



Winston H. Hickox  
Agency Secretary

# Air Resources Board

---

Alan C. Lloyd, Ph.D.  
Chairman

2020 L Street • P.O. Box 2815 • Sacramento, California 95812 • www.arb.ca.gov



Gray Davis  
Governor

February 2, 2000

To: Prospective Grant Applicants

Re: Invitation for Grant Requests for the Rice Straw Demonstration Project Fund  
Fiscal Year 1999-2000

The Air Resources Board (ARB) invites you to submit a grant request to the Rice Straw Demonstration Project Fund (Rice Fund) in response to this Invitation (IGR 99-01). The Rice Fund provides cost-sharing grants for projects which utilize Sacramento Valley rice straw. To be considered, your completed application package must be received by **4:00 p.m. on Wednesday, March 15, 2000**. A total of \$1.2 million is available for this year's grants.

For this year's solicitation, we are particularly interested in ethanol production projects. With the phase out of methyl tertiary butyl ether (MTBE) from California's gasoline, significant demand for ethanol is expected in California. Because a single ethanol plant could use 150,000 tons of rice straw, representing about 15 percent of the total available rice straw, the ARB would like to advance this significant use of rice straw.

The attached *Program Description and Invitation for Grant Requests* (IGR) 99-01 describes the funding criteria, the required contents of a grant request, and the procedure for submitting a grant request package to the Rice Fund Program.

Grants will be awarded based on the selection criteria contained in this IGR. A successful grant request will reflect high degrees of technical, fiscal, and administrative excellence and will demonstrate the project's likelihood to become a permanent, operating facility that uses significant amounts of rice straw annually.

All applicants are encouraged to attend an informational workshop at ARB's office located at 2020 L Street, Sacramento, California, on **February 16, 2000**, from 1:00 p.m. to 4:00 p.m. At the workshop, the ARB staff will discuss the application requirements and answer questions.

## Prospective Grant Applicants

Page 2

Top-scoring applicants also will be required to make brief presentations of their projects at a public meeting at the ARB's Sacramento office in early April 2000, and may be interviewed by grant reviewers on the following days. Grants are expected to be awarded at the Board's May 2000 public meeting.

Information about the Rice Fund Program, including an electronic version of this IGR, may be found on the Internet at: <http://www.arb.ca.gov/rice/ricefund/ricefund.htm> Applicants are encouraged to check the Rice Fund Web site for any changes to the schedule and for new information about the Rice Fund Program. Applicants are also encouraged to be on the Rice Fund e-mail list to receive notices by e-mail of any changes.

Questions about the Rice Fund Program may be directed to Ms. Leshya Hrynychuk by telephone at (916) 322-7297 or by e-mail at [ricefund@arb.ca.gov](mailto:ricefund@arb.ca.gov).

We appreciate your interest in the Rice Fund Program.

Sincerely,

Robert Fletcher, Chief  
Planning and Technical Support Division

Attachment

**THE RICE STRAW  
DEMONSTRATION PROJECT FUND**

**PROGRAM DESCRIPTION**

**AND**

**INVITATION FOR GRANT REQUESTS**

**FISCAL YEAR 1999-2000**

Issued by the California Air Resources Board  
February 2, 2000

## FOREWORD

The Connelly-Areias-Chandler Rice Straw Burning Reduction Act of 1991 (the Phase Down Act) mandated the phase down of rice straw burning in California's Sacramento Valley. When the Act was written, it was anticipated that a new market for rice straw would be created that would provide an alternative to burning rice straw. However, eight years into the phase down, approximately 97 percent of the straw not burned continues to be incorporated into the soil, a practice that the rice growers object to because it is costly and may be conducive to increased incidence of crop diseases. In its 1997 status report, the Advisory Committee on Alternatives to Rice Straw Burning estimated that, at the current rate of development, only two percent of the straw produced in the year 2000 would find commercial uses.

In 1997, when the Phase Down Act limited rice straw burning to 38 percent of the acreage planted, rice growers turned to the California Legislature seeking relief from the phase down. The resulting legislation, Senate Bill 318, authored by Senator Mike Thompson, created the Rice Straw Demonstration Project Fund (the Rice Fund) and directed the California Air Resources Board to administer it. The Rice Fund provides cost-sharing grants for projects which utilize California rice straw according to criteria adopted by the Air Resources Board at its January 29, 1998, public meeting in Sacramento.

During the last two years, a total of about \$3 million has been awarded from the Rice Fund for five demonstration and commercialization projects. This is the third and last Invitation for Grant Requests that is authorized for the Rice Fund Program. Approximately \$1.2 million is available for grants for this fiscal year.

Information about the Rice Fund Program may be found on the Internet at the following address:  
**<http://www.arb.ca.gov/rice/ricefund/ricefund.htm>**

Applicants are encouraged to check the Rice Fund Web site for any changes to the schedule and for new information about the Rice Fund Program. Applicants are also encouraged to be on the Rice Fund e-mail list to receive notices by e-mail of any changes.

Questions about the Rice Fund may be directed to Ms. Lesha Hrynychuk by calling (916) 322-7297 or by e-mail to **[ricefund@arb.ca.gov](mailto:ricefund@arb.ca.gov)**.

## TABLE OF CONTENTS

SECTION 1 - PROGRAM DESCRIPTION.....	1
INTRODUCTION .....	1
GOAL OF THE RICE FUND .....	1
TYPES OF ELIGIBLE PROJECTS .....	2
FUNDING .....	2
REQUIRED MATCH.....	3
APPLICATION PROCESS.....	5
SELECTION PROCESS .....	5
TECHNOLOGY FEASIBILITY .....	5
PROPRIETARY INFORMATION .....	6
SCHEDULE .....	6
SECTION II - SELECTION CRITERIA.....	7
SCORING.....	7
RATING NUMBERS.....	8
SCORING GUIDELINES .....	8
SECTION III - GENERAL INFORMATION ABOUT GRANT REQUESTS AND GRANTS.....	11
GRANT REQUEST QUALIFICATIONS.....	11
DEFINITION OF PROJECT.....	11
DEFINITION OF APPLICANT .....	11
EXAMPLES OF REQUIRED MATCHING FUNDS .....	12
PROJECT COSTS.....	13
GRANT .....	14
GRANT DISBURSEMENTS.....	14
PROGRESS REPORTS .....	14
GRANT MONITORING.....	15
PROPRIETARY INFORMATION .....	16
WHEN AND WHERE TO SUBMIT GRANT REQUESTS .....	18
QUESTIONS ABOUT THE RICE FUND.....	18
SECTION IV - GRANT REQUEST CONTENTS.....	19
TITLE PAGE.....	19
EXECUTIVE SUMMARY .....	19
TABLE OF CONTENTS .....	19
DESCRIPTION OF PROJECT .....	20
COMMERCIALIZATION PLAN.....	21
PERSONNEL DESCRIPTION .....	23
APPLICANT FINANCIAL INFORMATION .....	24
PROJECT SCHEDULE .....	26

ATTACHMENTS ..... 26  
TABLE 1 - CHECKLIST FOR ITEMS REQUIRED ..... 27

## FORMS

Application And Authorization For Rice Fund Grant ..... Form 1  
Applicant Financial Information..... Form 2  
Budget Submittal Form ..... Form 3  
Applicant Prior Investment..... Form 4  
In-Kind Contributions..... Form 5  
Confidentiality Provision..... Form 6

## APPENDIX

Disclosure of Public Records ..... Appendix

## SECTION 1 - PROGRAM DESCRIPTION

Senate Bill 318 (1997, Thompson) created the Rice Straw Demonstration Project Fund (the Rice Fund) and directed the California Air Resources Board to administer it. The Rice Fund will provide grants of up to 50 percent for projects which utilize California rice straw. As the law requires, the Air Resources Board developed the funding criteria in consultation with the Department of Food and Agriculture, the Trade and Commerce Agency, and the University of California. This document contains the funding criteria for the Rice Fund Program which was adopted by the Board at its January 29, 1998, meeting.<sup>1</sup>

### INTRODUCTION

Approximately 500,000 acres of rice are grown in the Sacramento Valley, producing over a million tons of rice straw per year. Until the Connelly-Areias-Chandler Rice Straw Burning Reduction Act of 1991 (the Phase Down Act) was enacted, burning had been the primary means of disposing rice straw. The Phase Down Act required that rice growers in the Sacramento Valley phase out the burning of rice straw, and beginning in 2000<sup>2</sup>, it allowed for only a limited amount of burning for disease management. Although there have been numerous ideas for using rice straw, none which consumes significant amounts has achieved commercial application. Of the rice straw not burned, only about three percent is now removed from the fields and used; the remaining 97 percent is plowed into the soil.

### GOAL OF THE RICE FUND

The goal of the Rice Straw Demonstration Project Fund is to foster the emergence of commercially self-sustaining markets for rice straw. The Fund was established to provide financial assistance to projects which show the greatest potential for creating such markets. Because SB 318 intends much of the unburned rice straw to be used off-field by 2000, preference will be given to projects which 1) have the greatest potential for becoming operational within the next few years, and 2) have the greatest potential for consuming large amounts of rice straw.

