

Meeting Date: 6/11/2013

Report Type: Consent

Report ID: 2013-00463

Title: Sacramento Recycling Market Development Zone (RMDZ) Renewal

Location: Citywide

Issue: California Public Resources Code Section 42010 provides for the establishment of the Recycling Market Development Zone (RMDZ) program to facilitate the development of markets for recyclable products which must be reauthorized every ten years.

Recommendation: Pass a Resolution authorizing Troy Givans, Sacramento County Economic Development Director, to include the City of Sacramento as part of the Sacramento Regional Recycling Market Development Zone on the application that is being submitted to CalRecycle requesting renewal of the Sacramento Regional Recycling Market Development Zone.

Contact: Dean Peckham, Senior Development Project Manager, (916) 808-7063, Economic Development Department

Presenter: none

Department: Economic Development Dept

Division:

Dept ID:

Attachments:

1-Description/Analysis

2-Background

3-Resolution SRRMDZ Redesignation

4-SRRMDZ redesignation CEQA letter

City Attorney Review

Approved as to Form
Michael Sparks
5/28/2013 5:22:58 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
5/21/2013 11:10:02 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 5/28/2013 11:02:20 AM

Description/Analysis

Policy Considerations:

The City of Sacramento was the founding member of the Sacramento RMDZ. With the expansion of the Sacramento RMDZ into the Zone in 2003, Sacramento County became the lead agency and zone administrator for the Zone.

Although the County of Sacramento has agreed to act as the lead agency for the purposes of submitting the application for re-designation to CalRecycle, the County is no longer interested in serving as the zone administrator. CalRecycle presented three options to the local agencies for administration of the Zone:

- Approach A: One jurisdiction would serve as the zone administrator, acting on behalf of all member jurisdictions in the Zone as a central clearinghouse for businesses requesting RMDZ assistance and/or requesting a RMDZ loan within the zone.
- Approach B: The same zone administrator functions are performed by one member jurisdiction on an annual basis, rotating between the eight jurisdictions.
- Approach C: The zone administrator functions are conducted by all member jurisdictions equally, on behalf of their respective jurisdictions, providing assistance to businesses located only within their borders.

The eight jurisdictions determined that they would prefer Approach C, thereby assuring that each jurisdiction is equally represented.

Economic Impacts: None.

Environmental Considerations:

The proposed action has been reviewed by Environmental Planning Services in the City's Community Development Department. The action would not result in any physical change in the environment, and is not considered a project under the California Environmental Quality Act (CEQA) and no review is required. The Sacramento County Community Development Department, acting as the lead agency, has also determined that the re-designation of the Sacramento Regional RMDZ is not a project under CEQA (Attachment #4).

Sustainability:

Renewal of the Sacramento Regional RMDZ supports the City's Sustainability Master Plan by encouraging and supporting the reuse and recycling of resources, thereby diverting valuable resources from landfills.

Commission/Committee Action: Not applicable.

Rationale for Recommendation:

The renewal of the Sacramento Regional RMDZ will allow the City of Sacramento to market the RMDZ program to existing local companies as well as potential manufacturers creating products from recycled content. CalRecycle provides RMDZ program assistance to RMDZ members and recycling companies in the form of low interest loans (up to \$2 million/loan), permit assistance, site location assistance, feedstock identification/marketing assistance, and business plan assistance.

Financial Considerations:

City participation in the RMDZ program will not create additional financial burdens for the City. Marketing of the RMDZ program and assistance to businesses in the form of market identification, permit assistance, site location assistance, and financial services are all services currently provided by the Economic Development Department.

CalRecycle reimburses each RMDZ up to \$5,000 annually for marketing and technical analyses associated with recycled market potential. City of Elk Grove, with input from all members, will assume the lead in developing a comprehensive program for expenditure of these financial resources.

Emerging Small Business Development (ESBD):

No goods or services or goods are being purchased as a result of this action

Background

California's Integrated Waste Management Act of 1989 requires local agencies within the State to reduce the amount of waste disposed in landfills by a certain percentage every year.

