Climate Pollution Reduction Grants – CalRecycle Implementation Grant Workplan

# Overall Project Summary and Approach

1. **Description of GHG Reduction Measures**

Municipal solid waste landfills are the third largest source of methane emissions in California. Because about a third of California’s waste stream is made up of organic waste, it is critical that the State focuses on both diverting organic waste and improving landfill operations to tackle waste sector emissions from multiple angles. Due to the multidecadal time frame required for landfilled organic material to break down, the emissions reductions from diverting organic material in one year are realized over the course of several decades. Combined with the fact that methane is a powerful GHG and short-lived climate pollutant, near-term action is crucial to avoid locking in future landfill methane emissions. CPRG funding would allow California to expand and accelerate near-term efforts that will significantly reduce emissions for decades to come, while also providing immediate climate and public health.

CalRecycle proposes to expand upon its existing experience implementing the [California Climate Investments (CCI) Organics Grant Program](https://www.caclimateinvestments.ca.gov/organics-grant-program) within the waste sector. This program provides grants to support California’s organics recycling infrastructure by expanding existing capacity or establishing new facilities to reduce the amount of California-generated source-separated green materials and food materials being disposed in landfills and create value-added products such as compost and bioenergy. Eligible projects will divert source-separated green and food materials from landfills to new or existing composting, co-digestion, and anaerobic digestion (AD) facilities. These investments will result in reduced methane emissions from landfills as well as air and water quality benefits. All projects are expected to consider impacts and identify potential benefits to local communities, such as jobs created or compost giveaways.

Major features include the expansion of a rigorous and mature program that has operated since 2015 and includes project evaluation and selection, managing awarded projects, and tracking project outcomes. Major milestones are Notice to Proceed dates provided to awarded projects, quarterly reports to ensure projects remain on track, and final reports as projects are completed. Risks include any unforeseen difficulties related to timelines required for projects to finalize their permits and finish installation of equipment before the grant term expires for the program. The full estimated period of performance of up to five years will reduce this risk.

CPRG funding would have a substantial positive impact by allowing California to multiply the success of the State’s Organics Recycling Infrastructure Grants program. This program was included in the State’s Priority Climate Action Plan (PCAP)[[1]](#footnote-2) because it will have immediate GHG reduction impacts, provide jobs, protect the environment, and put organic waste back to work growing food and building healthy soil. Furthermore, this program will fund replicable projects that directly align with the federal strategies discussed in EPA’s Strategies for Methane Mitigation, as well as EPA’s Draft National Strategy for Reducing Food Loss and Waste and Recycling Organics.

1. **Demonstration of Funding Need**

Senate Bill (SB) 1383 (Lara, Chapter 395, Statutes of 2016) set methane emissions reduction targets for California in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP). These goals include reducing organic waste disposal by 75% by 2025 and rescuing at least 20% of currently disposed surplus edible food for human consumption by 2025. According to the [*SB 1383 Infrastructure and Market Analysis*](https://www2.calrecycle.ca.gov/Publications/Download/1401) study conducted in 2019, when SB 1383 and the SLCP strategy are fully implemented, California will need to divert an additional 12 to 14 million tons of organic waste each year to prevent these materials from being landfilled and generating methane emissions. CalRecycle’s 2020 [*Analysis of the Progress Toward the SB 1383 Waste Reduction Goals*](https://www2.calrecycle.ca.gov/Publications/Download/1589) estimated that California will have an organic recycling capacity shortfall of approximately eight million tons/year in 2025. With this clear policy target and existing, proven programs in place, additional funding is all that is left to realize California’s organic waste ambitions. Now more than ever, it is critical to continue investing in California’s organics recycling infrastructure to meet the state’s methane emissions reduction targets, help achieve federal climate goals under the Paris Agreement, and avoid the worst effects of global climate change.

