

The background features abstract, overlapping green geometric shapes in various shades, including light lime green, medium green, and dark forest green, creating a modern and eco-friendly aesthetic.

# California Oil Recycling Enhancement Act: 1991 until now...and what's next

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# History: The Inception of the CORE Act

- ▶ Early 1980's: Hundreds of so-called used oil "recyclers"
- ▶ Not regulated, poorly managed ,spills, illegal dumping.
- ▶ Federal regulations pending: much more strict
- ▶ American Petroleum Institute Model Legislation
  - ▶ Set up take back and fee provisions
  - ▶ California and a few other states jumped on it!
- ▶ Assemblymember Sher took the lead.
  - ▶ Small demonstration grant program in 1990-1991
  - ▶ AB 2891 California Integrated Waste Management Board got the Program in 1991.

# Basics of the CORE Act

- ▶ Collection Convenience:
  - ▶ Certified Collection Centers
  - ▶ Curbside Collection
  - ▶ Other facilities
- ▶ Financial Incentives
  - ▶ Recycling Payments to:
    - ▶ Do it Yourselfers
    - ▶ Certified Center Payments
    - ▶ Curbside Payments
    - ▶ Industrial Generator / Electrical Generator Payments

# Basics of the CORE Act

- ▶ Financial Incentives (cont.)
  - ▶ Grants to Local Governments: Over \$270 Million
    - ▶ Block Grants
    - ▶ Opportunity Grants
  - ▶ Grants to Others
    - ▶ Non-Profits
    - ▶ Research and Demonstration
  - ▶ Many “haulers” and “recyclers” went out of business
  - ▶ Remainder got more market share
    - ▶ Also learned how to work with the system

# Where did we start? Program Participants

- ▶ Certified Collection Centers
  - ▶ First complete year 1992-1993: 140
  - ▶ 2016: Approximately 3500
- ▶ Industrial Generators
  - ▶ 164
  - ▶ 1201
- ▶ Curbside Programs
  - ▶ 34
  - ▶ 130

# Used Oil Management

- ▶ Cleaned up system
  - ▶ DTSC increased oversight
  - ▶ Recyclers had to be “in-compliance” to be part of CORE incentive programs
    - ▶ Program payment recipients did not get incentives if used oil was not:
      - ▶ Picked up by a registered hauler
      - ▶ Recycled at a certified facility.

# Oil Recycling 1994-2015

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Lube Oil Sales	141.2	140.8	136.2	137.8	142.1	150.0	154.3	163.6	168.0	150.2	150.5	153.7	152.8	150.0	114.6	113.1	113.4	123.3	122.7	121.6	108.4	112.0
Industrial Oil Sales	78.0	117.3	140.9	141.7	152.4	176.4	155.7	149.1	147.1	75.5	82.8	84.4	82.2	82.7	78.5	73.8	77.9	79.3	79.0	88.3	100.2	98.5
Total Oil Sales *	219.2	258.1	277.1	279.5	294.5	326.4	310.0	312.7	315.1	286.0	295.0	276.8	269.2	245.1	258.1	186.9	191.3	202.6	201.7	209.9	208.6	210.5
Lubricating Oil Recycled**	59.9	54.6	56.8	60.9	73.6	76.9	80.0	81.9	83.1	83.7	87.0	87.9	88.1	85.7	85.0	83.0	87.7	99.7	88.7	86.3	86.4	87.0
Industrial Oil Recycled**	16.7	19.5	20.8	19.3	11.6	10.4	7.9	15.5	17.5	32.4	32.5	29.7	27.2	30.3	24.9	22.4	23.8	21.9	20.4	18.7	18.2	19.1
Total Oil Recycled	76.6	74.1	77.6	80.2	85.2	87.3	87.9	97.4	100.6	116.1	119.4	117.6	115.3	116.1	109.9	105.4	111.5	121.6	109.1	105.0	104.6	106.1

