


Agenda Item: I-2
Agenda Date: June 16, 2022
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Continued Item: No

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. We've promoted clean air solutions using proven new technologies, achieved cost-effective emission reductions through public and private partnerships, fostered local business opportunities, and provided long-term air quality benefits. Through these grant and incentive programs, the District has leveraged over \$50.7 million in state and local funds to voluntarily secure several thousand tons of emission reductions throughout the county.

Grant & Incentive Programs & Funding Sources

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

Carl Moyer Program: State grant funds for the incremental cost of cleaner-than-required engines, equipment, and other sources of air pollution to obtain early or extra emission reductions. Grant funds help private businesses and public agencies purchase cleaner technologies and expand the use of zero and near-zero emission technologies. Since 1998, the State has earmarked funds for the statewide implementation of the Carl Moyer Program that enabled the replacement, scrappage, or repower of over 68,000 engines.

Carl Moyer State Reserve Program: State Reserve funds are a portion of the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) funds that are set aside to provide grants for specific project type(s) or a specific program, as determined annually by the California Air Resources Board (CARB).

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Community Air Protection Program: Enabled by recent legislation (AB 617), State grant funds for a community-focused framework to improve air quality and reduce exposure to criteria and toxic air pollutants in disadvantaged and low-income communities most burdened and impacted by air pollution. Since 2018, the State has utilized Greenhouse Gas Reduction Funds to implement the Community Air Protection grant program. This funding is used for projects that replace dirty diesel engines with cleaner technologies, as well as expanding infrastructure for electric vehicles.

FARMER Program: The District receives state grant funds to reduce agricultural sector emissions through the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. The FARMER Program provides grants, rebates, and other financial incentives for agricultural equipment including zero emission utility vehicles, heavy-duty trucks, irrigation 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 accelerated vehicle retirement programs.

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

CARB Woodsmoke Reduction Program Funds: State grant funds that help homeowners 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.

Attachment A, Table 1 *Summary of Grant and Incentive Funds*, provides a breakdown of project funds, administrative funds, and total program funds allocated in Fiscal Year (FY) 2021-22.

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 from public agencies and schools, commercial businesses, and the general public. Grant funds are provided through grant agreements, with project amounts not to exceed \$250,000. 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 2021-22, the District was able to allocate over \$3,100,000 for 35 grant projects that benefited businesses, government agencies, and schools throughout Santa Barbara County. The District also expended more than \$245,000 for 118 Old Car Buy Back (OCBB) projects in addition to California Electric Vehicle Infrastructure Project (CALeVIP) projects throughout Santa Barbara County. Figure 1 below represents the District's Grant and Incentive Programs Expenditures for FY 2021-22. Attachment A, Table 2 *Grant and Incentive Program Expenditures*, provides a breakdown of project-specific expenditures and the number of projects funded under each category.

Grant projects funded during FY 2021-22:

The District’s 2021 Clean Air Grants program resulted in 35 grant agreements with commercial businesses and public agencies:

