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Subject: Crv
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Debbie,

Here's a condensed report, in four parts, on the status of the SB 458 CRV Recycling Pilot.

Funding

Partners

Technology

Timeline including community and political outreach/

Funding :

As of Friday, 3/28 we have heard from CalRecycle that they received the final pieces of both SF's Jurisdiction Application and Our Planet Recycling's Certified Recycler Application. Both are under review for completeness and pending that approval our conditional approval will be complete. This signals the true onset of the Pilot.

Two immediate first steps will follow:

Arrival of the draft RBCF 31 Grant contract for \$500,000 from CalRecycle grant team

Access to application process for \$1,000,000 in AB54 Funds to grant team

I expect these 2 processes to take at least one month to complete and up to 2. It will take all our resources and patience to successfully complete the CalRecycle grant process. I have been in constant touch with the Grants team and believe they want to make this happen expeditiously.

SFE is utilizing City/County Payment (CCP) funds deposited annually by CalRecycle.

The sole purpose for these funds are to support AB 2020 implementation and consumer convenience. All of the expenses of the pilot thus far have been paid from these funds, primarily to Tom Wright, and then through Abbe and Associates contract to design, legal and technology consultants.

We have sufficient funding of this type to be able to continue funding the consultants and technology and equipment we need until the grant funds are in place. We will use CCP to pay up front for some elements and then be reimbursed by CalRecycle funds to build up a cash flow for continued grant-funding activities that are reimbursable expenses.

SFE also receives \$215,000/year in CCP and has 2 years in hand to use from this point forward. We will receive another disbursement in each of the 2 years going forward over the Pilot period, end date June 30, 2022. spring. Joe has budgeted these funds accordingly, about 30% is used to pay ongoing SFE ZW staff expenses. That yields approximately \$600,000 out of \$860,000 (4 years X \$215,000) available for the Pilot over the entire period.

The Alliance is considering how to best support the Pilot project and its operation. Tom and I urge provision of sites for the Pilot at existing supermarket parking lots or nearby lots the stores sponsor with neighboring community or private groups. We estimate the value of these sites to be between \$500,000 and \$2,000,000 over the life of the Pilot.

We expect to be able to apply for additional AB 54 funds of \$1,000,000 one year after the first award is made. Our total budget and cash flow projections are still in final development given the most recent information about the cost of design, fabrication and operations. We will have a draft final budget prepared by mid-April for SFE review prior to submittal for the first AB 54 funding.

Partners/Consultants:

SF CRV Alliance - Currently the Alliance has been the primary partner in this effort. That continues but its role and membership are an open question as we move to begin implementation of the pilot on a citywide basis. Who is a member and what does membership entail is difficult to say and then to implement. It does not seem practical to draw energy and resources away from pilot implementation to develop and implement a sector wide membership and funding scheme for all beverage dealer in SF. This will wait until after pilot operations succeed.

The Alliance has paid about \$30,000 in legal fees thus far and has \$20,000 on hand. New members would add to this balance. No system for adding funds on an ongoing fashion has been arrived at thus far.

SF Conservation Corps - We met recently with the new Executive Director Marilee Ekhardt of the SFCC along with SFCC board member Maurice Quillen to introduce the SB 458 Pilot to her. We confirmed SFCC's desire and ability to play a key role in providing staff and possibly space of Pilot operations.

Our Planet Recycling (OPR) - We have reached tentative agreement on the operating arrangement with OPR. They will play the critical role of certified recycler, well-known and approved by CalRecycle. We are in the process of negotiating the exact logistical and financial terms of OPR operations. This will require City Attorney approval.

Does this selection require a competitive process given that there are not any other certified recyclers in SF willing to take this on?

Clynk, Inc. - We have begun negotiations with Clynk on the specifics of incorporating their proprietary technology, equipment specifications and administration into the Pilot.

Clynk CEO confirmed to me on Monday that they can meet a 5-6 month time frame for delivery of all aspects, within calendar 2020 and ongoing maintenance for the duration of the pilot. This will include the activities of Oregon Beverage Recycling Cooperative (OBRC) staff and equipment design, manufacture, training and operation.

Gauger and Associates - We have been operating with this SF based PR and design firm for over 2 years successfully and will continue through the process of introducing the Pilot to community and elected leadership in SF, through the rollout and for the duration of the Pilot.

CRV - blowing up

CAS - busy

USDN - busy as well

REtirement