REQUEST FOR APPROVAL

To:	Cara Morgan Branch Chief
From:	Mitch Delmage Section Manager, Bay
Request Date:	January 15, 2013
Decision Subject:	Initiate A Recycling Market Development Zone Designation Cycle For 2013
Action By:	February 19, 2013

Summary of Request:

This memo requests approval for initiating a Recycling Market Development Zone (RMDZ) Designation Cycle for 2013. Pursuant to regulations (14 California Code of Regulations (CCR) section 17902 (a)), CalRecycle can initiate a cycle for adding new RMDZs to the Program. However, CalRecycle must decide whether it wants to initiate this new cycle by March 31st of each year. If CalRecycle determines a new Designation Cycle is needed, CalRecycle must also decide the number of RMDZs to be added. Furthermore, regulation requires CalRecycle to identify statewide objectives to consider before selecting new RMDZs. These statewide objectives are listed in regulation; however, CalRecycle is not limited to adjust the mandated list of objectives.

Recommendation:

Staff recommends approval of initiating a RMDZ Designation Cycle in 2013 to fill the five vacant RMDZ slots and approval of the objectives and scoring criteria that were used in the 2009 Designation Cycle for this 2013 RMDZ Designation Cycle (see Attachment 1).

Branch Chief Action:

On the basis of the information and analysis in this Request for Action and the findings set out above, I hereby approve initiating a RMDZ Designation Cycle for 2013; the statewide objectives and scoring criteria for this RMDZ Designation Cycle; and allowing up to the five highest scoring applicants receiving a passing score of 70 or above be allowed to become a RMDZ.

Dated: 2/19/13

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Cara Morgan, Branch Chief
Local Assistance and Market Development

Background Information, Analysis, and Findings:

There are multiple reasons to consider a new Designation Cycle. More RMDZs will provide CalRecycle with additional opportunities to work closely with local governments and economic development agencies to help deal with the need for local and regional recycling infrastructure. Increasing the number of RMDZs can also help increase local markets for materials and involve more jurisdictions in the program.

The primary purpose of the RMDZ program is to help local governments expand existing or establish new local and regional markets for recoverable commodities. The RMDZ program is built on a partnership between local governments, businesses, and the State. It offers a wide variety of local and state resources, as well as business incentives to recycling manufacturers. The RMDZ program offers clear benefits to successful local government applicants including increased use of locally collected recyclables, decreased dependence on landfills, added jobs, increased local revenues, and reductions in green house gas emissions.

To become a RMDZ, local jurisdictions must commit to providing resources and business incentives to complement those offered by CalRecycle. Local RMDZ programs are implemented by Zone Administrators who typically come from local Public Works departments or Economic Development offices. The Zone Administrator's primary functions are to promote the RMDZ program to existing recycling-based manufacturers within the RMDZ and to entice viable new businesses into their RMDZs in an effort to increase the use of recyclable waste stream materials generated in the region.

Proposed Objectives for 2013 Designation Cycle

Staff proposes that CalRecycle conduct a RMDZ Designation Cycle in 2013 and that it be a competitive process that maintains the same basic standards as in previous designation cycles. Staff proposes that scoring be based on a combination of overall statewide objectives contained in pertinent statute and regulations, additional more focused objectives, and several measures regarding plan and resource adequacy (see Attachment 1).

CalRecycle must use specific statewide market development objectives for the cycle as defined in 14 CCR Section 17909. This regulation establishes the following statewide objectives for each designation cycle:

1. Extend landfill capacity in the applicant's jurisdiction and region through decreased disposal;
2. Encourage the use of emerging technologies to address priority waste stream materials;
3. Distribute RMDZs throughout the State to encourage regional recycling; and,
4. Stimulate new regional markets.

CalRecycle also has the discretion to develop additional objectives and scoring criteria based on existing CalRecycle priorities and anticipated future trends in certain material markets. Staff proposes the targeted scoring criteria listed below, which will ensure selected applicants represent regions with a high potential to either be used by existing manufacturing businesses to

include more recovered materials or where new businesses can be quickly established to use regionally available commodities, and that they have the capability to function as a RMDZ.