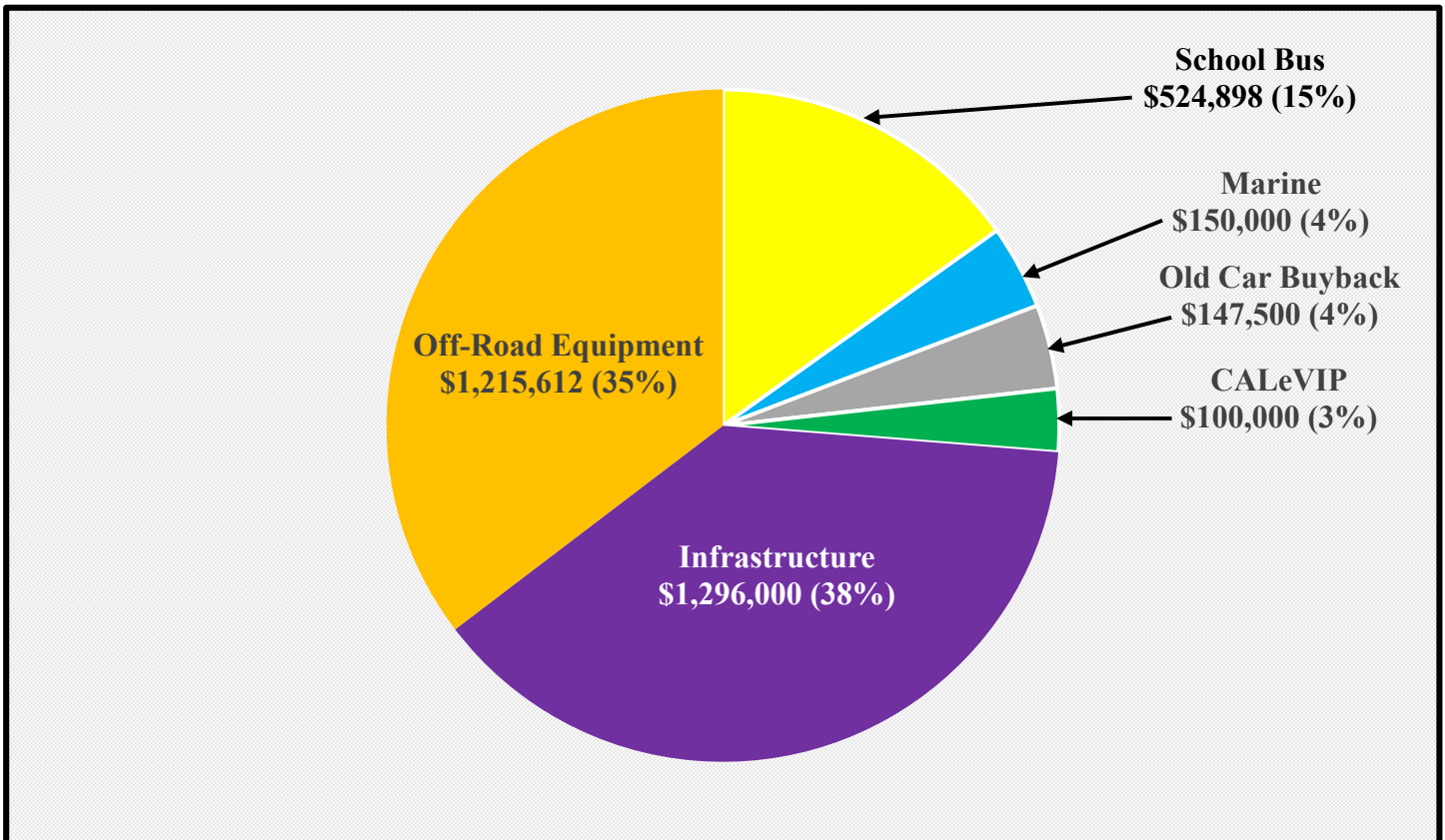
- Off-Road Equipment Replacement: 19 projects (15 agriculture tractors, one (1) rough terrain forklift, and three (3) electric powered tractors);
- Infrastructure: 12 projects (90 individual charging ports);
- School Bus Replacement: Three (3) electric powered replacement projects; and
- Marine Diesel Engine Repowers: One (1) marine vessel engine.

Incentive projects funded during FY 2021-22:

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

- CALeVIP South Central Coast Incentive Project: Incentives offered for the purchase and installation of electric vehicle charging infrastructure at publicly accessible sites with \$100,000 from the Clean Air Fund; and
- Old Car Buy Back: Funded the purchase and destruction of 118 older high polluting vehicles and expended \$147,500 in \$2 DMV surcharge funds;

Figure 1: Grant and Incentive Program Expenditures, FY 2021-22



Goals and Objectives for FY 2022-23

As we move into FY 2022-23, the District plans to launch the 2022 Clean Air Grants program in late July with approximately \$5,400,000. This is the most grant funds that we have received to date. These funds are available to fund infrastructure, heavy-duty on-road, heavy-duty off-road, school bus, marine, woodsmoke, and zero emission commercial grade lawn equipment projects. In FY 2022-23, eligible projects may receive a grant with a range from \$10,000 to \$250,000, and not to exceed 80% of the project's total eligible costs. Emission reductions from the projects must be surplus to any rule or regulation.

