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Colleen M. Castille
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TO: Cities, Counties, and Other Interested Parties
FROM: Ron Henricks, Administrator
Waste Reduction Section
DATE: August 12, 2005
SUBJECT: FY 2006-07 Innovative Recycling/Waste Reduction Grants Update

Introduction

This memorandum discusses the following topics:

- (1) **Innovative Grants Statutes**
- (2) **Funding**
- (3) **Grant Caps**
- (4) **County Annual Solid Waste Management Reports**
- (5) **Criteria and Scoring**
- (6) **Reviewing and Ranking**
- (7) **Timeline**
- (8) **Web Site**
- (9) **Questions/Contact**

The purpose of this memorandum is to present and explain **policies and procedures for the next round of Innovative Grants** (to be awarded in FY 2006-07). **There is no major change in the process from the last round of grants.** However, **we urge interested applicants to please read our Request for Proposals closely before submitting a proposal to us.** We plan to post our RFP on our web site by **August 26.**

(1) Innovative Grants Statutes

In FY 1997-98, the Legislature initiated the Innovative Grants for recycling and waste reduction, continuing to fund them for four years, followed by two years of no funding (FY 2001-02 and 2002-03). During its 2002 session, the Legislature passed House Bill 851, which reinstated the grants effective FY 2003-04. House Bill 851 also directed that **the Legislature, not DEP, is to make the final determination as to what specific proposals will be funded.** Additional details (from Section 403.7095, Florida Statutes) include:

- (1) The department [DEP] shall develop a competitive and innovative grant program for counties, municipalities, special districts, and nonprofit organizations that have legal responsibility for the provision of solid waste management services that:

- (a) Demonstrate technologies or processes that are not in common use in Florida, that represent a novel application of an existing technology or process, or that overcome obstacles to recycling and waste reduction in new or innovative ways;
- (b) Demonstrate innovative processes to collect and recycle or reduce materials targeted by the department and the recycling industry; or
- (c) Demonstrate effective solutions to solving solid waste problems resulting from waste tires, particularly in the areas of enforcement and abatement of illegal tire dumping and activities to promote market development of waste tire products.

Because the Legislature recognizes that input from the recycling industry is essential to the success of this grant program, the department shall cooperate with private-sector entities to develop a process and define specific criteria for allowing their participation with grant recipients.

- (2) The department shall evaluate and prioritize the annual grant proposals and present the annual prioritized list of projects to be funded to the Governor and the Legislature as part of its annual budget request submitted pursuant to chapter 216, beginning with fiscal year 2003-2004. Potential grant recipients are encouraged to demonstrate local support for grant proposals by the commitment of cash or in-kind matching funds.

Nonprofit Organizations: Paragraph (1) from the above excerpt mentions: “nonprofit organizations that have legal responsibility for the provision of solid waste management services.” We have determined that legal responsibility to provide solid waste management services is obtained via:

- **Statute**, such as Section 403.706, stating that counties have the responsibility to provide disposal services,
- **Special legislative acts**, such as the one that created the Palm Beach County Solid Waste Authority, or
- **Interlocal agreements which are authorized by law**, such as Section 403.706(19), which provides that special districts or other entities given power to manage solid waste through interlocal agreements can be eligible for grants just like counties. An example is New River Solid Waste Association.

Just because a nonprofit agency might happen to have legal *authority* under its charter to provide solid waste services to some group of people does not mean it has the legal *responsibility* to provide those services, at least not in the context of these grants.

Targets: HB 851 modified Section 403.709(5), F.S., to explicitly state that the Innovative Grants are to be used for “recycling and reducing the volume of municipal solid waste [MSW], including waste tires requiring final disposal.” Therefore, at a minimum, any targeted materials or sectors for the Innovative Recycling/Waste Reduction Grants must either be MSW or a generator of MSW. **MSW is defined in Section 403.706(5) of Florida Statutes as:**

any solid waste, except for sludge, resulting from the operation of residential, commercial, governmental, or institutional establishments that would normally be collected, processed, and disposed of through a public or private solid waste management service. The term includes yard

trash but **does not include solid waste from industrial, mining, or agricultural operations.**
[Emphasis added.]

