

Recycling Market Development Revolving Loan Program
Project Eligibility Criteria September 2008
Effective ~~September 16, 2008~~ March 8, 2012

Introduction

The ~~California Integrated Waste Management Board (Board)~~ Department of Resources Recycling, and Recovery (CalRecycle) is authorized by Public Resources Code (PRC) Section 42000 (e) to "conduct individual market development activities" that strengthen demand by manufacturers for the recyclable material collected by municipalities, private companies and others. ~~The Board~~ CalRecycle may do this by lending directly to California manufacturers located within the boundaries of a Recycling Market Development zone that reduce manufacturing post-industrial waste, and/or reduce post-consumer waste destined for landfills by production of recycled content raw materials or final products.

These eligibility criteria are not intended to be all inclusive. ~~The Board~~ CalRecycle retains the discretion to determine project eligibility based on current policy and priorities. Each prospective loan applicant is encouraged to contact ~~Board~~ CalRecycle loan staff to discuss their specific project.

Project Eligibility Criteria

In order to be eligible for consideration, a project must meet the following criteria and types of projects described below:

- Statutes: The "highest priority" for loan funding, according to Public Resources Code (PRC) section 42023.4(a)(3), shall be given to projects that demonstrate that they will increase demand for a recyclable material, which is normally disposed in California.
- Regulations: The California Code of Regulations (CCR) sections 17909 and 17933 further specify that priority shall be given to projects that satisfy "additional statewide recycling market development objectives" and priorities that are determined by ~~the Board~~ CalRecycle.
- Priority materials: ~~The Board~~ CalRecycle identified construction & demolition debris, plastics, organics, and paper as priority materials. ~~The Board~~ CalRecycle intends to focus its resources on diverting and developing sustainable markets for these priority materials.
- Project location: The project must be located within a recycling market development zone [PRC Section 42023.1(f)].
- Project diversion: Each project must result in the diversion of non-hazardous solid waste from California landfills [14 CCR 17930].
- The project must involve reducing manufacturing waste or making new products out of recycled material [14 CCR 17932].
- Projects using post-industrial materials must meet the definition of secondary waste material (Public Resources Code, section 42002(f)) "means industrial byproducts which would otherwise go to disposal facilities and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes, such as home scrap and mil broke."

The following project categories and examples are provided to assist potential business borrowers. Board CalRecycle staff determines feedstock eligibility and final project qualification is determined by the Board CalRecycle. The categories include, but are not limited to, the projects specified below:

What types of projects are currently eligible?

1. Waste Prevention
2. Reuse
3. Recycling, Composting, and Anaerobic Digestion
 - a. Producing recycled raw feedstock material
 - b. Manufacturing recycled-content finished products
4. Conversion technology & biomass technology
 - a. ~~Conversion technology~~
 - b. ~~Biomass conversion~~
- ~~45. Anaerobic Digestion~~

What types of projects are ineligible?

Ineligible projects include electronic waste, hazardous waste, metals, transformation, single use plastic bags, ~~the do not meet the intent of AB 2449 (Levine, Chapter 845, Statute of 2006) and the definition of Secondary Waste Material (Public Resources Code, section 42002(f));~~ and polystyrene food containers. In addition, materials that are banned from landfills are also not eligible for a loan.

1. *What Are Waste Prevention Projects?*

Waste Prevention projects change the way products are made or packaged to prevent or reduce solid waste. This can be accomplished only by modifying equipment or processes, improving operations and maintenance, and changing materials in manufacturing. The project will result in less waste being generated during the manufacturing process.

Examples of eligible projects:

- Modifying equipment or processes to make products using less raw material or packaging.
- Converting to optimizing equipment to reduce waste generation.

Examples of ineligible projects:

- Buying recycled or reusable pallets, reusable containers or reusable filters that are not directly involved in the making of a product.
- Procurement of “environmentally-friendly” office products.
- Manufacturing or procurement of bio-degradable products.
- Reclamation of scrap metal.
- Production of single use plastic bags. ~~that do not meet the intent of AB 2449 (Levine, Chapter 845, Statute of 2006) and the definition of Secondary Waste Material.~~
- Production of polystyrene food containers.