# Fund Status

- ▶ **Fund Status**
- ▶ The six cent per gallon fee on all lubricating oil sold in California generates approximately \$23.7 million annually.
- ▶ This is projected to stay relatively constant for the next three years to five years, although it is possible that longer intervals between oil changes may impact future lubricating oil sales.
- ▶ Statutorily mandated expenses are projected to be \$17.2 million annually for the same time frame.
- ▶ The amount available for discretionary expenses will drop as the reserve is used to keep the OPP funds at the maximum award level of \$11 million.
- ▶ When the reserve is depleted, and the \$11 million for OPP cannot be fully funded, then a minimum of 50 percent of funds remaining after mandatory expenditures are accounted for must go to the OPP program, as directed by statute.



# CalRecycle Funding Discretion

- ▶ After the statutory minimums are met,
  - ▶ CalRecycle also has discretion to use revenue remaining after the mandatory expenses are made to fund projects to further the intent of the Act (e.g., competitive grants, contaminated oil claims, rerefined oil claims, contracts).

# Where does the money go?

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Beginning Balance	\$ 19,345,000	\$ 6,897,273	\$ 424,633	\$ 0.00	\$ 0.00	\$ 0.00
Revenue (oil fee)	\$ 23,763,000	\$ 23,763,000	\$ 23,763,000	\$ 23,763,000	\$ 23,763,000	\$ 23,763,000
Revenue (interest)	\$ 138,000	\$ 48,000	\$ 8,000			
<b>TOTAL REVENUE</b>	<b>\$ 43,246,000</b>	<b>\$ 30,708,273</b>	<b>\$ 24,195,633</b>	<b>\$ 23,763,000</b>	<b>\$ 23,763,000</b>	<b>\$ 23,763,000</b>
<b>EXPENDITURES</b>						
<b>Mandatory Expenditures</b>						
Personnel & Operating Expenses	\$ 7,336,000	\$ 6,596,000	\$ 6,596,000	\$ 6,596,000	\$ 6,596,000	\$ 6,596,000
Used Oil Collection Payments (PRC 48651)	\$ 5,768,000	\$ 5,768,000	\$ 5,768,000	\$ 5,768,000	\$ 5,768,000	\$ 5,768,000
Farm and Ranch Grants Transfer (PRC 48653)	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000
DTSC Contract (PRC 48653)	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Local Conservation Corps Grants (PRC 17001 )	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
DTSC (PRC 48653 b) & OEHA Agreements	\$ 1,029,000	\$ 1,029,000	\$ 1,029,000	\$ 1,029,000	\$ 1,029,000	\$ 1,029,000
Dept of Finance Support	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
State Conservation Corp Contract		\$ 59,750		\$ 59,750		\$ 59,750
Audit Settlement	\$ 6,084,837					
Statutory Reserve (PRC 48653)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
3% Contingency Reserve	\$ 712,890	\$ 712,890	\$ 712,890	\$ 712,890	\$ 712,890	\$ 712,890
<b>MANDATORY EXPENDITURES TOTAL</b>	<b>\$ 24,548,727</b>	<b>\$ 17,783,640</b>	<b>\$ 17,723,890</b>	<b>\$ 17,783,640</b>	<b>\$ 17,723,890</b>	<b>\$ 17,783,640</b>
<b>Balance: Revenue minus Mandatory Expenses</b>	<b>\$ 18,697,273</b>	<b>\$ 12,924,633</b>	<b>\$ 6,471,743</b>	<b>\$ 5,979,360</b>	<b>\$ 6,039,110</b>	<b>\$ 5,979,360</b>
<b>Discretionary Expenditures</b>						
Re-refined Oil Payments	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Contaminated Used Oil Payments	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
UO/HHW Conference		\$ 700,000		\$ 700,000		\$ 700,000
Competitive Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Minimum OPP Amount (i.e. half of remaining funds, per statute)</i>			\$ 3,235,872	\$ 2,989,680	\$ 3,019,555	\$ 2,989,680
Amount Proposed for OPP	\$ 11,000,000	\$ 11,000,000	\$ 5,671,743	\$ 4,479,360	\$ 5,239,110	\$ 4,479,360
<b>DISCRETIONARY EXPENDITURES TOTAL</b>	<b>\$ 11,800,000</b>	<b>\$ 12,500,000</b>	<b>\$ 6,471,743</b>	<b>\$ 5,979,360</b>	<b>\$ 6,039,110</b>	<b>\$ 5,979,360</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 36,348,727</b>	<b>\$ 30,283,640</b>	<b>\$ 24,195,633</b>	<b>\$ 23,763,000</b>	<b>\$ 23,763,000</b>	<b>\$ 23,763,000</b>
<b>FUND BALANCE</b>	<b>\$ 6,897,273</b>	<b>\$ 424,633</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

