

REQUEST FOR APPROVAL

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

From: **Michelle Martin**
Branch Chief, Financial Resources Management Branch

Request Date: July 6, 2015

Decision Subject: Eligibility Criteria and Evaluation Process for the Local Government Waste Tire Enforcement Grant Program (Tire Recycling Management Fund, FYs 2015–16 and 2016–17)

Action By: July 21, 2015

Summary of Request: This request seeks approval of the proposed eligibility criteria and the evaluation process for the Local Government Waste Tire Enforcement (TEA) Grant Program for Fiscal Years (FYs) 2015–16 and 2016–17. The Draft [Five-Year Plan for the Waste Tire Recycling Management Program \(Eighth Edition Covering FY 2015/16-2019/20\)](#) allocates \$7,000,000 each in FYs 2015–16 and 2016–17 for the TEA Grant Program.

Staff proposes to conduct the FYs 2015–16 and 2016–17 grant cycle using the application review and evaluation process applied in FY 2014–15, except as described under *Proposed Changes* and summarized below:

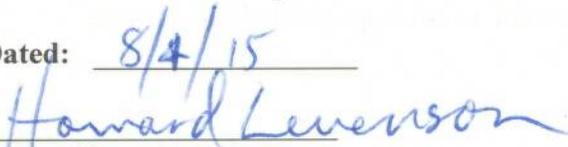
1. Establish personnel cost reimbursement based on employee’s actual hourly rate plus fringe benefits.
2. Include indirect costs as a separate budget category, which will allow grantees to charge their agency’s indirect cost rate or 20 percent, whichever is less.
3. Increase the minimum number of active businesses with a Tire Program Identification (TPID) number to 100 for a city and 50 for a county to participate in the TEA Grant Program.
4. Allow reimbursement for pick-up of small tire piles (up to 35 tires) during surveillance activities.
5. Apply expertise requirement and proportional reimbursement for equipment and non-mandatory training.
6. Implement formal performance evaluation standards for participation in the TEA Grant Program.
7. Require electronic reporting using the Department of Resources Recycling and Recovery’s (CalRecycle) Waste Tire Management System (WTMS) electronic reporting system.

Recommendation:

Staff recommends approval of the proposed eligibility criteria and evaluation process for the Local Government Waste Tire Enforcement Grant Program for FYs 2015–16 and 2016–17.

Deputy Director Action:

On the basis of the information and analysis in this Request for Approval and the findings set out herein, I hereby approve the eligibility criteria and the evaluation process for the Local Government Waste Tire Enforcement Grant Program for FYs 2015–16 and 2016–17.

Dated: 8/4/15

Howard Levenson
Deputy Director

Background and Analysis:

Statutory Authority

CalRecycle receives an annual appropriation from the California Tire Recycling Management Fund (Tire Fund) to administer the California Tire Recycling Act (Senate Bill 937, Vuich, Statutes of 1990, Chapter 35) (Public Resources Code (PRC) sections 42860 et seq.). PRC section 42872 authorizes CalRecycle to award grants to public entities who take actions to reduce illegally disposed waste tires. PRC section 42889(b)(5) specifically authorizes CalRecycle to pay the costs of cleanup, abatement, removal, or other remedial action related to tire stockpiles throughout the state, including all approved costs incurred by other public agencies involved in these activities by contract with CalRecycle.

The Draft *Five-Year Plan for the Waste Tire Recycling Management Program (Eighth Edition Covering Fiscal Years 2015/16 – 2019/20)* allocates \$7,000,000 each in FYs 2015–16 and 2016–17 for the Local Government Waste Tire Enforcement Grant Program.

Program Background

The purpose of this grant program is to enhance the statewide waste tire enforcement infrastructure in California. This grant program augments CalRecycle's enforcement efforts in overseeing the proper management and flow of waste tires throughout the state. Priorities for this grant program are to:

- Offer a sufficient, stable, and non-competitive funding source.
- Ensure consistent statewide inspection and enforcement program.
- Ensure cost-effective local waste tire enforcement programs.
- Through a consistent evaluation process ensure grantee performance and enforcement program effectiveness.
- Maintain a streamlined grant application and award processes that will result in improved efficiencies.

