

Request for Approval

To: **Zoe Heller**
Deputy Director, Division of Circular Economy

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

Request Date: December 1, 2023

Decision Subject: Eligibility Criteria and Evaluation Process for the Redemption Innovation Grant Program (California Beverage Container Recycling Fund, Fiscal Year 2022–23)

Action By: December 19, 2023 Revised February 23, 2024

Summary of Request

Staff seeks approval of the proposed eligibility criteria and evaluation process for the Redemption Innovation Grant Program (Program) for fiscal year (FY) 2022–23. Assembly Bill (AB) 179 (Chapter 249, Ting, Budget Act of 2022) provides \$73,333,000 for the Redemption Innovation Grant Program. Staff recommends distributing a portion of the funds in an increment of \$40,000,000 for this cycle including \$2,500,000 allocated for Community Service Programs (SP) and \$1,000,000 allocated for small Reverse Vending Machine (RVM) projects.

Background and Analysis

Statutory Authority

The Department of Resources Recycling and Recovery (CalRecycle) received an appropriation of \$73,333,000 from [Assembly Bill 179 Budget 2022](#) to support start-up costs for recycling programs, which shall be limited to recycling centers, mobile recycling, reverse-vending machines, or bag drop programs. These funds are also available to existing recycling centers for the purpose of establishing mobile recycling to expand outreach. No more than 50 percent of these funds shall be used for any one type of program from the following list: mobile ~~(satellite)~~ recycling, reverse-vending machines, or bag drops. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2025, for support and local assistance.

Program Background

The fundamental goal of the Redemption Innovation Grant Program (Program) is to support start-up costs for recycling programs, which shall be limited to recycling centers, ~~satellite~~ mobile recycling, reverse-vending machines, or bag drop programs. These funds are also available to existing recycling centers for the purposes of establishing ~~satellite~~ mobile recycling to expand outreach. The flexibility in the program will encourage the recycling centers to be innovative and increase California Refund Value (CRV) redemption opportunities.

Proposed Process and Eligibility

Staff will review all applications for completeness and eligibility. Complete applications will be evaluated to confirm project eligibility, determine if applicants are in good standing with CalRecycle and the recommended grant award amount is correct.

Eligible Applicants

Eligible applicants include:

- **Dealers** – A retail establishment in an unserved convenience zone which offers the sale of beverages in beverage containers to consumers that is required to either redeem in store (Option A) or pay \$100 a day to CalRecycle (Option B). These entities are not required to be certified as a recycling center. All Dealers must submit an affidavit to CalRecycle choosing to redeem in-store prior to the issuance of the Notice To Proceed (NTP) email. Dealers may only apply for reverse vending machine (RVM) projects.
- **Existing Certified Recycling Centers** – An existing certified recycling center is defined as an operation certified by CalRecycle to accept empty beverage containers and pay CRV to consumers prior to the issuance of the NTP email.
- **New Recycling Center Businesses** – A new recycling center business is defined as an applicant who intends to apply and is eligible to become a certified recycling center. This can include but is not limited to beverage dealers. Must be certified prior to NTP email.
- **Community Service Programs (SP)** – Community service programs are operated by a nonprofit/charitable organization with tax exempt status, or a city, county or other public agency. SPs are not able to pay CRV. SPs may operate RVMs, engage in setting up drop-off bins at specific sites, or collect from various locations such as schools, churches, or parks. Charitable organizations (such as environmental groups, community groups and municipal governments) often become certified as a community service program as part of their fundraising efforts.

Organizational Types

Organizational types within the four eligible applicants identified above include:

- **Non-Profit Organizations** - Non-profit organizations (except private K-12 schools) registered with the federal government under 501(c)3, (c)6, or (c)10 of the Internal Revenue Code.
- **Local Governments** – California cities, counties, and other local government entities.
- **Private entities and for-profit businesses.**
- **Public colleges and universities.**
- **Qualifying Tribal Entities** – A “Qualifying Tribal Entity” is defined as a tribe, band, nation or other organized group of community, residing within the borders of California, which:
 - Is recognized for special programs and services provided by the United States because of the status of its members as Native Americans; or
 - Can establish that it is a government entity, and which meets the criteria of the grant program.

