



## A Note from the Executive Director of WMMFA

March 27, 2008

Dear Member Manufacturers:

The enclosed newsletter describes how funding will be accomplished for implementation of the Standard Plan for electronics recycling, as required under Washington State law. The Authority will be holding a meeting for the manufacturers, open to the public, to answer questions and accept comments concerning its finance plan and upcoming invoices to manufacturers. A phone number is provided to call in and participate, real time, for those that cannot participate in person. Questions and comments received by April 4<sup>th</sup> via phone, e-mail, or other means, will be provided to all through several formats including our website and e-mail.

The schedule of upcoming activities is summarized below:

- March 27 – Information posted online regarding Manufacturers' Forum and finance plan
- March 28 – Notice of meeting mailed to manufacturers
- March 28-April 4 – Respond to pre-meeting calls and e-mails
- April 8 – Post responses to FAQs on WMMFA website
- April 10 – Public meeting of manufacturers at Department of Ecology in Lacey, WA
- April 22 – April invoices issued to manufacturers

These materials are available on the Authority's website at [www.wmmfa.net](http://www.wmmfa.net). We are also sending copies of this newsletter via U.S. mail to ensure that every member manufacturer in the Authority receives this important information.

The Board of Directors and staff of the WMMFA look forward to your participation in this process.

Best regards,

John Friedrich  
Executive Director  
Washington Materials Management & Financing Authority



## Manufacturer Newsletter – March 2008

### What Is the Authority?

As a manufacturer of electronic products covered by Washington State's electronics recycling legislation, you are by law a member of the Washington Materials Management and Financing Authority (WMMFA or the Authority). The Authority was formed to set up and operate a program to manage and pay for the collection, transportation and recycling of used and discarded televisions, desktops, laptops and monitors. These services will be provided to Washington's households, small businesses, small local governments, school systems and charities. The Authority's program to manage covered electronics products (CEPs) is called the **Standard Plan**.

The Authority's collection system under the Standard Plan must be fully operational by January 1, 2009. As a member of the Authority, you will begin receiving invoices to cover the costs of your portion of the Standard Plan, beginning in April 2008. The Authority's finance plan and invoicing process are described in the enclosed materials.

### Manufacturers' Forum on April 10

You are invited to attend a meeting of the Authority's members on **Thursday, April 10, 2008 from 9:30 a.m. to 12:00 noon**. The Authority will provide more information on the financing plan and address manufacturer questions about the Authority's finances and forthcoming member invoices.

The meeting will be held at the Washington State Department of Ecology's Headquarters/Southwest Regional Office, 300 Desmond Drive, Lacey, Washington 98503, near Olympia (about 45 miles from SeaTac airport). Manufacturers can also participate by conference call by dialing (906) 481-2100 and using access code 312217#.

If you have questions or comments on the enclosed financing materials, please email them to [info@wmmfa.net](mailto:info@wmmfa.net) by **Friday, April 4, 2008**. The Authority will post answers to frequently asked questions on its website prior to the manufacturers' meeting.

A meeting of the Authority Board will follow the Manufacturers' Forum on April 10<sup>th</sup> from 12:30 to 4:00 p.m., also at the Department of Ecology.

Directions and a map to Ecology's office are included at the end of this document and are also available on the Authority's website at [www.wmmfa.net](http://www.wmmfa.net).

## Standard Plan Financing – A Breakdown of Manufacturers' Costs

In 2008, invoices will be sent out to all manufacturers participating in the Standard Plan. Since no Independent Plans were submitted to the Washington State Department of Ecology in 2008, **all** manufacturers of covered electronic products (CEPs) are Members of the Authority and are participants in the Standard Plan.

### Plan and Member Types

**Standard Plan** – The Authority's overall Plan – that is, the plan for the collection, transportation, processing, and recycling of unwanted covered electronic products developed, implemented, and financed by the Washington Materials Management and Financing Authority on behalf of manufacturers participating in the Authority. The Standard Plan allows General and Flex Participants (defined below) to meet their obligations to the Authority under Washington State law.

**Standard Plan Members** include all manufacturers that participate in the Authority, including both General Participants and Flex Participants, as defined below.

