

## SCRAP TIRE MARKET DEVELOPMENT GRANTS FISCAL YEAR 2023

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### APPLICATION PROCESS AND EVALUATION CRITERIA

#### EVALUATION CRITERIA

The funding of scrap tire market development projects must be prioritized due to the limited amount of available funding under Part 169, Scrap Tires, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. This solicitation is anticipated to be extremely competitive. The evaluation criteria set forth in this application package has been developed to allow the Department of Environment, Great Lakes, and Energy (EGLE) to identify those proposals that most completely demonstrate the applicant's ability to successfully implement a scrap tire market development project. Since a variety of market development projects will be submitted, all eligible applications will be independently evaluated based on how well they address the evaluation criteria for their project.

Each application will be evaluated by a committee of EGLE staff (and other state agencies, when appropriate), using criteria as follows. (*NOTE: The descriptions following are brief and designed to provide a general explanation of the criteria that will be considered and the typical components of those criteria.*) The order of the listed criteria is not intended to indicate relative weight placed on individual criteria.

- The amount of scrap tires, in passenger tire equivalents (PTEs) or tons, to be used in developing the project/product using Michigan tires.
- The project must demonstrate a **new** or **increased** use of scrap tires. Projects will be evaluated based on the total number of tires used compared to the cost of the project or the cost per tire.
- The project must be feasible and market-oriented.
- The project must demonstrate viable markets for the proposed product. For example, a signed contract or letter of expression of interest from a user of the product.
- Research and development grant applicants must provide data or other documentation to show that the project is for new research and how the project will expand the market for scrap tires in Michigan. Salaries of individuals are not eligible for grant funding unless these are salaries of employees of public universities or colleges.
- Rubber modified asphalt or paving projects are considered Research and Development. Applicants should consider how the project will further the use of scrap tires in paving projects in Michigan. Partnerships with vendors, contractors, universities, etc., that provide real-world testing and research components for review are preferred.
- Successful grantees will be required to provide a final report **that will be shared with interested parties** prior to receipt of final payment.
- Applicant must demonstrate commitment to the project by providing a complete business plan and by providing the amount the applicant has provided as personal investment in the project.
- Applicant's overall compliance with Michigan environmental laws, rules, and regulations.

Priority will be given to:

- Paving and road related construction projects followed by applications requesting capital expenditures for equipment.
- Projects that demonstrate the technology is transferable and could produce a broad benefit.
- Projects that utilize scrap tires, rather than use them as a commodity.
  - A commodity is defined in Part 169, Section 169014(1)(f) as crumb rubber, tire chips, a ring or slab cut from a tire for use as a weight, or a product die cut or punched from a tire. These products are categorized in statute as a “commodity” because they already have markets and uses associated with them.
- Projects that demonstrate long-term sustainability.
- Applicants who are part of an established business, as opposed to applicants who request funds for start-up costs.
- Applicants who are expanding a current product line, as opposed to creating a completely new untried product.
- Financial capability and financial viability of the project.
- The value of the end use of the scrap tires (e.g., the scrap tires will be used to make a product as opposed to using scrap tires as alternative daily cover in a landfill).
- Projects that demonstrate partnerships with vendors, contractors, universities, etc., providing real-world testing and research components for review.

\*NOTE: Rubber modified asphalt projects are eligible for funding. However, high traffic volume main roads will receive priority over low traffic local roads. Projects that focus solely on the paving of parking lots will not be considered for funding this year.

## **APPLICATION SUBMISSION INFORMATION**

EGLE must receive all original signed applications along with the required narratives via email no later than **11:59 p.m. Eastern Standard Time (EST), Friday, October 28, 2022**. Proposals received after this deadline will not be evaluated.

The application must be submitted through the online application system prior to the deadline to be considered. To be considered complete, the application must include a completed Grant Budget Form.

If you have any other questions related to the preparation or submission of the grant application, please contact the Scrap Tire Program at [EGLE-ScrapTire@Michigan.gov](mailto:EGLE-ScrapTire@Michigan.gov) (preferred) or 517-614-7431, for assistance.

## **APPLICATION REVIEW PROCESS**

Applications for funding will be reviewed and prioritized by a review committee based on the evaluation criteria indicated above. The review committee will consist of staff from EGLE and other stakeholders and/or state agencies, when appropriate.

Applicants must apply using online application with all attachments no later than **11:59 PM EST, Friday, October 28, 2022**. There will be no discussion regarding the application between EGLE staff and applicants during the application review process.

After staff completes their review of each application, a recommendation of applicants approved for funding will be developed. Following discussion of these recommendations, a final funding recommendation will be developed for management approval. The final prioritized listing will be approved by the Sustainable Materials Management Supervisor, Solid Waste Section Manager, Administration Section Manager, and the Director of the Materials Management Division, with recommendations presented to the EGLE Director. It is anticipated that the EGLE Director will make final funding recommendations no later than the end of January 2023. Grants for more than \$500,000 require State Administrative Board approval before grant agreements are completed.

