

EXHIBIT B PROCEDURES AND REQUIREMENTS

Tire Incentive Program Fiscal Year 2015–16

(Revised September 2016)

Copies of these Procedures and Requirements should be shared with BOTH the Finance Department AND the staff responsible for implementing the grant activities.

INTRODUCTION

The Tire Incentive Program (TIP) is administered through the Department of Resources Recycling and Recovery (CalRecycle). These Procedures and Requirements describe project and reporting requirements, report due dates, report contents, grant payment conditions, eligible and ineligible product costs, project completion and closeout procedures, records and audit requirements.

This document is attached to, and incorporated by reference, into the Grant Agreement.

MILESTONES

Notice to Proceed Date	Grant Term Begins on date indicated on the Notice to Proceed
Jan. 31, 2017	Progress Report 1 Due (covering activities from Oct. 1, 2016 to Dec. 31, 2016)
April 30, 2017	Progress Report 2 Due (covering activities from Jan. 1, 2017 to March 31, 2017)
July 31, 2017	Progress Report 3 Due (covering activities from April 1, 2017 to June 30, 2017)
Oct. 31, 2017	Progress Report 4 Due (covering activities from July 1, 2017 to Sep. 30, 2017)
Jan. 31, 2018	Progress Report 5 Due (covering activities from Oct. 1, 2017 to Dec. 31, 2017)
March 1, 2018	Start Progress Report 6, Final Report, and final Payment Request
April 1, 2018	Progress Report 6 Due (covering activities from Jan. 1, 2018 to April 1, 2018)
April 1, 2018	Final Report, final Payment Request, and Request for 10 percent withhold
April 1, 2018	Grant Term End

Failure to submit the Progress Report 6, Final Report, and final Payment Request with appropriate documentation by **April 1, 2018**, may result in rejection of the Payment Request and/or forfeiture by the grantee of claims for costs incurred that might otherwise have been eligible for grant funding.

GRANT MANAGEMENT SYSTEM (GMS)

GMS is CalRecycle's web-based grant application and grant management system. Access to GMS is secure; grantees must log in using a WebPass. WebPass accounts are tied to a specific email address. If an email address changes, or if it becomes inactive, the grantee must create a new WebPass account to continue accessing GMS. Establish or manage a WebPass at [CalRecycle's WebPass page](https://secure.calrecycle.ca.gov/WebPass/) (https://secure.calrecycle.ca.gov/WebPass/).

Accessing the grant

Grantees must [log into GMS](https://secure.calrecycle.ca.gov/Grants) (https://secure.calrecycle.ca.gov/Grants) using their web pass. After login, locate the grant in the **My Awarded/Open Grants** table and select the **Grant Management** button. The **Grant Management Module** includes the following sections:

- **Summary tab** – shows approved budget, paid and remaining amounts. (This section is available to the grantee in read-only mode.)
- **Payment Request tab** – requests reimbursement.
- **Reports tab**- uploads required reports.
- **Documents tab** – uploads other grant documents that are not considered supporting documents to a payment request or a report. This section also provides access to documents that were uploaded within other sections of GMS.
- **Sites tab** – lists manufacturing location.

Follow the instructions in GMS to work in the system. Use the information in the following sections to determine what reports, transactions, and supporting documents are required.

Contact Updates

Access to the grant is limited to those listed in the **Contacts** tab of the **Application Module** with the access check box marked. A contact may be listed but not granted access by not checking the box. Please note, if a contact is granted access to a grant they will be able to edit contacts, submit payment requests, upload reports, and view all documents. Those with access may update contact information for all contact types except Signature Authority. Email the assigned Grant Manager regarding any changes to Signature Authority information.

PRIOR TO COMMENCING WORK

Prior to commencing work under this grant, the grantee's Grant Manager or primary contact and authorized grant Signature Authority should review the Terms and Conditions (Exhibit A) and the Procedures and Requirements (Exhibit B) to identify key grant administrative requirements. Evaluation of the grantee's compliance with these requirements is a major focus of grant audits.

Reliable Contractor Declaration

Prior to authorizing a contractor(s) to commence work under this grant, the grantee shall submit to the 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 [Section 17050 of Title 14](http://www.calrecycle.ca.gov/Laws/Regulations/Title14/ch1.htm#ch1a5) (www.calrecycle.ca.gov/Laws/Regulations/Title14/ch1.htm#ch1a5), California Code of Regulations, Natural Resources, Division 7, has occurred with respect to the contractor(s) and the subcontractor(s), respectively.