**General Participants** includes all manufacturers that will cover their respective recycling responsibility through participation in the Authority's Standard Plan. Recycling responsibility includes both Administrative and Operating obligations, otherwise known as Equivalent Shares as described below.

**Flex Plan** – A sub-plan that exists inside of the Standard Plan. Flex Plans allow Flex Participants to provide their own operations for processing of CEPs as a way to meet their operating obligations to the Authority.

**Flex Participants** are those manufacturers in the Standard Plan operating individually or within a group that comprises at least 2% Equivalent Share and that choose to operate their own Flex Plan involving collection and recycling activities. Flex Plans must meet their Equivalent Share of Operating Costs (pounds processed) through their own operations, or they must purchase pounds from the Standard Plan to reconcile any shortfalls in performance as compared to their Equivalent Share of Operating Costs. This arrangement ensures a level playing field for all manufacturers in the Standard Plan.

Flex Participants are responsible for their respective Equivalent Share of the Authority's Administrative Costs and will be invoiced quarterly for these Administrative Costs.

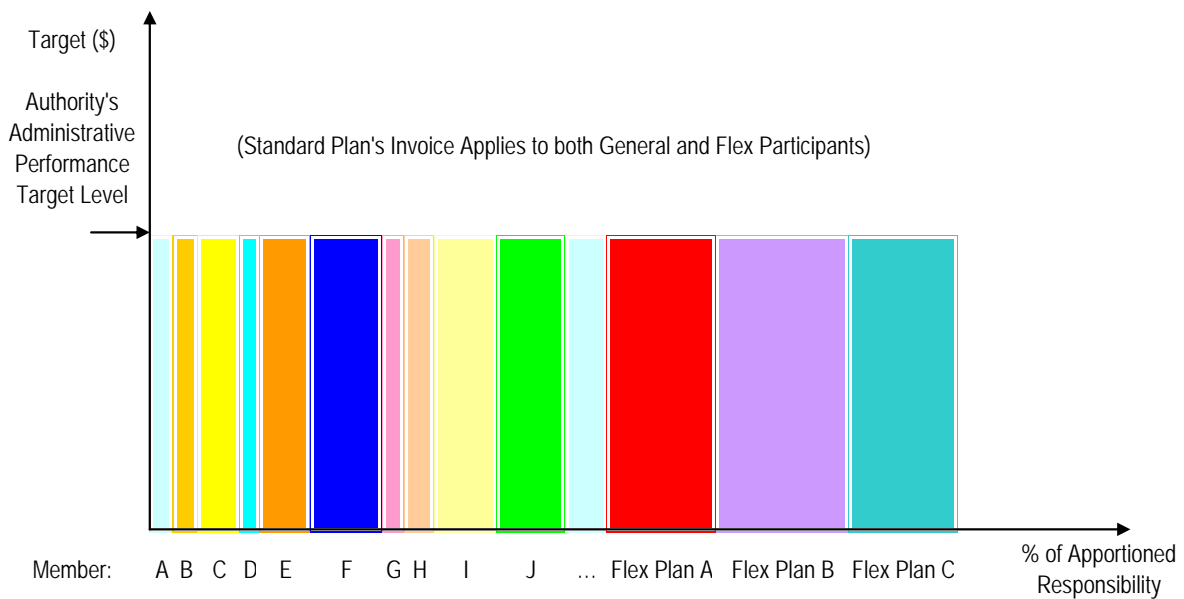
Companies that intend to become Flex Participants must apply prior to October 1 of a given year. Flex Participants will be determined and officially announced in December of each year.

## Administrative Costs

**Administrative Costs** cover program development and set-up costs that include, but are not limited to, legal, consulting, staffing, administrative reserve build-up, and service costs. Administrative Costs are borne by all Standard Plan Participants, including both General and Flex Participants. Repayment of the start-up loan from the Department of Ecology is also an Administrative Cost borne by all Authority Members. The loan was \$500,000 in total and was used to finance the development of the Authority and its Standard Plan, including legal, consulting and other service fees.

**Figure 1** illustrates the Authority's target level of performance for administration (determined annually by the Authority) and provides an example of how the Administrative Costs could be apportioned across General Participants (Members A through J) and several Flex Plans (Flex Plans A, B, and C).

