

**REQUEST FOR APPROVAL**

**To:** Howard Levenson  
Deputy Director, Materials Management and Local Assistance Division  
  
Mark De Bie  
Deputy Director, Permits and Certification Division

**From:** Brenda Smyth  
Branch Chief, Statewide Technical & Analytical Resources Branch

**Request Date:** March 28, 2012

**Decision Subject:** Reallocation of Tire Funds Fiscal Year 2011/12 Revised May 1, 2012

**Action By:** April 17, 2012 Revised Action By date: May 7, 2012

**Summary of Request:** This is a proposal to reallocate unspent Fiscal Year (FY) 2011/12 Tire Funds to other tire activities that need additional funding. Currently, \$7,269,511 in unencumbered funds are available to be reallocated. In addition, \$1,000,000 from the Emergency Reserve could be reallocated contingent upon no emergency situations occurring on or before June 30, 2012.

After funding the two activities specified below, ~~\$233,814~~ \$245,269 will remain unspent and will revert to the California Tire Recycling Management Fund (Tire Fund). In addition, if no emergency situations occur on or before June 30, 2012, the \$1,000,000 from the Emergency Reserve will also revert to the Tire Fund.

**Recommendation:** Staff recommends that the reallocation of unspent FY 2011/12 Tire Funds be directed to the two tables listed below.

**Table 1: Rubberized Pavement Grant Program - List B FY 2011/12**

Applicant	Project(s)	Total Award
City of Stockton - partial	Chip Seal	\$16,044
City of Claremont	RAC	\$70,673
City of Blythe	RAC	\$54,124
City of Huntington Beach	RAC	\$250,000
Sacramento County	RAC	\$286,661
City of Monterey Park	RAC	\$250,000
City of Fremont	Chip Seal	\$250,000
City of Delano	Chip Seal	\$166,195
City of Lompoc	Chip Seal	\$119,929
City of Barstow	RAC	\$250,000
City of Santa Clarita	Chip Seal	\$250,000
Los Angeles County	Chip Seal	\$250,000
City of Rocklin	Chip Seal	\$132,478
	<b>Total</b>	<b>\$2,346,104</b>

**Table 2: Tire-Derived Product Grant Program – List B FY 2011/12**

Applicant	Total Award
City of Arvin (Partially Funded)	\$69,629
City of Turlock	\$149,587
Northern California Regional Public Safety Training Authority	\$112,421
City of Fortuna	\$136,324
Petaluma City Schools	\$148,436
City of Del Rey Oaks	\$149,403
City of Baldwin Park	\$13,070
Cutler-Orosi Joint Unified School District	\$148,280
Travis Unified School District	\$124,345
Yolo County Office of Education	\$147,199
Plainsburg Union Elementary School District	\$150,000
Aspire Public Schools	\$40,110
City of Bell Gardens	\$104,125
Arvin Union School District	\$150,000
City of Madera	\$35,356
City of Salinas	\$85,275
Sanger Unified School District	\$149,691
Los Molinos Unified School District	\$149,190
Hayward Unified School District	\$57,750
Lynwood Unified School District	\$116,375
Washington Union School District	\$88,857
Gilroy Prep School	\$22,000
City of Modesto	\$150,000
San Joaquin County Office of Education	\$150,000
Oroville City Elementary School District	\$149,940
City of Waterford	\$82,250
Merced County Regional Waste Management Authority	\$27,827
Northern Humboldt Union High School District	\$29,170
Merced Union High School District	\$72,498
Merced County Spring Fair	\$98,812
City of Manhattan Beach	\$149,570
City of Parlier	\$70,000
City of Pico Rivera	\$55,125
River Delta Unified School District	\$148,006
Pacific Union School District	\$82,617
Padre Dam Municipal Water District	\$9,824
Marcum-Illinois Union Elementary School District	\$54,601
City of Marysville	\$149,788
Winship-Robbins Elementary School District	\$102,597
Fremont Union High School District	\$149,980
Planada Elementary School District	\$146,520
Monterey County	\$138,523 \$127,068

**Table 2: Tire-Derived Product Grant Program – List B FY 2011/12 (Cont.)**

Applicant	Total Award
Bonita Unified School District	\$55,369
City of Gonzales	\$125,003
City of Gustine	\$99,750
Placer Hills Union School District	\$44,400
<b>Total</b>	<b>\$4,689,593 \$4,678,138</b>

**Funding:** The *Five-Year Plan for Waste Tire Recycling Management Program – (6<sup>th</sup> Edition covering Fiscal Years 2011/12 – 2015/16)* allocates funding for a variety of activities for FY 2011/12. There is currently \$7,269,511 in unencumbered funds that are available for reallocation.

