Board Agenda Item

TO: Air Pollution Control District Board
FROM: Aeron Arlin Genet, Air Pollution Control Officer
CONTACT: Jim Fredrickson, Supervisor, Planning & Grants Programs (961-8892)
SUBJECT: Revised Grant Amount for Voluntary NOx Remediation Measure Funding

RECOMMENDATION:

Approve the attached resolution, resulting in a revised funding amount of $95,896 for the District’s participation in the California Air Resources Board’s (CARB) Voluntary NOx Remediation Measure Funding Program.

BACKGROUND:

On June 21, 2018 your Board approved Resolution 18-11 which authorized the District’s participation in CARB’s Voluntary NOx Remediation Measure grant program at a funding level of $47,612 and delegated authority to the Air Pollution Control Officer to execute a grant agreement with CARB for the program. This grant program is structured similarly to the Carl Moyer grant program; however, it is only focused on reducing emissions of oxides of nitrogen (NOx),¹ and has a cost-effectiveness limit of $10,000 per pound of NOx reduced.

DISCUSSION:

On June 25, 2018 CARB staff informed the District that additional funding was available for this grant program. In order to secure the additional funding and meet the state’s deadlines to encumber the additional grant funds, the District was required to sign a revised grant agreement cover sheet, with the revised funding amount, by June 30, 2018. On June 27, 2018 the District provided a signed, revised grant cover sheet to CARB staff with a cover letter indicating the District’s intent to receive the funds, contingent upon District Board approval of the revised grant funding level at the August 16, 2018 Board meeting.

¹ Although the Voluntary NOx Remediation Measure grant program is focused on cost-effective NOx reductions, the grant projects are also expected to achieve additional benefits through reductions in reactive organic compounds and diesel particulate emissions, and fuel use.
The attached resolution provides for additional funding for this program, and includes a copy of the District’s June 27, 2018 letter to CARB, as well as the revised grant cover sheet (CARB grant number G17-NRM-16 Amendment No. 1). Approval of this resolution will allow the District to achieve additional NOx reductions in Santa Barbara County through voluntary equipment replacements or retrofits.

**FISCAL IMPACTS:**

Approval of the revised funding level will allow the receipt of an additional $48,284 to implement the Voluntary NOx Remediation Measure grant program during the Fiscal Year 2018-19, with a portion of that funding (6%, $2,897) available to cover the District’s administrative work to implement the grant program. The District is not required to provide any local matching funds to receive these additional CARB funds. CARB requires that the funds be liquidated within two years following execution of a grant agreement.

**ATTACHMENTS:**

A. Resolution – Additional Funding for Voluntary NOx Remediation Measure  
B. Board Resolution 18-11
ATTACHMENT A

Resolution – Additional Funding for Voluntary NOx Remediation Measure Program

August 16, 2018

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110
RESOLUTION OF THE BOARD OF DIRECTORS OF

THE SANTA BARBARA COUNTY

AIR POLLUTION CONTROL DISTRICT

IN THE MATTER OF ADDITIONAL
FUNDING FOR VOLUNTARY NOx
REMEDIATION MEASURE

APCD RESOLUTION NO. ____

RECITALS

WHEREAS, District Board Resolution 18-11 approved the District’s participation in the California Air Resources Board’s Voluntary NOx Remediation Measure Funding program, the acceptance of funds to implement the program, and also delegates authority to the Air Pollution Control Officer to execute, on behalf of the District, a grant agreement with the California Air Resources Board for the Voluntary NOx Remediation Measure Funding program, and all other necessary documents to implement and carry out the purposes of this resolution, and

WHEREAS, the District was originally identified to receive $47,612 in Voluntary NOx Remediation Measure funds from the California Air Resources Board; however, on June 25, 2018 the District was notified of an additional $48,284 in available program funding, resulting in a revised program funding amount of $95,896, and

WHEREAS, the Air Pollution Control Officer provided a June 27, 2018 letter, included as an attachment to this resolution, stating the District’s intent to receive an additional $48,284 in program funding, contingent upon District Board approval at its August 16, 2018 meeting.

