

REQUEST FOR APPROVAL

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

From: **Shirley Willd-Wagner**
Branch Manager, Financial Resources Management Branch

Request Date: August 3, 2012

Decision Subject: Application Process, Applicant Eligibility, Project Eligibility, and Evaluation Process for the Tire-Derived Aggregate Grant Program (Tire Recycling Management Fund, FYs 2012/13 and 2013/14)

Action By: August 21, 2012

Summary of Request:

This Request for Approval proposes the application process, applicant eligibility, project eligibility, and evaluation process for the Tire-Derived Aggregate (TDA) Grant Program for Fiscal Year (FY) 2012/13 and FY 2013/14.

Staff proposes to conduct the FYs 2012/13 and 2013/14 grant cycles using the application process, applicant eligibility, project eligibility, and evaluation process applied in the FY 2011/12 cycle, except as described under *Proposed Changes* and summarized below:

- Change the project requirements by lowering the minimum tonnage from 750 to 500 tons of TDA material.
- Increase the maximum engineering/design cost per applicant from \$35,000 to \$45,000.

Recommendation:

Staff recommends approval of the proposed application process, applicant eligibility, project eligibility, and evaluation process for the TDA Grant Program for FYs 2012/13 and FY 2013/14.

Deputy Director Action:

On the basis of the information and analysis in this Request for Approval and the findings set out herein, I hereby approve the application process, applicant eligibility, project eligibility, and evaluation process for the TDA Grant Program for FYs 2012/13 and 2013/14.

Dated: _____

Howard Levenson
Deputy Director

Background and Analysis:

Statutory Authority

CalRecycle receives an annual appropriation from the California Tire Recycling Management Fund (Tire Fund) to administer the California Tire Recycling Act (Senate Bill 937 [Vuich, Statutes of 1990, Chapter 35]; Public Resources Code (PRC) Sections 42860 et seq.). Public Resources Code Section 42873 allows for the awarding of grants for activities and applications that result in reduced landfill disposal or stockpiling of waste tires. The TDA Grant Program meets the statutory requirements of PRC 42873.

The *Five-Year Plan for the Waste Tire Recycling Management Program (Sixth Edition Covering Fiscal Years 2011/12 – 2015/16) Report to the Legislature* allocates \$2,000,000 to the TDA Grant Program for each of the FY 2012/13 and FY 2013/14 grant cycles. As a result of permanent reductions to the Tire Program as reflected in the Governor's budget for FY 2012/13, the TDA Grant Program allocation has been reduced to \$1,524,000. The allocation for FY 2013/14 will also be reduced to \$1,524,000.

Program Background

Tire-Derived Aggregate (TDA) is the second largest use of recycled tires in the United States and provides a cost-effective alternative to conventional aggregate for use in various civil engineering projects. These uses include retaining wall backfill, lightweight embankment fill, landslide stabilization, vibration mitigation, and various landfill applications.

CalRecycle has funded TDA research and pilot projects for several years in an effort to ensure a solid base from which to expand TDA usage. The fundamental goal of CalRecycle's Tire Program is to promote the development of long-term, sustainable, and diversified markets for California's tire-derived products. In 2010, R.W. Beck, in consultation with stakeholders, evaluated CalRecycle's Waste Tire Programs and produced the *Waste Tire Market Development Program Evaluation Final Report* <http://www.calrecycle.ca.gov/Publications/default.asp?pubid=1368>. The report specifically recommended that CalRecycle establish a new TDA program. The report further suggests that, "a grant program may be the most appropriate as it can be quickly implemented without substantial start-up development time, and because a relatively small number of projects may be proposed." Consistent with the report's recommendation, staff established the TDA Grant Program in FY 2011/12.

Proposed Process and Eligibility

Process

Staff will post a Notice of Funds Availability on CalRecycle's website informing potential applicants of the funding, eligibility requirements, deadlines, and other important information. Potentially interested entities will be notified through the TDA listserv, various publications, and newsletters.

Consistent with CalRecycle's continuing effort to streamline grant processes and reduce waste, applications will be submitted on-line. The TDA Grant Program will provide competitive grants to "local governments" (cities, counties, or cities and counties) as defined in PRC Section 48617, special districts, state agencies (including offices, department, bureaus, and boards), and qualifying Indian Tribes.

Eligible projects include:

- Lightweight fill (slope stabilization, embankment fill, and landslide repair)
- Landfill application (aggregate replacement projects such as leachate and gas collection systems, drainage layers, leachate injection)
- Retaining wall backfill (where lightweight material is required)
- Vibration mitigation (under rail lines)

Septic leach fields are not eligible at this time. CalRecycle has an on-going contract with Humboldt State University to study the use of TDA in septic leach fields.

Project requirements:

- One hundred percent (100%) California-generated waste tires must be used in the project(s).
- The project(s) must be located in California.
- Use a combined minimum of 500 tons of TDA in the project(s).
- Landfill projects must not use more than 0.5 tons of TDA per lineal foot of landfill gas collection or leachate injection line.
- Construction of the TDA portion of any project must commence on or after receipt of the Notice to Proceed (NTP) and be completed by April 1, 2015.
- Plans and specifications must be review by CalRecycle staff.
- Each project must incorporate technical assistance/training that will be provided by CalRecycle contractors and/or staff.

Staff will perform a review of all applications to determine completeness. Complete applications will be evaluated to confirm applicant and project eligibility and determine the recommended grant award.

The recommended grant award will be based on appropriate costs (as determined by CalRecycle staff) directly related to the purchase and transportation of the TDA material, and the installation, testing, engineering/design work for the project. The maximum grant award is \$350,000.

If oversubscribed, CalRecycle will fund one eligible application from each project category using the greatest appropriate amount of TDA material within each category. The remaining applications will be ranked starting with project(s) that use the greatest appropriate amount of TDA material, regardless of category.

Proposed Changes

1. Decrease the minimum tonnage from 750 to 500 tons of TDA material

Based on feedback from stakeholders who indicated that their projects could not meet the minimum 750 tons of TDA required for the FY 2011/12 grant cycle, staff proposes lowering the combined minimum tonnage from 750 to 500 tons of TDA material. Staff believes lowering the minimum tonnage requirement will generate more interest and allow more jurisdictions to be eligible to apply for a TDA grants.

2. Increase the maximum engineering/design cost per applicant from \$35,000 to \$45,000

Staff reevaluated the cost to adapt engineering design plans to accommodate TDA and determined that this cost should be increased for the more complex TDA projects that could be funded under this grant program. Staff believes that increasing the maximum engineering/design cost per grantee from \$35,000 to \$45,000 will provide the appropriate level of support for grantees and encourage more jurisdictions to apply.

Tentative Timeline for FY 2012/13

Target Date	Activity
October 2012	Post Notice of Funds Available, Application, and related instructions and documents on the web site
February 2013	Applications due
March/April 2013	Conduct application evaluation/review process; determine funding for eligible applicants
April 2013	Grant awards announced at CalRecycle Public Meeting
April/May 2013	Grant Agreements distributed and executed: grant term ends April 1, 2015

The FY 2013/14 grant cycle timeline will be similar to the tentative FY 2012/13 grant cycle. Please refer to CalRecycle's website for more information.