

REQUEST FOR APPROVAL

To: Carol Mortensen
Director, Department of Resources Recycling and Recovery

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

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

Request Date: October 5, 2012

Decision Subject: Reduction of Fiscal Year 2012/13 Allocations for the Waste Tire Recycling Management Program (Tire Recycling Management Fund, FY 2012/13)

Action By: October 16, 2012

Summary of Request: 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. The latest edition of the Five-Year Tire Plan, adopted by CalRecycle in May 2011, includes an allocation for FY 2012/13 of \$35,114,000 for program activities. However, CalRecycle’s spending authority for FY 2012/13 subsequently was reduced to \$31,351,310 as a result of the Governor’s “Section 3.91 Reduction” Order, and an additional amount of \$730,072 is needed to cover increased staffing and administration expenses. Therefore, CalRecycle’s Tire Recycling Management Program (Tire Program) must reduce FY 2012/13 allocations by \$4,492,762 to align expenditures with spending authority.

Staff’s proposal to reduce the Tire Program’s Five-Year Plan FY 2012/13 allocations is summarized in the following table (also see “Background” for more information):

Tire Program Activity	Allocation from Five-Year Plan for FY 2012/13	Revised Allocation for FY 2012/13	Reduction for FY 2012/13
Waste Tire Enforcement Support Activities	\$375,000	\$101,015	\$273,985
Local Government Waste Tire Cleanup and Amnesty Grant Programs	\$1,800,000	\$1,723,223	\$76,777
Emergency Reserve Account	\$1,000,000	\$500,000	\$500,000

Research on Technologies Using Waste Tires	\$500,000	\$0	\$500,000
TDA Civil Engineering Technical Support	\$650,000	\$0	\$650,000
Tire-Derived Aggregate Grant Program	\$2,000,000	\$1,524,000	\$476,000
Tire Equipment Loan Program	\$2,016,000	\$0	\$2,016,000
Total Tire Program Reductions			\$4,492,762

Recommendation: Staff recommends reducing the Tire Program's Five-Year Plan FY 2012/13 allocations as described above in the amount of \$4,492,762.

Director Action: On the basis of the information and analysis in this Request for Approval and the findings set out above, I hereby approve the reduction of FY 2012/13 Tire Fund allocations as listed in the table above in the amount of \$4,492,762.

Dated: 11/1/2012



Caroll Mortensen
Director, Department of Resources Recycling and Recovery

Background:

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 allow proper management of the waste tire flow in California. The proposed programs and activities 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 current Five-Year Plan adopted by CalRecycle in May 2011 includes allocations for FY 2012/13. For FY 2012/13, CalRecycle allocated \$35,114,000 from the Tire Fund for program activities. However, CalRecycle's spending authority for FY 2012/13 subsequently was reduced

to \$31,351,310 as a result of the Governor's "Section 3.91 Reduction" Order, and an additional amount of \$730,072 also is needed to cover increased staffing and administration expenses. Therefore, CalRecycle's Tire Recycling Management Program (Tire Program) must reduce the FY 2012/13 allocations by a total of \$4,492,762 to align expenditures with spending authority.

Staff's proposal to reduce the Tire Program's Five-Year Plan FY 2012/13 allocations (summarized in the Table above) is as follows:

1. Enforcement (Page 15 of the current Five-Year Plan):
Reduce Waste Tire Enforcement Support Activities from \$375,000 to **\$101,015**

2. Cleanup Activities (Page 27):
Reduce Local Government Waste Tire Cleanup and Amnesty Grant Programs from \$1,800,000 to **\$1,723,223**

Reduce Emergency Reserve Account from \$1,000,000 to **\$500,000**

3. Research Activities (Page 37):
Eliminate Research on Technologies Using Waste Tires – Resulting reduction: \$500,000 to **\$0**

4. Market Development Activities (Page 43):
Eliminate TDA Civil Engineering Technical Support – Resulting reduction: \$650,000 to **\$0**

Reduce Tire-Derived Aggregate Grant Program from \$2,000,000 to **\$1,524,000**

Eliminate Tire Equipment Loan Program – Resulting reduction: \$2,016,000 to **\$0**

These reductions total **\$4,492,762** for FY 2012/13.

One of the key provisions of SB 876 requires CalRecycle to adopt and submit to the Legislature a Five-Year Plan and further requires that the plan be updated every two years. CalRecycle has scheduled a workshop for October 15, 2012, to discuss the next edition of the Five-Year Plan, which will cover FYs 2013/14 — 2017/18. This edition of the Plan is slated for adoption in spring 2013.