



Agenda Item:
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Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

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SUBJECT: Overview of Voluntary Clean Air Grant and Incentive Programs

RECOMMENDATION:

Receive and file a presentation on the status of the District's clean air grant and incentive programs.

BACKGROUND:

Since 1988, the District has successfully implemented a variety of voluntary grant and incentive programs that have promoted clean air solutions using proven new technologies, achieved cost-effective emission reductions through public and private partnerships, and fostered local business opportunities while providing long-term air quality benefits. Through these grant and incentive programs, the District has leveraged over \$47.5 million in state and local funds to secure several thousand tons of emission reductions throughout the county.

Grant & Incentive Programs & Funding Sources

Below is a summary of the traditional grant programs and funding sources implemented by the District:

Carl Moyer Program: Funds the incremental cost of cleaner-than-required engines, equipment, and other sources of air pollution by providing incentives to obtain early or extra emission reductions. Grant funds encourage participants to purchase cleaner technologies, which stimulates the manufacture of cleaner technologies. Since 1998, the State has earmarked funds for the statewide implementation of the Carl Moyer Program.

Community Air Protection Program: Funds a community-focused framework to improve air quality and reduce exposure to criteria and toxic air pollutants, particularly in disadvantaged and low-income communities that are most burdened and impacted by air pollution. Since this program's inception in 2018, the State has utilized Greenhouse Gas Reduction Funds to implement this program.

FARMER Program: Funded by the State through California Climate Investments, the goal of the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program is to reduce agricultural sector emissions. The program provides grants, rebates, and other financial incentives for agricultural equipment including heavy-duty trucks, pump engines, tractors, and other equipment used in agricultural operations.

\$2 DMV Surcharge Revenue: Assembly Bill 923 and Senate Bill 513 authorized air districts to collect a \$2 surcharge on vehicle registrations. Revenue can be used for many types of projects that include but are not limited to: Carl Moyer-eligible projects, school buses, alternative fuel and electric infrastructure, and vehicle retirement projects.

Clean Air Fund: Established by your Board in March of 2019, revenues from the District's Mutual Settlement program are allocated to Clean Air Fund projects undertaken by the District and/or third parties that provide air quality and human health benefits to the Santa Barbara County community in innovative ways that traditional grant funds do not allow.

Air Quality Mitigation Fees: Comprised of local mitigation funds collected from permitted sources, or CEQA projects, that were required to mitigate their excess emissions. These funds were expended on electric vehicle charging infrastructure and woodsmoke reduction projects.

CARB Woodsmoke Reduction Program Funds: This voluntary program uses state funds to help households replace a wood-burning uncertified stove, fireplace insert, or fireplace used as a primary source of heat with a cleaner-burning and more efficient device.

See Attachment A, Table 1 Summary of Grant and Incentive Funds for a breakdown of project funds, administrative funds, and total program funds allocated in Fiscal Year (FY) 2020-21.

DISCUSSION:

Grant & Incentive Expenditures

The goal of the grant and incentives program is to promote innovative, voluntary ways to reduce air pollution in Santa Barbara County. Grant funds are provided through grant agreements with project amounts up to \$150,000. Incentive funds are provided either through direct payments or through the issuance of vouchers for reimbursement without formal grant contracts, with amounts ranging from \$500 to \$10,000.

During FY 2020-21, the District was able to allocate over \$2,000,000 for 28 grant projects that benefited businesses, government agencies, and schools throughout Santa Barbara County. The District also expended over \$400,000 for 210 incentive projects throughout Santa Barbara County. Figure 1 below represents the District's Grant and Incentive Program Expenditures for FY 2020-21. In addition, Attachment A, Table 2 Grant and Incentive Program Expenditures gives a breakdown of project specific expenditures and number of projects funded under each category.

Grant projects funded during FY 2020-21:

The District’s 2020 Clean Air Grants program resulted in 28 grant agreements with local businesses and agencies. Project types are summarized below.