- Applicant determines that there is a large amount of priority materials that are being disposed of in the region, e.g., construction and demolition (C&D) materials, organics, paper, and plastics. The application will state the types and quantities of materials that could be available to recycling manufacturers.
- Applicant demonstrates that there is existing collection and processing infrastructure to create a significant continuous stream of recoverable materials, which will ensure a consistent feedstock.
- Applicant demonstrates that it already has been working with local businesses to build a strong recycling infrastructure. This will ensure that any RMDZ assistance provided by CalRecycle will have a more immediate impact on the local infrastructure and economy.
- Applicant is committed to offering RMDZ businesses a range of resources including technical assistance, marketing, permit and siting assistance, reduced fees or other economic incentives.
- Applicant is committed to dedicating local jurisdiction staff resources to manage the RMDZ.
- Applicant submits a RMDZ marketing plan that demonstrates how planned activities and tasks will attract manufacturing businesses and retain existing manufacturing businesses. The marketing plan will define goals, objectives and metrics for measuring the impact of the RMDZ program, as well as provide detailed plans for assisting businesses, attracting businesses, and evaluating feedstock availability.
- The proposed RMDZ encompasses an entire a city or county or multiple jurisdictions, as opposed to specific parcels of property. However, to demonstrate viability of the proposed RMDZ, applicant addresses the availability of industrially zoned commercial real estate for new and expanding recycling manufacturers, including land and/or buildings.
- Applicant identifies availability of industrially-zoned commercial real estate properties and buildings available within the proposed RMDZ that will meet the needs of new and expanding recycling manufacturers that will use the targeted materials.

CalRecycle staff believes that these objectives and criteria will result in new partnerships with local and regional governments that have the best potential to achieve CalRecycle's goals of reducing the State's overall disposal rate and developing additional markets for recyclable materials generated in California.

Number of Zones To Be Added

Staff proposes that up to the five highest scoring applicants receiving a passing score of 70 points be allowed to become new RMDZs. Five new RMDZs would bring the total number of RMDZs to 40, and sufficient staff resources are available to support this number.

Designation Cycle

To promote the 2013 RMDZ Designation cycle, staff will send the streamlined application and a guidance document electronically out with the formal Notice of RMDZ Designation Cycle to local jurisdictions statewide.

A statement describing how either an applicant intends to comply, or has complied with CEQA, or has been determined to be exempt from CEQA, is a requirement of the application process.

Proposed Timeline for 2013 RMDZ Designation Cycle

ACTIVITY	TIMEFRAME
Program staff issues a *Notice of RMDZ Designation Cycle* to all jurisdictions in the State	March, 2013
Designation Cycle begins	July 1, 2013
Question and answer period begins (posted weekly)	July 1 – October 7, 2013
CalRecycle staff provides limited general guidance on process and other designation issues	July 1 – October 27, 2013
Applications due to CalRecycle	October 28, 2013
Application review period	October– December, 2013
CalRecycle considers designation requests	January, 2014

Due to the requirement of 14 CCR Section 17902 that applications must be submitted no later than 120 days after the beginning of the designation cycle, staff proposes that the cycle begins on July 1, 2013. This later date will accommodate the need for applicants to either complete the necessary environmental review and approval under CEQA or determine that they are exempt from CEQA requirements. Staff will notify jurisdictions in March to provide ample time before the cycle commences so that they can begin working on the CEQA requirements. This additional time should be adequate.

SCORING CRITERIA:
Recycling Market Development Zone Designation Cycle For 2013

Applicants must score at least 70 points of the total possible 100 points to be considered for designation.

