REQUEST FOR APPROVAL (REVISED)

To: Howard Levenson and Ted Rauh
Deputy Directors

From: Brenda Smyth
Branch Chief

Request Date: April 1, 2011

Decision Subject: Reallocation of Tire Funds Fiscal Year 2010/11

Action By: April 22, 2011

Summary of Request: This is a proposal to reallocate unspent Fiscal Year (FY) 2010/11 Tire Funds to other tire activities that need additional funding. Currently, $6,052,078 in unencumbered funds is available to be reallocated. In addition, $1,000,000 from the Emergency Reserve could be reallocated contingent upon no emergency situations occurring on or before June 30, 2011.

Recommendation: Staff recommends that the reallocation of unspent FY 2010/11 Tire Funds be reallocated to the five projects listed below.

Deputy Director Action: On the basis of the information and findings in this Request for Action, I hereby approve the allocations as listed below in order of recommended funding as it becomes available, including use of the Emergency Reserve funds contingent upon no emergency occurring prior to June 30, 2011, that requires the use of these funds:

Proposed Tire Activities to Receive Unspent FY 2010/11 Tire Funds

1. $60,000 - Augment *Tire-Derived Business Assistance Program* Contract #IWM07059
2. $4,104,459 ~~$3,322,078~~ – Tire-Derived Product Grant Program – B List FY 2010/11
3. $1,387,763 ~~$2,280,000~~ - Targeted Rubberized Asphalt Concrete Grant Program - B List FY 201
4. $1,249,856 ~~$1,140,000~~ - Chip Seal Grant Program - B List FY 2010/11
5. $250,000 – Local Government Waste Tire Cleanup and Amnesty Grant Program – B List FY 2010/11

Assuming the $1,000,000 in Emergency Reserve funds do become available, this will result in fully funding item 1, 3 and 4 partially funding items 2 and ~~through~~ 5. If additional funding becomes available staff will start at item 2 and fund all remaining applications then proceed to items ~~5 3 6~~.

Dated: 4/12/11

Howard Levenson — Ted Rauh

Howard Levenson
Deputy Director

Ted Rauh
Deputy Director

Attachments:

- Attachment 1 – Table 1: Tire Program Unencumbered Funds Remaining for FY 2010/11

- Attachment 2 – Table 2: Tire Program Activities Estimated FY 2010/11 Tire Funds Reallocation Needs and Proposed Reallocation Amounts

---

Background Information, Analysis, and Findings:

The Department of Resources Recycling and Recovery (CalRecycle) receives an annual appropriation through the Budget Act from the California 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 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 – 5th Edition Covering Fiscal Years 2009/10 – 2013/14 – Report to the Legislature* (Five-Year Plan), and include the following elements: waste tire enforcement; waste tire remediation; tire research; market development; and waste tire hauler and manifest.

The FY 2010/11 Tire Fund allocation was adopted on May 12, 2009, as part of adopting the Five-Year Plan. For FY 2010/11, CalRecycle's $33,634,000 allocation from the Tire Fund is comprised of funding for Consulting and Professional Services (C&P) and Local Assistance activities.

Currently, $6,052,078 in unencumbered funds from FY 2010/11 is definitely available in the waste tire enforcement, hauler/manifest, research, and market development elements of the Five-Year Plan. However, the final total amount that will actually be available cannot be determined at this time. This is because the exact estimated amounts of some potentially unencumbered funds will not be known until the remaining Grant Awards and Contract recommendations listed in Table 1 are awarded in May 2011. In addition, $1,000,000 from the Emergency Reserve could be reallocated contingent upon no emergency situations occurring on or before June 30, 2011.

This document is structured to first show the overall Tire Fund C&P and local assistance allocations and the status of allocated funds (i.e., encumbered or unencumbered) in Attachment 1, and then presents Staff's proposed reallocation of funds in Attachment 2.

Attachment 2 lists one current contract seeking additional funding and four ~~five~~ oversubscribed grant programs from FY 2010/11 seeking funding totaling $7,897,142 ~~$15,055,305.70~~.

Programs With Previous FY 2010/11 Allocation For Which Part Or All Of Allocation Is Not Needed

Unencumbered program activities for which prior allocations are not needed, and the resulting estimated available funds are described below:

Enforcement Support Activities---$45,000

For FY 2010/11, $370,000 was allocated for these projects. CalRecycle has entered into an Interagency Agreement with the California Highway Patrol for $250,000 from this fiscal year.

In addition, CalRecycle has entered into an Interagency Agreement with the Air Resources Board for $75,000 this fiscal year. Therefore, $45,000 is available for reallocation.

Enforcement Support Activities---$25,000
For FY 2010/11, $50,000 was allocated for this effort. The Tire Program along with the Beverage Container Recycling Program has entered into an Interagency Agreement with the Department of Justice in the amount of $25,000. Therefore, $25,000 is available for reallocation.