**Figure 1. Administrative Costs and Sample Apportionment of Responsibility for Overall Standard Plan**



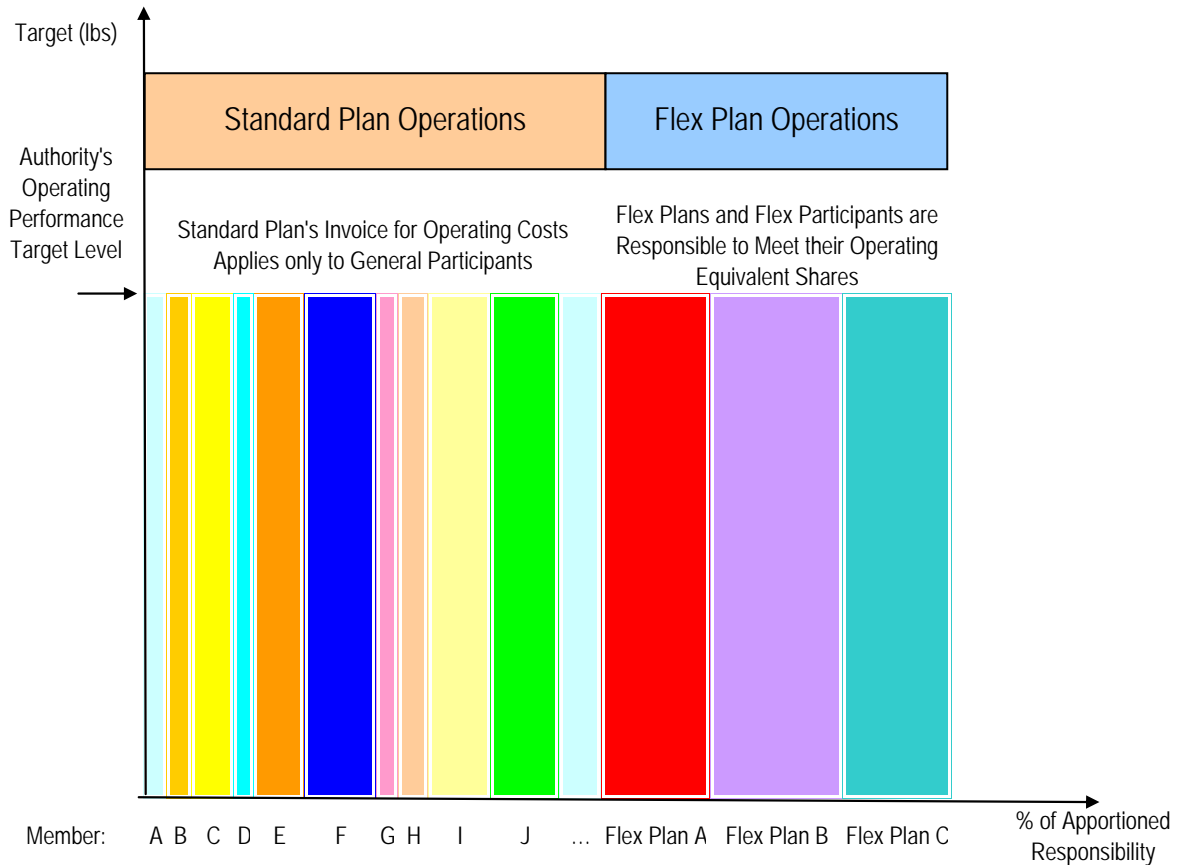
*Note: Each Member's Equivalent Share is equal to the area of the corresponding block above the Member's identifier (e.g., A, B, C).*

## Operating Costs

**Operating Costs** include, but are not limited to, contracting, sampling, collecting, transportation, and recycling. Operating Costs that are incurred through Standard Plan operations are borne by General Participants. Flex Participants cover their operating obligations through their respective Flex Plan operations.

**Figure 2** illustrates the Authority's target level of performance for operations (determined annually by the Authority) and provides an example of how the operating obligations could be apportioned across both General Participants and Flex Plans.

