

# Request for Approval

**To:** **Matt Henigan**  
Deputy Director, Materials Management and Local Assistance Division

**From:** **Michelle Martin**  
Branch Chief, Financial Resources Management Branch

**Request Date:** June 2, 2020

**Decision Subject:** Eligibility Criteria and Evaluation Process for the Tire-Derived Aggregate Grant Program (Tire Recycling Management Fund, Fiscal Years 2020–21 and 2021–22)

**Action By:** June 16, 2020

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## Summary of Request

Staff seeks approval of the proposed eligibility criteria and evaluation process for the Tire-Derived Aggregate Grant Program (Program) for fiscal years (FYs) 2020–21 and 2021–22.

Staff proposes to use the same eligibility criteria and evaluation process that was used in FY 2019–20, except as described under the Proposed Changes section and summarized below.

1. Adjust installation cost reimbursement based on project type.
2. Adjust engineering and design cost reimbursement based on project type.
3. Allow reimbursement for geosynthetic material that is specifically needed for a TDA project.
4. Eliminate testing cost reimbursement.
5. Eliminate Very Large Project designation and the corresponding \$750,000 maximum grant amount.
6. Provide two application solicitations per fiscal year.

## Recommendation

Staff recommends approval of the proposed eligibility criteria and evaluation process for the Tire-Derived Aggregate Grant Program for FYs 2020–21 and 2021–22.

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## 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 eligibility criteria and evaluation process for the Tire-Derived Aggregate Grant Program for FYs 2020–21 and 2021–22.

**Dated: July 2, 2020**

Signed By: Matt Henigan

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Matt Henigan  
Deputy Director

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Dated

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## Background and Analysis

### Statutory Authority

The Department of Resources Recycling and Recovery (CalRecycle) receives an annual appropriation from the California Tire Recycling Management 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 Sections 42872 and 42873 allow for the awarding and funding of grants for activities and applications that result in reduced landfill disposal or stockpiling of waste tires. The TDA Grant Program meets the statutory requirements of PRC Sections 42872 and 42873.

The draft *Five-Year Plan for the Waste Tire Recycling Management Program* (Tenth Edition Covering Fiscal Years 2019–20 to 2023–24) allocates \$850,000 each year to the TDA Grant Program for FYs 2020–21 and 2021–22.

### Program Background

The fundamental goal of the TDA Grant Program is to promote the development of long-term, sustainable, and diversified markets for California’s tire-derived products. Tire-derived aggregate (TDA) is a significant use of recycled tires in the United States and provides a cost-effective alternative to conventional aggregate for use in various civil engineering projects. These uses include retaining wall backfill, lightweight embankment fill, landslide stabilization, vibration mitigation, low impact development, and various landfill applications.

CalRecycle has funded TDA research and pilot projects for several years in an effort to ensure a solid base from which to expand TDA usage. Table 1 below summarizes the history of the TDA Grant Program.

**Table 1: TDA Grant Program History**

<b>Fiscal Year</b>	<b>Number of Awards</b>	<b>Award Amounts</b>	<b>Passenger Tire Equivalents (PTE) Used</b>
2011–12	2	\$603,489	470,000
2012–13	5	\$718,955	613,270
2013–14	2	\$646,371	77,398
2014–15	4	\$433,053	594,815
2015–16	4	\$1,083,792	112,536
2016–17	3	\$187,100	86,836
2017–18	6	\$1,059,366	NA*
2018–19	2	\$850,000	NA*
2019–20	2	\$488,906	NA*
<b>Total</b>	<b>30</b>	<b>\$6,071,032</b>	<b>1,954,855</b>

\*PTE information is not available because the grants are not yet closed.

**Proposed Process and Eligibility**

Staff will review all applications for completeness and eligibility. Complete applications will be evaluated to confirm project eligibility and determine if appropriate costs are directly related to the purchase and transportation of the TDA material, purchase of geosynthetic material (see Proposed Changes), TDA installation and engineering/design work for the project.

