

Effective Date: July 12, 1989

DEPARTMENT OF NATURAL RESOURCES  
WASTE MANAGEMENT DIVISION  
SOLID WASTE ALTERNATIVES PROGRAM

(By authority conferred on the commission of natural resources, department of natural resources, by section 9 of Act No. 328 of the Public Acts of 1988, being S299.679 of the Michigan Compiled Laws)

PART 1. GENERAL PROVISIONS

R 299.12101 Definitions.

Rule 101. (1) As used in these rules:

(a) "Act 249" means Act No. 249 of the Public Acts of 1986, as amended, being S299.371 et seq. of the Michigan Compiled Laws, and known as the clean Michigan fund act.

(b) "Act 328" means Act No. 328 of the Public Acts of 1988, being S291.671 et seq. of the Michigan Compiled Laws, and known as the environmental protection bond implementation act.

(c) "Act 641" means Act No. 641 of the Public Acts of 1978, as amended, being S299.401 et seq. of the Michigan Compiled Laws, and known as the solid waste management act.

(d) "Advisory panel" means the 11-member advisory panel established in section 20 of act 249.

(e) "Approved solid waste management plan" means a solid waste management plan that is submitted and approved by the department pursuant to sections 25 to 30 of act 641 and R 299.4701 to R 299.4711. As of July 31, 1990, "approved solid waste management plan" means a solid waste management plan update that is submitted and approved by the department pursuant to sections 25 to 30 of act 641 and R 299.4701 to R 299.4711.

(f) "Clean Michigan community" means a project that incorporates recycling or recycling and composting into a communitywide demonstration project that will be a model to other communities.

(g) "Closure" means placing final cover on a landfill or dump to meet the requirements of R 299.4305(9) and (10) and installing 4 monitoring wells at a municipal landfill or dump.

(h) "Closure plan" means a document which is approved by the department and which describes how the owners or operators of a landfill or dump will achieve closure.

(i) "Composting project" means a project in which yard waste, which includes leaves, grass clippings, garden debris, tree prunings, and brush, and which may include vegetable food waste, is converted into humus through natural biological processes or is diverted from open burning, landfilling, or solid waste incineration by other processes.

(j) "Disposal area" means disposal area as defined in act 641.

(k) "Grant or loan budget" means the eligible expenditures, identified in the application, to be paid by the state as the grant or loan and by the applicant as the match.

(l) "Household hazardous waste" means household waste that would meet the definition of hazardous waste in the provisions of R 299.9202 to R 299.9204 if not specifically exempted by those rules and also means used motor oil from residential do-it-yourself oil changes.

(m) "Market development" means a project which utilizes proven technologies to increase the processing or utilization of waste otherwise bound for landfills or solid waste incineration in the manufacturing of products or a project that increases the utilization of scrap tires in the manufacturing of products or for energy recovery.

(n) "Market development research and demonstration project" means a research and demonstration project that develops methodologies to increase the processing or utilization of waste otherwise bound for landfills or solid waste incineration in the manufacturing of products.

(o) "Marketing project" means a project to market or determine the marketability of products manufactured from a minimum of 50% waste materials that would otherwise be bound for landfills or solid waste incineration, a project to market or to determine the marketability of a product manufactured from scrap tires, or a project to market or determine the marketability of using scrap tires for energy recovery.

(p) "Match" means the amount of the grant or loan budget which is to be paid by the applicant and which is based on predetermined percentages set forth for a specific type of grant or loan pursuant to the provisions of R 299.12205.

(q) "Monitor well installation plan" means a document which is approved by the department and which describes how groundwater monitoring wells will be located and installed.

(r) "Recycling project" means a project in which material that would otherwise become solid waste is collected, separated, or processed into usable raw materials or products.

(s) "Refuse-derived fuel" means the fuel which is extracted from mixed solid waste and which is to be used for combustion processes.

(t) "Resource conservation and recovery act" means the solid waste disposal act of 1976, as amended, 42 U.S.C. S6901 et seq.

(u) "Resource recovery" means the collecting and processing of solid waste so as to produce materials or energy that may be used in manufacturing, agriculture, heat or electricity production, or other production processes or purposes designed to reuse materials or products or reduce waste at the source.

(v) "Solid waste" means solid waste as defined in act 641.

(w) "Solid waste transfer station" means a solid waste transfer facility as defined in act 641.

(x) "Unlicensed" means a facility that was not issued an operating license pursuant to the provisions of act 641 or was not issued a renewal of an operating license pursuant to the provisions of act 641 by the director of the department after December 1, 1986.

(y) "Waste reduction research and demonstration project" means a research and demonstration project that results in the generation of less solid waste at the source before entering the waste stream.

(z) "Waste-to-energy project" means a project that is designed to recover energy through the combustion of solid waste or tires.

(2) A term defined in act 328 has the same meaning when used in these rules.

## PART 2. ELIGIBILITY

R299.12201 Certification of project compliance with law and rules.

Rule 201. An applicant for a grant or a loan shall certify that the proposed project is or will be in compliance with all applicable state laws and rules.

R 299.12202 Applicant; eligible entities.

Rule 202. An applicant for a grant or a loan shall be a local unit of government or a private entity.

R 299.12203 Location of proposed projects; exception.

Rule 203. A proposed project, except for closures, shall be located in a Michigan county that has an approved solid waste management plan. Proposed closure projects shall be located in Michigan.

.R 299.12204 Proposed projects; letters of consistency with county solid waste management plans.

Rule 204. (1) Proposed projects that involve transportation of solid waste from one county to another shall submit letters of consistency with county solid waste management plans from both the county or counties shipping the waste and the county or counties receiving the waste.

(2) Proposed projects, except for closures, waste reduction research and demonstration projects, market development research and demonstration projects, or marketing projects, shall be consistent with the approved county solid waste management plan for the county in which the project is located. Consistency shall be evidenced by a letter from the authorized solid waste planning agency.

R 299.12205 Applicant match.

Rule 205. (1) An applicant for a grant or a loan shall agree to provide the match for the grant or loan as required in this rule.

(2) Match for grants is as follows:

(a) Composting and recycling match is 25%.

(b) Household hazardous waste center match is 25%.

(c) Closure match is 10%.

(d) Transfer station match is 25%.

(e) Resource recovery education match is 25%.

(f) Market development project match is 25%.

- (g) Market development research and demonstration project match is 15%.
- (h) Marketing project match is 50%, except that for a project for the marketing of compost, the match is 25%.
- (i) Waste reduction research and demonstration project match is 15%.
- (j) A clean Michigan community program grant requires no match.
- (3) A 10% match shall be required for all loans, except for waste-to-energy project loans

R 299.12206 Application; forms.

Rule 206. An applicant for a grant or a loan shall provide a complete application on forms provided by the commission.

R 299.12207 Documentation of ability to repay loan.

Rule 207. A loan applicant shall document the financial ability to repay the loan by submitting a completed loan application form.

R 299.12208 Documentation of resources.

Rule 208. An applicant shall demonstrate adequate resources to implement and provide future maintenance and operation of recycling, composting, market development, waste-to-energy, household hazardous waste center, and transfer stations for 5 years after project completion, including all of the following:

- (a) Identifiable monetary resources.
- (b) Land, buildings, or equipment.
- (c) Insurance coverage.
- (d) Support services.
- (e) Personnel. History:

R 299.12209 Eligible projects.