As in the last round of Innovative Grants, we will target some specific materials/sectors. **We will accept, review, and rank proposals that do not focus on the targets, but we will award additional points to those proposals that do focus on the targets.**

Timing: The Legislature will not be making its decision on what Innovative Grants proposals to fund until its regular session which will start in early March 2006 (and ends in early May). DEP will submit its prioritized list of grant applications for the Legislature's consideration around the middle of January. **The deadline for us receiving those applications will be 5:00 p.m., Thursday, November 10, 2005.**

(2) Funding

As in the last round of Innovative Grants, **it will be the Legislature, not DEP, who will make the final determination as to which proposals are funded. That determination will be made during the 2006 legislative session and will be effective for FY 2006-07 (starting July 1, 2006).**

In its 2005 session, the Legislature funded 7 of the 9 eligible grant proposals that were submitted to DEP, amounting to approximately \$1.2 million (for a list of those proposals, see: <http://www.dep.state.fl.us/waste/categories/recycling/pages/InnovativeGrants2005-06.htm>). **This was the first time in the seven year history of the grants that DEP went beyond simply submitting a ranking of the proposals by including a recommendation as to what proposals should not be funded because they did not appear to us to meet the intent of the Innovative Grants statute.** The Legislature agreed with our recommendation.

Some people have told us that they feel we should simply submit our ranking of the proposals without including a recommendation about what proposals should not be funded. We have seriously considered this suggestion, and respectfully decided to continue recommending no funding for relevant proposals. We are doing this because it is our perception that the Legislature is looking to us to give them our best professional judgment as to what proposals do not meet the intent of the Innovative Grants statute. The Legislature is free to accept or reject our recommendations. Grant applicants who disagree with our recommendations are free to lobby the Legislature to fund their proposals.

At this writing, we have no idea how much money the Legislature will allocate for FY 2006-07. It could allocate more than last year, less, or none at all. **DEP's performance and obligation to award grants is contingent upon an appropriation by the Legislature.**

(3) Grant Caps

Section 403.7095(6), Florida Statutes, authorizes DEP to set grant caps. For this round, we are keeping the grant caps at \$200,000 (the same as the last round):

- **Number of proposals per applicant:** No more than **two per applicant**, with maximum total requests per applicant adding up to no more than **\$200,000**.
- **Per project maximum:** No more than **\$200,000 per project, regardless of how many applicants collaborate on a project**. A few of years ago we allowed multi-applicant projects to add their maximum allowable amounts together. For example, if 3 applicants collaborated, we allowed them to submit an application for up to \$900,000 (3 applicants x \$300,000 maximum per applicant). There was some justification for this procedure when the grants statute contained a criterion that favored regional projects. However, the 2000 Legislature removed that criterion, thereby removing the statutory justification for giving a special incentive for regional projects. Subsequent legislative sessions did not reinstate that criterion.

We will disqualify all proposals from an applicant, including that applicant's share of multi-applicant proposals, if (a) more than two proposals come from the applicant or (b) all of the proposals from the applicant total more than \$200,000. If a department within an applicant's bureaucracy plans on submitting a proposal, it is that department's responsibility to take the initiative to communicate and coordinate with other departments in that applicant's bureaucracy that might also logically be expected to possibly have an interest in submitting a proposal. For multi-applicant proposals, it is all of the participating applicants' responsibility to coordinate and communicate amongst themselves relative to this issue.

- **Management of similar proposals:** If we receive **two or more similar proposals**, we reserve the right to **request the applicants to collaborate** in revising their proposals per our direction regarding proposal elements and costs.

(4) County Annual Solid Waste Management Reports

HB 851 eliminated and streamlined much of the data required in the counties' annual solid waste management reports to DEP effective July 1, 2003. However, the Legislature required counties to continue to report some data to DEP annually, regardless of the availability of state grant funding. **Counties who have overdue or inadequate data relative to the November 1, 2005 annual reporting deadline may apply for an Innovative Grant. However, if we find their data is still overdue or inadequate by the time we are ready to give our prioritized list of grant applications to the Legislature, then we may disqualify their applications.**

Also, after the Legislature decides which applicants can receive grants, **we reserve the right to withhold those grants from any county that has overdue or inadequate data relative to the**

November 1, 2005 annual report deadline. Release of the grant will be dependent upon our receipt of the required data.

(5) Criteria and Scoring

These are the criteria and points allocation we propose using to review grant applications:

- **35 points** **Technologies or Processes**
- **10 points** **Targets**
- **35 points** **Benefits/Cost-effectiveness**
- **10 points** **Transferability**
- **10 points** **Local Support**
-
- **100 points** **Total**

Before getting into a detailed discussion of each criterion, some background might be useful. First, the criteria are identical to the criteria used in the last round of Innovative Grants. We think these criteria are appropriate to help assure the most effective use of the grants from both an environmental and economic perspective. However, we welcome any suggestions for improvement.