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
Reallocation of Tire Recycling Management Fund (FY 2011/12)	\$7,269,511	<u>\$7,035,697</u> \$7,024,242	<u>\$233,814</u> \$245,269	Grants
<b>Total</b>	<b>\$7,269,511</b>	<b><u>\$7,035,697</u></b> <b>\$7,024,242</b>	<b><u>\$233,814</u></b> <b>\$245,269</b>	

**Deputy Director Action:** On the basis of the information and findings in this Request for Approval, we hereby approve the reallocation of FY 2011/12 Tire Funds as listed below, in order of funding as funds become available:

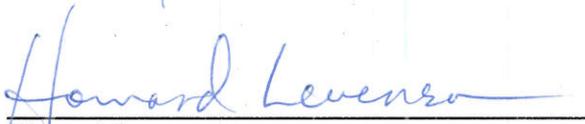
**Tire Activities to Receive Unspent FY 2011/12 Tire Funds**

- \$2,346,104 – Rubberized Pavement Grant Program – B List FY 2011/12
- \$4,689,593 ~~\$4,678,138~~ – Tire-Derived Product Grant Program – B List FY 2011/12

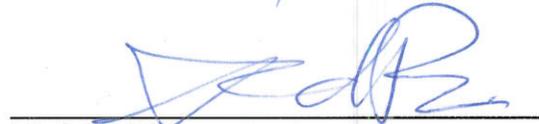
Each of the proposed Grant awards set forth in the Rubberized Pavement Grant Program – B List FY 2011/12 and the Tire-Derived Product Grant Program – B List FY 2011/12 are conditioned upon:

- The full payment within 90 (ninety) days of the date of this grant award of all outstanding debt(s) or scheduled payment(s) owed by the proposed Grantee to CalRecycle; and
- The return by the proposed Grantee of a completed and executed Grant Agreement within 90 (ninety) days from the date that CalRecycle staff mails the Grant Agreement.

Dated: 5/2/12

  
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 Howard Levenson  
 Deputy Director

Dated: 5/2/12

  
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 Mark De Bie  
 Deputy Director

## **Background Information, Analysis, and Findings:**

The Department of Resources Recycling and Recovery (CalRecycle) receives an annual appropriation through the Budget Act from the Tire Fund to administer the California Tire Recycling Act and related legislation. Senate Bill (SB) 876 (Escutia, Statutes of 2000, Chapter 838) created the resources and the regulatory protocol to establish programs that would properly manage the waste tire flow in California. The programs proposed to implement the provisions of SB 876 are detailed in the *Five-Year Plan for the Waste Tire Recycling Management Program – 6th Edition Covering Fiscal Years 2011/12 – 2015/16 – Report to the Legislature* (Five-Year Plan), and include the following elements: waste tire enforcement, waste tire hauler and manifest, waste tire remediation, tire research, and market development.

The approval of the FY 2011/12 Tire Fund allocation was incorporated into the adoption of the Five-Year Plan on May 17, 2011. For FY 2011/12, CalRecycle's \$32,807,000 allocation from the Tire Fund is comprised of funding for Consulting and Professional Services (C&P) and Local Assistance activities.

Currently, \$7,269,511 in unencumbered funds from FY 2011/12 is definitely available in the waste tire remediation and market development elements of the Five-Year Plan. However, the final total amount that will actually be available cannot be determined at this time. This is because the exact estimated amounts of some potentially unencumbered funds will not be known until the remaining Grant Awards and Contract recommendations listed in Attachment 1 are awarded in May and June 2012. In addition, \$1,000,000 from the Emergency Reserve could be reallocated, contingent upon no emergency situations occurring on or before June 30, 2012.

This document is structured to first show the overall Tire Fund C&P and local assistance allocations and the status of allocated funds (i.e., encumbered or unencumbered) in Attachment 1, and then present Staff's proposed reallocation of funds in Attachment 2.

Attachment 2 lists two oversubscribed grant programs from FY 2011/12 seeking funding totaling \$7,035,697 \$7,024,242.

### **Programs With Previous FY 2011/12 Allocations For Which Part Or All Of The Allocation Is Not Needed**

Unencumbered program activities for which some portion of the prior allocation is not needed, and the resulting estimated available funds are described below:

#### **Local Government Waste Tire Cleanup Grant Program---\$1,100,000**

For FY 2011/12, \$1,100,000 was allocated for this program; however, in order to transition this program from a one-year grant term to a two-year grant term, this program was suspended for the current fiscal year. A new grant cycle will be offered for FY 2012/13 that will be for a two-year grant term, which will allow jurisdictions more time to effectively implement their grant projects and expend their grant funds. Therefore, \$1,100,000 is available for reallocation.

