



May 2021

Department of Resources Recycling and Recovery

# **Exhibit B**

## **Procedures and Requirements Tire Incentive Program**

### **9<sup>th</sup> Cycle – Fiscal Year 2021-22**

**Copies of these Procedures and Requirements must be shared with both the Finance Department and the staff responsible for implementing the grant activities.**

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# Introduction

The Department of Resources Recycling and Recovery (CalRecycle) administers the Tire Incentive Grant Program. These Procedures and Requirements describe project and reporting requirements, report due dates, report contents, grant payment conditions, eligible and ineligible project costs, project completion and closeout procedures, and 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 the date that CalRecycle emails the Notice to Proceed.

**April 30, 2022: Progress Report 1 Due**

- covering activities from Notice to Proceed Date to March 31, 2022

**July 31, 2022: Progress Report 2 Due**

- covering activities from April 1, 2022 to June 30, 2022

**October 31, 2022: Progress Report 3 Due**

- covering activities from July 1, 2022 to September 30, 2022

**January 31, 2023: Progress Report 4 Due**

- covering activities from October 1, 2022 to December 31, 2022

**April 30, 2023: Progress Report 5 Due**

- covering activities from January 1, 2023 to March 31, 2023

**July 31, 2023: Progress Report 6 Due**

- covering activities from April 1, 2023 to June 30, 2023

**October 31, 2023: Progress Report 7 Due**

- covering activities from July 1, 2023 to September 30, 2023

**January 31, 2024: Progress Report 8 Due**

- covering activities from October 1, 2023 to December 31, 2023

**March 1, 2024: Start Progress Report 9, Final Report, and final Payment Request**

**April 1, 2024: Progress Report 9 Due**

- covering activities from January 1, 2024 to April 1, 2024

**April 1, 2024: Final Report and final Payment Request Due**

**April 1, 2024: Grant Term End**

## Grants Management System (GMS)

GMS is CalRecycle's web-based grant application and Grants 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 in to GMS](https://secure.calrecycle.ca.gov/Grants) (<https://secure.calrecycle.ca.gov/Grants>) using their web pass. After logging in, locate the grant in the **My Awarded/Open Grants** table and select the **Grant Management** link. 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:** Grantee requests reimbursement.
- **Reports tab:** Grantee uploads required reports.
- **Documents tab:** Grantee uploads all other grant documents that are not 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. The following sections describe the reports, transactions, and supporting documents CalRecycle requires.

## Contact Updates

Access to the grant is limited to those listed in the **Contacts** tab of the **Application Module** with the “Allow 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 or subcontractor to commence work under this grant, the grantee shall submit to the Grant Manager a declaration from the contractor or subcontractor, signed under penalty of perjury, stating that within the preceding three years, none of the events listed in [section 17050 of Title 14](https://www.calrecycle.ca.gov/Laws/Regulations/Title14/) (<https://www.calrecycle.ca.gov/Laws/Regulations/Title14/>), California Code of Regulations, Natural Resources, Division 7, has occurred with respect to the contractor or subcontractor. The grantee must submit this form for each contractor and subcontractor working under the grant.

If a contractor or subcontractor is placed on the [CalRecycle Unreliable Contractor List](https://www.calrecycle.ca.gov/Funding/Unreliability/) (<https://www.calrecycle.ca.gov/Funding/Unreliability/>) after award of this grant, the grantee may be required to terminate the contract. Obtain the Reliable Contractor Declaration form (CalRecycle 168) from [CalRecycle's Grant Forms web page](https://www.calrecycle.ca.gov/Funding/Forms/) (<https://www.calrecycle.ca.gov/Funding/Forms/>).

The grantee must upload a scanned copy of each signed Reliable Contractor Declaration form 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 "Grants Management System" section (above).

# Grant Term

The Grant Term begins on the date of the Notice to Proceed (NTP) email, which is the formal notification from CalRecycle authorizing the grantee to begin the grant project and ends on April 1, 2024. The grantee must make all grant-eligible program expenditures and incur all grant-eligible costs within this period. Expenditures made or costs incurred prior to the NTP date or after the end date are not eligible for reimbursement.

