



Jared Blumenfeld
Secretary for
Environmental Protection

Scott Smithline
Director for CalRecycle

TO: Greenhouse Gas Reduction Fund Program

FROM: Jared Blumenfeld
Secretary
California Environmental Protection Agency

Scott Smithline
Director
Department of Resources Recycling and Recovery

DATE: September 5, 2019

SUBJECT: GREENHOUSE GAS REDUCTION FUND:
Department of Resources Recycling and Recovery

REVISED EXPENDITURE RECORD FOR FISCAL YEAR
2018–19 and 2019–20 Organics Grant Program, Cycle 4

This Attestation Memorandum documents that the Department of Resources Recycling and Recovery completed the attached revised Expenditure Record on August 8, 2019, for the Organics Grant Program, fiscal years 2018–19 and 2019–20. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 and with the California Air Resources Board (CARB) Funding Guidelines for Agencies that Administer California Climate Investments to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Michelle Martin at Michelle.Martin@calrecycle.ca.gov or (916) 341-6116.

A handwritten signature in blue ink, appearing to read "J. Blumenfeld", written over a horizontal line.

Jared Blumenfeld
Secretary
California Environmental Protection
Agency

A handwritten signature in blue ink, appearing to read "S. Smithline", written over a horizontal line.

Scott Smithline
Director
Department of Resources Recycling
and Recovery

Attachment

cc: Matthew Botill, Branch Chief, California Air Resources Board
Matt Harrison, Manager, California Air Resources Board

Greenhouse Gas Reduction Fund: Expenditure Record

CalRecycle Greenhouse Gas Reduction Grant Programs
Organics Grant Program

Authorizing legislation: Item 3970-101-3228 of the Budget Act of 2018, as amended by SB 856 (Chapter 30, Statutes of 2018), appropriates \$25,000,000 to CalRecycle for Greenhouse Gas Reduction Grant Programs.

Item 3970-101-3228 of the Budget Act of 2019, AB 74 (Chapter 23, Statutes of 2019), appropriates \$25,000,000 to CalRecycle for Greenhouse Gas Reduction Grant Programs.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none"> ▪ Department of Resources Recycling and Recovery (CalRecycle)
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none"> ▪ The amounts reflected in this Expenditure Record are based on the Fiscal Years’ 2018–19 and 2019–20 authority amounts of \$25,000,000 each per appropriation 3970-101-3228. ▪ In Fiscal Year (FY) 2018–19, CalRecycle awarded \$11,675,626 to the Recycled Fiber, Plastic, and Glass Grant Program Cycle 3 of which \$10,437,247 came from the FY 2018–19 authority amounts (and \$1,238,379 was funded from FY 2017–18). The remaining funds of \$13,321,753 from FY 2018–19 and \$2,800,000 from FY 2019–20 will be allocated to the Organics Grant Program, Cycle 4. ▪ Allocations to each of the programs are dependent on the number of qualified applications received and CalRecycle’s plans to expend the full allocation.
<input type="checkbox"/> Estimated amount of expenditures for administering agency administrative costs	<ul style="list-style-type: none"> ▪ As stated in the Budget Act, not more than five percent of the amount appropriated in this item may be used for administrative costs. Of the \$25,000,000 allocated from the FY 2018–19 authority amounts, \$1,250,000 is reserved to CalRecycle to cover program administration costs. Of the \$25,000,000 allocated from the FY 2019–20 authority amounts, \$1,250,000 is reserved to CalRecycle to cover program administration costs. ▪ CalRecycle will reduce administrative expenses when feasible and will continue to track the amount of funds expended on CalRecycle staff.

- If applicable, identify laws or regulations that govern how funds will be used
 - PRC section 42999:
 - (a) Any additional moneys appropriated by the Legislature from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code, to the department shall be used to administer a grant program to provide financial assistance to reduce greenhouse gas (GHG) emissions by promoting in-state development of infrastructure, food waste prevention, or other projects to reduce organic waste or process organic and other recyclable materials into new, value-added products. The moneys shall be expended consistent with the requirements of Article 9.7 (commencing with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code and Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code.
 - (b) From moneys appropriated for purposes of this section, the department shall provide grants, incentive payments, contracts, or other funding mechanisms to public and private entities for in-state infrastructure projects or other projects that reduce GHG emissions by any of the following:
 - (1) Organics composting.
 - (2) Organics in-vessel digestion.
 - (3) Recyclable material manufacturing.
 - (4) Activities that expand and improve waste diversion and recycling, including, but not limited to, the recovery of food for human consumption and food waste prevention.
 - (c) For the purposes of this section, eligible infrastructure projects that reduce GHG emissions include, but are not limited to, any of the following:
 - (1) Capital investments in new facilities and increased throughput at existing facilities for activities, such as converting windrow composting to aerated-static-pile composting to use food waste as feedstock.
 - (2) Designing and constructing organics in-vessel digestion facilities to produce products, such as biofuels, bioenergy, and soil amendments.
 - (3) Designing and constructing or expanding facilities for processing recyclable materials.
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(4) Projects to improve the quality of recycled materials.

