal met in 2022
- Per the 2023-27 Plan, CARE will use 2020 Census data beginning in 2023

■ Growing Collections

- Site-visit effort initiated at Drop-off Sites
 - Best practices and support of high performing sites
 - Technical assistance and support for low performing sites

■ Micro Grants

- One new award is under contract and four projects are underway and will close in 2023.
- Micro Grant case study focused on a reuse project underway.

■ Pilot Collection Awards for Small-Volume Projects

- One project closed in 2023 and results will be shared in CARE's 2022 Annual Report.
- One project awarded in Q2.

■ Capital Grants

- Cycle 4: One project is underway through mid 2023 and one project closed in Q2.
- Cycle 5: Two projects are ongoing through Q3 2023.
- Cycle 6 solicitation has been developed and planned for release in early June.

■ Testing Grants

- Cycle 5 of Testing Grants solicitation has been developed and planned release is early June.

■ Innovation and Design Grants

- Four proposals assessed with recommendations to fund two, which will kick off in fall 2023.
- Seed awards up to \$100k.

- 98 Products containing PCC recycled content
 - 23 Tier two manufacturers
 - 9 in California
 - 14 outside of California
- Attendance at CAPPO Conference.
- Sent mailing about carpet recycling and recycled-carpet products to CAPPO conference attendees.
- Ongoing technical and business development assistance to processors, and manufacturers.

- Five e-news sent (January, February, March, Special Issue on Program Success, May)
- Four new blog posts:
 - CARE Submits Revised Five-Year Plan to CalRecycle
 - Record Results in 2022 for California Carpet Stewardship Program
 - Carpet Differential Assessment to Increase April 1, 2023
 - CARE Grantees Contribute to Attaining 2022 Program Goals
- Ongoing: reporting (including to CalRecycle and Annual Report), collateral, website and Twitter.

End of Review