The Progress Report 9, Final Report and final Payment Request are due on April 1, 2024. CalRecycle recommends reserving the period from March 1, 2024 to April 1, 2024, exclusively for the preparation of the 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 **all** 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.
- If supply chain-related issues arise, the Grantee must contact the Grant Manager immediately to request a meeting. The Grant Manager will provide guidance as appropriate.

## Eligible Costs

Grantees may incur eligible costs (TIP product sales) only during the Grant Term, which starts when the grantee receives a Notice to Proceed from CalRecycle and ends on April 1, 2024. See “Grant Term” for additional information directly related to the purchase of crumb rubber. To be eligible for reimbursement, costs must be incurred after receiving a Notice to Proceed and before the end of the Grant Term. All services must be provided and goods received during this period in order to be eligible costs. Invoices for goods and services must be paid by the grantee prior to the inclusion of those goods or services on a payment request.

Eligible costs include crumb rubber usage as follows:

- For **new and existing Tire-Derived Products (TDPs)**, the crumb rubber or end-of-life material used in sold (net of returns) eligible products.
- 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, compounded, calendered or otherwise combined. This includes

compounded rubber and calendered rubber sheet products as intermediate products.

- For **devulcanized crumb rubber**, 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 devulcanized crumb rubber and may be co-extruded, injected, calendered or otherwise combined. This includes devulcanized crumb rubber as an intermediate product.
- For **fine mesh**, the crumb rubber usage for new or existing TDPs must be produced using fine ( $\leq 50$ ) mesh (originally provided by a California waste tire processor). Particle size and particle size distribution are determined in accordance with American Society for Testing and Materials (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 originally purchased from a California waste tire processor to produce their own fine ( $\leq 50$ ) mesh for use in their TIP products or for sale to another applicant/grantee. Documentation must be provided confirming the original crumb material came from a California waste tire processor.

Eligible applicants that propose to produce and use  $\leq 50$  mesh material, must have the material sampled and tested to verify the particle size and distribution prior to being authorized by CalRecycle to incur reimbursable costs. Additional samples will be obtained by CalRecycle staff or the Contractor at irregular intervals during the term of the grant. If the sampled material is not at least  $\leq 50$  mesh (consistent with ASTM D5644 and D5603 standards), reimbursement will be reduced to 10 cents (not the 50 cents fine mesh rate) per pound of crumb rubber used in sold products. Grantees may request that additional material be tested at a future date to return to the 50 cent rate.

Incentive payments are paid quarterly for the use of crumb rubber in sold (net of returns) eligible products starting from the NTP date through the end of the grant term. Inventory of crumb rubber on hand, prior to the NTP is eligible for incentive payment. Products receiving an incentive may not receive any other CalRecycle incentive or grant (including a Tire-Derived Product grant).

**Table 1. Incentive Categories and Amounts**

Incentive Category	Incentive per pound
New or Existing TDP (TIP product)	<b>10 cents</b> for total crumb rubber or End-of-life (EOL) material used in sold (net of returns) eligible products.
Feedstock Conversion or Devulcanized Rubber (TIP product)	<b>40 cents</b> for total crumb rubber or devulcanized crumb rubber used in sold (net of returns) eligible products or for eligible intermediate products.
Fine ( $\leq 50$ ) Mesh (TIP product)	<b>50 cents</b> for total crumb rubber used in eligible products sold (net of returns).

Crumb rubber usage must be documented on the Tire Incentive Program Certification form (CalRecycle 774) and is subject to verification and confirmation by CalRecycle. CalRecycle reserves the right to adjust an applicant’s crumb rubber estimates, if deemed appropriate, prior to calculating grant award amounts.

The total grant award will not exceed the amount stated on the Grant Agreement Cover Sheet (CalRecycle 110).

## Ineligible Costs

Ineligible costs include, but are not limited to:

- Costs incurred prior to the date that CalRecycle sends the Notice to Proceed email or after April 1, 2024.
- 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.