**Figure 2. Operating Obligations and Sample Apportionment of Responsibility for Overall Standard Plan**



*Note: Each Member's Equivalent Share is equal to the area of the corresponding block above the Member's identifier (e.g., A, B, C).*

## Equivalent Share

**Equivalent Share** is the respective obligation of a Member or Flex Plan and is determined in a way that is consistent with the financing policy described herein. General Participants satisfy their Equivalent Share obligations automatically by paying for their share of the Standard Plan's Administrative and Operating Costs, covered in quarterly invoices. Meanwhile, Flex Plans satisfy their Equivalent Share of operating obligations through their own approved operating activities for processing covered electronic products and by paying their share of the Standard Plan's Administrative Costs as issued in quarterly invoices.

The Authority shall determine an Equivalent Share for each Standard Plan Member, consistent with the financing plan. The financing plan provides a calculation that determines the percentage of responsibility for a given member. The Equivalent Share will be calculated by applying this percentage of responsibility to the total Standard Plan performance level (Administrative and Operating Costs) established by the Authority on an annual basis.

The Authority will set performance levels (pounds) for operating activities and separate performance levels (dollars) for overall spending for administration activities. Consequently, a Member's percentage of responsibility remains the same, whether it is applied to operating costs or administrative costs. The performance levels for operating costs and administrative costs will be different, however, since they are for two distinctly different purposes.

The Flex Plan's Equivalent Share is the accumulation of Equivalent Shares for each respective Flex Plan member. A Flex Plan that fails to meet its equivalent share for operating obligations must purchase credits from the Authority at the Authority's average cost per credit, including processing costs.

## Cost Apportionment by Market Share and Return Share

Cost apportionment will gradually transition over time to full market share-based financing. **Table 1** shows the transition to full market-share financing by 2016, including the annual Weighted Distribution of (Market and Return Share) Responsibility (WDR) for Standard Plan Members.

**Table 1. Cost Apportionment by Market Share and Return Share**

	Percentage of Authority Costs Financed by Member CEPs sold (by weight)  (Market Share) (WDRm)	Percentage of Authority Costs Financed by Member CEPs collected (by weight)  (Return Share) (WDRr)
2009	50%	50%
2010	55%	45%
2011	60%	40%
2012	65%	35%
2013	70%	30%
2014	80%	20%
2015	90%	10%
2016 and future	100%	0%

## Financing Policy for 2008 and 2009

Current cost apportionment among Members is based equally upon Market Share and Return Share. Both Market Share and Return Share are described in Tables 2 and 3.

**Table 2** explains how a manufacturer's cost will be determined for the April 2008 invoice that will cover the Authority's remaining 2008 Administrative Costs.

**Table 3** explains how a manufacturer's cost will be determined for invoices from October 2008 through June 2009.

**Table 2. Cost Calculations for April 2008 Invoices**

<b>Mfr Cost = Total Standard Plan Cost *(Market Share + Return Share) / 2</b>			
<p><b>Market Share</b> – Since manufacturers will not provide Market Share information prior to September 2008, initial Market Share will be determined according to the Tiers previously established by the Department of Ecology. Each Tier is associated with a total Market Share for the respective Tier. For each Tier, the Tier's Market Share will be divided equally among the Participants in the Tier. Ecology has already assigned each manufacturer to a Tier; see websites below for more information on the Tiers for 2008.</p>			
<b>Table 2A. Market Share Apportionment of Cost for April 2008 Invoices</b>			
<b>Tier</b>	<b>Cost Apportionment by Tier</b>	<b>Number of Manufacturers in Tier</b>	<b>Percent of Cost Apportionment per Manufacturer in Tier</b>
<b>1</b>	47.42%	3	<b>15.81%</b>
<b>2</b>	38.46%	17	<b>2.26%</b>
<b>3</b>	9.23%	25	<b>0.37%</b>
<b>4</b>	4.22%	64	<b>0.07%</b>
<b>5</b>	0.44%	27	<b>0.02%</b>
<b>6</b>	0.22%	70	<b>0.00%</b>
<b>7</b>	0.00%	13	<b>0.00%</b>
<i>Market Share apportionment based on Ecology Tiers</i>			
<p><i>Market Share Reference Material:</i>  <a href="http://www.ecy.wa.gov/PROGRAMS/SWFA/eproductrecycle/Tier2008.html">http://www.ecy.wa.gov/PROGRAMS/SWFA/eproductrecycle/Tier2008.html</a>  <a href="http://www.ecy.wa.gov/PROGRAMS/SWFA/eproductrecycle/docs/2008TierByName.pdf">http://www.ecy.wa.gov/PROGRAMS/SWFA/eproductrecycle/docs/2008TierByName.pdf</a></p>			
<p><b>Return Share</b> – Since program sampling will not begin until 2009, Return Share for the April 2008 invoice will be based upon existing Ecology sampling data of Return Share. Manufacturers are already assigned a Return Share by Ecology per the reference material below.</p>			
<p><i>Return Share Reference Material:</i>  <a href="http://www.ecy.wa.gov/PROGRAMS/SWFA/eproductrecycle/docs/2009percent.pdf">http://www.ecy.wa.gov/PROGRAMS/SWFA/eproductrecycle/docs/2009percent.pdf</a></p>			

