Request for Approval

To: **Michelle Martin**
Deputy Director, Division of the Circular Economy

From: **Lauren Barva**
Branch Chief, Financial Resources Management Branch 2

Request Date: **April 18, 2025**

Decision Subject: Awards for the Beverage Container Quality Infrastructure Grant Program (AB 179, Fiscal Year 2022–23)

Action By: **April 22, 2025**

Summary of Request

Staff requests approval of 9 (nine) grant awards in the amount of $46,272,159 for the competitive Beverage Container Quality Infrastructure Grant Program (Program) for fiscal year (FY) 2022–23.

Funding

The FY 2022–23 Budget Act, Assembly Bill (AB) 179, allocated $50,000,000 to CalRecycle from the California Beverage Container Recycling Fund for the Program, with $2,500,000 reserved to cover administrative costs. The remaining funding in the amount of $47,500,000 is recommended to award Beverage Container Quality Infrastructure Grant Program.

Table 1. Funding

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
California Beverage Container Recycling Fund Account (FY 2022–23)	$47,500,000	$46,272,159	$1,227,841	Local Assistance /Grants

Background and Findings

Statutory Authority

The Department of Resources Recycling and Recovery (CalRecycle) was appropriated $50,000,000 from the California Beverage Container Recycling Fund to support the Beverage Container Quality Infrastructure Grant Program.

> *Of the amount appropriated in this item, $50,000,000 is available to support grants in the Quality Incentive Payment Program, pursuant to Section 14549.1 of the Public Resources Code.*

Program Background

The fundamental goal of the Program is to provide infrastructure costs related to sorting of materials for creating clean streams of beverage container materials that are substantially free of contamination from existing curbside recycling programs or drop-off collection programs.

Criteria and Process

The Eligibility, Scoring Criteria, and Evaluation Process was discussed at the June 10, 2024 CalRecycle meeting and subsequently approved by the Acting Deputy Director. The Notice of Funds Available was placed on the CalRecycle web site on September 24, 2024, with an appropriate notice sent to interested parties.

Applications were due November 19, 2024, with a secondary due date of December 3, 2024 for authorizing documentation submission. CalRecycle received 37 applications requesting $207,446,997.79. Staff reviewed the applications in accordance with the approved Eligibility, Scoring Criteria, and Evaluation Process for the Beverage Containers Quality Infrastructure Grant Program (https://www2.calrecycle.ca.gov/PublicNotices/Details/5454). Subsequently, 4 applications did not receive a passing score, 1 withdrew their application, 11 applications received a passing score but grant funding was exhausted, and 12 were disqualified for multiple reasons including incomplete applications, ineligible applicant type, ineligible project type and costs, and not meeting the required minimum and maximum grant award. The maximum grant award is $10,000,000 for a single applicant. CalRecycle conducted a random selection drawing for two applicants with the same score on the funding line to determine the recommended funding order of the eligible applicants. Staff proposes to fund 9 of the 37 applicants. If additional monies become available, staff recommends funding the remaining applicants.

Listed below are the projects recommended for funding.

City of Bakersfield
Amount: $5,147,934
Summary: In 2019, the City of Bakersfield acquired a Material Recovery Facility (MRF) to process recyclables from its curbside programs. The MRF, which processes a variety of materials, currently struggles with outdated equipment, limiting its capacity and causing frequent breakdowns that result in outsourcing costs and lost revenue. In March 2024, the city selected Green Machine to redesign the facility with a focus on efficiency and contamination reduction. The planned upgrades aim to modernize the sorting line and reduce manual labor. These improvements are expected to reduce contamination by 10-15 percent, increase California Redemption Value materials by 10 percent, and enable the facility to capture additional recyclable materials. This project is expected to cost approximately $5.1 million and improve the overall quality and efficiency of the recycling process, and enable the facility to capture additional recyclable materials. This project is expected to cost approximately $5.1 million and improve the overall quality and efficiency of the recycling process.

City of Sunnyvale
Amount: $6,575,000
Summary: The City of Sunnyvale is requesting $6,575,000 to assist with the upgrade of 10 tons per hour recycling processing system and 100 tons per hour Municipal Solid Waste processing system to recover additional beverage containers from the Sunnyvale and Mountain View service areas. Grant funded infrastructure will be used to recover aluminum cans, ferrous

bimetal containers, Polyethylene Terephthalate (PET) (California Redemption Value and non-California Redemption Value), High-Density Polyethylene (HDPE-C, HDPE-N), Polypropylene (PP), glass, and carton containers at the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station®).