# Applicable Statutes

- ▶ 48631.
- ▶
- ▶ The used oil recycling program shall include, but is not limited to, all of the following:
  - ▶ (a) A recycling incentive system as described in Article 6 (commencing with Section 48650).
  - ▶ (c) Development and implementation of an information and education program to promote safe and proper used oil collection and treatment methods, methods to reduce used oil generation, and advances in new and existing technologies, including, but not limited to, use of rerefined oil in automotive and industrial lubricants.
  - ▶ (d) A reporting, monitoring, and enforcement program to ensure that all statutes and regulations relating to used oil are properly carried out.
- ▶ *(Amended by Stats. 2009, Ch. 353, Sec. 6. Effective January 1, 2010.)*

# Applicable Statutes (cont.)

- ▶ 48632.
- ▶ The Department of Resources Recycling and Recovery may, pursuant to subdivision (b) of Section 48631 , issue grants to or contract with local governments, nonprofit entities, and private entities, for any of the following purposes:
  - ▶ (a) Providing and maintaining collection and recycling opportunities for used lubricating oil and filters that are in addition to those included in the local used oil collection programs adopted pursuant to Article 10 (commencing with Section 48690).
  - ▶ (b) Research, testing, and demonstration projects for in-service uses, collection technologies, and end-of-life used oil management.
  - ▶ (c) Developing uses and markets for low environmental impact products resulting from the recycling of used oil, including, but not limited to, promoting the manufacture of rerefined lubricating oil.
  - ▶ (d) Product advancements and developments in lubricating oil resulting from, but not limited to, new requirements or technologies in fuel efficiency and performance, synthetic or biobased lubricants, alternative fuels, and methods to extend lubricating oil life.
  - ▶ (e) Education and mitigation projects relating to stormwater pollution from used oil and its impacts on receiving waters, soils, and oceans.
  - ▶ (f) A local government shall not receive a grant or contract pursuant to this section for any purpose identified in subdivision (e) unless the local government certifies that it has a stormwater management program that is approved by the appropriate California regional water quality control board and that the project approved for funding under subdivision (e) is consistent with that approved stormwater management program.
  - ▶ (g) An information and education program pursuant to subdivision (c) of Section 48631.
- ▶ (b) Public and private grants and contracts, including, but not limited to, those between the board and local governments, nonprofit entities, and private entities for the purposes specified in Section 48632.

