

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: **August 30, 2021**

Decision Subject: Awards for the Beverage Container Redemption Pilot Project Program
(Beverage Container Recycling Fund Fiscal Year 2020-21)

Action By: September 27, 2021 – Revision 4

Summary of Request

Staff requests approval of grant awards for the Beverage Container Redemption Pilot Project Program (Program) for fiscal year (FY) 2021-22. CalRecycle previously awarded SoCal Recycling Industries Inc., J&D Recycling, Recycle From Home LLC, and Our Planet Recycling SF LLC. Staff has received two additional eligible applications from The United Cerebral Palsy of North Bay and Zero Waste Sonoma.

Table 1. Recommended Awards

Applicant	Jurisdiction	Total Award
United Cerebral Palsy of the North Bay	Approved Pilot Project Recycler	\$950,000
Zero Waste Sonoma JPA	Approved Pilot Project Jurisdiction	\$50,000
Total		\$1,000,000

Table 2. Previously Approved Awards

Applicant	Jurisdiction	Total Award
SoCal Recycling Industries, Inc.	Approved Pilot Project Recycler	\$1,000,000
The City of Culver City	Approved Pilot Project Jurisdiction	\$0
Recycling From Home LLC	Approved Pilot Project Recycler	\$1,000,000
The City of Irvine	Approved Pilot Project Jurisdiction	\$0
J&D Recycling	Approved Pilot Project Recycler	\$1,000,000
The County of San Mateo/The City of Daly City/The City of Half Moon Bay	Approved Pilot Project Jurisdiction	\$0
Our Planet Recycling SF LLC	Approved Pilot Project Recycler	\$1,000,000
The City and County of San Francisco	Approved Pilot Project Jurisdiction	\$0
Total		\$4,000,000

Funding

The FY 2020–21 Budget Act allocates \$5,000,000 to the Beverage Container Recycling Fund Account for the Program.

Table 3. Funding

Fund Source	Amount Available	Amount Previously Funded	Amount to Fund Items	Amount Remaining	Line Item
Beverage Container Recycling Fund (FY 2020–21)	\$5,000,000	\$4,000,000	\$1,000,000	\$0	Beverage Container Recycling Grants
Total	\$5,000,000	\$4,000,000	\$1,000,000	\$0	

Background and Findings

Statutory Authority

The Department of Resources Recycling and Recovery (CalRecycle) received an appropriation from the California Beverage Container Recycling Fund to administer the California Beverage Container Recycling and Litter Reduction Act (Assembly Bill 2020, Margolin, Statutes of 1986, Chapter 1290) (Public Resources Code [PRC] section 14571.9). SB 458 (Wiener Chapter 648 Statutes of 2017) authorized CalRecycle to approve up to five pilot projects proposed by cities and/or counties working in combination with private businesses to provide convenient beverage container redemption opportunities in both urban and rural areas. AB 54 (Ting, Chapter 793, Statutes of 2019) amends PRC 14581 to allow for the expenditure of up to \$5,000,000 to support the pilot projects. AB 54 also extends the deadline for CalRecycle to approve pilot project applications until January 1, 2022.

The Program meets the statutory requirements of PRC 14571.9, and associated regulations.

Program Background

The fundamental goal of the Beverage Container Recycling Program is to reach and maintain an 80 percent recycling rate for all California Refund Value beverage containers – aluminum, glass, plastic and bi-metal. One component of the Program is to assist in improving redemption opportunities in underserved areas. The Program requires that local jurisdictions and recycling center operators work closely together to create innovative pilot projects and provide convenient redemption opportunities for consumers, therefore, improving consumer redemption of eligible beverage containers and increasing recycling rates in jurisdictions served by pilot projects. No more than five pilot projects may operate at any one time.

In October 2019, Governor Newsom signed AB 54 (Ting) into law allowing the Department to support the pilot projects with an appropriation of up to \$5,000,000.

Criteria and Process

Eligible jurisdictions may apply for, and be granted, a pilot project. Only jurisdictions with approved pilot projects are eligible to receive a portion of the \$5,000,000.

This is an ongoing application. Staff will review requests (applications) for funding from this appropriation. Complete applications will be evaluated to confirm the request is from an approved pilot project. Staff will determine if costs are appropriate and directly related to the pilot projects.

Eligible applicants must meet the following conditions:

- Be a jurisdiction as defined in Section 2750(a)(2) of Chapter 5, Division 2, Title 14 CCR.
- Have an application to operate a Pilot Project (established pursuant to section 14571.9 of the PRC) approved by CalRecycle.
- Submit an application that consists of a proposed Budget and Work Plan.