Please note that **if a proposal does not address MSW as defined in statute, it will be disqualified from further consideration.** The definition of MSW in Section (1) of this memorandum is not totally and unambiguously clear about what is considered MSW. There are some gray areas and room for interpretation. **If you have any question as to whether your project will address what DEP considers to be MSW, please call us before you get too far along in your proposal.** Please do not wait until the last minute to ask us for such a determination, because there is no guarantee that we will be able to give you an answer as quickly as you need it.

Following is a more detailed discussion of each proposed criterion.

(a) (35 Points) Technologies or Processes: *Demonstrate technologies or processes that (1) are not in common use in Florida, that (2) represent a novel application of an existing technology or process, or that (3) overcome obstacles to recycling/waste reduction in new or innovative ways.*

Discussion: The range of scoring is between 0 and 35 points, with a range of 0-15 points for meeting one of the following subcriteria, up to an additional 10 points for meeting two, and up to an additional 10 points for meeting all three:

- **Not in common use in Florida:** The proposal should provide information via survey, literature review, or some other means to support its assertions that the proposed

technologies or processes are not in common use in Florida or in areas of similar size or demographics in Florida.

- ***Novel application of an existing technology or process:*** The proposal should provide documentation showing how the existing technology or process is novel.
- ***Overcome obstacles to recycling/waste reduction in new or innovative ways:*** The proposal should spell out what obstacles are being addressed, explain how the proposal would overcome those obstacles, and provide documentation supporting the newness or innovation of the ways in which the proposal will address those obstacles.

(b) (10 Points) Targets: Demonstrate innovative processes to collect and recycle or reduce materials targeted by the department and the recycling industry. Demonstrate effective solutions to solving solid waste problems resulting from waste tires, particularly in the areas of enforcement and abatement of illegal tire dumping and activities to promote market development of waste tire products.

Discussion: In DEP's 2001 report to the Legislature, *Florida's Recycling and Litter Programs: Current Status and Potential Future Directions*, DEP recommended:

The existing Recycling and Education grants program should be replaced with a small scale competitive "seed grant" program that launches innovative waste reduction/recycling projects, improves recycling in Construction and Demolition (C&D) debris and the commercial/institutional sector, and develops new markets for recycled C&D debris. These areas have the greatest potential for increasing the state's overall recycling rate.

That potential still remains to be exploited. Therefore, proposals that focus on **C&D materials** and the **commercial/institutional sector** will be eligible for **up to 10 points**.

Additionally, since **waste tires** are specifically listed in HB 851 as a focus for the grants, projects focusing on that issue will be eligible for up to 10 points. (Though it may be stating the obvious, please note that we are looking for *innovative* proposals for dealing with waste tires.)

Please note that just because a targeted material/sector is included in a grant application, that does not mean an automatic 10 points in scoring it for the criteria dealing with targets. If the material/sector is only a small part of the overall proposed project, then less than 10 points will be given.

For example: if a proposal covers yard waste and C&D, but the majority of the proposal is focused on yard waste rather than C&D, then the proposal will receive less than the maximum 10 points available under the targets criteria.

(c) **(35 Points) Benefits / Cost-effectiveness:** *Demonstrate the potential economic and environmental benefits of the proposed program and the cost-effectiveness of the program's approach.*

Discussion: There are three components for this criterion:

- **(15 Points) Environmental benefits:** Under which we will consider two parameters:
 - **Methodology:** Source reduction and resource conservation rate higher than material reuse which rates higher than recycling and composting programs. A combination of these approaches rates somewhere in between. This reflects the waste management hierarchy established by the 1991 Legislature in Section 403.061(33), Florida Statutes.
 - **Toxicity:** Programs that reduce (a) exposure to or (b) release of hazardous or toxic materials which pose a threat to public health.
- **(10 Points) Economic benefits:** This will include, but not necessarily be limited to, such things as more jobs or increased marketability of a product.
- **(10 Points) Cost-effectiveness:** This will include, but not necessarily be limited to, consideration of such issues as:
 - How the results of the program could potentially result in a substantial **reduction in the cost** of recycling/waste reduction.
 - How long the **payback period** is for program costs. Shorter paybacks rate higher than longer paybacks.
 - **Sustainability** of the program. Programs that are designed to continue after the grant ends are more desirable than programs that die with the end of grant funds.
 - How the program will make the most **cost-effective** use of vendors, subcontractors, products, and other program resources to complete the project

(d) **(10 Points) Transferability:** *Demonstrate transferability of technology and processes used in the program and specify how the program will promote transferability.*

Discussion: There are basically two subcriteria here:

- **(5 points) Transferability of technology and processes:** how and what other local governments will be able to gain from the completion of the project; how the

technology or process will apply to a broad audience. If a project is transferable to areas with demographics or situations substantially different than its home base, then that project should get more points than a project that is transferable to areas with more limited demographics or situations.