Rule 209. Only new projects, or new components of projects funded previously through act 249, act 328, or other solid waste or resource recovery grant or loan programs, are eligible for grants or loans.

R 299.12210 Documentation of commitment of funds for project cost overruns; exception.

Rule 210. All applicants for a grant or a loan, except for clean Michigan community applicants, shall provide documentation of the commitment of funds for project cost overruns. Clean Michigan community applicants shall commit to fund project cost overruns at the time they enter into a contract for a grant.

R 299.12211 Submittal of evidence of licensed professional engineer approval of plans, studies, or specifications; exception.

Rule 211. An applicant shall submit evidence that a licensed professional engineer has approved any engineering plans, studies, or specifications necessary for project completion, except for closures. Closure recipients shall submit such evidence at the time of contract submittal pursuant to the provisions of R 299.12502

R 299.12212 Documentation as condition of funding.

Rule 212. An applicant shall provide documentation to satisfy the requirements of R 299.12201 to R 299.12211 to be eligible for grant or loan funding

R 299.12213 Receipt of application by deadline as condition of funding.

Rule 213. Applications shall be provided by the deadline established by the department pursuant to the provisions of R 299.12601 to be eligible for funding. Application materials received after the deadline shall be returned to the applicant and shall not be considered.

R 299.12214 Ineligible items.

Rule 214. All of the following are ineligible items for all grant or loan categories of these rules:

- (a) Grant or loan administration cost.
- (b) Taxes.
- (c) Fees.
- (d) Licenses or permits.
- (e) Vehicle registration.
- (f) Indirect or overhead expenses.
- (g) Office equipment.
- (h) Contingency funds.
- (i) Legal costs.
- (j) Land acquisition

R 299.12215 Replacement equipment eligibility.

Rule 215. Replacement of existing equipment shall not be an eligible item for any grant, but shall be an eligible item for a loan

### PART 3. APPLICATIONS

R 299.12301 Application categories; return of materials received after deadline.

Rule 301. (1) An application for a grant or a loan may be submitted for any of the following categories:

- (a) Composting and recycling, including the subcategory, clean Michigan community.
- (b) Market development.
- (c) Market development research and demonstration.
- (d) Marketing project.
- (e) Waste reduction research and demonstration.
- (f) Household hazardous waste centers.
- (g) Resource recovery education.
- (h) Waste-to-energy projects.
- (i) Transfer stations.
- (j) Closures.

(2) Application materials that are received after the deadline shall be returned to the applicant and shall not be considered.

R 299.12302 Application content.

Rule 302. (1) An applicant shall provide a complete application on forms provided by the commission. An application for any category, except for closures, clean Michigan community grants, and marketing projects, shall include all of the following:

- (a) Documentation that the applicant meets the requirements of the provisions of part 2 of these rules.
- (b) A summary of the proposed project.
- (c) A description of current solid waste management practices of the area to be served by the proposed project, including information on all of the following:
  - (i) Resource recovery projects.
  - (ii) Transfer stations.
  - (iii) Licensed landfill capacity.
- (d) A description of the experience or ability of the applicant to work with adjacent local units of government on alternative resource recovery projects, such as any of the following:
  - (i) The development of a regional resource recovery organization.
  - (ii) Jointly sponsored resource recovery initiatives.
  - (iii) Regional materials marketing strategies.
- (e) The experience of the applicant related to the type of project proposed.
- (f) A feasibility study or other data that supports economic viability, technical feasibility, and need for project initiation or expansion.
- (g) A detailed project description and goals, including all of the following:
  - (i) A narrative description of the technology or methodology to be used in the project.
  - (ii) Specifications of equipment and structures relative to the project needs, if applicable. Include drawings, schematics, or engineering plans that are available.
  - (iii) The projected staffing needs of the project and details on how the staffing needs and costs will be met.
  - (iv) A grant or loan budget that is itemized to show the total budget of eligible items only. Budget items shall include projected costs of equipment, structures, or other eligible expenditures of the project as documented through written quotations or bids.
  - (v) The rationale for expenditures relative to each item in the grant or loan budget.
  - (vi) A description of each type of product to be purchased as part of the grant or loan project that is manufactured from recycled wastes, including the actual percentage of waste incorporated into the manufacturing of the product.
  - (vii) A project implementation timetable that shows all key actions and dates.
- (h) The business and accounting plans for the proposed project.
- (i) Proof of ownership or land use arrangements for the project site or sites.
- (j) Documentation that shows a commitment for the match, if applicable.
- (k) A mechanism for the review of project progress, task implementation, and project completion in accordance with the proposed project timetable.
- (l) A detailed method for quantitatively measuring the success of the project.

(m) A description of previously secured grant or loan amounts received by the applicant through act 249, act 328, the public service commission resource recovery demonstration grant, or other grants or loans for programs or projects related to solid waste or resource recovery, including all of the following information:

(i) The name of the grant or loan program providing funding.

(ii) The name of the agency sponsoring the grant or loan program.

(iii) Accomplishments of the program funded compared to the goals of the program funded.

(iv) Differences in the proposed project and the previously funded project.

(n) Information on current procedures or programs operated by the applicant to purchase recycled products or materials or to recycle any materials.

(2) Closure applications shall include the items listed in subrule (1)(a), (b), (g) to (k), and (m) of this rule.

(3) Clean Michigan community applications shall include the items listed in subrule (1)(a), (c) to (f), (m)(i) to (iii), and (n) of this rule.

(4) Marketing applications shall include the items listed in subrule (1) of this rule, except for items listed in subrule (1)(c), (d), and (f) of this rule.

(5) Applications for grants or loans involving used oils, household hazardous waste, drum reuse, battery collection, or any applications where a toxic substance may be involved in the project shall include all of the following information and documents:

(a) Documentation of communication with the department district staff regarding any concerns that district staff may have regarding the proposed project.

(b) A listing of the specific concerns or recommendations of district staff.

(c) The actions proposed to implement recommendations or to mitigate concerns of the district staff.

#### PART 4. WASTE REDUCTION AND RECOVERY PROJECT CATEGORIES

R 299.12401 Recycling and composting projects.

Rule 401. (1) The amount of a recycling grant shall not be more than \$500,000.00.

(2) The amount of a recycling loan shall not be more than \$1,000,000.00.

(3) The amount of a composting grant shall not be more than \$250,000.00.

(4) The amount of a composting loan shall not be more than \$500,000.00.

(5) An applicant shall submit information in the application that documents all of the following:

(a) The availability of material to be recycled or composted.

(b) The method used to determine the amount of material diverted.

(c) The interest of local municipalities, businesses, community groups, volunteers, or other affected parties to undertake, support, and participate in the project.

(d) How soon the project will impact the waste stream of the affected area.

(e) The potential of the project to be replicated in similar areas of the state or to serve as a model to other communities or municipalities.

(f) An inventory of equipment that is, or may be, utilized in the recycling or composting project.

(6) To be eligible for a recycling or composting grant or loan, an applicant shall document all of the following:

(a) The need for a new or expanded recycling or composting program in the area to be served, with information to show that the material to be collected or processed is not recovered presently and would not be recovered but for the proposed project. The demonstration that the material to be collected or processed would not be recovered but for the proposed project shall include a description of services available from, or proposed by, existing entities.

