

WMMFA Member Manufacturer Invoice – Quarter 1 - 2012

The enclosed invoice represents your share of expenses for the 1st quarter of 2012 for electronics recycling in Washington State per Chapter 70.95N RCW

INVOICES ARE ISSUED QUARTERLY FOR THE FOLLOWING QUARTER'S EXPENSES

This is the first quarterly member manufacturer (currently all manufacturers that sell CEP 's in Washington State) invoice for 2012. The next invoice you receive will be for Q2 2012. Each manufacturer's calculated share for 2012 is based on total market and return share of CEP product weights using the formula:

$$\text{Member quarterly cost (invoice)} = [(65\% \times \text{your market share \%}) + (35\% \times \text{your return share \%})] \times \text{Total Q1 budgeted plan expenses}$$

Return Share Return Shares for this invoice, and future invoices, will be based on actual sampling of brand names and weights turned in for recycling in Washington State per WAC 173-900-900. Sampling began January 1, 2009 and will continue indefinitely. The basis for return share percentages on this invoice with allocations by brand name are based on *Preliminary Shares for Electronics Manufacturers* sampling results obtained on sampling conducted January 1, 2011 through September 30, 2011. The sampling data with brand name and orphan assignments can be viewed at the WMMFA web site www.wmmfa.net at the manufacturer link-> [2012 preliminary return share sampling data](#).

Market Share Market share data by manufacturer is obtained from 3 sources:

1. **POS cash register** sales data in units by each manufacturer as reported via NPD group research from brick and mortar retailers representing 65-70% of all US retail sales between July 2010 and June 2011.
2. **Manufacturer self reported** sales in pounds of all CEP's to covered entities as defined in the law – nationally and specific to Washington State.
3. **Consumer Research data** from on-line surveys of consumer panels (NPD Research) composed of a pool of 35,000 consumers polled weekly. Surveys reveal brand name and purchases in units and a percentage of total of all brand/manufacturers with survey results across the same 15 covered product categories used within the POS data set. Data for e-readers and tablets was obtained from IDC.

How market share data was obtained and used:

The Authority sought proposals and quotes from several market share research data firms before purchasing market share POS and consumer research data from NPD group and IDC. The POS data the authority purchased identified unit sales by CEP for the top manufacturers within 15 CEP product categories including LCD, CRT & plasma TV's and monitors, PC towers, 4 sizes of laptops, e-readers, and tablets. Sales in units (POS) and percentage of total units (survey) were obtained for the time period July of 2010 through June 2011. Unit sales data obtained from all sources listed was converted to weight using a sampling of weights of 10 each devices across the 15 CEP product types (6 TV, 2 monitor, 4 laptop, 1 PC tower, 1 e-reader, 1-tablet). Since not all manufacturers provided their market share data and since sales through brick and mortar sales channels excluded internet and direct sales to covered entities by manufacturers the authority supplemented POS data with the consumer panel research data. Market share percentages were then established based on analysis of each market share source of all manufacturers' CEP sales weights within each market share data set listed (1-3) above.

11 manufacturers within the Top 20 brands (by total market share weight) responded to the Authority's request for market share information in 2011. Without data provided from all, or, at least most manufacturers in the top 36 market share positions data supplied by manufacturers could not be utilized solely as a basis for market share determination because a total market share number (pool of total pounds) could not be derived.

The WMMFA financing policy of basing an individual manufacturer's share responsibility on a "split" with components of market and return shares was established in the beginning based on input from manufacturers. With a plan that must allocate expenses to over 200 member manufacturers the WMMFA sought to provide a "best fit" for each manufacturer - overall - that attempted to provide equitable sharing based on pounds attributable to a manufacturer that were actually being currently recycled with a component that also tied current sales of devices subject to eventual recycling costs. The future sharing of expenses as established by the Board of the WMMFA calls for a transition to 100% market share (by weight) allocation by 2016.

Common member FAQ's are listed on an attachment with this invoice. If you have any additional questions please contact the WMMFA: E-mail: friedrick@wmmfa.net or at phone: 1-866-779-6632

FAQ's:

If you are receiving this invoice your organization is a member manufacturer of the WMMFA. The WMMFA is the organization mandated by Washington State law to implement and operate unwanted electronics recycling in Washington State. The WMMFA is governed by a Board of participating member manufacturers and 2 ex-officio representatives.

Q: How were total expenses for the authority, a part of which I share, determined for this quarter?