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. Obtain the Reliable Contractor Declaration form (CalRecycle 168) from [CalRecycle's Grant Forms web page](#) (www.calrecycle.ca.gov/Funding/Forms).

A scanned copy of the signed Reliable Contractor Declaration form must be uploaded in GMS. To upload the form:

1. Go to the **Reports** tab.
2. Click on **Reliable Contractor Declaration** under **Report Type**.
3. Click the **Add Document** button.
4. Select Reliable Contractor Declaration in the **Document Type** drop down box, enter a document title, click the **Browse** button to search and upload the document, and then **Save**.
5. Click on the **Submit Report** button.

For further instructions regarding GMS, including login directions, see the section above titled Grant Management System.

GRANT TERM

The Grant Term begins on the date indicated in the Notice to Proceed (NTP). The Grant Term ends on April 1, 2018. This is also the date the Progress Report 6, Final Report, and final Payment Request are due to CalRecycle.

Grant-eligible expenditures may start no earlier than the date indicated in the NTP. Eligible program costs must be incurred no later than April 1, 2018.

CalRecycle recommends reserving the period from March 1, 2018 to April 1, 2018, exclusively for the preparation of the Progress Report 6, Final Report, and final Payment Request, though they may be completed earlier.

PRODUCT REQUIREMENTS

All products are subject to the following requirements:

- All crumb rubber must be from California-generated waste tires processed in California. This may include crumb rubber from truck tire buffings. Because of fluid market conditions and waste tire imports, CalRecycle considers crumb rubber from a California processor eligible for reimbursement even if a de minimis amount (not more than five (5) percent) of the tires processed during a fiscal year at a facility were from non-California sources. Crumb rubber from tires processed outside California is not eligible.
- All of the crumb rubber used in TIP products by a grantee during the term of the grant shall be:
 - Originally from an eligible California waste tire processor, or
 - Recycled post-consumer and/or post-industrial scrap rubber from which the rubber originated from an eligible California waste tire processor.

PRODUCT AND REIMBURSEMENT CHANGES/MODIFICATIONS

Proposed minor modifications to the approved product(s) must be requested in writing to the Grant Manager. The request must include the reason for change.

Any adjustment **between categories** (New and Existing Tire-Derived Product (TDP), Feedstock Conversion, and Fine Mesh) must be approved by the Grant Manager before requesting reimbursement for the transferred amount. If approved, transfers between categories will be allowed only once during the grant term.

The Grant Manager must approve the proposed changes in writing prior to the grantee performing any changes or incurring any related costs.

ELIGIBLE COSTS

Eligible costs (TIP product sales) include expenditures incurred during the Grant Term (beginning after receipt of the NTP through April 1, 2018) directly related to the purchase of crumb rubber.

Eligible costs include crumb rubber usage as follows:

- For **general cost incentive**, an incentive is based on the crumb rubber portion of all eligible TDPs sold and shipped during the grant term (regardless whether the products are included in a TIP award).
- For **new and existing TDPs**, the incremental increase in usage of crumb rubber (compared with the previous year’s records, i.e. “baseline”) for the production of an eligible product. TDPs with no previous sales have no baseline and will receive the incentive for the sale of an eligible product during the Grant Term.
- For **feedstock conversion**, the crumb rubber usage for products currently manufactured with virgin rubber, plastic or other material which will be substituted with a minimum of five (5) percent crumb rubber and may be co-extruded, injected, calendered or otherwise combined.
- For **fine mesh**, the crumb rubber usage for new or existing TDPs must be produced using fine (≤ 50) mesh (originally provided by a California waste tire processor). Particle size and particle size distribution are determined in accordance with ASTM D5644 and D5603 and will be verified by CalRecycle or a CalRecycle contractor.

With CalRecycle’s prior approval, a manufacturer may further reduce larger crumb rubber material purchased from a California waste tire processor to produce their own fine (≤ 50) mesh for use in their TIP products or for sale to another applicant. The crumb rubber is subject to verification by CalRecycle or a CalRecycle contractor.

Incentive payments are paid quarterly for the use of crumb rubber used in sold eligible TDPs starting from the NTP date through the end of each quarter. Inventory on hand, prior to the NTP is eligible for incentive payment. For existing TDPs, only the incremental use (compared with previous year’s records) of crumb rubber sold is eligible.