Ineligible products include, but are not limited to:

- Crumb rubber used by itself as an intermediate product (i.e., used as infill for a synthetic turf field) except as noted above.
- Tire-derived aggregate.
- Rubberized pavement or rubberized paving products (i.e., chip seal, slurry seal, etc.).
- Rubber nuggets/mulch/bark except as noted above.
- Rubberized sidewalks and tree wells (except as noted above).
- Loose-fill or poured-in-place playgrounds (except as noted above), and playground tiles.
- Poured-in-place playgrounds which use ground, shredded or chunk rubber from California-generated passenger tires (not truck tires or buffings) for the cushion layer; or crumb rubber to replace ethylene propylene diene monomer (EPDM) and thermoplastic vulcanizates (TPV) in the wear layer.
- Synthetic turf underlayment (not loose infill).
- Sports/running tracks.
- All weather sports field infill.
- Similar type products which have enjoyed significant benefit from the Tire-Derived Product Grant Program and its predecessors.

## Modifications

The grantee must submit any proposed revision(s) to the approved product(s) in writing to the Grant Manager. The grantee may not incur costs or make expenditures based on the revision without first receiving the Grant Manager's written approval. Proposed revisions must include the reason for the change. If approved, the grant manager will upload the revisions to GMS and notify the grantee. The grantee may submit proposed revisions in conjunction with a Progress Report but they cannot be submitted as part of the Progress Report. The grantee should retain the approval document(s) for audit purposes. See the "Audit Record/Access" section of the Terms and Conditions (Exhibit A).

## Acknowledgements

The grantee shall acknowledge CalRecycle's support each time a project funded, in whole or in part, by this Agreement is publicized in any medium, including news media, brochures, or other types of promotional materials. The acknowledgement of CalRecycle's support must incorporate the CalRecycle logo. Initials or abbreviations for CalRecycle shall not be used. The Grant Manager may approve deviation from this requirement on a case-by-case basis where such deviation is consistent with CalRecycle's Communication Strategy and Outreach Plan.



## Electronic and Original Signatures

CalRecycle now allows for certified e-Signature or original wet signature on documents or forms that certify legally binding information.

**Note:** The e-Signature must be the Adobe Digital ID or through another certified digital signature program, and cannot be the “Fill and Sign” function within Adobe. Any documents using the “Fill and Sign” method will be considered as incomplete and may be sent back to the grantee.

If you have questions, email [grantassistance@calrecycle.ca.gov](mailto:grantassistance@calrecycle.ca.gov).

## Reporting Requirements

The Grant Agreement requires a Progress Report, Progress Report Calculation Summary Guide, collectively the “Progress Report”, and a Final Report; however, the Grant Manager may require additional Progress Reports at any time during the Grant Term. The grantee must submit nine (9) Progress Reports during the term of the grant. See Milestones section (above) for due dates. Failure to submit the Final Report with appropriate documentation by the due date 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.

The grantee must upload all reports in GMS. For further instructions regarding GMS, including login directions, see the “Grants Management System” section (above). To upload a report:

1. Go to the **Reports** tab.
2. Click on the appropriate Report Type.
3. Click on the **Add Document** button.
4. 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 the process until all required documents as listed below are uploaded.
  - The maximum allowable file size for each document is 35MB.
5. Click the **Submit Report** button to complete your report submittal. The **Submit Report** button will not be enabled until all required reporting documents are uploaded.

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 the Grant Agreement and may result in the termination of the Grant Agreement, 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. The grantee must report any problems or delays immediately to the Grant Manager.

## Progress Report

The Progress Report contains confidential information and must be labeled as **Confidential**. The Grant Manager will provide the grantee with the CalRecycle Progress Report template quarterly. 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 9, which is due April 1, 2024. 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).

At the end of each calendar year and when the grant is fully expended (not later than April 1, 2024), the grantee shall also provide in its Progress Report a reconciliation of all TDP activity under the TIP.

## Final Report

The Final Report is due **April 1, 2024**. This report should cover grant activities **from the Notice to Proceed through April 1, 2024**. The Grant Manager will provide the grantee with the CalRecycle Final Report template.

