

REQUEST FOR APPROVAL

To: Howard Levenson
Deputy Director, Materials Management and Local Assistance Division

Mark De Bie
Deputy Director, Waste Permitting, Compliance and Mitigation Division

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

Request Date: April 1, 2014

Decision Subject: Reallocation of Tire Funds (Tire Recycling Management Fund, FY 2013/14)

Action By: April 15, 2014

Summary of Request: This proposal requests the reallocation of unspent Fiscal Year (FY) 2013/14 Tire Funds to other tire activities that need additional funding. Currently, \$1,404,673 in unencumbered funds is available to be reallocated. In addition, \$500,000 from the Emergency Reserve could be reallocated contingent upon no emergency situations occurring on or before June 30, 2014.

Recommendation: Staff recommends reallocating \$354,000 for the Feedstock Conversion Technical Assistance and Material Testing Services Contract; \$235,180 for the seven recommended Local Government Waste Tire Amnesty Grant Program List B Awards described below in Table 1; and \$440,456 for the 29 recommended Local Government Waste Tire Enforcement Grant Program List B Awards described in Table 2.

Table 1: Local Government Waste Tire Amnesty Grant Program Recommended Awards – List B

| Applicant | Recommended Amount |
|--|---------------------------|
| Coachella Valley Association of Governments* | \$68,930 |
| City of Fortuna | \$5,000 |
| City of Lake Elsinore | \$35,000 |
| City of Norwalk* | \$60,000 |
| City of Torrance* | \$21,000 |
| City of Tulare | \$12,000 |
| San Diego County | \$33,250 |
| Total Recommended Amount | \$235,180 |

*Applied as a regional applicant

Table 2: Local Government Waste Tire Enforcement Grant Program Recommended Awards – List B

| Applicant | Recommended Amount |
|---------------------------------|---------------------------|
| City of Adelanto | \$6,175 |
| Alameda County | \$6,150 |
| City of Bakersfield | \$1,438 |
| City of Berkeley | \$14,310 |
| Butte County | \$11,036 |
| Calaveras County | \$3,154 |
| City of Fresno | \$15,000 |
| Glenn County | \$7,163 |
| Imperial County | \$15,279 |
| Kern County | \$30,000 |
| Lake County | \$9,770 |
| Los Angeles County | \$37,000 |
| City of Madera | \$4,529 |
| Madera County | \$48,851 |
| Marin County | \$3,481 |
| Mendocino County | \$3,344 |
| City of Modesto | \$9,880 |
| Napa County | \$4,400 |
| Nevada County | \$8,195 |
| Sacramento County | \$52,403 |
| San Diego County | \$27,936 |
| San Luis Obispo County | \$1,978 |
| San Mateo County | \$20,254 |
| Santa Clara County | \$40,500 |
| Sonoma County | \$27,272 |
| Stanislaus County | \$6,500 |
| City of Sunnyvale | \$4,601 |
| Tuolumne County | \$14,472 |
| Yuba County | \$5,385 |
| Total Recommended Amount | \$440,456 |

Funding: The *Five-Year Plan for Waste Tire Recycling Management Program – (7th Edition covering Fiscal Years 2013/14 – 2017/18)* allocates funding for a variety of activities for FY 2013/14. Currently \$1,404,673 in unencumbered funds plus the \$500,000 from the emergency reserve are available for reallocation.

After funding the Feedstock Conversion Technical Assistance and Material Testing Services Contract, the seven recommended Local Government Waste Tire Amnesty Grant Program Awards, and the 29 recommended Local Government Waste Tire Enforcement Grant Program Awards, \$375,037 will still remain unspent and will revert to the Tire Fund. In addition, if no emergency situation occurs prior to end of the fiscal year, the \$500,000 from the emergency reserve will also revert to the Tire Fund.

| Fund Source | Amount Available | Amount to Fund Item | Amount Remaining | Line Item |
|---|------------------|---------------------|------------------|---------------------|
| Reallocation of Tire Recycling Management Fund (FY 2013/14) | \$1,904,673 | \$1,029,636 | \$875,037 | Contract and Grants |

Deputy Director Action: On the basis of the information and analysis in this Request for Approval and the findings set out herein, we hereby approve the reallocation of funds to support the Feedstock Conversion Technical Assistance and Material Testing Services Contract, conditionally approve the grant awards for the seven recommended Local Government Waste Tire Amnesty Grant Program Awards as listed in Table 1 and the 29 recommended Local Government Waste Tire Enforcement Grant Program Awards as listed in Table 2. Each proposed grantee's award shall be funded in the order in which funding becomes available and is conditional upon:

1. The full payment within 60 (sixty) days of the date of this grant award of all outstanding debt(s) or scheduled payment(s) owed by the proposed grantee to CalRecycle.
2. The return by the proposed grantee of a completed and executed Grant Agreement within 60 (sixty) days from the date that CalRecycle staff emails the Grant Agreement.