- **(5 points) How the program will promote that transferability:** the greater the proposed effort to promote transferability, the greater the points. For example, projects that plan and budget for mentoring counties or communities with similar demographics in Florida will score higher than those who simply propose to write an article or give a presentation.

(e) (10 Points) Local Support: *Demonstrate local support for the proposed program by the commitment of cash or in-kind matching funds.*

Discussion: Either public or private sector contributions may count as match. Points for either cash or in-kind matching funds will be allocated per the following:

- 0 points 0% up to and including 1% of total project cost
- 1 points Greater than 1% up to and including 10% of total project cost
- 2 points Greater than 10% up to and including 20% of total project cost
- 3 points Greater than 20% up to and including 30% of total project cost
- 4 points Greater than 30% up to and including 40% of total project cost
- 5 points Greater than 40% up to and including 50% of total project cost
- 6 points Greater than 50% up to and including 60% of total project cost
- 7 points Greater than 60% up to and including 70% of total project cost
- 8 points Greater than 70% up to and including 80% of total project cost
- 9 points Greater than 80% up to and including 90% of total project cost
- 10 points Greater than 90% up to and including 100% of total project cost

For example, a project's total cost will be \$100,000 with \$50,500 of that covered by in-kind match while the other \$49,500 will be covered by an Innovative Recycling/Waste Reduction Grant. This is a 50.5% match, resulting in 6 points under this criterion. Here are the steps to use in calculating the percentage match:

1. Total grant requested + Total local match = Total project cost
2. (Total local match / Total project cost) x 100 = Percentage match

Proposals should clearly state (a) the amount of matching funds and (b) the percentage of matching funds as part of total project costs.

Please note that the above excerpt and example calculation is based on the percentage match of **total project cost**, not total grant requested. If it had been based on percentage of total

grant requested, the example calculation would have resulted in a 102% match, giving the proposal 10 points under this criterion. We will correct any calculations done in that manner.

(6) Reviewing and Ranking

We will use the same reviewing and ranking process we followed in the last round of Innovative Grants. After the grant proposals are submitted to DEP, they are immediately distributed to members of our review team. (That team had 10 members last year and 11 members the year before that, with members coming from DEP's Recycling program, Pollution Prevention program, and Solid Waste program. We plan on this year's team having a similar size and composition.) Each team member reviews and ranks every grant application. The preliminary ranked lists of all team members are combined into a single composite preliminary ranking.

The team then meets to discuss and debate the preliminary ranking. Since no team member knows everything there is to know about recycling and waste reduction, this is where people often learn something new from their colleagues. The power of that combined knowledge and the opportunity to share that knowledge during the review process is one reason we decided to have such a large number of people (rather than only two or three) on the review team. Also, the large number helps to reduce the effect of any biases that might exist among individual team members.

After that meeting, each team member has the opportunity to re-rank the applications. All team members' rankings are combined into a single final ranking, which is then submitted to upper management for review and approval, followed by delivery to the Governor and the Legislature. The Legislature then decides whether or not to accept the ranking, and how much money, if any, to allocate to the grants for the upcoming fiscal year.

The final rankings of individual team members can vary greatly for some of the individual grant applications. Some observers have said that such a wide range of rankings for some projects shows that the ranking criteria are not specific enough, allowing too much subjectivity. We have tried to limit the amount of subjectivity in the review process ever since the Innovative Grants first started several years ago, during which time we have also incorporated some suggestions from interested parties. However, by its very nature, there is a certain amount of subjective judgment inherent in the review process for anything dealing with innovation. Trying to rank innovative project proposals is simply not as cut-and-dried or objective as ranking proposals to buy equipment or construct a facility or provide a well-defined service.

Some observers have also wondered if the cause of the wide variation in ranking of some projects is due to the difference in experience of the reviewers. We looked at that in the last couple of rounds of Innovative Grants, and it does not appear to be a factor. Some of the widest variation in rankings occurred among the most experienced members of the review team.