(b) The availability of existing or new markets to use the recovered or composted material without displacing materials collected by existing recycling or composting operations in the project area to be served.

(c) The source, type, and amount of the waste stream that is projected to be diverted from landfilling or solid waste incineration, or both. In addition, for proposed composting projects, the type and amount of material projected to be diverted from open burning.

(7) To be eligible for a composting grant or loan, the area to be served by the composting project shall have in place a ban on the landfilling of leaves and yard waste and a ban on the burning of leaves and yard waste prior to entering the grant or loan contract.

(8) All of the following are eligible funding items for recycling and composting grants or loans:

(a) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.

(b) Materials and supplies directly related to the project, excluding office supplies.

(c) Materials and production costs, excluding personnel costs, for promotional programs related to the project. Such costs shall not be more than 10% of the grant or loan budget or a maximum of \$10,000.00, whichever is less.

(d) Structures.

(9) Recycling grant or loan recipients shall, as part of the grant or loan contract, agree that collected recyclables shall not go to a landfill or a solid waste incinerator, except for scrap tires used for energy recovery

R 299.12402 Clean Michigan community projects.

Rule 402. (1) Clean Michigan community projects shall be implemented to build acceptance of recycling or recycling and composting as community waste management options.

(2) A consultant for a clean Michigan community program shall be a private entity determined by a joint committee made up of a representative from the local unit of government selected to receive a clean Michigan community grant and 2 representatives of the department.

(3) All funding for clean Michigan community projects shall be grants.

(4) An applicant for a clean Michigan community grant shall be a local unit of government. The local unit of government may contract with a private entity to carry out all or any portion of the project.

(5) To be eligible for funding for a clean Michigan community project, an applicant shall submit a resolution, as part of the application, that commits the local unit of government to do all of the following:

(a) If not already in place, enact local ordinances or formal policies that require all of the following:

(i) Procurement of recycled materials and products by specific dates, including target levels for purchasing one or more of the following:

- (A) Re-refined oil.
- (B) Retreaded tires.
- (C) Recycled paper.
- (D) Recycled plastic.
- (E) Glass.
- (F) Aluminum.
- (G) Compost.

(ii) Mandatory source separation of waste materials for recycling.

(iii) In conjunction with the development of a composting program, a prohibition on the burning of leaves and yard waste.

(iv) In conjunction with the development of a composting program, a ban on the landfilling of leaves and yard waste.

(v) A prohibition on the scavenging of recyclable material.

(b) Develop a comprehensive public education and participation program to promote citizen participation in the separation of material and provide documentation on how this will be achieved.

(c) Serve as a model community and keep records on all of the following:

- (i) Program development.
- (ii) Amounts of material recovered.
- (iii) Costs associated with the program.

(d) Develop a plan, for approval by the department, for sharing the information specified in subdivision (c) of this subrule with others through any of the following:

- (i) Tours.
- (ii) Newsletters.
- (iii) Conference or workshop participation.
- (iv) Summary reports.
- (v) Other methods.

(e) Coordinate with haulers, recyclers, brokers, and others involved in existing programs to document the extent to which they are willing to support and participate in the project.

(f) Establish and formalize graduated phased-in participation and targeted diversion goals.

(g) Work closely with the department and the consultant on program development, implementation, and assistance in testing and evaluating various aspects of the program, including all of the following:

- (i) Economic incentives to participants and employees.
- (ii) Efficiencies of specific equipment.
- (iii) Cost effectiveness of curbside collection and the impact of using different types of containers or collection vehicles.

(6) In considering grant applications, the department shall attempt to distribute clean Michigan community grants to local units of government such that both of the following provisions are complied with:

(a) Not more than 2 grants are provided to each group of the following local units of government:

(i) Small, less than 7,500 people.

(ii) Medium, from 7,500 to 50,000 people.

(iii) Large, over 50,000 people.

(b) Funding may be provided to both of the following:

(i) Communities that currently have a recycling or composting program in place.

(ii) Communities that do not have any recycling or composting programs in place.

(7) All of the following are eligible budget items for clean Michigan community grants:

(a) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.

(b) Materials and supplies directly related to the project, excluding office supplies.

(c) Materials and production costs, excluding personnel costs, for promotional programs related to the project. Such costs shall not be more than 10% of the grant or loan budget.

(d) Structures.

(8) Before the issuance of a department contract, the recipient of a clean Michigan community grant shall do both of the following:

(a) Enact the ordinances or formal policies pursuant to the provisions of subrule (5)(a) of this rule.

(b) Submit project details to be negotiated by the clean Michigan community, the consultant, and the department. The project details shall include all of the following:

(i) Application contents pursuant to the provisions of R 299.12302 that were not previously required, being R 299.12302(b), (g), (h), (i), (k), (l), and (m)(iv).

(ii) Information pursuant to the provisions of R 299.12401(5).

(iii) Eligibility requirements pursuant to the provisions of R 299.12401(6) and (7).

(iv) Information to satisfy the requirements of subrule (5)(b) to (g) of this rule.

(9) A consultant for the clean Michigan communities shall do both of the following:

(a) Be responsible for designing, assisting in the implementation of, monitoring, and the performance evaluation of, the clean Michigan community project.

(b) Work with the community for 2 years or until the funding is expended.

(10) The consultant fees for the clean Michigan community program shall be paid by the department from the fund created by section 6 of act 328. The consultant fees shall not be part of the grant provided to the local unit of government. The amount paid as consultant fees shall not be more than 10% of the total amount of funding for all clean Michigan community project grants.

(11) Clean Michigan communities grant recipients shall, as part of the grant contracts, agree that collected recyclables shall not go to a landfill or a solid waste incinerator, except for scrap tires used for energy recovery.

R 299.12403 Household hazardous waste center projects.

Rule 403. (1) Household hazardous waste grants or loans shall be used to establish centers for the long-term, ongoing diversion of household hazardous waste from disposal at solid waste incinerators and landfills.

(2) The amount of a grant for a household hazardous waste center shall not be more than \$100,000.00.

(3) The amount of a loan for a household hazardous waste center shall not be more than \$150,000.00.

(4) Grants and loans for a household hazardous waste collection center may extend over a 3-year time period.

(5) A household hazardous waste center that is funded by a grant or loan shall accept household hazardous waste from residents of the proposed service area.

(6) An applicant shall submit all of the following information in the application:

(a) Detailed project site information that addresses the proximity of population centers and the design layout of loading and unloading area.

(b) Detailed information on the facility, including all of the following information:

(i) Areas for sorting and packaging waste and materials.

(ii) Areas for the storage of waste and materials.

(iii) Ventilation.

(iv) Equipment, including materials needed to respond to on-site spills.

(v) Personal protection equipment to be used on a regular basis.

(vi) Emergency equipment and training for personnel.

(vii) Fencing.

(viii) Secondary containment.

(c) A description of personnel included in operating expenses, including personnel duties and training relative to toxicity and chemical hazards.

(d) All of the following information on waste handling and disposal:

(i) The amounts and types of waste to be stored and how it will be packaged for storage.

(ii) The procedure for identifying and storing different types of waste that may cause undesirable chemical or physical effects when stored together.

(iii) The length of time waste is projected to be stored.

(iv) Plans for locating legal waste exchange, recycling options, or other alternative uses for material collected at the center.