# Applicable Statutes

- ▶ 48653.
- ▶ The board shall deposit all amounts paid pursuant to Section 48650 by manufacturers, civil penalties, and fines paid pursuant to this chapter, and all other revenues received pursuant to this chapter into the California Used Oil Recycling Fund, which is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the money in the fund is to be appropriated solely as follows:
  - ▶ (a) Continuously appropriated to the board for expenditure for the following purposes:
    - ▶ (1) To pay recycling incentives pursuant to Section 48651.
    - ▶ (2) To provide a reserve for contingencies, as may be available after making other payments required by this section, in an amount not to exceed one million dollars (\$1,000,000).
    - ▶ (3) (A) To make payments for the implementation of local used oil collection programs adopted pursuant to Article 10 (commencing with Section 48690) to cities, based on the city's population, and counties, based on the population of the unincorporated area of the county. Payment shall be determined by multiplying the total annual amount by the fraction equal to the population of cities and counties that are eligible for payments pursuant to Section 48690, divided by the population of the state. The board shall use the latest population estimates of the state generated by the Population Research Unit of the Department of Finance in making the calculations required by this paragraph. Notwithstanding subdivision (b) of Section 48656 , the total annual amount shall equal eleven million dollars (\$11,000,000), subject to subparagraph (B).
  - ▶ (B) If sufficient funds are not available to initially issue full funding pursuant to subparagraph (A), the board shall provide funding as follows:
    - ▶ (i) For the purposes set forth in this paragraph, one-half of the amount that remains in the fund after the expenditures are made pursuant to paragraphs (1 ) and (2 ) and subdivision (b ). The board may utilize additional amounts from the fund, up to, but not exceeding, eleven million dollars (\$11,000,000).
    - ▶ (ii) As the board finds is fiscally appropriate, for the purposes set forth in Section 48656. The board shall give priority to the distribution of funding in clause (i) for the purposes of this paragraph.
  - ▶ (C) Pursuant to paragraph (2) of subdivision (d) of Section 48691, it is the intent of this paragraph that at least one million dollars (\$1,000,000) be made available specifically for used oil filter collection and recycling programs.
- ▶ (4) To implement Section 48660.5, in an amount not to exceed two hundred thousand dollars (\$200,000) annually .
- ▶ (5) For expenditures pursuant to Section 48656 .

# Applicable Statutes

- ▶ (b) The money in the fund may be expended by the board for the administration of this chapter and by the department for inspections and reports pursuant to Section 48661, only upon appropriation by the Legislature in the annual Budget Act.
- ▶ (c) (1) Except as provided in paragraph (2), the money in the fund may be transferred to the Farm and Ranch Solid Waste Cleanup and Abatement Account in the General Fund, upon appropriation by the Legislature in the annual Budget Act, to pay the costs associated with implementing and operating the Farm and Ranch Solid Waste Cleanup and Abatement Grant Program established pursuant to Chapter 2.5 (commencing with Section 48100).
- ▶ (2) The money in the fund attributable to a charge increase or adjustment made or authorized in an amendment to subdivision (a) of Section 48650 by the act adding this paragraph shall not be transferred to the Farm and Ranch Solid Waste Cleanup and Abatement Account.
- ▶ (d) The money in the fund may be expended by the Department of Resources Recycling and Recovery, upon appropriation by the Legislature, pursuant to paragraph (4) of subdivision (a) of, and paragraph (4) of subdivision (b) of, Section 17001 .
- ▶ (e) Appropriations to the board to pay the costs necessary to administer this chapter shall not exceed three million dollars (\$3,000,000) annually.
- ▶ (f) The Legislature hereby finds and declares its intent that three hundred fifty thousand dollars (\$350,000) should be annually appropriated from the California Used Oil Recycling Fund in the annual Budget Act to the board, commencing with fiscal year 2010-11, for the purposes of Section 48655 and to conduct those investigations and enforcement actions necessary to ensure a used oil storage facility or used oil transfer facility causes the used lubricating oil to be transported, as required by subdivision (a) of Section 48651.
- ▶ *(Amended by Stats. 2014, Ch. 35, Sec. 154. Effective June 20, 2014.)*

# Applicable Statutes

- ▶ 48655.
- ▶
- ▶ The board may enter into a contract with the department that will utilize the resources of the department to provide for greater investigation and enforcement efforts for used lubricating oil handling and storage and transfer facility operations. The department shall assist the board in developing the used oil program and providing assistance to local governments in removing barriers to the establishment of used oil collection programs.
- ▶ *(Added by Stats. 1995, Ch. 822, Sec. 7. Effective January 1, 1996.)*