Applications will be reviewed on a first come, first served basis. Applicants may initially request up to a maximum amount of \$1,000,000. If five pilot projects have not been awarded by December 31, 2020, a subsequent application may be submitted from a previous awardee once the initial application has been awarded and fully expended.

The Criteria Request for Award was released December 18, 2019. The City of Culver City was the first awardee of a Pilot Project from the Division of Recycling. The City of Culver City meets the requirements for a Pilot Project via the grantee, SoCal Recycling Industries, Inc. which provides recycling opportunities in currently unserved Convenience Zones via mobile recycling locations at Ralph's and Vons. SoCal Recycling Industries, Inc. submits reports to the City that include diversion weights, complaints, and problems/issues encountered during the project.

The County of San Mateo, City of Daly City and City of Half Moon Bay was the second awardee of a Pilot Project from the Division of Recycling and meets the requirements for a Pilot Project via the grantee, J&D Recycling. This project implements three fixed recycling center locations, with immediate cash payments to consumers. The pilot locations are unique because they are not located in a typical grocery store parking lot or a shopping center. The pilot location in the unincorporated San Mateo County/North Fair Oaks is a county-owned parking lot in a

commercial area. The site in Daly City is in a city park. In Half Moon Bay, the pilot location is in a city-leased parking lot in a commercial/industrial area. The pilot project serves approximately 20 Convenience Zones within jurisdictional boundaries and an additional 20-25 Convenience Zones in adjacent communities.

The City of Irvine was the third awardee of a Pilot Project from the Division of Recycling and meets the requirements for a Pilot Project via the grantee, Recycle From Home LLC. Recycle From Home LLC established a customer portal/web page enabling interfacing with all Irvine residents and phone access for non-computer users. Residents have the ability to easily request and schedule at home pickups for their recyclables by computer or phone. Recycle From Home LLC picks up customer recyclables, process them at their facility, and makes CRV payments via electronic payments to customers based on received weights. The Pilot Program method implemented by Recycle From Home LLC, essentially gives every Irvine resident access to at home recycling pickup and CRV redemption service.

The City and County of San Francisco was the fourth awardee of a Pilot Project from the Division of Recycling and meets the requirements for a Pilot Project via the grantee, Our Planet Recycling SF LLC. The City and County of San Francisco in partnership with the San Francisco Department of Environment (SFE) and the SF CRV Convenience Alliance (Alliance), proposes to establish a new pilot project that brings the entire city of San Francisco into CRV convenience over the course of two to four years. The project will feature a mobile "Bag Drop" system at specific locations during designated days and hours.

Consumers will deposit their CRV containers into secure drop-off bins with an associated identification (tag/barcode). This will ensure each consumer is properly credited. The consumer will be paid electronically within 72 hours of drop-off of the CRV materials.

Project Summaries

The County of Sonoma will meet the requirements for a Pilot Project via the grantees, Zero Waste Sonoma - JPA, and the United Cerebral Palsy Association of the North Bay, Inc. (UCPNB.) The UCPNB will design, install, and maintain stationary CRV Recycling kiosks or "Mini Recycling Centers" (MRCs) for the Pilot Project. These remote stations will allow customers to drop off bags of CRV materials and receive synchronous payments on a debit card or account credits, depending on their preference. Each MRC will have a certified scale, weight reader, printers, and storage bins to process the bags of CRV material. The system will allow customers the option to deposit funds into their account or donate the funds to non-profit organizations. Zero Waste Sonoma – JPA will administer the education and outreach portion of the project as a grantee. Education and outreach includes media advertising campaigns, design, fabrication and placement of MRC kiosks and signage, outreach to dealers, and updates to the Zero Waste Sonoma website and digital guides.

Recommendation

Staff recommends approval of one grant award as listed below for an additional \$1,000,000.

Table 4. Recommended Awards

Applicant	Jurisdiction	Total Award
United Cerebral Palsy of the North Bay	Approved Pilot Project Recycler	\$950,000
Zero Waste Sonoma JPA	Approved Pilot Project Jurisdiction	\$50,000
Total		\$1,000,000

Deputy Director Action

On the basis of the information and analysis in this Request for Approval and the findings set out herein, I hereby conditionally approve the grant awards for the Beverage Container Redemption Pilot Grant Program as listed in Table 4. Each proposed grantee's award is subject to two conditions:

1. The recommended grantee must pay all outstanding debts due to CalRecycle, or bring current any outstanding payments owed to CalRecycle, within 60 days of the date of the award email.
2. The recommended grantee's Signature Authority (or where delegation is authorized, his or her Designee) must sign and return the Grant Agreement to CalRecycle. The signed Grant Agreement must be received by CalRecycle within 60 days of the date of the award email.

Matt Henigan
Deputy Director

Dated