



**Fiscal Year 2016-17**  
**Greenhouse Gas Reduction Fund:**  
**Proposed Organics Grants & Loans**

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# Organics Prevention and Management

- No way to achieve 75% without reducing or diverting organics
- 40% of CA waste stream is organic
- 18% food waste
- ~ 10M tons/year suitable for compost/AD
- Has to be handled locally or regionally
- `30 - 100 new or expanded compost or digestion facilities

# Key CA Policy Drivers

- AB 939 (50% diversion requirement for cities, counties and regional solid waste agencies)
- AB 341 (75% statewide goal by 2020)
- AB 1826 (Mandatory commercial organics recycling)
- AB 1594 (green material ADC ≠ recycling)
- **AB32 (waste sector scoping plan)**
- **Short Lived Climate Program (90% of organics out of landfill by 2025)**



# GGRF Cycle 2 (FY 16-17)

## **Governor's Proposed Budget - \$100 Million**

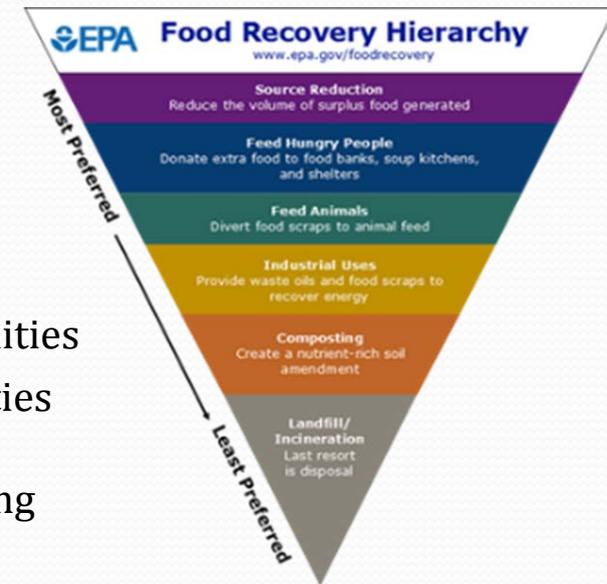
- ~\$60M for Organics Infrastructure grants
- ~\$15M for Fiber/Plastic/Glass Infrastructure grants
- \$10M for Food Waste Prevention & Rescue grants
- \$6M for Demonstration Projects
- \$5M Loans
- Remaining for Administration

***Subject to approval of Legislature and budget being signed by Governor (deadline 7/1/2016)***

# Organics Prevention & Management

## *Building 2 types of “Infrastructure”*

- Waste Prevention & Rescue “Infrastructure”
  - Focus on top of Food Recovery Hierarchy
  - FY 16/17 Greenhouse Grants (\$10M) - **NEW PROGRAM**
- Waste Management “Infrastructure”
  - Focus on expanding and building new compost/digestion facilities
  - FY 14/15 Greenhouse Grants/Loans – focus on building facilities but included food waste partner opportunity
  - FY 16/17 Greenhouse Grants/Loans (\$60M) – focus on building facilities; **still includes food waste partner opportunity**
- Symbiotic Relationship



# Food Waste Focus

Food is largest single item ~18% or nearly 6 million TPY

Food breaks down quickly → methane emissions

Food has a lot of embedded energy:

- *Growing:* seed, tilling, watering, fertilizers, pesticides, harvesting
- *Transporting:* farm to processor to wholesale to retail to you
- *Processing:* cleaning, sorting, milling, cooking, packaging
- *Refrigeration:* many or all steps depending on the product



# Addressing Hunger in California

- 1 out of 7 Californians experiences food insecurity
- 1 out of 4 children in California may go to bed hungry
- Fresno, Bakersfield, San Bernardino – in Top 10 most food insecure places in U.S.
- It occurs in nearly all communities
- 40% of all food in U.S. is wasted

## Project Requirements

- Projects must be located in California and result in permanent, annual, and measurable:
  - Reductions in greenhouse gas emissions from the handling or landfilling of California-generated food materials; **and**
  - Increases in tons of California-generated food materials destined for landfilling that must be either prevented, reduced, or rescued from disposal.
- Competitive grant program

# Proposed Eligible Applicants

- Local governments (cities, counties, and cities and counties)
- Regional or local sanitation agencies, waste agencies, or Joint Powers Authorities
- State or federal government agencies (including offices, departments, bureaus, and boards)
- The University of California, the California State University, or other public universities or colleges
- Private, for-profit entities
  - Food processors/distributors
  - Farmers markets
  - Solid waste facilities
  - Grocers
- Nonprofit organizations
  - Food banks
  - Homeless shelters
  - Community centers
  - Food rescue organizations
  - Food runners
  - Gleaners
- Qualifying Indian Tribes

