

REQUEST FOR APPROVAL

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

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

Request Date: September 1, 2015

Decision Subject: Eligibility Criteria and Evaluation Process for the Tire-Derived
Aggregate Grant Program (Tire Recycling Management Fund, FYs
2015–16 and 2016–17)

Action By: September 15, 2015 (Revised July 19, 2016)

Summary of Request:

This memo seeks approval of the proposed eligibility criteria and evaluation process for the Tire-Derived Aggregate (TDA) Grant Program for fiscal years (FY) 2015–16 and 2016–17.

Staff proposes to conduct the FYs 2015–16 and 2016–17 grant cycles using the same eligibility criteria and evaluation process as was used in the FY 2014–15 cycle except as described under *Proposed Changes* and summarized below.

1. Adjust project categories to better reflect project complexities, by adding a new Low Impact Development category
2. Adjust the limit to eligible reimbursement for engineering design costs
3. Include non-profit organizations as eligible entities.

Recommendation:

Staff recommends approval of the proposed eligibility criteria and evaluation process for the TDA Grant Program for FYs 2015–16 and 2016–17.

Deputy Director Action:

On the basis of the information and analysis in this Request for Approval and the findings set out herein, I hereby approve the eligibility criteria and evaluation process for the Tire-Derived Aggregate Grant Program for FYs 2015–16 and 2016–17.

Dated: 7/14/16



Howard Levenson
Deputy Director

Background and Analysis

Statutory Authority

The Department of Resources Recycling and Recovery (CalRecycle) receives an annual appropriation from the California Tire Recycling Management Fund to administer the California Tire Recycling Act (Senate Bill 937, Vuich, Statutes of 1990, Chapter 35) (Public Resources Code [PRC] Sections 42860 et seq.). PRC Sections 42872 and 42873 allow for the awarding and funding of grants for activities and applications that result in reduced landfill disposal or stockpiling of waste tires. The TDA Grant Program meets the statutory requirements of PRCs 42872 and 42873.

~~The draft *Five-Year Plan for the Waste Tire Recycling Management Program* (Eighth Edition Covering Fiscal Years 2015/16 through 2019/20) *Report to the Legislature* approved in April 2015 allocated \$600,360 ~~800,360~~ and \$800,000 ~~1,000,000~~ to the TDA Grant Program for FYs 2015–16 and 2016–17, respectively. Subsequently, because of increased operational expenses in all tire-related activities, CalRecycle reduced these amounts by \$200,000 in each FY, resulting in \$600,360 and \$800,000 being available for FYs 2015–16 and 2016–17, respectively. These reduced amounts will be reflected in a revised draft *Five-Year Plan*.~~

Program Background

The fundamental goal of the TDA Grant Program is to promote the development of long-term, sustainable, and diversified markets for California's tire-derived products. TDA is a significant use of recycled tires in the United States and provides a cost-effective alternative to conventional aggregate for use in various civil engineering projects. These uses include retaining wall backfill, lightweight embankment fill, landslide stabilization, vibration mitigation, and various landfill applications.

CalRecycle has funded TDA research and pilot projects for several years in an effort to ensure a solid base from which to expand TDA usage. Table 1 below summarizes the history of the TDA Grant Program.

Table 1: TDA Grant Program History

Fiscal Year	Number of Awards	Amount of Awards
2011–12	2	\$603,489
2012–13	5	\$718,955
2013–14	2	\$646,371
2014–15	4	\$433,053
Total	13	\$2,401,868

Proposed Process and Eligibility

Staff will review all applications for completeness and eligibility. Complete applications will be evaluated to confirm project eligibility and determine if appropriate costs are directly related to the purchase and transportation of the TDA material, and the

installation, testing, engineering/design work for the project.

Eligible entities include:

- Local governments (cities, counties, or cities and counties) as defined in PRC Section 30109
- Special districts
- State agencies (including offices, department, bureaus, and boards)
- Qualifying Indian Tribes
- Private, for-profit entities
- Joint Powers Authorities (JPA) as an eligible entity (where all of the participating entities are otherwise eligible)
- Non-profit organizations (see *Proposed Changes* below)

The maximum grant award is \$350,000. Very large projects are eligible for grant awards up to \$750,000. A very large project is defined as using more than 400,000 passenger tire equivalents or 4,000 tons of TDA material. Landfill applications are not eligible for consideration as a very large project.

If oversubscribed, CalRecycle will fund one eligible application from each project category using the greatest appropriate amount of TDA material within each category, with the exception of applications for landfill projects. Landfill projects represent the lowest priority and will be funded only after all other eligible projects are funded. The remaining applications will be ranked starting with project(s) that use the greatest appropriate amount of TDA material in all categories except landfill projects, which will be funded only after all other eligible projects.

Eligible projects include:

- Lightweight fill (slope stabilization, embankment fill, and landslide repair)
- Retaining wall backfill (where lightweight material is required)
- Vibration mitigation (under light rail lines)
- Low Impact Development (see *Proposed Changes* below)
- Landfill application (aggregate replacement projects such as leachate and gas collection systems, drainage layers, leachate injection)

Note: Landfill application projects receive the lowest funding priority.

Project requirements:

- The project(s) must be located in California.
- Use a combined minimum of 500 tons of TDA in the project(s).
- The project(s) represent a new category of activity at the project(s) facility/location. Projects that are currently underway or that have been completed at the same facility/location within three years of application are not eligible. However, projects in a different category or different location within the same facility may be eligible.
- Plans and specifications must be reviewed by CalRecycle staff and its contractor(s) prior to commencement of work. The project design plans must be at a minimum 50 percent design at the time of application submission and 100 percent design prior to the start of the project.

