REQUEST FOR APPROVAL

To:	**Howard Levenson** Deputy Director, Materials Management and Local Assistance Division
From:	**Shirley Willd-Wagner** Branch Chief, Financial Resources Management Branch
Request Date:	Sept 7, 2012
Decision Subject:	Application Process, Applicant Eligibility, Project Eligibility and Evaluation Process for the Tire-Derived Product Grant Program (Tire Recycling Management Fund, FYs 2012/13 and 2013/14)
Action By:	September 18, 2012

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 Years (FYs) 2012/13 and 2013/14, which are largely unchanged from FY 2011/12.

However, based on staff's analysis of past TDP Grant Program cycles, staff recommends:

- Revisions to the Tire-Derived Product Certification form; and
- Adding as a product eligibility requirement that the tire material used in grant funded tire-derived products must be processed within California

Recommendation:
Staff recommends approval of the proposed application process, applicant eligibility, project eligibility, evaluation process and recommended changes for the TDP Grant Program for FYs 2012/13 and 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 proposed application process, applicant eligibility, project eligibility, evaluation process and recommended changes for the TDP 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. PRC Section 42873 provides for awarding grants for activities and applications that result in reduced landfill disposal or stockpiling of waste tires. The Tire-Derived Product (TDP) Grant Program is one of the grant programs that fall within the authority of PRC 42873.

In May 2011, CalRecycle adopted the *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)*. The *Five Year Plan* allocates up to $2,800,000 to the TDP Grant Program for FY 2012/13 and 2013/14.

Program Background

The TDP Grant Program is designed to promote markets for recycled-content products derived from California-generated waste tires and to 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, and 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, state agencies (including offices, departments, bureaus, and boards), and qualifying Indian Tribes.

The maximum grant amount is $150,000. Under this grant, grantees are reimbursed for actual, eligible costs they have incurred, specifically, the cost of materials, tax, and shipping, with a maximum up to $5 per PTE.

Proposed Process and Eligibility

Process

Staff will conduct the FYs 2012/13 and 2013/14 grant cycles using the eligibility criteria, application and evaluation processes 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 Grant Program listserv, Local Assistance and Market Development staff, outreach presentations, various publications and newsletters.

Staff will perform a review of all applications to determine completeness. Complete applications will be evaluated to confirm applicant and project eligibility. Eligible applications will be reviewed to 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. 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 Changes
The following changes are proposed:

1. Revision to the Tire-Derived Product Certification (CalRecycle 227)

The Tire-Derived Product Certification (CalRecycle 227) previously required two certifications: 1) certification by the applicant that the quote used to estimate the cost of the proposed grant project and any proprietary information included in the quote would be treated as confidential; and 2) certification by the Product Provider that the tire-derived material used in the project is from 100% California-generated waste tires. To simplify the form, it has been revised to require only the Product Provider's certification. Certification by the applicant regarding confidentiality of the quote and related confidential information will be included in the Application.

2. Ineligibility of material processed outside of California

The TDP Grant Program is funded by a fee on the sale of new tires sold in California. Accordingly, tire-derived products funded under this grant must contain 100% California-generated waste tire material. CalRecycle is obliged to verify this requirement. Unfortunately, there is no practical way to accurately track the flow of waste tires or crumb rubber from California to another state or country to be processed and/or manufactured into a final product and returned to California. For this reason, staff recommends that in addition to the existing product eligibility requirement that the product consist of 100% California-generated tires, that the waste tires be processed and the final tire-derived product be manufactured within California. In the event this recommendation is approved, the Tire-Derived Product Certification (CalRecycle 227) shall be revised accordingly.

Tentative Timeline for FY 2012/13 and 2013/14

FY 2012/13	Activity
September 2012	Post the Notice of Funds Available, Application, and related instructions and documents on the web site
October 2012	Applications due
November 2012	Conduct application evaluation/review process; determine funding for eligible applicants; if necessary, conduct Random Selection Process to determine order of applicant funding
January 2013	Grant awards presented at CalRecycle Public Meeting
February/March 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.