(v) Transportation arrangements, both incoming and outgoing.

(vi) The procedures for handling and testing unidentified waste.

(vii) The final disposition of material and waste.

(viii) The frequency of shipments of waste from the facility.

(e) Information relative to both of the following concerns:

(i) A plan for notifying local emergency contacts when a center opens or when spills or other emergencies occur.

(ii) Efforts to be undertaken to locate a local, long-term, ongoing funding mechanism for the facility.

(f) A detailed plan for education activities to promote the center to assure participation.

(g) A plan for data collection at the center, including all of the following information:

- (i) The number of people who participate.
- (ii) The amounts and types of waste handled.
- (iii) Reuse, recycling, and disposal methods used, indicating the amounts and types of waste used by each option.
- (iv) The costs of operating the facility.
- (h) Plans for educating participants about safety and handling concerns of the material before bringing it to the center.
- (i) Plans for educating potential participants on how household hazardous waste affects landfill and incinerator programs.

(7) All of the following are eligible budget items for household hazardous waste centers:

- (a) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.
- (b) Materials and supplies related to the project, excluding office supplies.
- (c) Materials and production costs for promotional programs related to the project. Such costs shall not be more than 10% of the grant or loan budget or a maximum of \$10,000.00, whichever is less.
- (d) Operating expenses, including the costs of transporting and disposing of household hazardous waste and the costs of locating or organizing legal reuse alternatives for materials accepted by the program.

(e) Structures.

(8) Recipients of a household hazardous waste center grant or loan shall agree to do all of the following in the grant or loan contract:

(a) Ensure that all household hazardous waste to be disposed of is transported to a treatment, storage, or disposal facility by a transporter that is licensed under the provisions of Act No. 64 of the Public Acts of 1979, as amended, being S299.501 et seq. of the Michigan Compiled Laws, and Act No. 136 of the Public Acts of 1969, as amended, being S323.271 et seq. of the Michigan Compiled Laws.

(b) Ensure that all household hazardous waste to be disposed of is processed at a treatment or disposal facility that is authorized to operate under the provisions of Act No. 64 of the Public Acts of 1979, as amended, being S299.501 et seq. of the Michigan Compiled Laws or the resource conservation and recovery act.

(c) Provide documentation that household hazardous wastes collected were disposed of at a state or federal licensed hazardous waste treatment, storage, or disposal facility.

(9) Recipients of a household hazardous waste center grant or loan shall agree in the grant or loan contract not to do any of the following:

(a) Mix, combine, or commingle household hazardous wastes or unidentified wastes, or any combination thereof, at the collection site, unless specifically approved in writing by the state.

(b) Accept any regulated hazardous wastes or spend grant or loan funds for the treatment, storage, or disposal of such wastes.

(c) Spend grant or loan funds for the disposal of materials collected which do not meet the definition of household hazardous waste or which pose no threat to the environment.

R 299.12404 Resource recovery education projects.

Rule 404. (1) Grants or loans for resource recovery education projects shall be provided to promote local resource recovery initiatives by private entities and local units of government.

(2) The amount of a resource recovery education grant shall not be more than \$50,000.00.

(3) The amount of a resource recovery education loan shall not be more than \$100,000.00.

(4) To be eligible for funding, a resource recovery educational project shall directly promote the use of an existing or planned local resource recovery program.

(5) An applicant shall provide all of the following information in the application:

(a) The name of the local resource recovery project that the program will promote.

(b) A written statement of interest or support, or both, from the local resource recovery project.

(c) Detailed plans for project evaluation and follow-up.

(d) A written statement of interest or support, or both, from the audiences targeted for the educational programs.

(6) Both of the following are eligible budget items for resource recovery education projects:

(a) Materials and supplies related to the project, excluding office supplies.

(b) Operating expenses.

R 299.12405 Market development projects.

Rule 405. (1) The amount of a market development project shall not be more than \$5,000,000.00 for either a grant or a loan.

(2) To be eligible for market development funding, an applicant shall provide all of the following information with the application:

(a) Documentation that the project is beyond the research stage and that a demonstration has indicated it is technically feasible for full-scale operation.

(b) Letters of intent from end users or purchasers of the recovered material or recycled products that indicate specific quantities the end users or purchasers intend to purchase or use, or both.

(c) A comprehensive marketing plan which contains the information specified in R 299.12407(10) and which is developed to promote the sale of the product made from waste material otherwise bound for landfills or solid waste incinerators.

(d) The source, type, and amount of the waste stream that is projected to be diverted from the landfill or the solid waste incinerator, or both.

(3) The application shall also include all of the following information:

(a) The method used to determine the amount of material diverted from the landfill or the solid waste incinerator, or both.

(b) The need for a new or expanded market development project in the area to be served, with information to show that the material to be used in the project is not recovered presently and would not be recovered but for the proposed project.

(c) An estimate of the jobs created by the project, including all of the following information for each job:

- (i) Type of job.
  - (ii) Salary.
  - (iii) Whether temporary or long-term.
  - (iv) Whether part-time or full-time.
  - (d) An inventory of equipment that is or may be utilized in the market development project.
- (4) Grants or loans for market development shall not be used to prepare material for use as refuse-derived fuel or waste-to-energy fuel, except for projects that use scrap tires for energy recovery.
- (5) All of the following are eligible budget items for market development grants or loans:
- (a) Structures.
  - (b) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.
  - (c) Materials and supplies, excluding office supplies related to the project.
  - (d) Materials and production costs, excluding personnel costs, for promotional programs related to the project. Such costs shall not be more than 10% of the grant or loan budget or a maximum of \$10,000.00, whichever is less.
  - (6) Market development grant or loan recipients shall, as part of a grant or loan contract, agree that collected recyclables shall not go to a landfill or a solid waste incinerator, except for scrap tires used for energy recovery

#### 299.12406 Market development research and demonstration projects.

Rule 406. (1) The amount of a market development research and demonstration grant shall not be more than \$250,000.00.

(2) The amount of a market development research and demonstration loan shall not be more than \$500,000.00.

(3) An applicant shall submit both of the following in the application:

(a) Information on the qualifications or prior experience of the applicant related to the project or to the ability to conduct a research and demonstration project.

(b) A documented commitment to ensure that all of the following will be provided to the department within the time period allowed for project completion pursuant to the provisions of R 299.12615(2).

(i) An economic analysis of the viability of the project results for use by others.

(ii) Information on the type of private entities or local units of government that may be able to utilize the new technology, information, or other findings of the project.

(iii) A detailed description of the potential effect of the research and demonstration project on market development.

(iv) A plan to share the results, the research, or the information on the effectiveness of the demonstration with others through tours, articles, summary reports, and other methods.

(4) Grants or loans for market development research and demonstration shall not be used to prepare material for use as refuse-derived fuel or waste-to-energy fuel, except for projects that will prepare scrap tires for use in energy recovery.

(5) All of the following are eligible budget items for market development research and demonstration grants or loans:

- (a) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.
- (b) Materials and supplies, excluding office supplies related to the project.
- (c) Operating expenses.
- (d) Materials and production costs for promotional programs related to the project. Such costs shall not be for more than 10% of the grant or loan budget or a maximum of \$10,000.00, whichever is less

R 299.12407 Marketing projects.