# Applicable Statutes

- ▶ 48656.
- ▶
- ▶ After all of the expenditures pursuant to Section 48653 have been made, notwithstanding paragraph (5) of subdivision (a) of Section 48653, the balance remaining in the fund shall be available to the board for the following purposes:
  - ▶ (a) The implementation of subdivisions (b) and (c) of Section 48631 and Section 48651.5, subject to both of the following requirements:
    - ▶ (1) The allocation of funds to implement subdivisions (b) and (c) of Section 48631 shall be at the discretion of the board to be determined annually in a public meeting and pursuant to a vote of the board.
    - ▶ (2) The board shall pay rerefining incentives pursuant to Section 48651.5 if sufficient funds are available in the fund.
  - ▶ (b) Annual revenues left unspent in excess of one million dollars (\$1,000,000) shall be allocated pursuant to paragraph (3) of subdivision (a) of Section 48653 for local collection programs adopted pursuant to Article 10 (commencing with Section 48690).



# Applicable Statutes

- ▶ 48690.
- ▶ A local government is eligible for a payment pursuant to paragraph (3) of subdivision (a) of Section 48653, if it develops and submits a local used oil collection program to the board pursuant to Section 48691 and files a report pursuant to Section 48674. The board shall make a payment to every local government that submits a program and files a report unless the board finds that the program or its implementation does not comply with criteria contained in this article. The board may make a payment to another entity that will implement the program of a local government in lieu of making a payment to that local government with the concurrence of that local government. A payment issued by the board pursuant to this section may take the form of an advance payment. If a local government does not implement a used oil collection program or chooses not to accept the payment pursuant to paragraph (3) of subdivision (a) of Section 48653, the board may allocate that local government's payment to another local government that commits to implementing a used oil collection program pursuant to Section 48691 and serving the residents of the nonparticipating local government, if any program implemented within the boundaries of the nonparticipating jurisdiction is approved by the nonparticipating jurisdiction.
- ▶ *(Amended by Stats. 2009, Ch. 353, Sec. 24. Effective January 1, 2010.)*

# Applicable Statutes

- ▶ 48691.
- ▶ (a) A local used oil collection program shall provide for used lubricating oil collection by either of the following or a combination of the two:
  - ▶ (1) Ensuring that at least one certified used oil collection center is available for every 100,000 residents not served by curbside used oil collection, that accepts oil from the public at no charge, during the hours the center is open for business.
  - ▶ (2) Providing used oil curbside collection at least once a month.
- ▶ (b) A local used oil collection program shall include a public education program that informs the public of locally available used oil recycling opportunities.
- ▶ (c) A local government may implement its used oil collection program in conjunction with other similar programs in order to improve used oil recycling efficiency.
- ▶ (d) A local government that has implemented the used oil collection and education elements of subdivisions (a) and (b) may also include, in the local used oil collection program one or both of the following:
  - ▶ (1) Provisions for the mitigation and the collection of oil and oil byproducts, including other solid waste that may be mixed with oil or oil byproducts from stormwater runoff, including devices to capture that stormwater runoff, such as the use of storm drain inlet filter devices. A local government shall not receive a payment pursuant to Section 48690 for the purposes identified pursuant to this paragraph unless the local government certifies that it has a stormwater management program that is approved by the appropriate California regional water quality control board and that the provisions in the local used oil collection program approved for funding under this paragraph are consistent with that approved stormwater management program.
  - ▶ (2) A used oil filter collection and recycling program.

# Applicable Statutes

▶ 17001.

