

REQUEST FOR APPROVAL

To: **Howard Levenson**
Deputy Director, Materials Management and Local Assistance Division

From: **Michelle Martin**
Branch Chief, Financial Resources Management Branch

Request Date: August 5, 2014

Decision Subject: Scope of Work for the Feedstock Conversion Technical Assistance and Material Testing Services Contract (Tire Recycling Management Fund, FYs 2014/15 and 2015/16)

Action By: August 19, 2014

Summary of Request:

This request seeks approval for the Scope of Work for the Feedstock Conversion Technical Assistance and Material Testing Services Contract and authorization to proceed with the contractor selection process using the Request for Proposal Secondary method. Contract funding will come from the Tire-Derived Product Grants and Tire Incentive Program allocation contained in the *Five-Year Plan for the Waste Tire Recycling Management Program (Seventh Edition Covering FY 2013/14 - 2017/18 (Five-Year Plan))*, with \$300,000 and \$450,000 coming from FYs 2014/15 and 2015/16, respectively. This may be modified if additional monies become available from reallocation of unencumbered funds from the Tire Recycling Management Fund.

Recommendation:

Staff recommends approval of the Scope of Work for the Feedstock Conversion Technical Assistance and Material Testing Services Contract in an amount not to exceed \$750,000 and authorization to proceed with the contractor selection process using the Request for Proposal-Secondary method.

Funding Information:

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
Tire Recycling Management Fund (FY 2014/15)	\$300,000	\$300,000	\$0	State Operations/ Consulting & Professional Services
Tire Recycling Management Fund (FY 2015/16)	\$450,000	\$450,000	\$0	State Operations/ Consulting & Professional Services

Deputy Director Action:

On the basis of the information and analysis in this Request for Approval and the findings set out below, I hereby approve the Scope of Work for the Feedstock Conversion Technical Assistance and Material Testing Services Contract in an amount not to exceed seven hundred fifty thousand dollars (\$750,000), subject to availability of funds appropriated to this program, and authorize staff to proceed with the contractor selection process.

Dated: 8/19/14

Howard Levenson

Howard Levenson
Deputy Director

Attachment 1 – Scope of Work, Feedstock Conversion Technical Assistance and Material Testing Services

Background and Analysis:

Program Background

Over the years, CalRecycle has provided various market development programs for recycled waste tires. Some of the more notable programs have been: the Tire-Derived Product (TDP) Grant (and its predecessors), which has helped develop the market for TDPs; the Rubberized Pavement Grant (and its predecessors), which has helped develop a strong market for rubberized asphalt concrete and rubberized chip seal; the Tire-Derived Aggregate (TDA) Grant, which provides assistance to encourage the use of TDA in civil engineering applications; the Tire Product Commercialization and Applied Technologies Grant, which assisted businesses to purchase necessary equipment to process waste tires and produce new TDPs; and the Tire Business Assistance Program (TBAP) Grant which provided technical assistance to businesses to build capacity and improve cost-efficiencies.

A new market development program, the Tire Incentive Program (TIP), was discussed at the October 15, 2013, CalRecycle public meeting. The TIP is a competitive, pilot incentive grant program that seeks to expand commercial (business) demand for different and higher value-added TDPs by providing financial incentives to eligible manufacturers to more competitively price and market their TDPs, thereby increasing sales and market share. The first TIP solicitation in April 2014 resulted in 10 applications requesting \$2,888,659, of which 7 totaling \$2,627,552 were eligible and awarded. This was well in excess of the \$1,867,031 initially allocated for the program. If all of the grantees successfully reach their projections over the nearly two year grant term, they will use a total of 26 million pounds of California-produced crumb rubber, including an estimated 2 million pounds of fine (<50) mesh crumb rubber. That will result in nearly twice as much crumb rubber being used in molded and extruded produced as was estimated used in 2013.

In addition to implementing TIP grants, part of the TIP discussion at the October meeting included a general description of one or more potential contracts to encourage and support higher

value-added feedstock conversion (substituting recycled crumb rubber for virgin rubber) and higher volume users of crumb rubber. This request proposes a Scope of Work for a contract to provide technical assistance necessary to support feedstock conversion and also to provide testing services to support the TIP grants. This request also proposes to use a Request for Proposal Secondary Method for the contractor selection process. This process is used for complex and/or unique services in which professional expertise and methods may vary greatly and where creative or innovative approaches may be needed.

The Scope of Work details the work and specific tasks necessary to provide feedstock conversion technical assistance, including:

- Identifying prospective manufacturers and products suitable for feedstock conversion;
- Developing marketing information and conducting marketing outreach to prospective manufacturers;
- Securing interested manufacturers to participate in feedstock conversion activities, developing individual manufacturer activity plans and associated budgets for feedstock conversion, and qualifying processors to provide crumb rubber;
- Working with manufacturers and securing appropriate technical expertise to execute individual manufacturer activity plans for feedstock conversion and providing technical assistance and follow-up to ensure production and sale of the TDPs; and
- Providing appropriate monthly and final reports regarding the activities and results.

Also included are tasks necessary to support the TIP grant program, including but not limited to on-site sampling and laboratory testing of crumb rubber to ensure appropriate mesh size and particle distribution; identifying contaminants; and performing appropriate quality assurance and quality control checks.