Rule 407. (1) The amount of a marketing grant shall not be more than \$50,000.00.

(2) The amount of a marketing loan shall not be more than \$100,000.00.

(3) Marketing grants or loans shall be provided for any of the following:

(a) Determining the marketing feasibility of a specific product, a type of product, or a group of related products.

(b) Developing a marketing strategy for a specific product, a type of product, or a group of related products.

(c) Implementing a marketing strategy for a specific product, a type of product, or a group of related products.

(4) Applicants for repeat funding in the marketing category regarding a specific product, a type of product, or a group of related products shall be eligible for loans only.

(5) To be eligible for a marketing grant or loan, an applicant shall provide all of the following documentation:

(a) Documentation that the product to be marketed is or will be manufactured in Michigan.

(b) Documentation that the raw materials used in manufacturing the product include, or will include, a minimum of 50% Michigan waste that would otherwise be bound for a solid waste landfill or a solid waste incinerator.

(c) Documentation that the manufacturing of the product, the type of product, or a group of related products to be marketed is or will be an ongoing, full-scale operation.

(6) An applicant for a marketing grant or loan shall provide both of the following:

(a) A sample or a detailed description of the product to be marketed, or both.

(b) A description of how an increase in the sales of the product, the type of product, or a group of related products will result in an increase in the utilization of, or an increased demand for, a segment of the solid waste stream.

(c) The source, type, and amount of waste used in the manufacturing of the product or products to be marketed.

(7) Applicants for a marketing grant or loan to determine the feasibility of marketing a product, a type of product, or a group of related products shall submit both of the following with the application:

(a) Specific detailed plans for determining the marketing feasibility.

(b) A detailed description of how the marketing feasibility results will be used.

(8) To be eligible for a marketing grant or loan to develop a marketing plan or for implementing a marketing plan, an applicant shall submit, in the application, a feasibility study or other data that supports the economic viability, technical feasibility, and need for project initiation.

(9) Applicants for a marketing grant or loan to develop a marketing plan for a product, a type of product, or a group of related products shall submit, with the application, both of the following:

(a) A commitment to provide the department with the information in a comprehensive marketing plan required pursuant to the provisions of subrule (10) of this rule within the time period allowed for project completion pursuant to the provisions of R 299.12615(2).

(b) A narrative description of how the comprehensive marketing plan will be used.

(10) To be eligible for a marketing grant or loan to implement a marketing plan, an applicant shall provide a comprehensive marketing plan that includes all of the following information and documents:

(a) A description of the project.

(b) A market position statement identifying the market segment that will use the product.

(c) A comprehensive list of all distributors who sell to the identified market segment.

(d) Reasons for using the marketing channels proposed.

(e) A list of competitors.

(f) An analysis of the competitor products and selling program.

(g) A price schedule of the product line to be marketed.

(h) An explanation of the applicant's company pricing strategy.

(i) A marketing budget, including advertising and promotional costs.

(j) A written sales program, including compensation incentives, and terms to the sales force.

(k) A sales forecast based on the plan.

(l) An organization chart with specific job descriptions and resumes of the key personnel who will implement the marketing plan.

(m) A mechanism to determine and track sales performance.

(11) A grant or loan for a marketing project shall not be for projects related to refuse-derived fuel or waste-to-energy fuel, except for projects that use scrap tires for energy recovery.

(12) The following are eligible funding items for marketing grants or loans:

(a) Materials and supplies directly related to the project, excluding office supplies.

(b) Operating expenses

R 299.12408 Waste reduction research and demonstration projects.

Rule 408. (1) The amount of a waste reduction research and demonstration grant shall not be more than \$250,000.00.

(2) The amount of a waste reduction research and demonstration loan shall not be more than \$500,000.00.

(3) An applicant shall submit all of the following with the application:

(a) A detailed schematic layout of the process or equipment, or both, if appropriate.

(b) Information on the qualifications or prior experience of the applicant related to the project or to the ability to conduct a research or demonstration project.

(c) A documented commitment to ensure that all of the following information will be provided to the department:

(i) A detailed description of the technology or process developed, including all of the following:

(A) The type of waste.

(B) The amount of waste reduction realized by the project.

(C) The projected waste reduction to be realized by project implementation.

(ii) An economic analysis of the viability of the technology or process for use by others.

(iii) Information on the type of private entities or local units of government that may be able to utilize a similar technology or process.

(iv) A plan to share the information with others through tours, articles, summary reports, and other methods.

(4) All of the following are eligible budget items for waste reduction research and demonstration grants or loans:

(a) Operating expenses.

(b) Materials and supplies related to the project, excluding office supplies.

(c) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.

(d) Materials and production costs for promotional programs related to the project. Such costs shall not be more than 10% of the project cost or a maximum of \$10,000.00, whichever is less.

R 299.12409 Waste-to-energy projects.

Rule 409. (1) As used in this rule, total project cost means all financial expenditures related to the project, including both grant or loan eligible expenditures, and expenditures made to complete the waste-to-energy facility that are not eligible for grant or loan reimbursement.

(2) Funding for projects associated with waste-to-energy incinerators shall be utilized only for 1 or more of the following purposes:

(a) To divert recyclable material from solid waste incineration into a recycling program.

(b) To divert yard waste from solid waste incineration into a composting program.

(c) To divert household hazardous waste from solid waste incineration into a hazardous waste recycling, treatment, or disposal program.

(3) Only waste-to-energy projects that have in-place programs in the area to be served by the incinerator, pursuant to the provisions of subrule (2) of this rule, that meet or exceed the goals of the state solid waste policy or waste-to-energy projects, or that have in-place programs in the area to be served by the incinerator that meet the same goals of programs pursuant to the provisions of subrule (2) of this rule and meet or exceed the goals of the state solid waste policy shall be eligible to receive a grant or loan for either or both of the following:

(a) Air pollution control equipment.

(b) Ash reuse or recycling.

(4) Grants or loans made pursuant to the provisions of subrule (1) of this rule shall not be used to prepare material for use as refuse-derived fuel or waste-to-energy fuel, except for projects that use scrap tires for energy recovery.

(5) The total amount of all grants or loans funded for waste-to-energy projects shall not be more than \$15,000,000.00.

(6) The amount of a waste-to-energy grant or loan shall not be more than \$5,000,000.00 or 25% of the total project cost, whichever is less.

(7) To be eligible for a grant or loan for projects related to a waste-to-energy facility, an applicant shall provide documentation to show<sup>1</sup> of the following in the application:

(a) An executed power purchase agreement with a public utility.

(b) An agreement to use or sell the energy products for any of the following:

(i) Space heating.

(ii) Industrial process heating.

(iii) A municipal district heating and cooling system.

(c) Agreements to use the energy products in any combination of uses specified in subdivision (a) or (b) of this subrule.

(8) An applicant shall provide all of the following information in the application:

(a) Details about the ownership of the land and the facility.

(b) Details about the operator of the facility.

(c) Information about the source of financing.

(d) The extent to which composting, recycling, and household hazardous waste collection are currently implemented in the community.

(e) Specific information on the waste-to-energy incinerator, including the type, cost, and capacity in tons per day.

(f) For waste-to-energy projects pursuant to the provisions of subrule(2)(a) and (b) of this rule, an applicant shall do both of the following:

(i) Provide information to meet the eligibility requirements of recycling and composting programs pursuant to the provisions of R 299.12401 to be eligible for funding.

