

Agenda Date: October 21, 2010
Agenda Placement: Regular
Estimated Time: 10 minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Ron Tan (961-8812),
Bill Dillon, Deputy County Counsel (569-2950)

SUBJECT: Implementation of Innovative Technology Group (ITG) Off-Road Equipment Replacement Program

RECOMMENDATION:

Approve the resolution included as Attachment 1. This resolution contains the following action items:

1. Approve the implementation of the Off-Road Equipment Replacement Program as an addition to the District's Carl Moyer Memorial Air Quality Standards Attainment Program; and
2. Delegate authority to the Control Officer to execute Program grant agreements with grantees for eligible off-road equipment replacement projects consistent with the requirements under the current Carl Moyer Program Guidelines; and
3. Establish the initial budget for this new Off-Road Equipment Replacement Program at \$500,000.

SUMMARY:

The District proposes to implement a new Off-Road Equipment Replacement program to augment the District's current Carl Moyer diesel engine repower and retrofit programs. The Carl Moyer program pays an incremental cost for clean air projects that are early, or surplus, to

regulatory requirement. By providing the opportunity to offset a portion of the cost, this new program will provide an incentive for a Santa Barbara County owner of off-road equipment to voluntarily replace existing off road mobile equipment powered by an older, high polluting diesel engine with new off road mobile equipment powered by a cleaner, EPA and ARB certified diesel engine earlier than would have been expected through normal attrition. The District will administer this new program consistent with the current ARB approved Carl Moyer Guidelines. As in the current Moyer Program, grants authorized for execution by the Control Officer under this new program will still be limited to a not-to-exceed amount of \$150,000, grantees must enter into a standard agreement with the District, and all grant agreements must be reviewed and approved by Risk Management, the Auditor-Controller and County Counsel.

DISCUSSION:

The Santa Barbara County Air Pollution Control District (“District”) has a long history of providing grant funds to projects to reduce air pollution. These projects began with funds from oil and gas projects related to development on the Outer Continental Shelf in the 1980’s and 1990’s and later expanded to include fees on automobiles from Department of Motor Vehicle registrations and then the Carl Moyer Memorial Air Quality Standards Attainment Program (“Moyer Program”).

Established pursuant to Section 44275 of the California Health and Safety Code, the Moyer Program is administered statewide by the California Air Resources Board (“ARB”) which provides incentives for cleaner heavy-duty diesel engines in the state. The District has participated in all twelve years of the Moyer Program, and has received ARB grants totaling \$5,352,004. The District has provided \$1,381,191 in matching funds for a program total of \$6,733,195 (including administration) that have been utilized to reduce through Year 10 a combined total nearly 1200 tons of nitrogen oxide, reactive organic gas and particulate matter emissions chiefly from the repower and retrofit of heavy-duty diesel engines in Santa Barbara County.

The District’s Innovative Technology Group is responsible for local administration of the Moyer Program consistent with Air Resources Board Carl Moyer Program Guidelines (Guidelines). These Guidelines have historically provided the District with the procedures and limitations for administering the Moyer Program by awarding grants chiefly for diesel engine repowers and diesel particulate filter retrofits for various categories of mobile equipment including on-road, off-road, marine and for agricultural irrigation pump engines. In the 2008 Guidelines, the ARB included a Guideline chapter addressing the requirements necessary for a district to implement an off-road equipment replacement program. Please note that the term “equipment” also refers to off-road mobile vehicles. The District fulfilled those Guideline requirements and the District’s Off Road Equipment Replacement Plan was approved by the ARB on August 4, 2010.

The off-road equipment replacement program reduces emissions by replacing old, high polluting equipment with new, cleaner equipment earlier than expected through normal attrition. Moyer Program funds may be used to offset part of the cost of the replacement equipment and the entire cost of a verified diesel emission control systems diesel retrofit if needed. This program was established because traditionally funded repower projects were not feasible for some equipment

types and for others, the diminished value of the old equipment would not justify investing significant funds for an engine replacement.

Under this new program an applicant will apply to the District for an equipment replacement grant providing a detailed description of the old, existing equipment and specifications of the new, low emission equipment. After a satisfactory District inspection of the existing equipment, a grant agreement will be executed between the District and the grantee (the grant execution process mirrors the current repower grant process). A standard grant agreement for use in off-road equipment replacement projects appears as Attachment 2 of this document.

Upon delivery of the new equipment to the grantee's selected dealer, the District will inspect the new equipment to verify that the delivered unit matches the grant agreement description.

The grantee is responsible for permanently destroying or rendering useless the old equipment within 30 days of taking custody of the new equipment. The District will verify the destruction of the old equipment and engine through inspection.

When all steps of the transfer and scrapping of the appropriate equipment are completed to the satisfaction of the District, the District will issue the grant check to the grantee.

The maximum project life for eligible off-road equipment replacement projects will be as specified by the Guidelines.

The District requests that the initial budget for this new Off-Road Equipment Replacement Program be set at \$500,000.