## Grant Payment Information

- Payment to the grantee for eligible grant expenses is made on a reimbursement basis only, and only for those materials and services specified in the approved grant application.
- The grantee may request reimbursement quarterly during the Grant Term in conjunction with the submission of the nine (9) Progress Reports.
- The grantee must submit the required Progress Report/Final Report prior to, or concurrent with, submission of the Grant Payment Request. No reimbursement is made prior to Grant Manager approval of the report.
- The grantee must submit a completed Grant Payment Request and provide supporting documentation as described in the “Payment Request and Documentation” section.
- CalRecycle will make grant payments to only the grantee. It is the grantee’s responsibility to pay all contractors and subcontractors for purchased goods and services.
- CalRecycle will withhold and retain 10 percent of each approved Grant Payment Request amount until all conditions stipulated in the Agreement, including submission and Grant Manager approval of the Progress and Final Reports, 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 the Grant Manager approves a Grant Payment Request.

## Payment Request and Documentation

Failure to submit the final Payment Request with appropriate documentation by the due date 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.

The grantee must submit payment requests in GMS. For further instructions regarding GMS, including login directions, see the “Grants Management System” section (above). To submit a Grant Payment Request:

1. Go to the **Payment Request** tab.
2. Click on the **Create a Payment Request** button.
  - a. Choose **Reimburse** for the **Transaction Type** and enter the amount spent in each budget subcategory.
  - b. When the transaction is complete, click the **Save** button.

- c. After the transaction is saved, the **Upload Supporting Documents** button will appear in the lower right corner.
3. Click the **Upload Supporting Documents** button.
  - a. Choose the **Document Type**, enter a **document title**, click the **Browse** button to search and upload the document, and then **Save**.
  - b. Select the **Back** button to upload another document and continue this process until all required supporting documents as listed below are uploaded.
  - c. 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. The **Submit Transaction** button will not be enabled until all required supporting documents are uploaded.
  - a. **Note:** Once a transaction is saved, select the transaction number from the **Payment Request** tab to access it again. Please do not create multiple transactions for the same requested funds.

### Supporting Documentation

- **Grant Payment Request form (CalRecycle 87)**
  - A scanned copy with the signature of the signatory or his/her designee, as authorized by grantee's Resolution or Letter of Commitment, must be uploaded to GMS.
    - **Note:** A designee may sign on behalf of the grantee if a) authorized by the Resolution or Letter of Commitment, and b) a Letter of Designation has been provided to the Grant Manager.
- **Cost and Payment Documentation**
  - Acceptable cost and payment documentation must include at least one of each of the following.
    - Invoices, receipts, or purchase orders must include the vendor's name and telephone number, address, description of goods or services purchased, amount due, date, and indicate the number of pounds of crumb rubber provided and the mesh size.
  - Proof of payment may include:
    - copy of cancelled check(s) that shows an endorsement from the banking institution
    - invoice(s) showing a zero balance, or stamped "paid" with a check number, date paid, and initials
    - bank statement(s) along with a copy of the endorsed check or invoice showing the check number
    - copy of an electronic funds transfer confirmation
    - copy of a credit card statement(s)
  - The Grant Manager may require additional cost and payment documentation as necessary to verify eligible costs.
- **Tire Incentive Program Certification (CalRecycle 774)**
- **An updated General Checklist of Business Permits, Licenses and Filings form (CalRecycle 669), as applicable.**

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)

All forms listed above are available from the [CalRecycle Grant Forms web page](https://www.calrecycle.ca.gov/Funding/Forms) (<https://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. CalRecycle may stipulate a longer period of records retention 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.

Examples of audit documentation include, but are not limited to, competitive bids, grant amendments if any relating to the Budget or Work Plan, copies of any agreements with contractors or subcontractors if utilized, expenditure ledger, payroll register entries, time sheets, personnel expenditure summary form, travel expense log, paid warrants, contracts and change orders, samples of items and materials developed with grant funds, invoices, and cancelled checks. Please refer to the Terms and Conditions (Exhibit A) for more information.