Hauler Program and Manifesting---$200,000
For FY 2010/11, $450,000 was allocated for this program. Currently, only $250,000 has been expended leaving $200,000 remaining unspent. Therefore, $200,000 is available for reallocation.

Civil Applications for Engineering---$92,078
For FY 2010/11, $500,000 was allocated for this activity. CalRecycle has approved an Interagency Agreement with CalTrans for a *Tire-Derived Aggregate Seismic Retaining Wall Shake-Table Test and Design Using Tire-Derived Aggregates as Backfill* study in the amount of $407,922. Therefore, $92,078 is available for reallocation.

Minimum Energy Efficiency Standards for Replacement Tires---$150,000
For FY 2010/11, $150,000 was allocated for this project. In March 2010, CalRecycle entered into an Interagency Agreement with the California Energy Commission (CEC) for $150,000 in each of the FYs 2009/10 and 2010/11. CEC has not spent any of these funds and has currently requested to terminate the contract. Therefore, $150,000 is available for reallocation.

Artificial Turf Study (Phase 2)---$200,000
For FY 2010/11, $200,000 was allocated for this project. Phase 1 of the Artificial Turf Study was completed in November 2010 and the report *Safety Study of Artificial Turf Containing Crumb Rubber Infill Made From Recycled Tires: Measurements of Chemicals and Particulates in the Air, Bacteria in the Turf, and Skin Abrasions Caused by Contact with the Surface* was published. Based on the results of the study, OEHHA determined that there would be minimal impact to the public. Therefore, CalRecycle has decided that a Phase 2 study is not needed and the $200,000 is available for reallocation.

Outreach Campaigns---$3,300,000
For FY 2010/11, $3,300,000 was allocated for this program. CalRecycle currently has two contracts that were awarded last year and currently there are sufficient funds in those contracts to cover activities. Therefore, $3,300,000 is available for reallocation.

Tire Equipment Loan Program---$2,100,000
For FY 2010/11, $4,000,000 was allocated for this program. CalRecycle will award two loans this fiscal year totaling $1,990,000. Therefore, $2,100,000 is available for reallocation.

Tire Events---$30,000

For FY 2010/11, $75,000 was allocated for this activity. CalRecycle has awarded a three year Interagency Agreement with California State University, Sacramento for tire events. At this time it has been determined that only $45,000 from the current fiscal year will be needed for tire events; therefore, $30,000 is available for reallocation.

Emergency Reserve---$1,000,000

SB 876 legislation requires that the CalRecycle create and maintain an emergency reserve account, which shall not exceed $1 million dollars. These funds could be reallocated contingent upon no emergency situations occurring on or before June 30, 2011.

Programs Proposed for Reallocation FY 2010/11 Funding

Proposed reallocation projects are listed in Attachment 2 in staff's recommended ranking order of funding priority. A brief description of program activities with reallocation needs, as listed in Attachment 2, is provided below in order of recommended funding.

Augment the Tire-Derived Product Business Assistance Program Contract IWM07059---- $60,000

The contract was awarded to the Corporation for Manufacturing Excellence (Manex) for $5,100,000 and has a term of 35.5 months. In 2010, the contractor together with program staff provided outreach to State Agencies on the benefits of tire-derived products. This outreach turned out to be a success. In addition, the contractor and staff conducted an outreach pilot project with architects in the public and private sector, which was also successful. CalRecycle would like to expand the outreach to other State Agencies and continue the architectural outreach. Therefore, staff is seeking $60,000 to augment this contract.

Tire-Derived Product Grant Program – B List FY 2010/11----~~$7,234,790.29~~ $4,842,826

For FY 2010/11, $3,400,000 was allocated for this grant program. CalRecycle received 115 applications totaling $10,634,790.29 with 90 eligible applications totaling $8,242,826. ~~At the time this Request for Approval was written, applications were still being reviewed by staff.~~ Staff ~~plans to~~ conducted the Random Selection Drawing on April 4, 2011, to determine the ranking order of eligible applications. Awards for the program will be discussed at the May 17, 2011, CalRecycle meeting, and are subject to subsequent decision by the Deputy Director. Those eligible applications which are recommended for partial funding or for which there are not sufficient funds currently allocated will be reflected on a List B at the May meeting ~~(list will be provided closer to meeting)~~. Staff recommends $4,104,459 ~~$3,322,078~~ to fully fund 45 grants and partially fund 2 grants ~~in funding for a portion of these applications as listed below (list will be provided closer to this meeting)~~. The B List will be provided after the Deputy Director approves the grant awards in May.

