



Department of
Resources Recycling and Recovery

Jared Blumenfeld
Secretary for
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To: Greenhouse Gas Reduction Fund Program

From: Jared Blumenfeld
Secretary
California Environmental Protection Agency

Ken DaRosa
Acting Director
Department of Resources Recycling and Recovery

Date: September 17, 2020

Subject: Greenhouse Gas Reduction Fund:
Department of Resources Recycling and Recovery


Expenditure Record for Fiscal Year 2019-20, cycle 4 of the
Recycled Fiber, Plastic, and Glass Grant Program

This Attestation Memorandum documents that the Department of Resources Recycling and Recovery completed the attached Expenditure Record on September 17, 2020, for the Recycled Fiber, Plastic, and Glass Grant Program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to California Air Resources Board (CARB) for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Michelle Martin at Michelle.Martin@calrecycle.ca.gov or (916) 341-6116.



Jared Blumenfeld
Secretary
California Environmental Protection
Agency



Ken DaRosa
Acting Director
Department of Resources Recycling
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CalRecycle Expenditure Record for Cycle 4 of the Recycled Fiber, Plastic, and Glass Grant Program

Greenhouse Gas Reduction Fund: Expenditure Record

CalRecycle Greenhouse Reduction Grant Programs
Cycle 4 of the Recycled Fiber, Plastic, and Glass Grant Program

Authorizing legislation: Item 3970-101-3228 of the Budget Act of 2019, AB 74 (Chapter 23, Ting, Statutes of 2019), appropriates \$25,000,000 to CalRecycle for Greenhouse Gas Reduction Fund Grant Programs.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding

- Department of Resources Recycling and Recovery (CalRecycle)

Amount of proposed expenditure and appropriation reference

- The amounts reflected in this Expenditure Record are based on the Fiscal Year 2019–20 authority amount of \$25,000,000 per appropriation 3970-101-3228 of the Budget Act of 2019, AB 74 (Chapter 23, Ting, Statutes of 2019).
 - In July 2020, the Department of Finance reduced CalRecycle’s Greenhouse Gas Reduction Fund (GGRF) FY 2019–20 funding from \$25,000,000 to \$21,366,397 due to lower Cap-and-Trade auction proceeds.
 - In August 2020, CalRecycle allocated \$10,460,830 to the Recycled Fiber, Plastic, and Glass Grant Program.
 - The remainder of the appropriation is allocated as follows:
 - \$2,487,247, Organics Grant Program
 - \$1,350,000, Community Composting for Green Spaces Grant Program
 - \$2,000,000, Reuse Grant Program
 - \$4,000,000, Food Waste Prevention and Rescue Grant Program
 - Allocations to each of the programs are dependent on the number of qualified applications received and CalRecycle’s plans to expend the full allocation.
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Estimated amount of expenditures for administering agency administrative costs

- As stated in the FY 2019 Budget Act (AB 74, Ting, Chapter 23, Statutes of 2019), not more than five percent of the amount appropriated in this item may be used for administrative costs. Of the \$21,366,397 allocated from the FY 2019–20 authority amounts, \$1,068,320 is reserved to CalRecycle to cover program administration costs.
- CalRecycle will reduce administrative expenses when feasible and will continue to track the amount of funds expended on CalRecycle staff.

If applicable, identify laws or regulations that govern how funds will be used

- AB 74, Ting, Budget Act of 2019 provides funding for assistance programs specified in Section 42999 of the Public Resources Code (PRC).
- PRC Section 42999:
 - (a) Any additional moneys appropriated by the Legislature from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code, to the department shall be used to administer a grant program to provide financial assistance to reduce greenhouse gas (GHG) emissions by promoting in-state development of infrastructure, expanding and improving waste diversion, food waste prevention, or other projects to reduce organic waste or process organic and other recyclable materials into new, value-added products. The moneys shall be expended consistent with the requirements of Article 9.7 (commencing with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code and Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code.
 - (b) From moneys appropriated for purposes of this section, the department shall provide grants, incentive payments, contracts, or other funding mechanisms to public and private entities for in-state infrastructure projects or other projects that reduce GHG emissions by any of the following:
 - (1) Organics composting.
 - (2) Organics in-vessel digestion.
 - (3) Recyclable material manufacturing.
 - (4) Activities that expand and improve waste diversion and recycling, including, but not limited to, the

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recovery of food for human consumption and food waste prevention.