**Examples for April 2008 Invoice (not exact values), assuming that the Authority issues invoices covering a total amount of \$600,000**

<p><b>Tier 1 Example</b>  <u>Market Share = 15.81%</u>                  Return Share = 6%                  Mfr Cost = \$65,430</p>	<p><b><u>Calculations:</u></b>   <math>\\$600,000 * (0.1581 + 0.06) / 2 = \\$65,430</math></p>
<p><b>Tier 2 Example</b>  <u>Market Share = 2.26%</u>                  Return Share = 4%                  Mfr Cost = \$18,780</p>	<p><math>\\$600,000 * (0.0226 + 0.04) / 2 = \\$18,780</math></p>
<p><b>Tier 3 Example</b>  <u>Market Share = 0.37%</u>                  Return Share = 1%                  Mfr Cost = \$1,410</p>	<p><math>\\$600,000 * (0.0037 + 0.001) / 2 = \\$1,410</math></p>
<p><b>Tier 4 Example</b>  <u>Market Share = 0.07%</u>                  Return Share = 0.5%                  Mfr Cost = \$1,710</p>	<p><math>\\$600,000 * (0.0007 + 0.005) / 2 = \\$1,710</math></p>
<p><b>Tier 5 Example</b>  <u>Market Share = 0.02%</u>                  Return Share = 5%                  Mfr Cost = \$15,060</p>	<p><math>\\$600,000 * (0.0002 + 0.05) / 2 = \\$15,060</math></p>
<p><b>Tier 6 Example</b>  <u>Market Share = 0.0%</u>                  Return Share = 2%                  Mfr Cost = \$6,000</p>	<p><math>\\$600,000 * (0.0 + 0.02) / 2 = \\$6,000</math></p>
<p><b>Additional Example:</b>                   If a Member has a 5% Market Share and 3% Return Share, as noted in the above referenced Ecology websites, then this manufacturer should expect a 4% share of the Authority's total responsibility <math>[(5+3)/2 = 4]</math>. Four percent (4%) of \$600,000 is equal to \$24,000. Thus, this Member should anticipate an April invoice equal to approximately \$24,000.</p>	



**Table 3 – Cost Calculations for October 2008 and Future Invoices**

<p><b>Manufacturer Cost = Total Standard Plan Cost * (Market Share % of Responsibility + Return Share % of Responsibility)</b></p> <p><i>Note: Administrative and Operating Costs will be calculated separately since total Authority costs for each will be different.</i></p>
<p><b>Market Share</b> – By September 1 of each year, each Standard Plan Member will report to the Authority the total pounds of covered electronic products sold into Washington during the preceding July 1 through June 30 period. A request will be sent to all manufacturers prior to August 1 with detailed instructions for reporting.</p>
<p><b>Return Share</b> – Since program sampling will not begin until 2009, Return Share for 2008 and 2009 operations and administration will be based upon existing Ecology sampling data of Return Share. Manufacturers are already assigned a Return Share by Ecology as described in Table 2. Ecology Return Share numbers will be replaced with sampling data beginning for 2010 operations.</p>
<p><b>Summary of Costs for October 2008 through 2009</b></p> <p>Manufacturer Administrative Cost = Total Administrative Cost (Market Share + Return Share)/2</p> <p>Manufacturer Operating Cost = Total Operating Cost (Market Share + Return Share)/2</p>