Priority for grant funds will be given to projects with zero-emission and near-zero emission technology as well as projects located within low-income or disadvantaged communities, as defined by AB 1550 and SB 535. The map of low-income and disadvantaged communities (<https://webmaps.arb.ca.gov/PriorityPopulations/>) was recently updated in May 2022 and is based on data from the CalEnviroScreen Model version 4.0, released in late 2021.

Two Census tracts in the Guadalupe and Goleta areas were recently designated as disadvantaged communities, along with the Santa Ynez Band of Chumash Indians Reservation. The areas of low-income communities within Santa Barbara County have greatly expanded, including large portions of Santa Maria, Orcutt, Lompoc, Santa Barbara, Carpinteria, and unincorporated Santa Barbara County now designated as low-income communities.

Additional goals include continued promotion of the vehicle model year expansion for the Old Car Buy Back program and continued support to implement CALeVIP incentive projects to expand electric vehicle charging infrastructure. The District will also focus on the promotion and implementation of a zero emission commercial lawn and garden equipment program funded through the Carl Moyer State Reserve program.

The District will actively promote the 2022 Clean Air Grants program prior to the July launch and plans to present the 2022 Clean Air Grants program to the Santa Barbara Harbor Commission and the County of Santa Barbara Agricultural Advisory Committee. Staff will also meet with local off-road vehicle and marine engine dealers to discuss program details and improve the reach to their clients. A bilingual news release (English/Spanish), newsletter, and direct email will be distributed to local media, and our Clean Air Grants outreach list that has over 1,100 personal and business contacts. Grant applications will 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 2022-23 are included in the proposed District FY 2022-23 Budget. A summary of the proposed Grant and Incentive Funds expected for FY 2022-23 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 each CARB grant agreement. While the District works to expend these funds as expeditiously as possible, preferably within the same Fiscal Year funds are received, program guidelines do allow expenses to be carried over and expended in future fiscal years. Attachment A, Table 1 shows \$3,047,522 in Program Funds received for FY 2021-22 while Attachment A, Table 2 shows \$3,434,010 have been expended on projects.

ATTACHMENT:

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

ATTACHMENT A

Fund and Expenditure Tables for Voluntary Clean Air Grant and Incentive Programs

June 16, 2022

Santa Barbara County Air Pollution Control District
Board of Directors

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Santa Barbara, California 93110

Table 1: FY 2021-22 Summary of Grant and Incentive Funds

Grant and Incentive Programs	Project Funds	Administrative Funds	Total Program Funds
FARMER (Year 4)	\$1,192,362	\$170,338	\$1,362,700
\$2 DMV Surcharge Revenue	\$724,854	\$48,324	\$773,178
Carl Moyer (Year 23)	\$620,842	\$88,692	\$709,534
Carl Moyer State Reserve (Year 23)	\$89,346	\$12,764	\$102,110
Clean Air Fund (CALeVIP)	\$100,000	NA	\$100,000
TOTAL FUNDS	\$2,727,404	\$320,118	\$3,047,522

Table 2: FY 2021-22 Grant and Incentive Program Expenditures

Grant and Incentive Programs	Number of Projects	Project Expenditures
Infrastructure purchase and installation	12 <i>(90 charging ports)</i>	\$1,296,000
Off-Road Equipment Replacement	19	\$1,215,612
School Bus Replacement	3	\$524,898
Marine Engine Repowers	1	\$150,000
Old Car Buy Back	118	\$147,500
CALeVIP	1	\$100,000
TOTALS	154	\$3,434,010*

*\$386,488 in carryover funds

Table 3: Proposed FY 2022-23 Summary of Grant and Incentive Funds

Grant and Incentive Programs	Project Revenue	Administrative Revenue	Total Program Funds
Carl Moyer (Year 24)	\$1,425,958	\$203,708	\$1,629,666
Community Air Protection (Year 5)	\$1,037,332	\$148,190	\$1,185,522
Carl Moyer State Reserve (Year 24)	\$743,750	\$106,250	\$850,000
\$2 DMV Surcharge Revenue	\$724,854	\$48,324	\$773,178
FARMER (Year 5)	\$643,125	\$91,875	\$735,000
Woodsmoke Reduction	\$225,119	\$23,631	\$248,750
TOTAL FUNDS	\$4,800,138	\$621,978	\$5,422,116