Because many of the rice growing counties<sup>3</sup> are considered economically disadvantaged, SB 318 specifies that funding preference be given to projects which could be replicated throughout the rice growing regions of the Sacramento Valley. SB 318 also specifies that public and private support shall be demonstrated for successful projects, including local community support from the rice growing community where the projects would be located.

---

<sup>1</sup> The criteria document adopted by the Board has been modified in nonsubstantive ways to be consistent with the third year of the program. In addition, at its December 10, 1999, public meeting, the Board expressed interest in rice straw to ethanol projects, therefore, the second paragraph was added to *Types of Eligible Projects* on page 2.

<sup>2</sup> Senate Bill 318 extended this date to 2001

<sup>3</sup> Colusa, Sutter, Butte, Glenn, Yuba, Yolo, Placer, Sacramento Counties

## **TYPES OF ELIGIBLE PROJECTS**

All eligible projects must use Sacramento Valley rice straw, must bring at least 50 percent matching funds, and must be technically feasible and sound. All required information must be provided in applications as specified in this Invitation for Grant Requests, and these applications must be signed by the applicant. Proposals not meeting these four basic requirements will be deemed non-responsive and will not be reviewed or considered further.

For this year's solicitation we are particularly interested in ethanol production projects. With the phase out of methyl tertiary butyl ether (MTBE) from California's gasoline, significant demand for ethanol is expected in California. Because a single ethanol plant could use 150,000 tons of rice straw, representing about 15 percent of the total available rice straw, the ARB would like to advance this significant use of rice straw.<sup>4</sup>

The focus will be on projects with high potential for commercialization in the near term rather than on projects in the research stage. Research may be only a small component of the overall project. The grant proposal must demonstrate the project's potential for being commercially self-sustaining after the Rice Fund grant has been expended. All proposed projects must clearly identify their expected sources of rice straw, and they must explain to what extent these sources are ensured.

One barrier to developing a marketplace for rice straw is the lack of an infrastructure to handle the straw from the harvest in the rice field to the businesses that would use the straw. To overcome this barrier, the Rice Fund will consider rice straw collection and marketing projects at early stages of development if they have the potential to enhance rice straw commercialization projects.<sup>5</sup> Straw collection and marketing includes getting the straw from the field to the end user (that is, collection, densification, removal from the rice field, transportation, and storage).

## **FUNDING**

For the 1999-2000 fiscal year, approximately \$1.2 million is available for grants from the Rice Fund. This is the third and last year for which Rice Fund grants are authorized.

Not more than 50 percent of the cost of any project will be funded, during a period not to exceed three years. There is neither a minimum nor a maximum amount of funding that will be approved for a project; it is anticipated that, in order to meet the goals of the Rice Fund, a small number of large grants will be made, rather than many small grants.

---

<sup>4</sup> At its December 10, 1999, public meeting, the Board expressed interest in rice straw to ethanol projects.

<sup>5</sup> In fiscal year 97-98, Anderson Hay & Grain Co., Inc. was awarded a grant for developing rice straw infrastructure. Proposed projects which would augment or complement the Anderson project are encouraged to submit grant requests, rather than projects which propose to duplicate the Anderson effort.

Although this Invitation for Grant Requests (IGR) represents a bona fide intention to fund projects, the ARB reserves the right to reject any or all grant requests not judged to meet the goals of the Rice Fund.

## **REQUIRED MATCH**

Funding sources for a proposed project are categorized into the following three types: (1) the Rice Fund Grant, (2) funding provided by the applicant, and (3) funding from other sources. Requirements of each type are discussed below. Examples are given on pages 12-13.

### The Rice Fund Grant

The Rice Fund portion may not exceed 50 percent of the total project cost. This means that at least 50 percent matching funds are required for all projects funded under the Rice Fund program. Grant applications which seek more than 50 percent of the total project cost will not be reviewed or considered further.

### The Applicant

The applicant (see page 11 for definition of applicant) must provide a minimum of 20 percent of the total project cost, or an amount equal to the funding requested from the Rice Fund, whichever is less. This requirement is to demonstrate significant, personal commitment to the project by the applicant--that the applicant is also taking significant risk in the project.

This 20 percent requirement may be *partially* fulfilled by prior investments directly related to the project and by in-kind contributions *during* the project. See page 25 for a description of the prior investment credit and in-kind services credit. If either or both of these credits are used, new cash investment by the applicant may be reduced to a minimum of 10 percent of the total project. Applicants will be required to demonstrate their ability to provide matching funds, and, if these credits are used, evidence of prior investment spending and in-kind contribution commitments must be demonstrated.

### Other Funding Sources

After the Rice Fund and applicant contributions, the remainder of the project cost must be provided by other funding sources. Other funding sources include, but are not limited to, the following: grants, loans, or loan guarantees from other governmental agencies, other institutional financial entities, such as banks or credit unions, or private investors. Applicants will be required to provide evidence that these funds have been secured or committed by the funding sources.

### Example

If the total proposed project costs \$1 million, the requirements are:

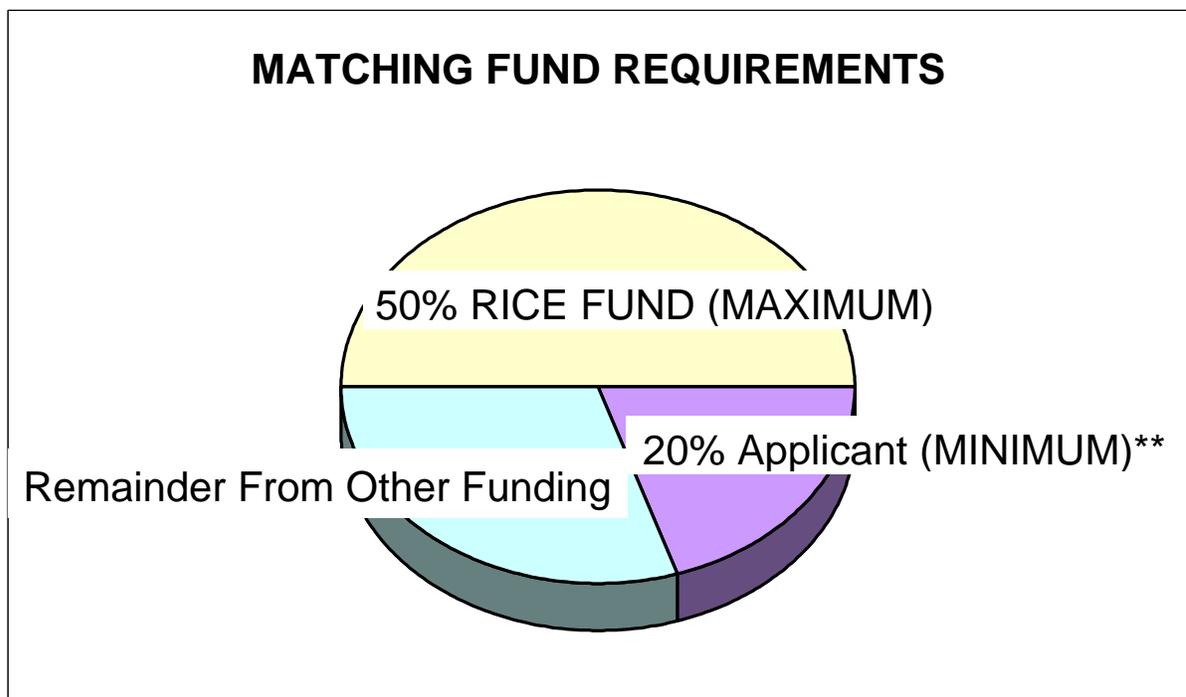
- (1) the *maximum* amount that could be provided by the Rice Fund would be \$500,000 (50 percent of the total).

(2) the *minimum* the applicant would be required to provide would be the least of the following:

- a) \$200,000 (20 percent of the total), **or**
- b) an amount equal to that requested from the Rice Fund, **or**
- c) \$100,000 (10 percent of the total) if the applicant demonstrates having made prior investments directly related to the project or proposed in-kind contributions that will be provided during the project (or any combination of the two) to make up the balance for the amount required under a or b above. In-kind contributions are included in the project's estimated costs; but prior investments may *not* be included in the project's estimated costs.

(3) other funding sources for the balance of the funds needed to cover the total project cost.

**Figure 1**



\*\* Applicant's 20 percent minimum contribution may be *partially* met by in-kind and prior investment. A total of at least 50 percent matching funds for the current project is still required, regardless of the applicant/other funding mix.

## **APPLICATION PROCESS**

Applicants shall submit to the ARB complete and detailed grant requests by the required deadline to be eligible to compete for the Rice Fund grants. All grant applicants are encouraged to attend a workshop to be held approximately midway through the application period. At this workshop, the ARB staff will explain the application requirements and answer questions. Top-scoring applicants will be asked to make brief presentations of their projects at a public meeting in the Sacramento area. The schedule for fiscal year 1999-2000 is shown on page 6.

Grant requests will be initially screened to determine that (1) the projects would contribute to commercial uses of Sacramento Valley rice straw, (2) the minimum matching fund requirements are met, (3) the basic technology and science are sound, and (4) the applications are complete.

