



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: April 6, 2010 REPORT NO: 10-044

ATTENTION: Natural Resources and Culture Committee
Agenda of April 14, 2010

SUBJECT: Used Oil Recycling Grants and Agreements For FY2011 through
FY2015

REFERENCE: REPORT NO: 93-308, Submittal of Used Oil Block Grant Application
for Calendar Year 1994, November 9, 1993; REPORT NO: 95-10, Used
Oil Block Grant and Related Agreements for FY1996, January 18, 1995;
REPORT NO: 02-117, CA Integrated Waste Management Board
(CIWMB) Grants and Related Agreements for FY01 - FY03, March 18,
2002; REPORT NO: 05-087, CA Integrated Waste Management Board
HHW/Used Oil Recycling Grants and Agreements for FY 06 – FY 08,
April 18, 2005; REPORT NO: 09-089, CA Integrated Waste
Management Board HHW/Used Oil Recycling Grants/Agreements for
FY 2009 – FY 2011, July 29, 2008; REPORT NO: 10-035, Household
Hazardous Waste Services Contract Renewal, March 10, 2010

REQUESTED ACTION:

1. Authorize the Mayor or his designee to submit a Used Oil Payment Program application to CalRecycle to receive payments for implementation of the City of San Diego's used oil and used oil filter recycling program.
2. Authorize the Mayor or his designee to negotiate and execute, for and on behalf of the City, all documents, including but not limited to: applications, agreements, annual reports including expenditure reports, and amendments necessary to secure payments from the Used Oil Payment Program to support the City of San Diego's used oil and used oil filter recycling program for Fiscal Year 2010/2011 through and including Fiscal Year 2014/2015.
3. Authorize the Chief Financial Officer to accept, appropriate, and expend payments from the CalRecycle Used Oil Payment Program for the City of San Diego's used oil and used oil filter recycling program activities in accordance with the CalRecycle Used Oil Payment Program agreements.

STAFF RECOMMENDATION: Approve the requested actions.

SUMMARY

The California Department of Resources, Recycling and Recovery (CalRecycle), formerly the Integrated Waste Management Board, issues grants to local governments to establish and maintain programs that encourage recycling and appropriate disposal of used oil and oil filters. Since FY1994, the City has received grant funding for used oil and used oil filter recycling as a part of the Household Hazardous Waste Program. As required with the passage of Senate Bill 546, CalRecycle has streamlined the terms and conditions of this non-competitive grant and requires that Council reauthorize the acceptance of the used oil and oil filter non-competitive block grants for FY2011 through FY2015 under the new program name of Used Oil Payment Program (OPP).

BACKGROUND:

In 1991, the California Used Oil Recycling Enhancement Act (Assembly Bill 2076) was passed by the State Legislature to address the management of used oil given the significant threat its improper disposal posed to California's environment. CalRecycle issues grants to local governments to provide used oil and oil filter collection programs and educate the public on recycling and appropriate disposal of used oil and oil filters. City Council Resolution Number R-282991, adopted on November 15, 1993, authorized the City to apply for its first Used Oil Block Grant.

City residents currently have three options to recycle used oil and oil filters:

- 1) Auto product recycling events: Eight one-day events operated in different regions of the City to provide service to those residents who change their own motor oil;
- 2) Household Hazardous Waste (HHW) Transfer Facility: Operates most Saturdays; and
- 3) Certified Oil Collection Centers: Over 90 businesses participate throughout San Diego City.

The CalRecycle grant funds continue to pay for the promotion, collection, and recycling cost of used oil and oil filters at the one-day collection events and at the HHW Transfer Facility. The grant funds also continue to pay for public education, staff time to implement the programs, and one Environmental Services hotline staff member to inform residents of these used oil and oil filter recycling opportunities. The oil collection activities at the Certified Oil Collection Centers are funded separately by CalRecycle.

DISCUSSION

In September 2009, Senate Bill 546 was enacted which made changes to the California Oil Recycling Enhancement Act. As required by this legislation, CalRecycle is initiating on June 2, 2010 a streamlined process for applying, accepting, and implementing the non-competitive used oil and oil filter grants under the new name Used Oil Payment Program (OPP). With the changes, CalRecycle is requiring a new Council Resolution in order to accept the FY2011 OPP grant and any future grants.

The legislation yielded the following significant changes to the California Oil Recycling Enhancement Act:

- Used Oil Payment Program (OPP)- Non-Competitive Block Grants
 - Streamlines the Block Grant program to a payment system.
 - Increases the total amount available from \$10 million to \$11 million annually.
 - Shortens the expenditure period from three years to either 12 or 18 months (This requirement is expected to be finalized by CalRecycle by June 2, 2010).
 - Allows for online application, reporting, and document submission.
- OPP Funding Source - Fee Collection
 - Increases fee amount paid by manufacturers from \$0.16/gallon to \$0.26/gallon through December 31, 2013 for new lubricating oil sold in California.
 - On and after January 1, 2014, decreases the fee to \$0.24/gallon.
- Recycling Incentive Payment
 - Increases the incentive paid to Certified Oil Collection Centers from \$0.16/gallon to \$0.40/gallon for oil collected from the public.

The Environmental Services Department (ESD) would like to continue seeking this funding source for FY2011 through FY2015 so service to San Diego residents will not be disrupted.

Approval of this request will allow the City to continue to fund used oil and oil filter collection at one-day collection events, the HHW Transfer facility, and the load check diversion program at the Miramar Landfill. As in previous years, ESD will continue to hold collection events throughout the City to service residents who change their own oil. The grant covers staff time costs for oil and oil filter recycling program oversight, implementation, and outreach activities and materials. The grant also funds one ESD public information clerk in the phone room.

FISCAL CONSIDERATIONS:

No matching City funds are required for this grant. The City anticipates the annual CalRecycle OPP grant awards for FY2011 through FY2015 will be in the range of \$185,000 - \$335,000. The CalRecycle OPP grant augments the HHW services funded by the Environmental Services, Public Utilities, and Storm Water Pollution Prevention Departments. The OPP grant is a non-competitive grant and the award amount is calculated based on population.

ENVIRONMENTAL STATEMENT:

The purpose of this program is to protect the environment by promoting a legal option for disposal of certain hazardous materials. This action is exempt from CEQA pursuant to CEQA Guidelines section 15308 because it involves actions by regulatory agencies to protect the environment.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

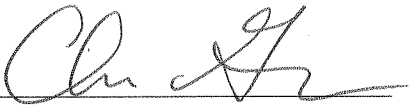
Since 1994, the Environmental Service Department has applied for and received grant funds from the Integrated Waste Management Board for oil and oil recycling. The most recent Resolution, R-30992, was adopted on August 6, 2008, and covered grant applications for FY2009 – FY2010.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

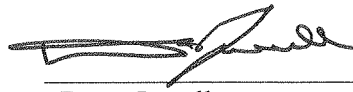
The HHW Program includes outreach to the community through advertisements in community newspapers with neighborhood and/or ethnic outreach, inserts in the *Pennysaver* and *Union Tribune* to targeted zip codes, calendar listings in community newspapers, distribution of collection event flyers at community events and to interested groups and organizations, and distribution of other oil and oil filter recycling educational information.

KEY STAKEHOLDERS:

The City of San Diego and its residents will continue to benefit by participating in these recycling services, thereby reducing the likelihood of illegal dumping of oil into sewers and storm drains, and removing health and safety hazards from the community.



Chris Gonaver
Environmental Services Director



Dave Jarrell
Deputy Chief of Public Works