

REQUEST FOR APPROVAL

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

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

From: Brenda Smyth
Branch Chief, Statewide Technical & Analytical Resources Branch

Shirley Willd-Wagner
Branch Chief, Financial Resources Management Branch

Request Date: April 2, 2013

Decision Subject: Reallocation of Tire Funds (Tire Recycling Management Fund, FY 2012/13): Awards for the Tire-Derived Product Grant Program and Rubberized Pavement Grant Program (Tire Recycling Management Fund, FY 2013/14), and Cancellation of the FY 2013/14 Solicitation for the Tire-Derived Product Grant Program and Rubberized Pavement Grant Program (Rev. 1)

Action By: April 17, 2013

Summary of Request: This proposal reallocates unspent Fiscal Year (FY) 2012/13 Tire Funds to other tire activities that need additional funding. Currently, ~~\$1,078,045~~ ~~\$878,045~~ 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, 2013.

This proposal also seeks to award grants for the Tire-Derived Product (TDP) Grant Program and Rubberized Pavement (Pavement) Grant Program using FY 2013/14 allocations to fund FY 2012/13 eligible, but unfunded, applications (i.e., the "List B" applicants identified in previous Requests for Approval). Additionally, since the FY 2013/14 allocation for these programs will be used if these awards are approved, this proposal also requests cancelling the FY 2013/14 solicitation for these two grant programs. This will not affect monies allocated for the pilot Tire Incentive Grant Program.

Recommendation: Staff recommends approval of grant awards for the TDP Grant Program (Table 1) and the Pavement Grant Program (Table 2) using funding from: the reallocation of unspent FY 2012/13 Tire Funds (~~\$1,578,045~~ ~~\$1,378,045~~, including \$500,000 from the Emergency Reserve), FY 2013/14 allocations for the TDP Grant Program (~~\$1,436,441~~ ~~\$1,484,696~~), and FY 2013/14 allocations for the Pavement Grant Program (\$3,000,000).

Table 1: Tire-Derived Product Grant Program Recommended Awards - List B

Applicant	Recommended Amount	Tire Fund Reallocation	FY 13/14 Funds
Scott Valley Unified School District – partially funded from initial allocation	\$50,341	\$50,341	
Lodi Unified School District	\$45,056	\$45,056	
Palermo Union School District	\$127,799	\$127,799	
Calexico Unified School District	\$149,288	\$149,288	
City of Chula Vista	\$37,035	\$37,035	
Modoc County Office of Education	\$125,392	\$125,392	
City of Coachella	\$55,569	\$55,569	
Ukiah Unified School District	\$20,545	\$20,545	
San Leandro Unified School District	\$150,000	\$150,000	
City of San Pablo	\$125,064	\$125,064	
Stanislaus Union School District	\$76,326	\$76,326	
Fulton-El Camino Recreation and Park District	\$137,705	\$137,705	
City of Redding – split funded between FYs	\$149,989	\$149,989 \$101,734	\$48,255
City of Corning	\$149,983		\$149,983
Maxwell Unified School District	\$65,413		\$65,413
Central Union School District	\$149,805		\$149,805
Parlier Unified School District	\$149,988		\$149,988
City of Coalinga	\$68,178		\$68,178
Ripon Unified School District	\$150,000		\$150,000
City of Westlake Village	\$150,000		\$150,000
North Highlands Recreation and Park District	\$29,725		\$29,725
City of Hollister	\$149,997		\$149,997
Chualar Union School District	\$29,778		\$29,778
Wilmar Union School District	\$92,222		\$92,222
Mendota Unified School District	\$97,193		\$97,193
Los Angeles County	\$22,500		\$22,500
Bear Mountain Recreation and Park District	\$51,349		\$51,349
Armona Union Elementary School District	\$49,000		\$49,000
Yurok Indian Housing Authority	\$31,310		\$31,310
Total	\$2,686,550	\$1,250,109 \$1,201,854	\$1,436,441 \$1,484,696

Table 2: Rubberized Pavement Grant Program Recommended Awards - List B

Applicant	Project Type	Recommended Amount	Tire Fund Reallocation	FY13/14 Funds	Unfunded
City of Rolling Hills Estates – partially funded from initial allocation	RAC	\$176,191	\$176,191		
City of Cupertino	RAC	\$249,200		\$249,200	
Kings County	RAC	\$248,500		\$248,500	
City of Aliso Viejo	RAC	\$102,000		\$102,000	
City of Marina	RAC	\$138,000		\$138,000	
City of Perris	RAC	\$100,000		\$100,000	

Table 2: Rubberized Pavement Grant Program Recommended Awards - List B, cont.

