# REQUEST FOR APPROVAL

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| **To:** | Cara Morgan<br>Branch Chief, Local Assistance and Market Development |
| **From:** | Mitch Delmage<br>Recycling Market Development Zone Designation Coordinator |
| **Request Date:** | November 18, 2013 |
| **Decision Subject:** | Approve the Designation of the City of Hawthorne Recycling Market Development Zone and the Designation of the Yolo Recycling Market Development Zone and Initiate a Recycling Market Development Zone Designation Cycle For 2014 |
| **Action By:** | December 17, 2013 |

**Summary of Request:**

This Request for Approval addresses two items: 1) approval of two new Recycling Market Development Zones (RMDZs) for the 2013 Designation Cycle; and 2) approval to initiate a new Designation Cycle for 2014.

*Designation Cycle 2013*--In March 2013, CalRecycle (or Department) initiated a designation cycle. As a result, the City of Hawthorne and the County of Yolo (with the participating Cities of Woodland, Davis, and Winters) applied to become RMDZs. Each applicant met all the designation requirements to become a Zone. Approving these two new Zones would bring the total to 36 Zones. These new designations are expected to expand local markets; and, thereby increase diversion of recyclables, reduce disposal, add local jobs, and reduce environmental impacts of manufacturing by using secondary materials. They also have the potential to: (1) reduce greenhouse gas emissions; (2) increase energy savings; and, (3) reduce air and water pollution.

*Designation Cycle 2014*--Pursuant to regulations (14 California Code of Regulations (CCR) section 17902 (a)), CalRecycle can initiate an RMDZ Designation Cycle for adding new Zones to the Program. However, CalRecycle must decide whether it wants to initiate this new cycle by March 31st of each year and whether a cycle is needed. Furthermore, regulation requires CalRecycle to identify statewide objectives to consider before selecting new RMDZs. These statewide objectives are listed in regulation; however, CalRecycle is not limited to just the mandated list of objectives. Establishing more RMDZs through a new cycle will help increase recycling manufacturing infrastructure in California, will help fill any regional or statewide gaps and further support the State's 75% Initiative to expand infrastructure and promote the use and procurement of recycled products and materials.

**Recommendation:**

Staff recommends that the City of Hawthorne and the County of Yolo (with participating Cities Woodland, Davis, and Winters) be found to have submitted complete Applications for Designation as RMDZs, and have each met all statutory and regulatory requirements to be designated as a fully functional RMDZ. Furthermore, staff recommends that CalRecycle find that these Projects will not have any adverse environmental effects that are subject to mitigation or avoidance under the jurisdiction of the Department. Finally, staff recommends approval of initiating a RMDZ Designation Cycle in 2014 to establish new Zones and approval of the objectives and scoring criteria that were used in the 2013 Designation Cycle (see Attachment 1)

**Branch Chief Action:**

On the basis of the information, review, and analysis in this Request for Approval and the findings set out above, I hereby find that the Project will not have any adverse environmental effects that are subject to mitigation or avoidance under the jurisdiction of the Department, and I hereby approve the designation of the City of Hawthorne Recycling Market Development Zone and the Yolo Recycling Market Development Zone. I also hereby approve initiating a RMDZ Designation Cycle for 2014; the statewide objectives and scoring criteria for this RMDZ Designation Cycle; and allowing up to 10 applicants receiving a passing score of 70 or above be allowed to become a RMDZ.