Table 1. Incentive Categories and Amounts

Incentive Category	Incentive per pound
1. General Cost*	5 cents for total crumb rubber used in all TIP-eligible products sold and shipped during the reporting period.
2. New and Existing TDP (TIP product)	10 cents for total crumb rubber used in New TDPs; only the incremental increase in crumb rubber used above an Existing TDP’s baseline from previous year.
3. Feedstock Conversion (TIP product)	30 cents for total crumb rubber used.
4. Fine (≤ 50) Mesh (TIP product)	40 cents for total crumb rubber used.

Table 2. Incentive Categories and Amounts for Previously Awarded Product(s)

Incentive Category	Incentive per pound
1. General Cost*	5 cents for total crumb rubber used in all TIP-eligible products sold and shipped during the reporting period.
2. Existing TDP (TIP product)	7 cents for incremental increase in crumb rubber used (based on the previous year's actual sales plus a 25 percent sales growth factor).
3. Feedstock Conversion (TIP product)	21 cents for total crumb rubber used (based on the previous year's actual sales plus a 25 percent sales growth factor).
4. Fine (≤ 50) Mesh (TIP product)	28 cents for total crumb rubber used (based on the previous year's actual sales plus a 25 percent sales growth factor).

*The general cost incentive will not exceed 25 percent of the total incentive for all product categories. It will be reimbursed quarterly based on 5 cents per pound of the crumb rubber portion of all TIP-eligible products sold and shipped (regardless of whether the products are included in the TIP award) provided the general cost incentive and the incentive amount for eligible TDPs does not exceed the maximum grant award of \$500,000. The general cost incentive may not be claimed for the same product(s) in overlapping grant awards (i.e. product(s) claimed in TIP2 may not be claimed in TIP3).

Requirements for documenting supporting costs may be found in the "Supporting Documentation, Item B. Cost and payment documentation" subsection under the Payment Request and Documentation section.

INELIGIBLE COSTS

Ineligible costs include, but are not limited to:

- Costs incurred prior to the date of the NTP letter or after April 1, 2018.
- Crumb rubber or recycled rubber that is NOT made from only California-generated waste tires or from tires processed outside of California (see Eligible Products).
- Personnel costs including fringe benefits.
- Overhead and/or indirect costs.
- Any other costs deemed unreasonable or unrelated to the purpose of the grant by the Grant Manager.

ACKNOWLEDGEMENT

By April 1, 2018, the grantee must list on their website, for a minimum period of one (1) year, an acknowledgement of CalRecycle's funding and the waste tire diversion amounts for the product(s). The acknowledgement must include the following:

1. Funded by a grant from CalRecycle.
2. CalRecycle Logo. CalRecycle Logos are available in the Image Gallery (<http://www.calrecycle.ca.gov/Gallery/Logos/>) or contact your Grant Manager.
3. Number of California waste tires diverted from the waste stream by this product(s). To determine the number of tires diverted, take the total pounds of crumb rubber used during the grant term and divide by 12.

When the website acknowledgement posting is problematic due to grantee-specific issues, the grantee may substitute alternative forms of acknowledgement requirements upon written pre-approval from the Grant Manager.

REPORTING REQUIREMENTS

Progress Reports and a Final Report are required by this Agreement. The grantee must submit six (6) Progress Reports during the term of the grant. See Milestones on page 1 for due dates. A Progress Report, Progress Report Calculation Summary Guide, collectively the "Progress Report," and a Final Report are required by this Agreement; however, the Grant Manager may request a Progress Report at any time during the Grant Term.

All reports must be uploaded in GMS. For further instructions regarding GMS, including login directions, see the section above titled, Grant Management System.

To upload a report:

1. Go to the **Reports** tab.
2. Click on the appropriate Report Type (Progress Report).
3. Click on the **Add Document** button.
4. Choose the Document Type (TIP Progress Report), enter a document title, click the **Browse** button to search and upload the document, and then **Save**.
 - You may upload multiple documents to complete reporting requirements.
 - The maximum allowable file size is 35MB.
5. Click the **Submit** button when the report is complete.

The reports must be current, include all required sections and documents, and must be approved by the Grant Manager before any Payment Request can be processed. Failure to comply with the specified reporting requirements may be considered a breach of this Agreement and may result in the termination of this Agreement or rejection of the Payment Request and/or forfeiture by the grantee of claims for costs incurred that might otherwise have been eligible for grant funding. Any problems or delays must be reported immediately to the Grant Manager.

PROGRESS REPORT

The Progress Report contains confidential information and must be labeled as "**Confidential**." The grantee must submit the Progress Report to the Grant Manager within 30 days after the end of each calendar quarter, with the exception of the Progress Report 6, which is due April 1, 2018. The Progress Report must address the work completed during the Reporting Period and be accompanied by all required supporting documentation.

