What happens when a state recycling program decides to use grant funding to help private recycling firms? A number of states have chosen to do so, with the intent of building necessary private infrastructure vital to the success of recycling in general. New data from an analysis of North Carolina Recycling Business Development Grants shows the track record and potential of efforts to boost recycling capacity in the private sector.

The N.C. Recycling Business Assistance Center (RBAC) is a part of the Community and Business Assistance Section of the state’s Department of Environment and Natural Resources’ Division of Environmental Assistance and Outreach. To aid in its mission to support and grow the recycling industry, RBAC offers, through a competitive request-for-proposal process, Recycling Business Development Grants (RBDG) for private and non profit recycling businesses in North Carolina.

Why make grants available to private businesses?

Recycling grant-making in North Carolina began with the passage of the 1989 Solid Waste Management Act (Senate Bill 111) and the creation of the Solid Waste Trust Fund, funded by advanced disposal fees on white goods and tires and, beginning in 2009, a landfill tip-fee surcharge. Initially, grants were given solely to the state’s municipalities and counties, who were subject to the bulk of mandates in SB111 designed to help North Carolina reach its waste reduction goals. After initial improvement in materials recovered by local government recycling programs, recovered material recovery rates began to stagnate. It became clear that further increases in recycling from local government programs could only be achieved if the markets, infrastructure and processing capacity were developed on the private side.

In recognition that the growth of private infrastructure is im-

Looking to boost recycling capacity and create jobs as part of the bargain? A specialist from a program in the Tar Heel State shows the track record and potential of grant efforts that do just that.

By Sherry Yarkosky
important to the future of recycling in N.C.,
private recycling business development
grants were started in 2003. Each fiscal
year, between $600,000-$750,000 is al-
located to the grant program. Since the first
day, every grant cycle consistently received
more requests for funding than was avail-
able, underscoring the strong need for the
type of assistance the grants offer. The grant
projects have translated into new market
opportunities for local government recycling
programs and waste generators of all kinds.
With the recent economic downturn, and
the tightening of commercial lending, the
RBDGs have also become a critically-im-
portant funding source for machinery and
equipment upgrades that are necessary for
the ongoing expansion of recycling industry
in the state.

What types of projects are funded?
The RBDG program supports projects
involving the collection, processing, or end
use of materials in the solid waste stream. The
money funds investments in equipment and
capital projects to increase the capacity of
a recycling business to divert more materi-
als from disposal and into economic use.
Maximum grant awards are in the range of
$30,000-$50,000 and actual grant awards are
typically between $4,000 to $50,000.

Typically, bonus points are awarded for
grant proposals addressing recent solid waste
legislation or a component of the waste
stream needing further recycling develop-
ment. For example, grant rounds in the
past few years gave special consideration and
bonus points for projects recycling materials
recently banned from disposal, including
wooden pallets, rigid plastic containers,
electronics and oil filters. In this way, the
RDBGs support the implementation of
state recycling policy. The grant program
has also given preference to projects that
address construction and demolition debris
recycling (C&D) and food scrap collection
and composting, two growth areas affecting
very large disposed waste streams.

What is the impact of the RBDG program?
In response to a request from the office of
Gov. Bev Perdue, RBAC recently analyzed
the RBDG program performance from fiscal
year 2007 to fiscal year 2011. This analysis
yielded interesting insights on the ability
of small private sector state grants to cre-
ate recycling capacity and jobs. During
the five-year period, 211 grant proposals were
received with $7,013,359 in total grant fund-
ing requested. The total number of projects
funded and completed totaled 101, or slightly
less than half of the total proposals submit-
ted. Grant money awarded was 29 percent of

<table>
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<th>RBDG summary results</th>
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<tr>
<td>Total grant proposals</td>
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<tr>
<td>Total grant funding request</td>
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<tr>
<td>Grant funding awarded</td>
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<td>Number of grants fully funded</td>
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<td>Number of grants partially funded</td>
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<td>Total number of grants funded</td>
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Source: The N.C. Recycling Business Assistance Center, 2011

Figure 1 | Geographic distribution of recycling business development grants 2007-2011

Source: The N.C. Recycling Business Assistance Center, 2011, map created by BatchGeo.com
Examples of funded RBDG projects

The grants have funded a wide variety of projects. In some cases, state funding was only a fraction of a very large investment. In others, state funding was the major source of capital, helping smaller recycling firms make a major equipment purchase.

Clear Path Recycling, a joint venture between Shaw Industries Group, Inc. and DAK Americas LLC, received a $50,000 RBDG to assist with the purchase of processing equipment to produce clean flake from post-consumer PET bottles. The proposal was submitted in a grant round supporting a landfill ban on rigid plastic bottles. The money spent on this portion of the project was $200,000 as part of the total $70 million plant investment. Approximately 80 jobs and 160 million pounds of annual PET processing capacity were created during the initial phase of the facility, which will be the largest PET recycling operation in North America once it is fully developed.

Hatteras Recycle LLC received a $25,000 grant to purchase an additional recycling truck and roll-carts to collect curbside recyclables. Located on the remote Outer Banks, Hatteras Recycle has made recycling available in an area that is severely underserved for recycling collection services. The grant helped the company expand its service area to cover all of Hatteras Island, including vacation rental homes and permanent residents and businesses. With a

Table 2 | RBDG funded project summary results

<table>
<thead>
<tr>
<th>RBDG results FY 07-11</th>
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<tbody>
<tr>
<td>Number of grants funded</td>
<td>101</td>
</tr>
<tr>
<td>Grant money awarded</td>
<td>$2,044,900</td>
</tr>
<tr>
<td>Private business cash match</td>
<td>$6,772,636</td>
</tr>
<tr>
<td>Total project money spent</td>
<td>$8,817,536</td>
</tr>
<tr>
<td>Tons diverted</td>
<td>348,043</td>
</tr>
<tr>
<td>Jobs created</td>
<td>241</td>
</tr>
<tr>
<td>N.C. investment/ton diverted</td>
<td>$5.88</td>
</tr>
<tr>
<td>Tons diverted/job created</td>
<td>1,444</td>
</tr>
</tbody>
</table>

Source: The N.C. Recycling Business Assistance Center, 2011)

The total amount requested, or $2,044,900 for the 101 grants funded and completed.

To stretch available resources and fund additional well-planned projects, the selection committee often reduces the amount of the grant award requested in the proposal. Typically, businesses will accept the reduced award or modify the scope of the project to meet the reduced funding amount. As can be seen from Table 1, only 10 out of the total 101 projects received the maximum grant award.

The program has been effective in reaching its intended goal of increasing recycling capacity. More than 348,000 tons of materials have been recovered and have entered back into the economy. The state invested $5.88 per ton diverted, six times less than the average tipping fee of $37 per ton at municipal solid waste and C&D landfills in North Carolina. Although the program does not have a job development focus (in some cases, grant projects eliminate jobs through automation), overall, it fostered the creation of 241 jobs in North Carolina for a ratio of 1,444 tons diverted per job created.

Businesses are committed to contributing at least a 50-percent cash match to the grant project giving them a financial stake in the outcome. As can be seen in Table 2, in total, businesses have well exceeded the 50-percent cash match requirement. Total project money spent was $8,817,536 and the private sector cash match was 331 percent of the state’s grant award.

Effort is made to select grants representing all areas of North Carolina. Figure 1 shows the distribution of grants awarded and completed from 2007-2011.
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There are many things to consider when commingling recyclable materials...

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