

**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 10, 2015

**Decision Subject:** Reallocation of Tire Funds (Tire Recycling Management Fund, FY 2014-15)

**Action By:** April 21, 2015 (Revised June 24, 2015)

**Summary of Request:** This request proposes reallocation of unspent Fiscal Year (FY) 2014-15 Tire Funds to other tire activities that need funding. Currently, ~~\$4,530,463~~ \$3,415,262 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, 2015.

**Recommendation:** Staff recommends reallocating \$2,458,000 for an Interagency Agreement with the Office of Environmental Health Hazard Assessment and reallocating \$2,572,463 ~~\$1,447,604~~ for the 31 ~~45~~ Tire-Derived Product grants (30 ~~44~~ fully, plus one partially-funded project) listed in Table 1 and Table 2.

**Table 1: Tire-Derived Product Grant Program Applicants Eligible for Award, if Additional Funds are Available (List B)**

Applicant	Award Amount
City of Turlock ( <b>Partially Funded</b> )*	\$92,347
City of Grass Valley	\$82,801
<del>Los Angeles County**</del>	<del>\$96,950</del>
Golden Valley Unified School District	\$149,410
City of Los Alamitos	\$142,881
City of Monterey Park	\$16,920
<del>City of Orland**</del>	<del>\$70,604</del>
City of Parlier	\$150,000
City of Yucaipa	\$149,902
Table Mountain Rancheria	\$9,425
Cutler-Orosi Joint Unified School District	\$149,915
City of Porterville	\$149,868
7 <sup>th</sup> District Agricultural Association/Monterey County Fair	\$82,875
City of Madera	\$51,940
Isla Vista Recreation and Park District	\$51,769
Total	<b>\$1,280,053</b> <b>\$1,447,604</b>

\* The City of Turlock received partial funding in the initial awards for this program; this reallocation provides the remainder of the funding request.

\*\*Subsequent to approval, two applicants withdrew their award.

**Table 2: Tire-Derived Product Grant Program Applicants Eligible for Award with Additional Reallocation of Tire Funds (List C)**

<u>Applicant</u>	<u>Award Amount</u>
<u>Santa Clara County</u>	<u>\$149,985</u>
<u>Anderson Union High School District</u>	<u>\$43,956</u>
<u>City of Lemoore</u>	<u>\$20,000</u>
<u>Union Hill Elementary School District</u>	<u>\$19,280</u>
<u>City of Oroville</u>	<u>\$35,932</u>
<u>City of Escalon</u>	<u>\$39,165</u>
<u>City of Signal Hill</u>	<u>\$18,375</u>
<u>City of Dublin</u>	<u>\$99,445</u>
<u>Eastern Sierra Unified School District</u>	<u>\$82,100</u>
<u>City of Larkspur</u>	<u>\$66,524</u>
<u>Wasco Recreation and Parks District</u>	<u>\$113,030</u>
<u>City of Avenal</u>	<u>\$83,595</u>
<u>Jurupa Area Recreation and Park District</u>	<u>\$39,900</u>
<u>Ripon Unified School District</u>	<u>\$150,000</u>
<u>City of Dixon</u>	<u>\$19,505</u>
<u>City of Culver City</u>	<u>\$66,600</u>
<u>City of Hollister</u>	<u>\$149,999</u>
<u>Ventura County (Partially Funded)*</u>	<u>\$95,019</u>
<b>Total List C</b>	<b>\$1,292,410</b>
<b>Total List B and List C</b>	<b>\$2,572,463</b>

\* Ventura County requested \$101,250; this revised reallocation provides partial (\$95,019) funding.

**Funding:** The *Five-Year Plan for Waste Tire Recycling Management Program – (Seventh 7<sup>th</sup> Edition Covering covering FY Fiscal Years 2013/14–2017/18)* allocates funding for a variety of activities for FY 2014-15. Currently \$4,530,463 ~~\$3,415,262~~ in unencumbered funds plus the \$500,000 from the emergency reserve are available for reallocation. After funding the Interagency Agreement with the Office of Environmental Health Hazard Assessment and funding the 31 ~~45~~-recommended Tire-Derived Product grants no monies remain. ~~\$9,658 remains unspent and is available for further reallocation this fiscal year or it will revert to the Tire Fund.~~

