

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 13, 2016

Decision Subject: Reallocation of Tire Funds (Tire Recycling Management Fund, Fiscal Year 2015–16)

Action By: April 19, 2016

Summary of Request: This request proposes reallocation of unspent fiscal year (FY) 2015–16 tire funds to other tire activities that need funding. Currently, \$3,991,008 is available for reallocation. In addition, \$300,000 from the Emergency Reserve could be reallocated contingent upon no emergency situations occurring on or before June 30, 2016, which would bring the total amount available to \$4,291,008.

Recommendation: Staff recommends reallocating \$805,000 to augment the Interagency Agreement with the Office of Environmental Health Hazard Assessment; \$483,432 to fund the B list of the Tire-Derived Aggregate Grant Program (one partially funded and three fully funded projects); \$75,000 to augment the contract with California State University Chico Research; \$500,000 to augment the contract with Sukut Construction, LCC; \$500,000 to augment the contract with Pacific States Environmental Contractors; and \$456,324 to fund a contract with the University of California Pavement Research Center for a total of \$2,819,756.

Table 1. Recommended Reallocation Amounts

Priority Ranking	Project Description	Recommended Amount
1	Augmentation of Interagency Agreement with the Office of Environmental Health Hazard Assessment (Contract #DRR14150)	\$ 805,000
2	Tire-Derived Aggregate Grant Program – B List for FY 2015–16. (Pending approval of TDA grant awards in May)	483,432
3	Augmentation of the Chip Seal Performance Model Contract with California State University Chico Research Foundation (Contract #DRR14144)	75,000
4	Augmentation of Contract with Sukut Construction, LLC for Fire Debris and Recovery Services for the Butte Fire in Calaveras County (Contract #DRR15043)	500,000
5	Augmentation of Contract with Pacific States Environmental Contractors, Inc. for Fire Debris and Recovery Services for the Valley Fire in Napa and Lake Counties (Contract #DRR15042)	500,000
6	Contract for Characterization of Rubberized Binders for Performance Grade and Rubber Content with the University of California Pavement Research Center (Pending approval of contract in May)	456,324
Total		\$2,819,756

Funding: The *Five-Year Plan for Waste Tire Recycling Management Program – (Eighth Edition Covering Fiscal Years 2015/16–2019/20)* allocates funding for a variety of activities for FY 2015–16. Currently, \$3,991,008 in unencumbered funds plus the \$300,000 from the emergency reserve are available for reallocation. After funding the five contracts and TDA grants listed above, \$1,471,252 would remain unspent and could be available for further reallocation this fiscal year, or it will revert to the Tire Recycling Management Fund (Tire Fund). However, the \$1,471,252 that remains unspent can only be used for local assistance projects such as grants.

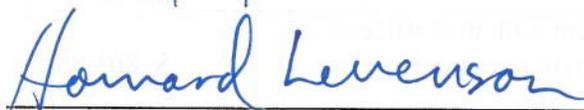
Table 2. Funding

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
Reallocation of Tire Recycling Management Fund (FY 2015–16)	\$4,291,008	\$2,819,756	\$1,471,252	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 five contracts and four grants (one partial and three full grants) as listed in Table 1. 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 sixty (60) days of the date of this grant award of all outstanding debt(s) or scheduled payment(s) owed by the proposed grantee to the Department of Resources Recycling and Recovery (CalRecycle).
2. The return by the proposed grantee of a completed and executed Grant Agreement within sixty (60) days from the date that CalRecycle staff emails the Grant Agreement.

Dated: 4/19/16


 Howard Levenson
 Deputy Director

Dated: 4/20/16


 Mark De Bie
 Deputy Director

Attachment:

Attachment 1 – Tire Program Unencumbered Funds Remaining for FY 2015–16

Background Information, Analysis, and Findings:

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 – Eighth Edition Covering Fiscal Years 2015/16–2019/20 – 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 2015–16 Tire Fund allocation was incorporated into the adoption of the Five-Year Plan on April 21, 2015. For FY 2015–16, CalRecycle allocated \$29,836,000 from the Tire Fund, composed of funding for Consulting and Professional Services (C&P) from State Operations and Local Assistance activities.