CalRecycle established its Greenhouse Gas Reduction Grant Program (GGRF) in 2014 as part of the California Climate Investments (CCI) program, and over the last 10 years has funded dozens of grant cycles targeting projects ranging from organics recycling infrastructure (the [Organics Grant Program)](https://calrecycle.ca.gov/climate/grantsloans/organics/), community composting, food waste reduction and recovery, fiber, plastic, and glass recycling infrastructure, and reuse projects. The CCI program has provided key grant funding to date. However, the amounts have been insufficient to meet demand for organics diversion infrastructure investments across the State. In addition, CCI funding is a one-time appropriation that is contingent upon the state’s annual budget process, therefore CalRecycle is not guaranteed funding every year. In fiscal years 2021-22 and 2022-23, the California State Budget included a Circular Economy Package to support a circular economy that recognizes waste as a resource shifting the state’s focus to a more resilient and renewable economy in California. CalRecycle received a total of $35 million dollars from the State’s General Fund for Organics Infrastructure in addition to $70 million of CCI funding. Separately the State allocated over $160 million for grants to local jurisdictions for implementation of SB 1383, of which $19.5 million was awarded to organics infrastructure projects. CalRecycle’s Organics Grant Program is often oversubscribed. In the 2023 grant cycle alone, CalRecycle awarded more than $130 million to 23 projects, but was unable to fund ten eligible grant requests totaling $58.4 million due to lack of funding, and an additional 17 projects totaling $125 million did not score well enough to be funded but with some minor changes could serve the critical need to expand organics recycling infrastructure in California. CPRG funding can fill this critical need and achieve substantial, cost-effective emissions reductions.

Should both this CalRecycle-led program and a local jurisdiction’s composting or anaerobic digester project be applied for in CA under separate CPRG implementation grant applications, CalRecycle will work with US EPA to consider all reasonable options, including only making only MSA’s, counties, or cities that were not also awarded under CPRG for funding eligible for the CalRecycle program to ensure the additionality of the CPRG funds.

1. **Transformative Impact**

Organic waste accounts for more than a third of the material in California’s waste stream ending up in landfills. In 2022, 40.5 million tons of material was disposed in California landfills. The decomposition of organic material in landfills is the third largest source of methane emissions in California, accounting for approximately 20 percent of the state’s methane. Preprocessing, composting, and anaerobic digestion infrastructure are critical to California’s ability to prevent organic materials from creating methane in landfills as well as being recycled into beneficial recycled organic waste products like compost that can help sequester carbon in soils on natural and working lands. The state’s [Natural and Working Lands Climate Smart Strategy](https://resources.ca.gov/-/media/CNRA-Website/Files/Initiatives/Expanding-Nature-Based-Solutions/CNRA-Report-2022---Final_Accessible.pdf) calls for increased use of compost on agricultural lands, croplands, developed lands, grasslands, and fire-scarred forest land. California will need new and expanded composting facilities to generate the amount of compost needed to support these goals.

Biogas generated from anaerobic digestion of organic waste can be used to produce renewable fuel, electricity, and renewable natural gas supporting the state’s goal to reduce current dependance on petroleum and fossil gas and shift to clean and renewable energy resources and zero-emission vehicles. Digestate from AD facilities is typically composted to create soil amendments that can be used beneficially in agriculture.

Additionally, public grant funding for organics recycling infrastructure leverages substantial private investments for each project through match funding with project proponents typically providing $4 towards the investment for every $1 in grant funding received. According to the [California Climate Investments 2023 Annual Report, Cap-and-Trade Auction Proceeds](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/cci_annual_report_2023.pdf) report, as of April 2023, CalRecycle had awarded $69.5 million to projects that leveraged $263.7 million from other funding sources, for a total investment of $333.2 million. These investments have resulted in the diversion of almost 4 million tons of organic waste.

The Organics Grant Program offers a unique opportunity to demonstrate how to implement large scale organics diversion projects and share lessons learned as SB 1383 is fully implemented. California has a variety of community types from dense urban areas to sparsely populated regions, with varying terrain and weather conditions. Through this program CalRecycle can provide data on a variety of infrastructure types to address organic material recycling as well as peer matching opportunities and identify success factors and implementation strategies for communities in other states planning on implementing organic material diversion programs for their residents and businesses. This program is pioneering methods for reducing emissions from the waste sector through replicable, scalable policies and programs that recycle organic waste into valuable products for clean energy or valuable soil amendments that sequester carbon and provide soil fertility.