(d) In awarding a grant for organics composting or anaerobic digestion pursuant to this section, the department shall consider all of the following:

(1) The amount of reduction in GHG emissions that may result from the project.

(2) The amount of organic material that may be diverted from landfills as a result of the project.

(3) If and how the project may benefit disadvantaged communities.

(4) For a grant awarded for an anaerobic digestion project, if and how the project maximizes resource recovery, including the production of clean energy or low-carbon or carbon negative transportation fuels.

(5) Project readiness and permitting that the project may require.

(6) Air and water quality benefits that the project may provide.

(e) To the degree that funds are available, the department may provide larger grant awards for large-scale regional integrated projects that provide cost-effective organic waste diversion and maximize environmental benefits

- SB 970 (Leyva, Chapter 365, Statutes of 2016) requires CalRecycle to consider certain factors when awarding grants for organic recycling projects such as the amount of GHG emission reductions and the amount of organic material that may be diverted from landfills. It also permits the department to provide larger grant awards for large-scale regional integrated projects that provide cost-effective organic waste diversion and maximize environmental benefits. These changes were incorporated in SB 859 (Committee on Budget and Fiscal Review, Chapter 368, Statutes of 2016) including trailer bill language that is specified above.
 - AB 1532 (Pérez, Chapter 807, Statutes of 2012), SB 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.
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CalRecycle Expenditure Record for Organics Grant Program – FY’s 2018-19 & 2019-20

<input type="checkbox"/> Continuation of existing Expenditure Record	<ul style="list-style-type: none"> ▪ The FY 2018–19 and FY 2019–20 expenditures covered by this Expenditure Record will support a continuing program that will fund some of the same types of projects that have been previously funded under an existing Expenditure Record.
<input type="checkbox"/> Project type(s)	<ul style="list-style-type: none"> ▪ Eligible projects must be located in California and result in permanent, annual, and measurable: <ul style="list-style-type: none"> ○ Reduction in GHG emissions compared to existing practice of landfilling of California-generated green or food materials; and ○ Increases in quantity (tons) of California-generated green or food materials newly diverted from landfill disposal or alternative daily cover use, and composted or digested.
<input type="checkbox"/> Describe the projects and/or measures that will be eligible for funding	<p>Eligible projects include:</p> <ul style="list-style-type: none"> ○ Construction, 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. ○ Construction, renovation, or expansion of facilities to increase in-state infrastructure for the pre-processing of organics. <ul style="list-style-type: none"> ▪ The maximum grant award is \$3,000,000 per application.
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> ▪ Local governments (cities, counties, or cities and counties) <ul style="list-style-type: none"> ○ Cities, counties, and cities and counties as defined in Public Resources Code section 30109. ○ Regional or local sanitation agencies, waste agencies, or Joint Powers Authorities. ▪ Private, for-profit entities. For purposes of this program, a “private, for-profit entity” is defined as a business intended to operate at a profit and return a profit to its owners. The business must be qualified to do business in California and be in good standing with all applicable California state agencies, including, but not limited to, the Secretary of State and the Franchise Tax Board. Any and all subsidiaries, divisions or affiliated businesses are considered part of the primary business entity for the purpose of applying for and receiving a grant award under the program. A business is considered an “affiliated business” if it has at least one owner with a forty (40) percent or greater interest in another applicant business. ▪ State agencies (including offices, departments, bureaus, and boards). ▪ The University of California, the California State University, or California Community Colleges. ▪ Nonprofit organizations (except private schools) registered with the federal government under 501(c)3, (c)4, (c)6 or (c)10 of the Internal Revenue Code. Must be qualified to do business in

California and be in good standing with all applicable California state agencies, including registered and current in the Registry of Charitable Trusts.

- Qualifying Indian Tribes. A “Qualifying Indian Tribe” is defined as an Indian tribe, band, nation or other organized group or community, residing within the borders of California, which:
 - Is recognized for special programs and services provided by the United States to Indians because of the status of its members as Indians; or
 - Can establish that it is a government entity and which meets the criteria of the grant program.
- Applicants that have previously received GGRF funding are eligible provided the project meets the criteria and the previously funded project is progressing in a manner satisfactory to CalRecycle.