Dated: 12-17-13

Cara Morgan

Cara Morgan, Branch Chief
Local Assistance and Market Development

**Attachments:**

1. RMDZ Designation Cycle in 2013 Objectives and Scoring Criteria

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**Background Information, Analysis, and Findings:**

In the early 1990s, the former California Integrated Waste Management Board (now CalRecycle or the Department) established an RMDZ Program based on the very similar California Enterprise Zone Program. The RMDZ Program was designed to help bring new green businesses into a community and assist existing green businesses to flourish. Currently there are 34 RMDZs comprising 219 cities and 28 counties (45 percent of all jurisdictions statewide). The RMDZs cover approximately 85,000 square miles or 52 percent of California, and represent almost 20 million Californians (approximately 54 percent of the total population).
The RMDZ Program combines recycling with economic development to fuel new businesses and expand existing ones (that are located in a CalRecycle-designated RMDZ), create jobs, and divert waste from landfills. The Program provides attractive loans, technical assistance, and free product marketing through CalRecycle's RecycleStore. The RecycleStore advertises businesses that use material from the waste stream to manufacture their products. Business assistance is provided through a partnership between local Zone Administrators and CalRecycle. Local government incentives may include: special variances in building codes and zoning laws;

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streamlined local permit processes; reduced taxes and licensing fees; and help finding consistent secondary material feedstock supply.

**1. New Designations:**

In its March 2013 action, CalRecycle approved scoring criteria based on a combination of overall statewide objectives contained in pertinent statute and regulations, regionally focused objectives, and several measures regarding plan and resource adequacy. During the 2013 Designation cycle, two applications were submitted by the deadline of October 31, 2013. Staff conducted final reviews for each application. To be considered for the RMDZ Program, the application had to be complete and receive a passing score of 70 points or more out of the 100 points available. The final scores were based on completeness as shown in the Completeness and Adequacy Findings listed in Tables 1 and 2, and on the Scoring Criteria in Table 3 below. Both applicants scored above the required 70 points necessary to be considered for approval, the City of Hawthorne (93) and the County of Yolo (91) and each had complete applications. Each applicant demonstrated through their application that they were both committed and prepared to become an RMDZ. These new designations are expected to allow for successful loan applicants and other RMDZ businesses to expand local markets; and, thereby increase diversion of recyclables, reduce disposal, add local jobs, and reduce environmental impacts of manufacturing by using secondary materials. This also has the potential to: reduce greenhouse gas emissions; increase energy savings; reduce air and water pollution, and support the State's 75% Initiative. These prospective RMDZs have adequately addressed all requirements for completeness by submitting the information noted in the tables below:

**Table 1: Completeness and Adequacy Findings for Applicants**

| **City of Hawthorne RMDZ Designation** | **YES** | **NO** | **N/A** |
|---|---|---|---|
| Designation Application, Maps, Charts, and Letters of Support | X | | |
| CEQA Documents or Notice of Exemption | X | | |
| Resolution from Lead Agency | X | | |
| Resolutions from Participating Agencies, if applicable | | | X |

**Table 2: Completeness and Adequacy Findings for Applicants**

| **County of Yolo and Cities of Woodland, Davis, & Winters RMDZ Designation** | **YES** | **NO** | **N/A** |
|---|---|---|---|
| Designation Application, Maps, Charts, and Letters of Support | X | | |
| CEQA Documents or Notice of Exemption | X | | |
| Resolution from Lead Agency | X | | |
| Resolutions from Participating Agencies, if applicable | X | | |

**Table 3: Scoring Criteria for Applicants**

| Scoring Criteria | City of Hawthorne | Yolo County |
|---|---|---|
| **Statewide Market Development Objectives (14 CCR Section 17909** | | |
| 1) Extending landfill capacity | Yes | Yes |
| 2) Encouraging the use of emerging technologies | Yes | Yes |
| 3) Distributing RMDZs throughout the state | Yes | Yes |
| 4) Stimulating new regional markets | Yes | Yes |
| | | |
| **Additional Targeted Criteria** | | |
| 1) Large amounts of priority materials disposed of in the region, i.e., construction and demolition materials, organics, paper, and plastics | Yes | Yes |
| 2) Existing hauler, collection and processing infrastructure to create significant continuous stream of recoverable materials | Yes | Yes |
| 3) Working with local businesses to ensure that RMDZ assistance provided by CalRecycle would have more impact on local infrastructure and economies | Yes | Yes |
| 4) Commits to offering RMDZ businesses a range of resources including technical assistance, marketing, permit and siting assistance, reduced fees, and other economic incentives | Yes | Yes |
| 5) Commits to dedicating local jurisdiction staff resources to manage the RMDZ Program, and include detailed plans for assisting businesses, attracting businesses, and evaluating feedstock availability | Yes | Yes |
| 6) RMDZ marketing plan that defines goals, objectives, and metrics for measuring the impact of the RMDZ | Yes | Yes |
| 7) RMDZ encompasses entire city or county or multiple jurisdictions, as opposed to specific parcels of property | Yes | Yes |
| 8) Identifies availability of industrial-zoned commercial real estate properties and buildings within the proposed RMDZ that will meet the needs of new and expanding recycling manufacturers | Yes | Yes |