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. The District Board hereby approves the District’s receipt of an additional funding amount of $48,284 to implement the California Air Resources Board’s Voluntary NOx Remediation Measure Funding program, resulting in a revised total funding amount of $95,896.
PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of the Santa Barbara County, State of California, this 16th day of August 2018, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By ____________________
Deputy

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By ____________________
Deputy

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO
Auditor-Controller

By ____________________
Deputy

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

By ____________________
Chair

Date ____________________

APPROVED AS TO FORM:

RAY AROMATORIO, ARM, AIC
Risk Manager

By ____________________
Risk Manager
June 27, 2018

Elizabeth Scheehle, Branch Chief
Oil & Gas & GHG Mitigation Branch
Industrial Strategies Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Ms. Scheehle,

The Santa Barbara County Air Pollution Control District (District) Board approved the District’s participation in CARB’s Voluntary NOx Remediation Measure grant program at its June 21, 2018 Board hearing, with the initial identified funding level of $47,612. At the same time, the District Board delegated authority to the Air Pollution Control Officer to sign a grant agreement with CARB for the program (CARB Grant Number G17-NRM-16). The grant cover sheets were signed and sent to CARB on June 21. On June 25, 2018, the District received notice from CARB of additional funding availability, for a revised grant amount of $95,896. In order to secure District Board approval for this new, higher funding level for the Voluntary NOx Remediation Measure grant program, this item will be added to the agenda for the next scheduled District Board hearing set for August 16, 2018.

In order to ensure the increased funding amount is held for our District, I have enclosed three wet signature copies of the amended Grant Agreement Cover Sheet for the Voluntary NOx Remediation Measure grant program (CARB Grant Number G17-NRM-16 Amendment No. 1). The attached Grant Agreement Cover Sheet expresses our intent to accept the revised funding amount; however, our formal commitment is contingent upon District Board approval of the revised grant funding level at its August 16 hearing. If our Board does not approve the revised funding level, we will revert back to the original grant agreement and funding level that was approved by our Board on June 21, 2018.

We appreciate your willingness to work with our agency on this issue, and look forward to implementing the program to achieve NOx reductions in our region.

Sincerely,

Aeron Arlin Genet
Air Pollution Control Officer
This legally binding Grant Agreement, including this cover sheet and Exhibit A attached hereto and incorporated by reference herein, is made and executed between the State of California, Air Resources Board (CARB) and Santa Barbara County Air Pollution Control District (the "Grantee").

Exhibit A – Grant Provisions
Exhibit B – Work Statement
- Budget Summary (Attachment I)
- Project Milestones (Attachment II)
- Project Schedule (Attachment III)
- Key Project Personnel (Attachment IV)

Exhibit C – Attachment A to Resolution 18-22

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from CARB.

The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

<table>
<thead>
<tr>
<th>California Air Resources Board</th>
<th>Santa Barbara County Air Pollution Control District</th>
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<tbody>
<tr>
<td>SIGNATURE OF ARB'S AUTHORIZED SIGNATORY:</td>
<td>SIGNATURE OF GRANTEE (AS AUTHORIZED RESOLUTION, LETTER OF COMMITMENT, OR LETTER OF DESIGNATION)</td>
</tr>
<tr>
<td>TITLE Administrative Services Division Chief, ARB</td>
<td>TITLE Air Pollution Control Officer</td>
</tr>
<tr>
<td>DATE</td>
<td>DATE 27 June 2018</td>
</tr>
<tr>
<td>GRANTEES ADDRESS (INCLUDE STREET, CITY, STATE AND ZIP CODE): 260 North San Antonio Road, Suite A</td>
<td>Santa Barbara, California 93110-1315</td>
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CERTIFICATION OF FUNDING

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<td>14</td>
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I hereby certify that the California Air Resources Board Budget Office acknowledges that budgeted funds are available for the period and purpose of the expenditure stated above.

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I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.

