A. ELIGIBLE PROJECTS

I. GENERAL ELIGIBILITY

The following provides a summary of applicant and project eligibility to the Recycling Market Development Revolving Loan Program (Program). General Eligibility identifies criteria which every applicant and project must satisfy. Following the general criteria are specific standards for various projects eligible under the program. Where items are referenced to Section B, please refer to that section for additional factors concerning specific project eligibility and examples of eligible projects.

a. The project, or if a mobile operation the primary business location, must be located within a Recycling Market Development Zone.

b. The program can fund a maximum of 50% of costs directly attributed to an eligible project. (See B.I.a.)

c. Eligible use of funds include: M&E, working capital, real estate purchase, and loan points and fees. Refinance of onerous debt is not an eligible use of program funds.

d. Eligible applicants must use recycled/recovered materials, which are normally disposed of, to produce a finished product or perform necessary intermediate processing. Research and development projects are not eligible.

e. Applicants include businesses, not-for-profit organizations, and local governments and agencies. Loans to local governments can be either for infrastructure to support other eligible applicants or for its own eligible recycling-related operation.

II. SOURCE REDUCTION

Source reduction, for the purpose of program eligibility, means specific actions which cause a material net reduction in the generation of solid waste in the production of a product. In all cases, the project must demonstrate that it will have a direct impact on California's landfills. Projects involving only procurement of items are not eligible. Source reduction includes; reducing the use of virgin/nonrecyclable materials, reducing packaging material content, increasing the efficient use of various materials. (See B.II.)

Eligible Projects

1. Producing a product from a few recyclable plastic resin types rather than many different resin types which make the product nonrecyclable

2. Manufacturing bottles, boxes, or containers using less material

3. Converting to optimizing equipment (such as saws) to reduce waste generation

Ineligible Projects

1. Purchasing items not directly involved in the production of a product, such as recycled or reusable pallets, reusable containers, or reusable filters

III. Reuse

Reuse means to take a product (not a material) which has served its useful life (or is factory defective), and provide new value to the product, by reconditioning, reprocessing, or some other value adding process which makes the product usable again for its original intended purpose. Service only operations and thrift shops are ineligible.

Eligible Projects

1. Washing and reconditioning items for reuse
2. Dismantling/disassembly of electronic or durable goods into component parts for reuse or resale

Ineligible Projects

1. Repairing electronic items and/or appliances, etc.
2. Providing laundry and diaper services
3. Performing food collection and/or distribution operations
4. Operating thrift shops
5. Auto dismantling

IV. RECYCLING

Recycling means using postconsumer or secondary materials to produce a value-added finished product or provide necessary intermediate processing of a recycled/recovered material. A value-added product is one in which a material has changed its character or composition through a manufacturing process. This differs from collecting, sorting, and baling of recycled/recovered material for convenience or ease of transportation which is ineligible.

Eligible Projects

1. Producing recycled-content plastic pellets
2. Producing a finished product with recycled-content materials, such as plastic pellets
3. Composting
4. Paper production and converting-(See B.IV.a.)
5. Agricultural crop residue-(See B.IV.b.)

Ineligible Projects

1. Printers
2. Collecting, sorting, and baling activities
3. Metal production
4. Land application or reclamation projects using mulch and/or compost

V. TRANSFORMATION AND ALTERNATIVE DAILY COVER

Transformation means projects which involve pyrolysis or producing a product which may be transformed when consumed. Alternative daily cover (ADC) (14 CCR 17682 and 17258.32) projects include the equipment to exclusively produce and spread ADC. Projects are given the lowest priority, are subject to funding availability and are limited to those projects which:

i. Produce a value-added product

ii. Are not detrimental to current or future efforts to increase source reduction, recycling or composting of the project's material type.

iii. Do not, in the aggregate, exceed 10% of all loan funds to be awarded during any annual loan funding cycle.

Eligible Projects

1. Heat logs, fire starters, waste and tire derived fuel.

Ineligible Projects

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B. SPECIFIC ELIGIBILITY ISSUES

I. GENERAL PROJECT ELIGIBILITY

a. Eligible Costs and Project Match

Total project costs include eligible and, if applicable, non-eligible costs. The maximum loan amount shall not exceed the lessor of the total eligible project costs, 50% of the total project, or $1 million. Project match includes eligible and non-eligible costs not funded by the Program's loan.

II. SOURCE REDUCTION

Eligible projects are those which:

a. Reduce the use of nonrecyclable materials, or,

b. Reduce the amount of packaging material, or

c. Increase the efficiency of the use of materials by reducing the amount of waste generated.

III. RECYCLING:

a. Paper Production and Converting:

Paper converting projects must ensure that a minimum of 75% of the paper used in the loan project meets the applicable recycled-content standard. All paper production and converting projects must meet a recycled content standard which is the higher of the two components of the applicable recycled-content standard for either:

1. the State of California (as defined in Public Contract Code, Section 12161, and, for newsprint, Public Resources Code, Section 42756); or

2. the U.S. Environmental Protection Agency (as defined in the Recovered Materials Advisory Notice, published in the Federal Register on May 29, 1996).

Where a range of percentages is specified in the EPA standard, the lowest percentage in the range shall be used to compare with the respective percentage in the California standard.

b. Agricultural Crop Residue:

Production of a product from agricultural crop residues is eligible for the program if the residue is individually specified

in the jurisdiction's study or the study contains a broader miscellaneous "Agricultural Crop Residue" category.

Eligible projects would include the production of a agricultural pulp which can be used in the production of paper or the processing of an agricultural waste into building materials.

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