GENERAL REVIEW CRITERIA	
Points	**Description** – Points per bulleted item are in parentheses
20	**1. STATEWIDE OBJECTIVES:** Applicant demonstrates that it will contribute to the Statewide objectives if they are designated as a Recycling Market Development Zone (RMDZ). • (5) Extending landfill capacity. • (5) Encouraging the use of emerging technologies to address priority materials. • (5) Distributing RMDZs throughout the state. • (5) Stimulating new regional markets.
20	**2. TARGETED/REGIONAL CRITERIA:** Applicant clearly describes whether and how the proposed RMDZ reflects the following characteristics to ensure regions are represented that: have high potential to target existing manufacturing businesses to include more recovered materials and/or to assist them in staying viable; have high potential to target-new businesses that can be quickly established to use regionally available commodities; and have the capability to function as a RMDZ. • (5) Applicant demonstrates a relatively large amount of priority materials are being disposed of in the region, e.g., construction and demolition (C&D) materials, organics, paper, and plastics. • (5) Applicant demonstrates that there is an existing collection and processing infrastructure in the proposed zone and/or nearby region to create a significant continuous stream of recoverable materials, which will assure a consistent feedstock. • (5) Applicant demonstrates it already has been working with local businesses to build a strong recycling infrastructure. This will ensure that any technical assistance and loan funds provided by CalRecycle will have a more immediate impact on the local infrastructure and economy. • (5) Proposed RMDZ should encompass an entire city or county or multiple jurisdictions, as opposed to specific parcels of property.
30	**3. MARKET DEVELOPMENT PLAN:** Applicant includes a detailed Recycling Market Development Zone Action Plan that shows how planned activities and tasks will promote manufacturing using recycled feedstock to attract manufacturing businesses and retain existing manufacturing businesses. Applicant delineates activities and tasks and demonstrates that they are well thought through and are achievable with available resources. • (5) Applicant defines reasonable goals and objectives, which address metrics such as how many businesses will be contacted, how much disposal will be reduced, how much GHGs will be reduced, how many jobs will be created, etc. Goals are achievable in comparison to baseline data. • (5) Applicant demonstrates a plan to assess local business circumstances and how local manufacturers and new businesses can become part of the recycling infrastructure.

	• (5) Applicant demonstrates a plan to involve other business-focused organizations (i.e. Chambers of Commerce and Economic Development entities). • (5) Applicant discusses feedstock availability and reliability and what tools and approaches it will use to expand feedstock supplies if future demand increases. • (5) Applicant shows commitment to offering RMDZ businesses resources including activities such as technical assistance, marketing, permit and siting assistance, reduced fees or other economic incentives. • (5) Applicant identifies availability of industrially-zoned commercial real estate properties and buildings within the proposed RMDZ that will meet the needs of new and expanding recycling manufacturers that will use the targeted materials.
10	**4. BUDGET AND RESOURCES:** Applicant demonstrates substantive commitment to provide funding and staffing for the program. • (3) Applicant describes the overall RMDZ administration, including personnel resources and responsibilities. Applicant demonstrates that the proposed staffing has experience in solid waste management and/or economic development. • (3) Applicant provides a line item budget for the proposed RMDZ showing sources of funds to support the proposed RMDZ. Show how the budget ties to implementing RMDZ program activities such as marketing and publicity, technical assistance, etc. • (2) Applicant provides a detailed organization chart for the proposed RMDZ's administration. • (1) Applicant shows additional support from local governmental entities that might not be directly involved, such as information offices, technology support units, economic development departments, etc. Support could include staffing, funding, advertising, technical assistance, etc. • (1) Applicant explains any additional in-kind support, such as from other jurisdictions.
10	**5. EVALUATION:** Applicant includes metrics for activities (output) and evaluation (outcome). • (4) Applicant clearly describes baseline data such that program success can be measured. • (4) Applicant clearly defines metrics to track both activities to be performed and measurable outcomes resulting from those activities. • (2) Applicant sets activity metrics and evaluation metrics for planned Zone Incentive Fund Activities.
10	**6. APPLICATION COMPLETENESS, LETTERS OF SUPPORT, EXPERIENCE, ETC.** • (4) Applicant provides all necessary documentation. • (2) Application is free of significant errors and omissions. • (2) Applicant includes letters of support and resumes. • (2) Applicant demonstrates its involvement with other RMDZs, cooperating and participating governmental agencies, businesses, and organizations needed to be a successful RMDZ.
100	**TOTAL POSSIBLE GENERAL REVIEW CRITERIA POINTS**