Targeted Rubberized Asphalt Concrete Grant Program – B List FY 2010/11----~~$3,008,162~~ $1,387,763

For FY 2010/11 $3,509,334 was allocated for this grant program. Staff received 36 applications totaling $6,517,496 with 28 applications eligible totaling $4,897,097. Staff has ranked all eligible applications consistent with the approved process. Those applications for which there are sufficient monies currently allocated to fund (fully or partially) are reflected in a separate Request for Approval being discussed at this meeting and are subject to subsequent decision by the Deputy Director. Those eligible applications which were partially funded or for which there are not sufficient funds currently allocated are reflected on List B in the separate Request for Approval ~~(list will be provided closer to meeting)~~. Staff recommends $1,387,763 to fully fund all eligible applications ~~$2,280,000 in funding for a portion of these applications~~ as listed below ~~(list will be provided closer to meeting)~~.

Targeted RAC Applicants – B List	Recommended Amount
City of Temple City (Los Angeles) – partially funded	$67,256
City of Hawthorne (Los Angeles)	$70,000
City of Upland (San Bernardino)	$148,034
City of Agoura Hills (Los Angeles)	$75,600
City of Banning (Riverside)	$250,000
San Joaquin County	$117,600
Imperial County	$161,735
City of Rancho Palos Verdes (Los Angeles)	$79,200
Sonoma County	$58,111
City of Rialto (San Bernardino)	$220,000
City of West Covina (Los Angeles)	$68,483
City of Calabasas (Los Angeles)	$71,744
Total Amount to Fund	**$1,387,763**

Chip Seal Grant Program – B List FY 2010/11----~~$3,137,234.88~~ $1,249,856

For FY 2010/11 $2,000,000 was allocated for this grant program. CalRecycle received 28 applications for $5,137,234.88 with 20 eligible totaling $3,249,856. Staff has ranked all eligible applications consistent with the approved process. Those applications for which there are sufficient monies currently allocated to fund (fully or partially) are reflected in a separate Request for Approval being discussed at this meeting and are subject to subsequent decision by the Deputy Director. Those eligible applications which were partially funded or for which there are not sufficient funds currently allocated are reflected on List B in the separate Request for Approval ~~(list will be provided closer to meeting)~~. Staff recommends $1,249,856 ~~$1,140,000~~ to fully fund all eligible ~~in funding for a portion of these~~ applications as listed below ~~(list will be provided closer to meeting)~~.

Chip Seal Applicants – B List	Recommended Amount
City of Pico Rivera (Los Angeles) – partially funded	$160,110
City of Clovis (Fresno)	$150,710
City of Grass Valley (Nevada)	$112,000
City of Needles (San Bernardino)	$88,145
City of San Leandro (Alameda)	$81,630
City of Mountain View (Santa Clara)	$74,350
City of Fort Bragg (Mendocino)	$70,399
City of Moorpark (Ventura)	$54,000
City of Lathrop (San Joaquin)	$37,689
City of Chino Hills (San Bernardino)	$35,639
Contra Costa County	$245,797
City of Fontana (San Bernardino)	$139,387
Total Amount to Fund	**$1,249,856**

Local Government Waste Tire Cleanup and Amnesty Grant Program – B List FY 2010/11---- $356,697

For FY 2010/11 $2,200,000 was allocated for this combined grant program. CalRecycle received 52 applications totaling $2,920,752.18. At this-time this document was written staff was still reviewing these applications. Those applications for which there are sufficient monies currently allocated to fund (fully or partially) are reflected in a separate Request for Approval being discussed at ~~this meeting~~ the May 17, 2011, CalRecycle meeting and are subject to subsequent decision by the Deputy Director. Those eligible applications which were partially funded or for which there are not sufficient funds currently allocated are reflected on a List B ~~(list will be provided closer to meeting)~~. Staff recommends $250,000 in funding for a portion of the applications on the B List ~~listed below~~ ~~(list will be provided closer to meeting)~~. The B List will be provided after the Deputy Director approves the grant awards in May.

~~*Local Government Waste Tire Enforcement Grant Program – B List FY 2010/11 – $894,366.42*~~

~~For FY 2010/11 $7,775,000 was allocated for this program. CalRecycle has received 46 applications totaling $8,669,366.42. At the time this document was written staff was still reviewing these applications. The grant applications indicate the local governments have asked for $812,084 more than originally allocated for this grant program. However, during staff's analysis of the applications, some requests are likely to be reduced because the request is for activities outside those allowed under the grant criteria, math errors, etc. A listing of the B List applicants seeking reallocated funds will be developed as soon as the grant application review is completed. At this time staff is not recommending additional funding for this grant program.~~

~~Applicant~~	~~Recommended Amount~~
~~To Be Determined~~	~~$To Be Determined~~
~~Total Amount to Fund~~	~~$ To Be Determined~~

Timeline

The State's current fiscal year ends June 30, 2011. At that time, CalRecycle's approved expenditure authority expires and the unencumbered funds will revert to the Tire Fund. All funding for contracts and grants must be encumbered before that date, typically at the beginning of June, to allow sufficient time for processing the required paperwork.