


Agenda Item: G-1
Agenda Date: June 25, 2026
Agenda Placement: Regular
Estimated Time: 10 minutes
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 Grant and Incentive Programs

RECOMMENDATION:

Receive and file a presentation on the status of the District's 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 \$60 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: The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) provides state grant funds for the incremental cost of cleaner-than-required engines, equipment, and other sources of air pollution to obtain early or surplus 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, enabling 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 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).

Community Air Protection Program: Enabled by Assembly Bill 617, the Community Air Protection Program provides 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 by the health effects of 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, expanding infrastructure for electric vehicles, and for other community based projects to help benefit disadvantaged communities.

FARMER Program: These state grant funds reduce agricultural sector emissions through the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. The FARMER Program has provided grant funds to reduce emissions from 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, electric landscape equipment, and voluntary 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. Additional information on the District's Clean Air Fund projects will be provided during the District's annual Clean Air Fund update to the Board.

Climate Heat Impact Response Program (CHIRP): CARB was directed to develop a state-funded plan to mitigate the effects of emissions from increased use of diesel-fueled backup generators and power plants that were allowed to operate outside of normal permit requirements during grid emergencies and periods of extreme heat. The District received \$490,834 from CARB to establish a program to fund projects that involve the scrap and replacement of emergency diesel-fueled backup generators. The District's CHIRP program is supplemented with an additional \$400,000 from the District's Clean Air Fund.

Heat Clean Program: The Heat Clean Program (formerly known as the Woodsmoke Reduction Program) provides state grant funds that help homeowners replace an uncertified wood-burning stove, fireplace insert, or fireplace used as a primary source of heat with a cleaner and more efficient electric heater.

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) 2025-26.

DISCUSSION:

Grant & Incentive Expenditures

The goal of the grant and incentive programs is to promote innovative, voluntary ways to reduce air pollution in Santa Barbara County from public agencies, schools, commercial businesses, and the general public. The District's Clean Air Grants program provides funding through grant agreements, with project amounts not to exceed \$250,000. Incentives from the District's Heat Clean program are paid out via vouchers and incentives from the Old Car Buy Back program are paid out by third-party dismantlers that contract with the District.

Grant projects funded during FY 2025-26:

During FY 2025-26, the District was able to allocate over \$2,900,000 for 29 Clean Air Grant projects that benefited businesses, public agencies, multi-family housing properties, and schools throughout Santa Barbara County:

- Off-Road Equipment Replacement: 18 projects (i.e., 15 diesel agriculture tractors, one electric utility terrain vehicle, one diesel front loader, and one diesel excavator);
- Infrastructure: Eight electric vehicle charging station projects (i.e., 58 Level 2 ports and 13 Level 3 ports);
- School Bus: Two Electric School Bus projects;
- Marine Diesel Engine Repowers: One marine project.

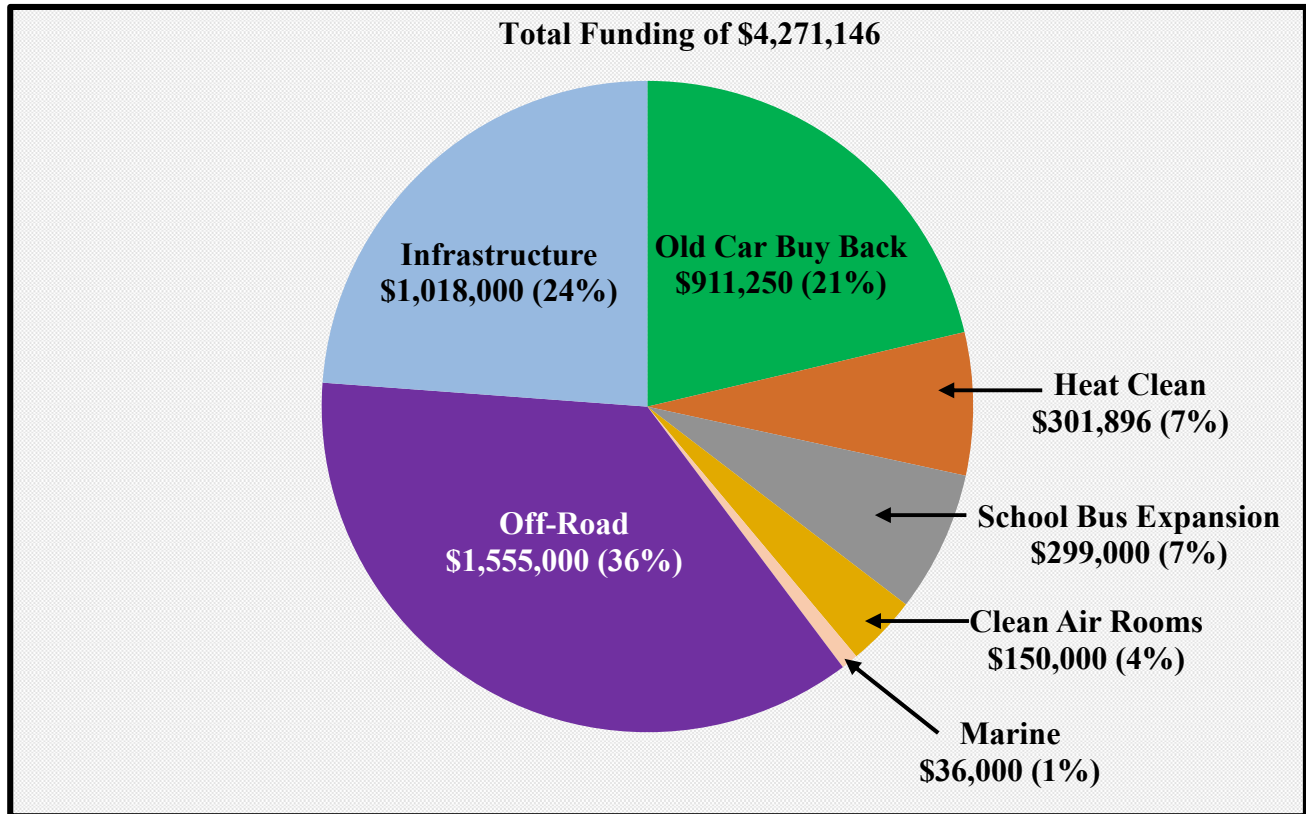
Incentive projects funded during FY 2025-26:

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

- Old Car Buy Back: As of June 15, funded the purchase and destruction of 371 older high polluting vehicles and expended \$921,250 in \$2 DMV surcharge funds;
- Heat Clean Program: Completed 49 projects totaling \$301,896 from CARB's Woodsmoke Reduction Program funds to change out wood-burning heaters with electric heaters, including 12 heat pumps and 37 fireplace inserts.
- Clean Air Rooms Program: In FY 2025-26, the District implemented Clean Air Rooms programs in the disadvantaged communities of Guadalupe and Old Town Goleta and was able to procure and distribute more than 1,500 air purifiers to residents of those communities. The air purifiers were funded with \$150,000 of Community Air Protection Program funds, and the Guadalupe Clean Air Rooms program was also co-funded by a pass-through grant received by the Housing Authority of Santa Barbara County, which contributed an additional \$50,000 in funding for air purifiers. These units were distributed at no cost to residents of these communities and help residents prepare for future wildfire smoke events by creating safe indoor clean air spaces.

Figure 1 represents the District's Grant and Incentive Program Expenditures for FY 2025-26. While more than \$4,200,000 was expended on projects during this fiscal year, the total expenditures reflect the culmination of multiple years of project activity reaching completion concurrently. Attachment A, Table 2 *Grant and Incentive Program Expenditures*, provides breakdown of expenditures and projects funded under each category.

Figure 1: Grant and Incentive Program Expenditures in FY 2025-26



Goals and Objectives for FY 2026-27

As we move into FY 2026-27, the District will launch the 2026 Clean Air Grants program on July 27, 2026 and will accept grant applications through September 4, 2026. The program has approximately \$2,300,000 in project funding available to help fund infrastructure, off-road, marine, heavy-duty on-road, locomotive, and school bus projects. This year the program will have a new funding category for emergency diesel-fueled backup generators, funded with \$490,834 from CARB’s Climate Heat Impact Response Program (CHIRP) and supplemented with \$400,000 from the District’s Clean Air Fund. In FY 2026-27, eligible projects may receive a grant within a range from \$10,000 to \$250,000, and in most cases, cannot 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 technology as well as projects located within disadvantaged communities, as defined by SB 535. The disadvantaged community map (<https://oehha.ca.gov/calenviroscreen/sb535>) was updated in May 2022 and is based on data from the CalEnviroScreen Model version 4.0, which was released in late 2021. Three areas in Santa Barbara County (i.e., Guadalupe, Old Town Goleta, and the Santa Ynez Chumash Reservation) are designated as disadvantaged communities in CalEnviroScreen. A Draft of CalEnviroScreen 5.0 was recently released and the District is closely monitoring its progress for future implementation.