# Impact of GHG Reduction Measures

1. **Magnitude of GHG Reductions from 2025 through 2030**

At full implementation, this measure is projected to divert an estimated 695,000 tons of mixed organic waste per year from landfills, reducing GHG’s by 123,000 MTCO2e/year. For the 2025-2030 projection, it is assumed that the average project will begin full-scale operation in Q3 2027, resulting in 3.5 years GHG realized reductions through the end of 2030. Based on these assumptions, this measure is projected to result in a reduction of approximately **431,000 MTCO2e during the 2025-2030 timeframe.**

1. **Magnitude of GHG Reductions from 2025 through 2050**

The 2025-2050 greenhouse reductions are estimated to be **2,060,269 MTCO2e** (see GHG Technical Appendix for more information).

1. **Cost Effectiveness of GHG Reductions**

Cost effectiveness of the GHG reductions from this measure are projected to be **$219.37 per MTCO2e** over the 2025-2030 timeframe, and **$45.84 per MTCO2e through 2050** (see GHG Technical Appendix for more information).

1. **Documentation of GHG Reduction Assumptions – Up to 10 additional pages as an appendix to the workplan (see Appendix C of the NOFO)**

See GHG Technical Appendix, file name ‘CPRG GHG Technical Appendix CalRecycle.docx’

# Environmental Results – Outputs, Outcomes, and Performance Measures

1. **Expected Outputs and Outcomes**

This additional funding would help achieve California’s SB 1383 climate and disposal reduction goals by increasing capacity and efficiency for organic material processing and recycling. These facilities will create value added recycled organic waste products such as compost, and renewable energy and fuel from anaerobic digestion.

The following projected outputs are based on ten years of implementation experience further discussed in the past performance question below.

Outputs:

* The state would provide funding to approximately 10-14 projects.
* Projects will reduce NOx and PM2.5 when compared to landfilling:
  + Composting Projects would be required to use the Best Available Control Technologies (BACT) in their air district (e.g. Covered Aerated Static Pile systems).
  + Anaerobic Digestion projects must demonstrate that they have controls in place to ensure criteria air pollutants will be reduced.
* Divert almost 7 million tons of green and food material from landfills over the next 10 years.
* Create value added recycled organic waste products such as compost, renewable energy, and biofuels.

Outcomes:

* Reduce methane emissions by more than 1.23 million MTCO2e over the next ten years.
* Reduce criteria air pollutants by requiring BACT for each project funded, including in low-income and disadvantaged communities.
* The projects would be expected to create 140 jobs with many projects conducting targeted hiring from priority populations.

1. **Performance Measures and Plan)**

CalRecycle can use established reporting mechanisms from its existing grant programs to track, measure, and report progress toward achieving the expected outputs and outcomes. Our established reporting mechanisms allow subrecipients to report the following on a quarterly basis: GHG emission reductions; amounts and types of organic materials diverted from landfill to composting or anaerobic digestion; amount and types of recycled organic waste products that are generated by the project, including compost and renewable energy and fuel products; and number and types of jobs created, including targeted hiring from priority populations.

CalRecycle worked with the California Air Resources Board to develop and adopt the [Organics Programs Quantification Methodology](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/calrecycle_organics_finalqm_6-15-20.pdf) to generate GHG emission reduction estimates associated with composting and anaerobic digestion projects under our Organics Grant Programs; however, for this CPRG-awarded grant cycle we will require subrecipients to use the US EPA Waste Reduction Model (WARM) tools to generate GHG emission reduction estimates each quarter based on the quantity of organic waste processed, unless directed otherwise by US EPA.

Subrecipients will be required to submit quarterly progress reports throughout the grant term, as well as a final report. These reports allow CalRecycle to track project progress and work plan milestones, and information from these quarterly reports will be used to generate the semi-annual reports and final report to USEPA.

