




Agenda Date: June 21, 2018  
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 

CONTACT: Mary Byrd, Community Programs Supervisor (961-8833)  
Tim Mitro, Air Quality Engineer (961-8883)

SUBJECT: 2018 Vessel Speed Reduction Incentive Program and Memorandum of Agreement with the California Marine Sanctuary Foundation

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### RECOMMENDATION:

Authorize the Chair to execute a Memorandum of Agreement (MOA) with the California Marine Sanctuary Foundation for the District to contribute \$35,000 to the 2018 Vessel Speed Reduction (VSR) Incentive Program, planned for July 1- November 15, 2018.

### DISCUSSION:

In March, staff updated your Board on results from our 2017 VSR program, and stated we would return to your Board with a revised MOA for implementation if partnership funding were secured for a 2018 program. Ventura County Air Pollution Control District successfully secured funds through the California Air Resources Board's Supplemental Environmental Project program. These funds along with financial support from our ongoing partners will enable the continuation of the VSR program in 2018.

The 2018 VSR program (Program) will have some similarities to our previous VSR programs in 2014, 2016 and 2017. The Program will continue to elicit participation from shipping companies with container ships and Ro-Ro ships (roll-on, roll-off carriers), consistent with the 2017 program, since these vessels are the fastest, and represent the majority of transits in our region. The VSR Zones in the Santa Barbara Channel region are the same as the Zones identified for the 2016 and 2017 programs. The 2018 Program will include the San Francisco Bay area with VSR Zones there the same as for the 2017 program.

Differences in the 2018 Program from previous programs are as follows:

- The District and partners have decided to work with the California Marine Sanctuary Foundation (CMSF), a nonprofit organization based in Monterey, California, as the fiscal sponsor to manage grant funds and incentive payments to participating shipping lines. For past VSR programs the National Marine Sanctuary Foundation (NMSF), based in Silver Spring, Maryland, has served as fiscal sponsor. We will continue to work with the NMSF on a number of marine shipping initiatives.
- Shipping companies will be asked to voluntarily slow vessels to 10 knots or less for a financial award. Previous programs have called on companies to slow vessels to 12 knots or less, and have provided bonuses for slowing to 10 knots or less. The partners have decided to make the overall goal 10 knots based on the following items: 1) over the past two years, the program has had good participation in the 10-knot target, 2) the 10-knot target is consistent with that requested by the sanctuaries in whale advisory zones that overlap with VSR Zones – reducing confusion for the shipping companies, and 3) in reviewing the emissions calculations, additional emissions reductions are achieved when speeds are reduced from 12 knots to 10 knots for container ships and Ro-Ros.
- The financial award to companies will be based on the percent of distance traveled through the VSR Zones by their entire fleet of vessels at 10 knots or less during the July 1-November 15, 2018 period. Previous programs have based incentive payments on individual transits. As we noted at the March Board meeting, going to a fleet-based approach will encourage companies to slow down more vessel transits overall in the region, and allows for awards to be paired with a tiered recognition rewarding those companies with a higher participation rate, building a foundation for a larger recognition program.

**FISCAL IMPACT:**

The attached MOA is based on the executed agreements for the previous programs with modifications to reflect the change in fiscal sponsor, as well as changes in the structure of the incentive program. The \$35,000 the District will provide (approved in the Fiscal Year 17-18 budget) will be augmented by \$175,000 in funds received by Ventura County Air Pollution Control District through a Supplemental Environmental Project settlement by California Air Resources Board (with another \$175,000 from the settlement to be spent on a 2019 VSR Program). The Bay Area Air Quality Management District is planning to provide funds for awards in the San Francisco Bay region.

More information will be provided in the presentation.

**ATTACHMENT:**

- 1) MOA with the California Marine Sanctuary Foundation

## Memorandum of Agreement

This Memorandum of Agreement is entered into between the Santa Barbara County Air Pollution Control District (“District”) and the California Marine Sanctuary Foundation (“Foundation”); collectively referred to as “the Parties,” for fiscal sponsorship and collaboration on a Marine Vessel Speed Reduction Program in the Santa Barbara Channel and the region immediately south of the Channel Islands (hereafter referred to as collectively referred to as “Santa Barbara Region”).

### Recitals

1. The District is the California public agency responsible for adopting the plans, policies, regulations, grant programs, and other measures necessary to attain and maintain federal and state air quality standards in the County of Santa Barbara.
2. International shipping through the Santa Barbara Region is a significant source of air pollution that adversely impacts air quality in Santa Barbara County. The District has determined that such pollution can be reduced by reducing the speed of ocean going marine vessels in the Region from current baseline speeds down to 10 knots or less.
3. The Santa Barbara Region represents a rich and diverse marine environment where large numbers of whales congregate. Marine vessels striking whales have caused injury and death to whales.
4. The Foundation is a California nonprofit corporation dedicated to enhancing the understanding and protection of ocean and coastal resources.
5. The Foundation and other public interest groups have determined that reducing the speed of ocean going marine vessels in the Region can reduce air and noise pollution, and significantly reduce the chances that a ship strike on a whale will be lethal.
6. The District wishes to provide funding for a financial incentive program for vessel owners that will encourage vessel speed reduction in the Santa Barbara Region as a means of significantly reducing air pollution from marine vessels that adversely affect Santa Barbara County air quality. As part of that program, the District has the capability, in coordination with the National Oceanic and Atmospheric Administration Channel Islands National Marine Sanctuary, to determine if participating vessel owners are actually reducing vessel speeds consistent with the goals of the program.

