

Request for Approval

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

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

Request Date: **September 06, 2022**

Decision Subject: Awards for the Co-Digestion Grant Program (General Fund, Fiscal Years 2021–22 and 2022–23)

Action By: September 13, 2022

Summary of Request

Staff requests approval of five grant awards listed in Table 2, totaling \$19,000,000, for the competitive Co-Digestion Grant Program for fiscal years (FYs) 2021–22 and 2022–23. The remaining passing application, listed in Table 3, could be funded if additional funds become available.

Funding

The FY 2021–22 and FY 2022-23 Budget Acts allocate a total of \$20,000,000 from the General Fund for the Co-Digestion Grant Program, with \$1,000,000 allocated for administrative costs. This new program was established as part of the FY 2021-22 Circular Economy Package.

Table 1. Funding

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
Co-Digestion Grant Program (General Fund Account FY 2021–22)	\$9,500,000	\$9,500,000	\$0	Local Assistance Grants
Co-Digestion Grant Program (General Fund Account FY 2022–23)	\$9,500,000	\$9,500,000	\$0	Local Assistance Grants

Background and Findings

Statutory Authority

The Department of Resources Recycling and Recovery (CalRecycle) will administer the Co-Digestion Grant Program pursuant to Public Resource Code section 42999. This competitive grant program will provide funding to build new and expanded food waste co-digestion projects at existing wastewater treatment plants to achieve greenhouse gas emissions reductions by

significantly increasing the tonnage of California-generated organic waste diverted from landfills to co-digestion systems.

Program Background

This is the first cycle of the Co-Digestion Grant Program. This program will accelerate the development and expansion of food waste co-digestion projects at wastewater treatment plants and create jobs. Funding can be used to design and build food waste co-digestion systems that will divert significant amounts of food waste from the landfill and convert it to renewable energy. These investments will result in new and expanded co-digestion by funding items such as organic waste receiving stations (infrastructure to accept food waste at wastewater treatment plants) and other infrastructure needed for co-digestion (e.g., biogas treatment equipment needed for pipeline injection of biomethane or biosolids dewatering infrastructure).

The co-digestion projects funded by this grant program will divert materials and facilitate reductions of greenhouse gas emissions, create new jobs, and leverage the existing anaerobic digestion infrastructure capacity at wastewater treatment plants.

Criteria and Process

The Eligibility Criteria, Scoring Criteria, and Evaluation Process were discussed at the January 18, 2022, CalRecycle meeting and subsequently approved by the Deputy Director. The Notice of Funds Available was published on the CalRecycle website on April 1, 2022, with an appropriate notice sent to stakeholders.

Applications were due May 19, 2022, with a secondary due date of June 9, 2022, for authorizing documentation submission. CalRecycle received 10 applications requesting \$35,312,853.00. Staff reviewed the applications in accordance with the approved evaluation and scoring criteria. Subsequently, two applications did not receive a passing score, and two were disqualified for not meeting eligibility criteria at the time of application. The maximum requested amount was \$4,000,000 per applicant, with the option for CalRecycle to increase the award amount per applicant if remaining funds are inadequate to award the next application in rank order. Staff proposes to fund five of the six applicants with a passing score. If additional monies become available, staff recommends funding the remaining applicant with a passing score.

Listed below are the projects recommended for funding.

Central Marin Sanitation Agency

Grant Funds Recommended for Approval: \$2,577,200

The Central Marin Sanitation Agency project proposes expanding their existing co-digestion operation through the construction of a new organic waste storage tank and upgrading of the biogas treatment system. The feedstock will be delivered via liquid tanker trucks as a pre-processed food waste slurry, will utilize new receiving station capacity to be built by this project, and will be co-digested in digesters with excess capacity. The project plans to dewater biosolids (to be sent for landfill Alternative Daily Cover, land application, or liquid fertilizer production) and use the biogas to produce electricity and recovered heat via a cogeneration system. Grant funds would be used to help fund personnel and construction costs and purchase of a new

organic waste storage tank and mixing pump, feedstock screening system, and biogas treatment equipment of a heat exchanger and chillers.