Selection criteria for projects that pass the initial screening are presented in Section II. General information about the grant requests and the grants are included in Section III. Information to be included in the grant request is described in Section IV.

## **SELECTION PROCESS**

Grant requests passing the initial screening will be evaluated for technical and business merit by expert advisors and reviewers using the criteria given in Section II. The reviewers may interview applicants if additional information or clarification is needed. The ARB staff, advisors, and reviewers may ask an applicant to re-scope the proposed project, schedule, and budget. The ARB staff and reviewers may visit the project sites of finalists prior to making final recommendations regarding the award of grants. Due to limited resources, all eligible projects will not necessarily be awarded grants, and some projects may be offered grants for smaller amounts than requested.

The expert advisors and reviewers will be selected from the public and private sectors. The identity of the advisors and reviewers will be kept confidential, although their affiliations will be public. Expert reviewers will be required to sign confidentiality agreements and conflict of interest disclosures. Grant requests will be ranked according to the scoring process explained in Section II, Selection Criteria. Grant requests with the highest rankings will be nominated to the Air Resources Board for funding. In order to promote a diversified rice straw marketplace, high-ranking, similar projects may not all be recommended for funding. The Board is expected to make the final funding determination at its May 2000, meeting.

Successful applicants will be required to sign legally binding grant provisions. Grant provisions, which will be tailored to each grant recipient, are discussed in Section III.

## **TECHNOLOGY FEASIBILITY**

Technologies that, in the view of the ARB staff and the expert reviewers, have not been demonstrated as being feasible for commercial application will not be considered for funding under the Rice Fund program. In addition, projects that rely upon or require the development of

technologies beyond the scope of the proposed project are unlikely to receive high technical scores. All grant requests must present scientific and technical information demonstrating:

- 1) The project is based on sound scientific and engineering principles, and
- 2) The project's success does not depend on undeveloped technologies beyond the scope of the proposed project.

### **PROPRIETARY INFORMATION**

Applicants may want to submit proprietary technical information to allow the grant advisors and reviewers to gain a complete technical understanding of the project. Applicants are also required to provide financial information to allow the grant advisors and reviewers to evaluate business plans, financial status, and credit worthiness. Applicants wishing to have such proprietary information protected as confidential must identify such information at the time the grant request is submitted. Protection will be provided in accordance with ARB regulations on disclosure of public records (Appendix, California Code of Regulations, Title 17, Section 91000 et seq.). These regulations require the applicant to specify the proprietary information at the time it is submitted to the ARB (see page 17, Requesting Confidentiality of Specific Information).

### **SCHEDULE**

The following table shows the schedule for the award of grants allocated to the Rice Fund for the 1999-2000 fiscal year.

**Rice Fund Project Schedule 1999-2000 Fiscal Year**

<b>Date</b>	<b>Milestone</b>
February 2, 2000	Invitation for Grant Requests
February 16, 2000	IGR Workshop for Applicants
March 15, 2000	Grant Requests Due to the ARB
Early April 2000	Top-scoring Applicants Make Public Presentations
Early April 2000	Clarification Meetings with Applicants if Necessary
May 2000	Board Meeting to Award Grants

## SECTION II - SELECTION CRITERIA

Grant requests will be evaluated using the criteria given below. Based on the evaluation of a project, for each criterion a rating number from 0 to 4 will be given, and the rating number will be multiplied by the weighting factor (shown for each criterion in parentheses below). These products for all criteria will be summed to calculate the project's score. For example, a 4 (maximum) rating for criterion A (20 point weighting) would result in a score of 80 (4 times 20). Reviewers will recommend rating numbers for criteria in areas where they are expert. The ARB staff will consolidate these recommendations, assign the rating numbers, and complete the score for each application.

Minimum qualifying scores will be required for the technical and business criteria as follows: technical review requires a minimum of 120 out of 200 possible points; business review requires a minimum of 120 out of 200 possible points.

### SCORING

Technical Plan Review - 200 total possible score

- A. Viable technology for utilization of rice straw (20)
- B. Reasonable and complete project (10)
- C. Stage of technology development (10)
- D. Technical competency of project team (10)

Business Plan Review - 200 total possible score

- E. Business merit and commercialization plan (20)
- F. Straw supply plan (10)
- G. Financial support and credit integrity (10)
- H. Business competency of project team (10)

Program Goals Satisfaction - 200 total possible score

- I. Potential quantity of rice straw to be used annually (20)
- J. Length of time to self-sustaining operation (10)
- K. Project location and replication potential (10)
- L. Local community support (10)

Policy Assessment - 140 total possible score

- M. Policy Assessment (25)
- N. Environmental Effects (10)

## **RATING NUMBERS**

Each criterion above will be given a rating number from 0 to 4 using the following scale:

- 4 - Strongly exceeds criteria
- 3 - Moderately exceeds criteria
- 2 - Satisfactorily meets criteria
- 1 - Marginally meets criteria
- 0 - Does not meet criteria

## **SCORING GUIDELINES**

Listed below are *examples* of the types of questions and areas of focus to be considered when evaluating grant applications and assigning rating numbers. The grant application review will not be limited to the questions and statements listed below.

### Technical Plan Review

- A. *Viable technology for utilization of rice straw*  
Rate the viability of the technology for using rice straw and the discussion of potential technological problems along with plans for overcoming them. Rate the applicant's knowledge of potential technical barriers and how to overcome them.
- B. *Reasonable and complete project*  
What is the strength of the provided evidence of technological viability, e.g., supporting test data, drawings, and schematics? Is there adequate information included to assess the likelihood of technological success of the project? Rate the project plan, the description of milestones, tasks and subtasks, and estimated completion dates in project schedule.
- C. *Stage of development*  
How reasonable is the applicant's claim of the project's stage of development? For example, if the grant request states that two years from the start of the project it will achieve self-sustaining commercialization stage, evaluate the evidence presented to substantiate that claim. Estimate the time needed for commercialization.
- D. *Technical competency of project team*  
Rate the credentials, competency level, track record, and references of the applicant's technical team.

## Business Plan Review

- E. *Business merit and commercialization plan*  
Rate the applicant's understanding of the marketability, market size, target market, market growth potential, and expected market share of the planned product. Assess the product's market potential. Rate the applicant's understanding of the competition. Rate how the grant request addresses market barriers. Rate the project's potential to end in a profitable business. Is the budget sufficiently detailed to clearly illustrate how the funds would be utilized? Are budget costs reasonable and realistic to accomplish the goals of the project? Is the schedule for reaching commercialization realistic? If not, estimate the expected time to commercialization. Are the contingency scaled-down and scaled-up project budgets reasonable? If the submitted grant request does not end in commercialization, how reasonable are the plans for achieving commercialization?
- F. *Straw supply plan*  
How sound is the plan for obtaining rice straw for the project? How secure is the supply of rice straw once the project reaches commercialization? Rate the discussion of potential barriers to a stable straw supply and the discussion about the quality of rice straw needed. How much straw supply is reasonably ensured, for how long?
- G. *Financial support and credit integrity*  
Rate the applicant's financial investment in the project in cash, in-kind contributions, and prior investment. Is a reasonable amount being requested from the Rice Fund? Is a reasonable amount being supplied by other investors? Rate the credit integrity of the applicant. Rate the applicant's financial records. Rate the evidence of intent to invest by the other funding sources (e.g., letters of intent from other debt or equity participants). Rate the balance sheet equity of the applicant.
- H. *Business competency of project team*  
Rate the credentials, competency level, track record, and references of the applicant's business team.

## Program Goals Satisfaction

- I. *Potential quantity of rice straw to be used annually*  
Rate the applicant's annual rice straw usage estimates at the end of the project and five years later. (More points for higher usage of rice straw.) How much grant money is being requested compared to the potential straw usage (i.e., grant dollars per tons of straw used annually)? Is the project likely to shift some or all of its reliance on rice straw to other raw materials? Compare to other projects.

- J. *Length of time to self-sustaining operation*  
Rate the project's time to reach self-sustaining operation. (More points for shorter length of time.)
- K. *Project location and replication potential*  
Is the project located in one of the rice growing counties of the Sacramento Valley? Could the project's capacity to use more rice straw be expanded by building more facilities in the rice growing regions? Compare to other projects.
- L. *Local community support*  
Rate the level of local community support, using evidence provided in the grant request and any letters of support sent to the ARB. Rate the number of jobs created locally.

#### Policy Assessment

M. Policy Assessment

Rate the overall potential of this project achieving successful, self-sustaining commercialization. Rate the project's potential contribution to creating a successful, self-sustaining marketplace for rice straw products. How well would this project fit in the mix of projects already underway or other projects being considered for Rice Fund grants? How does the project fit in with the existing rice farming systems under use in the Sacramento Valley? How well would the project fit in with the local goals, objectives and policies of the communities where the project is proposed to be located?

N. Environmental Effects

Rate the overall environmental effects of this project. Compare project's estimated emissions to those of established facilities in the same industry. Compare to other projects being considered. How does the project fit into the ARB's statewide air resources management strategy?