(c) For the purposes of this section, eligible infrastructure projects that reduce GHG emissions include, but are not limited to, any of the following:

(1) Capital investments in new facilities and increased throughput at existing facilities for activities, such as converting windrow composting to aerated-static-pile composting to use food waste as feedstock.

(2) Designing and constructing organics in-vessel digestion facilities to produce products, such as biofuels, bioenergy, and soil amendments.

(3) Designing and constructing or expanding facilities for processing recyclable materials.

(4) Projects to improve the quality of recycled materials.

(d) In awarding a grant for organics composting or anaerobic digestion pursuant to this section, the department shall consider all of the following:

(1) The amount of reduction in GHG emissions that may result from the project.

(2) The amount of organic material that may be diverted from landfills as a result of the project.

(3) If and how the project may benefit disadvantaged communities.

(4) For a grant awarded for an anaerobic digestion project, if and how the project maximizes resource recovery, including the production of clean energy or low-carbon or carbon negative transportation fuels.

(5) Project readiness and permitting that the project may require.

(6) Air and water quality benefits that the project may provide.

(e) To the degree that funds are available, the department may provide larger grant awards for large-scale regional integrated projects that provide cost-effective organic waste diversion and maximize environmental benefits.

- AB 1532 (Pérez, Chapter 807, Statutes of 2012), SB 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be

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administered to further the purposes of AB 32. (Núñez, Chapter 488, Statutes of 2006).

Continuation of existing Expenditure Record

- The FY 2019–20 expenditures covered by this Expenditure Record will support a continuing program that will fund some of the same types of projects that have been previously funded under an existing Expenditure Record. The funding projects that result in edible food being rescued and distributed to people in need.

Project type(s)

- Eligible projects must be located in California and result in permanent, annual and measurable reductions in GHG emissions attributed to the production of an intermediate commodity and/or manufacture of a finished product. Eligible projects include:
 - Construction, renovation or expansion of facilities to increase in-state infrastructure to manufacture a finished product using California derived recycled fiber, plastic, or glass.
 - The project must result in an increase in tons of material diverted from landfills.
 - Applicant/Grantee must provide an agreement/contract with a California entity (e.g. Materials Recovery Facility (MRF) that will supply the feedstock.
 - Construction, renovation, or expansion of facilities to increase in-state infrastructure for production of a fiber, plastic or glass intermediate commodity that will be supplied to a manufacturing facility for production of a finished product.
 - Project must result in an increase in tons of material diverted from landfills.
 - Grantee must provide an agreement/contract with the California entity (e.g., MRF) that will supply the feedstock, which will be converted to an intermediate commodity.
 - If the manufacturing facility that will receive the materials from the grant applicant also submits

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an application, each applicant must demonstrate how each project will result in distinct increases in tons of material diverted from landfills and reductions in GHG emissions.

- Ineligible projects include:
 - Projects that include an ineligible component such as, but not limited to, gasification or pyrolysis, or do not meet the intent of the grant program.
 - Projects that have animal feed or fuel products as a finished product.
 - Research and development.
 - Projects that use Carpet or Mattresses as a feedstock.
 - There are two tiers of funding available:
 - Large Project Tier: \$9,460,830 allocation for large tier projects with a maximum grant award of \$3,000,000 per application.
 - Small Project Tier: \$1,000,000 allocation for small tier projects with a minimum grant award of \$125,000 and a maximum grant award of \$250,000 per application.
 - If either of the tiers are undersubscribed, CalRecycle may move funds from one tier to another in order to fund eligible applications in an oversubscribed tier.
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Describe the projects and/or measures that will be eligible for funding

- Projects must be located in California and result in permanent, annual, and measurable:
- Reductions in GHG emissions by producing an intermediate commodity and/or manufacturing a finished product with California-generated recycled fiber, plastic, or glass compared to the existing practice of landfilling;
and
- Increases in quantity (tons) of California-generated fiber, plastic, or glass diverted from landfill disposal.