(ii) Provide information on the composting and recycling grant application pursuant to the provisions of R 299.12401.

(g) Information on the air pollution control equipment.

(h) The estimated tipping fees to be charged at the incinerator.

(i) The projected energy output and use of the energy products.

(j) The projected volume reduction of waste that is processed.

(k) Documentation of waste flow commitments.

(l) Details on the handling and final disposal of ash.

(9) All of the following are eligible budget items for waste-to-energy projects:

(a) Equipment costs, including installation, freight, and the preparation of equipment directly related to specific project needs.

(b) Materials and supplies related to the project, excluding office supplies.

(c) Materials and production costs, excluding personnel costs, for promotional programs related to the project. Such costs shall not be more than 10% of the grant or loan budget or a maximum of \$10,000.00, whichever is less.

(d) Structures.

## PART 5. CLOSURE AND TRANSFER STATIONS

R 299.12501 Funding maximum.

Rule 501. (1) The amount of a closure grant or loan shall not be more than \$600,000.00.

(2) The total amount of all grants or loans for closures shall not be more than \$20,200,000.00

R 299.12502 Provision of schedule and plans to department; contract.

Rule 502. (1) Within 90 days of a contract being issued by the department, a closure grant or loan award recipient shall provide the department with all of the following as part of the contract:

(a) A schedule of closure.

(b) A detailed closure plan, including engineering plans and specifications for a landfill cap that meets the specifications of R 299.4305(9) and (10).

(c) A monitor well installation plan.

(d) The 2 originals of the contract provided by the department, both signed by the recipient.

(2) If the contract, including the items specified in subrule (1) of this rule, is not submitted within 90 days, the grant or loan award is rescinded.

(3) The department shall review and approve or disapprove each item listed in subrule (1) of this rule as part of the contract within 30 days of receipt of the contract.

(4) If the contract or any portion of the contract is disapproved, the entire contract shall be sent back to the recipient with the reasons for disapproval. A recipient shall have 30 days to make all corrections and resubmit the entire contract pursuant to the provisions of subrule (1) of this rule.

(5) If the contract is not corrected and resubmitted within 30 days or cannot be approved after resubmittal, the grant or loan award will be rescinded.

R 299.12503 Contract requirements.

Rule 503. In addition to the general conditions required pursuant to the provisions of R 299.12615, a contract that is issued to a grant or loan recipient for a closure shall require the recipient to do all of the following:

(a) Close the landfill or dump consistent with the closure plan within 18 months of the effective date of the grant or loan contract.

(b) Install 4 monitoring wells consistent with the monitoring well installation plan within 18 months of the effective date of the grant or loan contract.

(c) Agree to provide access to the state, state contractors, or their assignees for the purpose of performing work, as appropriate, to the site both during the time period allowed for project completion pursuant to the provisions of R 299.12615(2) and for the following 30 years.

(d) Stipulate that providing funding for closure does not obligate the department to assume responsibility for any contamination problems found at the site

R 299.12504 Application deadline.

Rule 504. A closure grant or loan application shall be accepted when received by the department any time before January 1, 1990

R 299.12505 Eligibility.

Rule 505. To be eligible for a closure grant or loan, an applicant shall satisfy both of the following requirements:

- (a) Be a local unit of government that owns or operates a landfill or dump.
- (b) Submit all of the following information in the application:
  - (i) The size in acres of the landfill or dump.
  - (ii) For landfills or dumps that are currently operating:
    - (A) The amount of waste currently received by the facility.
    - (B) A description of the recycling, disposal, or other alternatives to be used for waste materials that currently go to the facility.

R 299.12506 Funding priorities.

Rule 506. (1) Applications that meet the eligibility requirements of R 299.12505 shall collectively be prioritized for funding as follows:

- (a) The top priority for funding shall include both of the following:
    - (i) Unlicensed dumps open and operating on November 20, 1987. Evidence that the landfill or dump was operating shall include documentation of public expectation of additional dumping, such as regularly scheduled hours at the facility.
    - (ii) Applicants who previously submitted a closure or reclosure grant application pursuant to the provisions of act 249.
  - (b) Other closure or reclosure projects shall be a lower priority.
- (2) Applications shall be prioritized for funding within the subcategories determined pursuant to the provisions of subrule (1)(a) and(b) of this rule based on the following criteria:
- (a) The degree of effort demonstrated by the municipality in working toward alternative solutions to solid waste management problems.
  - (b) The degree of the potential threat of groundwater contamination.
  - (c) The likelihood that hazardous waste was accepted.
  - (d) The municipality's willingness to work with adjacent municipalities on alternative solutions.
  - (e) The municipality's commitment to refrain from operating unlicensed disposal areas in the future.

R 299.12507 Eligible budget items.

Rule 507. (1) Costs directly attributable to proper closing are eligible budget items for a closure grant or loan and include the costs of all of the following:

- (a) The grading, sloping, and contouring of fill surfaces.
- (b) The transportation and placement of synthetic or clay cover material.
- (c) The seeding and stabilization of the completed cap.
- (d) The installation of methane vents.
- (e) Monitoring well installation plan development and installation of not more than 4 monitoring wells.
- (f) Engineering support that is not more than 15% of the grant or loan budget.

- (g) Fencing to insure site security.
- (h) Vermin control measures, such as baiting completed before the placement of the cover material.
- (2) All of the following are ineligible costs for closure grants or loans:
  - (a) Thirty-year, post-closure monitoring.
  - (b) Leachate collection systems.
  - (c) Treatment systems.
  - (d) Purge wells.
  - (e) Slurry walls.
- (3) For closure grants or loans, eligible expenditures for engineering costs up to 10% of the grant or loan made after the date of the award shall be reimbursed

R 299.12508 Funding for transfer station projects to be used for costs of construction.  
Rule 508. Funding for transfer station projects shall be used for the costs of construction.

R 299.12509 Total funding for transfer station grants or loans.  
Rule 509. The total funding for transfer station grants or loans shall not be more than \$8,400,000.00.

R 299.12510 Funding limits for individual transfer station projects.  
Rule 510. (1) The amount of a transfer station grant shall not be more than \$200,000.00.  
(2) The amount of a transfer station loan shall not be more than \$500,000.00.

R 299.12511 Transfer station application information.  
Rule 511. An applicant shall submit information on each dump or landfill that is closed or is expected to close within the next year in the area to be served, including all of the following information for each facility:

- (a) The name.
- (b) The location.
- (c) The size.
- (d) The amount of waste received per time period.
- (e) The identity of the owner or operator.

R 299.12512 Eligibility for transfer station grants or loans.  
Rule 512. To be eligible for a transfer station grant or loan, an applicant shall provide the following documents and information:

- (a) A commitment for incorporating recycling into the transfer station operations.
- (b) A documented commitment to only dispose of collected waste at a solid waste disposal area licensed pursuant to the provisions of act 641.
- (c) The name and location of the licensed act 641 disposal area to be used.
- (d) Documentation that both the waste shipping and receiving counties approve the transfer of the waste in their respective act 641 plans.
- (e) Documentation of the private sector's lack of interest to provide service at a competitive rate.

R 299.12513 Transfer station application rank.

Rule 513. A transfer station project application to serve an area where a landfill or dump is closed shall be ranked higher than an application for another transfer station.