Applicant	Project Type	Recommended Amount	Tire Fund Reallocation	FY13/14 Funds	Unfunded
San Benito County	RAC	\$175,500		\$175,500	
City of Albany	RAC	\$113,550		\$113,550	
City of Ontario	RAC	\$250,000		\$250,000	
City of Oceanside	RAC	\$234,640		\$234,640	
City of Fountain Valley	RAC	\$175,000		\$175,000	
City of Villa Park	RAC	\$107,625		\$107,625	
City of Brawley— partially funded	RAC	\$150,454		<u>\$150,454</u> \$143,161	\$7,293
City of Calipatria – partially funded	RAC	\$157,548		<u>\$140,306</u>	<u>\$17,242</u> \$157,548
City of Laguna Woods	RAC	\$100,205			\$100,205
City of Lindsay	RAC	\$129,500			\$129,500
City of Redlands	RAC	\$246,057			\$246,057
City of Highland	RAC	\$250,000			\$250,000
Yuba County	RAC	\$250,000			\$250,000
City of La Canada Flintridge	RAC	\$76,038			\$76,038
City of Torrance	RAC	\$250,000			\$250,000
City of Moreno Valley	RAC	\$75,400			\$75,400
City of Tracy	RAC	\$160,050			\$160,050
City of Agoura Hills	RAC	\$44,885			\$44,885
City of Pleasant Hill	RAC	\$249,989			\$249,989
City of San Jacinto	RAC	\$240,000			\$240,000
City of Pittsburg	Chip Seal	\$60,176	<u>\$60,176</u>	<u>\$60,176</u>	
City of Lafayette	Chip Seal	\$45,400	<u>\$45,400</u>	<u>\$45,400</u>	
City of Chowchilla	Chip Seal	\$42,023	<u>\$42,023</u>	<u>\$42,023</u>	
City of Suisun City	Chip Seal	\$36,038		\$36,038	
City of Chula Vista	Chip Seal	\$250,000		\$250,000	
City of San Leandro	Chip Seal	\$206,398		\$206,398	
City of Watsonville	Chip Seal	\$192,232		\$192,232	
City of Pico Rivera	Chip Seal	\$130,557		\$130,557	
City of Grass Valley	Chip Seal	\$120,000			\$120,000
City of Oxnard	Chip Seal	\$249,880			\$249,880
City of Clovis	Chip Seal	\$50,311			\$50,311
City of Fort Bragg	Chip Seal	\$46,820			\$46,820
City of Mountain View	Chip Seal	\$47,500			\$47,500
	Total	\$5,927,667	<u>\$323,790</u> \$176,191	\$3,000,000	<u>\$2,603,877</u> \$2,751,476

Funding: The *Five-Year Plan for Waste Tire Recycling Management Program – (6th Edition covering Fiscal Years 2011/12 – 2015/16)* allocates funding for a variety of activities for FY 2012/13. There is currently \$1,078,045 ~~\$878,045~~ in unencumbered funds plus the \$500,000 from the emergency reserve that are available for reallocation. Additionally, the *Draft Five-Year Plan for Waste Tire Recycling Management Program – (7th Edition covering Fiscal Years 2013/14 – 2017/18)* allocates \$3,273,747 and \$3,000,000 for the TDP Grant Program and Pavement Grant Program, respectively, for FY 2013/14.

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
Reallocation of Tire Recycling Management Fund (FY 2012/13)	<u>\$1,578,045</u> \$1,378,045	<u>\$1,573,899</u> \$1,378,045	<u>\$4,146</u> \$0	Grants
Tire Recycling Management Fund (FY 2013/14) (TDP Grant Program)	\$3,273,747	<u>\$1,436,441</u> \$1,484,696	<u>\$1,837,306</u> \$1,789,051	State Operations/Grants
Tire Recycling Management Fund (FY 2013/14) (Pavement Grant Program)	\$3,000,000	\$3,000,000	\$0	State Operations & Local Assistance/Grants
Total	<u>\$7,851,792</u> <u>\$7,651,792</u>	<u>\$6,010,340</u> <u>\$5,862,741</u>	<u>\$1,841,452</u> <u>\$1,789,051</u>	

Deputy Director Action: On the basis of the information and analysis in this Request for Approval and the findings set out herein, we hereby conditionally approve the grant awards for the Tire-Derived Product Grant Program as listed in Table 1 and the Rubberized Pavement Grant Program as listed in Table 2.

For those grant awards funded with the reallocation of the Tire Recycling Management Fund for FY 2012/13, each proposed grantee's award shall be funded in the order in which funding becomes available and is conditional upon:

1. The full payment by June 17, 2013, 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 by June 17, 2013.

For those grant awards funded with FY 2013/14 allocations, each proposed grantee's award is conditional upon:

1. Chaptering and implementation of the FY 2013/14 Budget Act;
2. 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;
3. 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.