## SECTION III

### GENERAL INFORMATION ABOUT GRANT REQUESTS AND GRANTS

#### GRANT REQUEST QUALIFICATIONS

Grant requests must meet all requirements specified in this Invitation for Grant Requests. Grant requests will be screened for the following requirements; grant requests not meeting these requirements will be administratively disqualified.

- o Rice Straw -- the project must contribute to commercialized uses of Sacramento Valley rice straw.
- o Matching funds -- both the 50 percent total matching fund requirement and the 20 percent applicant requirement as specified in *required match* on page 2 of this IGR must be met. Clearly identify both matching fund amounts on Form 1.
- o Technically feasible and sound -- the technical feasibility must have already been proven; the technology must be based on sound scientific and engineering principles.
- o Completeness -- all forms must be completed and signed as specified in this Invitation for Grant Requests.

#### DEFINITION OF PROJECT

As used in the Rice Fund Program, a project is defined as a business enterprise intended to establish a commercially self-sustaining operation that uses rice straw produced in the Sacramento Valley. As used in the Rice Fund Program, the project starts when the Rice Fund grant is signed and continues until the date specified in the grant provisions, when Rice Fund grant disbursements are terminated.

#### DEFINITION OF APPLICANT

As used in the Rice Fund Program, applicant is defined as the legal entity that owns and controls the project for which a Rice Fund Grant is being requested. The applicant is the business. The applicant may be an individual, a partnership, a corporation, a cooperative, or any other legal entity. Other financial investors in the project are considered "other funding sources." Anyone who owns 20 percent or more of the applicant business is considered to be an applicant principal. All applicant principals must provide financial disclosure. The applicant must designate a lead contact person who shall be the main contact for the Rice Fund. This lead contact must have the legal authority to submit project progress reports and sign legal documents on behalf of all applicant principals.

## EXAMPLES OF REQUIRED MATCHING FUNDS

Following are examples of how the matching fund requirements may be fulfilled. These examples are based on a total proposed project cost of \$1 million. The requirements are the following:

- (1) the *maximum* amount that could be requested from the Rice Fund would be \$500,000 (50 percent of the total).
- (2) the *minimum* amount the applicant would be required to provide would be the lesser of:
  - a) \$200,000 (20 percent of the total project cost), see Example 1, **or**
  - b) an amount equal to that requested from the Rice Fund, see Example 2, **or**
  - c) \$100,000 (10 percent of the total project cost) **and** evidence to support prior investments<sup>6</sup> directly related to the project and in-kind contributions<sup>7</sup> that will be provided *during* the project to make up the balance for the minimum amount required under a or b above, see Example 3.
- (3) other funding sources must contribute the balance of the funds needed to cover the total project cost.

### **Example 1:** Total project cost of \$1 million

- (1) Rice Fund is asked to provide \$500,000 (the maximum allowed) and
- (2) the applicant provides \$200,000, and
- (3) other funding sources contribute \$300,000 (the balance).

### **Example 2:** Total project cost of \$1 million

- (1) Rice Fund is asked to provide \$150,000 (less than the maximum allowed) and
- (2) the applicant provides \$150,000 (less than 20 percent but equal to the amount requested of the Rice Fund), and
- (3) other funding sources contribute \$700,000 (the balance).

### **Example 3:** Total project cost of \$1 million

---

<sup>6</sup> Prior investments are *not* included in the project estimated costs.

<sup>7</sup> In-kind contributions *shall* be included in the project estimated costs.

- (1) Rice Fund is asked to provide \$300,000 and
- (2) the applicant provides \$100,000 cash (10 percent) and evidence that prior investments directly related to the project amounted to \$50,000 and in-kind contributions that will be provided during the project total to \$50,000. This \$200,000 meets the 20 percent applicant minimum matching fund requirement. The \$100,000 cash and \$50,000 in-kind contribution will be the applicant's *new* investment of \$150,000 to the project. The money spent on prior investments is used to meet the applicant minimum matching fund requirement only, and it is not considered part of the proposed project cost.
- (3) other funding sources contribute \$550,000 (the balance).

**Example 4:** Total project cost of \$1 million

- (1) Rice Fund is asked to provide \$100,000 (10 percent of the project cost) and
- (2) the minimum the applicant must provide is \$100,000 cash, which is equal to the amount being asked of the Rice Fund. Since this amount is 10 percent, no credits from prior investments and in-kind contributions may apply.
- (3) other funding sources contribute \$800,000 (the balance).

## **PROJECT COSTS**

All project costs should be itemized and summarized by categories appropriate to the project. Examples of budget categories are provided in Form 3. All project costs shall show the Rice Fund portion. The budget shall show enough detail so that application reviewers can assess the applicant's understanding of the steps and costs involved in bringing the project to successful commercialization. If a budget item is judged to be unreasonable, it will be disallowed, and the application may receive a lower score. Applicants may be asked for additional information on budget items at the clarification meetings and may be required to revise the proposed project's budget.

Only those expenses reasonably incurred during the duration of the grant shall be included in the total project costs. Costs of real, tangible property such as permanent structures and equipment should be annualized, and those annualized costs shall be reimbursable for the duration of the grant. Projected depreciation and amortization shall be computed using the straight-line method in amounts that allocate the cost of an asset over its remaining useful life. For example, a \$3,600 piece of equipment for a manufacturing plant is needed which has a 10-year useful life; the annualized cost is \$360. If the applicant applies for a two-year Rice Fund grant, and the piece of equipment is needed at the beginning of the project, \$720 may be listed for the total project cost for this item. If the grant recipient submits a grant disbursement request three months after the start of the grant, \$90 will be allowed as the cost-reimbursable payment. (\$360 per year divided by 12 months equals \$30 per month; this amount times three months equals \$90). If the piece of

equipment is leased, the three-month lease cost shall be used. If a loan is used to obtain the equipment, the three-month loan repayment cost shall be used. Similarly for other real, tangible property such as land and permanent structures, only the annualized or amortized costs such as rent, mortgage, and lease costs during the project's Rice Fund grant duration will be allowed. If an amortization or depreciation schedule that is shorter than is allowed by the Internal Revenue Service is used, reimbursement will be excluded as a project cost.

Applicants shall provide budget and cash flow projections for the three years after the Rice Fund grant ends. This post-Rice Fund project budget and cash flow requirement is to ensure that the project will be self-sustaining after the Rice Fund grant has been expended.

## **GRANT**

Upon accepting a Rice Fund grant, the successful applicant shall enter into a legally binding grant. Some of the grant provisions are discussed below. Additional provisions may be added, if deemed necessary by the ARB, at the time of grant award.

## **GRANT DISBURSEMENTS**

Grant payments will be disbursed by the ARB upon satisfactory review of progress reports and grant disbursement requests submitted by grant recipients. Cost-reimbursement payments will be made for specified amounts for the completion of milestones stipulated in the grant and documented in progress reports. Payment will not be made if the progress report submitted is deemed by the ARB to be unsatisfactory. Under no circumstances will the ARB reimburse a grant recipient for costs exceeding the grant award. There is a one-year limit to start drawing the Rice Fund grant money; and a three-year limit to end drawing from the Rice Fund. This calendar starts with the day the grant is approved. **Matching funds must be spent at the same rate as or faster than the rice fund grant.**

If the ARB grant manager determines that the grant recipient has violated the terms of the grant, or if acceptable progress on the project is not being made as outlined in the project schedule, the grant disbursements will be suspended until the Board determines whether to terminate the grant.

## **PROGRESS REPORTS**

Every grant disbursement request shall be accompanied by a progress report. The progress report must document expenditures since the previously submitted progress report and must describe the achievement of a milestone specified in the grant. If the interval between grant disbursement periods is more than three months, the grant recipient shall submit progress reports at three month intervals. The minimum interval shall be one month. The progress reports shall include:

- o a two-to-five page executive summary of the project's progress, suitable for public release;

- o a summary of project tasks or subtasks completed or partially completed since the last progress report, including a discussion of any problems or opportunities that have emerged as a result of the ongoing work, and a brief discussion of work planned before the next progress report;
- o a summary of expenditures for the achievement of the task or subtask, and a record of expenditures by category, subcategory, and detail item of the project budget;
- o a cumulative summary of expenditures by budget category since the beginning of the project as well as the total amount of dollars spent on the project to date;
- o a status report on the commercialization plan.

The grant recipient shall submit three copies of the progress report and grant disbursement request. The budget section of the progress report shall itemize all expenses incurred during the task(s) and subtask(s) identifying both Rice Fund expenses and matching-fund expenses by budget category and subcategory. The ARB staff will be responsible for approving payments. No reimbursement will be made for expenses that, in the judgment of the ARB staff, are not reasonable or do not comply with the grant.

## **GRANT MONITORING**

### Meetings

A meeting will be held between key project personnel and ARB staff, either at the ARB offices in Sacramento or at the project site, before work on the project begins. The purpose of the first meeting will be to discuss the overall plan, details of performing the tasks, the project schedule, and any issues that may need to be resolved before work can begin. Also, a review meeting will be held in Sacramento midway through the project. More frequent progress meetings may be scheduled if requested by the grant recipient or ARB grant manager. Another meeting will be held in Sacramento at the conclusion of the project to review the project results. Additional meetings may also be held at the project location or in Sacramento after appropriate notification.