This fiscal year, the District continues to administer its Heat Clean Program, which launched on May 8, 2025. The Heat Clean Program is funded by grant agreements that the District received from CARB's Woodsmoke Reduction Program in 2023 and 2024, which provide over \$400,000 in incentive funds that allow the District to issue vouchers for the changeout of wood-burning fireplaces and stoves with cleaner-burning and more efficient electric heaters for residential homes. Pending the Board's approval at the June 25, 2026 Board hearing, the District has a proposed Memorandum of Understanding with the San Luis Obispo County Air Pollution Control District to receive \$123,448.73 of their unspent Woodsmoke Reduction project funds, which will be used to bolster the existing District program in FY 2026-27. The Woodsmoke Reduction Program is first-come, first-serve and the District plans to accept applications until all funds have been expended.

The District is actively promoting the launch of the 2026 Clean Air Grants program prior to its July 27th launch. District staff presented to the County of Santa Barbara Agricultural Advisory Committee on June 11, 2026 and will also be meeting with local off-road equipment dealers to discuss program details and improve outreach to their clients. A bilingual news release (English/Spanish), newsletter, and direct emails will be distributed to local media, and to our Clean Air Grants outreach list that has over 1,200 personal and business contacts. Grant applications will be available on our website in early July, with availability of District assistance for Spanish speakers.

FISCAL IMPACTS:

The District's Grant and Incentive programs for this fiscal year are included in the District's proposed FY 2026-27 Budget. A summary of the Grant and Incentive Funds for FY 2026-27 is provided in Attachment A, Table 3. These revenue sources are appropriated annually and provide administrative funds to implement and manage our Grant and Incentive programs. However, these revenue sources fluctuate year-to-year, and in most years, the administrative funds received are insufficient to pay for all staff labor performed in these programs, especially given that these projects are implemented and tracked across the course of multiple years. Staff labor costs beyond what CARB has provided in administrative funds are covered by the District's general funds.

Funds obtained through Grant and Incentive programs (Attachment A, Table 1) have deadlines to expend that are built into each CARB grant agreement. The District strives to expend these funds as expeditiously as possible and preferably within the same fiscal year that funds are received. However, CARB program guidelines do allow expenses to be carried over and expended in future fiscal years. Attachment A, Table 1 shows \$3,160,539 in Program Funds received for FY 2025-26 while Attachment A, Table 2 shows \$4,271,146 have been either encumbered or expended on projects.

ATTACHMENT:

- A. Fund and Expenditure Tables for Voluntary Grant and Incentive Programs.

ATTACHMENT A

Fund and Expenditure Tables
for
Voluntary Grant and Incentive Programs

June 25, 2026

Santa Barbara County Air Pollution Control District
Board of Directors

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Santa Barbara, California 93110

1011 West McCoy Lane
Santa Maria, CA 93455

Table 1: Summary of Grant and Incentive Funds Received in FY 2025-26

Grant and Incentive Programs	Project Funds	Administrative Funds	Total Program Funds
Carl Moyer (Year 27)	\$805,917	\$142,221	\$948,138
Community Air Protection (Year 8)	\$743,740	\$131,248	\$874,988
\$2 DMV Surcharge Revenue	\$717,991	\$47,866	\$765,857
Woodsmoke Reduction	\$402,118	\$42,886	\$445,004
Carl Moyer State Reserve (Year 27 - ZE)	\$107,569	\$18,983	\$126,552
TOTAL FUNDS	\$2,777,335	\$383,204	\$3,160,539

Table 2: Grant and Incentive Program Expenditures in FY 2025-26

Grant and Incentive Programs	Number of Projects	Project Expenditures
Off-Road Equipment Replacement	18	\$1,555,000
Infrastructure purchase and installation	8	\$1,018,000
Old Car Buy Back	367	\$911,250
Heat Clean	49	\$301,896
School Bus expansion	2	\$299,000
Clean Air Rooms (Air Purifiers)*	1,500	\$150,000
Marine Engine Repowers	1	\$36,000
TOTALS	1,945	\$4,271,146

**An additional \$50,000 in pass-through grant funds was provided by the Housing Authority of Santa Barbara County to co-fund the Guadalupe Clean Air Rooms Program*

Table 3: Summary of Grant and Incentive Funds Scheduled to be Received in FY 2026-27

Grant and Incentive Programs	Project Revenue	Administrative Revenue	Total Program Funds
Carl Moyer (Year 28)	\$807,650	\$142,527	\$950,177
Climate Heat Impact Response Program (CHIRP)	\$817,209	\$73,625	\$890,834
\$2 DMV Surcharge Revenue	\$724,855	\$48,323	\$773,178
Community Air Protection (Year 9)	\$194,594	\$34,340	\$228,934
Carl Moyer State Reserve (Year 28 - ZE)	\$111,726	\$19,716	\$131,442
Woodsmoke Reduction	\$123,448	\$0	\$123,448
FARMER (Year 9)	\$20,740	\$3,660	\$24,400
TOTAL FUNDS	\$2,800,222	\$322,191	\$3,122,413