Additionally, under the California Environmental Quality Act (CEQA), CalRecycle is a Responsible Agency with respect to Designation of an RMDZ (the Project). The City of Hawthorne and the County of Yolo served as Lead Agencies and each prepared a Notice of Exemption (NOE) (the Environmental Document) in connection with its approval of the Project. The Department has determined these Environmental Documents are adequate for the purposes and has considered the potential effects of the Projects as described in the

Environmental Documents prepared by the Lead Agencies. Nevertheless, staff will prepare a Negative Declaration for each Project to assure the all CEQA requirements are fully addressed. Staff recommends that the Department find these Projects will not have any adverse environmental effects that are subject to mitigation or avoidance under the jurisdiction of the Department.

The administrative record for CalRecycle's decision to accept a local NOE includes the administrative record before the Lead Agency, the proposed Project together with all of the components and supporting documentation, the staff report, the Environmental Documents adopted by the Lead Agency, and all other documents and materials used by the Department in reaching its decision to approve any proposed Projects. The custodian of the Department's administrative record is Dona Sturgess, Legal Office, Department of Resource Recycling and Recovery, P.O. Box 4025, Sacramento, CA 95812-4025. The Department will file a Negative Declaration with the State Clearinghouse following Department approval of the Project.

**2. Initiating Designation Cycle for 2014 :**

On October 7, 1991, staff submitted recommendations for objectives and scoring criteria for the first Designation Cycle of the RMDZ program. At that time, the California Integrated Waste Management Board (now CalRecycle or the Department) established a five year goal (1991-1996) of designating 40 (eight per year) RMDZs, based primarily on resource availability. Currently, the Department has 34 Zones, with two more pending approval.

As stated in the Market Development Recycling Zone regulations (14 CCR section 17902, et al.), in order to initiate a Designation Cycle, CalRecycle is required to identify statewide objectives (which are reflected in the scoring criteria – Attachment 1) and determine the number of Zones for each cycle. The statewide objectives identified by CalRecycle in making its determination of the number of Zones for this cycle include:

- Extending landfill capacity
- Encouraging the use of emerging technologies to address priority materials
- Distributing RMDZs throughout the State
- Stimulating new regional markets and recycling manufacturing infrastructure

Staff has reviewed available resources (funding, loan monies, and staff), as well as RMDZ program needs to determine the number of Zones to seek for designation. Additionally, staff considered distribution of Zones throughout the State along with regional needs, infrastructures, secondary material flows, and local synergies. Finally, staff has been contacted by several jurisdictions who have expressed interest in joining the RMDZ program. Based on its analysis and the interest expressed, staff recommends that up to ten new Zones be targeted for designation in the 2014 cycle. This will help to fill any regional or statewide gaps and further support the State's 75% Initiative to expand recycling manufacturing infrastructure, promote the use and procurement of recycled products and materials, and, thereby increase diversion of recyclables, reduce disposal, add local jobs, and reduce environmental impacts of manufacturing by using secondary materials. This also has the potential to: reduce greenhouse gas emissions; increase energy savings; and, reduce air and water pollution.