### Technical Monitoring

Any significant change in the project scope requires the prior approval of the ARB grant manager. At the completion of each task, the grant manager may make a site visit to evaluate the attainment of the task.

### Final Reporting Requirements

Within 90 days after project completion, the grant recipient shall submit five copies of the final project report, plus an electronic file if available. Ten percent of the total project cost will be withheld until the receipt and satisfactory review of the final project report and final grant disbursement request. Final reporting requirements include:

- o a two-to-five page, publication-ready summary of the project, suitable for public release;
- o a detailed report discussing major aspects of the project including a discussion on the technology;
- o if applicable, an updated commercialization plan, including minimum levels of production and sales needed to achieve successful continuation of commercialization without State support;
- o a financial statement prepared in accordance with generally accepted accounting principles, including all necessary explanatory notes. The statement shall clearly identify and distinguish between Rice Fund project finances and other finances.

## PROPRIETARY INFORMATION

"Proprietary information" is information the grant recipient has identified and justified in a satisfactory manner as being under the grant recipient's control prior to commencement of performance of a Rice Fund grant or produced by the grant recipient or its subcontractors at their own expense, and which the grant recipient has reasonably demonstrated as being of a proprietary nature either by reason of copyright, patent or trade secret doctrines in full force and effect at the time when performance of a Rice Fund grant is begun.

1. The ARB **will not consider** the following submitted information to be proprietary:
  - a. budget information (e.g., overhead or hourly rates of individuals);
  - b. names of subcontractors and matching fund participants; and
  - c. information pertaining to established patents.
2. The ARB **will accept** requests for confidentiality for information that is essential to understanding the grant request and fits the following description:
  - a. **Technical information**, or information as used here, means recorded information regardless of form or characteristic, of a scientific or technical nature. The information may be graphic or pictorial delineations in media such as drawings or photographs, test specifications or related performance or design type documents or computer software. Computer software may include computer programs, data bases and documentation. Further examples of technical information include research and engineering data, engineering drawings and associated lists, specifications, engineering calculations, standards, process sheets, manuals, technical reports, catalog item identification, and related information. However, Government Code Section 6254.7 states that all information, analyses, plans or specifications that disclose the nature, extent, quantity, or degree of air contaminants or other pollution which any article, machine, equipment, or other contrivance will produce, which any state or local agency requires applicant to provide before the applicant builds, erects, alters,

replaces, operates, sells, rents, or uses such article, etc., are public records. All air monitoring and emission data are public records.

Technical information as used herein does not include financial reports, cost analyses and other information incidental to grant administration.

- b. A *trade secret* is any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented and which is known only to certain individuals with a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it.
- c. Information developed for the Commercialization Plan may be deemed proprietary for marketing purposes.
- d. Applicant financial documentation and records;
- e. Any information that is **patent pending** may be deemed confidential until a patent has been approved.

#### Requesting Confidentiality of Specific Information

Any grant request in response to this IGR which contains data claimed to be a *trade secret* or otherwise exempt from disclosure under Government Code Section 6254 or 6254.7 or under other applicable provisions of law shall be clearly identified and delineated as such at the time of submission. **All confidential information shall be submitted in an envelope separate from the rest of the grant request.** The envelope and each page containing confidential information are to be clearly marked "confidential". Also to be provided is the name, address and telephone number of the individual to be contacted if the ARB receives a request for disclosure of or seeks to disclose the data claimed to be confidential. Submit all requests for confidentiality per California Code of Regulations, Title 17, Section 91000 et seq., Disclosure of Public Records (see Appendix). Emission data shall not be identified as confidential.

#### How ARB Will Handle Proprietary Information Requests

The ARB will make every attempt to protect the confidentiality of information that has been submitted in accordance with ARB regulations on confidentiality. However, applicants are advised that the State cannot provide an absolute guarantee that materials designated as confidential will not be disclosed to the public. Further, the State cannot accept legal liability if such disclosure occurs. The ARB will not disclose data identified as confidential, except in accordance with the ARB requirements (see Appendix).

Complete and return Form 6 with the grant request if submitting proprietary or confidential information.

## **WHEN AND WHERE TO SUBMIT GRANT REQUESTS**

The deadline for submittal of grant requests will be **4:00 p.m. March 13, 2000**, received at the address below. The submittal package shall include the following:

- o 15 bound copies and one unbound copy of the grant request, including budget and all attachments, with original signatures,
- o 15 copies of the project business plan, if the applicant chooses to submit a separate business plan, and
- o an electronic file on computer diskette of the grant request if it is available.

All materials submitted will become the property of the State. All confidential information shall be submitted in an envelope separate from the rest of the grant request. The envelope and each page containing confidential information are to be clearly marked "confidential." The above grant request package(s) should be delivered to the Air Resources Board with the applicant name on the outside of the package(s) and addressed as follows:

**Rice Fund Grant Request**  
**Robert Fletcher**  
**Chief, Planning and Technical Support Division**  
**California Air Resources Board**  
**2020 L Street**  
**Sacramento, CA 95814**

## **QUESTIONS ABOUT THE RICE FUND**

Information about the Rice Fund Program may be found on the Internet at the following address:

**<http://www.arb.ca.gov/rice/ricefund/ricefund.htm>**

Questions about the rice fund may be directed to Ms. Lesha Hrynchuk, by calling (916) 322-7297 or by e-mail to *ricefund@arb.ca.gov*.

## SECTION IV - GRANT REQUEST CONTENTS

We expect the total amount of funding requested by Rice Fund applicants to significantly exceed the funds available to the program. As a result, the evaluation and selection process of the program is expected to be very competitive. Grant requests that are successful will show significant potential to become permanent, operating facilities, utilize significant amounts of rice straw annually, and reflect high degrees of technical, fiscal, and administrative excellence. This section contains information for assembling grant requests, and describes the information required. Additional informational material may be available at the applicant workshop.

Table 1 (page 27) shows a checklist of the contents of the grant request package. Six of the items (Forms 1-6) should be provided on the forms included in the "Forms" section of this document. Grant requests shall be typed on 8 ½ x 11 inch paper and assembled in the order shown by the checklist.

### TITLE PAGE

The grant request title page shall contain the project title, applicant's name (business or organization), lead contact person, address, and telephone number.

### EXECUTIVE SUMMARY

A one-page executive summary of the project shall be provided which is suitable for public release. The executive summary shall include the following information:

- Project title
- Applicant name
- Project description
- Time length of project and date of commercialization
- Usage of rice straw in tons per year at commercialization
- Project location and number of jobs created at commercialization
- Total project cost and amount requested from the Rice Fund
- Any appropriate additional information desired

### TABLE OF CONTENTS

Each page of the grant request shall be numbered and a table of contents shall be provided with associated page numbers.

### APPLICATION/AUTHORIZATION (Form 1)

Each item on the application/authorization form shall be completed, and the form signed, and dated. The project abstract shall be limited to 400 words which: state the project objectives, briefly describe the project, describe previous work done relating to the proposed project, and

estimate annual rice straw usage and number of jobs to be created at the end of the Rice Fund grant and five years later.

## **DESCRIPTION OF PROJECT**

The narrative shall be concise and thorough. Define all acronyms. Include sufficient detail so reviewers familiar and unfamiliar with the technology and business can evaluate its technical merit and commercialization potential. It is important that the grant request demonstrates the project team's knowledge and expertise in the technology area. Where possible, the results of engineering analyses and engineering drawings should be used to support technical claims made in the grant request. Claims regarding improvements in efficiency or cost-effectiveness that are unsupported or are based upon erroneous assumptions may result in the grant request being disqualified or receiving a low score.

**IN THE GRANT REQUEST, ADDRESS ALL THE FOLLOWING INFORMATION IN THE ORDER LISTED:**

- 1) Provide a description of the proposed project and the history of what was involved in bringing it to this development stage; include discussion of the research and development to date.
- 2) Include drawings, sketches, flow charts, and schematics of the technology as appropriate to describe how it works. Include computations including clearly stated assumptions.
- 3) Discuss previous work by the applicant on the proposed project, funding for that work, and sources of that funding.
- 4) Identify technical barriers to the proposed project. Discuss how these barriers will be addressed by the proposed project.
- 5) List and describe any relevant patents or patents pending on the proposed project.
- 6) Describe the project plan, and clearly and completely describe each task. Distinguish between work that will take place during the Rice Fund project and work that preceded and will follow the Rice Fund project. Identify the major contributors to each task and what each will do. Clearly identify what portion of the work will be supported with Rice Fund money.
- 7) Describe grant recipient resources available for the project (e.g., buildings, shops, and tools).
- 8) Discuss the environmental effects (on air, water, waste, etc.) of the project.

## COMMERCIALIZATION PLAN

The narrative shall be concise and thorough. Define all acronyms. Include sufficient detail so the reviewers can evaluate the business merit and commercialization potential of the proposed project. The grant request must demonstrate that successful commercialization is likely. It is also important that the grant request clearly identify and quantify the proposed project's economic benefits and show that the proposed project has high potential for a viable business operation. If a business plan is available, it should be attached.