□ Program structure and process for selecting projects for funding

- CalRecycle anticipates releasing the Organics Grant Program application in August 2019 with announcement of awards in February 2020.
- Selection process:
 - Grants will be evaluated and scored by a CalRecycle scoring panel based on the scoring criteria approved by CalRecycle’s Director.
 - Scoring criteria will include the following categories:
 - Project Description, Tons of Organic Material Composted or Digested, and GHG Emission Reductions
 - Permits
 - Experience and Project Viability
 - Budget
 - Community Benefits
 - Work Plan
 - Community Benefits Agreement (Bonus Points)
 - All eligible composting and digestion project proposals will be ranked together according to the total number of points received. An application may receive a maximum of 100 possible points. Projects will be ranked according to the highest score. Applicants must receive a minimum passing score of 60 points to be considered for funding. Projects scoring less than 60 points will be disqualified for not meeting the minimum passing score.
 - Applications that meet the requirements will be recommended for funding. Grant recommendations will be ranked in order according to each applicant’s score (highest passing score to lowest passing score) until funds are exhausted. This cycle includes a rural funding priority, in which the highest-ranking rural applicant with

a passing score, is guaranteed funding. In an event of a tie between applicants with the same overall score, funding order will be determined by comparing the score received in the first category listed in the scoring criteria. For qualifying applications, CalRecycle staff will develop grant funding recommendations for the consideration and approval of CalRecycle’s Director, or his designee; scheduled in February 2020.

- CalRecycle reserves the right to partially fund or fund individual phases of selected proposals, and CalRecycle may fund an amount less than requested.
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Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

□ How the expenditure is consistent with the Investment Plan and the Scoping Plan

- The Cap-and-Trade Auction Proceeds Third Investment Plan lists waste diversion as an eligible investment, specifically: reducing GHG emissions through “increased in-state diversion of municipal solid waste from disposal through waste reduction, recycling, composting, and reuse.”
 - The 2017 Scoping Plan Update identifies the need for material diversion from landfills to preserve resources and minimize landfill gas production. The 2014 Scoping Plan Update describes the potential for the waste sector to achieve reductions of as much as 20-30 million metric tons CO₂e through diversion efforts, and the 2017 Scoping Plan Update further estimates that 100,000 green jobs could be generated by meeting statewide recycling goals. In state, total emissions from composting and landfill operations are estimated to be 8.8 million metric tons, which is primarily from organic materials (*CARB’s Greenhouse Gas Inventory Data*). This is supported by various models and studies, including the U.S. EPA Waste Reduction Model (WARM) and CARB’s official emission reduction factors (e.g., for composting and recycling).
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Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emissions reduction pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

<p><input type="checkbox"/> Describe how expenditures will facilitate the achievement of GHG emissions reduction in the State</p>	<p>▪ Expenditures will be used to support waste management infrastructure, particularly for new or expanded organics infrastructure such as composting and digestion facilities to achieve GHG reduction through reducing methane emissions from landfills.</p>
<p><input type="checkbox"/> Explain when GHG emissions reduction and/or co-benefits are expected to occur and how they will be maintained</p>	<p>▪ GHG emission reductions will begin to accrue shortly after grant awards are made, equipment installation is completed, and projects are fully implemented. GHG emission reductions should begin for most projects in calendar year 2021, increase as projects become fully implemented, and then continue at maximum levels for the term of the grant project. GHG emission reductions that result from avoided landfill methane emissions will continue into the future since the organic and green material is diverted from landfills.</p>

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

<p><input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency</p>	<p>▪ The composting and digestion projects will yield economic, environmental, and public health co-benefits. These projects will provide California jobs both during project implementation and afterward.</p> <p>▪ The composting and digestion projects involving reduced transport distances for hauling material will result in additional GHG emission reductions and reduced emissions of toxic pollutants and fine particulates.</p>
<p><input type="checkbox"/> How the project will support other objectives of AB 32 and related statutes</p>	<p>▪ Directs public and private investment towards disadvantaged and low-income communities in California due to the design of the scoring criteria.</p> <p>▪ Maximizes additional environmental and economic co-benefits for California.</p>
<p><input type="checkbox"/> Percentage of total funding that will be expended for projects that are located in</p>	<p>▪ CARB’s 2018 Funding Guidelines included minimum percentages of projects meeting disadvantaged and low-income community targets. CalRecycle aims to surpass the minimum percentage requirements to fund a minimum of 25 percent of projects benefiting disadvantaged communities, 5</p>