## Proposed Eligible Projects

- **Food waste prevention projects** are projects that prevent food waste from being generated or divert food from becoming waste normally destined for landfills.
  - Software
  - Education materials
  - Gleaning
  - Processing of unspoiled food

## Proposed Eligible Projects

- **Food rescue projects** result in rescued food being distributed to people, with any food waste residuals from the project being sent to composting or digestion when available within their service area.
  - Refrigeration (stationary and/or mobile)
  - Vehicles for food rescue delivery
  - Repackaging for meal delivery
  - Forklift/pallet jack equipment
  - Kitchen equipment (stoves, ovens, dishwashers)
  - Structures or building space (storage, dining areas)
  - Computer hardware/software for tracking

## Proposed Funding Levels

- Total of \$10 million available for Food Waste Prevention & Rescue Grant Program for FY 2016-17
  - Proposed minimum award per applicant is \$100,000
  - Proposed maximum award per applicant is \$500,000
- Contingent on passage of FY 16-17 Governor's Budget

## \$\$\$ Comes with Strings Attached

- Must result in annual GHG reductions
- Must result in LESS TONS to landfills
- Tons & GHG must be measurable and reportable
- Biggest bang for the buck (focused criteria for large)
- Building lasting infrastructure (capital investments, equipment)
- Limits on salaries, overhead, outreach/education, networking, social behavior expenses
- Min/max dollar amount per application – ***must be manageable for CalRecycle***
- Need projects that can achieve successful implementation
- Disadvantaged Communities – 25% of total funds to provide benefits



# Tentative Timeline

<b>Dates</b>	<b>Activity and Details</b>
February 2016 – June 2016	Criteria Development
April 2016	1st Stakeholder Workshop
May 2016	2nd Stakeholder Workshop ( <i>if needed</i> )
June 2016	Criteria RFA Presentation
August/September 2016	Application Release
November 2016	Application Due Date
April 2017	Grant Awards

# *What will it cost to build a 21<sup>st</sup> Century Organics Infrastructure?*

- Typical costs for new composting facility
  - \$8-15 million for facility sized at 100,000 TPY
  - 100 facilities to get 10 million tons → \$0.8-1.5 billion
- Typical costs for new AD facility
  - \$30-50 million for facility sized at 100,000 TPY
  - 100 facilities → \$3-5 billion
- Since technologies will be a mix, estimate of \$\$\$ needs is ~\$2-3 billion

# Organics Grant Program

Competitive grant program to lower overall greenhouse gas emissions by expanding existing capacity or establishing new facilities in California to reduce amount of California-generated green materials, food materials, and/or Alternative Daily Cover being sent to landfills.



# Organics Grant Program Overview

## Project Overview

- Must result in annual GHG reductions
- Must result in LESS tons to landfills – landfill diversion
- Tons & GHG must be measurable and reportable
- Lasting infrastructure (capital investments, equipment)
- Limits on salaries, overhead, and administrative costs
- Successful implementation
- Disadvantaged Communities – 25% of total funds to provide benefits

# Organics Grant Program Eligibility

## Eligible Applicants

- Government entities
  - Cities, counties, regional or local sanitation agencies, water agencies & JPAs
- Private, for-profit entities
- Operators of composting or anaerobic digestion facilities
- Nonprofit organizations
- State agencies
- UC, CSU, and California Community Colleges
- Qualifying Indian Tribes

## Eligible Projects

- Construction, renovation or expansion of facilities to increase in-state infrastructure for:
  - Composting
  - Anaerobic digestion, other related digestion, or fermentation processes
  - Food waste prevention projects



# Organics Grant Program Criteria

## Use of Grant Funds:

- Purchase of equipment
- Machinery
- Real Estate improvements associated with the installation/project
- Food Waste Prevention Projects

## Project Readiness:

- Permits (Conditional Use, Solid Waste, Notification) must be in place or in development
- Environmental review mostly completed (CEQA)
- Work plan
- Budget
- Fiscal soundness



# Organics Grant Program Disadvantaged Communities (DAC)

## Food Waste Prevention and Rescue

- Developing/enhancing food network within DAC
- Partnering with social/food organizations
- Feeding people in need and using residuals for AD/Compost
- Labor, equipment, and software

## Employment

- Hiring employees from a DAC
- Working with employment service agencies
- Temporary/Permanent, Part-time/Full-time accepted
- Construction, Management, Operations, etc.



