EXHIBIT B

PROCEDURES AND REQUIREMENTS

Local Enforcement Agency Grant Program
Fiscal Year 2010/11 – 21st Cycle

INTRODUCTION

Public Resources Code Section 43230 mandates the administration of grants by the Department of Resources Recycling and Recovery (CalRecycle) to local enforcement agencies to carry out their solid waste facilities permit and inspection programs. These Procedures and Requirements, which are incorporated by reference into the Grant Agreement as Exhibit B, include but are not limited to, the instructions for obtaining payment of the grant, the reporting requirements, and the fiscal control procedures to be followed in implementing the Local Enforcement Agency (LEA) Grants. These Procedures and Requirements and the accompanying Terms and Conditions (Exhibit A) shall remain in effect for purposes of implementing the LEA Grants during any interim period between the end of the EA 21 LEA Grant Cycle on June 30, 2011, and the execution of a new Grant Agreement governing the EA 22 LEA Grant Cycle for Fiscal Year (FY) 2011/12.

GRANT TERM

The Grant Performance Period begins on July 1, 2010 and ends on June 30, 2011. All eligible Program costs must be incurred no later than June 30, 2011. Program costs incurred after June 30, 2011 are ineligible for reimbursement.

The Grant Term begins on July 1, 2010, (the same date as the Grant Performance Period) and ends on October 28, 2011, the date the Final Report and Final Payment Request are due to CalRecycle. The period between July 1, 2011 and October 28, 2011, is referred to as the Report Preparation Period. **Costs incurred to prepare the Final Report and Final Payment Request are the only costs that are eligible for reimbursement during the Report Preparation Period**.

Grant Performance Period	Grant Term
July 1, 2010 - June 30, 2011	July 1, 2010 – October 28, 2011

REPORTING REQUIREMENTS

The Grantee shall submit a Final Accounting/Final Budget report (CalRecycle 166b) http://www.calrecycle.ca.gov/LEA/GrantsLoans/LEA/#Forms that includes expenditure information to enable CalRecycle to determine specific uses of all grant funds based on the schedule below:

Final Report Due Date
October 28, 2011

The Grantee may submit the Final Report when grant funds have been expended but no later than October 28, 2011. Failure to comply with these reporting requirements may result in termination of this Grant Agreement or suspension of any or all outstanding Payment Requests and may jeopardize future grant awards.

PRIOR TO COMMENCING WORK

GRANT SELF ASSESSMENT CHECKLIST FORM: Prior to commencing work under this Grant the Grantee's Grant Manager and authorized Signature Authority should review the Grant Self Assessment Checklist Form (CalRecycle 641) so as to identify key administrative requirements. see http://www.calrecycle.ca.gov/Grants/Forms/CalRecycle641.doc.

Evaluation of the Grantee's compliance with these requirements is a major part of all grant audit reviews

RELIABLE CONTRACTOR DECLARATION:

Prior to authorizing a contractor(s) to commence work under this Grant, the Grantee shall submit to the CalRecycle Grant Manager a declaration from the contractor(s), signed under penalty of perjury, stating that within the preceding three (3) years, none of the events listed in the California Code of Regulations, Title 14, Section 17050 has occurred with respect to the contractor(s) and the subcontractor(s), respectively. See http://www.calregs.com/ to access the text of the regulation.
If a (sub) contractor is placed on the CalRecycle Unreliable List after award of this Grant, the Grantee may be required to terminate that contract.

To obtain the Reliable Contractor Declaration form (CalRecycle 168) see http://www.calrecycle.ca.gov/Grants/Forms/CalRecycle168.doc

PAYMENT INFORMATION

The Grantee will receive a base grant of $15,000 plus an additional amount based on the population of the jurisdiction served by the Grantee and the number of active, permitted solid waste facilities located within the jurisdiction. This amount will be calculated by your CalRecycle Grant Manger and will be reflected in your Grant Agreement.