Eligible Projects

Eligible projects include:

- **Mobile Recycling** - is defined as a recycling center that redeems empty beverage containers at more than one location and reports under a single certification ID.

- The expanded recycling services must not be within a served zone unless either of the following exceptions apply:
 - the applicant is the recycling center currently serving the zone
 - and they are the sole recycling center within the zone.
- **Reverse Vending Machines (RVM)** – Reverse vending machines that pay customers for beverage containers placed in the machine.
- **Bag Drop Programs** – Bag drop is defined as a method of redemption offered by recyclers where consumers redeem empty beverage containers by delivering the containers to stationary locations in a sealed bag, box, or other receptacle for the recycler to inspect and weigh at a time or location other than where the containers are redeemed.

Evaluation Process

Dealers, Existing & New Certified Recycling Centers Ranking Criteria:

Rank 1

Applicants who are Dealers or a certified and an operational recycling center and the project provides beverage container recycling service to **unserved** convenience zones.

Sort A

- **in** disadvantaged, rural, and/or tribal communities, increasing California Refund Value (CRV) redemption opportunities for consumers.

Sort B

- **not in** disadvantaged, rural, and/or tribal communities, increasing CRV redemption opportunities for consumers.

Rank 2

Applicants who are certified **but not yet operational** recycling centers and the project will provide beverage container recycling service to **unserved** convenience zones.

Sort A

- **in** disadvantaged, rural, and/or tribal communities, increasing CRV redemption opportunities for consumers.

Sort B

- **not in** disadvantaged, rural, and/or tribal communities, increasing CRV redemption opportunities for consumers.

Rank 3

Applicants who are certified and operational recycling centers and the project provides beverage container recycling service to **served** convenience zones.

Sort A

- **in** disadvantaged, rural, and/or tribal communities, increasing CRV redemption opportunities for consumers.

Sort B

- **not in** disadvantaged, rural, and/or tribal communities, increasing CRV redemption opportunities for consumers.

Certified Community Service Programs Ranking Criteria:

Rank 1

Applicants who are proposing to operate certified community service programs.

Sort A

- These projects will provide service to unserved convenience zones in disadvantaged, rural, and/or tribal communities, but do not pay CRV to consumers.

Sort B

- These projects will provide service to unserved convenience zones, but do not pay CRV to consumers.

All complete and eligible applications in Rank 1 will be funded prior to funding any applicants in Ranks 2 through 3. If funds are oversubscribed and there are multiple applicants with a tie, random selection will be used to determine funding order. Applications will be funded in numeric order by their random selection number.

Staff will establish a B-List for funding, from which additional projects may be awarded if additional funding is allocated. Unallocated funds from Certified Community Service Programs may be reallocated to fund projects for dealers, existing, and new certified recycling centers.

Award Amounts

Dealers, Existing and New Certified Recycling Centers (\$37,500,000 allocation):

- The minimum grant award amount is \$500,000. The maximum grant award is \$3,000,000.
- Small RVM Projects (\$1,000,000 allocation) – the minimum grant award is \$30,000. The maximum grant award is \$100,000.

Community Service Programs (\$2,500,000 allocation):

- The minimum grant award is \$30,000. The maximum grant award is \$300,000.

A single entity may submit multiple applications, but the entity may only receive up to \$9,000,000 in awarded funds.

Note: Non-infrastructure costs are limited to 20 percent of the total award amount. Non-infrastructure costs include, but are not limited to, personnel, education and outreach, office space, and property lease.

Tentative Timeline for Fiscal Year 2022–23

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 local assistance and market development staff to inform their local jurisdictions, the Grants Management System database, applicable listservs, outreach presentations, and newsletters.

December 2023: Criteria RFA

Winter 2024: Post Notice of Funds Available, application, related instructions, and documents on the website

Winter 2024: Question and Answer Period

Winter 2024: Applications Due

Please refer to [CalRecycle's website](https://calrecycle.ca.gov/BevContainer/), (<https://calrecycle.ca.gov/BevContainer/>) for more information.

Recommendation

Staff recommends approval of the proposed eligibility criteria and evaluation process for the Redemption Innovation Grant Program for FY 2022–23.

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 Redemption Innovation Grant Program for FY 2022–23.

Zoe Heller
Deputy Director

Dated