Dated: 4/15/14

Dated: 4/15/14



 Howard Levenson
 Deputy Director



 Mark De Bie
 Deputy Director

Attachment:

Attachment 1 – Tire Program Unencumbered Funds Remaining for FY 2013/14

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 – 7th Edition Covering Fiscal Years 2013/14 – 2017/18 – 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 2013/14 Tire Fund allocation was incorporated into the adoption of the Five-Year Plan on March 19, 2013. For FY 2013/14, CalRecycle allocated \$21,033,747 from the Tire Fund, comprised of funding for Consulting and Professional Services (C&P) and Local Assistance activities.

Currently, at least \$1,404,673 in unencumbered funds from FY 2013/14 is available in the waste tire enforcement, waste tire hauler and manifest, cleanup, and market development elements of the Five-Year Plan. However, the final total available amount cannot be determined until the remaining Grant Awards and Contract recommendations listed in Attachment 1 are awarded in May 2014. In addition, \$500,000 from the Emergency Reserve could be reallocated, contingent upon no emergency situations occurring on or before June 30, 2014.

The remainder of this document is structured to first show Tire Fund C&P and local assistance allocations and the status of allocated funds (i.e., encumbered or unencumbered) for specific activities that were listed in the Five-Year Plan. These are summarized in Attachment 1. This is followed by a description of staff's proposed reallocation of funds, with details contained in Table 1 and below.

Programs With Previous FY 2013/14 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:

Waste Tire Enforcement Support Activities---\$80,000

For FY 2013/14, \$370,000 was allocated for these projects. Currently, \$290,000 has been expended leaving \$80,000 available for reallocation.

Enforcement Case Assistance---\$50,000

For FY 2013/14, \$50,000 was allocated for this effort. Currently, none of these funds have been expended leaving \$50,000 available for reallocation.

Hauler Program and Manifesting System---\$220,000

For FY 2013/14, \$450,000 was allocated for this program. Currently, \$230,000 has been expended leaving \$220,000 available for reallocation.

Local Government Waste Tire Amnesty Grant Program---\$1,044

For FY 2013/14, \$1,800,000 was allocated for this program. In June 2013, CalRecycle awarded 45 applications totaling \$1,798,956. Therefore, \$1,044 is available for reallocation.

Tire-Derived Aggregate Grant Program---\$1,053,629

For FY 2013/14, \$1,700,000 was allocated for this program. CalRecycle received two applications totaling \$646,371. Therefore, \$1,053,629 is available for reallocation.

Emergency Reserve---\$500,000

Senate Bill 876 requires that CalRecycle create and maintain an emergency reserve account, which shall not exceed \$500,000. These funds could be reallocated contingent upon no emergency situations occurring on or before June 30, 2014.

Programs Proposed for FY 2013/14 Tire Fund Reallocation

Feedstock Conversion Technical Assistance and Material Testing Services Contract---\$354,000

For FY 2013/14, \$396,000 is available from the Research on Applications and Technologies for Waste Tires activity for this contract. In February 2014, CalRecycle approved the Scope of Work for the Feedstock Conversion Technical Assistance and Material Testing Services Contract in the amount not to exceed \$750,000. Therefore, an additional \$354,000 is needed in reallocated funds for this contract.

Local Government Waste Tire Amnesty Grant Program---\$235,180

For FY 2013/14, \$1,800,000 was allocated for this program. In June 2013, CalRecycle awarded 45 applications totaling \$1,798,956. However, an additional seven applicants totaling \$235,180 were recommended if additional funding became available. Therefore, staff recommends awarding \$235,180 to fund these remaining 7 applicants for the Local Government Waste Tire Amnesty Grant Program as described in Table 1.

Local Government Waste Tire Enforcement Grant Program--\$440,456

For FY 2013/14, \$7,000,000 was initially allocated for this program. In December 2013, CalRecycle received 47 eligible applications requesting \$7,861,318. Demand for the program and the need to perform necessary inspection and enforcement activities has never been greater. Since our local partners are reimbursed for appropriate tire-related activities, the amount of funding has a direct correlation on the number of inspections and the performance of other program related activities.

For FY 2013/14, the initial allocation for the program was \$7,000,000 which was decreased from \$7,775,000 in FY 2011/12 (due to a reduction in Tire Fund spending authority). Some applicants that reduced staff (and tire-related activity) during the recession are now hiring staff to perform inspection and enforcement activity at pre-recession (or higher) levels. Also, CalRecycle may request that some applicants perform additional targeted education and inspection activities. Given the initial allocation constraints, some applicants may not believe that they can properly perform all of the grant-related activities. Therefore, staff recommends awarding \$440,456 to 29 applicants for the Local Government Waste Tire Enforcement Grant Program as described in Table 2.

Timeline:

The state's current fiscal year ends June 30, 2014. CalRecycle's expenditure authority for FY 2013/14 funds will expire on June 30, 2014, and on July 1, 2014, any unencumbered funds will revert to the Tire Fund. All funding for contracts and grants must be encumbered by June 30, 2014, but it is preferable that such encumbrances be completed by the beginning of June to allow sufficient time for processing the required paperwork.