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Intended recipients

- Local governments (cities, counties, or cities and counties).
 - Cities, counties, and cities and counties as defined in Public Resources Code section 30109.
- Regional or local sanitation agencies, waste agencies, or Joint Powers Authorities.
- Nonprofit organizations (except private schools) registered with the federal government under 501(c)3, (c)4, (c)6 or (c)10 of the Internal Revenue Code.
- Private, for-profit entities. A “private, for-profit entity” is defined as a business intended to operate at a profit and return a profit to its owners. The business must be qualified to do business in California and be in good standing with all applicable California state agencies, including, but not limited to, the Secretary of State and the Franchise Tax Board. Any and all subsidiaries, divisions or affiliated businesses are considered part of the primary business entity for the purpose of applying for and receiving a grant award. A business is considered an “affiliated business” if it has at least one owner with a forty (40) percent or greater interest in another applicant business.
- State or federal agencies (including offices, department, bureaus, and boards).
- University of California campuses, California State University campuses, or the California Community College campuses.
- Solid Waste Facilities.
- Qualifying Indian Tribes, defined as an Indian tribe, band, nation or other organized group or community, residing within the borders of California, which:
 - Is recognized for special programs and services provided by the United States to Indians because of the status of its members as Indians; or
 - Can establish that it is a government entity and which meets the criteria of the grant program.

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Program structure and process for selecting projects for funding

- CalRecycle anticipates releasing the Recycled Fiber, Plastic, and Glass Grant Program applications in October/November 2020 with announcement of awards in March/April 2021.
- Selection process:
 - Grants will be evaluated and scored by a CalRecycle scoring panel based on the scoring criteria approved by CalRecycle's Director.
 - Scoring criteria will include the following categories:
 - Project Description, Tons of Material Recycled, and GHG Emission Reductions
 - Experience, Project Readiness, and Viability
 - Community Benefits
 - Budget
 - Work Plan
 - Bonus Points: Incentives for Manufacturing in California and Producing a Recycled Product
 - To ensure more diverse project types are funded, a funding priority for the top-scoring paper project with a passing score will be imposed in the large tier. Funding a paper project will help alleviate the rising concerns of China's National Sword policies and help meet the goals set forth in SB 1383.
 - Applications that meet the requirements will be recommended for funding. Grant recommendations will be ranked in order according to each applicant's score (highest passing score to lowest passing score) until funds are exhausted. In an event of a tie between applicants with the same overall score, funding order will be determined by cost effectiveness, based on grant dollars per ton of GHG emission reductions. If after this process, applicants remain tied, the Post Score Review Team shall make the recommendation as to which applicant, if any, shall receive an award or portion of an award, in a manner that is both fair and equitable. For qualifying applications, CalRecycle staff will develop grant funding recommendations for the consideration and approval of CalRecycle's Director, or his designee; to be scheduled in March 2021.
- CalRecycle reserves the right to partially fund or fund individual phases of selected proposals, and CalRecycle may fund an amount less than requested.

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Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is consistent with the Investment Plan and the Scoping Plan

- The Cap-and-Trade Auction Proceeds Second Investment Plan lists waste diversion as an eligible investment, specifically: reducing GHG emissions through “increased in-state diversion of municipal solid waste from disposal through waste reduction, recycling, composting, and reuse.”
 - The 2017 Scoping Plan Update identifies the need for material diversion from landfills to preserve resources and minimize landfill gas production, specifically highlighting the benefits of the diversion of organics from the waste stream to composting or digestion facilities. Food waste is highlighted as the largest component of organics disposed in landfills. The 2014 Scoping Plan Update describes the potential for the waste sector to achieve reductions of as much as 20-30 million metric tons CO₂e through diversion efforts, and the 2017 Scoping Plan Update further estimates that 100,000 green jobs could be generated by meeting statewide recycling goals. In state, total emissions from composting and landfill operations are estimated to be 8.8 million metric tons, which is primarily from organic materials (*CARB’s Greenhouse Gas Inventory Data*). This is supported by various models and studies, including the U.S. EPA Waste Reduction Model (WARM), CARB’s Low Carbon Fuel Standard pathways for in-vessel digestion, CARB’s official emission reduction factors (e.g., for composting and recycling).
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Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- Expenditures will be used to implement resource management practices and/or manufacturing processes that reduce GHG emissions when producing an intermediate commodity and/or finished product made from fiber, plastic, or glass that was diverted from a California landfill.

Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained

- GHG emission reductions will begin to accrue shortly after grant awards are made, equipment or software installation is completed, and projects are fully implemented. GHG emission reductions should begin for most projects in calendar year 2021, increase as projects become fully implemented, and then continue at maximum levels for the term of the grant project. GHG emissions that result from avoided landfill methane emissions will continue into the future since the waste is diverted from landfills.
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Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

- The fiber, plastic, and glass projects will yield economic, environmental, and public health co-benefits. These projects will provide California jobs both during project implementation and afterward.
- Fiber, plastic, and glass projects involving reduced transport distances for hauling material will result in additional GHG emission reductions and reduced emissions of toxic pollutants and fine particulates.