In general, grant funds can be used for activities such as identifying waste tire sites; conducting waste tire facility inspections; investigating illegal tire disposal activities; reviewing waste tire hauler documents; issuing Notice of Violations; and ensuring that tire dealers, auto dismantlers, tire haulers, and others comply with all applicable laws, storage standards and manifest requirements.

Eligible applicants must be a city, a county, or a city and county that work with a managing entity. A managing entity may be one of the following:

- A local enforcement agency.
- An environmental health agency, department, office, etc.
- A code enforcement agency, department, office, etc.
- Another agency, department, office, which has inspection and code enforcement authority, experience, and capability.

Applicants may apply individually or as a participant in a collaborative program that involves a city/county. City applicants must have 100 or more and county applicants must have 50 or more active waste tire businesses within their jurisdiction that have TPID numbers.

Participation in the TEA Grant Program has stabilized over the last several years. The TEA Grant Program has grown from 4 grantees in FY 1997–98 to 45 grantees in FY 2014–15 (TEA22). As a direct result of the TEA grants, local agencies have an important role in tire enforcement coverage throughout the state.

The following table summarizes grant awards in the TEA Grant Program:

Funding Fiscal Year	Performance Period	Cycle Designation	Number of Awards	Amount Awarded
1996-97	1997-98	TEA1	4	\$ 110,031
1997-98	1998-00	TEA2	9	\$ 315,266
1998-99	1999-00	TEA3	9	\$ 356,325
1999-00	2000-02	TEA4	8	\$ 499,645
2001-02	2001-04	TEA5	6	\$ 678,802
2001-02	2002-04	TEA6	2	\$ 86,002
2001-02	2002-04	TEA7*	1	\$ 325,000
2002-03	2003-04	TEA8	24	\$ 3,720,473
2003-04	2004-05	TEA9	36	\$ 4,712,549
2003-04	2004-06	TEA10*	1	\$ 100,000
2004-05	2005-06	TEA11	38	\$ 5,249,335
2005-06	2006-07	TEA12	39	\$ 5,667,495
2005-06	2006-08	TEA13*	1	\$ 100,000
2006-07	2007-08	TEA14	39	\$ 5,702,800
2007-08	2008-09	TEA15	41	\$ 6,588,142
2008-09	2009-10	TEA16	39	\$ 6,749,989
2009-10	2010-11	TEA17	43	\$ 7,528,740
2010-11	2011-12	TEA18	46	\$ 7,775,000
2011-12	2012-13	TEA19	47	\$ 7,775,000
2012-13	2013-14	TEA20	46	\$ 7,000,000
2013-14	2014-15	TEA21	47	\$ 7,440,456
2014-15	2015-16	TEA22	45	\$ 7,000,000
Totals				\$85,481,050

*Cycle only available to the California District Attorneys Association

Proposed Process and Eligibility

Staff proposes to conduct the FYs 2015-16 and 2016-17 grant cycle using the application review and evaluation process applied in FY 2014-15, except as noted below under *Proposed Changes*. Staff will post a Notice of Funds Available on CalRecycle’s website informing potential applicants of the funding, eligibility requirements, deadlines and other important information. Staff will perform a review of all applications to confirm applicant eligibility and determine the recommended grant amount.

The maximum grant award that eligible applicants may request and be awarded is as follows:

- Up to \$300,000 for jurisdictions with populations equal to or less than 900,000
- Up to \$450,000 for jurisdictions with populations 900,001 through 2,000,000
- Up to \$600,000 for jurisdictions with populations of 2,000,001 or more

In accordance with past practice, if the grant program is oversubscribed (i.e., more requests for funding than is allocated), staff may recommend a grant amount based on factors including, but not limited to: applicant’s population, number/priority of sites to be inspected and historical usage of grant awards.

Proposed Changes

Staff recommends the following seven changes be implemented for FYs 2015-16 and 2016-17.

1. Personnel Reimbursement Rate Based on Actual Costs

Charge personnel costs based on an employee’s salary plus applicable fringe benefits. Currently, CalRecycle allows grantees to use either a Board of Supervisor (BOS) or City Council (CC) adopted rate (currently used by approximately half of the grantees), or an employee’s actual hourly pay (plus actual fringe benefit costs). A CalRecycle audit of a prior TEA grant found that

this is not consistent with CalRecycle's approach in other grant programs for allowable personnel costs and is not consistent with the current *Terms and Conditions – Personnel Costs* provision, which states:

“any personnel costs to be reimbursed with grant funds must be computed on actual time spent on grant related activities and on the actual salary or equivalent hourly wage the employee is paid for his regular job duties, including a proportionate share of any benefits to which the employee is entitled.”

