

**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:** July 19, 2011

**Decision Subject:** Approval of Application Process, Applicant Eligibility, Project Eligibility, and Evaluation Process for the Tire-Derived Product Grant Program (Tire Recycling Management Fund, FY 2011/12)

**Action By:** July 26, 2011

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**Summary of Request:**

This memo proposes the application process, applicant eligibility, project eligibility, and evaluation process for the Tire-Derived Product (TDP) Grant Program for Fiscal Year (FY) 2011/12.

Based on staff's analysis of past TDP Program cycles, staff recommends the following changes:

- Implementation of an online application process.
- Clarification of eligible applicants to eliminate potential duplication and confusion.
- Change the over-subscription process to give the lowest priority to applicants who did not use more than 50% of a previously awarded grant.

**Recommendation:**

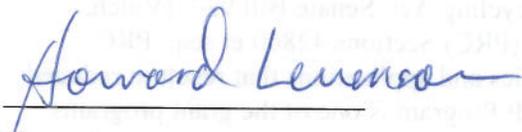
Staff recommends approval of the proposed application process, applicant eligibility, project eligibility, and evaluation processes for the TDP Grant Program for FY 2011/12.

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**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 proposed application process, applicant eligibility, project eligibility, and evaluation process for the TDP Grant Program for FY 2011/12.

**Dated:** 7/19/11

  
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Howard Levenson  
Deputy Director

### **Background Information**

The Tire-Derived Product (TDP) Grant Program is designed to promote markets for recycled-content products derived from California-generated waste tires and decrease the adverse environmental impacts created by unlawful disposal and stockpiling of waste tires. The TDP Program provides grants for the purchase of various tire-derived products including, but not limited to: landscape mulch or bark, playgrounds, tracks, sidewalks, sport surfacing, traffic safety products.

The grant project must be located in California and use a minimum of 2,500 Passenger Tire Equivalents (PTE) from California-generated waste tires. Truck tire buffings are not eligible for reimbursement due to their relatively strong market demand.

Eligible applicants include public entities such as: California cities, counties, public school districts, public colleges and universities, special districts, park districts, public recreational facilities, and state agencies (including offices, departments, bureaus, and boards); and qualifying Indian Tribes.

The maximum grant amount is \$150,000. Reimbursement is based on the actual cost of materials, tax, and shipping, with a maximum up to \$5 per PTE.

The TDP Program provides product funding for successful applicants and has contributed to the establishment or expansion of many businesses which produce TDPs. In 2010, RW Beck, in consultation with stakeholders, evaluated CalRecycle's Waste Tire Programs. The resulting *Waste Tire Market Development Program Evaluation Final Report* (<http://www.calrecycle.ca.gov/Publications/default.asp?pubid=1368>) makes various conclusions and recommendations.

The first and most fundamental recommended goal is to promote the development of long-term, sustainable, and diversified markets for California's tire-derived products. One of the funding strategies is to, "Provide funding assistance when and where money is most needed to overcome key market expansion barriers for the top-priority market segments, and target those funds where they can be most effective in expanding diversion and diversification."

CalRecycle will work with stakeholders in Fiscal Year (FY) 2011/12 to identify possible changes to the program. Accordingly, there may be substantive changes to the TDP Grant Program in FY 2012/13. Businesses and potential applicants should view the current program as applicable for this grant cycle only and not make long-term decisions based on the current program.

### **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. PRC Section 42873 provides for awarding grants for activities and applications that result in reduced landfill disposal or stockpiling of waste tires. The TDP Program is one of the grant programs that fall within the authority of PRC 42873.

In May 2011, CalRecycle adopted the draft *Five-Year Plan for the Waste Tire Recycling Management Program (Sixth Edition Covering Fiscal Years 2011/12 – 2015/16) Report to the Legislature (Draft Five-Year Plan)*. It is currently being reviewed by Natural Resources Agency and Governor's Office before presentation to the Legislature. The *Draft Five Year Plan* allocates \$3,400,000 to the TDP Program for FY 2011/12.

## **Analysis and Findings**

### **Process**

Staff will conduct the FY 2011/12 grant cycle using the application review and evaluation process applied in past cycles (except as noted under *Proposed Changes*). Staff will post a Notice of Funds Available (NOFA) 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 TDP Program listserv, various publications, and newsletters.

Staff performs a review of all applications to determine completeness. Complete applications will be evaluated to confirm applicant and project eligibility and determine the recommended funding amount. The recommended funding amount will be based on the estimated number of PTEs for the project(s) and the estimated cost, subject to a maximum eligible amount of \$5 per PTE.

Based on past cycles it is possible that the program will be over-subscribed, in which case a random selection process will be used to determine funding priority recommendations. Staff proposes that applicants who were awarded a TDP Grant in the previous three FYs, but either withdrew their grant or used less than 50% of their grant award, will be considered only after all other eligible applicants have been awarded (see *Proposed Changes*).

In FY 2010/11, CalRecycle strengthened its verification regarding the source of recycled waste tires used in the TDP Program. CalRecycle now requires supporting documentation tracing the source of the recycled waste tire material back to the processor of the California-generated waste tires. Additionally, proprietary information provided by prospective vendors, manufacturers or contractors to applicants to estimate project costs and submit grant requests is considered confidential until a project is completed.

### **Proposed Changes**

#### **1. Implementation of an Online Application Process**

As part of CalRecycle's continued effort to streamline existing grant processes and procedures, the previous paper-based application will now be submitted online. Supporting documentation will now be scanned and uploaded into the application system.

Starting with the Used Oil Payment Program in 2010, CalRecycle has been converting its grant and payment offerings to be web-based rather than paper-based. Staff anticipates that most of CalRecycle's grant and payment offerings will be online within two years.

#### **2. Clarification of Eligible Applicants to Eliminate Duplication and Confusion**

There has been some confusion regarding who is eligible to submit an application. To resolve the confusion, staff proposes to clarify that applications cannot be submitted by departments,

units, facilities, or other subdivisions of a city or county. Applications must be approved by the appropriate council or board and submitted by the city or county. Applicants which are a state office, department, bureau, or board must receive approval from their respective agency.

**3. Changes to Application Ranking if the Program is Oversubscribed**

For the past several years, the program has been oversubscribed. Each year, several Grantees either withdraw their grant or use a minimal amount of their award. In many cases, these monies could have been used by other eligible applicants that did not receive funding or received funding through reallocation of Tire Fund monies. To ensure that limited monies are used effectively, staff proposes a change in application ranking to be used if the program is oversubscribed. Specifically, applicants who were awarded a TDP Grant in the previous three FYs, but either withdrew their grant or used less than 50% of their grant award, will be considered only after all other eligible applicants have been awarded.

**Proposed Timeline for FY 2011/12**

Date	Activity
August 17, 2011	Post the Notice of Funds Available, Application, and related instructions and documents on the web site
September 28, 2011	Applications Due
Oct/Nov 2011	Conduct application evaluation/review process; determine funding for eligible applicants
November 2011	If necessary, conduct Random Selection Process to determine order of applicant funding
January 2011	Grant awards presented at CalRecycle Public Meeting
January/February 2012	Grant Agreements executed: grant term ends April 1, 2014