Condition subsequent for all grant awards:

After the Grant Agreement has been executed by both parties, the Grant will be subject to the following condition subsequent: The Grantee may not file for protection under Chapter 9 of the U.S. Bankruptcy Code or declare a fiscal emergency any time within the Grant Performance Period.

Dated: 5/20/13

Howard Levenson
Howard Levenson
Deputy Director

Dated: 5/20/13

Mark De Bie
Mark De Bie
Deputy Director

Background Information, Analysis, and Findings:

The Department of Resources Recycling and Recovery (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 – 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 approval of the FY 2012/13 Tire Fund allocation was incorporated into the adoption of the Five-Year Plan on May 17, 2011. For FY 2012/13, CalRecycle allocated \$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 was needed to cover increased staffing and administrative expenses. In October 2012, CalRecycle approved reductions totaling \$4,492,762 to align expenditures with spending authority. Therefore, CalRecycle has an allocation of \$20,587,238 for FY 2012/2013 from the Tire Fund that is comprised of funding for Consulting and Professional Services (C&P) and Local Assistance activities.

Currently, at least \$1,078,045 ~~\$878,045~~ in unencumbered funds from FY 2012/13 is available in the market development element 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 2013. In addition, \$500,000 from the Emergency Reserve could be reallocated, contingent upon no emergency situations occurring on or before June 30, 2013.

This 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 Tire Plan. These are summarized in Attachment 1. This followed by a description of staff's proposed reallocation of funds, with details contained in Table 1 and Table 2 (see Tables above).

Programs With Previous FY 2012/13 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:

Short-term Remediation Contract---\$200,000

For FY 2012/13, \$200,000 was allocated as part of a multi-year cleanup contract that expired in March 2013. The FY 2012/13 Tire Fund portion of the contract was not used and is therefore available for reallocation.

Tire-Derived Aggregate Grant Program---\$805,045

For FY 2012/13, \$1,524,000 was allocated for this program. CalRecycle received 5 applications totaling \$718,955. Therefore, \$805,045 is available for reallocation.

Rubberized Asphalt Concrete and Tire-Derived Aggregate Technology Centers---\$50,000

For FY 2012/13, \$100,000 was allocated for these contracts. CalRecycle has entered into a contract with California State University, Chico Research Foundation for the Tire-Derived Aggregate Civil Engineering Technology Center and Education Services. Currently, funding is not needed this fiscal year for the Rubberized Asphalt Concrete Technology Center. Therefore, \$50,000 is available for reallocation.

Waste Reduction Awards Program (WRAP)---\$23,000

For FY 2012/13, \$23,000 was allocated for this program. The WRAP program is not being implemented at this time. Therefore, \$23,000 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, 2013.

Programs Proposed for FY 2012/13 Tire Fund Reallocation and FY 2013/14 Allocations

Proposed reallocation projects (i.e., grant awards) are listed in Table 1 and Table 2 in recommended rank order of funding priority.

Tire-Derived Product Grant Program – B List FY 2012/13---\$1,250,109 \$1,201,854 From FY 2012/13 Tire Fund Reallocation and \$1,436,441 \$1,484,696 From FY 2013/14 Allocation

CalRecycle received 71 applications for this competitive grant program, requesting a total of \$6,635,042.14 of which 60 totaling \$5,516,830 are eligible. CalRecycle on March 27, 2013 approved 31 grants (30 fully and one partially) using the \$2,800,000 FY 2012/13 allocation. Those eligible applications for which there were not sufficient FY 2012/13 initially allocated monies were placed, in rank order, on List B. One application, previously on List B, has withdrawn its application, reducing the number of eligible applications to 59 totaling \$5,486,550.

Staff now requests approval to fund the remaining 29 grants totaling \$2,686,550 from the B List (see Table 1 above). This would be accomplished by using ~~\$1,250,109~~ ~~\$1,201,854~~ in Tire Fund reallocation monies to fund 13 grants (~~12~~ ~~11~~ fully, and one partially and one split between FYs) and ~~\$1,436,441~~ ~~\$1,484,696~~ (total allocation of \$3,273,747 minus ~~\$1,837,306~~ ~~\$1,789,051~~ reserved for the pilot tire incentive program) from the FY 2013/14 TDP Grant Program allocation to fully fund ~~16~~ ~~17~~ grants (~~16~~ ~~17~~ fully and one split between FYs). This would result in funding a total of \$5,486,550 for all of FY 2012/13 eligible applications. Additionally, since the funds for FY 2013/14 would be used to fund FY 2012/13 eligible applications, staff requests cancellation of the FY 2013/14 TDP Grant Program solicitation.