R 299.12514 Eligible costs for transfer station projects.

Rule 514. All of the following are eligible costs for transfer station projects:

- (a) Building construction, including materials and labor.
- (b) Paving.
- (c) Fencing.
- (d) Equipment to be used on-site, such as a compactor, hopper, scales, or crane.
- (e) Rolling stock, such as trailers, roll-off units, and tractors. Tractors are eligible only if the private sector is not available to provide hauling services.
- (f) Necessary engineering expenses that are not more than 10% of the grant or loan budget.

R 299.12515 Transfer station contract.

Rule 515. In addition to the general conditions required pursuant to the provisions of R 299.12615, a contract that is issued to a grant or loan recipient for a transfer station shall require that the grant or loan be forfeited and immediately repaid to the state if waste collected is disposed of at any location other than a licensed solid waste disposal area.

## PART 6. SOLID WASTE PROGRAM ADMINISTRATION

R 299.12601 Application time schedules.

Rule 601. The department shall establish time schedules for the submittal and processing of applications for solid waste grants and loans.

R 299.12602 Evaluation and ranking of applications.

Rule 602. (1) The department shall provide, to the advisory panel, evaluations and rankings for the eligible applications in each of the following categories:

- (a) Recycling and composting, including clean Michigan communities.
  - (b) Market development.
  - (c) Market development research and demonstration.
  - (d) Marketing.
  - (e) Waste reduction research and demonstration.
  - (f) Household hazardous waste centers.
  - (g) Resource recovery education.
  - (h) Waste-to-energy projects.
  - (i) Closures.
- (2) Department staff shall evaluate and rank applications by category using all of the following criteria:

(a) Applicant documentation of general eligibility pursuant to the provisions of part 2 of these rules and category-specific eligibility pursuant to the provisions of parts 4 and 5 of these rules.

(b) Information requested in part 3 of these rules.

(c) Information requested in the specific grant or loan category of part 4 or part 5 of these rules.

(d) Criteria listed as reasons for denial pursuant to the provisions of R299.12609.

R 299.12603 Advisory panel; recommendations.

Rule 603. (1) The advisory panel shall make recommendations to the commission for grant and loan awards in the categories specified in R 299.12602 to private entities and local units of government based on all of the following criteria:

(a) Application evaluations and rankings by the department.

(b) Geographical distribution of recommended recipients throughout the state.

(c) Goals of the state solid waste management policy and the solid waste implementation plan.

(d) The priority of grant and loan categories as determined by the commission.

(2) The advisory panel shall assure that funding for projects recommended to the commission does not result in total grant or loan award amounts of more than \$15,000,000.00 for waste-to-energy project grants or loans.

(3) Recommendations of the advisory panel may result in a grant or loan award that is less than the amount of funding requested in the application to prevent exceeding the \$15,000,000.00 maximum of the waste-to-energy grant or loan category or the \$20,200,000.00 maximum of the closure grant or loan category.

(4) The recommendations of the advisory panel shall be forwarded to the commission.

(5) The commission shall determine the final grant or loan recipients for the categories specified in R 299.12602.

R 299.12604 Evaluation of eligible transfer stations; list.

Rule 604. The department shall evaluate the eligible transfer stations and forward a prioritized list to the commission.

R 299.12605 Transfer station grant or loan reduction.

Rule 605. The department may recommend a reduction in the amount of a transfer station grant or loan if necessary to remain within the total maximum of \$8,400,000.00 for transfer station funding.

R 299.12606 Determination of final grant or loan recipients for transfer stations.

Rule 606. The commission shall determine the final grant or loan recipients for transfer stations.

R 299.12607 Provision of grants and loans list to legislature.

Rule 607. The commission shall forward the list of approved grants and loans from all categories to the legislature.

R 299.12608 Reasons for denial of funding.

Rule 608. Grant or loan applicants may be denied funding for any of the following reasons:

(a) An applicant does not meet eligibility requirements pursuant to the provisions of R 299.12201 to R 299.12213 or does not meet the eligibility requirements of the specific grant or loan category of part 4 or 5 of these rules.

(b) An applicant does not submit sufficient information requested pursuant to the provisions of part 3, 4, or 5 of these rules, as applicable.

(c) Proposed budget costs are not justified or are not in line with the size and scope of the project.

(d) Project goals or scope, or both, are not consistent with act 249, act 328 or the rules promulgated thereunder.

(e) An applicant has previously received state funds for the same project component.

(f) An application is submitted for a specific grant or loan category that is not intended to fund the type of project described in the application.

(g) An applicant failed to meet the terms and conditions of a previous grant or loan contract under these rules or the grant contract of act 249.

(h) The proposed project is similar to a project which is existing or under development, which is located in the area to be served, and which has or will have an underutilized capacity.

(i) The proposed project is similar to a previously funded project that proved to be unsuccessful. (j) The applicant owes unpaid state taxes.

R 299.12609 Emergency rule closure grant or loan recipients subject to these rules.

Rule 609. A local unit of government which has been approved by the commission to receive a closure grant or loan under the provisions of the emergency solid waste alternatives program rules shall be subject to a 10% match pursuant to the provisions of R 299.12205 for all closure grant or loan contracts entered on or after the effective date of these rules.

R 299.12610 Distribution of funding on cost reimbursement basis.

Rule 610. After legislative appropriation of funding for solid waste grants and loans, the department shall distribute the funding to grant or loan recipients on a cost reimbursement basis.

R 299.12611 Grant advances.

Rule 611. (1) A grant recipient that is a local unit of government or a private nonprofit entity may request an advance for up to 25% of the grant award by forwarding a letter to the department which specifies all of the following information:

(a) The specific project.

(b) The amount requested in advance.

(c) Why the advance is needed.

(d) Exactly how the funds will be spent.

(2) The department may grant an advance to a grant recipient that is a local unit of government or a private nonprofit entity if the need for advance funding is justified and properly documented.

(3) Advanced funds shall be expended only for eligible grant project items that are authorized by the department.

(4) A detailed accounting of advanced fund expenditures shall be provided to the department by the grant recipient before further grant funding.

(5) Advances shall be spent within 30 days of issuance or become subject to interest repayments, at the current prime interest rates, to the department in the form of deductions from the grant reimbursement.

(6) A written authorization for an advance payment from a grant shall become an enforceable part of the contract that is issued to the recipient pursuant to the provisions of R 299.12614 and R 299.12615.

R 299.12612 Expenditure of project cost savings.

Rule 612. (1) Project cost savings from one area of the grant or loan may be expended on other eligible project costs that are identified in the application or on new eligible project costs.

(2) Before making expenditures pursuant to the provisions of subrule (1) of this rule, a grant or loan recipient shall receive written authorization from the department.

R 299.12613 Withholding of part of grant or loan.

Rule 613. (1) The department shall hold back 10% of each grant or loan until the project is completed.

(2) A determination of project completion shall be made by the department through either or both of the following, as applicable:

(a) A financial audit and project review of the grant or loan contract, payment requests submitted, and the narrative progress reports submitted pursuant to the provisions of R 299.12620(1).

(b) A site inspection if necessary to make a final determination on whether the terms of the contract have been completed.

R 299.12614 Predistribution of funds requirements.