Monterey One Water

Grant Funds Recommended for Approval: \$4,218,900

The Monterey One Water project proposes installation of food waste receiving infrastructure and digester upgrades to facilitate the co-digestion of food waste. The feedstock will be delivered via tanker trucks as a pre-processed food waste slurry, further processed and polished to remove plastics and grit, and then co-digested with wastewater solids in digesters with upgraded, higher solids mixing systems. The project plans to use the biogas to produce electricity and recovered heat via the cogeneration system. Biosolids will be dewatered, and the applicant is working to identify non-landfill end management/uses for the biosolids. Grant funds would be used to help fund the purchase of a new food waste polishing system and mixing system to upgrade the digesters.

City of Oceanside

Grant Funds Recommended for Approval: \$4,233,900

The City of Oceanside Food Waste Digester Capacity Development Project proposes installation of food waste receiving infrastructure and digester equipment for the co-digestion of food waste and food-soiled paper at the City's San Luis Rey Wastewater Treatment Plant. The feedstock will be delivered via tanker truck as a pre-processed food waste slurry and digested in a retrofitted digester dedicated to food waste digestion. The project plans to dewater and compost the food waste digestate and use the biogas to produce electricity and recovered heat via a Combined Heat and Power (CHP) system. Grant funds would be used to help purchase food waste receiving equipment, a mixer to retrofit their digester as a dedicated food waste digester, boiler & heat exchanger to heat the digester, expanded CHP system, and digestate dewatering screw press.

Silicon Valley Clean Water

Grant Funds Recommended for Approval: \$4,000,000

The Silicon Valley Clean Water project proposes installation of expanded food waste receiving infrastructure, including new liquid feedstock storage tanks, for the co-digestion of food waste at the Silicon Valley Clean Water Wastewater Treatment Plant. The feedstock will be delivered via tanker truck as a pre-processed food waste slurry and co-digested with incoming wastewater solids and fats, oils, and grease. Biogas from co-digestion will produce electricity and heat via a cogeneration system. The project plans to use both composting and pyrolysis to manage biosolids. Grant funds would be used to help fund personnel and construction costs and purchase of new food waste receiving equipment, including new liquid storage tanks and a mixing system.

Victor Valley Wastewater Reclamation Authority

Grant Funds Recommended for Approval: \$3,970,000

The Victor Valley Wastewater Reclamation Authority project proposes installation of food waste receiving infrastructure, liquid slurry feedstock storage tanks, and an organics polishing system to expand the Wastewater Treatment Plant's co-digestion of food waste. The feedstock will be

delivered via tanker trucks as a pre-processed food waste slurry, polished to remove plastic and grit contaminants, and then co-digested with wastewater sludge. The project will upgrade the biogas to Renewable Natural Gas and inject it into the Southwest Gas pipeline. Biosolids will be dewatered and dried and transported off-site for land application. Grant funds would be used to help fund engineering and construction, community outreach and education, grant administration, and the purchase of a new organics polishing system, receiving station infrastructure, and feedstock storage tanks.

Recommendation

Staff recommends approval of five co-digestion grant awards as listed below totaling \$19,000,000.

Table 2. Recommended Awards – A List

Applicant	Award Amount
Central Marin Sanitation Agency	\$2,577,200
Monterey One Water	\$4,218,900
City of Oceanside	\$4,233,900
Silicon Valley Clean Water	\$4,000,000
Victor Valley Wastewater Reclamation Authority	\$3,970,000
Total Award	\$19,000,000

Table 3. Recommended Awards If Additional Funds Become Available – B List

Applicant	Award Amount
Los Angeles County Sanitation Districts	\$3,950,527
Total Award	\$3,950,527

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 Co-Digestion Grant Program as listed in Table 2. 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.

Zoe Heller

Zoe Heller
Deputy Director

Dated


Award RFA_Co-Digestion (COD1)


Final Audit Report


2022-09-14


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