Applicants will be notified via e-mail of the decision regarding their applications. Evaluation information concerning an application will be available upon request. If eligible, unsuccessful applicants may reapply in future grant cycles subject to legislative appropriation of funds.

EGLE is not obligated to award a grant or to pay any costs incurred by the applicant in the preparation and submission of their application.

EGLE may request additional information to support the application for clarification purposes.

#### **GRANT AGREEMENT REQUIREMENTS FOR APPROVED APPLICANTS**

Approved applicants will be required to enter into the standard EGLE grant agreement.

The application becomes part of the grant agreement. The agreement will stipulate a project period during which the project must be completed, and all expenditures must be made. Successful applicants (Grantees) must be prepared to agree to the following minimum agreement conditions:

- All projects funded must commence prior to September 30, 2023, and must proceed in a continuous manner. Typical projects must be completed within 18 months of the start date.
- Grants are paid through a reimbursement process. Reimbursement requests submitted must include proof of payment to the processor for work completed.
- All grantees shall submit complete reimbursement requests no later than 30 days after the end of the calendar quarter. If no grant activities occur during the quarter, no reimbursement request needs to be submitted for the quarter.
  - October 1 – December 31 (EGLE fiscal year begins October 1)
  - January 1 – March 31
  - April 1 – June 30
  - July 1 – September 30
- A complete reimbursement request shall include:
  - A signed Request for Reimbursement form that states whether the request is for partial payment or full payment of the grant funds.
  - Copies of all invoices.
  - Proof of payment. Examples of acceptable proof of payment include:
    - Front and back of cancelled check(s).
    - Front of the check(s) and bank statement on bank letterhead showing the check(s) have cleared their financial institution.
    - A copy of ACH or wire transfers.

- If an application is for scrap tires only, the applicant will be required to submit documentation that the selected scrap tire processor(s) meets all the requirements listed in the Eligibility Criteria of this application package, prior to entry of a grant agreement.
- EGLE will reimburse the cost of purchasing scrap tires but shall not exceed a reimbursed cost of \$133.00 per ton.
- EGLE will reimburse Grantees for up to 50 percent of the cost of equipment and/or research and development.
- Grantee indirect costs are limited to 20 percent on salary and fringes.
- Salaries of individuals are not eligible for grant funding unless these are salaries of employees of public universities or colleges.
- Travel related expenses are limited to the currently available state reimbursement amounts for lodging, meals, and other expenses.
- The Grantee acknowledges that it is a crime to knowingly and willingly file false information with the State for the purpose of obtaining this agreement or any payment under the agreement, and that any such filing may subject the Grantee, its agents, and/or employees to criminal and civil prosecution and/or termination of the grant.
- The Grantee and all contractors, subcontractors, etc., must operate in compliance with all applicable laws and the grant agreement. Certain provisions contained in the grant agreement may preclude various entities from receiving grant funds. These provisions include, but are not limited to the following:

Conflict of Interest: No government employee or member of the legislative, judicial, or executive branches, or member of the Grantee's Board of Directors, its employees, partner agencies, or their families shall benefit financially from any part of this agreement.

Debarment and Suspension: By signing this agreement, the Grantee certifies that it has checked with the federal debarment/suspension list at [sam.gov](http://sam.gov) to verify that its agents and subcontractors:

- Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or the State of Michigan.
- Within a three-year period preceding this agreement, have not been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, as defined in Title 45 of the Code of Federal Regulations, Part 1185, Governmentwide Department and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants); violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
- Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in subsection (2).
- Within a three-year period preceding this agreement, have not had one or more public transactions (federal, state, or local) terminated for cause or default.
- Will comply with all applicable requirements of all other state or federal laws, executive orders, regulations, and policies governing this program.

**REQUIRED APPLICATION COMPONENTS**

A separate application must be submitted for each proposed market development project. All information submitted in the application must be current.

To be considered complete, an application must include all the components listed below. Applications that are incomplete will be deemed ineligible and receive no further consideration for funding.

