

REQUEST FOR APPROVAL

To: Howard Levenson
Assistant Director

From: Brenda Smyth
Division Chief

Request Date: March 1, 2010

Decision Subject: Used Oil Fund Allocation Proposal 2009/10

Action By: March 20, 2010

Summary of Request: This is a proposal for the allocation of remaining monies from the Used Oil Recycling Fund for Fiscal Year (FY) 2009/10 for statewide education and outreach activities. The allocations are based on FY 2008/09 fund balance statements, FY 2009/10 appropriations in the Budget Act, FY 2009/10 revenue projections, and the statutory formula for expenditures. Updates on current education and outreach activities and the status of a statutorily-mandated lifecycle analysis of used oil are also included.

Recommendation: Staff recommends that the proposed allocations of funds for statewide education and outreach support totaling \$2,000,000 be approved. This includes \$1,919,000 that will be distributed to FY 2009/10 Used Oil Block Grant recipients as a supplement to their FY 2009/10 grant awards, which were smaller due to a reduced Budget Act appropriation.

Assistant Director Action:

On the basis of the information and analysis in this Request for Action and the findings set out above, I hereby approve the allocations as listed below:

Proposed Education/Outreach Support

Local Government Funding	\$1,919,000
CCC Support	\$75,000
Partnerships/Sponsorships	\$5,000
Graphics Updates	\$1,000

Dated: _____

Howard Levenson
Assistant Director

Attachments:

- Attachment 1 – Used Oil Fund Allocation Priorities According to Statute
 - Attachment 2 – Allocation Proposals
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Background Information, Analysis, and Findings:

The Used Oil Recycling Fund (Fund) has been experiencing a slow decrease in revenues since Fiscal Year (FY) 2001/02. The declining revenues led to insufficient funds to provide for competitive grants in FY 2008/09 (see California Integrated Waste Management Board Resolution Number 2008-180 <http://www.calrecycle.ca.gov/archive/IWMBMtgDocs/mtgdocs/2008/11/00023985.doc>) and a reduced level of funds available for statewide education and outreach support programs. The Governor's Budget for FY 2009/10 additionally reduced Used Oil block grants from \$10 million to \$6 million in FY 2009/10.

On October 11, 2009, Governor Schwarzenegger signed Senate Bill 546 (Lowenthal, Statutes of 2009, Chapter 353) (SB 546). SB 546 instituted many changes to California's Oil Recycling Enhancement Act. One key element is an increase in oil fees paid by manufacturers, from \$0.16 per gallon to \$0.26 per gallon. This increased fee has resulted in an estimated increase in revenues for FY 2009/10, such that approximately \$2 million is now available for allocation in this FY. The additional revenues will help to rebuild the Fund and provide more funding for statewide outreach and education activities.

SB 546 also replaced the Used Oil block grant program with a Used Oil Payment Program (OPP) that will simplify paperwork and administrative processes for both CalRecycle and local government. The new OPP is authorized to provide local government payments up to \$11 million and will commence in July 2010. Since Used Oil block grant programs remain active for a 3-year cycle, the new OPP will have a short overlap period with existing active block grants.

The CORE Act delineates Fund allocation priorities as described in Attachment 1. Funding has already been encumbered for Categories 1 through 3, and no competitive grants were offered in FY 09/10 because funding was unavailable earlier in the fiscal year when competitive grant programs needed to be implemented. The increased revenues generated by SB 546 fee changes will not be available until late in the fiscal year, preventing CalRecycle from being able to appropriately manage a full cycle of competitive grants for FY 2009/10. CalRecycle is exploring ways to revise the process and plans to offer competitive grants in 2010/11.

Statewide Education and Outreach Support

CalRecycle funding for statewide education and outreach supplements and complements local collection program outreach efforts to:

- Promote the recycling of used motor oil and used oil filters;
- Increase the use of the 1-800 CLEANUP hotline to locate used oil recycling centers;
- Increase awareness of the need to recycle used oil and filters;
- Increase awareness of the environmental impacts of illegal oil disposal; and
- Promote use of re-refined motor oil in personal and fleet vehicles.