**What will total costs be for Standard Plan Members in the invoices beginning in October 2008 and for future quarterly invoices through June 2009?**

All invoices from October 2008 onward will include Administrative and Operating Costs. As detailed in Appendix A of this newsletter, the October 2008 total invoice projection is:

Administration Costs: \$200,000  
 Operating Costs: \$2,000,000

For a Member that has a 15.81% Market Share and a 6% Return Share, the Administrative Cost for this Member will equal \$21,810.

$$[\$200,000 * (0.1581 + 0.06)/2 = \$21,810]$$

The Operating Cost for this Member will equal \$218,100.

$$[\$2,000,000 * (0.1581 + 0.06)/2 = \$218,100]$$

See **Table 4** for sample cost apportionment estimates for the Authority's projected invoices for October 2008 through June 2009.

**Table 4 – Projected Invoice Estimates for Member Responsibility, October 2008 through June 2009**

<b>Projected October 2008 Invoice Estimates for Member Responsibility</b>						
			<i>Administration</i>		<i>Operation</i>	
<b>Member Tier</b>	<b>Market Share</b>	<b>Return Share</b>	<b>Total Std Plan Administrative Cost</b>	<b>Member Administrative Cost</b>	<b>Total Std Plan Operating Cost</b>	<b>Member Operating Cost</b>
1	15.81%	6.00%	\$200,000	\$21,810	\$2,000,000	\$218,100
2	2.26%	4.00%	\$200,000	\$6,260	\$2,000,000	\$62,600
3	0.37%	1.00%	\$200,000	\$1,370	\$2,000,000	\$13,700
4	0.07%	0.50%	\$200,000	\$570	\$2,000,000	\$5,700
5	0.02%	5.00%	\$200,000	\$5,020	\$2,000,000	\$50,200
6	0.00%	2.00%	\$200,000	\$2,000	\$2,000,000	\$20,000

<b>Projected December 2008 Invoice Estimates for Member Responsibility</b>						
			<i>Administration</i>		<i>Operation</i>	
<b>Member Tier</b>	<b>Market Share</b>	<b>Return Share</b>	<b>Total Std Plan Administrative Cost</b>	<b>Member Administrative Cost</b>	<b>Total Std Plan Operating Cost</b>	<b>Member Operating Cost</b>
1	15.81%	6.00%	\$450,000	\$49,073	\$1,500,000	\$163,575
2	2.26%	4.00%	\$450,000	\$14,085	\$1,500,000	\$46,950
3	0.37%	1.00%	\$450,000	\$3,083	\$1,500,000	\$10,275
4	0.07%	0.50%	\$450,000	\$1,283	\$1,500,000	\$4,275
5	0.02%	5.00%	\$450,000	\$11,295	\$1,500,000	\$37,650
6	0.00%	2.00%	\$450,000	\$4,500	\$1,500,000	\$15,000

<b>Projected March 2009 Invoice Estimates for Member Responsibility</b>						
			<i>Administration</i>		<i>Operation</i>	
<b>Member Tier</b>	<b>Market Share</b>	<b>Return Share</b>	<b>Total Std Plan Administrative Cost</b>	<b>Member Administrative Cost</b>	<b>Total Std Plan Operating Cost</b>	<b>Member Operating Cost</b>
1	15.81%	6.00%	\$450,000	\$49,073	\$1,500,000	\$163,575
2	2.26%	4.00%	\$450,000	\$14,085	\$1,500,000	\$46,950
3	0.37%	1.00%	\$450,000	\$3,083	\$1,500,000	\$10,275
4	0.07%	0.50%	\$450,000	\$1,283	\$1,500,000	\$4,275
5	0.02%	5.00%	\$450,000	\$11,295	\$1,500,000	\$37,650
6	0.00%	2.00%	\$450,000	\$4,500	\$1,500,000	\$15,000