***APPLICATION COMPONENT CHECKLIST***

<b>Component</b>	<b>Page Number in Application</b>	<b>Complete?</b>
Grant Program Funding Application Survey Form	ONLINE	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
Attachment A, Grant Budget Form (Required)	Available online. Please upload to include in Survey Form or e-mail to: <a href="mailto:EGLE-ScrapTire@Michigan.gov">EGLE-ScrapTire@Michigan.gov</a> .  Survey Forms received without the Budget Attachment A will be considered incomplete and will not be reviewed for funding.	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>

***Applications are due no later than 11:59 p.m., Eastern Standard Time  
Friday, October 28, 2022.***

***Submit applications via online application system.***

## REQUIRED APPLICATION COMPONENTS FOR ALL APPLICANTS

### A. Project Timetable

1. Grantee cannot begin work prior to having executed grant. Projects must commence before September 30, 2023. Typically, projects must be completed within 18 months of start date.
2. Outline all the tasks needed to implement the project. Submission of quarterly and final progress reports and submission of reimbursement requests should be included as a task.
  - a. For each task, provide the following information (Attach additional pages as necessary):
    - i. Name of the task.
    - ii. Beginning date.
    - iii. End date.
    - iv. Group or person responsible for completion of the task.
    - v. Location of the task.
3. Describe how you will show your product/process is successful. Include benchmark goals.

### B. Economic Feasibility

1. Provide a feasibility study or sufficient information supporting the economic viability of the proposed project.
2. Provide a description of the business and accounting plans for the proposed project. This must identify the methods used to track the funding and other business aspects of the proposed project.
3. Provide a discussion on the benefit of State funding to carry out the proposed project. As part of this discussion, identify what other sources of funding the applicant may have available to fund this project and discuss what efforts would be taken to implement this project if State funds are not awarded.
4. Provide the final “cost per tire” by dividing the total grant amount requested by the number of scrap tires that will be used in the process.

### C. Financial Information

1. All private for-profit applicants must submit the following:
  - a. History and description of the applicant, including all the following:
    - i. Ownership of the company.
    - ii. Any affiliate, parent, or subsidiary relationships.
    - iii. A description of the product manufactured by the applicant.
  - b. An organization chart for the applicant’s management team and résumés of key management personnel.
  - c. Audited historical financial statements for the applicant, including balance sheets and income statements for the three most recent complete years of operations. If audited financial statements are not available, explain why and provide historical financial statements certified as true and accurate by an authorized representative of the applicant.
  - d. Current financial statements for the applicant, including balance sheets and income statements, dated within 90 days of application submission, and certified as true and accurate by an authorized representative of the applicant.

- e. The name and address of the bank handling the applicant's business accounts. The name and telephone number of the bank officer handling the applicant's accounts should also be provided.
- f. If the applicant has been in operation for less than one year OR if the applicant is requesting grant funding for the manufacture of a product new to the company, the following information must also be submitted:
  - i. Two-year projected balance sheets and income statements. The information must include a description of, and the basis for, all assumptions made in creating the statements. Sales projections must be substantiated with bids, purchase orders, purchase order quotes, sales contracts, or other similar types of evidence.
  - ii. The business plan for the company.

#### D. Reporting

Successful applicants will be required to provide project milestones and measures in quarterly reports and a final report. **Submittal of a final report will be required prior to issuance of final payment.** These reports may be shared with interested parties or used in other ways that further support market development activities in Michigan.

#### E. Budget Information (See Attachment A - Grant Budget Form)

1. All costs identified must be eligible costs (either for equipment or research and development). Expenditures must be made during the project period as identified in the Project Timetable.
2. All grants to fund equipment and/or research and development require an applicant match or in-kind, as appropriate, equal to 50 percent of the total project budget. The only eligible costs are for equipment and/or research and development.
3. Expenditures must be made during the project period as identified in the Project Timetable.

## **ADDITIONAL REQUIRED APPLICATION COMPONENTS FOR EQUIPMENT AND/OR RESEARCH AND DEVELOPMENT PROJECTS**

This section discusses purchase of equipment and Research and Development projects which can also include paving projects with a control section.

### **A. Executive Summary**

1. Provide an overview of the proposal including:
  - a. A brief statement about how the project works.
  - b. Why the project should be funded along with perceived benefits.
  - c. Any benchmarks that are in place or proposed metrics to determine if the project is successful.
  - d. An overview of the 50 percent match funding sources.

### **B. Project Description**

1. Provide a Project Description that identifies the project goals and what the project will accomplish. Provide a detailed discussion of the methods and technology to be used to implement the project. The discussion should include the following:
  - a. A complete description of the entire operations related to implementing the project. The discussion should not be limited to only that part of the operations to be funded by the grant. For example, describe the entire market development operation, including all aspects of collection, processing, and marketing. Include any in-kind services that may be used.
  - b. If the proposed project is an expansion or an addition to the applicant's current operations/activities, include a description of the current operations/activities and how the proposed project will fit into the current operations/activities.
  - c. Provide a detailed sketch or diagram that illustrates existing processes or related equipment, the new process, and process modifications and/or equipment proposed as part of your project.
2. Certify the applicant's commitment to:
  - a. Comply with all applicable federal, state, and local laws, rules, ordinances, and regulations and to obtain all applicable permits and licenses.
  - b. Provide for the match required for the project (cash or in-kind).
  - c. Fund project costs exceeding the grant budget for the project and cost overruns necessary to carry out the project.
  - d. Ensure that the applicant's solid waste, including all residues generated by the project will be disposed of pursuant to the provisions of Part 169 and Part 115, Solid Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, and all other applicable federal, state, and local laws.
3. Demonstrate the applicant's ability to carry out the project and discuss the history of the applicant's involvement with the scrap tire industry.



