REQUEST FOR APPROVAL

To:	Cara Morgan Branch Chief
From:	Mitch Delmage Section Manager, Bay
Request Date:	February 9, 2015
Decision Subject:	Approval To Initiate A Recycling Market Development Zone Designation Cycle For 2015
Action By:	March 17, 2015

Summary of Request: This memo requests approval for initiating a Recycling Market Development Zone (RMDZ) Designation Cycle for 2015. 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 the mandated list of objectives. Establishing more RMDZs through a new cycle will help: increase recycling manufacturing infrastructure in California, fill any regional or statewide gaps, support the State's 75% Initiative to expand infrastructure, reduce greenhouse gas emissions and promote the use and procurement of recycled-content products and material.

Recommendation: Staff recommends approval of the initiation of an RMDZ Designation Cycle in 2015 and approval of the objectives and scoring criteria that were used in both the 2013 Designation Cycle and 2014 Designation Cycle (see attachment 1).

Branch Chief Action:
On the basis of the information and analysis in this Request for Approval and the findings set out above, I hereby approve initiating a RMDZ Designation Cycle for 2015; the statewide objectives and scoring criteria for this RMDZ Designation Cycle; and allowing up to the ten highest scoring applicants receiving a passing score of 70 or above be allowed to become a RMDZ.

Dated: 3/17/15

Cara Morgan, Branch Chief
Local Assistance and Market Development

Background Information, Analysis, and Findings:
In the early 1990s, the former California Integrated Waste Management Board (now CalRecycle) established an RMDZ Program based on the very similar California Enterprise Zone Program. The RMDZ Program was designed to bring new green businesses into a community and to help existing green businesses flourish. Currently there are 36 RMDZs comprising 238 cities and 35 counties (65 percent of all jurisdictions statewide).

The RMDZ Program combines recycling with economic development to fuel new businesses and expand existing ones (that are located in a CalRecycle-designated RMDZ), create jobs, increase use of locally collected recyclables, reduce greenhouse gas emissions, and divert waste from landfills. The Program provides attractive loans, technical assistance, and free product marketing through CalRecycle's RecycleStore. The RecycleStore advertises businesses that use material from the waste stream to manufacture their products. Business assistance is provided through a partnership between local Zone Administrators and CalRecycle. Local government incentives may include: special variances in building codes and zoning laws; streamlined local permit processes; reduced taxes and licensing fees; and help finding consistent secondary material feedstock supply.

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 or environmental departments or economic development offices. The Zone Administrator's primary functions is 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.

Staff proposes that CalRecycle conduct a RMDZ Designation Cycle in 2015 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 is 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 ten highest scoring applicants receiving a passing score of 70 points be allowed to become new RMDZs. Staff has reviewed available resources (funding, loan monies, and staff), as well as RMDZ program needs to determine the number of Zones to seek for designation. Additionally, staff considered distribution of Zones throughout the State along with regional needs, infrastructures, secondary material flows, and local synergies. Finally, staff has been contacted by several jurisdictions who have expressed interest in joining the RMDZ

program. Based on its analysis and the interest expressed, staff recommends that up to ten new Zones be targeted for designation in the 2015 cycle. This will help to fill any regional or statewide gaps and further support the State's 75% Initiative to expand recycling manufacturing infrastructure, promote the use and procurement of recycled products and materials, and, thereby increase diversion of recyclables, reduce disposal, add local jobs, and reduce environmental impacts of manufacturing by using secondary materials. This also has the potential to: reduce greenhouse gas emissions; increase energy savings; and, reduce air and water pollution.

Proposed Timeline for 2015 RMDZ Designation Cycle

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 June 1, 2015. 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. 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. This additional time should be adequate.

ACTIVITY	TIMEFRAME
Notice of RMDZ Designation Cycle to all jurisdictions	March, 2015
Designation Cycle begins	June 1, 2015
Applications due to CalRecycle	October 30, 2015
Application review period	November – December, 2015
CalRecycle considers designation requests	December, 2015