The Control Officer's authority to administer this new program remains consistent with the same terms and conditions in Resolution 09-14 adopted by your Board on October 15, 2009 as follows:

1. The Board must have authorized the overall grant program (e.g., agricultural booster pump grant program, marine vessel engine repower program);
2. The Board must have authorized an overall budget for the particular grant program and the total dollar amount of all grants approved by the Control Officer shall be within the budget authorized by the Board;
3. All grants must meet or exceed the established cost-effectiveness limits established by the Board;
4. Individual grants shall be on the standard grant agreement used by the District and shall reviewed and approved as to form by Risk Management, the Auditor-Controller and County Counsel; and
5. Individual grant amounts shall not exceed one hundred and fifty thousand dollars (\$150,000).

Additionally, the Control Officer is required to report to your Board at each regular Board hearing summarizing all grants approved by the Control Officer since the prior regular hearing. The report includes number of grants, name(s) of grantees, project types, project locations, grant

amounts, project cost-effectiveness, emission reductions and amount of program allocation remaining.

Based on past experiences with the administration of the Moyer Program, the District requests that the Board clarify the Control Officer's authority, consistent with the above delegation of authority that acknowledges that the Control Officer can make appropriate changes to the Off-Road Equipment Replacement program standard grant agreement on a case by case basis in order to better implement the program.

Attachments:

1. Resolution to implement the Off-Road Equipment Replacement grant program
2. Standard grant agreement for Off-Road Equipment Replacement projects

RESOLUTION OF THE
AIR POLLUTION CONTROL DISTRICT BOARD
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

In the Matter of Approving the Implementation) Resolution No. _____
Of the Off-Road Equipment Replacement Program)
Administered as Part of the Innovative Technology)
Group Carl Moyer Grants Program)
_____)

RECITALS

- 1) WHEREAS, the Board wishes to continue to make grant funding available to Santa Barbara County businesses through cost effective emission reductions realized by the District's Carl Moyer Grant Program; and
- 2) WHEREAS, the Board recognizes that an expansion of the District's Carl Moyer Grant Program through the implementation of a new Off-Road Equipment Replacement Grant Program will provide an additional incentive for Santa Barbara County owners of off-road mobile equipment to voluntarily replace old, high polluting equipment with new reduced emission equipment; and
- 3) WHEREAS, the Board wishes to retain authority over this new grant program's initiation parameters and fiscal allocations; and
- 4) WHEREAS, the Board, in keeping with its previous desires to make program administration more efficient, wishes to delegate authority to the Control Officer to enter into and approve certain grant agreements for Off-Road Equipment Replacement emissions reduction projects within specified parameters; and
- 5) WHEREAS, the Board wishes to authorize amendments to the previously approved Standard Grant Agreement and those amendments are shown in Attachment ; and
- 6) WHEREAS, the Board, in keeping with its previous administrative decisions on other components of the District's Carl Moyer Program, wishes to delegate authority to the Control Officer for grant agreements up to \$150,000 to fund emission reduction projects.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:

- 1) The Board hereby delegates authority to the Control Officer to implement an Off-Road Equipment Replacement Program as part of the District's Carl Moyer Grant Program administered by the District's Innovative Technology Group and authorizes the Control Officer to execute individual standard grant agreements as set forth in Attachment 1 that meet specified parameters for authorized Innovative Technology Group Programs.

- 2) With respect to the Off-Road Equipment Replacement Program, consistent with the parameters established by the Board in Resolution 09-14 adopted October 15, 2009, the Board hereby takes the following actions:
- a. The Board hereby authorizes the Off-Road Equipment Replacement Program.
 - b. The Board authorizes an overall funding of \$500,000 for the Off-Road Equipment Replacement Program . The Board determines that this total dollar amount for all grants approved by the Control Officer is within the District official budget previously authorized by the Board.
 - c. All grants approved by the Control Officer shall meet or exceed the cost-effectiveness limits established by the Board.
 - d. In approving individual grants, the Control Officer shall utilize the standard District grant agreement, which shall to be reviewed and approved by Risk Management, the Auditor-Controller, and County Counsel.
 - e. Individual grants amounts shall not exceed one hundred and fifty thousand dollars (\$150,000).
 - f. The Control Officer may modify the Standard Grant Agreement as established in Resolution 09-14 adopted October 15, 2009.
 - g. As required by the California Air Resources Board’s Carl Moyer Program Guidelines, all equipment replacement projects funded under the Off-Road Equipment Replacement Program shall have a project life no less than three years and no greater than ten years.
- 3) The Control Officer shall provide reports to the Board at each regularly scheduled hearing of all grants, including grants under the Off-Road Equipment Replacement Program, approved by the Control Officer since the prior hearing. The reports shall include the number of grants executed, names of grantees, project types, project locations, grant amounts, project cost-effectiveness, and amount of program allocation remaining.

PASSED AND ADOPTED by the Santa Barbara County Air Pollution Control District Board, County of Santa Barbara, State of California, this 21th day of October 2010, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Clerk of the Board

Santa Barbara County Air Pollution Control
District, State of California

By _____
Deputy

Chairperson

APPROVED AS TO FORM

DENNIS MARSHALL
SANTA BARBARA COUNTY COUNSEL

ROBERT W. GEIS
Auditor Controller

By: _____
Deputy

By _____

RAY AROMATORIO
Risk Program Administrator

By _____