Mid-Valley Recycling, LLC
Amount: $4,595,898
Summary: Mid Valley Recycling Material Recovery Facility (MRF) CP Line Retrofit Artificial Intelligence (AI) & Communication System Line Upgrade. Founded in 1997, Mid-Valley Disposal (MVD) is the leading locally owned and operated company that provides recycling, organics, and solid waste services in the Central Valley. Under the same ownership of MVD, Mid-Valley Recycling, LLC (MVR) owns and operates a regional material recovery facility in Fresno. MVR has partnered with CP Group Sorting Technologies for a complete redesign of the commercial processing line to incorporate new technologies and expand capacity for beverage container recovery. The new processing line will be equipped with larger belt capacities, more efficient fiber screens, two optical sorters and three AI robots targeting beverage containers, and an eddy current for aluminum recovery. The redesigned line will increase recovery of containers by approximately 250 TPY (tons per year).

SANCO Services LP
Amount: $4,879,712
Summary: SANCO will be purchasing four equipment upgrades for its material recovery facility's recycling processing line. This consists of a glass decontamination unit, three optical sorters, and the associated conveyors and feeders included in the quotes for such equipment. The glass decontamination unit is designed to improve the quality of our glass, while the three optical sorters each remove non-California Redemption Value materials from the California Redemption Value recovery stations thereby improving the quality and quantity of Polyethylene Terephthalate (PET) and aluminum beverage containers that are sold for remanufacture.

Ming's Resource Corporation
Amount: $5,349,286
Summary: Installation of optical sorting equipment to sort California Redemption Value from grocers, dealer cooperatives, and public venues. The proposed project aims to enhance sorting infrastructure in Northern California, providing high-quality commingled sorting services to high-volume California Redemption Value locations including grocer cooperatives, public venues, sports arenas, special events, convention centers, colleges, casinos, hotels, and airports. The infrastructure will support in-store return programs that collect California Redemption Value materials from consumers not part of dealer cooperatives. Mings will also facilitate backhauling from distribution centers.

Marin Sanitary Service
Amount: $1,598,181
Summary: Marin Sanitary Service operates a materials recovery facility in San Rafael, California and currently receives California Redemption Value materials from the Marin County jurisdictions. These materials, which include aluminum, glass, and plastic, are all processed, sorted, and prepared for sale to end markets to be remanufactured. This grant will fund optical sorting equipment that will reduce the amount of contamination in these outbound materials while increasing yields.

City of Redding
Amount: $4,091,013
Summary: Grant funds will be used to replace and upgrade the existing Material Recovery Facility (MRF) sort line. Modernizing the sort line will increase the amount of throughput of materials. The City of Redding also expects to see an improvement in contamination removal and recyclable material captured with the new equipment.

BLT Enterprises of Fremont LLC
Amount: $4,035,135
Summary: Fremont Recycling and Transfer Station (BLT) is a regional Material Recovery Facility (MRF) that receives material from the City of Fremont. The facility is a Registered Curbside Program for reclaiming California Redemption Value materials. BLT is seeking grant funding to purchase four optical sorters, two robots, and the supporting equipment to upgrade this MRF. These upgrades would serve principally to improve the recovery of Polyethylene Terephthalate (PET) and aluminum beverage containers. The sorters would remove non-compatible materials from the process, which helps with both the yield and quality of beverage containers sold.

GreenWaste Recovery
Amount: $10,000,000
Summary: The proposed project by GreenWaste Recovery, LLC (GreenWaste) involves the creation of a Secondary Plastic Plant System dedicated to sorting and processing mixed plastic bales (types 2-7) from its Single Stream Materials Recovery Facility (SS Facility) and other recovery facilities. This initiative targets the recovery of high-quality California Redemption Value beverage containers identified through bale audits. Leveraging advanced technologies from Bulk Handling Systems (BHS), including NRT SpydIR®-HS optical sorters and a Total Intelligence Platform, the facility aims to maximize California Redemption Value material recovery while enhancing material quality. The 2.34-acre facility, equipped with specialized sorting, compacting, and material removal systems, complements existing single-stream operations and supports Quality Incentive Payment (QIP) Program goals by collaborating with Registered Curbside Programs. GreenWaste will manage all aspects of the grant-funded project, from equipment purchase and installation to operations, ensuring efficient, high-purity recycling processes.

Recommendation

Staff recommends approval of 9 (nine) grant awards as listed below for $46,272,159.

Table 2. Recommended Awards

Applicant	Award Amount
City of Bakersfield	$5,147,934
City of Sunnyvale	$6,575,000
Mid-Valley Recycling, LLC	$4,595,898
SANCO Services LP	$4,879,712
Ming's Resource Corporation	$5,349,286
Marin Sanitary Service	$1,598,181
City of Redding	$4,091,013
BLT Enterprises of Fremont LLC	$4,035,135
GreenWaste Recovery LLC	$10,000,000
Total Award	**$46,272,159**

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 Quality Infrastructure 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.

Michelle Martin

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Michelle Martin
Deputy Director

Dated