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and benefit priority populations ¹ per CARB guidance	percent of projects benefiting low-income households or low-income communities anywhere in the state, and 5 percent of funded projects benefiting low-income households that are outside of, but within ½-mile of, disadvantaged communities or low-income communities that are outside or, but within ½-mile of, disadvantaged communities. Disadvantaged communities are those identified using CalEnviroScreen version 3.0.
☐ Describe the benefits to priority populations per CARB guidance	<ul style="list-style-type: none"> ▪ These expenditures can support projects that provide direct, meaningful, and assured benefits to disadvantaged and/or low-income communities and meaningfully address an important community need. CalRecycle will prioritize projects that meet the criteria for providing benefits to disadvantaged and/or low-income communities listed in CARB’s 2018 Funding Guidelines Benefit Criteria Table(s) (Waste Diversion and Utilization, and Jobs Training and Workforce Development) and meaningfully address an important community need (as described in Table 5 of CARB’s 2018 Funding Guidelines). ▪ Investment in waste diversion projects can provide access to jobs/job training for disadvantaged and/or low-income community residents, locate food rescue projects to increase food access in disadvantaged and/or low-income communities, and/or divert waste from landfills located in disadvantaged and/or low-income communities, among other benefits.
☐ Explain strategies the administering agency will use to maximize benefits to disadvantaged communities	<ul style="list-style-type: none"> ▪ CalRecycle is using the following strategies to maximize community benefits: <ul style="list-style-type: none"> ○ CalRecycle has assigned 10 percent of the total possible scoring points to projects that provide direct, meaningful, and assured benefits to a disadvantaged and/or low-income community. ○ Applicants will receive five bonus points if they submit a community benefits agreement signed by both the applicant and the group(s) representing the residents of disadvantaged and/or low-income communities surrounding the facility. The agreement shall include, at a minimum: 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). ○ CalRecycle will provide outreach using a variety of approaches, such as holding workshops to solicit input

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B for more information on the definitions of priority populations.

	<p>from community members and stakeholders; increasing participation and accessibility; providing technical and business assistance to all communities; distributing funding and application information via statewide Listservs; and promoting the grant programs through presentations to numerous stakeholder groups.</p>
<p>☐ Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens</p>	<ul style="list-style-type: none"> ▪ CalRecycle will post a list of all submitted applications with key project information on the program website for at least 10 days prior to making any funding recommendations. The listing will identify if the project is claiming to provide benefits to priority populations. After the information is posted, CalRecycle will send out messages via the GHG Reduction and Environmental Justice Listservs. If feedback is received, CalRecycle may make programmatic adjustments to recommended projects to avoid potential burdens to disadvantaged and low-income communities.

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

<p>☐ How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance</p>	<ul style="list-style-type: none"> ▪ Grantees are required to submit quarterly Progress Reports and a Final Report at the close of the grant project. ▪ A post-Grant Term annual survey may be requested every year for three years after the end of the grant term. ▪ Project tracking and reporting will be conducted as described in CARB’s 2018 Funding Guidelines.
<p>☐ Describe the approach that will be used to document GHG emissions reduction and/or other benefits before and after</p>	<ul style="list-style-type: none"> ▪ Grantees will calculate the net GHG emission reductions from waste diversion projects using the CARB approved Organics Grant Program Quantification Methodology and Waste Diversion GHG Emission Reduction Calculator Tool as found on the CCI Quantification, Benefits, and Reporting Materials website (www.arb.ca.gov/cci-resources). ▪ CalRecycle will work closely with CARB staff to refine GHG emission reductions quantification methodologies and

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project completion	estimates to ensure that only projects with net GHG emission reductions receive GGRF funds.
<ul style="list-style-type: none"> ☐ Type of information that will be collected to document results, consistent with CARB guidance 	<ul style="list-style-type: none"> ▪ CalRecycle will collect data on project location, baseline and estimated GHG emissions, expected quantification period, and other data as specified in CARB’s 2018 Funding Guidelines. ▪ Grantees will be required to report on data required by CARB’s 2018 Funding Guidelines which includes expenditure amounts, project description, locations and status, GHG emission reductions and tons of organic and green materials diverted from landfills, estimates of other applicable co-benefits, jobs created, and description of positive impacts to the local community, especially benefits to disadvantaged and/or low-income communities. ▪ To determine the job creation benefits, CalRecycle will compile data from funded recipients consistent with CARB’s 2018 Funding Guidelines and using the CARB’s Job Co-Benefits Modeling Tool.
<ul style="list-style-type: none"> ☐ How the administering agency will report on program status 	<ul style="list-style-type: none"> ▪ CalRecycle will provide bi-annual updates on expenditures, project statuses, and benefits in reports prepared according to CARB’s 2018 Funding Guidelines. At a minimum, the reports will include expenditure amounts, project description and locations, current estimates of GHG emission reductions and tons of material diverted from landfills, estimates of other applicable co-benefits, jobs created, and description of benefits to disadvantaged and/or low-income communities and associated census tracts for those communities. In addition, CalRecycle will provide periodic updates on the programs’ status at its regular monthly public meetings.