- ▶ (a) For purposes of the 2014-15 fiscal year only, subject to Section 17002, the department shall expend funds from the following sources, for issuing grants to certified community conservation corps and community conservation corps, in accordance with, and for the purposes specified in, this subdivision:
  - ▶ (1) The department shall expend the amount made available for expenditure during the 2014-15 fiscal year pursuant to Section 14581.1 in the form of grants for implementing beverage container litter reduction programs and beverage container recycling programs, including education and outreach, pursuant to Division 12.1 (commencing with Section 14501).
  - ▶ (2) The department shall expend four million dollars (\$4,000,000) from the funds in the Electronic Waste Recovery and Recycling Account, upon appropriation by the Legislature, for grants to implement programs relating to the collection and recovery of covered electronic waste, including education and outreach, in accordance with Chapter 8.5 (commencing with Section 42460) of Part 3 of Division 30.
  - ▶ (3) The department shall expend two million five hundred thousand dollars (\$2,500,000) from the funds in the California Tire Recycling Management Fund, upon appropriation by the Legislature, for grants relating to implementing programs to clean up and abate waste tires and to reuse and recycle waste tires, including, but not limited to, the tire recycling program authorized by Section 42872, and including education and outreach, in accordance with Chapter 17 (commencing with Section 42860) of Part 3 of Division 30.
  - ▶ (4) The department shall expend one million dollars (\$1,000,000) from the funds in the California Used Oil Recycling Fund, upon appropriation by the Legislature, for grants to implement programs relating to the collection of used oil, including education and outreach, in accordance with Chapter 4 (commencing with Section 48600) of Part 7 of Division 30.
- ▶ (b) On and after July 1, 2015, subject to Section 17002, the department shall expend funds from the following sources, for issuing grants to certified community conservation corps and community conservation corps, in accordance with, and for the purposes specified in, this subdivision:
  - ▶ (1) The department shall expend in each fiscal year the amount made available pursuant to Section 14581.1 for grants to implement beverage container litter reduction programs and beverage container recycling programs, including education and outreach, pursuant to Division 12.1 (commencing with Section 14501).
  - ▶ (2) The department shall expend eight million dollars (\$8,000,000) each fiscal year from the funds in the Electronic Waste Recovery and Recycling Account, upon appropriation by the Legislature, for grants to implement programs relating to the collection and recovery of covered electronic waste, including education and outreach, in accordance with Chapter 8.5 (commencing with Section 42460) of Part 3 of Division 30.
  - ▶ (3) The department shall expend five million dollars (\$5,000,000) each fiscal year from the funds in the California Tire Recycling Management Fund, upon appropriation by the Legislature, for grants to implement programs relating to clean up and abate waste tires and to reuse and recycle waste tires, including, but not limited to, the tire recycling program authorized by Section 42872, and including education and outreach, in accordance with Chapter 17 (commencing with Section 42860) of Part 3 of Division 30.

# Options?

- ▶ limit incentive payments to only the used oil collected from Do-It-Yourselfers (DIYers).
  - ▶ Traditionally CCCs such as quick lube type business and car dealerships collect very low volumes of oil from DIYers compared to the amount of oil generated as part of their business operations. ,
  - ▶ It is estimated that the quick lubes and car dealerships receive over \$2 million in incentives for the oil they generate as part of their business and only \$12,000 in incentives for DIYer oil collected.

# So....Now what?!

- ▶ Status Quo:
  - ▶ OPP at about \$ 5-6 Million annually
  - ▶ No Competitive Grants
  - ▶ Continue with current incentive payment structure
  - ▶ Fund Contaminated Oil Claims (\$200K)
  - ▶ Fund Rerefined Oil Claims (\$600K)
  - ▶ Conference (\$350K)

# Let's Chat!

- ▶ Increase revenues: What would that look like?
- ▶ Decrease Expenditures: What would that look like?

# Next Steps

- ▶ January 24, 2016 Workshop
  - ▶ CalEPA Building
  - ▶ Specific Time TBD but in afternoon
  - ▶ Materials available before for discussion