- The real property on which the project will be located must be owned by the applicant (or by a member of an applicant JPA). If not, then appropriate access rights must be obtained.
- Landfill projects must not use more than 0.5 tons of TDA per lineal foot of landfill gas collection or leachate injection line.
- Construction of the TDA portion of any project must commence on or after receipt of the Notice to Proceed and be completed by the end of the grant term.
- Each project must incorporate technical assistance/training that will be provided by CalRecycle contractors and/or staff.

Proposed Changes

Staff is proposing changes from the past TDA grant cycle as indicated below. These changes are further reflected in Table 2 below.

1. Adjust project categories to better reflect project complexities and add new Low Impact Development category

When the categories and reimbursable costs were originally established four years ago, they were based on staff's best estimate of likely projects. After the experience of administering four grant solicitations and review of completed projects, staff believes that the categories should be adjusted to align with project complexities as shown in the table below.

In order to comply with the Municipal General Storm Water Permit issued by Regional Water Quality Control Boards, permittees must incorporate Low-Impact Development methodology into new and redevelopment ordinances and design standards to protect water quality and reduce the volume of storm water discharge. To assist jurisdictions to meet these requirements, staff recommends adding a new Low Impact Development category.

Low Impact Development features mimic the hydrologic function of the undeveloped site by capturing, treating, and infiltrating storm water as close to the source as possible. TDA offers multiple benefits as an infiltration gallery material. TDA allows for more storage capacity than traditional methods, and due to its lightweight property, is easier and more cost effective to install. CalRecycle has previously approved two TDA grants for this type of project within the Lightweight fill category, but believes that it warrants a separate category because of the new emphasis on Low Impact Development.

2. Adjust the limit to eligible reimbursement for engineering/design costs

Staff recommends that eligible engineering/design costs (also referred to as engineering support costs), currently limited to 13 percent of the combined total cost of material, installation, and testing, be adjusted as indicated in the table below to provide appropriate support to eligible entities to use TDA as opposed to conventional construction materials and ensure that these projects are engineered properly.

The original eligible engineering support costs were developed about five years ago and were estimated since there were no completed TDA projects at that time. Staff

has since evaluated engineering costs for recently completed TDA projects in all of the grant categories and determined that the engineering support costs vary with complexity of the TDA projects. For example, the design of TDA lightweight-fill projects are typically more complex than landfill projects and require more detailed engineering design that incorporate slope stability analysis. The proposed engineering/design cost reimbursement of 50% for TDA lightweight-fill projects is based on actual engineering costs from recent lightweight-fill projects. Staff did a similar analysis of the actual engineering support costs from recent projects for the other categories as well to establish the respective proposed engineering design cost eligibility for vibration mitigation, Low Impact Development/storm water management, and landfill application.

It should also be noted that reimbursable engineering design costs for the TDA grants are limited to those costs directly related to the TDA portion of the project and are typically only a small percentage of the total project cost. For example, for the total cost of the recent Santa Clara Valley Transportation Authority (VTA) Bay Area Rapid Transit (BART) light rail project was estimated to be \$218,000,000. The TDA portion of this project was \$800,000 with a total grant reimbursement amount of \$98,000 of which \$11,000 was for engineering design costs. Under the proposed criteria, this same VTA/BART project would receive an increased engineering design reimbursement of 35 percent or \$31,000. This increase in the engineering design reimbursement represents a small percentage (4 percent) of the TDA portion of the VTA/BART project. Maximum reimbursement for testing costs is unchanged at \$5,000.

Table 2 below identifies the current and proposed categories and eligible engineering/design costs as a percentage of the total of: material, installation and testing costs.

Table 2: Tire Derived Aggregate Grant Program Categories and Proposed Maximum Percentage of Engineering Design Costs

	Current Category	Proposed Category	Proposed Maximum Percentage of Engineering/Design Costs*
1.	Lightweight fill (slope stabilization, embankment fill, and landslide repair)	Lightweight fill (slope stabilization, embankment fill, landslide repair and retaining walls)	50%
2.	Retaining wall backfill (where lightweight material is required)	Vibration mitigation (under light rail lines)	35%
3.	Vibration mitigation (under light rail lines)	Low impact development/storm water management	15%
4.	Landfill application (aggregate)	Landfill application (aggregate replacement)	10%

	Current Category	Proposed Category	Proposed Maximum Percentage of Engineering/Design Costs*
	replacement projects such as leachate and gas collection systems, drainage layers, leachate injection)	projects such as leachate and gas collection systems, drainage layers, leachate injection)	

*Maximum engineering/design costs are a percentage of the total of: material, installation and testing costs.

3. Include non-profit organizations as eligible entities

In an effort to provide TDA funding for as many projects as possible, staff recommends including non-profit organizations as eligible entities. This will allow non-profit organizations who satisfy all other program requirements to receive necessary financial and technical assistance from CalRecycle.

Tentative Timeline for FYs 2015–16 and 2016–17

As shown in the table below, staff will post a Notice of Funds Available on CalRecycle’s website informing potential applicants of the funding, eligibility requirements, deadlines, and other important information. Notices will also be distributed through CalRecycle’s Local Assistance and Market Development staff to inform their local jurisdictions, the Grants Management System database, applicable listservs, outreach presentations, and newsletters.

Tentative Dates	Activity
FY 2015–16	
October 2015	Post Notice of Funds Available, application, and related instructions and documents on the web site
February 2016	Applications due
March–April 2016	Conduct application evaluation/review process; determine funding for eligible applicants
April 2016	Grant approval
May 2016	Grant Agreements distributed and executed
April 1, 2018	Grant term ends

The FY 2016–17 grant cycle timeline will be similar to the tentative 2015–16 grant cycle. Please refer to CalRecycle’s website, <http://www.calrecycle.ca.gov/Tires/Grants/TDA/default.htm> for more information.