Currently, approved BOS/CC rates (which include a variety of costs) range as high as \$266 per hour and result in personnel charges that are significantly higher than the actual costs of salaries and benefits. I.e., in comparison, actual salary rates that are posted on grantee websites and included in TEA Grant Program invoices, ranged from \$24-\$59 dollars per hour, including actual fringe benefit costs. Many grantees thus charge rates that are 100 percent more than the actual hourly rate including actual fringe benefit costs.

CalRecycle is proposing that the grant budget detail, submitted with the application, identify staff names, position titles and classifications. These must include actual salaries, fringe benefits, and calculated time commitments to TEA Grant Program activities. A *Budget Development Guidance* document has been created to assist grantees with budget development. This change would be consistent with the current *Terms and Conditions – Personnel Costs* provision and with other CalRecycle grant programs. Further details on this will be explained in the *Application Guidelines and Instructions* document issued with application materials.

2. Indirect Costs Budget Category

Include indirect costs in the budget as a separate budget category. Grantees may charge their agency's indirect cost rate or 20 percent, whichever is less.

Currently, indirect costs are not allowed as a separate budget category. Indirect costs have been wrapped into the BOS/CC and hourly employee rates. The TEA Grant Program currently allows for Administrative costs to be charged up to 15 percent of the total approved budget. This will not change. Many grantees that use the BOS/CC rate do not use this budget line item due to the fact that Administrative costs are incorporated into the BOS/CC rates.

CalRecycle is proposing that indirect costs be budgeted as a separate budget category and capped at 20 percent, which will allow grantees to charge indirect costs associated with grant activities. Jurisdictions should utilize generally accepted accounting principles and reference the federal Office of Management and Budget (OMB) Circular 87 to create an internal Cost Allocation Plan for proper assignment of indirect costs to the TEA grant program.

3. TPID Threshold for TEA Grant Participation (all Applicants)

Increase the minimum number of active businesses with a TPID number to participate in the TEA Grant Program.

Currently, there is no TPID threshold for a reapplying city and/or county grantee. New applicant cities must have 50 or more active businesses in their jurisdictions with TPID numbers at the time of application. A comparison of budget expenditures between jurisdictions with high and low TPID counts shows that the amount per inspection charged to the grant by jurisdictions with small numbers of TPID's is as much as 193% higher.

CalRecycle is proposing to increase the minimum number of active businesses with a TPID number to 100 for a city and 50 for a county to participate in the TEA Grant Program. Implementing this change will reduce higher administrative costs associated with administering the TEA Grant Program for a smaller number of TPIDs, thereby increasing efficiency and encouraging collaboration. These new TPID thresholds will apply to both current grantees and new, first-time applicants.

4. Surveillance Efficiencies, Including Small Tire Pile Cleanup

Allow reimbursement for the pick-up of small tire piles, up to 35 tires, during surveillance activities. Larger tire pile clean-ups must be submitted to CalRecycle for approval. Currently, the TEA Grant Program does not provide for reimbursement to grantees who pick up small waste tire piles that their surveillance activities identify. This restriction causes jurisdictions to then send out a subsequent clean-up crew to gather the tires when the clean-up could have been accomplished by the grantee on the spot.

Allowing for the pick-up of these small waste tire piles is cost-effective and results in a quicker cleanup of illegally dumped waste tires. Data from prior grants indicates that 69 percent of surveillance trips yielded 0-3 tires, therefore, the ability to allow small tire pile cleanups will provide greater efficiencies. This change does not mandate that small tire pile pick-ups be done concurrently with surveillance activities, but it authorizes this activity as a grant-reimbursable expense and encourages it to improve efficiency. This change will provide for reimbursement for actual recycling or disposal costs incurred for waste tires picked up.

5. TEA Inspector Training, Expertise Requirements, and Proportionate Equipment Reimbursement

Apply expertise requirement and proportional reimbursement for equipment and non-mandatory training.