<b>Projected June 2009 Invoice Estimates for Member Responsibility</b>						
			<i>Administration</i>		<i>Operation</i>	
<b>Member Tier</b>	<b>Market Share</b>	<b>Return Share</b>	<b>Total Std Plan Administrative Cost</b>	<b>Member Administrative Cost</b>	<b>Total Std Plan Operating Cost</b>	<b>Member Operating Cost</b>
1	15.81%	6.00%	\$200,000	\$21,810	\$1,500,000	\$163,575
2	2.26%	4.00%	\$200,000	\$6,260	\$1,500,000	\$46,950
3	0.37%	1.00%	\$200,000	\$1,370	\$1,500,000	\$10,275
4	0.07%	0.50%	\$200,000	\$570	\$1,500,000	\$4,275
5	0.02%	5.00%	\$200,000	\$5,020	\$1,500,000	\$37,650
6	0.00%	2.00%	\$200,000	\$2,000	\$1,500,000	\$15,000

## Appendix A. Invoice Projections

### April 2008 Estimated Costs

**Administrative Costs:**

2008 Projected Unfunded Admin. Costs	\$600,000
Loan Payback	\$0
Administrative Reserve	\$0

**Operating Costs:**

2008 Q1, Q2, Q3 Operating Costs	\$0
Operating Reserve	\$0

**Total Estimate** **\$600,000**

### October 2008 Estimated Costs

**Administrative Costs:**

Administration Costs	\$0
Loan Payback	\$0
Administrative Reserve	\$200,000

**Operating Costs:**

2008 Q4 Operating Costs	\$500,000
Operating Reserve	\$1,500,000

**Total Estimate** **\$2,200,000**

### December 2008 Estimated Cost

**Administrative Costs:**

Administration Costs	\$200,000
Loan Payback	\$250,000
Administrative Reserve	\$0

**Operating Costs:**

2008 Q4 Operating Costs	\$1,500,000
Operating Reserve	\$0

**Total Estimate** **\$1,950,000**

### March 2009 Estimated Costs

***Administrative Costs:***

Administration Costs	\$200,000
Loan Payback	\$250,000
Administrative Reserve	\$0

***Operating Costs:***

2008 Q4 Operating Costs	\$1,500,000
Operating Reserve	\$0

**Total Estimate** **\$1,950,000**

### June 2009 Estimated Costs

***Administrative Costs:***

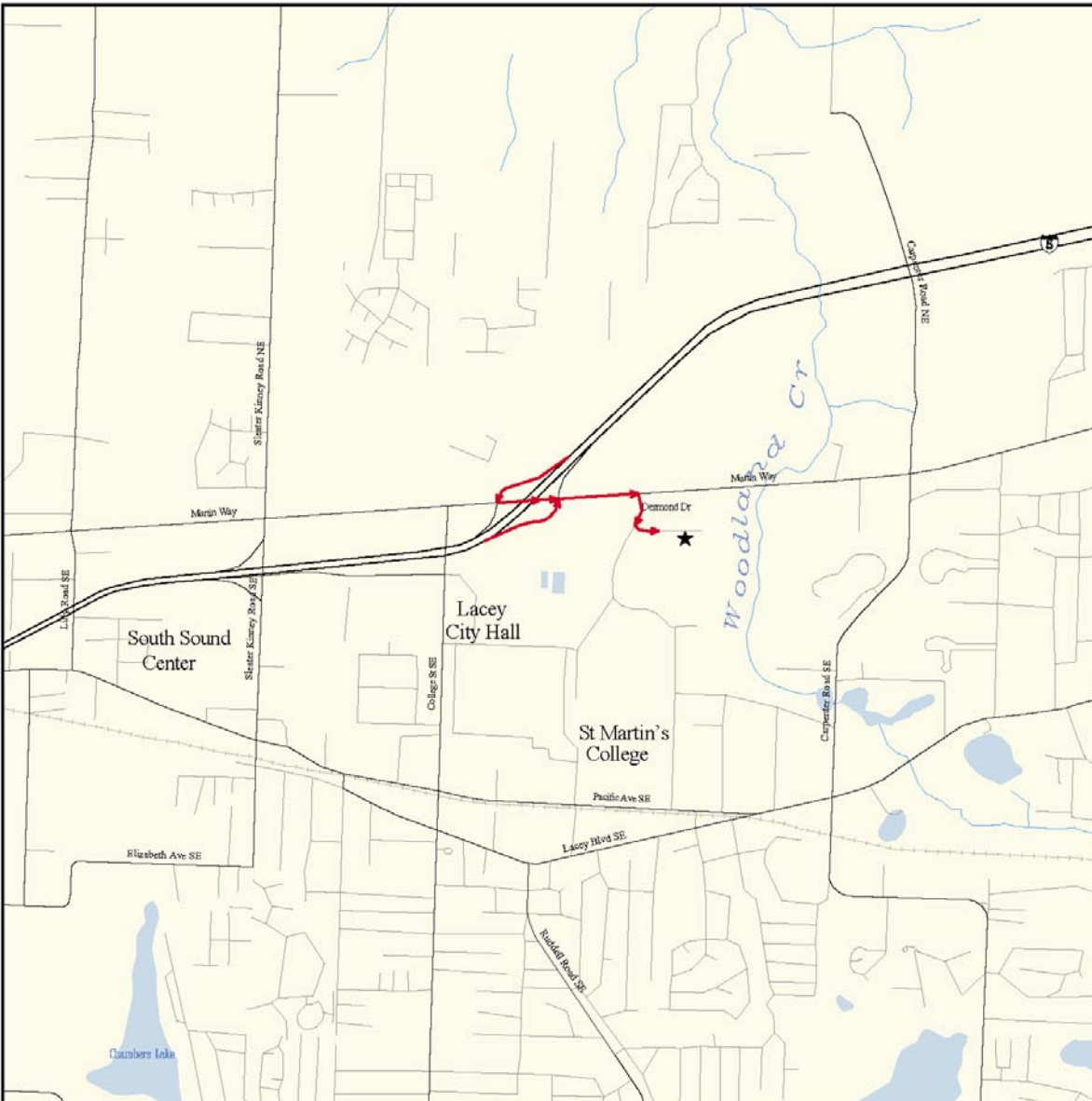
Administration Costs	\$200,000
Loan Payback	\$0
Administrative Reserve	\$0