**Eligible entities include:**

- All California local government entities (including cities, counties, and cities and counties).
- Special districts (including transportation districts).
- Joint Powers Authorities (JPA).
- Public school districts.
- All California State agencies (including offices, departments, bureaus, and boards).
- University of California campuses, California State University campuses, and California Community Colleges.
- Qualifying Indian Tribes.
- Private, for-profit entities.
- Non-profit organizations.

**Eligible project categories include:**

- Mechanically stabilized TDA.
- Low impact development (storm water mitigation including infiltration galleries).
- Lightweight fill (slope stabilization, embankment fill, landslide repair, and retaining walls).
- Vibration mitigation (under light rail lines).

- Landfill application projects (aggregate replacement projects such as leachate and gas collection systems, drainage layers and leachate injection) will receive the lowest funding priority. Projects that are currently underway or that have been completed at the same location within the same facility within three years of application are not eligible.

### **Project Requirements**

- The project(s) must be located in California.
- Use a combined minimum of 500 tons of TDA in the project(s), with the exception of Low Impact Development projects, which must use a minimum of 200 tons of TDA in the project(s).
- Plans and specifications must be reviewed by CalRecycle staff and its contractor(s) during the application review process and prior to commencement of work. The project design plans must be at a minimum 50 percent design at the time of application submission and 100 percent design prior to the start of the project.
- The real property on which the project will be located must be owned by the applicant (or by a member of an applicant JPA). If not, then appropriate access rights must be obtained.
- Landfill projects will not be reimbursed for use of more than 0.5 tons of TDA per lineal foot of landfill gas collection or leachate injection line.
- Construction of the TDA portion of any project must commence on or after receipt of the Notice to Proceed and be completed by the end of the grant term.
- Each project must incorporate technical assistance/training that will be provided by CalRecycle contractors and/or staff.

The maximum grant award is \$350,000 (see Proposed Changes).

All eligible applications shall be funded on a continual basis with two application due dates until initially allocated monies are exhausted (see Proposed Changes). If all initially allocated monies are exhausted, CalRecycle will continue to accept applications and consider funding should additional monies become available. CalRecycle may also consider using FY 2021–22 allocations for unfunded FY 2020–21 requests.

If there are more eligible applications received by a due date than available monies, CalRecycle will fund one eligible application from each project category using the greatest appropriate amount of TDA material within each category, with the exception of applications for landfill projects. Landfill projects represent the lowest priority and will be funded only after all other eligible projects are funded, within each of the two cycles. The remaining applications will be ranked starting with project(s) that use the greatest appropriate amount of TDA material in all categories except landfill projects (which includes all projects to be performed at a landfill), which will be funded only after all other eligible projects.

### **Proposed Changes**

Staff is proposing changes from the past grant cycle as indicated below.

1. Adjust installation cost reimbursement based on project type.
2. Adjust engineering and design cost reimbursement based on project type.
3. Allow reimbursement for geosynthetic material that is specifically needed for a TDA project.
4. Eliminate testing cost reimbursement.
5. Eliminate Very Large Project designation and the corresponding \$750,000 maximum grant amount.
6. Provide two application solicitations per fiscal year.

**1. Adjust installation cost reimbursement based on project type.**

The installation cost reimbursement of \$7.50 per ton was established when the program began in FY 2011–12. Since then, CalRecycle staff has gained knowledge and experience with different types of projects. Based on that knowledge and experience, coupled with data from CalRecycle’s TDA consulting contractor, staff believes that reimbursement for installation costs should be adjusted to better correlate with the complexities of different project types (see Table 2).

**2. Adjust engineering and design cost reimbursement based on project type.**

Staff recommends that eligible engineering/design costs be adjusted to provide appropriate reimbursement to use TDA as opposed to conventional construction materials and ensure that these projects are engineered properly.