#### **Local Government Amnesty Grant Program---\$1,200,000**

For FY 2011/12, \$1,200,000 was allocated for this program; however, in order to transition this program from a one-year grant term to a two-year grant term, this program was suspended for the next two fiscal years. A new grant cycle will be offered for FY 2013/14 that will be for a two-year grant term, which will allow jurisdictions more time to effectively implement their grant projects and expend their grant funds. Therefore, \$1,200,000 is available for reallocation.

Tire-Derived Aggregate Grant Program---\$896,511

For FY 2011/12, \$1,500,000 was allocated for this program. CalRecycle awarded two grants in February 2012 totaling \$603,489. Therefore, \$896,511 is available for reallocation.

Tire Equipment Loan Program---\$4,000,000

For FY 2011/12, \$4,000,000 was allocated for this program. CalRecycle released a Notice of Funds Available in July 2011 with an application deadline of December 30, 2011. No applications were received; therefore, \$4,000,000 is available for reallocation.

Spanish Translation Services---\$50,000

For FY 2011/12, \$50,000 was allocated for these services. Staff has taken a different approach for translation services. CalRecycle will build translation services into its new and existing contracts that need reports or documents transcribed; therefore, a separate contract for these services is no longer needed. As a result, \$50,000 is available for reallocation.

Waste Reduction Awards Program (WRAP)---\$23,000

For FY 2011/12, \$23,000 was allocated for this program. The current WRAP program is on hold while CalRecycle considers developing a new program that will recognize businesses that go above and beyond the current criteria.

Emergency Reserve---\$1,000,000

Senate Bill 876 requires that CalRecycle create and maintain an emergency reserve account, which shall not exceed \$1,000,000. These funds could be reallocated contingent upon no emergency situations occurring on or before June 30, 2012.

**Programs Proposed for Reallocation FY 2011/12 Funding**

Proposed reallocation projects are listed in Attachment 2 in recommended rank order of funding priority. A brief description of program activities with reallocation needs, as listed in Attachment 2, is provided below in order of recommended funding.

Rubberized Pavement Grant Program – B List FY 2011/12--\$2,346,104

For FY 2011/12, \$5,445,000 was allocated for this grant program. CalRecycle received 50 applications requesting a total of \$9,227,831 of which 42, totaling \$7,791,104, were deemed eligible. Staff ranked all eligible applications consistent with the approved process. Those applications that could be funded (fully or partially) by the original allocation were reflected in a Request for Approval executed by the Deputy Director on January 17, 2012. The eligible applications that were partially funded or for which there were not sufficient funds originally allocated are reflected below in List B. Staff recommends reallocation of \$2,346,104 to fully fund all eligible applications, as listed in the Table 1 entitled “Rubberized Pavement Grant Program – List B”.

Tire-Derived Product Grant Program – B List FY 2011/12---\$4,689,593

For FY 2011/12, \$3,400,000 was allocated for this grant program. CalRecycle received 87 applications totaling \$9,073,473.19. Staff disqualified 11 applications for incompleteness, and one application did not satisfy program eligibility requirements. Additionally, two jurisdictions withdrew their applications during the application review period. The remaining 74 eligible applications totaling ~~\$8,089,593~~ ~~\$8,078,138~~ were evaluated by staff. Because the program was oversubscribed, a Random Selection Drawing was held on February 16, 2012. Those applications that could be funded (fully or partially) by the original allocation were reflected in a Request for Approval executed by the Deputy Director on March 6, 2012. The eligible applications that were partially funded or for which there were not sufficient funds originally allocated are reflected below in List B. Staff recommends

reallocation of ~~\$4,689,593~~ ~~\$4,678,138~~ to fully fund all eligible applications, as listed in the Table 2 entitled "Tire-Derived Product Grant Program – List B".

**Timeline:**

The State's current fiscal year ends June 30, 2012. CalRecycle's expenditure authority for FY 2011/12 funds will expire on June 30, 2012, and on July 1, 2012, any unencumbered funds will revert to the Tire Fund. All funding for contracts and grants must be encumbered by June 30, 2012, but it is preferable that such encumbrances be completed by the beginning of June, to allow sufficient time for processing the required paperwork.

**Attachments:**

- Attachment 1 – Tire Program Unencumbered Funds Remaining for FY 2011/12
- Attachment 2 – Tire Program Activities Estimated FY 2011/12 Tire Funds Reallocation Needs and Proposed Reallocation Amounts