

# 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:** February 17, 2021

**Decision Subject:** Approval of a Recycling Market Development Zone (RMDZ) Loan in the Amount of \$1,400,000 to U.S. Rubber Recycling, Inc. (Recycling Market Development Revolving Loan Subaccount, Fiscal Year 2020–21)

**Action By:** February 22, 2021

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## Summary of Request

Staff requests approval of a Recycling Market Development Zone (RMDZ) Loan in the amount of \$1,400,000 to U.S. Rubber Recycling, Inc. The request is more fully described under Applicant Profile.

## Recommendation

Staff recommends approval of a RMDZ Loan to U.S. Rubber Recycling, Inc. for \$1,400,000.

**Table 1. Funding**

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
RMDZ Loan Subaccount (FY 2020–21)	\$3,901,000	\$1,400,000	\$2,501,000	Local Assistance / Direct Loan
TOTAL	\$3,901,000	\$1,400,000	\$2,501,000	

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## Deputy Director Action

On the basis of the information and analysis in this Request for Approval (RFA) and the findings set out herein, I hereby conditionally approve a RMDZ Loan to U.S. Rubber Recycling, Inc. for \$1,400,000.

This approval is subject to:

1. All terms and conditions contained in the Loan Agreement and other loan documents to be prepared by loan program staff in accordance with applicable regulations, and such other terms and conditions as duly authorized staff in their sole discretion deem necessary or advisable.
2. The Applicant's signing of loan documents within 90-days of approval of this RFA. The loan signature period may be extended, for cause, for an additional 90 days. Extension of the loan signature period beyond the second 90-day period shall occur only if agreed to by both CalRecycle and the Applicant.

I further direct staff to conduct all acts necessary to fund this loan, including but not limited to the preparation and execution of the Loan Agreement and other loan documents.

**Signed By:** Matt Henigan, Deputy Director

**Dated:** February 24, 2021

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Matt Henigan  
Deputy Director

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## Background and Findings

### Statutory Authority

The RMDZ Loan Program was established by Senate Bill 2310 (Bergeson, Statutes of 1990, Chapter 1543), and codified in Public Resources Code sections 42010-42024. Public Resources Code (PRC) Section 42023.1 (f) authorizes the California Department of Resources Recycling and Recovery (CalRecycle) to approve RMDZ loans to eligible private businesses, nonprofit organizations, and local governing bodies within recycling market development zones. Regulations are contained in Title 14 of California Code of Regulations, sections 17901-17939.5.

### Program Background

CalRecycle administers the RMDZ Loan Program to encourage recycling businesses to site new manufacturing facilities and expand existing operations to create additional markets for recycled-content products. This program provides direct, low-interest loans for the purchase of equipment and other related business costs.

### Criteria and Process

The RMDZ Loan Program Eligibility Criteria was approved by CalRecycle on December 20, 2018. Loan applications are reviewed and evaluated in accordance with established procedures to ensure that the project meets current eligibility and underwriting criteria and that required permits have been obtained. The Loan Committee considers the financial soundness of the applicant and the terms of the proposed loan and recommends to CalRecycle that the loan request be either approved or declined. Upon conclusion of this process and Loan Committee's approval recommendation, CalRecycle senior management staff reviews the loan request and determines whether to make a commitment to approve and fund the loan.

## Applicant Profile

### U.S. Rubber Recycling, Inc.

- U.S. Rubber Recycling, Inc. was started in 1996 to create rubber molded products from waste tire material that would otherwise be destined for a California landfill.
- U.S. Rubber Recycling, Inc. is using \$1,400,000 in RMDZ loan proceeds to purchase equipment and to provide working capital for an expansion to their existing tire recycling facility in Colton, CA.
- The RMDZ Administrator is aware of the project and confirmed that the project is located within the boundaries of the San Bernardino County RMDZ.

**Table 2. Diversion and Jobs**

<b>Diversion &amp; Jobs</b>	<b>Current</b>	<b>Projected Increase</b>	<b>Total</b>
Tons per Year	3,000	300	3,300
Jobs Created	48	5	53