### Understanding the Market

- 1) Describe the need for the product(s) (California, United States and internationally). Identify and describe the target markets (both domestic and foreign) for the product(s). Discuss the relevant characteristics (e.g., market timing, market segments, trends, purchasing criteria).
- 2) Discuss market size in terms of units and total dollar sales expected in first year after the product is put on the market, and identify that year. Estimate the market growth based on the expected sales in the first year. Discuss the factors that will influence the growth rate. Estimate market share for the proposed project.

### Competition

- 1) Discuss competition for the proposed product(s) and discuss how the product(s) from this project can be expected to compete in the marketplace after the end of Rice Fund support.

### Business Plan

- 1) Estimate the time at which a commercially self-sustaining business will begin operation. Describe how this estimate was made.
- 2) Identify at what point the process will be operational (minimum production level). Estimate the minimum, annual sales required to break even, and the minimum sales needed to make an acceptable profit (sustainable production).
- 3) Describe the strategy for commercialization, including how it will be financed and the personnel and organizations to be involved.
- 4) Discuss the marketing plan for the project (e.g., organization to market the product, method for marketing).
- 5) Describe the facility where the product will be manufactured, including where it is located, its capacity, and modifications that may be needed.

- 6) Identify the critical path leading from the current status of development to full commercial operation. Identify milestones to be achieved and estimated dates of each milestone's completion. The final milestone will be the minimum level of production that must be reached for self-sustaining operation.
- 7) List the permits necessary for the project, and describe the steps that must be taken to obtain them.
- 8) Discuss the rice straw supply plan. How will the rice straw be obtained for the project during the Rice Funding time, once the project reaches commercialization, and for a projected five years? Discuss the quality of rice straw needed. Discuss potential barriers. Describe how adequate supplies of suitable straw will be ensured. Discuss any contingency plans if the necessary rice straw feed stock is temporarily unavailable ( e.g., can alternative feed stock be used?).
- 9) Identify other barriers to successful operation (e.g., resource constraints, institutional or regulatory barriers). Discuss how these barriers will be addressed.
- 10) Identify and describe milestones for partial grant disbursements, and estimate the dates each will be reached.
- 11) Estimate the number and types of jobs to be created upon successful completion of project and five years later.
- 12) Demonstrate local community support for the project. Attach letters of support from representatives of the local community such as from county boards of supervisors, chambers of commerce, local organizations, and individuals.

### Financial

- 1) Estimate the total budget for a self-sustaining, profitable operation. Indicate how much additional funding the applicant will need to reach this point. Identify other funding commitments and prospective commitments for access to funds for the project through this level of operation.
- 2) Provide financial statements (income statement, balance sheet, cash flow) for the project (1) for the past three years, (2) during the time under the Rice Fund grant, and (3) for three years after the grant. List and discuss assumptions that may have a significant impact on your forecasts (e.g., interest, inflation rates, market size, competition, availability of financing, market growth rate, pricing, and timing of government legislation).

### Contingency Plans

In addition to the primary funding request, three contingency plans, listed below, shall be included. Discussion of financial projections and proforma of all three contingencies shall be limited to one or two pages in total.

- 1) plan for a scaled-down project if the requested grant were reduced,
- 2) plan for a scaled-up project if a larger grant award were made, and
- 3) plan if grant request were denied.

### **PERSONNEL DESCRIPTION**

Describe the qualifications of the key staff and their respective contributions to the project. Include managerial, technical, and business/marketing experience relating to the proposed project. Clearly identify the person who will have overall, lead responsibilities for the project and will be the main contact with the ARB.

#### Project Team

Describe the ownership and legal structure of the applicant organization. Explain the structure of the project team, and include a graphical display or organization chart. The relationships among all the project team members should be explained in the context of the project structure. Identify the team member who will have overall responsibility for management of the project, and any team members who will be acting primarily as matching fund participants. Discuss in detail how the work will be allocated among the staff and any contractors. Identify who is in charge of each task, who will work on each task, and what work each will do. Discuss the relationship and interaction between the technical and the business teams.

#### Project Team Technical Qualifications

This section of the grant request should explain the qualifications of the project team to conduct the proposed work. In particular, describe the team members' experience and expertise with the proposed project. Where applicable, cite references to past and current work directly related to the technology area being addressed in the project. Provide resumes of all key individuals responsible for conducting work on the proposed project (including any subcontractors). It is important to establish that the project team is qualified to conduct the proposed work. Therefore, provide specific examples and references to the experience and expertise of the team in the technology area.

### Project Team Managerial and Business Capabilities

Clearly describe the necessary managerial and business strengths to ensure the successful completion of the proposed project and for successful commercialization. Discuss how these strengths will be used to successfully complete the project and commercialize the product(s). Provide resumes of all key managerial and business personnel. Describe the past experiences of the firm and project principals in developing and commercializing new technologies.

### **APPLICANT FINANCIAL INFORMATION**

List the contact information for all applicant principals (those who have 20 percent or more financial interest in the applicant business/organization) and the titles they hold in the applicant business/organization.

Complete Form 2, Applicant Financial Information, to the detail requested.

For each applicant principal:

- o Clearly describe their financial status;
- o Clearly describe their capability of providing the necessary matching funds over the life of the project and to financially support the project through self-sustaining operation;
- o Identify where each principal's capital comes from (e.g., sale of products, or capital markets);
- o Describe any other company operations they are involved with and the types of products or services produced;
- o Discuss commitment to the project in terms of matching funds and prior investments directly related to the project;
- o Provide copy of filed Articles of Incorporation or filed Partnership Agreement;
- o Provide copy of Fictitious Name Statement filed;
- o Provide the previous three year-end business financial statements, including income statements, balance sheets, and cash flow statements. Individuals shall provide personal financial statements including tax returns; and
- o Provide written authorization for the ARB staff to access credit history.

Financial statements shall be prepared in accordance with generally accepted accounting principles, including all necessary explanatory notes. The financial statements shall be audited or

compiled by the applicant's independent public accountant. The ARB's preference is for audited financial statements, as an audit or review lends greater credibility to the financial statements provided by an applicant. In lieu of audited financial statements, the applicant may provide financial statements compiled by an independent public accountant.

### **BUDGET (Form 3)**

Complete each item on each page of Budget (Form 3). Show the budget and funding source for each task; distinguish among Rice Fund money, the applicant's contributions (include both cash and in-kind contributions), and other funding sources. Identify total contributions by each funding source. Identify total funding requested from the Rice Fund and total matching funds including monetary and reasonable value of in-kind contributions. Also identify other sources of funding being sought.

### **APPLICANT PRIOR INVESTMENT (Form 4)**

If the applicant takes credit for prior investment to meet the applicant matching fund requirement, Form 4 must be completed. Prior investment credit will be given only for those expenditures during the last five years directly tied to bringing the current project to commercialization. Credit will be given only for **real, tangible assets**. The dollar amount of credit claimed shall be the applicant's equity in the asset, i.e., the depreciated value, or book value, minus any money owed on the asset. Prior investment credit will *not* be given for any pre-paid expenses or services (see in-kind contributions credit below). Credit will not be given for prior expenditures for research and development. *Credit for the same asset may not be claimed under both prior investment and in-kind contributions.* Convincing evidence must be provided for the prior expenditure to be accepted. Examples of allowable prior investment credit are: permanent structures and their remodeling, and office and factory equipment. Prior investments may *not* be included in the current project costs; they are only used for partial credit in meeting the applicant matching fund requirement.

### **IN-KIND CONTRIBUTIONS (Form 5)**

If the applicant takes credit for in-kind contributions to meet the applicant matching fund requirement, Form 5 must be completed. In-kind contributions may be committed services, prepaid expenses, or real, tangible assets. Credit for in-kind contributions will be given only for those commitments for services or use of assets starting with the beginning of the current project once the Rice Fund grant is signed. In-kind contributions must be directly tied to bringing the current project to commercialization. Credit will be given only for the annualized market value of the in-kind contribution. For real, tangible assets this is the depreciated value amortized over the time that the grant is in force.

For example, the grant will be in force for the proposed project for two years. A previously purchased forklift is being claimed under in-kind contribution. The annual depreciation rate over the remaining useful life of the forklift is calculated and multiplied by the two years of the grant. This is the amount that may be claimed for in-kind contribution.

*Credit for the same asset may not be claimed under both prior investment and in-kind contributions.* Convincing evidence must be provided for the in-kind contribution credit to be accepted. Examples of allowable in-kind contribution credit are: use of permanent structures, existing office and factory equipment, commitment from persons to perform services for the project without reimbursement. The value of in-kind contributions *should* be included in determining the current Rice Fund project costs.

Clearly identify on Form 5 the dollar amounts that represent in-kind contributions and describe how each in-kind contribution dollar amount was determined.

## **PROJECT SCHEDULE**

Provide a graphic display (e.g., time line) of a measurable benchmark for each project task and the corresponding completion dates. The graphic display should identify the tasks, subtasks if necessary, and due dates. Clearly show milestones that are to be used as a basis for grant disbursements. In addition, provide a graphic display of the schedule to commercialize the product(s), starting from the end of the grant through the minimum level of production required at the end of commercialization.