Currently, at least \$3,991,008 in unencumbered funds from FY 2015–16 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 2016. Of the \$3,991,008 remaining unspent funds, \$1,954,684 are from the Local Assistance allocation and may only be used for expenditures in support of local government or other locally administered activities, in accordance with the Department of Finance definition of Local Assistance. In addition, \$300,000 from the Emergency Reserve could be reallocated, contingent upon no emergency situations occurring on or before June 30, 2016, which would bring the total available to \$4,291,008.

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, and 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 FY 2015–16 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 Enforcement Grant Program---\$1,273,307

The allocation for this grant program was \$7,000,000. In April 2016, CalRecycle awarded 36 applications totaling \$5,726,693. Therefore, \$1,273,307 is available for reallocation.

Hauler Program and Manifesting System---\$250,000

The allocation for this program was \$450,000. Currently, \$200,000 has been expended leaving \$250,000 available for reallocation.

Local Government Waste Tire Amnesty Grant Program---\$79,505

The allocation for this grant program was \$1,800,000. In June 2015, CalRecycle awarded 36 applications totaling \$1,720,495. Therefore, \$79,505 is available for reallocation.

California Department of Transportation PG+5 Binder Project---\$14,285

The allocation for this project was \$400,000. CalRecycle entered into an agreement for \$385,715 with California Department of Transportation (Caltrans) for research in support of this project. Therefore, \$14,285 is available for reallocation.

Rubberized Pavement Grant Program---\$2,267,709

The allocation for this grant program was \$7,550,000. CalRecycle received 46 applications requesting a total of \$5,649,732. Staff disqualified two applicants for not meeting program eligibility requirements. One applicant withdrew from consideration of award. In March 2016, CalRecycle awarded 43 grant awards for \$5,282,291. Therefore, \$2,267,709 is available for reallocation.

Tire-Derived Product Grants and Tire Incentive Program---\$106,202

The total amount of \$4,125,000 was allocated for the Tire-Derived Product Grant Program (\$1,338,679), Tire Incentive Program (\$2,336,321) and the Feedstock Conversion Contract (\$450,000).

CalRecycle received 24 Tire-Derived Product Grant applications requesting \$2,032,100. Staff disqualified six applicants, two for incompleteness and four because they did not satisfy program eligibility requirements. Two applications were withdrawn by the applicant before consideration of award. In January 2016, CalRecycle awarded 16 grant awards for \$1,338,679. However, three additional applicants with grant proposals totaling \$106,202 have withdrawn after the grants were awarded. One applicant withdrew because they could not return the grant agreement by the due date, the other two withdrew due to questions raised regarding the potential health impacts of using recycled tires in playgrounds. Therefore, \$106,202 is available for reallocation.

At the time this request for approval was written, the applications for the Tire Incentive Program have not been received. Therefore, it is uncertain if the remaining \$2,336,321 will be encumbered. Once the applications have been received in late May and reviewed, this request for approval may be revised.

The Feedstock Conversion Technical Assistance and Material Testing Services Contract was awarded in August 2014 and funded with \$300,000 from FY 2014–15 and \$450,000 from FY 2015–16.

Emergency Reserve---\$300,000

Senate Bill 876 requires that CalRecycle create and maintain an emergency reserve account, which shall not exceed \$300,000. These funds could be reallocated contingent upon no emergency situations occurring on or before June 30, 2016.