<b>Fund Source</b>	<b>Amount Available</b>	<b>Amount to Fund Item</b>	<b>Amount Remaining</b>	<b>Line Item</b>
Reallocation of Tire Recycling Management Fund (FY 2014-15)	<u>\$5,030,463</u> <del>\$3,915,262</del>	<u>\$5,030,463</u> <del>\$3,905,604</del>	<u>\$0</u> <del>\$9,658</del>	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 Interagency Agreement with the Office of Environmental Health Hazard Assessment and to support additional Tire-Derived Product grants as listed in Table 1 and 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: 6/24/15

Dated: 6/23/2015

Howard Levenson

Howard Levenson  
Deputy Director

Mark De Bie

Mark De Bie  
Deputy Director

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**Attachment:**

Attachment 1 – Tire Program Unencumbered Funds Remaining for FY 2014-15

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

The Department of Resources Recycling and Recovery (CalRecycle) receives an annual appropriation through the Budget Act from the Tire Recycling Management Fund (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 – Seventh 7th Edition Covering ~~covering~~ FY 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 2014-15 Tire Fund allocation was incorporated into the adoption of the Five-Year Plan on March 19, 2013. For FY 2014-15, CalRecycle allocated \$21,033,747 from the Tire Fund, composed ~~comprised~~ of funding for Consulting and Professional Services (C&P) and Local Assistance activities. In addition, the 2014-15 Budget Act provided \$2,500,000 for the Local Conservation Corps Grant Program and an additional \$5,000,000 to the Rubberized Pavement Grant Program.

Currently, at least ~~\$4,530,463~~ \$3,415,262 in unencumbered funds from FY 2014-15 is available in the waste tire enforcement, waste tire hauler and manifest, waste tire remediation, tire research, 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 and June 2015. In addition, \$500,000 from the Emergency Reserve could be reallocated, contingent upon no emergency situations occurring on or before June 30, 2015.

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 2014–15 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---\$150,000**

For FY 2014-15, \$370,000 was allocated for these projects. This fiscal year \$120,000 was spent on training and expenses related to enforcement and another \$100,000 was spent on an Interagency Agreement with the California Highway Patrol. Currently, \$220,000 has been expended leaving \$150,000 available for reallocation.

**Enforcement Case Assistance---\$50,000**

For FY 2014-15, \$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---\$105,000**

For FY 2014-15, \$450,000 was allocated for this program. Currently, \$345,000 has been expended leaving \$105,000 available for reallocation.

Local Government Waste Tire Cleanup Grant Program---\$84,118

For FY 2014-15, \$1,800,000 was allocated for this program. In April 2014, CalRecycle awarded 23 applications totaling \$1,715,882. Therefore, \$84,118 is available for reallocation.

Research on Applications and Technologies for Waste Tires---\$250,000

For FY 2014-15, \$500,000 was allocated for these contracts. Currently only one contract totaling \$250,000 is being executed for research, leaving \$250,000 available for reallocation.

Tire-Derived Aggregate Grant Program---\$1,166,947

For FY 2014-15, \$1,600,000 was allocated for this program. CalRecycle received four applications totaling \$433,053. Therefore, \$1,166,947 is available for reallocation.

Rubberized Asphalt Concrete Technical Assistance Contract---\$500,000

For FY 2014-15, \$500,000 was allocated for this program. Due to the two year terms and the award every three years of this contract, these funds were not needed this fiscal year. Therefore, \$500,000 is available for reallocation.

Rubberized Pavement Grant Program---\$1,109,197

For FY 2014-15, \$8,000,000 was allocated for this program. CalRecycle received 57 applications requesting a total of \$6,908,106. Staff disqualified one applicant for not meeting program requirements. Two applicants withdrew during the application period. The remaining 54 eligible applications totaling \$6,916,596 were approved for funding. Subsequently, one applicant withdrew its \$25,793 award, resulting in a total of \$6,890,803 being funded. Therefore, \$1,109,197 is available for reallocation.

Tire-Derived Product Grants and Tire Incentive Program---\$1,115,201

For FY 2014-15, \$4,123,747 was allocated for the Tire Incentive Program (\$3,000,000), the Tire-Derived Product Grant Program (\$823,747), and the Feedstock Conversion Technical Assistance and Material Testing Services contract (\$300,000).

