

REQUEST FOR APPROVAL

To: Howard Levenson, Deputy Director
Materials Management and Local Assistance Division

Through: Cara Morgan, Branch Chief

From: Jennifer Caldwell & Don Peri
Senior Integrated Waste Management Specialists

Request Date: February 11, 2011

Decision Subject: Consideration Of Contractor(s) For The Tire-Derived Product Business Assistance Program: Industry-wide Support Activities Contract And The Tire-Derived Product Business Assistance Program: Technical Assistance Grants Contract (Tire Recycling Management Fund, FYs 2010/11, 2011/12, And 2012/13)

Action By: March 15, 2011

Summary of Request:

Staff requests approval of contractors for two Tire-Derived Product Business Assistance Program (TBAP) contracts: one for grants to provide technical assistance to individual businesses, and one for industry-wide support activities. Based on experience gained from previous TBAP contracts and from the 2010 Waste Tire Market Development Program Evaluation Report, staff concluded and management concurred that having two contracts will allow each contractor to concentrate on a more narrowly focused scope of work. These contracts are designed to strengthen the tire-derived product manufacturing industry; thereby increasing diversion of California generated waste tires.

Contractors were selected through the Request for Proposal – Secondary Method (RFP), which required the evaluation of proposals by an evaluation committee with the award made to the responsible proposers earning the highest score, taking into account expertise, methodology, innovation, and cost effectiveness. The proposed contractor earned the highest scores based on these criteria.

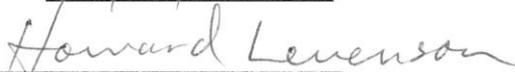
Recommendation:

Staff recommends the approval of SAIC Engineering, Environment & Infrastructure, LLC as Contractor for the Tire-Derived Product Business Assistance Program: Technical Assistance Grants Contract in an amount not to exceed \$3,600,000 for FYs 2010/11, 2011/12, and 2012/13, and SAIC Engineering, Environment & Infrastructure, LLC as Contractor for the Tire-Derived Product Business Assistance Program: Industry-wide Support Activities Contract in an amount not to exceed \$1,200,000 for FYs 2010/11, 2011/12 and 2012/13.

Deputy Director Action:

On the basis of the information and analysis in this Request for Approval and the findings set out above, I hereby approve the selection of SAIC Engineering, Environment & Infrastructure, LLC as Contractor for the Tire-Derived Product Business Assistance Program: Technical Assistance Grants Contract in an amount not to exceed \$3,600,000 for FYs 2010/11, 2011/12, and 2012/13, and SAIC Engineering, Environment & Infrastructure, LLC as Contractor for the Tire-Derived Product Business Assistance Program: Industry-wide Support Activities Contract in an amount not to exceed \$1,200,000 for FYs 2010/11, 2011/12 and 2012/13.

Dated: 3/16/11



Howard Levenson, Deputy Director
Materials Management and Local Assistance Division

Background Information, Analysis, and Findings:

The tire recycling and tire-derived product (TDP) manufacturing industry continues to grow and evolve. While the TDP market is getting stronger, tire materials processors and tire-product manufacturers are still operating within a limited profit margin, exacerbated by the economic downturn of the past few years, and the waste tire diversion rate has plateaued in the low 70 percentage range. These entities continue to need assistance to improve business operations and cost efficiencies to benefit from expanding market opportunities when they appear. Like the individual businesses, the industry as a whole needs assistance to compete with products made with virgin or non-recycled rubber materials. TBAP is designed to strengthen the TDP manufacturing industry—both its individual entities and taken as a whole—thereby increasing diversion of California-generated waste tires.

To accomplish the Department of Resources Recycling and Recovery's (CalRecycle) market development goals, TBAP uses a hybrid approach, combining contracted experts to provide technical and consultative services and grant agreements as the vehicle for the non-cash awards of those services to businesses. These services are designed to increase demand for TDPs by building the capacity and improving cost efficiencies of TDP businesses. A separate contractor also provides technical and consultative services that benefit specific sectors or the industry as a whole.

The two scopes of work for these TBAP contracts (technical assistance grants and industry-wide support), along with the applicant eligibility criteria, evaluation process, and funding levels for the technical assistance grants under the contract, were all approved at the November 16, 2010, CalRecycle Monthly Public Meeting,

Contractor

The Contractor for technical assistance grants will continue to provide the focus of the previous TBAP grant cycles to strengthen the profitability and business performance of waste-tire processors and TDP producers, installers, and marketers, and to increase and diversify markets for TDPs. The long-term goal of this effort is to ensure that firms in the TDP supply chain are self-sufficient and independently viable. The Contractor will also continue to emphasize identifying and assisting businesses with feedstock conversion to further strengthen the market for TDPs. Based on the previous TBAP cycles, approximately two dozen businesses will be assisted through this contract. The Contractor will address these major tasks: (1) develop work plan, (2) market the program, (3) in consultation with Program staff, conduct a comprehensive analysis and prepare general business needs assessment for each applicant, (4) provide technical assistance to selected businesses, and (5) collaborate with the TBAP industry-wide contractor. The contract for the technical assistance grants is for an amount not to exceed \$3,600,000. Of this \$600,000 is estimated for the grantee assessments and grants administration with the balance of \$3,000,000 allocated to grantee consultation.

Based on experience gained from previous TBAP contracts and from the 2010 Waste Tire Market Development Program Evaluation Report, staff has focused the industry-wide support on furthering the development of feedstock conversion, promoting TDPs to state government agencies and the private sector, continuing to develop industry standards, communicating to stakeholders through conferences, etc., and conducting annual market analyses. The Contractor for the Industry-wide Support Activities contract will do the following: (1) develop a work plan, (2) conduct research on TDPs and potential new products and technologies that use waste tires such as feedstock conversion, (3) conduct outreach and education to promote TDPs to government and private entities, (4) continue to develop and establish industry-wide standards, (5) help plan and coordinate the tire conference, (6) provide ad/hoc assistance to businesses considering establishing a presence in California, (7) conduct the annual TDP materials market analysis, (8) coordinate with the TBAP technical assistance grants contractor, and prepare quarterly and final reports on industry-wide support activities. The contract for industry-wide support is for an amount not to exceed \$1,200,000.

Contractor Selection Process

The Contractors were selected through a Request for Proposals – (RFP) Secondary Method. This process allows for greater consideration of a Contractor's experience and ability to provide high quality technical and consultative services. The proposals were evaluated by an evaluation committee with the awards made to the responsible proposers earning the highest score, taking into account expertise, methodology, innovation, and cost effectiveness. The proposed contractor earned the highest scores based on these criteria.

Ten individuals and companies requested information regarding the RFPs. Proposals were due on February 10, 2011, for the Industry-wide Support Activities RFP and on February 17, 2011, for the Technical Assistance Grants RFP. CalRecycle received two proposals for the Industry-wide Support Activities Contract and two proposals for the Technical Assistance Grants RFP. The proposals received were complete. The proposals were evaluated by a three-member team.

SAIC Engineering, Environment & Infrastructure, LLC had the highest score for the Tire-Derived Product Business Assistance Program: Technical Assistance Grants Contract, and SAIC Engineering, Environment & Infrastructure, LLC had the highest score for the Tire-Derived Product Business Assistance Program: Industry-wide Support Activities Contract and is recommended as the contractor for the two TBAP contracts.