



# RMDZ Loan Criteria

Zone Works, May 2019

# Session Objective

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- Review the revised RMDZ Loan criteria (approved 12/2018)
- Focus on examples of eligible/ineligible projects
- Hear ZAs' experience/questions from using Loan criteria in the field

# Eligible Applicants

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- Private, for-profit entities
- Nonprofit organizations (except private schools)
- Government entities
  - Cities and Counties
  - Regional or local sanitation agencies, waste agencies, or joint power authorities

# Funding: Matching Fund Requirements

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- Clarified matching fund requirements
  - 25% of total project
  - **Can** use: Cash, Grants, or Loans
  - **Cannot** use: Collateral, Personal Property, Intangible items, i.e., patents, IOUs



# Funding: Loan Term, Interest Rate and Fees

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- Term: 10 years when secured by assets other than real estate, or 15 years when partially or wholly secured by real estate
  - Loan terms may be less than 10 years to match the useful life of the equipment
- Interest Rate: 4% fixed
- Cost:
  - Application fee is \$300
  - Loan closing fee is .5%

# Funding: Eligible Collateral

- Equipment purchased with loan funds
- Equipment purchased with project matching funds.
- Other owned equipment
- Real Estate (excluding personal residence)
- Inventory
- Accounts Receivable



# Funding: Ineligible Collateral

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Typically ineligible collateral:

- Personal Residence
- Personal Vehicles
- Retirement Accounts
- Foreign Accounts
- Liquid Assets



# Funding: Personal and/or Business Guarantee

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- Generally required from owners of 20 percent or more and their related business entities
- Other key personnel, including owners of less than 20 percent, may be asked to guarantee:
  - When necessary to support the viability of the loan



# Funding: Assignment of Life Insurance

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- Assignment of life insurance may be required for key owner(s) when:
  - Key owner(s) are essential to the success of the business.



# Funding: Use of Loan Funds

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- Machinery and Equipment
  - Entire assembly line, vehicles or other “rolling stock”



# Funding: Use of Loan Funds

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- Real Estate Purchases
  - Maximum up to \$1 million
- Real Estate and Leasehold Improvements Working Capital
- Refinance of Onerous Debts that result in additional diversion
- Loan Closing Points



# Funding: Use of Loan Funds

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- Local government entities can use the funds for:
  - Infrastructure and/or capital improvements in support of recycling manufacturers

# Feedstock

## Waste material:

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- Generated in CA
- Typically landfilled
- Does not have to be currently landfilled if used to manufacture a value-added feedstock/finished product
- One key criterion: project results in expanded market demand for recycled materials

# Location

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- Project's physical address must be located in a RMDZ
- If mobile operation, such as Chip/Grind, the primary business location must be in the Zone
- *Note: If a business has not identified a project address, then Loan staff will not start working on a loan application with a business*

# Permits

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- Added information that the business must have the necessary permits to operate
  - Land, air, water, fire, etc.
- Copies of approved permits must be provided before the loan is funded

# RMDZ Eligible Project Types: Waste Prevention

- *Definition:*

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- Change the process by which products are made, resulting in a net reduction of feedstock(s) used and/or waste generated
- Modifying equipment or processes, improving operations and maintenance, and changing materials in manufacturing
- Results in less waste generated during the manufacturing process

# RMDZ Eligible Project Types:

## Reuse

- *Definition:*
- Prolong the useful life of a product,
- Delaying final disposal or recycling,
- May involve the repair, repurposing, reconditioning, washing, or treatment of a worn or used product
  - Makes the product useable again for its originally intended purpose or for a similar purpose.
- Edible food recovery includes collection, storage, and redistribution

# RMDZ Eligible Project Types: Recycling, Composting, Anaerobic Digestion

- *Definition:*

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- Types of recycling manufacturers:
  1. Processing a feedstock into a finished product
  2. Producing a value-added feedstock for use by other manufacturers that produce a value-added or finished product

## Ineligible Project Types: General

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- Using hazardous waste, metals, and/or any specific materials that are banned from solid waste landfills locally or statewide
- Producing single use plastic bags or polystyrene food containers
- Technologies: Transformation (i.e., incineration, pyrolysis, waste-to-energy, etc.), gasification, biomass

# RMDZ Eligible Project Types: Waste Prevention

- Modifying equipment or processes to make products using less raw material or packaging.
- Purchasing a laser cutter to replace a water saw, to cut more parts from the same sized sheet of plastic.