Rubberized Pavement Grant Program – B List FY 2012/13---\$323,790 \$176,191 From FY 2012/13 Tire Fund Reallocation and \$3,000,000 From FY 2013/14 Allocations

CalRecycle received 63 applications for this competitive grant, requesting a total of \$10,915,830 of which 58 totaling \$9,725,107 are eligible. CalRecycle on February 28, 2013, approved 17 grants (16 fully and one partially) using the \$3,300,000 FY 2012/13 allocation. Those eligible applications for which there were not sufficient FY 2012/13 initially allocated monies were placed, in rank order, on List B. Three applicants, previously on List B, have withdrawn their applications, reducing the number of eligible applications to 55 totaling \$9,227,667.

Staff now requests approval to fund 22 ~~21~~ grants (20 ~~19~~ fully and two partially) totaling \$3,323,790 ~~\$3,176,191~~ from the B List (see Table 2 above). This would be accomplished by using \$323,790 ~~\$176,191~~ in Tire Fund reallocation monies to fund four one partial grants (three fully and one partially) ~~grant~~ and the \$3,000,000 FY 2013/14 Pavement Grant Program allocation to fund 18 ~~20~~ grants (17 ~~19~~ fully and one partially). This would result in funding a total of \$6,623,790 ~~\$6,476,191~~ or 71.8% ~~70.2%~~, of FY 2012/13 eligible applications. This represents using approximately 69% ~~68%~~ of total funding for rubberized asphalt concrete (RAC) projects and 31% ~~32%~~ for chip seal projects, consistent with proposed usage of monies approved by the Deputy Director on July 19, 2011. Additionally, since the funds for FY 2013/14 would be used to fund FY 2012/13 eligible applications, staff requests cancellation of the FY 2013/14 Pavement Grant solicitation.

Timeline:

The State's current fiscal year ends June 30, 2013. CalRecycle's expenditure authority for FY 2012/13 funds will expire on June 30, 2013, and on July 1, 2013, any unencumbered funds will revert to the Tire Fund. All funding for contracts and grants must be encumbered by June 30, 2013, but it is preferable that such encumbrances be completed by the beginning of June, to allow sufficient time for processing the required paperwork.

Attachment:

- Attachment 1 – Tire Program Unencumbered Funds Remaining for FY 2012/13

Tire Program - Unencumbered Funds Remaining for FY 2012/13

PROGRAM ELEMENTS AND ACTIVITIES	Anticipated Awards or		
	Allocated	Encumbered Or Anticipated to Be Encumbered	Anticipated Balance
1. Enforcement:			
a) Enforcement Support Activities	\$101,015	\$101,015	\$0
b) Enforcement Case Assistance	\$50,000	\$50,000	\$0
c) Local Government Waste Tire Enforcement Grants	\$7,000,000	\$7,000,000	\$0
d) Database Development and Maintenance	\$415,000	\$415,000	\$0
Enforcement Totals:	\$7,566,015	\$7,566,015	\$0
2. Tire Hauler Program and Manifest System			
a) Hauler Program and Manifesting	\$450,000	\$450,000	\$0
Tire Hauler Program & Manifest System Totals:	\$450,000	\$450,000	\$0
3. Cleanup, Abatement, and Remedial Action			
a) Short-Term Remediation	\$400,000	\$200,000 \$400,000	\$200,000 \$0
b) Local Government Waste Tire Cleanup Grant Program	\$1,000,000	\$1,000,000	\$0
c) Local Government Amnesty Grants	\$723,223	\$723,223	\$0
Cleanup, Abatement, and Remedial Action Totals:	\$2,123,223	\$1,923,223 \$2,123,223	\$200,000 \$0
4. Research Promoting Alternatives to Landfill Disposal			
CE Applications for Waste Tires	\$500,000	\$500,000	\$0
Research Promoting Alternatives to Landfill Disposal Totals:	\$500,000	\$500,000	\$0
5. Market Development & New Technology Activities			
a) TDA Grant Program	\$1,524,000	\$718,955	\$805,045
b) RAC and TDA Technology Centers	\$100,000	\$50,000	\$50,000
c) Rubberized Asphalt Concrete Technical Assistance Contract	\$500,000	\$500,000	\$0
d) Rubberized Pavement Grant Program	\$3,300,000	\$3,300,000	\$0
e) Tire-Derived Product Grants	\$2,800,000	\$2,800,000	\$0
f) Tire-Derived Product Business Assistance Program (TBAP)	\$1,626,000	\$1,626,000	\$0
g) Waste Reduction Awards Program	\$23,000	\$0	\$23,000
h) Tire Events	\$75,000	\$75,000	\$0
Market Development & New Technology Activities Totals:	\$9,948,000	\$9,069,955	\$878,045
Total Amounts:	\$20,587,238	\$19,509,193 \$19,709,193	\$1,078,045 \$878,045
AMOUNT AVAILABLE FOR REALLOCATION			\$1,078,045 \$878,045
Emergency Reserve*	\$500,000	\$0	\$500,000

*\$500,000 in emergency reserve may be reallocated contingent upon no emergency situation occurring on or before June 30, 2013.