A: The manufacturer governed State (or "Standard") plan which the Authority operates will have collected approximately 41 million pounds of CEP's in 2011. This volume is approximately 5% greater than what was collected in 2010. Based on an analysis of our collector network, seasonal factors, and outreach efforts the Authority has budgeted for collection of 9.2 million pounds of covered devices for the 1st quarter of 2012. The Authority has built in reserves in the amount of 4% of budget for the 2012 Q1 invoice. Surplus reserves totaling \$415,000 from Q1 and Q2 of 2011 were credited back to all member's in the Q2 and Q3 2011 invoices in proportion to their original invoiced "shares". The Authority's actual cost per pound for 2011 was approximately \$.25 per pound vs. \$.25 for 2010 - same time period. Administrative expenses (salaries, labor, office, misc) are 3.4% of total expenses for 2011 YTD vs. 4.4% for the same period of 2010. It is the goal of the WMMFA to keep reserves at the absolute minimum required to maintain operations. Any excess reserves will be credited in the quarter following any surplus reserves realized.

Q: Will each quarter's invoice be about the same amount?

A: Variance in invoice amounts has been less than 25% per quarter for 2011. An individual manufacturer's invoiced amounts may change if return share sampling updates show a surge in brand owned product pounds returning to the recycling stream, or if processing expenses increased dramatically - this should be unlikely however. Market share is determined once per year.

Q: Are all manufacturers paying their share?

A: 99.8% of the total amounts due on all manufacturers' invoices issued in 2011 were collected. Manufacturers that pay late, will be assessed finance charges and can be banned from selling products in the State and may be fined by the Dept. of Ecology for nonpayment. Enforcement action for non-payment is at the discretion of the Dept. of Ecology.

Q: What if the plan receives more, or less, pounds than anticipated this quarter, or in future quarters?

A: The invoices for next quarter will reflect any shortfall or surplus in funding as a result of actual vs. projected pounds received. The Authority is an instrumentality of the State to carry out electronic recycling. All collected funds will go to cover expenses. Reserves are used to fund unanticipated volume and processing expenses only, and are kept at a minimal level.

Q: What will my invoice amount be next quarter?

A: The next invoice will be for the 2nd quarter of 2012 and will be issued on approximately February 17, 2012. Invoice terms are always net 60. Individual manufacturer's invoices can vary by 20% per quarter based on seasonal variations in pounds of CEP's received. Excess reserves, if any, based on our actual cost experience are always issued back to manufacturers in the form of a reduced invoice (a credit) in the following quarter.

Q: How was my share of total expenses determined?

A: Your share was computed using the formula outlined on the front of the enclosed invoice, with details described on the back. You may visit the [WMMFA web site](#) and go to the manufacturer's link for a listing of documents that contain more comprehensive share information.

Q: Are there penalties for a member's late or nonpayment?

A: Washington State Department of Ecology is responsible for any enforcement action under the law, which could include penalties assessed against members who fail to pay their fair share of the costs of the WMMFA Standard Plan operations. A 3% late charge is applied to past due invoices by the WMMFA. Compliance and enforcement for violations of the Ecology approved Standard Plan are outlined in Chapter 173-900 Washington Administrative Code.

Q: Why do I receive an annual invoice from Ecology in addition to a quarterly invoice from the Authority?

A: Registration fees are established by Ecology in amounts to fully recover and not to exceed expenses incurred by them to implement 70.95N RCW. More information about the RCW and WAC can be obtained at <http://www.ecyclewashington.org/>. The Authority is the manufacturer operated (via Board governance) organization that implements, operates, and finances, through member payments - the approved State electronics recycling plan.

Q: May I appeal my assessment of charges? Per WAC 173-900-997

A: Any manufacturer participating in the standard plan may appeal an assessment of charges or apportionment of cost as invoiced by the authority. The manufacturer must pay their charges or apportionment to the authority and submit a written petition to the director of the department of ecology within fourteen calendar days of receipt of notification of charges (invoice) or apportionment of charges. The written petition must include proof that:

- > The authority's assessments or apportionment of costs were an arbitrary administrative decision.
- > An abuse of administrative discretions is proven; or
- > It is not an equitable assessment of apportionment of costs.
- > Within thirty calendar days of receipt of the written petition, the director or the director's designee will review the appeal.
- > The director (of Ecology) will reverse any assessments of charges or apportionment of costs if the appeal is determined to be correct.

Q: Who manages and oversees the Authority?

A: The Authority is managed by an Executive Director. Governance is provided by an 11 member board of directors. Members are chosen by the Director of Ecology, comprised of representatives of participating manufacturers and one retailer (at this time). Two members of the board, one from Ecology and one from the Department of Community, Trade and Economic Development carry no voting rights and serve in an advisory capacity. The Department of Ecology provides oversight in compliance areas of the recycling plan and the rules of law.

Please visit our web site at <http://www.wmmfa.net/> or contact us directly for additional information.

Regards, 

John Friedrich, Executive Director, WMMFA