Grant payments will be made only to the Grantee. It is the Grantee's responsibility to pay all product manufacturers, suppliers/vendors, contractors and subcontractors for purchased goods and services.

PAYMENT OPTIONS & PROCESS

Grantees may request in their application either an advance payment or reimbursement payment, as described below.

1. Advance Payment
   - Grantees may request an advance payment up to ninety percent (90%) of the grant award, as approved in the Grantee's LEA Grant Proposed Budget Report, (CalRecycle 166a), at the discretion of the CalRecycle Grant Manager.
   - To be considered for the ninety percent (90%) advance payment, the Grantee must return the following:
     - Signed Grant Agreement within ninety (90) days from the date mailed by CalRecycle.
     - Completed Grant Payment Request form, (CalRecycle 87).
     - Completed LEA Grant Proposed Budget Report, (CalRecycle 166a).
     - The designated signature authority, or his/her designee, if authorized in the resolution, must sign the Grant Agreement and Grant Payment Request form
   - Ten percent (10%) of each Payment Request will be withheld and retained until all conditions stipulated in the Grant Agreement have been satisfied. Reimbursement of the 10% retention may be requested in the final Payment Request.
   - The remaining ten percent (10%) shall be reimbursed to the grantee upon satisfactory completion of the Grant Agreement and submittal of a final Payment Request form.
   - Upon receipt of advanced grant funds, the Grantee shall deposit and

maintain until expended all grant funds in an interest-bearing account within a federally insured financial institution. Grantee shall maintain a separate accounting system for the grant funds including the earned interest. Any earned interest must be tracked for reporting purposes as discussed in the *INTEREST* section below.

- Payment must be spent in the following order:
  1. Advance payment
  2. Reimbursement payment [ten percent (10%) withhold]
  3. Interest earned on advance payment, if approved by the CalRecycle Grant Manager.
- Any unspent grant funds or unspent earned interest must be returned to CalRecycle by the end of the Grant Term.

2. Reimbursement Payment
   - Grantees may request a reimbursement payment for the grant award as approved in the Grantee's LEA Grant Final Budget Report, (CalRecycle 166b).
   - Reimbursement payment will be made to the grantee upon satisfactory completion of the Grant Agreement and submittal of a final Payment Request form.

Note: All Payment Requests must have an original signature and may not be submitted by E-mail or FAX.

ELIGIBLE COSTS

Eligible program costs may be incurred only during the Grant Performance Period which begins July 1, 2010, and ends on June 30, 2011. All costs must be directly related to the implementation of the solid waste facilities permit and inspection programs as set forth in the approved projected budget report. Costs must be reasonable and cost-effective. Eligible costs include, but are not limited to:

- Consulting services;
- Education;
- Purchase of equipment or materials.
- Staffing;
- Training; and
- Travel within the State.

Travel and per diem reimbursement is limited to a maximum of the State rate as described in the *California State Administrative Manual*. Please consult the CalRecycle Grant Manager for guidance.

Personnel expenditures must be computed on the actual time spent on grant-related activities. For calculating total personnel expenses for each employee, the expenditures should be broken out by the classification(s) of the employee(s), the hourly wage, fringe benefits rate, and number of hours worked on grant-related activities. These records must be available for audit purposes.

INELIGIBLE COSTS

Any costs not directly related to the implementation of the facilities permit and inspection programs as set forth in the approved budget are ineligible. Ineligible costs include, but are not limited to, the following:

- Any costs that are not consistent with local, state, and federal statutes, ordinances and/or regulations;
- Any food or beverages (supplied as part of meetings, workshops, training,

or events);

