



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

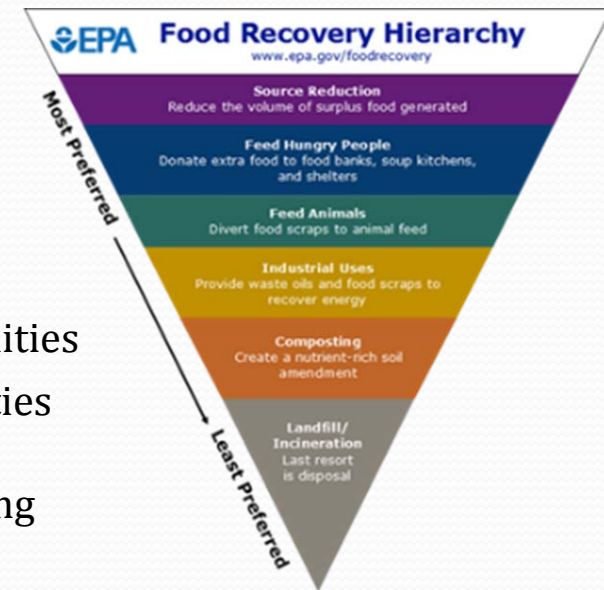
- ~\$60M for Organics Infrastructure grants
- ~\$15M for Fiber/Plastic/Glass Infrastructure grants
- \$10M for Food Waste Prevention & Rescue grants
- \$6M for Demonstration Projects
- \$5M Loans
- Remaining for Administration

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

Dates	Activity and Details
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 21st 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

Dates	Activity and Details
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