The Progress Report must be submitted even if the work has not yet begun on the product(s). You may submit a Payment Request at the same time as your Progress Report.

The Progress Report must be prepared in the format specified below and uploaded into GMS (see the Reporting Requirements section for instructions). Any alternative format must have prior approval by the Grant Manager.

REPORT COMPONENTS

Cover Page

- Name of the grantee
- Grant number
- Amount of grant award

- Dates of report coverage
- Disclaimer statement, as follows:
 “The statements and conclusions of this report are those of the grantee and not necessarily those of the Department of Resources Recycling and Recovery, its employees, or the State of California. The state makes no warranty, express or implied, and assumes no liability for the information contained in the succeeding text.”

Project Summary and Status

Provide a brief description of the progress of the project including:

- The total quantity and mesh size of the crumb rubber purchased (including sieve analysis), the California processor providing the crumb rubber, the amount of crumb rubber used in each of the eligible products, and the number and dollar amount of for each eligible TDP sold, including products that are not included in the TIP award (if claiming those products under the general cost incentive category).
- Sales information (including customer name, address, telephone number and email address) for the identified product(s) during the reporting period, including products that are not included in the TIP award (if claiming those products under the general cost incentive category). If extensive, you may provide 80 percent of the specific TIP product sales with the balance represented by “other.”
- A narrative describing the progress, any delay or acceleration of timelines, any changes to initially projected sales, any adjustments to individual product incentive estimates, and any significant changes to the product. Also describe any testing activity, the facility performing the testing, and the results.
- Any changes in contact information.

At the end of each calendar year and when the grant is fully expended (not later than April 1, 2018), the grantee shall also provide in its Progress Report a reconciliation of TDP activity under the TIP. Refer to the Progress Report section above for details regarding the required information and calculations.

FINAL REPORT

The Final Report is considered public information. Do not include confidential, trade secret information. The Final Report may be submitted at any time after the project is completed and/or the grant award is fully expended, but is due no later than **April 1, 2018**. **The Final Report** should cover grant activities **from the NTP through April 1, 2018**.

The Final Report must be prepared in the format specified below and uploaded into GMS (see the Reporting Requirements section for instructions). Any alternative format must have prior approval by the Grant Manager.

REPORT COMPONENTS

Cover Page

- Name of the grantee
- Grant number
- Amount of grant award

- Dates of report coverage
- Disclaimer statement, as follows:
 “The statements and conclusions of this report are those of the grantee and not necessarily those of the Department of Resources Recycling and Recovery, its employees, or the State of California. The state makes no warranty, express or implied, and assumes no liability for the information contained in the succeeding text.”

Project Summary and Status

Provide a concise Executive Summary of the product(s). Within the narrative of the report, include the following information covering the entire grant period.

- The total quantity broken down by mesh size of the crumb rubber purchased (sieve analysis does not need to be reported as it was included in the Progress Report), the total amount (indicated by ranges) of crumb rubber used in each of the eligible products, and the number and dollar amount (both indicated by ranges) of for each eligible TDP sold during the grant term.
- Consolidated sales information (indicated by ranges and excluding customer contact information) for the identified product(s) during the reporting period.
- A narrative describing the overall project and experience, including any delay or acceleration of timelines, any changes to initially projected sales, and any significant changes to the product. Also describe any testing activity, and the experience.

Photographs/Project Acknowledgement

- Insert two digital photographs of each completed TDP and a copy of any relevant sales material. Please upload photographs separately.
- Insert a copy of your internet webpage and web address to meet product acknowledgement requirement.

GRANT PAYMENT INFORMATION

1. Payment to the grantee for eligible grant expenses is made on a reimbursement basis only and for only those materials and services specified in the approved grant application.
2. Reimbursement may be requested quarterly during the Grant Term. In conjunction with the submission of the six (6) Progress Reports.
3. The grantee must submit the required Progress Report and Final Report, and the Grant Manager must approve the Report prior to, or concurrent with, submission of the Grant Payment Request.
4. The grantee must submit a completed Grant Payment Request and provide supporting documentation as described in the “Payment Request and Documentation” section for completed product(s) only.
5. Grant payments will only be made to the grantee. It is the grantee’s responsibility to pay all contractors and subcontractors for purchased goods and services.
6. CalRecycle will withhold and retain ten (10) percent of each approved Grant Payment Request until all conditions stipulated in the Agreement, including submission and Grant Manager approval of the Progress Report 6 and Final Report, have been satisfied. CalRecycle will make payments to the grantee as promptly as fiscal procedures permit. The grantee can typically expect payment approximately 45 days from the date a Grant Payment Request is approved by the Grant Manager.