For the Tire Incentive Program, CalRecycle received 11 applications requesting a total of \$2,620,375. Three applications were disqualified for not meeting program requirements. The remaining eight eligible applications totaling \$1,900,020 were approved for funding, resulting in \$1,099,980 unused from the allocation.

For the Tire-Derived Product Grant Program, CalRecycle approved grants totaling \$823,747 using initially allocated monies. Subsequent to approving the Tire-Derived Product Grants, one awardee, totaling \$15,221, withdrew its award. Additionally, subsequent to approving Tire-Derived Product Grants using reallocation monies (Table 1, List B), two applicants, totaling \$167,551, withdrew their awards. Because these two applicants were part of the original reallocation item, they are noted in ~~cross-out~~ on Table 1, but will be treated as if they were never awarded and will not be included in the anticipated balance figure. Table 2, List C reflects applicants that will be funded through the additional reallocation monies available in June 2015. This results in \$15,221 unused from the allocation.

The Feedstock Conversion Technical Assistance and Materials Testing Services contract was awarded on May 22, 2015, using the full \$300,000 allocated. Therefore, \$1,115,201 (\$1,099,980 + \$15,221) 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, 2015.

### **Programs Proposed for FY 2014-15 Tire Fund Reallocation**

#### **Interagency Agreement with the Office of Environmental Health Hazard Assessment--\$2,458,000**

In this agreement, the Office of Environmental Health Hazard Assessment (OEHHA) will conduct a series of scientific studies designed to further the understanding of the chemicals that can be released from recycled tire rubber under various environmental conditions, human exposures to these chemicals, and the associated chemical hazards and risks to human health. Based on input from experts and the public, and review of the pertinent literature, OEHHA will conduct the following tasks:

- A) Expert and stakeholder input and consultation: Convene an advisory panel of experts to provide advice on study design and implementation, and hold one or more public meetings to engage the public and stakeholders in the study process. Consult with other departments in state government and the U.S. EPA on the design and conduct of the study.
- B) Hazard analysis: Identify the hazards to human health of the chemicals that may be found in synthetic turf.
- C) Exposure scenario development: Characterize the exposure pathways, routes, and activities leading to various levels of human exposure experienced on artificial turf.
- D) Sampling and analysis of new and in-field artificial turf: Develop protocols, and collect samples of and perform laboratory tests on:
  - new tire crumb and artificial grass blades from synthetic turf that has not been installed,
  - in-the-field samples of recycled tire crumb and artificial grass blades, from fields of various ages and from different geographic locations, and
  - air above indoor and outdoor synthetic turf fields.

Extraction methods will simulate conditions of human oral, dermal, and inhalation contact with materials.

- E) Bio monitoring study protocol development: Develop protocols for obtaining samples of biological fluids from and exposure monitoring of children and adults who play on artificial turf.

#### **Tire-Derived Products Grant Program---\$2,572,463 \$1,447,604**

For FY 2014-15, \$823,747 was allocated for this program. In ~~April~~ March 2015 CalRecycle awarded 16 grant awards (15 fully funded and one partially-funded) totaling \$823,747. However, an additional 38 eligible applicants and the one partially-funded applicant, totaling \$3,403,952, were recommended if additional funding became available. Therefore, staff recommends awarding the remaining available funds totaling ~~\$2,572,463~~ \$1,447,604 to fund ~~31~~ 30 grant awards (~~30~~ 30 fully funded, and one partially-funded) of the remaining applicants for the Tire-Derived Products Grant Program, as listed in Table 1 and Table 2. This will result in seven (six fully and one partially) unfunded requests totaling \$663,938.

#### **Timeline:**

The state's current fiscal year ends June 30, 2015. CalRecycle's expenditure authority for FY 2014-15 funds will expire on June 30, 2015, and on July 1, 2015, any unencumbered funds will revert to the Tire Fund. All funding for contracts and grants must usually be encumbered by June 30, 2015. However, Tire-Derived Product grants have two fiscal years (year of allocation plus one additional year) to execute and encumber grant agreements. Accordingly, these

~~additional Tire-Derived Product grants will likely be executed in July and August 2015. but it is preferable that such encumbrances be completed by the beginning of June to allow sufficient time for processing the required paperwork.~~