1. **Authorities, Implementation Timeline, and Milestones**

This organic recycling measure will be implemented by CalRecycle utilizing analysts in the Financial Resources Management Branch and environmental scientists in the Statewide Technical and Analytical Resources Branch. This approach has been successful in our experience implementing CCI grants for nearly 10 years. The team will work together to create the eligibility, scoring criteria, and evaluation process of selecting subrecipients to implement projects and manage sub-grants. The analysts will create and manage the administrative tasks which include the application and grant agreement documents, work plans and budgets, reconciling and processing payments, and ensuring reporting is complete. The environmental scientists create scoring criteria to ensure awarded projects will meet GHG reduction measures, review all projects for eligibility including quantification methodologies, and project feasibility. Subrecipients who will be implementing the projects may include local governments, private for-profit entities, state agencies, University of California, the California State University, or California Community Colleges, nonprofit organizations, and Qualifying Indian Tribes. Although private for-profit entities are not typically given federal grant funding, this entity type is crucial in reducing the amount of California-generated green and food materials being sent to landfill because for-profit businesses predominate in California’s waste and recycling sector. In addition, private entities partner closely with local governments to build facilities that will serve their organics diversion needs. A combined effort of local government and private sector projects is needed to meet California’s methane emissions reduction targets. After applications are scored and the highest-ranking projects are identified, CalRecycle will submit a request to the EPA’s Award Official to approve subawards to for-profit entities.

During the grant term, analysts and environmental scientists review project reports and meet with subrecipients regarding project implementation. They will collect applicable data/information from subrecipients to submit semi-annual progress reports and a detailed final report to the USEPA. Throughout the grant term the team will collect and summarize technical progress, accomplishments, milestones achieved, performance measures, and benefits to low-income and disadvantaged communities. Throughout the grant term staff will reconcile funding and report a summary of expenditures to date.

Below is a timeline for implementation.

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| **Timeframe** | **Activity** |
| 2024/ Q4 | * CPRG Award to CalRecycle * Criteria Development |
| 2025/ Q1 | Criteria Development   * Eligibility, scoring criteria, and evaluation process. * Present Criteria at CalRecycle Public Meeting * Public Comment Period * Revise Criteria, if needed * Criteria Approved by CalRecycle Director |
| 2025/ Q2 | * Semi-annual report to USEPA * Draft and finalize Notice of Funding Availability, webpages, and application package. |
| 2025/ Q3 | * Application Release * Question and Answer Period * Application Deadline |
| 2025/ Q4 | * Semi-annual report to USEPA * Application Completeness Review * Applicant and Project Eligibility Review |
| 2026/ Q1 | * Disqualifications of Ineligible Applicants and Projects * Scoring and evaluation of eligible projects |
| 2026/ Q2 | * Finalize scoring notes. * Disqualification letters for applicants scoring below the minimum score. * Determination of eligible grant awards. * Submit request for approval to EPA’s Award Official to approve subawards to for-profit entities. |
| 2026/ Q3 | * Announce Awards to sub- subrecipients * Semi-annual report to USEPA * Execute grant agreements with subrecipients |
| 2026/ Q4 - 2028/ Q2 | * Subrecipients procure equipment, installation, testing, and processing of green material or food material. * Sub-grantees submit quarter reports and payment requests to CalRecycle. * CalRecycle submits semi-annual report to USEPA |
| 2028/ Q3 | * Subrecipients submit final reports to CalRecycle * CalRecycle review subrecipients final reports and processes final payment requests. * Analyze subrecipients projects and draft Final Report |
| 2028/ Q4 | * Analyze subrecipients projects and draft Final Report * Submit Final Report to USEPA (up to 120 days after performance period) |

# Low-Income and Disadvantaged Communities

1. **Community Benefits**

CalRecycle’s Organics Grant Program is part of the portfolio of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. At least 35 percent of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California.

The Organics Grant Program requires projects to consider [impacts and benefits](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/ccidoc/criteriatable/final_wastediversion_priority_population_table_6-18-20.pdf) to the local community. Based on past grant cycles, implementation of this action creates jobs, and many projects will conduct targeted hiring from low-income and disadvantaged communities. Selected projects will provide benefits to low-income and disadvantaged communities by diverting green and food materials from landfills, and many will provide compost to the local community. Examples of other benefits that projects may provide include reductions in odor causing pollutants, or on-site criteria air pollutants or toxic air contaminant emissions in disadvantaged or low-income communities, education and outreach events, compost giveaways, decreased traffic and transportation emissions, and providing funding to food banks and other food recovery organizations.

