

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM
Project Eligibility Criteria
Effective March 8, 2012

Introduction

The Department of Resources Recycling, and Recovery (CalRecycle) is authorized by Public Resources Code (PRC) Section 42000 (e) to "conduct individual market development activities" that strengthen demand by manufacturers for the recyclable material collected by municipalities, private companies and others. CalRecycle may do this by lending directly to California manufacturers located within the boundaries of a Recycling Market Development Zone (RMDZ) that reduce manufacturing post-industrial waste, and/or reduce post-consumer waste destined for landfills by production of recycled content raw materials or final products.

These eligibility criteria are not intended to be all inclusive. CalRecycle retains the discretion to determine project eligibility based on current policy and priorities. Each prospective loan applicant is encouraged to contact CalRecycle loan staff to discuss their specific project.

Project Eligibility Criteria

In order to be eligible for consideration, a project must meet the following criteria and types of projects described below:

- **Statutes:** The "highest priority" for loan funding, according to Public Resources Code (PRC) section 42023.4(a)(3), shall be given to projects that demonstrate that they will increase demand for a recyclable material, which is normally disposed in California.
- **Regulations:** The California Code of Regulations (CCR) sections 17909 and 17933 further specify that priority shall be given to projects that satisfy "additional statewide recycling market development objectives" and priorities that are determined by CalRecycle.
- **Priority materials:** CalRecycle identified construction & demolition debris, plastics, organics, and paper as priority materials. CalRecycle intends to focus its resources on diverting and developing sustainable markets for these priority materials.
- **Project location:** The project must be located within a recycling market development zone [PRC Section 42023.1(f)].
- **Project diversion:** Each project must result in the diversion of non-hazardous solid waste from California landfills [14 CCR 17930].
- The project must involve reducing manufacturing waste or making new products out of recycled material [14 CCR 17932].
- Projects using post-industrial materials must meet the definition of secondary waste material (Public Resources Code, section 42002(f)) "means industrial byproducts which would otherwise go to disposal facilities and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes, such as home scrap and mil broke."

The following project categories and examples are provided to assist potential business borrowers. CalRecycle staff determines feedstock eligibility and final project qualification is determined by CalRecycle. The categories include, but are not limited to, the projects specified below:

What types of projects are currently eligible?

1. Waste Prevention
2. Reuse
3. Recycling, Composting, and Anaerobic Digestion
 - a. Producing recycled raw feedstock material
 - b. Manufacturing recycled-content finished products

What types of projects are ineligible?

Ineligible projects include electronic waste, hazardous waste, metals, transformation, single use plastic bags, the do not meet the intent of AB 2449 (Levine, Chapter 845, Statute of 2006) and the definition of Secondary Waste Material (Public Resources Code, section 42002(f)); and polystyrene food containers. In addition, materials that are banned from landfills are also not eligible for a loan.

1. *What Are Waste Prevention Projects?*

Waste Prevention projects change the way products are made or packaged to prevent or reduce solid waste. This can be accomplished only by modifying equipment or processes, improving operations and maintenance, and changing materials in manufacturing. The project will result in less waste being generated during the manufacturing process.

Examples of eligible projects:

- Modifying equipment or processes to make products using less raw material or packaging.
- Converting to optimizing equipment to reduce waste generation.

Examples of ineligible projects:

- Buying recycled or reusable pallets, reusable containers or reusable filters that are not directly involved in the making of a product.
- Procurement of "environmentally-friendly" office products.
- Manufacturing or procurement of bio-degradable products.
- Reclamation of scrap metal.
- Production of single use plastic bags.
- Production of polystyrene food containers.

2. *What Are Reuse Projects?*

Reuse projects will prolong the useful life of a product, delaying final disposal or recycling. Reuse is the repair, reconditioning, washing, or treatment of a worn or used product that makes the product useable again for its originally intended purpose.

Examples of eligible projects:

- Separating construction and demolition (C & D) debris or other salvageable items by material type for sale.
- Resurfacing or re-sawing reclaimed lumber from old buildings for decking and paneling.
- Sorting and repairing used plastic garment hangers from department stores.

Examples of ineligible projects:

- Making home or automobile repairs.
- Repairing consumer items or appliances.
- Laundry services.
- Collecting and/or distributing food.
- Selling used items in thrift shops.
- Dismantling automobiles or white goods.

3. What Are Recycling, Composting and Anaerobic Digestion Projects?

Recycling manufacturers either produce a recycled content raw material/feedstock for use by other manufactures that further process the material, or produce a final product. Below are examples of projects for each of the type of recycling projects.

- a. Producing a recycled raw material from non-hazardous solid waste.

Examples of eligible projects:

- Agricultural and commercial plastic film cleaning.
- Producing recycled-content plastic pellets, flakes, or chips.
- Producing crumb rubber from recovered tires.

Examples of ineligible projects:

- Collecting and/or sorting of non-C & D recyclables.
- Crushing, grinding or baling recyclables for ease of transport.
- Using recyclables as alternative daily cover at landfills.

- b. Producing a recycled-content finished product from non-hazardous solid waste and/or a recycled material.

Examples of eligible projects:

- Manufacturing plastic pallets or lumber.
- Producing mulch or compost.
- Projects using anaerobic digestion to convert biodegradable feedstock such as food waste, green waste, and agricultural residuals into high-value products, including but not limited to, soil amendments, fertilizers, renewable natural gas or hydrogen, and electricity.
- Manufacturing colorful glass tableware, trophies and gift items from recycled glass.
- Making rubberized asphalt and molded rubber products from crumb rubber.
- Converting rolls of recycled paper into such products as boxes, kitchen towels, table napkins, and facial tissue.

Examples of ineligible projects:

- Printing operations.
- Land application or reclamation projects using mulch and/or compost.
- Production of single use plastic bags.
- Production of polystyrene food containers.