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<th>SIGNATURE OF AIR RESOURCES BOARD LEGAL OFFICE:</th>
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ATTACHMENT B

Board Resolution 18-11

August 16, 2018

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110
RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

IN THE MATTER OF VOLUNTARY NOx REMEDIATION MEASURE FUNDING

APCD RESOLUTION NO. 18-11

RECITALS

WHEREAS, the California Health and Safety Code sections 44275-44299.2 authorize the California Air Resources Board to allocate Carl Moyer Memorial Air Quality Standards Attainment Program funds to local air quality districts to provide financial incentives to both the public and private sector to implement eligible projects to reduce emissions from on-road and off-road engines; and

WHEREAS, the Santa Barbara County Air Pollution Control District (District) has successfully implemented Carl Moyer Program projects since 1999 to improve air quality in the South Central Coast Air Basin and seeks to reduce emissions from diesel engines through clean air projects; and

WHEREAS, the California Air Resource Board has identified that the use of biomass-based diesel fuel, attributed to the Low Carbon Fuel Standard, resulted in potential increases in oxides of nitrogen (NOx) emissions, historically, and has committed to remediate potential increases in historical NOx emissions; and

WHEREAS, the California Air Resources Board has developed a program to voluntarily remediate the potential past emissions of NOx, attributed to the Low Carbon Fuel Standard, through remedial measures supporting air district-level NOx mitigation projects targeting engines, such as the replacement of existing diesel engines with low-NOx engines; and

WHEREAS, the California Air Resources Board passed resolution 18-22 that establishes the Voluntary NOx Remediation Measure Funding Program, and approved the allocation of
funds to air districts for the purpose of achieving NOx remediation. Attachment A to Resolution 18-22 includes "Guidelines for District Grants to RemEDIATE Potential Historic Biodiesel NOx Emissions Conservatively Attributable to the LCFS"; and

WHEREAS, the "Guidelines for District Grants to RemEDIATE Potential Historic Biodiesel NOx Emissions Conservatively Attributable to the LCFS" identify that projects funded through the Voluntary NOx Remediation Measure program will be administered and tracked analogously to incentive funds distributed through the Carl Moyer Program, using the Carl Moyer Program Guidelines, with some differences being that the program is focused solely on NOx reductions, the program's cost-effectiveness threshold will be $10,000 per ton of NOx reduced, and eligible project types will include vehicle types with potential for NOx increase with biodiesel use, including heavy duty vehicles and off-road engines and equipment.

WHEREAS, the California Air Resource Board has identified that a Memorandum of Agreement between the California Air Resources Board and the District will be developed to further clarify the differences between the Carl Moyer Program Guidelines requirements and the requirements for the Voluntary NOx Remediation Measure program; and

WHEREAS, the District is identified to receive $47,612 in Voluntary NOx Remediation Measure funds from the California Air Resources Board; and

WHEREAS, District Board Resolution 09-14 delegates authority to the Air Pollution Control Officer to execute individual grant agreements that meet specified parameters, including an authorized overall grant program with an authorized overall budget, established cost-effectiveness limits, and the use of a standard District grant agreement; and

WHEREAS, the District is not required to provide match funds for the Voluntary NOx Remediation Measure grant projects, and any reductions from match funds or other grant funds cannot be used in the reductions attributed to the Voluntary NOx Remediation Measure program; and

WHEREAS, the Voluntary NOx Remediation Measure grant funds must be liquidated within two years following execution of a grant agreement.
NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. The District Board hereby approves the District’s participation in the California Air Resources Board’s Voluntary NOx Remediation Measure Funding program, and acceptance of funds to implement the program.
2. The District Board hereby delegates authority to the Air Pollution Control Officer to execute, on behalf of the District, a grant agreement with the California Air Resources Board for the Voluntary NOx Remediation Measure Funding program, included as Attachment 1 to this Resolution, and all other necessary documents to implement and carry out the purposes of this resolution.
APCD RESOLUTION IN THE MATTER OF VOLUNTARY NOX REMEDIATION MEASURE FUNDING

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of the Santa Barbara County, State of California, this 21st day of June, 2018, by the following vote:

Ayes: Williams, Wolf, Hartmann, Adam, Bennett, Lizalde, Mcsby, Murillo, Patino, Richardson.

Noes: None.

Abstain: None.

Absent: Lavagnino, Sierra, Clark.

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By

Deputy

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By

Deputy

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO
Auditor-Controller

By

Deputy

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

By

Chair

Date 6-21-18

APPROVED AS TO FORM:

RAY AROMATORIO, ARM, AIC
Risk Manager

By

Risk Manager