

Request for Approval

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

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

Request Date: **April 15, 2024**

Decision Subject: Awards for the Beverage Container Redemption Pilot Project Grant Program (California Beverage Container Recycling Fund, Fiscal Year 2022–23)

Action By: April 24, 2024

Summary of Request

Staff requests approval of three grant awards in the amount of \$1,500,000 for the competitive Beverage Container Redemption Pilot Project Grant Program (Program) for fiscal year (FY) 2022–23.

Table 1. Recommended Awards

Applicant	Jurisdiction	Total Award
Hambro Forest Products, Inc. DBA Hambro Recycling	Approved Pilot Project Recycler	\$500,000
Humboldt County	Approved Pilot Project Jurisdiction	\$0
Redwood Waste Solutions, Inc.	Approved Pilot Project Recycler	\$500,000
County of Lake and City of Clearlake	Approved Pilot Project Jurisdiction	\$0
California RVM Solutions	Approved Pilot Project Recycler	\$500,000
Sacramento County	Approved Pilot Project Jurisdiction	\$0
Total		\$1,500,000

Table 2. Previously Approved Awards

Applicant	Jurisdiction	Total Award
Evtex Inc.	Approved Pilot Project Recycler	\$1,000,000
The City of Sunnyvale	Approved Pilot Project Jurisdiction	\$0
Hambro Forest Products, Inc. DBA Hambro Recycling	Approved Pilot Project Recycler	\$1,000,000
Humboldt County	Approved Pilot Project Jurisdiction	\$0
Our Planet Recycling SF LLC	Approved Pilot Project Recycler	\$500,000
City and County of San Francisco	Approved Pilot Project Jurisdiction	\$0
Recycle From Home LLC	Approved Pilot Project Recycler	\$1,500,000

Applicant	Jurisdiction	Total Award
City of Corona	Approved Pilot Project Jurisdiction	\$0
Recycle From Home LLC	Approved Pilot Project Recycler	\$500,000
City of Irvine	Approved Pilot Project Jurisdiction	\$0
United Cerebral Palsy of North Bay	Approved Pilot Project Recycler	\$500,000
Sonoma County	Approved Pilot Project Jurisdiction	\$0
SoCal Recycling	Approved Pilot Project Recycler	\$500,000
City of Culver City	Approved Pilot Project Jurisdiction	\$0
Redwood Waste Solutions, Inc.	Approved Pilot Project Recycler	\$1,000,000
Mendocino County and City of Fort Bragg	Approved Pilot Project Jurisdiction	\$0
Evtek Inc.	Approved Pilot Project Recycler	\$500,000
City of Cupertino	Approved Pilot Project Jurisdiction	\$0
J&D Recycling LLC	Approved Pilot Project Recycler	\$500,000
City of San Mateo	Approved Pilot Project Jurisdiction	\$0
California RVM Solutions	Approved Pilot Project Recycler	\$1,000,000
Sacramento County	Approved Pilot Project Jurisdiction	\$0
Total		\$8,500,000

Funding

The FY 2022–23 Budget Act allocated \$10,000,000 to the Beverage Container Recycling Fund Account for the Program.

Table 3. Funding

Fund Source	Amount Available	Amount Previously Funded	Amount to Fund Item	Amount Remaining	Line Item
Beverage Container Recycling Fund Account (FY 2022–23)	\$10,000,000	\$8,500,000	\$1,500,000	\$0	Local Assistance/ Grants

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 (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) amended 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) allocated an additional budgetary appropriation of \$10,000,000 until June 30, 2023.

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 (CRV) Pilot Project Programs and assist in improving redemption opportunities in underserved areas. The Pilot Project Program requires that local jurisdictions and recycling center operators work closely together to create innovative pilot projects and provide convenient redemption opportunities for consumers. The Program's goal is to improve consumer redemption of eligible beverage containers and increase recycling rates in jurisdictions served by pilot projects. No more than ten pilot projects may operate at any one time.

Criteria and Process

The Eligibility Criteria and Evaluation Process was approved by the Deputy Director on July 7, 2022, and subsequently announced at the July 19, 2022, CalRecycle meeting. The Notice of Funds Available was placed on the CalRecycle web site on August 19, 2022, with an appropriate notice sent to stakeholders. Eligible projects are described below.

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 reviewed applications to ensure providing additional funds served the goals of the program.
- Each grantee applying for additional funding was 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 determined if costs were appropriate and directly related to the pilot projects.

CalRecycle staff evaluated each request to determine if it met the objectives of the Pilot Project Program. CalRecycle approved requests which completed all required grant documents and demonstrated how additional funding will increase the pilot project's impact.

New Pilot Projects

Eligible jurisdictions may apply for, and be granted, a pilot project. Only jurisdictions with approved pilot projects were 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 was given to underserved “recycling deserts”, rural areas, disadvantaged communities, and projects that support geographical diversity.

Listed below are the types of projects recommended for funding.

Jurisdiction: Humboldt County

Recycler: Hambro Forest Products, Inc. DBA Hambro Recycling

The Humboldt County Pilot Project is expanding their initial Pilot Project to include its CRV redemption services to the City of Eureka. The project continues to provide residents in underserved areas of Humboldt County with convenient CRV redemption opportunities through buyback kiosks at its Willow Creek and Redway locations. Mobile redemption units and staff will travel to the Willow Creek, Redway, and Eureka locations, weigh and inspect the material on-site, and transport all eligible CRV materials to Hambro Recycling’s recycle center in Arcata for shipment to a recycling processor. Customers will receive cash payments at the time of redemption.

Jurisdiction: County of Lake and City of Clearlake

Recycler: Redwood Waste Solutions, Inc.

Redwood Waste Solutions Inc. is expanding their initial Pilot Project in Mendocino County and the City of Fort Bragg to include two additional mobile locations in the County of Lake and the City of Clearlake. The project will continue to provide residents in underserved areas with convenient CRV redemption opportunities. Payment will be issued in the form of checks to the customers.

Jurisdiction: Sacramento County

Recycler: California RVM Solutions DBA Clean Loop Redemption Center

California RVM Solutions will implement the Pilot Project with a myriad of convenient beverage container recycling redemption opportunities to serve the County of Sacramento. Customers will have the option to redeem their beverage containers through reverse vending machines (RVMs), a technology focused bulk feed system, and/or a traditional weigh and pay method. In addition, customers will now have the option to redeem their beverage containers through a mobile bag drop system at a location in Fair Oaks. Each redemption option will allow customers to print a voucher for immediate cash payment or receive their payment electronically via California RVM Solutions mobile app.

Recommendation

Staff recommends approval of three grant awards as listed below for \$1,500,000.

Table 4. Recommended Awards

Applicant	Jurisdiction	Total Award
Hambro Forest Products, Inc. DBA Hambro Recycling	Approved Pilot Project Recycler	\$500,000
Humboldt County	Approved Pilot Project Jurisdiction	\$0
Redwood Waste Solutions, Inc.	Approved Pilot Project Recycler	\$500,000
County of Lake and City of Clearlake	Approved Pilot Project Jurisdiction	\$0
California RVM Solutions	Approved Pilot Project Recycler	\$500,000
Sacramento County	Approved Pilot Project Jurisdiction	\$0
Total		\$1,500,000

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 Project 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.

Signed By: Zoe Heller, Deputy Director

Dated: 5/2/2024

Zoe Heller
Deputy Director