***Operating Costs:***

2008 Q4 Operating Costs	\$1,500,000
Operating Reserve	\$0

**Total Estimate** **\$1,700,000**

# Directions to April 10<sup>th</sup> Manufacturers' Forum at Department of Ecology



**Headquarters/Southwest Regional Office**  
 300 Desmond DR., Lacey, Wa. 98503  
 (360) 407 - 6000

Directions South bound on I-5: Take Martin Way exit 109, turn left onto Martin Way, at the third traffic light turn right onto Desmond drive.

Directions North bound on I-5: Take Martin Way exit 109, turn right onto Martin Way, at the second traffic light turn right onto Desmond drive.

Once on Desmond Dr head uphill and at the intersection turn left and proceed along the front of the Headquarters building. Proceed past a stop sign and find the visitors parking lot on the left.

Scale 1:25,860  
 Miles



WASHINGTON STATE  
 DEPARTMENT OF  
**ECOLOGY**  
 GIS Technical Services  
 02/27/01

## Parking Instructions for Visitors to Ecology's Building

**Limited** visitor parking (77 stalls) is available at Ecology Lacey Building. Visitors are encouraged to use alternatives to single-occupancy vehicles. Some suggestions are:

- Carpooling
- Intercity Transit – contact IT for advice, services, and bus schedules (360) 786-1881.
- Bicycling – Numerous bicycle trails lead to Ecology's facility. Bicycle lockers, clothes lockers, and showers are available. Please contact the Facilities Help Desk at 360-407-HELP (4357).

In addition to the above mentioned visitor stalls, 12 disabled parking stalls are available for individuals with a valid disabled parking permit. There are 10 spaces designated as barrier-free/ADA parking located on the ground floor of the parking garage, plus two outside spaces across from visitor parking. There are 8 spaces in front of the building, along the entry drive, available for **employees** only (there is no public entrance at that end of the building).