Pollution avoidances also occur at California landfills that are no longer receiving organic material that will instead be recycled into recovered organic waste products such as compost or renewable energy and fuel. In many cases these landfills are located in or adjacent to low income and disadvantaged communities, but provide direct community, environmental, and economic benefit. Projects can provide indirect benefits by diverting these materials to composting or anaerobic digestion facilities that are not located in low income or disadvantaged communities. Additionally, the use of compost is expected to offset the use of chemical fertilizers which will further reduce emissions associated with fertilizer production and use in agricultural fields, and fuel produced from biogas will reduce transportation emissions.

CalRecycle has prioritized projects for the Organics Grant Program that benefit low-income and disadvantaged communities, also known as priority populations. CalRecycle competitively scores applications based on the project’s proposed benefits to priority populations, community engagement, plans to address community concerns and needs, and job creation. To assess benefits to priority populations, CalRecycle requires applicants to complete a [worksheet](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/ccidoc/criteriatable/final_wastediversion_priority_population_table_6-18-20.pdf) to determine if the project meets the criteria for providing direct, meaningful, and assured benefits to priority populations. This worksheet provides a framework to determine if the project meaningfully addresses an important community need, and if it provides direct, meaningful, and assured benefits to priority populations.

Previously funded grant projects have included direct community benefits such as community funding and education, high-quality job creation, and compost giveaways. Indirect benefits have included avoided pollutant emissions and creation of renewable energy. Additionally, as part of the application process, applicants must describe measures for assessing and mitigating any impacts to the community. This typically includes community meetings to understand community concerns and posting call numbers at facilities to continuously monitor impacts to the community. Mitigation measures typically include Odor Impact Minimization Plans, implementation of Best Management Practices to reduce pollutants, and traffic control.

Relying on its experience from past grant programs, CalRecycle will continue to require applicants to describe potential benefits to priority populations and identify any anticipated negative impacts. Grant solicitation documents will prioritize projects that benefit low-income and disadvantaged communities using Climate and Economic Justice Screening Tool (CEJST) Census tract IDs or EPA’s EJ Screen Census block group IDs and names of relevant jurisdictions for areas that may be affected by the project. Grant solicitation documents will also require applicants to describe how the project proponents will assess, quantify, and report a thorough quantitative analysis of associated community benefits, including co-pollutant (CAP and HAP) emission reductions.

**LIDAC Data and Map Discussion**

This proposal would be administered statewide, and benefits to low-income and disadvantaged communities (LIDACs) will be similarly broad in scope. To date, 77% of CalRecycle’s organics diversion infrastructure grants awards have benefitted the State’s definition of low-income and disadvantaged communities, and CalRecycle could similarly expend CPRG awards based on the federal definition.

If funded, the State expects that many LIDACs would experience direct and indirect benefits. While some benefits would be identified and ensured through community engagement, some can be spatially analyzed, including four of the five benefits previously identified in community planning exercises (listed above). To map how these benefits could align with federally recognized LIDACs, the California Air Resources Board assessed the overlap of geospatial data, as outlined and mapped below. In line with U.S. EPA guidance, LIDACs for spatial analysis have been identified using both the Climate and Economic Justice Screening Tool (CEJST) and the supplemental data from U.S. EPA’s Environmental Justice Screening and Mapping Tool (EJScreen).[[2]](#footnote-3)

Given the outsized global warming potential of methane associated with organic waste, and that to avert the worst impacts of climate change methane emissions reductions are needed as quickly as possible, this analysis assumes benefits to LIDACs expected to bear the highest costs of climate change. As such, this analysis intersects the federal definition of LIDACs with California’s Climate Vulnerability Metric (CVM). Developed under the 2022 Scoping Plan Update, the Climate Vulnerability Metric,[[3]](#footnote-4) includes the projected impacts of climate change on human welfare across four impact categories through midcentury (2050) under a moderate emissions scenario. These include human mortality, hours worked in high-risk sectors (e.g., with high heat exposure), household energy costs, and flood-related property damage.

The result of this intersection is mapped below and shows that this proposal would benefit 14.9 million LIDAC residents or roughly 83% of the total LIDAC population identified in California under the federal definition.[[4]](#footnote-5) The potential range of LIDACs benefiting from this application shows its strength in helping U.S. EPA ensure Justice40 goals are met through CPRG awards.