2. What Are Reuse Projects?

Reuse projects will prolong the useful life of a product, delaying final disposal or recycling. Reuse is the repair, reconditioning, washing, or treatment of a worn or used product that makes the product useable again for its originally intended purpose.

Examples of eligible projects:

- Separating construction and demolition debris or other salvageable items by material type for sale.
- Resurfacing or re-sawing reclaimed lumber from old buildings for decking and paneling.
- Sorting and repairing used plastic garment hangers from department stores.

Examples of ineligible projects:

- Making home or automobile repairs.
- Repairing consumer items or appliances.
- Laundry services.
- Collecting and/or distributing food.
- Selling used items in thrift shops.
- Dismantling automobiles or white goods.

3. What Are Recycling, Composting and Anaerobic Digestion Projects?

Recycling manufacturers either produce a recycled content raw material/feedstock for use by other manufactures that further process the material, or produce a final product. Below are examples of projects for each of the type of recycling projects.

- a. Producing a recycled raw material from non-hazardous solid waste.

Examples of eligible projects:

- Agricultural and commercial plastic film cleaning.
- Producing recycled-content plastic pellets, flakes, or chips.
- Producing crumb rubber from recovered tires.
- ~~Producing wood fuel for biomass projects.~~

Examples of ineligible projects:

- Collecting and/or sorting of non-C & D recyclables.
- Crushing, grinding or baling recyclables for ease of transport.
- Using recyclables as alternative daily cover at landfills.

- b. Producing a recycled-content finished product from non-hazardous solid waste and/or a recycled material.

Examples of eligible projects:

- Manufacturing plastic pallets or lumber.
- Producing mulch or compost.
- Projects using anaerobic digestion to convert biodegradable feedstocks such as food waste, green waste, and agricultural residuals into high-value products, including but not limited to, soil amendments, fertilizers, renewable natural gas or hydrogen, and electricity.

- Manufacturing colorful glass tableware, trophies and gift items from recycled glass.
- Making rubberized asphalt and molded rubber products from crumb rubber.
- Converting rolls of recycled paper into such products as boxes, kitchen towels, table napkins, and facial tissue.

Examples of ineligible projects:

- Printing operations.
- Land application or reclamation projects using mulch and/or compost.
- Production of single use plastic bags that do not meet the intent of AB 2449 (Levine, Chapter 845, Statute of 2006) and the definition of Secondary Waste Material.
- Production of polystyrene food containers.

4. *What Are Conversion Technology & Biomass Projects?*

a. "Conversion technologies" convert waste materials that cannot be composted or recycled, into high value products such as energy, fuels, and citric acid. These technologies include:

- Thermal conversion (e.g., gasification, catalytic cracking);
- Chemical conversion (e.g., acid hydrolysis/fermentation; and
- Biological conversion (e.g., enzyme hydrolysis/fermentation). Such non combustion processes use yard trimmings and wood waste, agricultural residue and low value paper as feedstock.

Examples of eligible projects:

- Projects using gasification to convert agricultural and material recovery facility residuals into a synthetic or fuel gas that can be used to produce electricity.
- Projects using fermentation to convert plant based materials containing cellulose, such as forest material, sawmill residue and agricultural residue into component sugars that can be used to produce ethanol or citric acid.
- Projects using anaerobic digestion to break down organic materials in the absence of oxygen to produce a gas for energy.
- Projects using hydrolysis to convert rice straw to ethanol.

Examples of ineligible projects:

- The combustion of waste.
- Projects using easily recycled material as feedstock, such as polyethylene terephthalate (PETE) plastic beverage containers and high quality paper.

b. "Biomass Conversion" means the controlled combustion of (1) agricultural crop residues; (2) bark, lawn, yard, and garden clippings; (3) leaves, silviculture residue, tree and brush pruning; (4) wood, wood chips, and wood waste; or (5) non-recyclable pulp or non-recyclable paper materials, when separated from other solid waste and used for producing electricity or heat.

Examples of eligible projects:

- Burning other materials as a supplemental fuel source.

Examples of ineligible projects:

- Burning material other than biomass, such as hazardous waste or tires.
- Burning coal or natural gas.