7. The grantee must provide a [Reliable Contractor Declaration \(CalRecycle 168\)](http://www.calrecycle.ca.gov/Funding/forms/) (<http://www.calrecycle.ca.gov/Funding/forms/>) signed under penalty of perjury by the grantee’s contractor(s) and subcontractor(s) in accordance with the “Reliable Contractor Declaration” provision of the Terms and Conditions (Exhibit A). The declaration must be received and approved by the Grant Manager prior to commencement of work. See “Reliable Contractor Declaration” provision in Terms and Conditions (Exhibit A) for more information.

PAYMENT REQUEST AND DOCUMENTATION

Payment requests must be submitted in GMS. For further instructions regarding GMS, including login directions, see the section above titled, Grant Management System. To submit a Grant Payment Request:

1. Go to the **Payment Request** tab.
2. Click on the **Create a Payment Request** button.
 - Choose **Reimburse** for the Transaction Type and enter the amount spent in each budget sub category.
 - When the transaction is complete, click the **Save** button.
 - After the transaction is saved, the **Upload Supporting Documentation** button will appear in the lower right corner.
3. Click the **Upload Supporting Documentation** button.
 - Choose the Document Type, enter a document title, click the **Browse** button to search and upload the document, and then **Save**.
 - Select the **Back** button to upload another document and continue this process until all required supporting documents as listed below are uploaded.
 - The maximum allowable file size for each document is 35MB.
4. Click the **Submit Transaction** button, located on the transaction page, to complete your payment request (including uploading all the documents listed below).

Supporting Documentation

- A. A scanned copy of the **Grant Payment Request form**. Mail only the **original** Grant Payment Request form (CalRecycle 87), with the original signature of the signatory or his/her designee*, as authorized by grantee’s Letter of Commitment to:

Via standard mail:	Via courier/personal delivery:
Department of Resources Recycling and Recovery Tire Incentive Program FiRM Branch, 13 th Floor P.O. Box 4025 Sacramento, CA 95812-4025	Department of Resources Recycling and Recovery Tire Incentive Program FiRM Branch, 13 th Floor 1001 I Street Sacramento, CA 95814

*A designee may sign on behalf of the grantee if a) authorized by a Letter of Commitment, and b) a Letter of Designation has been provided to the Grant Manager.

- B. Cost and payment documentation.
 - Invoice(s) from the California processor that provided the crumb rubber. The invoice(s) must indicate the number of pounds of crumb rubber provided and the mesh size.

- Applicable Bill(s) of Lading evidencing the crumb rubber shipment(s) from the California processor to the TIP grantee; and
 - Proof of payment (e.g., copies of cancelled checks, bank statements, invoice(s) marked as paid with corresponding receipts or cancelled checks). Invoices from clients are considered “confidential” because of the proprietary information therein and will be treated by CalRecycle pursuant to the procedures set forth in 14 CCR sections 17041-17046. Note: All supporting documentation must be maintained by the grantee in its files, in accordance with the “Audit/Records Access” section of the Terms and Conditions (Exhibit A).
 - For General Incentive Payments, supporting documentation must also be provided for all TDP’s that were requested under the general incentive category including those products not claimed under the TIP award.
- C. Tire Incentive Program Certification (CalRecycle 774)
- D. An updated General Checklist of Business Permits, Licenses and Filings form (CalRecycle 669), as applicable.

All forms listed above can be downloaded from the [CalRecycle Grant Forms website](http://www.calrecycle.ca.gov/Funding/Forms) (<http://www.calrecycle.ca.gov/Funding/Forms>).

AUDIT CONSIDERATIONS

The grantee agrees to maintain records and supporting documentation pertaining to the performance of this grant subject to possible audit for a minimum of three (3) years after final payment date or Grant Term end date, whichever is later. A longer period of records retention may be stipulated in order to complete any action and/or resolution of all issues which may arise as a result of any litigation, dispute, or audit, whichever is later.

ANNUAL SURVEY

Post-grant term annual surveys are encouraged by this Agreement to help assess your long-term satisfaction with the tire derived products funded by this Agreement. The grantee must complete and submit an annual survey every year for five (5) years after the grant is closed.

Grantees will be notified via email when the annual survey is available. The link to the survey is only active during the survey period.