**LIDACs vulnerable to the costs of**

**climate change under CVM**

**Map

Description automatically generated**

The LIDAC census tracts and block groups associated with these maps total 9,536 and are too numerous to list here. Instead, they can be found in the Excel file titled, “California statewide LIDACs\_CalRecycle,” included as part of this application package.

1. **Community Engagement**

CalRecycle recently stood up an Office of Environmental Justice, Tribal Engagement, and Outreach. This new office will do direct outreach to communities that may benefit from this program. Furthermore, CalRecycle directly engages with interested parties through public meetings, presentations on program requirements and requests for public input. As part of each new cycle of the Organics Grant Program application documents outlining requirements and a summary of changes to the program are released at a public meeting followed by a public comment period. All comments received are taken into consideration and adjustments to the program are made to address concerns.

CalRecycle also encourages robust community engagement for all supported projects. Projects are competitively scored based on efforts to solicit feedback as well as plans for future community engagement. Applicants are asked to include dates and locations of public meetings and whether translation services were provided as well as a clear description of how the needs of the community were determined and addressed.

Projects are encouraged to choose to establish a Community Benefits Agreement, which is a written agreement between a project applicant and a group representing the residents of the priority population surrounding the facility. CalRecycle’s Organics Grant Program requires, at minimum, the agreement to include a description of clear and ongoing communication between the facility and its neighbors, actions that will be taken to reduce facility impacts including litter and odors, monitoring and complaint reporting protocols, as well as other community benefits (e.g., free compost or mulch, or financial assistance). Applications that include a Community Benefits Agreement receive additional points as part of the scoring criteria, which prioritizes projects that build valuable relations with the local community.

Eligible costs within the Organics Grant Program include funding for an Environmental Justice Consultant that will act as a liaison between the facility and the local community to assist with ongoing community engagement, identifying local needs, and developing a targeted hiring strategy.

# Job Quality

Quality jobs provide family-sustaining wages, health benefits, a pension, worker advancement opportunities, and collective worker input. Quality jobs are stable, predictable, safe, and free of discrimination. Furthermore, quality jobs have the potential to transform workers’ lives and create resilient, thriving firms and communities and a more just and equitable economy. CalRecycle’s Organics Grant Program applicants are competitively scored based on job creation and quality. The following factors are considered during the application scoring process:

* Job Quality – the project should address how it will create high quality jobs including, but not limited to, better wages, benefits, paid sick leave, predictable scheduling, opportunities for training and advancement, worker voice.
* Formal targeted hiring strategy – the project should develop a recruitment plan that will be used to target priority populations for hiring and job training.
* Job Training – the project may provide job training programs for the proposed project that will lead to industry-recognized credentials or certifications and identify the industry-recognized credentials that will result from the training programs.

The most recent cycle of the Organics Grant Program will result in the creation of 114 jobs for composting and anaerobic digestion projects. CalRecycle will continue to prioritize the creation of high-quality jobs in future funding opportunities.

# Programmatic Capability and Past Performance

1. **Past Performance**

CalRecycle has been implementing the Organics Grant Program for nearly 10 years and has awarded seven cycles of this grant program, that represent over $200 million in investment in organics infrastructure in California. Although the current team has not managed federal grant funding, we have experience with California Climate Investment (CCI) funds, issued to State agencies via the Greenhouse Gas Reduction Fund (item number 3970-101-3228 in the California State Budget). The CCI program was developed to reduce greenhouse gas emissions, strengthen the economy and improve public health and the environment - especially in disadvantaged communities. CalRecycle must award funds following the CCI Funding Guidelines and complete reporting requirements which are similar to federal grants.