Programs Proposed for FY 2015-16 Tire Fund Reallocation

Augmentation of Interagency Agreement with the Office of Environmental Health Hazard Assessment (Contract # DRR14150) ---\$805,000 (State Operations)

In June 2016, CalRecycle entered into an agreement with the Office of Environmental Health Hazard Assessment (OEHHA) for \$2,458,000 to 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 upon the recommendations of a scientific advisory panel, OEHHA is requesting funds to perform additional tasks in their health impacts study of synthetic turf and playground mats. OEHHA would like to add a total solvent extraction and a non-targeted chemical analysis in order to obtain a fuller list of the chemicals that may be found in tire crumb rubber. OEHHA will also be adding tasks to study different types of lung fluid exposure, as the particulate size of the crumb rubber may have an extremely large impact on chemical availability. These new tasks are estimated to extend the timeline by thirteen months, with the final report due to CalRecycle in May 2019. Staff recommends funding the augmentation of the Interagency Agreement with OEHHA for \$805,000.

Tire-Derived Aggregate Grant Program-B List---\$483,432 (Local Assistance)

For FY 2015–16, \$600,360 was allocated for this program. CalRecycle received four applications totaling \$1,083,792. Staff recommends funding the B list of one partial grant and the three full grants totaling \$483,432. This item is pending approval of these grant awards at the May 2016 public meeting.

Augmentation of Contract with California State University Chico Research Foundation (Contract # DRR14144) ---\$75,000 (State Operations)

The Chip Seal Performance Model Contract with California State University Chico Research Foundation (CSUCRF) will be amended to add an additional task that will allow CSUCRF staff to work with local agency users of both the StreetSaver and Micro PAVER pavement management systems to incorporate the rubberized asphalt concrete models developed under the previous contract with CalRecycle (DRR11065). There are more than 200 local agencies using StreetSaver and more than 100 local agencies using Micro PAVER in California. This augmentation will add this additional task, extend the term for one year, and add an additional \$75,000 to the contract.

Augmentation of Contract with Sukut Construction, LLC for Fire Debris and Recovery Services for the Butte Fire in Calaveras County (Contract #DRR15043) ---\$500,000 (State Operations)

In November 2015, this contract was awarded to Sukut Construction, LLC, to implement a coordinated disaster debris removal project in Calaveras County to remove fire debris material from residential structures destroyed by the Butte Fire. This revision will include \$500,000 to assist Calaveras County with conducting repairs and/or maintenance using Rubberized Asphalt Concrete Hot-Mix and/or Rubberized Chip Seal on roadways suffering damage or accelerated wear due to fire suppression or recovery efforts.

Augmentation of Contract with Pacific States Environmental Contractors, Inc. for Fire Debris and Recovery Services for the Valley Fire in Napa and Lake Counties (Contract #DRR15042) ---\$500,000 (State Operations)

In November 2015, this contract was awarded to Pacific States Environmental Contractors, Inc., to implement a coordinated disaster debris removal project in Lake County to remove fire debris material from residential structures destroyed by the Valley Fire. This revision will include \$500,000 to assist Lake County with conducting repairs and/or maintenance using Rubberized Asphalt Concrete Hot-Mix and/or Rubberized Chip Seal on roadways suffering damage or accelerated wear due to fire suppression or recovery efforts.

Contract for Characterization of Rubberized Binders for Performance Grade and Rubber Content with the University of California Pavement Research Center (New Contract) --- \$456,324 (State Operations)

The purpose of the Contract with the University of California Pavement Research Center (UCPRC) is twofold. The first purpose is to perform testing to develop a performance grading (PG) specification for the “field blended” asphalt rubber (AR) binder. The second purpose is to investigate ways to quantify the amount of rubber in rubberized asphalt binders (such as Fourier Transform Infrared (FTIR) Spectroscopy). This is important to validate the amount of rubber used in binders for specific projects, e.g., Caltrans PG+X projects that would add between 5 and 10 percent rubber to the binders and also the CalRecycle Rubberized Pavement grant projects.

The total amount for this contract is \$489,436 of which \$456,324 is proposed to be funded with unallocated FY 2015–16 funds and the remaining \$33,112 will be funded with FY 2016–17 Rubberized Asphalt Concrete Technical Support and Research funds that are subject to approval at the May 2016 public meeting

Timeline:

The state’s current fiscal year ends June 30, 2016. CalRecycle’s expenditure authority for FY 2015–16 funds will expire on June 30, 2016, and on July 1, 2016, any unencumbered funds will revert to the Tire Fund. All funding for contracts and grants must usually be encumbered by June 30, 2016. However, grants have two fiscal years (year of allocation plus one additional year) to execute and encumber grant agreements.