How the project will support other objectives of AB 32 and related statutes

- Directs public and private investment towards disadvantaged and low-income communities in California due to the design of the scoring criteria.
- Maximizes additional environmental and economic co-benefits for California.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance

- CARB's 2018 Funding Guidelines included minimum percentages of projects meeting disadvantaged and low-income community targets. CalRecycle aims to surpass the minimum percentage requirements to fund a minimum of 25 percent of projects benefiting disadvantaged communities, 5 percent of projects benefiting low-income households or low-income communities anywhere in the state, and 5 percent of funded projects benefiting low-income households that are outside of, but within ½-mile of, disadvantaged communities or low-income communities that are outside

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B for more information on the definitions of priority populations.

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of, but within ½-mile of, disadvantaged communities. Disadvantaged communities are those identified using CalEnviroScreen version 3.0.

Describe the benefits to priority populations per CARB guidance

- These expenditures can support projects that provide direct, meaningful, and assured benefits to disadvantaged and/or low-income communities and meaningfully address an important community need. CalRecycle will prioritize projects that meet the criteria for providing benefits to disadvantaged and/or low-income communities listed in CARB's 2018 Funding Guidelines Benefit Criteria Table(s) (Waste Diversion and Utilization, and Jobs Training and Workforce Development) and meaningfully address an important community need (as described in Table 5 of CARB's 2018 Funding Guidelines).
- Investment in waste diversion projects can provide access to jobs/job training for disadvantaged and/or low-income community residents, locate food rescue projects to increase food access in disadvantaged and/or low-income communities, and/or divert waste from landfills located in disadvantaged and/or low-income communities, among other benefits.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- CalRecycle is using the following strategies to maximize community benefits:
 - Requesting that applicants contact disadvantaged or low-income community representatives to discuss their project and provide education and outreach.
 - Applicants can earn up to 15 points in the Community Benefits section for ongoing community engagement, creation of quality jobs, and/or mitigation efforts.
- Providing outreach using a variety of approaches such as presenting grant information at CalRecycle Public Meetings to solicit input from community members and stakeholders, and increase participation and accessibility; providing technical and business assistance to all communities; distributing funding and application information via statewide listservs; and promoting the grant programs through presentations to numerous stakeholder groups.

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Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- CalRecycle will post a list of all submitted projects, and identified if the applicant is claiming to benefit a disadvantaged and low-income communities, on the Recycled Fiber, Plastic, and Glass Grant Program's webpage for at least 10 days prior to award. After which, CalRecycle will send out messages via the GHG Reduction and Environmental Justice listservs. If feedback is received, CalRecycle may make programmatic adjustments to recommended projects to avoid potential burdens to disadvantaged and low-income communities.

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Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- Grantees are required to submit quarterly Progress Reports and a Final Report at the close of the grant project.
- A post-Grant Term annual survey may be requested every year for three years after the end of the Grant Term.
- Project tracking and reporting will be conducted as described in CARB's 2018 Funding Guidelines.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- Grantees will calculate the net GHG emission reductions from waste diversion projects using the [CARB approved resources](http://www.arb.ca.gov/cci-resources) (www.arb.ca.gov/cci-resources).
 - CalRecycle will work closely with CARB staff to refine GHG emission reduction quantification methodologies and estimates to ensure that only projects with net GHG reductions are funded with GGRF.
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Type of information that will be collected to document results, consistent with CARB guidance

- To determine the job creation benefits, CalRecycle will compile data from funded recipients consistent with CARB's 2018 Funding Guidelines.
 - CalRecycle will collect data on project location, baseline and estimated GHG emissions, expected quantification period, and other data as specified in CARB's 2018 Funding Guidelines.
 - Grantees will be required to report on data required by CARB's 2018 Funding Guidelines, which includes expenditure amounts, project description locations, and status, greenhouse gas emission reductions and tons of food diverted from landfills, estimates of other applicable co-benefits, jobs created, and description of benefits to disadvantaged and/or low-income communities.
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How the administering agency will report on program status

- CalRecycle will provide bi-annual updates on expenditures, project statuses, and benefits in reports prepared according to CARB's 2018 Funding Guidelines. At a minimum, the reports will include expenditure amounts, project description and locations, current estimates of GHG emission reductions and tons of material diverted from landfills, estimates of other applicable co-benefits, jobs created, and description of benefits to disadvantaged and/or low-income communities and associated census tracts for those communities. In addition, CalRecycle will provide periodic updates on the programs' status at its regular monthly public meetings.
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