- Any personnel costs incurred as a result of time an employee assigned to the solid waste program does not actually work on the solid waste program (e.g. use of accrued vacation, sick leave, etc.);
- Any pre-paid expenditures for future goods or services delivered after the end of the Grant Performance Period. (Exemption: The CalRecycle Grant Manager may consider approving products purchased in full before the end of the Grant Performance Period but delivered after the Grant Performance Period if the delay is caused solely by the supplier and not the Grantee. The Grantee must request an exemption in writing and receive written approval from the CalRecycle Grant Manager.);
- Cleanup of illegal dumping;
- Costs currently covered or incurred under another CalRecycle loan, grant, grant cycle or contract;
- Costs incurred prior to or after the Grant Performance Period;
- Landfill operations;
- Out-of-state travel, unless pre-approved in writing by the CalRecycle Grant Manager;
- Overhead and indirect costs;
- Overtime costs (except for local government staffing during specially scheduled evening or weekend events that have been pre-approved in writing by the CalRecycle Grant Manager when law or labor contracts REQUIRE overtime compensation or when such staffing and/or costs are pre-approved in writing by the CalRecycle Grant Manager);
- Purchasing or leasing of vehicles for non-governmental entities; and
- Any other costs not deemed reasonable or related to the purpose of the grant by the CalRecycle Grant Manager.

Note: All expenditures are subject to audit. Please contact the CalRecycle Grant Manager if you have any questions concerning eligible costs.

CHANGES TO BUDGET

The Grantee must obtain written pre-approval from the CalRecycle Grant Manager for all changes to the approved budget when the total amount of all changes equals $5,000 or 10% of the grant amount, whichever is less. Please retain all approvals in your grant file for audit purposes.

FINAL BUDGET REPORT & PAYMENT

The Grantee must submit the final following documents for their final Budget Report and Payment Request:

1. LEA Grant Final Budget Report - Final, (CalRecycle 166b)
2. Grant Payment Request form, (CalRecycle 87)
3. Grant Self Assessment Checklist, (CalRecycle 641)

The final Payment Request(s) for reimbursement of the 10% withhold and/or reimbursement of grant-eligible expenditures is due October 28, 2011.

INTEREST

Grantees that request an advance payment must account for all interest accrued and received. All interest accrued and received from the grant funds shall be used only for eligible expenses related to the performance of this Agreement. If a Grantee obtains an advance payment and intends to utilize the interest accrued on the advance payment, the following statement must be included in the Proposed Budget Report: "To the extent accrued interest is available, it will be spent on one or more of the following: _____."

Interest earned may not be spent until the full grant award has been expended. The earned interest must be reported in the final Budget Report. If no interest was accrued during the fiscal cycle, a written explanation must be submitted. All

	unused interest or unspent grant funds must be returned to CalRecycle at the end of the Grant Term.
RECORDS AND AUDIT REQUIREMENTS	As more fully described in the attached Terms and Conditions "Audit/Records Access" provision, this grant is subject to a desk or field audit. The Grantee must retain all financial and grant program documents including, but not limited to, statistical records, supporting documents, source documents, expenditure ledgers, payroll register entries, time sheets, paid warrants, contracts, change orders, invoices, and canceled checks that substantiate the expenditures claimed. These documents must be available at the time of an audit. If an audit reveals that CalRecycle funds are not being expended, or have not been expended in accordance with this Agreement, in addition to any other rights of CalRecycle, the Grantee may be required to forfeit the unexpended portion of the funds, and/or repay the CalRecycle for any improperly expended monies. Additionally, future grant awards to the Grantee may be jeopardized.
REPORT SUBMITTAL	Please submit correspondence and reports to: U.S. Postal Service: Department of Resources Recovery and Recycling (CalRecycle) Grant and Loan Resources Branch, MS 9 LEA Grant Program P.O. Box 4025 Sacramento CA 95812-4025 Commercial or Hand-Delivery: California Environmental Protection Agency Building Department of Resources Recycling and Recovery (CalRecycle) Grant and Loan Resources Branch, MS 9 LEA Grant Program, 1001 I Street Sacramento, CA 95814 LEA Grant information and all required forms may be found at: http://www.calrecycle.ca.gov/LEA/GrantsLoans/LEA