Finally, some observers have suggested that in the future we throw out the lowest and highest ranking for each project proposal before combining all reviewers' rankings together. We have

seriously considered doing that in the past. Based on the last couple of rounds of Innovative Grants, it appears to make very little difference in the final result. Consequently, we are not strongly inclined to do that procedure at this time.

(7) Timeline

08/26/05 Request for Proposals (RFP) posted on DEP's 2006-07 Innovative Recycling/Waste Reduction Grants web site (<http://www.dep.state.fl.us/waste/categories/recycling/pages/InnovativeGrants2006-07.htm>). At this writing, that web site is not accessible. We plan to have it go live no later than August 26, possibly a little earlier.

11/10/05 Proposals due at DEP no later than 5 p.m. (**that does not mean postmarked by 5 p.m., it means at DEP by 5p.m.**). Thirteen (13) hard copies and one electronic version in Microsoft Word format. **No binders or covers, just plain paper. Margins no less than 0.5 inches. Font no smaller than 12 points.** Review the RFP for any additional formatting details. (**We have disqualified applicants in the past for not following formatting requirements.**) Additional requirements include:

- No more than **two proposals** per applicant.
- No more than **\$200,000** per applicant.
- No more than **\$200,000 per project, regardless of how many applicants collaborate on the project.**
- In multi-applicant collaborative proposals, **each applicant's share of the proposal budget** should be explicitly identified. Also, the **lead applicant should be identified** for administrative and project management purposes. For each applicant participating in a multi-applicant proposal, that participation counts as one proposal towards the maximum of two proposals per applicant. Likewise with each applicant's share of the proposal budget counting towards the maximum of \$200,000 per applicant.
- No more than **one page for applicant contact information on applicant's official letterhead.**
- No more than **20 lines of text for abstract.**
- No more than **one page for project description.**
- No more than **one page** describing how the project will demonstrate or utilize uncommon or novel or innovative **technologies or processes.**
- No more than **one page for materials or sectors targeted by DEP.**
- No more than **one page for economic/environmental benefits and cost effectiveness.**
- No more than **one page for transferability.**
- No more than **one page for local support.**
- No more than **one page for the project's budget.**
- **Proposals failing to implement the requirements above will be disqualified.**

- 12/08/05 (Tentative date.) DEP Review Committee meets to do preliminary ranking of applications. Also at this meeting DEP will decide if any additional information is needed from any applicants. DEP will also decide if any applicants should combine efforts or cooperate more closely with other applicants.
- 01/05/06 (Tentative date.) DEP Review Committee meets to finalize ranking of applications.
- 01/09/06 (Tentative date.) DEP Review Committee forwards the final ranking of applications to DEP upper management for review and approval.
- 01/20/06 (Tentative date.) DEP submits finalized ranking of applications to Governor and Legislature.
- 05/05/06 (Tentative date.) Legislature decides what applications will be funded.
- 05/12/06 (Tentative date.) DEP notifies applicants selected to receive Innovative Recycling/Waste Reduction Grants. Grantees must check with their DEP district office and local environmental permitting agencies on compliance issues regarding proposed project work.
- 06/09/06 (Tentative date.) Scope of Service (SOS) and Environmental Certification Form due. SOS shall contain applicable amendments to the proposal along with final timeline (dates), deliverables (work), itemized costs of each deliverable (budget) and applicant contact details (i.e. Project Manager address, phone, e-mail, and FEID#).
- 07/07/06 (Tentative date.) DEP sends Grant Agreements to applicants for signatures.

(8) Web Site

The Request for Proposals, and all other information connected with the FY 2006-07 Innovative Grants, will be available via this new web site, which **should go live no later than August 26**:
<http://www.dep.state.fl.us/waste/categories/recycling/pages/InnovativeGrants2006-07.htm>.

For information about past Innovative Grants, please go to this web site:
<http://www.dep.state.fl.us/waste/categories/recycling/pages/grants.htm>.

(9) Questions/Contact

If you have any questions, please feel free to contact the Innovative Recycling/Waste Reduction Grants program manager, **Shannan Reynolds** (shannan.reynolds@dep.state.fl.us; 850-245-8716), at least until September sometime, when she is expected to give birth to her second child. After that, she will be on maternity leave until early January. **Suzanne Boroff**

(Suzanne.boroff@dep.state.fl.us; 850-245-8718) will be interim program manager during Shannan's absence.

RHcfile: innov-68.doc