The following on-going statewide outreach projects are listed in Attachment 2 and are proposed for funding:

- \$75,000 for **Certified Collection Center (CCC) Support**: Signage at CCCs provides “just in time” information to do-it-yourselfer oil changers about oil/filter collection and the penalties for illegal oil disposal. CalRecycle provides signage, in multiple languages, to new businesses that become CCCs and replaces signs that are old and faded. As more CCCs are added to the network or re-certified, they require new signage and program materials. Research data indicates that a significant percentage of improper oil disposers are immigrants, so an increasing number of oil and filter recycling signs in different languages need to be made and distributed to CCCs, particularly in high density immigrant neighborhoods.
- \$5,000 for **Partnerships and Sponsorships**: The Office of Public Affairs (OPA) in cooperation and coordination with the Materials Management and Local Assistance Program will seek sponsorship opportunities that meet the need for oil reduction in California. For example, OPA will facilitate CalRecycle's participation with the Sacramento Urban Creeks Council's annual event, Creek Week, at a number of levels (both through sponsorship and with outreach materials) to increase publicity/education of used oil's impact on water quality issues (storm water, groundwater, drinking water). Working collaboratively with sponsors (businesses and state agencies), CalRecycle maximizes its effectiveness to promote source reduction and pollution prevention of used oil contamination of water, air and soil.
- \$1,000 for **Graphics Updates**: CalRecycle has developed numerous graphics and posters for education and outreach activities. These graphics feature the CIWMB logo and need to be updated to feature the new CalRecycle logo instead. CalRecycle logo stickers are also needed for use on existing posters and other promotional items.
- \$1,919,000 for **Local Government**: The decrease in Used Oil block grant funds for FY 2009/10 in the Governor's Budget for FY 2009/10 will adversely affect local government programs supported by these grants. Staff proposes to use funds remaining in the education and outreach category to supplement the previously-reduced local government block grant funds. These additional funds will be distributed to local governments that received FY 2009/10 Used Oil Block Grants in the form of payments under the new OPP process established in SB 546 (Sections 48690, 48653(a)(3)(A)), based on population estimates. The funds would be used for education and outreach activities.

Staff is not proposing any contract proposals for consideration for funding in FY 2009/2010.

Updates on Existing Contracts

1. Infrastructure Data Framework and Performance Measurement Tools for the Used Oil Diversion Program

CalRecycle's Infrastructure contract (IWM07024) includes funding from the Used Oil Recycling Fund, which will be used to improve information about facilities and material flow related to used oil collection and recycling, and build a model to estimate the need for future facilities to accommodate population growth and other factors. It will also identify geographic areas with high densities of do-it-yourself (DIY) oil changers to assist development of local government oil collection programs.

The information will be displayed on CalRecycle web pages and geographic information system (GIS) maps. The contract builds upon previous CalRecycle statewide analyses of DIY used oil collection and helps identify gaps in used oil collection opportunities so CalRecycle resources can be targeted toward areas of greatest need. The project Contractor is currently doing data analysis as described in the Scope of Work.

2. Used Oil Program Automation Modernization

The Information Management Branch contracted with R Systems and Link One for programming support to update and modernize the two primary automation systems used by Used Oil Program staff: the Used Oil Recycling System (UORS) for tracking program participants and claims processing, and the California Oil Fee Refunds System (COFRS) for collecting, managing, and refunding used oil fees. Modernizing and combining these two databases will allow staff to deal with data more effectively, thus leading to more reliable tracking and monitoring, better analyses, enhanced integration of data, and more sharing of information. In February, the first phase of the new Oil Recycling and Claims Automation (ORCA) System was deployed that replaces the former UORS system. During March, the second phase of ORCA will replace key portions of COFRS, and a final project phase will cover miscellaneous items that were not included in the first two phases and other cleanup. ORCA's analysis and design took longer than the rough resource estimates originally provided for this contract concept, so the project will not include an Internet portal for program participants to view and submit data to ORCA. Additional future resources will need to be found to pursue the Internet portal portion of the project.

Other Program Updates

SB 546 contains provisions to fund a comprehensive lifecycle assessment of used oil. CalRecycle will oversee the lifecycle analysis process in two phases, using funding from FY 2010/11 and subsequent years. The first phase will begin in the last half of 2010 and include a stakeholder process to determine the parameters and scope of the lifecycle analysis and identify data that will be needed to conduct the analysis; this may involve a contractor to facilitate this process. Phase two will involve the selection of a contractor and the overseeing of the lifecycle analysis. The lifecycle analysis is due to the Legislature by January 1, 2014.