To assist California cities and counties in reaching this goal, the Recycling Market Development Zone (RMDZ) program was created by the California Department of Resources Recycling and Recovery (CalRecycle). The RMDZ program is a business assistance program, and qualifying manufacturers in a RMDZ are eligible to receive low interest loans from the State. Companies in an RMDZ have access to other benefits such as assistance locating recycling materials for processing and identifying new customers. CalRecycle designates RMDZs for 10-year terms. RMDZs can apply to CalRecycle every 10 years for re-designation if they wish to continue their status as an RMDZ. There are presently 35 RMDZs in the State.

In 1993, CalRecycle designated the Sacramento RMDZ within a portion of the City of Sacramento. In 2003, CalRecycle designated an expanded RMDZ which included all of the areas within the City of Sacramento, unincorporated Sacramento County, the cities of Citrus Heights, Folsom, Elk Grove, Galt, and Isleton, and the West Sacramento Enterprise Zone. This expanded RMDZ is known as the Sacramento Regional RMDZ (the Zone). The Zone's designation expired in March of 2013, and an application for a re-designated Zone will be submitted by Sacramento County to CalRecycle.

The re-designated Zone will consist of all the areas within the cities of Sacramento, Citrus Heights, Folsom, Elk Grove, Rancho Cordova, and Galt, the unincorporated areas of Sacramento County surrounding these cities, and the West Sacramento Enterprise Zone (see attached map).

The RMDZ program was designed to create an increase in market demand for local recycled material. The program also helps create jobs, can increase the tax base, reduce transportation costs of local recycled materials, and reduce energy demands as many recycled content products use significantly less energy to manufacture than non-recycled content products.

Several companies within the Zone have received assistance and/or low

interest loans through the program over the last ten years. These companies include:

- Carpet Collectors, located at 5854 88th St
- Clean World Partners, located at the former Fruitridge Transfer Station
- E-Coat, a Division of Kelly-Moore Paints, located at 5101 Raley Blvd
- Ternion Bio Industries, located at McClellan Park
- Tri-C Tire Recycling, located at 520 Harbor Blvd, West Sacramento
- Sacramento Habitat for Humanity, located at 426 N. 7th St.

Re-designation of the Zone would enable continued provision of these benefits to companies within the Zone for another ten years.

RESOLUTION NO. _____

Adopted by the Sacramento City Council

**SUPPORTING THE RENEWAL OF THE SACRAMENTO REGIONAL RECYCLING
MARKET DEVELOPMENT ZONE AS A RECYCLING MARKET DEVELOPMENT
ZONE (CITYWIDE)**

BACKGROUND

- A.** California Public Resources Code Section 42010 provides for the establishment of the Recycling Market Development Zone (RMDZ) program throughout the State which provides incentives to stimulate development of post-consumer and secondary materials markets for recyclables; and
- B.** All California jurisdictions must meet a 50% reduction in landfill waste disposal as mandated by the California Integrated Waste Management Act of 1989; and
- C.** The Sacramento Regional Recycling Market Development Zone includes the Cities of Sacramento, Citrus Heights, Folsom, Elk Grove, Rancho Cordova, and Galt, the unincorporated areas of Sacramento County surrounding these cities, and the West Sacramento Enterprise Zone; and
- D.** The Sacramento Regional Recycling Market Development Zone is dedicated to establishing, sustaining and expanding recycling-based manufacturing businesses, which is essential for market development and to assist these jurisdictions in meeting the established landfill waste reduction goals; and
- E.** The designation of the Sacramento Regional Recycling Market Development Zone expired on March 31, 2013; and
- F.** The City of Sacramento desires existing and new recycling-based manufacturing businesses located within the Sacramento Regional Recycling Market Development Zone to be eligible for the technical and financial incentives associated with the RMDZ program; and
- G.** The renewal of the Sacramento Regional Recycling Market Development Zone as a RMDZ is still necessary to facilitate local and regional planning, coordination, and support existing recycling-based manufacturing businesses, as well as attract private sector recycling investments to the RMDZ; and
- H.** The continued development of local markets for recycled materials would reduce the need to transport them out of the region in the future; and
- I.** The current and proposed waste management practices and conditions are favorable to the development of post-consumer and secondary waste materials markets; and
- J.** The California Legislature has defined environmental justice as "the fair treatment of people of all races, cultures, and incomes with respect to the

development, adoption, implementation, and enforcement of environmental laws, regulations, and policies" [Government Code section 65040.12(e)], and has directed the California Environmental Protection Agency to conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the state [Public Resources Code section 71110(a)]; and

