

Request for Approval

To: **Zoe Heller**
Acting Deputy Director, Materials Management and Local Assistance
Division

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

Request Date: July 1, 2022

Decision Subject: Eligibility Criteria and Evaluation Process for the Beverage Container Redemption Pilot Project Grant Program (California Beverage Container Recycling Fund, Fiscal Year 2021–22)

Action By: July 5, 2022

Summary of Request

Staff seeks approval of the proposed eligibility criteria and evaluation process for the Beverage Container Redemption Pilot Project Grant Program (Program) for fiscal year (FY) 2021–22. Assembly Bill (AB) 128 (Chapter 21, Ting, Budget Act of 2021) provides an additional \$10 million for the Beverage Container Pilot Project Program. Staff recommends allocating \$7.5 million to new Pilot Projects (up to \$1.5 million for each) and allocating \$2.5 million to any existing approved pilot projects (up to an additional \$500,000 for each) in funding, beyond the initial \$1 million already received, to be able to expand the scope or size of the project.

Background and Analysis

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 (AB 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 and extends the deadline for CalRecycle to approve pilot project applications to January 1, 2022. AB 128 (Chapter 21, Ting, Budget Act of 2021) allocates an additional budgetary appropriation of \$10,000,000 until June 30, 2023, and available for liquidation until June 30, 2026.

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

Program Background

The fundamental goal of the Beverage Container Recycling Program (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 Pilot Project Program is to assist in improving redemption opportunities in underserved areas. The Pilot Project Program requires that local jurisdiction 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 ten pilot projects may operate at any one time.

Proposed Process and Eligibility

Expansion of Previous Projects

- Allow any previously approved pilot project grantee to apply for additional funding (up to \$500,000 plus any remaining funds from their previous award.).
- Additional funding shall be used for expanding the pilot project in some way. This may include, but is not limited to, adding additional areas, increasing redemption methods used, serving an increasing population and/or disadvantaged communities, serving various geographic locations throughout the state, including new ideas for reaching consumers, adding additional locations, and increasing of hours of operation.
- CalRecycle staff will exercise scrutiny in the review of applications to ensure providing additional funds serve the goals of the program.
 - Each grantee applying for additional funding will be required to:
 - Provide a revised Work Plan, Budget, and include a narrative/justification on how the additional funding will support expansion of the pilot project
 - Have adequate expenditure history
 - Maintain good performance
 - Demonstrate success and utilization of equipment already purchased (e.g., if the pilot purchased four trucks, but utilizing only two, there would be no need for additional trucks)

Staff will determine if costs are appropriate and directly related to the pilot projects.

CalRecycle staff will evaluate each request to determine if it meets the objectives of the Pilot Project Program, and only those submitted and completed required grant documents that clearly demonstrate how the additional funding will be used to provide the pilot project more reach will be approved.

New Pilot Projects

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 \$7,500,000.

Eligible applicants must meet the following conditions:

- Be a jurisdiction as defined in Section 2750(a) (2)(10) 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 a Work Plan.
- Priority will be given to underserved “recycling deserts”, rural areas, disadvantaged communities, and projects that supports geographical diversity.

Tentative Timeline for Fiscal Year 2021–22

Staff will post a Notice of Funds Available on CalRecycle’s website that includes the funding, eligibility requirements, deadlines, and other important information. Notices will be distributed through CalRecycle’s applicable listservs and outreach.

July 2022: Post Notice of Funds Available, application, and related instructions and documents on the web site

July 2022: Applications due

Ongoing – Grants Awarded: CalRecycle considers funding recommendations, and if approved, conditionally awards beginning in this month (tentative)

July-September 2022: Conduct application evaluation/review process and determine funding for eligible applicants

September 2022: Grant Agreements distributed and executed

June 30, 2026: Grant term ends.

Please refer to [CalRecycle’s website](#).

Recommendation

Staff recommends approval of the proposed eligibility criteria and evaluation process for the Beverage Container Redemption Pilot Project Grant Program for FY 2021–22.

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 Beverage Container Redemption Pilot Project Grant Program for FY 2021–22.

Zoe Heller
Acting Deputy Director

Dated