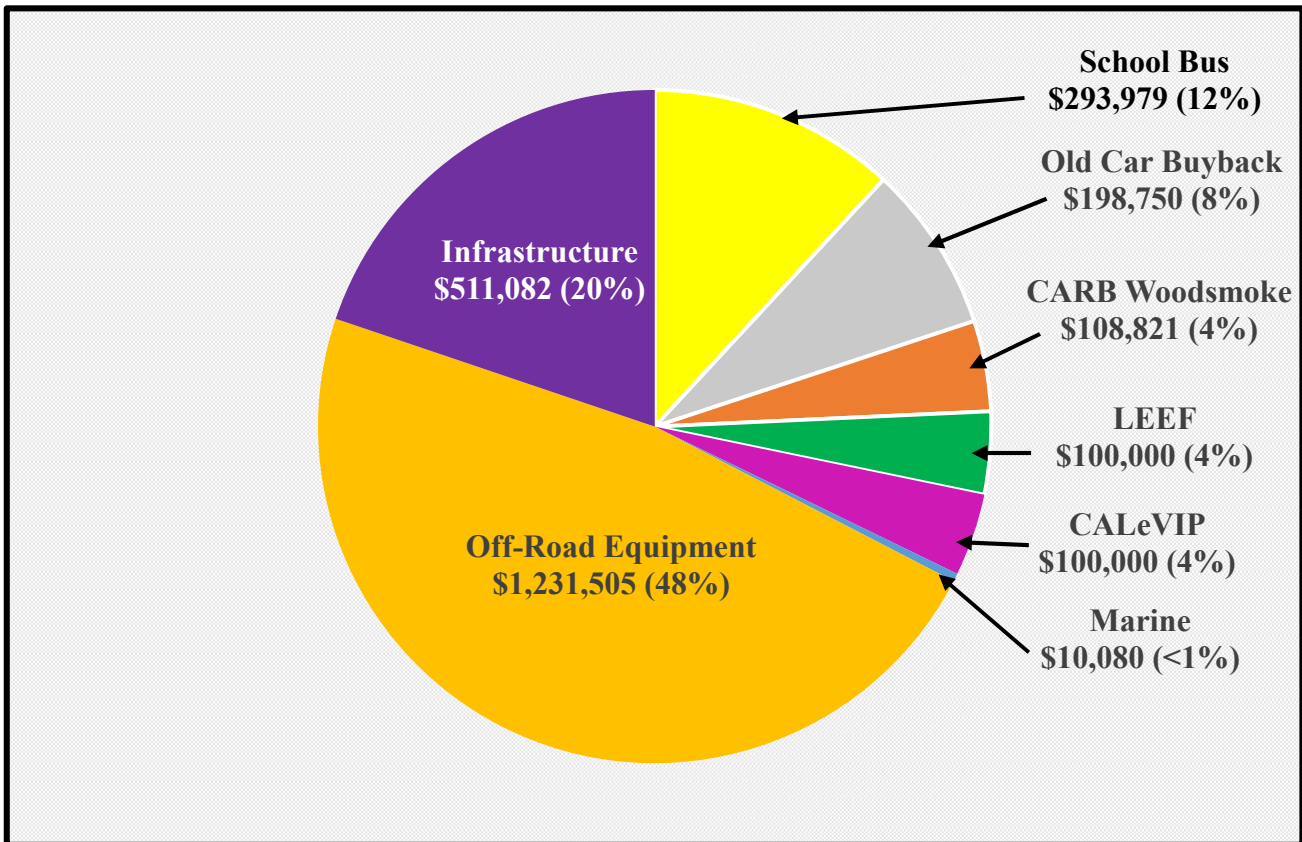
- Off-Road Equipment Replacement: 17 projects (16 agriculture tractors, one construction material handler);
- Infrastructure: Eight projects (51 individual charging ports);
- School Bus Replacement: Two replacement projects (one electric powered and one compressed natural gas powered); and,
- Marine Diesel Engine Repowers: One marine vessel crane engine.

Incentive projects funded during FY 2020-21:

The District’s incentive programs helped consumers and businesses clean the air in their community through the following projects:

- Landscape Equipment Electrification Fund (LEEF): Funded 28 voucher projects with \$100,000 in Clean Air Funds;
- CALeVIP South Central Coast Incentive Project: Offers incentives for the purchase and installation of electric vehicle charging infrastructure at publicly accessible sites;
- Old Car Buyback: Funded the purchase and destruction of 159 older high polluting vehicles, utilizing approximately \$200,000 in \$2 DMV funds;
- Woodsmoke Reduction Program: Expended vouchers for the changeout of 23 wood-burning fireplaces and stoves with approximately \$109,000 in CARB Woodsmoke Reduction Funds and Air Quality Mitigation Fees.

Figure 1: Grant and Incentive Program Expenditures, FY 2020-21



Goals and Objectives for FY 2021-22

As we move into FY 2021-22, the District plans to launch the 2021 Clean Air Grants program in early August that will make approximately \$2,400,000 available to fund infrastructure, heavy-duty on-road, heavy-duty off-road, and school bus projects. In October 2020, The District Board approved Resolution 20-13. This authorized the APCO to enter into and approve grant agreements up to \$250,000, increasing from the previously approved \$150,000. In FY 2021-22, eligible projects may now receive a grant within a range from \$10,000 to \$250,000, and not to exceed 80% of the project's total eligible costs. Emission reductions from the project must be surplus to any rule or regulation. Priority will be given to zero-emission and near-zero emission technology projects, and projects located within low-income communities as defined by AB 1550: <https://webmaps.arb.ca.gov/PriorityPopulations/>.

Additional goals for FY 2021-22 include promoting the recent vehicle model year expansion for Old Car Buy Back program and the continued use of the District's Clean Air Fund to implement incentive projects such as expanding electric vehicle charging infrastructure through the California Electric Vehicle Infrastructure Project (CALeVIP). A portion of the Clean Air Fund is also proposed to create the Clean Air Room Pilot Program that is scheduled to be discussed at today's Board meeting.

The District will actively promote the 2021 Clean Air Grants program prior to the early August launch. In addition to this update, the District will also present the 2021 Clean Air Grants program to the Santa Barbara Harbor Commission and the County of Santa Barbara Agricultural Advisory Committee. Staff will work with local off-road vehicle dealers, and marine engine dealers, to discuss program details to reach their client base. A news release (English/Spanish), newsletter, and direct email will be distributed to local media, and our Clean Air Grants outreach email list which has over 1,100 personal and business contacts. Grant applications will also be in English and Spanish, and available on our website for direct access.

FISCAL IMPACTS:

The District's grant and incentive program objectives for FY 2021-22 are included in the proposed District FY 2021-22 Budget. A summary of the proposed Grant and Incentive Funds expected for FY 2021-22 is provided in Attachment A, Table 3.

Funds obtained through Grant and Incentive programs (Attachment A, Table 1) have deadlines to expend that are built into the agreements. While the District works to expend these funds on local emission reduction projects throughout Santa Barbara County as expeditiously as possible, preferably within the same fiscal year funds are received, program guidelines do allow expenses to be incurred during future fiscal years. Attachment A, Table 1 shows \$2,966,741 in Project Funds received for FY 2020-21. Attachment A, Table 2 shows \$2,554,217 have been expended on projects. The remaining balance is expected to be expended by the end of FY 2021-22.

ATTACHMENT:

- A. Funding and Expenditure Tables for Voluntary Clean Air Grant and Incentive Programs