- K.** The California Department of Resources Recycling and Recovery (CalRecycle) has adopted a goal to continuously integrate environmental justice concerns into all of its programs and activities; and
- L.** The cities of Sacramento, Citrus Heights, Folsom, Elk Grove, Rancho Cordova and Galt, the County of Sacramento, and the City of West Sacramento have agreed to submit an application to CalRecycle requesting renewal of the Sacramento Regional RMDZ; and
- M.** The County of Sacramento has agreed to act as lead agency for the purpose of submitting the application for renewal of the Sacramento Regional RMDZ to CalRecycle; and
- N.** The proposed action has been reviewed by Environmental Planning Services in the City's Community Development Department. The action would not result in any physical change in the environment, and is not considered a project under the California Environmental Quality Act (CEQA) and no review is required; and
- O.** The Sacramento County Community Development Department, acting as the lead agency, has also determined that the re-designation of the Sacramento Regional RMDZ is not a project under CEQA.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOW:

- Section 1. The City of Sacramento supports the renewal of the Sacramento Regional Recycling Market Development Zone for an additional ten-year period.
- Section 2. The City of Sacramento authorizes Troy Givans, Director of Sacramento County Economic Development, to include the City of Sacramento as part of the Sacramento Regional Recycling Market Development Zone on the application that is being submitted to CalRecycle requesting renewal of the Sacramento Regional Recycling Market Development Zone.
- Section 3. The City of Sacramento, acting as a member of the Sacramento Regional Recycling Market Development Zone, will administer the RMDZ program in a manner that seeks to ensure the fair treatment of people of all races, cultures and incomes, including but not limited to soliciting public participation in all communities within the City, including minority and low-income populations.

Adopted by the Sacramento City Council on June 11, 2013 by the following vote:

Ayes:

Noes:

Abstain:

Absent:



**Department of
Community Development
Lori A. Moss, Director**

Divisions
Building Permits & Inspection
Code Enforcement
County Engineering
Planning & Environmental Review

May 3, 2013

Ms. Dana Stokes
California Department of Resources Recycling & Recovery
1001 I St
Sacramento, CA 95814

Dear Ms. Stokes:

Subject: CEQA Determination for Redesignation of the Sacramento Regional Recycling Market Development Zone (RMDZ)

After consulting with our legal counsel and following Sacramento County procedures, we have determined that the redesignation of the Sacramento Regional RMDZ is not a project under CEQA. According to CEQA Guidelines, a government funding mechanism which does not involve a commitment to any specific project (e.g. redesignation of an RMDZ) is not considered a 'project' and therefore, is not subject to CEQA (see below text from CEQA Guidelines).

Section 15060 of the CEQA Guidelines includes the following provision:

(c) Once an application is deemed complete, a lead agency must first determine whether an activity is subject to CEQA before conducting an initial study. An activity is not subject to CEQA if:

(3) The activity is not a project as defined in Section 15378.

Section 15378 of the CEQA Guidelines includes the following provision:

(b) Project does not include:

(4) The creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

As the Lead Agency of the Sacramento Regional RMDZ, it has been determined that the renewal of the Sacramento Regional RMDZ is not subject to CEQA, therefore filing of a Notice of Exemption is not required.

If you have any questions regarding this matter, please contact Zone Administrator Troy Givans at (916) 874-2413 or me at (916) 874-7183.

Sincerely,

A handwritten signature in blue ink that reads "Catherine Hack".

Catherine Hack
Sacramento County Environmental Coordinator