CalRecycle most recently awarded $132 million to 23 projects for the 2023 cycle of the Organics Grant Program. These projects are projected to divert 7.7 million tons of green and food material from landfills and reduce methane emissions by more than 2 million MTCO2e over the next ten years. The projects will create 114 jobs, and many projects will conduct targeted hiring from priority populations. The 2023 Organics Grant Program Award can be viewed here: <https://www2.calrecycle.ca.gov/PublicNotices/Documents/15603>

The 2023 Organics Grant Program awarded project summaries can be viewed here: https://www2.calrecycle.ca.gov/PublicNotices/Documents/15605

CalRecycle has been able to encumber funds within approved periods and successfully manage grants to implement projects. CalRecycle utilizes the Grant Management System (GMS) for application submittal, application review, tracking of contracted funds, grant payments, and reporting. GMS allows us to assign grants to staff and sends out notification to staff of when deliverables are received. The system also allows managers to view staff’s work ensuring proper grant management. GMS tracks grant terms and outstanding funds, which helps us ensure we liquate all the funds by the appropriate end dates. If grant projects are behind schedule the Grant Manager sets up a meeting with the grantee and includes the environmental scientist, and supervisor. They work together to solve issues, which could include requesting assistance from other areas of CalRecycle, like our Local Assistance and Market Development Branch.

1. **Reporting Requirements)**

CalRecycle has administered a total of 15 grant cycles (various grant programs) with CCI funding and successfully completed all associated reporting requirements by the due dates. To comply with the semi-annual reporting requirements, CalRecycle collects quarterly qualitative and quantitative performance data from each subrecipient, culminating in a Final Report at the end of the grant term. The data collected from subrecipients includes descriptions and quantity (tons) of material processed and diverted from landfill, feedstock certification forms, products and ancillary products produced, community benefits including creation of jobs, job training, education and outreach to the community, and outcomes benefitting disadvantaged communities.

CalRecycle reports those data points collected from subrecipients, as well as greenhouse gas emissions (MTCO2e) reductions, diesel reductions, reactive organic gasses reductions, fossil fuel-based transportation fuel use reductions and more according to CCI reporting requirements. We also regularly provide project summaries, featuring one or two of our innovative and successful grant projects, for their annual report to the California legislature.

1. **Staff Expertise**

CalRecycle is the California state department that oversees solid waste management in the state and has overseen organics recycling infrastructure for decades. With over 1,000 staff spanning dozens of recycling and regulatory oversight programs, as well as dozens of staff that regularly implement grant projects, CalRecycle is uniquely positioned to successfully implement this CPRG-funded measure successfully and efficiently. This grant program will be implemented by CalRecycle utilizing analysts in the Financial Resources Management Branch and environmental scientists in the Statewide Technical and Analytical Resources Branch. This approach has been successful in our experience implementing CCI grants for nearly 10 years. The team will work together to create the eligibility, scoring criteria, and evaluation process of selecting subrecipients to implement projects and manage sub-grants. The analysts will create and manage the administrative tasks which include the application and grant agreement documents, work plans and budgets, reconciling and processing payments, and ensuring reporting is complete. The environmental scientists create scoring criteria to ensure awarded projects will meet GHG reduction measures, review all projects for eligibility including quantification methodologies, and project feasibility.

CalRecycle staff have continued to improve the Program with each new cycle, and have a proven track record that includes the following accomplishments:

* Since the inception of the Program, 64 projects have been awarded, which have resulted in the capacity to divert more than 10 million tons of green and food materials from California landfills.
* Cycle 1 through Cycle 6 projects awarded have created 85 jobs, and those currently being awarded in Cycle 7 will create an additional 114 jobs.
* Active and closed grant projects have reduced GHG emissions by 1.3 million MTCO2e, and those currently being awarded are projected to reduce more than 2 million additional MTCO2e.

Each grant administered by CalRecycle under this program has oversight by a program grant manager and environmental scientist subject matter expert. Their responsibilities include review of quarterly progress reports and performance data.

# Budget (Optional Budget Spreadsheet and up to 10 additional pages may be added if needed as an appendix to the Workplan)

1. **Budget Detail**

Budget Categories – Please see appendix to the Workplan entitled Budget Detail Sheet

1. **Expenditure of Awarded Funds**

CalRecycle will facilitate the expenditure of the grant award in a similar process to how we have facilitated previous CCI funded grants (15 cycles). Staff will develop thorough criteria for a competitive grant solicitation and promote it throughout the State along all available channels, including the statewide CA Grants Portal.

After the application deadline, staff evaluates and scores each application on approved criteria such as: increased capacity and diversion, GHG reductions, project readiness, community benefits, budget, work plan and other requirements as determined in the criteria. All Projects that pass the minimum score threshold will be funded in order from highest to lowest score until funding runs out.