# Organics Grant Program Cycle 1 (FY 14-15)

Grantee	Project Type	Awarded Funds	Location	Projected Tons	Projected GHG
CR&R Incorporated	AD	\$3,000,000	Perris	822,300	483,000
Colony Energy Partners	AD	\$2,925,920	Tulare	1,108,226	651,451
Recology East Bay	AD	\$3,000,000	Oakland	214,800	201,800
Mid Valley Disposal	Compost	\$3,000,000	Kerman	289,700	137,200
Burrtec Waste Industries	Compost	\$2,595,080	Victorville	323,400	184,300

# Greenhouse Gas Reduction Grants Cycle 2 (FY 16-17)

## Proposed Changes for FY16-17

**Rural Program:** Reserve \$5 million, max \$2 million per application

- Rural defined as county with population of less than 200,000
- Rural program scored separately from Organics program

**Preprocessing:** Additional requirements for preprocessing applicant

- Project must result in diversion from landfills beyond that which preprocessor was already diverting
- Preprocessor must provide proof of binding agreement with California facility that is receiving preprocessed feedstock to make compost, soil amendments, biofuels, or bioenergy
- If composting or digestion facility also submits application, each project must result in discrete increases in tons of material diverted from landfills and achieve GHG reductions

# Greenhouse Gas Reduction Grants Cycle 2 (FY 16-17)

## **Proposed Changes for FY16-17 cont.**

### **Food Waste Prevention/Rescue Projects:** Expand eligible costs

- Expand eligible costs to include purchase of food waste prevention software that can be shared with food waste generators
- Remove Food Waste Prevention salaries (driver/nonprofit labor) from 5% of the total grant budget cap on salaries; allow up to 50% of Food Waste Prevention budget to pay for salaries.

### **Number of applications** per primary business entity

- Limit to two applications per primary business entity

### **Adjusting Points** in Scoring Criteria

- Eliminate 5 points for “Application Completeness” and add 5 points to “Tonnage” (diversion) for a new total of 20 points
- Deduct 5 points from Air & Water Quality Benefits and add 5 points to Disadvantaged Communities; totaling 5 points for Air/Water and 15 for DAC

# Tentative Timeline

<b>Dates</b>	<b>Activity and Details</b>
April 2016?	Criteria RFA Presentation
Early Summer	Application Release
6-8 weeks later	Application Due Date
Fall/Winter	Grant Awards

# Greenhouse Gas (GHG) Reduction Revolving Loan Program

Purpose is to lower overall greenhouse gas emissions by expanding existing capacity or establishing new facilities in California to reduce amount of California-generated green materials, food materials, and/or Alternative Daily Cover being sent to landfills.



# GHG Revolving Loan Program

## Project Overview/Readiness

- Must be located in California and result in permanent, annual, and measurable reductions in greenhouse gas (GHG)
- Must result in LESS tons of California-generated green, food, ADC, fiber, plastic or glass being sent to landfills
- Project will require a GHG analysis. Only passing scores will be considered for funding
- Permits (Conditional Use, Solid Waste, Notification) must be in place or in development
- Environmental review mostly completed (CEQA)
- Budget/Projections/Fiscal soundness is verifiable
- Applicant is ready to fund hard cost of project (equipment purchases, construction improvements, and related costs)

# GHG Loan Program Eligibility

## Eligible Applicants

- Government entities
  - Cities, counties, regional or local sanitation agencies, water agencies & JPAs
- Private, for-profit entities
- Nonprofit organizations



## Eligible Projects

- Construction, renovation or expansion of facilities to increase in-state infrastructure for:
- Composting
- Anaerobic digestion, other related digestion, or fermentation processes
- Food waste prevention projects that are part of an organics project.
- Fiber, plastic & glass projects that manufacture value-added finished products using California derived recycled content.
- Pre-processor of organic waste who supply pre-processed organics to an in-state digestion or composting facility.
- Pre-processor of fiber, plastic or glass who supply pre-processed waste materials to an in-state manufacturer, that makes a finished product.

# GHG Loans Funded & Program Criteria

## Loans Approved or Funded

Nursery Products Inc.	2015	\$ 850,000
Harvest Power Calif.	2015	<u>\$ 890,000</u>
Total:		\$1,740,000

## Loan Funds Available

2014\15 Available	\$ 1,534,000
2015\16 Available *	\$ 4,529,000
2016\17 Pending **	<u>\$ 4,529,000</u>
Projected Funding:	\$10,592,000

\* Application on-line date: April 2016

\*\* Projected available date: July 2016

## Loan Terms

- Maximum loan per application: \$2,000,000
- Maximum loans with CalRecycle: \$5,000,000
- Interest rate 4%
- Loan Application Fee - \$300
- Loan Closing Points – ½ %
- Loan Amortization Period
  - 10 Years Equipment
  - 15 Years Real Estate Secured
- 25% matching fund requirement
- Equipment/Machinery secures loan
- No prepayment penalty

## Use of Loan Funds

- Purchase of equipment
- Machinery
- Real Estate improvements associated with the installation/project