Describe the process to be used for measuring the progress and success of the project. Include the specific types of data collection or project measurement methods that will be used to determine and track project accomplishments.

4. Provide a detailed narrative response that demonstrates the benefit of the proposed project to increasing market demand for scrap tires. This narrative should include a discussion of existing similar products and how use of scrap tires will help reduce the need or use of virgin materials, or at a minimum, help to create sustainable markets for scrap tires.
  5. Discuss the potential for this project to be replicated in other areas or serve as a model to others. Identify target groups that could implement your project results. Include an estimate of the quantity of materials that could be utilized by these target groups and a detailed discussion of the rationale behind the estimate.
  6. Provide information on the number of jobs to be created by the proposed project.
- C. Equipment funding requests must also include the following:
1. Documentation that the technology to be utilized is beyond the research stage, or what previous research has been completed, and that a demonstration has indicated that the proposed project is technically feasible. Indicate where and when these demonstrations have occurred and include appropriate descriptive information.
  2. Estimates of the annual amount of finished end product to be manufactured. Indicate the method and complete calculations used to estimate the amount of finished end products produced.
  3. A comprehensive marketing plan that includes all the following information and documentation:
    - a. Market position statement. Identify the market segment that will use the product.
    - b. Description of marketing channels.
    - c. Price schedule of the product line to be marketed.
    - d. Sales forecast based on the marketing plan.
    - e. Mechanism to determine and track sales performance.
    - f. Description of marketing budget, including advertising and promotional cost, written sales program, compensation, incentives, and terms to the sales force.
    - g. List of competitors selling the same or similar product to market segment.
    - h. Analysis of the competitors' products compared to proposed project.
  4. Documentation that the applicant has viable markets for the proposed product produced because of the grant.

D. Research and Development funding requests must also include the following:

1. Description and documentation of the willingness and commitment of entities within the target groups and others to implement the full or pilot scale project, based upon the anticipated outcome of the proposed project.
2. Description of how you will promote full or pilot-scale implementation of this project among the target groups or others. Because research and development results must be widely available to others, activities and tasks demonstrating effective technology transfer activities will influence the evolution of the project.

**ADDITIONAL REQUIRED APPLICATION COMPONENTS FOR THE  
PURCHASE OF SCRAP TIRES**

This section discusses purchase of scrap tires for use in a project.

**A. Executive Summary**

1. Include an overview of the project including the following:
  - a. Name and location of scrap tire processor or other generator of scrap tires.
  - b. The end use of the scrap tires.
  - c. How the project will increase the market for scrap tires.

**B. Project Description**

1. Provide a Project Description that identifies the project goals and what the project will accomplish (describe in measurable terms and give specific tonnages or PTEs). Clearly indicate how scrap tire use will increase because of the grant. Include a detailed discussion of the methods and technology to be used to implement the project.
2. Provide information on the applicant's background that demonstrates the applicant's ability to carry out the project in terms of the history of the applicant's involvement with the scrap tire industry.
3. Describe the process to be used for measuring and reviewing the progress and success of the project. Include the specific types of data collection or project measurement methods that will be used to determine and track project accomplishments.
4. Provide a detailed narrative response that demonstrates the benefit of the proposed project to increasing market demand for scrap tires. This narrative should include a discussion of existing similar products and how use of scrap tires will help reduce the need or use of virgin materials, or at a minimum, help to create sustainable markets for scrap tires.
5. Certify the Applicant's Commitment to:
  - a. Comply with all applicable federal, state, and local laws, rules, ordinances, and regulations and obtain all applicable permits and licenses.
  - b. Fund project costs exceeding the grant budget and cost overruns necessary to carry out the project.
  - c. Ensure that the applicant's solid waste, including all residues generated by the project will be disposed of pursuant to the provisions of Part 169 and Part 115, Solid Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, and all other applicable federal, state, and local laws.

**C. Budget Information (See Attachment A - Grant Budget Form)**

1. All costs identified must be eligible costs. Expenditures must be made during the project period as identified in the Project Timetable.
2. List the amount of scrap tires to be purchased in tons or PTEs and the processor(s) or generator from whom the scrap tires will be purchased.
3. Expenditures must be made during the project period as identified in the Project Timetable.

4. The only eligible costs are for scrap tires. List the tonnage of scrap tires to be purchased at applicant's expense, the amount of the grant that will be reimbursed to the applicant, and the processor(s) or generator(s) from whom the scrap tires will be purchased.