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:	July 7, 2015
Decision Subject:	Criteria and Evaluation Process for the Tire-Derived Product Grant Program (Tire Recycling Management Fund, FY 2015-16 and 2016-17)
Action By:	July 21, 2015

Summary of Request:
This memo seeks approval of the proposed eligibility criteria and evaluation process for the Tire-Derived Product (TDP) Grant Program for FYs 2015-16 and 2016-17.

Staff proposes to conduct the FYs 2015-16 and 2016-17 grant cycles using the same applicant and project eligibility and evaluation process as was used in the FY 2014-15 cycle except as described under *Proposed Changes* and summarized below:

1. Provide priority funding for shovel-ready, drought-related projects.
2. Use the lowest cost per tire to rank eligible applicants rather than the current random selection process.

Recommendation:
Staff recommends approval of the proposed applicant and project eligibility and evaluation process for the TDP Grant Program for FYs 2015-16 and 2016-17.

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 applicant and project eligibility and evaluation process for the Tire-Derived Product Grant Program for Fiscal Years 2015-16 and 2016-17.

Dated: 7/21/15

Howard Levenson

Howard Levenson
Deputy Director

Background and Analysis

Statutory Authority

The Department of Resources Recycling and Recovery (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, Chapter 35, Statutes of 1990) (Public Resources Code [PRC] Sections 42860 et seq.). PRC Sections 42872 and 42873 allow for the awarding and funding of grants for activities and applications that result in reduced landfill disposal or stockpiling of waste tires. The TDP Grant Program falls within the authority of PRC Sections 42872 and 42873.

The draft *Five-Year Plan for the Waste Tire Recycling Management Program (Eighth Edition Covering Fiscal Years 2015-16 through 2019-20)* allocates a total of $4,125,000 per year for FYs 2015-16 and 2016-17 for the TDP Grant Program and the Tire Incentive Program. CalRecycle has earmarked $3,000,000 of the initial allocations in each FY for the Tire Incentive Program. Additionally, the Feedstock Conversion Technical Assistance and Material Testing Services contract is funded from the combined TDP and Tire Incentive Program allocation, with $450,000 coming from FY 2015-16. This results in an estimated $675,000 and $1,125,000 being initially available for FYs 2015-16 and 2016-17, respectively. This amount may be increased if additional monies become available in the Tire Recycling Management Fund due to reallocation of unencumbered funds.

Program Background

The 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 Grant 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, and greenway and parklet materials.

Proposed Process and Eligibility

Staff will conduct the FYs 2015-16 and 2016-17 grant cycles using the same application, review, and evaluation process as in past cycles except as described below. 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 amount.

Eligible applicants include public entities such as:

- California cities and counties
- public school districts
- public colleges and universities
- special districts, park districts, and public recreational facilities
- state agencies (including offices, departments, bureaus, and boards)
- qualifying Indian Tribes.

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.

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.

Proposed Changes
If the program is oversubscribed (more eligible requests than available monies), staff proposes the following:

1. Provide priority funding for shovel-ready (project completion estimated within one year of award), drought related projects. Examples include, but are not limited to: rubber nuggets/mulch for replacement of grass (or otherwise water intensive) medians and/or use in water efficient landscaping, etc.; rubber weed barrier material; and other materials that can be used as a part of a strategy to conserve or otherwise reduce water use.

2. Replace the current random selection process with ranking based on the lowest cost per tire in each of the three categories identified below:
    A. Parklets and greenways in a disadvantaged community (per PRC 42872.6)
    B. Shovel-ready, drought-related projects
    C. All other projects

This approach will provide the greatest leverage of limited grant resources and minimize the risk of applicants overestimating recycled tire usage in order to gain an advantage in prioritization. Additionally, CalRecycle would have the ability to revise an applicant's calculations that do not appear consistent with prior similar projects or current market conditions.

Consistent with existing practice, applicants that were awarded any TDP grants 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.

Tentative Timeline for FYs 2015-16 and 2016-17
As shown in the table below, staff will post a Notice of Funds Available on CalRecycle's website informing potential applicants of the funding, eligibility requirements, deadlines, and other important information. Notices will also be distributed through CalRecycle's Local Assistance and Market Development staff to inform their local jurisdictions, the Grants Management System database, applicable listservs, outreach presentations, and newsletters.

Tentative Dates		**Activity**
FY 2015-16	**FY 2016-17**	
August 2015	March 2016	Post Notice of Funds Available, Application, and related instructions and documents on the web site
October 2015	May 2016	Applications due
November 2015 - January 2016	May 2016 - July 2016	Conduct application evaluation/review process; determine funding for eligible applicants
January 2016	August 2016	Grant awards
February 2016	September 2016	Grant Agreements distributed and executed
April 1, 2018	April 1, 2019	Grant term ends

Please refer to CalRecycle's website, http://www.calrecycle.ca.gov/Tires/Grants/Product/default.htm, for more information.