Rule 614. Before awarded funds are distributed to an applicant, the grant or loan recipient shall do both of the following:

(a) Obtain all permits required by state law.

(b) Enter into a contract issued by the department

R 299.12615 Contracts; signing and submittal; contents.

Rule 615. (1) Grant or loan contracts for all categories, except closures, shall be signed by the recipient within 90 days of contract issuance by the department or be subject to forfeiture. Closure contracts shall be signed and submitted in accordance with the provisions of R299.12502.

(2) A project contract shall, at a minimum, contain all of the following provisions:

(a) The time period allowed for project completion.

(b) Project cost overruns are the sole responsibility of the grant or loan recipient.

(c) Structures or items purchased with grant funds shall be used exclusively for the purposes specified in the contract for 10 years or the life of the item, whichever is less. Structures or items purchased with loan funds shall be used exclusively for the purposes specified in the contract for the life of the item or the life of the loan, whichever is less.

(d) A grant recipient shall not sell, trade, give away, or otherwise dispose of, the items or structures without prior authorization of the department for a period of 5 years after the project is completed pursuant to the provisions of R 299.12613. When items or structures are sold or traded, 75% of the net proceeds shall be paid into the fund created by section 6 of act 328 and 25% of the net proceeds shall be paid to the grant recipient.

(e) Failure of the grant or loan recipient to comply with the provisions of subdivision (c) or (d) of this subrule shall result in the transfer of ownership of the items originally purchased with grant or loan funds from the recipient to the department.

(f) A grant or loan recipient who had purchased or constructed a structure and who fails to comply with the provisions of subdivision (c) or (d) of this subrule shall refund the amount of the grant or loan expended on the purchase or construction of the structure or fair market value as evidenced by an independent appraisal, whichever is less, to the fund created by section 6 of act 328.

(g) A recipient shall obtain written department authorization before implementing changes in the project.

(h) Michigan recyclable material, if available, shall not be displaced by out-of-state recyclable material in a resource recovery project.

(i) Upon entering a grant or loan contract, a recipient shall not construct or operate an unlicensed disposal area.

(j) False or fraudulent information provided by a recipient or a violation of the terms or conditions of the contract shall result in termination of the contract by the department.

(k) A grant or loan recipient whose contract is terminated pursuant to the provisions of subdivision

(j) of this subrule shall repay to the state all funds received for the project. Money refunded to the state pursuant to this rule shall be placed in the environmental protection bond fund created in section 6 of act 328.

(l) The grant or loan recipient shall maintain records, documents, and computer records in accordance with generally accepted accounting principles and practices for a minimum of 5 years after the project is completed pursuant to the provisions of R 299.12613.

(m) The department or any of its duly authorized representatives shall have access, upon reasonable notice, to such records, documents, or computer records maintained by the applicant pursuant to the provisions of subdivision (1) of this subrule.

(n) Any subcontractors, outside associates, or consultants required by the grant or loan recipient in connection with services covered by the contract shall be limited to the individuals or firms as identified in the grant or loan application. Any substitutions or additions to the subcontractors, associates, or consultants shall require prior written approval of the department.

(o) For a contract that involves research, developmental, experimental, or demonstration work that results in any discovery or invention in the course of the contract completion, the state shall retain sole authority to patent or license.

(p) The grant or loan recipient shall not assign or transfer any interest in this contract without the prior written consent of the department.

(q) The grant or loan recipient shall maintain such insurance as will protect it from claims which may arise out of, or result from, the operations of the grant or loan recipient or its subcontractors as part of this contract.

(r) All information submitted in a grant or loan application or as part of the grant or loan process shall become the property of the department.

(s) All grant or loan recipients shall dispose of their solid wastes at a licensed solid waste disposal area.

(3) A grant or loan application shall be included as part of the executed contract between the recipient and the department.

(4) The grant or loan recipient shall provide a 30-day written notification of the desire to terminate the project before completion of the grant contract.

(5) The state shall provide a 30-day written notification before termination of a grant or loan contract due to executive order or legislative reductions.

(6) Stipulations and clarifications to a specific grant or loan application requested by the advisory panel shall be included as part of the executed contract

R 299.12616 Interest on outstanding debt.

Rule 616. All loan recipients shall pay 5% interest annually on the outstanding debt.

R 299.12617 Term of loan.

Rule 617. The term of a loan shall be not more than 10 years or the life expectancy of the items purchased or structures built as part of the project, whichever is less.

R 299.12618 Combining of grant and loan disallowed.

Rule 618. A combination of a grant and a loan shall not be allowed for a specific project.

R 299.12619 Project progress reporting and payment requests; forms.

Rule 619. Grant and loan recipients shall use forms provided by the department for project progress reporting and payment requests.

R 299.12620 Reimbursement for eligible grant or loan expenditures.

Rule 620. (1) To receive reimbursement of the state share of eligible grant or loan expenditures, recipients shall submit supporting documentation of eligible expenditures paid to date by grant recipients and incurred to date for loan recipients. A narrative description of the project progress shall be submitted with each payment request. Payment requests, on forms provided by the department, shall be submitted quarterly or when the payment request is more than 25% of the grant or loan amount.

(2) Payment requests shall be approved by the department before the distribution of funds.

(3) The department reserves the right to make site inspections before approving a payment request.

R 299.12621 Project summaries.

Rule 621. (1) Each recipient of a solid waste grant or loan shall complete and submit to the department a project summary on a form developed by the department.

(2) Project summaries are due within 3 months after the project completion date as identified in the grant or loan project contract and annually for the following 3 years.

(3) A recipient who fails to submit any project summary as required shall not be eligible to be a future recipient of the grants or loans authorized pursuant to the provisions of act 328.

(4) A project summary shall include all of the following information and documents:

(a) The name, address, and telephone number of the recipient.

(b) The name of the project.

(c) The amount of money received and how it was spent.

(d) The county in which the project is located.

(e) A comparison of projected goals with accomplishments.

(f) The amounts and types of materials recovered or processed as a result of the grant or loan, if applicable.

(g) A brief summary of the activities and accomplishments of the project.

(h) An analysis of the factors affecting the feasibility and economy of others to use the process or equipment used in the project.

(i) A copy of all studies, documents, audio-visual materials, or promotional materials produced as part of the project.

## PART 7. STATE SOLID WASTE PROJECTS

R 299.12701 Identifying projects; department recommendation of methods and cost estimate for accomplishing project goals; provision of project information to legislature; oversight responsibilities; annual report.

Rule 701. (1) The department may identify projects that have the potential to affect the solid waste management needs of the entire state or a significant portion of the state or to assist the state in meeting the goals of the solid waste policy and solid waste policy implementation plan.

(2) For projects identified by the department pursuant to the provisions of subrule (1) of this rule, the department shall recommend specific proposals, entities to carry out the proposals, and methods and cost estimates for accomplishing project goals.

(3) The department shall request more information from applicants regarding specific proposals as necessary to make a determination on whether or not to recommend a project to the advisory panel.

(4) The commission shall determine the final awards for state solid waste projects.

(5) Information on projects approved by the commission shall be forwarded to the legislature for funding appropriations from the fund created in section 6 of act 328.

(6) The recipient of a statewide project shall enter into a contract with the department before receiving any funds.

(7) The department shall have oversight responsibilities for state projects and shall provide a written report annually to the commission on the status of each state project funded during the preceding year.