The original eligible engineering/design costs were revised about four years ago based on industry standards at that time. Since then, CalRecycle staff has gained additional knowledge and experience with innovative and different kinds of projects. Based on that knowledge and experience coupled with data from CalRecycle’s TDA consulting contractor, staff believes that reimbursement for engineering/design costs should be adjusted to better correlate with the complexities of different project categories (see Table 2). For example, mechanically stabilized TDA and low impact development (storm water) infiltration galleries have required more engineering/design work than were originally estimated.

Reimbursable engineering/design costs for the grants are limited to those costs directly related to the TDA portion of the project and typically represent a relatively small percentage of the total project cost. Reimbursable engineering/design costs are a percentage (see Table 2) of the sum of the actual cost of TDA material from the California waste tire processor plus tax and delivery costs.

**Table 2. Installation and Engineering and Design (E&D) Reimbursement**

Project Type	Installation Reimbursement (per ton)	E & D Current Reimbursement Percentage	E & D Proposed Reimbursement Percentage
Mechanically stabilized TDA	\$50	50%	60%
Low impact development/storm water management	\$50	15%	40%
Lightweight fill	\$40	50%	60%
Vibration mitigation	\$15	35%	20%
Landfill	\$7.50	10%	5%

**3. Allow reimbursement for geosynthetic material that is specifically needed for a TDA project.**

CalRecycle has been a national leader in research and innovative projects to promote the use of TDA. As a result, staff has gained knowledge and experience with innovative and different kinds of projects. Based on that knowledge and experience coupled with insight from CalRecycle’s TDA consulting contractor, staff has identified that the purchase of geosynthetic material can be a significant cost and may be a barrier to the use of TDA. Accordingly, staff recommends adding cost reimbursement for geosynthetic material (grid or fabric) that is specifically needed for a TDA project. Reimbursement does not include installation of the geosynthetic material.

**4. Eliminate testing cost reimbursement.**

When the program began in FY 2011–12, staff originally believed that it would be useful to provide TDA testing cost reimbursement (\$5,000). However, because necessary testing is now performed by CalRecycle’s TDA contractor, reimbursement is no longer necessary and is recommended to be eliminated.

**5. Eliminate Very Large Project designation and the corresponding \$750,000 maximum grant amount.**

Since FY 2012–13, program guidelines provide for a \$350,000 maximum grant, unless it is for a very large project (more than 4,000 tons of TDA and not a landfill project) in which case the maximum grant is \$750,000. Based on the performance of completed very large projects, staff recommends that designation and the corresponding \$750,000 maximum grant amount be eliminated. Staff recommends retaining the current maximum grant award of \$350,000.

**6. Provide two application solicitations per fiscal year.**

From FY 2017–18 through 2019–20, CalRecycle has provided eligible entities an ability to apply at any time with three solicitation due dates per fiscal year. Staff has

analyzed grant activity and recommends continuing the ability to apply at any time, but changing the number of solicitations to two per fiscal year.

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## **Tentative Timeline for FYs 2020–21 and 2021–22**

Staff will post a Notice of Funds Available on CalRecycle’s website informing potential applicants of the funding, eligibility requirements, deadlines, and other important information. Notices will also be distributed through CalRecycle’s Local Assistance and Market Development staff to inform their local jurisdictions, the Grants Management System database, applicable listservs, outreach presentations, and newsletters.

**June 2020:** Post Notice of Funds Available, application, and related instructions and documents on the web site

**September 2020 and January 2021:** Applications due

**October 2020 and March 2021:** Conduct application evaluation/review process and determine funding for eligible applicants

**November 2020 and April 2021:** Grant approval

**December 2020 and May 2021:** Grant Agreements distributed and executed

**April 1, 2023:** Grant term ends

The FY 2021–22 grant cycle timeline will be similar to the tentative FY 2020–21 grant cycle. Please refer to [CalRecycle’s website](https://www.calrecycle.ca.gov/Tires/Grants/TDA/) (https://www.calrecycle.ca.gov/Tires/Grants/TDA/) for more information.