## **ATTACHMENTS**

Letters of commitment from each funding source are required. Letters of commitment from each person providing in-kind contributions are required. Letters of support from potential customers (i.e., appropriate individuals or companies) to show market support for the proposed product(s) are encouraged. Any letters demonstrating community support should be attached. If the applicant has an existing business plan, it may also be included in the attachments.

**TABLE 1****Checklist for Items Required  
for Grant Request in Response to Rice IGR 99-01**

- Title Page
- Executive Summary
- Table of Contents
- Application/Authorization for IGR 99-01 (Form 1)
- Description of Project
- Commercialization Plan
- Personnel Description
- Applicant's Financial Status
  - Applicant's Financial Information (Form 2)
  - Articles of Incorporation or Filed Partnership Agreement
  - Fictitious Name Statement
  - Previous Three Year-End Business Financial Statements
  - Authorization for Access of Applicant Principals' Credit History
- Budget (Form 3)
- Applicant Prior Investment (Form 4)
- In-Kind Contributions (Form 5)
- Schedule
- Confidentiality Provision (Form 6)
- Attachments
  - Letters of Commitment
  - Letters of Support
  - Business Plan, if available

# FORMS

**FORM 1**  
**APPLICATION AND AUTHORIZATION FOR RICE FUND GRANT**

1. Project Title:
2. Applicant (i.e., Business or Organization) Name:
3. Mailing Address:  
If P.O. Box, please specify street address also:
4. Project Manager/Lead Person: \_\_\_\_\_ Telephone:  
Title: \_\_\_\_\_ FAX Number:  
E-mail address (if available):
5. Project Process (i.e. technology type):
6. Product(s) or Process to be Commercialized:
7. Project Funding: Provide information for the table below.

	RICE FUND		APPLICANT		OTHER FUNDING SOURCES		TOTALS
	\$	% of TPC	\$	% of TPC	\$	% of TPC	Subtotal \$
a. Cash		50%max		10%min			
b. In-kind contributions							
Contribution to Total Project Cost Subtotal: new investment (a+b)							<b>TPC</b>
c. Prior investment credit							
Total matching credit (a+b+c)				20%min			

**NOTE:** TPC is Total Project Cost. Do not include prior investment credit in TPC

8. List of All Other Funding Sources:

	NAME	\$ Investment	
		Cash	In-Kind
Source 1:			
Source 2:			
Source 3:			
Source 4:			

9. Commercialization Time/Stage of Development (years, months):

Time to Project Completion (Rice Fund Grant):

Time to Commercialize:

10. Project Information:

a. Project Location: \_\_\_\_\_

b. Rice Growing County: Yes \_\_\_\_\_ No

c. Estimated Jobs Created:

d. Estimated Annual Use of Rice Straw:

at end of project grant:

five years later:

11. Project Abstract: In approximately 400 words, provide the following information:

Project Objectives;

Applicant's Previous Work on the Project;

Description;

Estimated Environmental Effects (on air, water, waste, etc.);

Estimated Jobs Created by Type and Location;

Estimated Annual Use of Rice Straw at end of project grant and five years later.

12. Authorized Signature:

I certify to the best of my knowledge and belief that I have read and understand the terms and conditions contained in this Invitation for Grant Requests, including Appendices, and that the information contained in this grant request is correct and complete. In addition, I hereby authorize the California Air Resources Board to make any inquiries and obtain any financial information necessary to evaluate my organization's capability to supply the necessary financial support to the proposed project.

\_\_\_\_\_  
Signature of Authorized Official

Date

\_\_\_\_\_  
Typed Name

Title

## FORM 2

### APPLICANT FINANCIAL INFORMATION

#### GENERAL APPLICANT INFORMATION:

Provide the following information about the applicant (i.e., the business or organization):

Name, address, telephone and fax numbers, legal entity type (e.g., corporation, partnership), year started, main purpose of business, types of product(s) produced or services offered, number of years under current management, list of officers, number of employees by job type.

#### APPLICANT PRINCIPALS' INFORMATION

Provide the following information about all applicant principals. Principals are those who own 20 percent or more of the business:

Names and contact information, financial stake in the business, and managerial position in the business and in the Rice Fund project.

#### APPLICANT FINANCIAL INFORMATION

Provide balance sheets and income statement for the past three years for applicant and all principals.

#### MISCELLANEOUS INFORMATION

Is the applicant a party to any claim or lawsuit? ( ) Yes ( ) No

If "yes", please attach an explanation.

Has the applicant declared bankruptcy in the past 10 years? ( ) Yes ( ) No

If "yes", please attach an explanation. Chapter \_\_\_\_\_ Date of filing \_\_\_\_\_

#### CERTIFICATION

I certify to the best of my knowledge and ability that the information given in this application and supporting documents is complete, true and correct. I will provide all information required by the ARB to complete the assessment of this project.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Name and Title of Authorized Official

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

**Form 3**

**Budget Submittal Form  
Authorization For Rice Fund Grant Request**

Project Title:

Applicant Name:

Total Budget for Rice Fund Project:

Total Rice Fund Grant Requested:

Period Covered (years, months):

**Authorized Signature:**

I certify to the best of my knowledge and belief that the information contained in this budget submittal for Rice Fund Grant Request is correct and complete. In addition, I hereby authorize the California Air Resources Board to make any inquiries and obtain any financial information necessary to evaluate information contained in this attached budget form and the entire grant request document.

---

Signature of Authorized Official

Date

---

Typed Name

Title

## Form 3 (cont)

### **Budget Summary and Budget Detail**

Provide budget summaries and budget detail by project categories, subcategories, and by items within each project category for each milestone, task and subtask listed in the project schedule. Identify amounts expected from Rice Fund Grant. Itemize capital costs by total purchase price, useful life, and amortized cost for duration of the project.

Examples of project *categories* are:

labor, equipment, materials & supplies, utilities, etc.

Example of project *subcategory*:

for the equipment category, subcategories might be: purchase, rent, lease, maintenance,

Example of *detail* by subcategory:

for the equipment purchase subcategory: describe each piece of equipment that will be

***Applicants should use budget categories, subcategories, and detail appropriate to their individual projects. Enough detail should be provided for reviewers to evaluate the appropriateness and reasonableness of the project budget.***

**FORM 4**

**Applicant Prior Investment**

**Date of  
Expenditure**

**Description of Expenditure**

**Value Determination    Value Claimed**

**FORM 5**

**In-Kind Contributions**

**Description of Expenditure**

(include name and job description  
of person providing services)

**Value Determination**

**In-Kind Value Claimed**

## FORM 6

### Confidentiality Provision

**The following statement must be signed by the applicant and returned to the Air Resources Board with the applicant's grant request if the grant request includes proprietary or confidential information.**

\*\*\*\*\*

The applicant agrees that, in order for the Air Resources Board (ARB) to accomplish an evaluation of the applicant's grant request, it may be necessary for the ARB to disclose to non-ARB personnel information considered by the applicant to be proprietary or confidential. This information will only be disclosed to expert advisors and reviewers composed of ARB and non-ARB members. Non-ARB reviewers will sign a nondisclosure statement regarding proprietary or confidential information.

The restriction of disclosing this information shall not apply to any information identified by the applicant as proprietary or confidential that (a) is already known to the public or the ARB at the time of disclosure, or (b) is or becomes publicly known through no wrongful or negligent act on the part of the reviewers or the ARB.

The applicant further agrees that s/he has read the following confidentiality provision and agrees to its terms and conditions.

“It is understood that in the course of carrying out this agreement, the ARB may provide proprietary or confidential information (“Proprietary Information”) to non-ARB staff. The grant reviewer agrees to use his/her best effort to hold Proprietary Information in confidence and shall return it to the ARB upon the completion of the grant review.

This obligation shall apply only to Proprietary Information that is designated or identified as such in writing by the ARB prior to the disclosure thereof. All Proprietary Information shall be sent only to the grant reviewers. Moreover, this obligation shall not apply to any Proprietary Information which: (a) is or becomes publicly known through no wrongful or negligent act on the part of the grant reviewers; (b) is already known to the grant reviewers at the time of disclosure; (c) is independently developed by the grant reviewer without breach of this agreement; or (d) is generally disclosed to third parties by the ARB without similar restrictions on such third parties.”

---

Applicant's signature

---

Date

# APPENDIX

## APPENDIX

Subchapter 4.  
**Disclosure of Public  
 Records**

Article 1. General

**§ 91000. Scope and Purpose.**

This subchapter shall apply to all requests to the state board under the California Public Records Act (Government Code Section 6250 et seq.) for the disclosure of public records or for maintaining the confidentiality of data received by the state board. Written guidelines shall govern the internal review of such requests.

NOTE: Authority cited: Sections 39600 and 39601(a), Health and Safety Code. Reference: California Public Records Act, Chapter 3.5 (commencing with Section 6250), Division 7, Government Code.