Over time, many grantees have new staff assigned to the TEA Grant Program. This in some cases resulted in inspectors not receiving appropriate training before conducting inspections, and CalRecycle was not notified of changes in staff. Additionally, in programs that have a large number of inspection staff, CalRecycle has granted full reimbursement for certain training, personal protective equipment, laptops (and related equipment) and other items which effectively underwrites costs for staff who worked a minimal amount on TEA Grant Program activities.

Reimbursement for various costs will be based on the amount of time the employee actually spends on TEA Grant Program activities and which are applicable for equipment and non-mandatory training. Grantees must maintain and provide to CalRecycle a list of inspectors and lead inspectors, their qualifications, waste tire inspection experience and the amount time (percentage or quantity inspections) they are committed to the program. All inspectors must be trained and approved by CalRecycle prior to conducting eligible inspections. Existing inspectors may be approved without additional training.

This proposed change means that if a grantee's employee spends 20 percent of his/her time on TEA activities, CalRecycle will reimburse 20 percent of the eligible costs. The exception will be for CalRecycle-required mandatory training, such as Roundtables and the Technical Training Series conferences, which would be reimbursed at 100 percent.

6. TEA Performance Evaluation

Implement formal performance evaluation standards for grantees as outlined in the Procedures and Requirements. If applicable, grantees will be required to correct deficiencies within a given timeframe and may be subject to corrective action by CalRecycle if deficiencies are not corrected. Currently, the *Procedures and Requirements* outline the roles and responsibilities of the grantee and at any time CalRecycle could terminate a grant for failing to fulfill its duties. However, in most cases CalRecycle would first seek to correct the problem and bring the grantee into compliance. CalRecycle proposes the performance evaluation as a mechanism with which to strengthen, improve and support consistent performance on statewide basis. The use of consistent evaluation criteria and reporting methodology will assist CalRecycle in providing feedback to the grantees. The evaluation process will use metrics to measure grantee performance according to prescribed program objectives. CalRecycle staff will continue to provide training and guidance to grantees on

program and grant requirements to ensure all grantees understand how to achieve the performance objectives. The evaluation results will also provide a clear process to correct deficiencies, and if necessary, result in corrective action to address performance issues not resolved. Performance results may also be used to adjust payment reimbursement and/or determine eligibility for future funding.

The evaluation process will be based on the requirements outlined in the *Procedures and Requirements* and will include performance related to:

- Quality and quantity of complete and correct inspections based on inspection priorities and time allocated to the program.
- Surveillance efficiencies/success.
- Timeliness of re-inspection, referrals, complaints and other requirements.
- Inspections conducted consistent with the regulations, timely submittal of complete progress reports, payment requests, and other required grant documents.
- Attending all mandatory training events.

7. Mandatory Use of Electronic Reporting

Require that all inspection reports be filed using CalRecycle’s WTMS electronic reporting system. Currently, CalRecycle requires inspection reports to be submitted within 30 days of the inspection date. Completing and mailing of paper inspection reports, and the internal process of scanning, uploading and reviewing by staff results in significant delays in the ability of staff to access inspection data, creates data quality issues, and represents a large and avoidable annual cost to the Tire Fund. This also creates a problem with approving payment requests in a timely manner. Recent discussions with grantees revealed many grantees are already using this electronic reporting function and there were no technical issues reported which would prohibit the use of electronic reporting beginning in FY 2015–16. Many grantees reported greater efficiency in using the WTMS to electronically submit inspections.

Electronic reporting will significantly improve CalRecycle’s ability to review reports, take timely enforcement follow-up actions for violations identified, and validate applicable reimbursements quickly. This will also improve inspection report data quality and support CalRecycle’s goal to implement paperless processes that help conserve our natural resources.

Tentative Timeline for FY 2015–16

As shown in the table below, staff will post a Notice of Funds Available (NOFA) on CalRecycle’s website informing potential applicants of the funding, eligibility requirements, deadlines and other important information. The NOFA will be sent to current and past TEA Grant Program recipients, other interested parties, and appropriate CalRecycle staff.

Target Date	Activity
October 2015	Post NOFA, application and related instructions/documents on the website
November 2015	Applications due
December 2015	Secondary due date for Resolutions
January/February 2016	Conduct application evaluation/review process; determine funding for eligible applicants
March/April 2016	Grant awards presented at CalRecycle Public Meeting
April 2016	Grant Agreements distributed and executed
September 30, 2017	Grant term ends

Please refer to the [Local Government Waste Tire Enforcement Grant Program website](#) for more information.