

Specific Items from the Five-Year Plan

Identifying Market Demand for Tire-Derived Products

Opportunities exist for a variety of products currently produced outside the state to be produced in California. This contract would identify products for which there is an existing market demand that are made elsewhere but could be made in California with recycled rubber, perhaps in combination with other materials such as plastic. The contract would also identify barriers and solutions to issues such as infrastructure, technology, testing, certification, equipment, etc., that would be necessary to bring these products to market or attract the companies currently producing the product to expand into California.

Activity Funding

FY 2005/06 \$250,000

Tire-Derived Products Grants

These grants replace the grants for playground cover and for track and other recreational surfacing programs by providing funds based on the number of California waste tires used. Grants would be provided to local government entities for playground covers, tracks, recreational surfaces, and other rubberized products, such as sidewalks, top hats (used in the transportation field), landscape covers, weed abatement, tree wells, mulch.

This new grant program would involve a streamlined grant process. Local government entities would submit an application used to determine grant eligibility. Eligibility would be based on whether an applicant is an official government entity authorized to purchase products for the jurisdiction in which it is located. Grant award amounts would be determined based on the number of tires diverted by the proposed project. A cap amount would be set per tire used, such as \$10 per tire diverted. In this way, projects that diverted the most tires per dollar spent would receive the most benefit from the program.

Individual grant awards would be limited to \$100,000 per applicant. All eligible applicants would be funded unless the program were over-subscribed. At that point, a lottery system would be used to determine who would receive funding from that specific eligible applicant pool.

Activity Funding

FY 2005/06 \$1,792,818

FYs 2006/07–2009/10 \$2,400,000 per fiscal year

Tire Business Assistance Program

This program is designed to increase demand for tire-derived products by building the capacity and improving cost efficiencies of tire-derived product businesses. Business owners often have expertise in one or two major areas, but may lack experience in other critical areas. Eligible businesses may apply for assistance to: (1) evaluate and improve their business plan and operations, (2) enhance marketing efforts, (3) test and certify new products, and (4) purchase necessary equipment. Staff will use a two-phase approach to identify areas of need and to provide the appropriate assistance.

Phase 1 consists of an independent business consultant, under contract with the CIWMB, who will conduct a general business needs assessment. This consultant will work with the applicant and CIWMB staff to perform a comprehensive analysis of the business and prepare a business

needs assessment. This assessment will identify opportunities for improvement and associated cost estimates. In phase 2, the applicant can request services or reimbursement for equipment identified in the needs assessment. Service or reimbursement costs cannot exceed \$100,000 per applicant, per year. Examples of assistance include, but are not limited to:

General Business Assistance (developing/adjusting a business plan, personnel issues, suppliers, business/capital structure, accounting systems and controls, website, etc.).

Technical Assistance (efficient plant design, manufacturing process improvement or optimization, inventory control systems, etc.).

Marketing Assistance (developing/modifying marketing plan, pricing, promotion, packaging, distribution, cooperative marketing, ad placement, trade shows, etc.).

Product Testing and Certification (Caltrans, Underwriters Laboratory, etc.).

Reimbursement for identified equipment purchase or upgrade.

This program will be run in cooperation with the Recycling Market Development Zone program.

Activity Funding:

FY 2005/06	\$1,500,000
FY 2006/07	\$1,750,000
FY 2007/08-2009/10.....	\$2,000,000 per fiscal year

Tire-Derived Products Testing and Certification: The time and money required for testing and certification are often-mentioned obstacles to introducing new products or receiving approval from Caltrans and others. This contract would provide testing and certification for new products consistent with specifications and requirements provided by Caltrans, other agencies, and local governments. These monies may also be used to acquire appropriate testing equipment for a State agency or the University of California (or other institutions, as appropriate) and provide for any technology evaluation (such as devulcanization) and tire residuals (such as steel).

Activity Funding

FYs 2005/06–2009/10.....	\$300,000 per fiscal year
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