# RMDZ Ineligible Project Types: Waste Prevention

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- Buying recycled or reusable pallets, reusable containers or reusable filters that are not directly involved in the making of a product.

# RMDZ Eligible Project Types: Reuse



- Separating salvageable items from deconstruction projects for resale.
- Collecting, distributing, and storing edible food for human consumption and/or animal feed.
- Collecting, cleaning, sterilizing and redistributing glass bottles.
- Washing reusable diapers that are used instead of disposable diapers.

# RMDZ Eligible Project Types: Reuse



- Collecting, sorting, repurposing, and/or repairing items for resale.
- Providing a textiles swap subscription service and assigning a points system for items donated (and therefore for a higher level of reuse)

# RMDZ Ineligible Project Types: Reuse

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- Performing home appliance or automobile repairs
- Dismantling automobiles or white goods
- Collecting and refilling propane tanks
- Washing uniforms that would not otherwise be disposed

# RMDZ Eligible Project Type: Recycling—Intermediate Product



- Cleaning and grinding any type of plastic to produce plastic pellets, flakes, or chips
- Processing recovered tires to produce crumb rubber
- Deconstructing mattresses and separating the residual wood, metal, and fiber to be made into new products
- Deconstructing waste carpet and sorting into residual materials (nylon/plastic/wool fiber, calcium carbonate, etc.) to make other products

# RMDZ Eligible Project Type: Recycling—Intermediate Product



- Recovering edible food and producing a new product, i.e., using recovered edible food to make prepared meals, such as soups, jams, baked goods, etc.
- Producing pellets, flakes, or chips by separating, cleaning and grinding plastic casing/containers that previously contained electronic waste, paint, pesticides, plastic parts of solar panels, etc., which therefore are no longer considered hazardous waste.
- Separating and cleaning casing from electrical cords and grinding the plastic to produce plastic pellets, flakes, or chips.

# RMDZ Eligible Project Type: Recycling, Composting, In-Vessel Digestion--Finished Product



- Processing organic materials through a compost system to produce compost.
- Chipping and grinding organic materials to make mulch or decorative landscape materials.
- Converting feedstock such as food waste by using in-vessel digestion to produce renewable natural gas, liquid fuels, electricity, heat, soil amendments, and liquid fertilizers.

# RMDZ Eligible Project Type: Recycling—Finished Product



- Paper = finished products-copier paper/paper towels/table napkins/tissue.
- Cardboard and newspaper = finished products-bottle shells, boxes and wall insulation.
- Carpet fibers = manufacture recycled content carpet underlayment.
- Plastic pellets, flakes, or chips = plastic pallets, lumber (or other durable building materials), bottles, and food packaging (see Ineligible Project Types for specific exclusions).
- Plastic waste created during manufacturing process & processing to make post-industrial recycled content finished product. (*Note: This waste was previously being disposed.*)

# RMDZ Eligible Project Type: Recycling—Finished Product



- Using glass to manufacture recycled content glass tiles, flooring, countertops, tableware, trophies and/or gift items.
- Using crumb rubber to manufacture recycled content weighted bases for traffic safety products, rubber mats, and/or hot asphalt mix.
- Grinding broken concrete and asphalt to manufacture recycled content rock products, gravel, sand, and road base.
- Using recycled content yarn made from recycled plastic to sew garments.

# RMDZ Eligible Project: Recycling, Composting, Anaerobic Digestion

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## Projects related to using **feedstock from Tree Mortality waste**

Eligible: if supporting documentation that the feedstock would be disposed otherwise.



# RMDZ Ineligible Project Types: Recycling, Composting, Anaerobic Digestion



- Collecting/baling recyclables for shipment only.
- Any project recycling only metal
- Using woodchips or any other feedstock in a gasification unit to produce biochar as a soil amendment
- Produce single-use plastic bags with recycled feedstock
- Produce polystyrene food containers using recycled content feedstock
- Feedstock, finished product or equipment for use in conversion technologies, such as biomass, transformation (e.g., pyrolysis), gasification
- Development of a mobile phone application to encourage recycling
- Using wax produce boxes to produce fire logs
- Recycling hazardous waste or hazardous portions of e-waste

# Questions/Sharing

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- To access the Loan Criteria document:  
[www.calrecycle.ca.gov/docs/cr/rmdz/loans/loancriteria.pdf](http://www.calrecycle.ca.gov/docs/cr/rmdz/loans/loancriteria.pdf)