After award, CalRecycle will require quarterly reporting from all subrecipients in which we collect written reports on qualitative project progress, as well as quantitative data on project performance. Data points on performance include diversion, GHG reductions, jobs and training and products and ancillary products produced. Midway through the grant term or if concerns arise as to the project’s performance, we will conduct a Critical Project Review to ensure the viability of the project to be completed within the grant term.

In conjunction with quarterly reports, grantees will have the opportunity to submit payment requests on a reimbursement basis. Grant managers carefully reconcile payment requests to ensure eligibility and proper cost and payment documentation is provided and in accordance with the grant terms and conditions. CalRecycle will withhold ten percent of each payment from reimbursement until the conclusion of the grant to ensure grantees complete their project by the grant term end date. The ten percent withhold will be released upon completion of the project. Reimbursement payments are thoroughly vetted by program analysts and Accounting before being sent to the State Controller’s Office for being dispersed.

1. **Reasonableness of Costs**

Personnel costs are reasonable due to the use of rates set by the Department of Finance, the California Department of Human Resources and Bargaining Contracts. CalRecycle identified the staffing resources required to successfully implement the project as mentioned in the Budget Summary Attachment to the Appendix. State wages were calculated based on the [California State Civil Service Pay Scales](https://www.calhr.ca.gov/state-hr-professionals/Pages/pay-scales.aspx) by classification. Fringe Benefits were calculated based on negotiated and set rates for retirement, health benefits, OASDI, and Medicare, which is explained in more detail in the attached Budget Summary. The indirect cost rate is based on the use of Method A set forth in the State Administrative Manual Section 9213.1 and is at or below the rate in comparison to other state departments and universities.

The travel rates, set by the California Department of Human Resources, were used to budget the total anticipated travel costs for this program. When feasible, state-owned vehicles and ride sharing will be utilized for in-state travel to reduce the cost of travel. As the Budget Summary indicates, CalRecycle has set a not-to-exceed amount in the travel line item, which ensures cost reasonableness and sets further parameters for travelers.

The “Other” budget category cost is allocated for subawards to subrecipients. The majority of the subaward allocation will fund costs for the renovation, or expansion of facilities to increase in-state infrastructure for the composting or digestion of organics into compost, soil amendments, fertilizers, biofuels, or bioenergy. The need to fund additional organics infrastructure in California was evidenced by our most recent Organics Grant Program solicitation. Our 2023 Organics Grant solicitation received 69 applications requesting over $380 million dollars, exceeding our allocated grant award budget by $230 million. Costs for permitting, public education and outreach, indirect costs, and salaries not directly related to installation of equipment will be capped at a set percentage of the subaward amount. Any payments of salaries for subrecipients will be subject to Davis Bacon Prevailing Wage requirements. In addition, staff will review subrecipient project proposals for Build America, Buy America requirements. All payments will be issued on a reimbursement basis, ensuring that only actual costs are approved, and subrecipients do not “profit” from this grant.

1. Included in this application package, this proposal directly leverages Waste Measure #2 in California’s PCAP. [↑](#footnote-ref-2)
2. Data and EPA guidance can be found here: <https://www.epa.gov/inflation-reduction-act/cprg-tools-and-technical-assistance-low-income-and-disadvantaged> [↑](#footnote-ref-3)
3. CARB. 2022. 2022 Scoping Plan Update Appendix K: Climate Vulnerability Metric. November.

   <https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp-appendix-k-climate-vulnerability-metric_0.pdf>. Note that these data

   were created under the 2010 U.S. Census boundaries. A crosswalk from the Census Bureau relating 2010 Census Boundaries to 2020

   Census boundaries was used to relate the CVM to U.S. EPA’s low income and disadvantaged communities definition. Available:

   <https://www.census.gov/geographies/reference-files/2020/geo/relationship-files.html#trac>. [↑](#footnote-ref-4)
4. This analysis is based on U.S. Census American Community Survey 5-year estimates for total population (table ACSDt52022, variable B01001\_001E). Available for download at: <https://data.census.gov/>. [↑](#footnote-ref-5)