7. The Foundation has the expertise, resources and staffing to manage incentive funds, including making payments to qualifying vessel owners for the Vessel Speed Reduction Program.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS.

1. Funding. Upon execution of this agreement, the District will provide \$35,000 to the Foundation to fund the marine Vessel Speed Reduction Program. This includes \$30,800 to support the Program, and an amount not to exceed \$4,200 for the Foundation's administration costs. The Foundation will charge 12 percent of the total funds received for its fees associated with the program. The Foundation may obtain funding for this program from other funding sources. The Foundation shall return to the District any part of the grant amount unencumbered at the end of the Vessel Speed Reduction Program. Any portion of the \$35,000 provided to the Foundation in excess of final program costs shall be returned to the District within 60 days of issuing the final incentive payment under the Program subject to this Memorandum of Agreement.

2. Eligible Vessel Owners. The District working with partners will identify vessel owners to participate in the program, which consists of voluntarily slowing vessels in the Santa Barbara Region per the Vessel Speed Reduction Zones identified in Attachment A in order to qualify for a financial award. The Foundation will enter into agreements with these owners; the owners will identify the vessels in its fleet expected to transit the region July 1-November 15, 2018, and the owners will agree to attempt to slow as many ships in their fleet as possible to 10 knots or less in the Vessel Speed Reduction Zones. The District and its partners will determine the financial award amounts for each participating shipping company according to the percent of distance traveled through the Vessel Speed Reduction Zones by its fleet of vessels at 10 knots or less during the July 1-November 15, 2018 period. If this is a very low number (e.g. less than 10 percent), there may not be a financial award.

3. Agreements with Vessel Owners. The Foundation will notify the District when an agreement with a vessel owner has been executed, with the list of vessels in its fleet (including International Maritime Organization and Maritime Mobile Service Identity

numbers) expected to transit the Channel region Vessel Speed Reduction Zones July 1- November 15, 2018.

4. Confirmation. The District shall coordinate with the National Oceanic and Atmospheric Administration Channel Islands National Marine Sanctuary to determine the speeds of vessels through the Vessel Speed Reduction Zones, and qualification for a financial award for a shipping company based on the speeds of vessels through the Vessel Speed Reduction Zones.

5. Payment. After the District has informed the Foundation that a participating shipping company qualifies for an award in compliance with the Vessel Speed Reduction Program, the Foundation shall pay the vessel owner the incentive payment.

6. Contact information. For any notices required under this Memorandum of Agreement, the Parties shall use the following contact information.

District:

Molly Pearson, Technology & Environmental Assessment Division Manager  
260 North San Antonio Road, Suite A  
Santa Barbara, CA 93110  
[PearsonM@sbcapcd.org](mailto:PearsonM@sbcapcd.org)  
805-961-8838

Foundation:

Dennis Long, Executive Director  
California Marine Sanctuary Foundation  
99 Pacific Street, Suite 455  
Monterey, CA 93940-2470  
[Dennis@CaliforniaMSF.org](mailto:Dennis@CaliforniaMSF.org)  
(831) 647-4209

Either party may change its contact information by providing at least 7 days written notice to the other party.

7. Termination. Either party may terminate this Agreement by providing 30 days written notice of termination to the other party.

8. Amendments. This Agreement may only be amended in a writing executed by both parties.

This Memorandum of Agreement between the Santa Barbara County Air Pollution Control District and the California Marine Sanctuary Foundation shall be effective when fully executed by the Parties.

SANTA BARBARA COUNTY  
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET  
Clerk of the Board

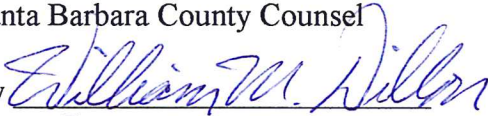
By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Chair

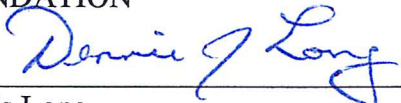
Date: \_\_\_\_\_

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI  
Santa Barbara County Counsel

By   
Deputy

CALIFORNIA MARINE SANCTUARY  
FOUNDATION

By   
Dennis Long  
Executive Director

Date: June 1, 2018


APPROVED AS TO FORM:

RAY AROMATORIO  
Risk Manager

By   
Risk Manager

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO  
Auditor-Controller

By   
Deputy

# Attachment A