HISTORY

1. New Subchapter 4 (Sections 91000 through 91022, not consecutive) filed 1-26-73; effective thirtieth day thereafter (Register 73, No. 4).
2. Amendment filed 9-28-73; effective thirtieth day thereafter (Register 73, No. 39).
3. Amendment of NOTE filed 3-18-77; effective thirtieth day thereafter (Register 77, No. 12).
4. Repealer and new section filed 10-5-82; effective thirtieth day thereafter (Register 82, No 41).

**§ 91001. Disclosure Policy.**

It is the policy of the state board that all records not exempted from disclosure by state law shall be open for public inspection with the least possible delay and expense to the requesting party.

NOTE: Authority cited: Sections 39600 and 39601(a), Health and Safety Code. Reference: Section 6253, Government Code; *Black Panther Party v. Kehoe* (1974) 42 Cal.App.3d 645.

HISTORY

1. Amendment filed 9-28-73; effective thirtieth day thereafter (Register 73, No. 39)
2. Amendment and new NOTE filed 3-18-77; effective thirtieth day thereafter (Register 77, No. 12).
3. Repealer and new section filed 10-5-82; effective thirtieth day thereafter (Register 82, No. 41).

Article 2. Board's Request for Information

**§ 91010. Request Procedure.**

The state board shall give notice to any person from whom it requests information that the information provided may be released (1) to the public upon request, except trade secrets which are not emission data or other information which is exempt from disclosure or the disclosure of which is prohibited by law, and (2) to the federal Environmental Protection Agency, which protects trade secrets as provided in Section 114(c) of the Clean Air Act and amendments thereto (42 USC 7401 et seq.) and in federal regulations.

NOTE: Authority cited: Sections 39600, 39601, and 39602 Health and Safety Code, Reference: Sections 39701, 41510, 41511, 41512 and 42705, Health and Safety Code; and Section 6253, Government Code.

HISTORY

1. Amendment of subsections (a) and (b) filed 9-28-73; effective thirtieth day thereafter (Register 73, No. 39).
2. Amendment of subsection (a), (b) and (c), and new NOTE, filed 3-18-77; effective thirtieth day thereafter (Register 77, No.12).
3. Amendment filed 10-5-82; effective thirtieth day thereafter (Register 82, No. 41).
4. Editorial correction filed 5-7-84; effective thirtieth day thereafter (Register 84, No. 19).

**§ 91011. Submissions of Confidential Data.**

Any person submitting to the state board any records containing data claimed to be "trade secret" or otherwise exempt from disclosure under Government Code Section 6254 or 6254.7 or under other applicable provisions of law shall, at the time of submission, identify in writing the portions of the records containing such data as "confidential" and shall provide the name, address and telephone number of the individual to be contacted if the state board receives a request for disclosure of or seeks to disclose the data claimed to be confidential. Emission data shall not be identified as confidential. The state board shall not disclose data identified as confidential, except in accordance with the requirements of this subchapter or Section 39660(e) of the Health and Safety Code.

NOTE: Authority cited: Sections 39600 and 39601, Health and Safety Code. Reference: Sections 39660, 39701, 41500, 41511, 41512 and 42705, Health and Safety Code; Sections 6253, 6254 and 6254.7, Government Code; *Natural Resources Defense Council v. EPA*, 489 F.2d 390 (5th Cir. 1974) (6 ERC 1248); *Northern California Police Practices Project v. Craig* (1979) 90 Cal.App.3d 116; *Uribe v. Howie* (1971) 19 Cal.App.3d 194.

HISTORY

1. New section filed 10-5-82; effective thirtieth day thereafter (Register 82, No. 41. For history of former section, see Register 73, No. 39).
2. Amendment filed 7-10-84; effective thirtieth day thereafter (Register 84, No. 28).

## Article 3. Inspection of Public Records

### § 91020. Disclosure Policy .

#### HISTORY

1. Repealer filed 10-5-82; effective thirtieth day thereafter (Register 82, No. 41).

### § 91021. Disclosure Procedure.

NOTE: Authority cited: Section 39601, Health and Safety Code. Reference: Sections 6253-6257, Government Code.

#### HISTORY

1. Amendment of subsections (c) and (d)(3) filed 9-28-73; effective thirtieth day thereafter (Register 73, No.39).
2. Amendment and new NOTE filed 3-18-77; effective thirtieth day thereafter (Register 77, No. 12).
3. Repealer filed 10-5-82; effective thirtieth day thereafter (Register 82, No. 41).

### § 91022. Disclosure of Confidential Data.

(a) This section shall apply to all data in the custody of the state board

- (1) designated "trade secret" prior to the adoption of this subchapter,
- (2) considered by the state board or identified by the person who submitted the data as confidential pursuant to this subchapter, or
- (3) received from a federal, state or local agency, including an air pollution control district, with a confidential designation, subject to the following exceptions:

(A) Except for the time limits specifically provided in subsection (b), only subsections (c) and (d) of this section shall apply to information submitted pursuant to Health and Safety Code Section 39660(e).

(B) Appropriate portions of an application for approval, accreditation, or certification of a motor vehicle emission control device or system shall be kept confidential until such time as the approval, accreditation, or certification is granted, at which time the application (except for trade secret data) shall become a public record, except that estimates of sales volume of new model vehicles contained in an application shall be kept confidential for the model year, and then shall become public records. If an application is denied, it shall continue to be confidential but shall be subject to the provisions of this section.

(C) If disclosure of the data obtained after August 9, 1984 from a state or local agency subject to the provisions of the Public Records Act is sought, the state board shall request that the agency which provided the data determine whether it is confidential. The state board shall request that it be notified of the agency's determination within ten days. The state board shall not release the data if the agency determines that it is confidential and so notifies that state board; provided, however, that the data may be released with the consent of the person who submitted it to the agency from which it was obtained by the state board.

(b) Upon receipt of a request from a member of the public that the state board disclose data claimed to be confidential of if the state board itself seeks to disclose such data, the state board shall inform the individual designated pursuant to Section 91011 by telephone and by mail that disclosure of the data is sought. The person claiming confidentiality shall file with the state board documentation in support of the claim of confidentiality. The documentation must be received within five (5) days from the date of the telephone contact or of receipt of the mailed notice, whichever first occurs. In the case of information submitted pursuant to Health and Safety Code Section 39660(e), the documentation must be received within 30 days of the date notice was mailed pursuant to that section. The deadlines for filing the documentation may be extended by the state board upon a showing of good cause made within the deadline specified for receipt of the documentation.

(c) The documentation submitted in support of the claim of confidentiality shall include the following information:

- (1) the statutory provision(s) under which the claim of confidentiality is asserted;

(2) a specific description of the data claimed to be entitled to confidential treatment;

(3) the period of time for which confidential treatment is requested;

(4) the extent to which the data has been disclosed to others and whether its confidentiality has been maintained or its release restricted;

(5) confidentiality determinations, if any, made by other public agencies as to all or part of the data and a copy of any such determinations, if available; and

(6) whether it is asserted that the data is used to fabricate, produce, or compound an article of trade or to provide a service and that the disclosure of the data would result in harmful effects on the person's competitive position, and, if so, the nature and extent of such anticipated harmful effects.

(d) Documentation, as specified in subsection (c), in support of a claim of confidentiality may be submitted to the state board prior to the time disclosure is sought.

(e) The state board shall, within ten (10) days of the date it sought to disclose the data or received the request for disclosure, or within 20 days of that date if the state board determines that there are unusual circumstances as defined in Government Code Section 6256.1, review the request, if any, and supporting documentation, if received within the time limits specified in subsection (b) above, including any extension granted, and determine whether the data is entitled to confidential treatment pursuant to Government Code Section 6254, 6255 or 6254.7 or other applicable provisions of law and shall either:

(1) decline to disclose the data and, if a request was received, provide to the person making the request and to the person claiming the data is confidential a justification for the determination pursuant to Government Code Section 6255; or

(2) provide written notice to the person claiming the data is confidential and, if a request was received, to the person requesting the data that it has determined that the data is subject to disclosure, that it proposes to disclose the data, and that the data shall be released 21 days after receipt of the notice by the person claiming confidentiality, unless the state board is restrained from so doing by a court of competent jurisdiction. The state board shall release the data in accordance with the terms of the notice unless so restrained.

(f) Should judicial review be sought of a determination issued in accordance with subsection (e), either the person requesting data or the person claiming confidentiality, as appropriate, may be made a party to the litigation to justify the determination.

NOTE: Authority cited: Section 39601, Health and Safety Code. Reference: Sections 6253, 6254, 6254.7, 6255, 6256, 6256.1, 6258 and 6259, Government Code.

#### HISTORY

1. Amendment of subsections (a) and (b) filed 9-28-73; effective thirtieth day thereafter (Register 73, No. 39).
2. Amendment and new NOTE filed 3-18-77; effective thirtieth day thereafter (Register 77, No. 12).
3. Amendment filed 10-5-82; effective thirtieth day thereafter (Register 82, No. 41).
4. Editorial correction of subsection (a) filed 5-7-84; effective thirtieth day thereafter (Register 84, No.19).
5. Amendment filed 7-10-84; effective thirtieth day thereafter (Register 84, No. 28).