Tire Program - Unencumbered Funds Remaining for FY 2015/16

PROGRAM ELEMENTS AND ACTIVITIES	Anticipated Awards or			
	Allocated	Encumbered Or Anticipated to Be Encumbered	Anticipated Balance (State Operations)	Anticipated Balance (Local Assistance)
1. Enforcement				
a) Waste Tire Enforcement Support Activities	\$120,000	\$120,000	\$0	\$0
b) California Highway Patrol Agreement to Support Enforcement Activities	\$200,000	\$200,000	\$0	\$0
c) Local Government Waste Tire Enforcement Grant Program	\$7,000,000	\$5,726,693		\$1,273,307
d) Database System Maintenance and Enhancement	\$165,000	\$165,000	\$0	\$0
e) Tire Enforcement Inspector Technical Training	\$100,000	\$100,000	\$0	\$0
Totals:	\$7,585,000	\$6,311,693	\$0	\$1,273,307
2. Tire Hauler Program and Manifest System				
a) Hauler Program and Manifest System	\$450,000	\$200,000	\$250,000	\$0
Totals:	\$450,000	\$200,000	\$250,000	\$0
3. Cleanup, Abatement, and Remedial Action				
a) Short-Term Remediation Projects	\$300,000	\$300,000	\$0	\$0
b) Local Conservation Corps Grant Program	\$5,000,000	\$5,000,000	\$0	\$0
c) Local Government Waste Tire Amnesty Grant Program	\$1,800,000	\$1,720,495		\$79,505
Totals:	\$7,100,000	\$7,020,495	\$0	\$79,505
4. Research Directed at Promoting and Developing Alternatives to Landfill Disposal of Tires; and Market Development and New Technology Activities				
a) Tire-Derived Aggregate Civil Engineering Technical Support; Research Efforts; Technology Center and Laboratory Testing Services	\$400,000	\$400,000	\$0	\$0
b) Rubberized Asphalt Concrete Technical Support and Research	\$500,000	\$500,000	\$0	\$0
c) Caltrans PG+5 Binder Project	\$400,000	\$385,715	\$14,285	\$0
d) Research on Landfill Emissions	\$101,000	\$101,000	\$0	\$0
e) Research on Recycled Tire Rubber in Turf Fields	\$200,000	\$200,000	\$0	\$0
f) Border Tire Flow Study	\$250,000	\$250,000	\$0	\$0
g) Tire-Derived Aggregate Grant Program	\$600,360	\$600,360	\$0	\$0
h) Rubberized Pavement Grant Program	\$7,550,000	\$5,282,291	\$1,665,837	\$601,872
i) Tire Incentive Program and Tire-Derived Products Grant Program	\$3,675,000*	\$1,232,477 TDP	\$106,202	\$0
		\$2,336,321 TIP (May Award)	\$0	\$0
j) Feedstock Conversion Contract	\$450,000	\$450,000	\$0	\$0
k) Tire Outreach and Market Analysis	\$499,640	\$499,640	\$0	\$0
l) Tire Events	\$75,000	\$75,000	\$0	\$0
Totals:	\$14,701,000	\$12,312,804	\$1,786,324	601,872
Total Amounts:	\$29,836,000	\$25,844,992	\$2,036,324	\$1,954,684
AMOUNT AVAILABLE FOR REALLOCATION:				
Emergency Reserve**	\$300,000	\$0	\$300,000	\$0
Total Available for Reallocation			\$2,336,324	\$1,954,684

*FY 2015-16 allocation was reduced by \$450,000 for the Feedstock Conversion Contract.

**\$300,000 in emergency reserve may be reallocated contingent upon no emergency situation occurring on or before June 30, 2016.

