


Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Mike McKay, Air Quality Specialist, Planning Division, (805) 979-8331

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 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, 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 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 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.

Woodsmoke Reduction Program: The Woodsmoke Reduction Program provides 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) 2023-24.

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.

During FY 2023-24, the District was able to allocate over \$3,200,000 for 44 grant projects that benefited businesses, public agencies, multi-family housing properties, and schools throughout Santa Barbara County. The District also expended \$58,750 for the purchase of 47 Old Car Buy Back projects throughout Santa Barbara County. Figure 1 below represents the District's Grant and Incentive Program Expenditures for FY 2023-24. 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 2023-24:

The District’s 2023 Clean Air Grants program resulted in 44 grant agreements with commercial businesses, public agencies, multi-family housing properties, and schools:

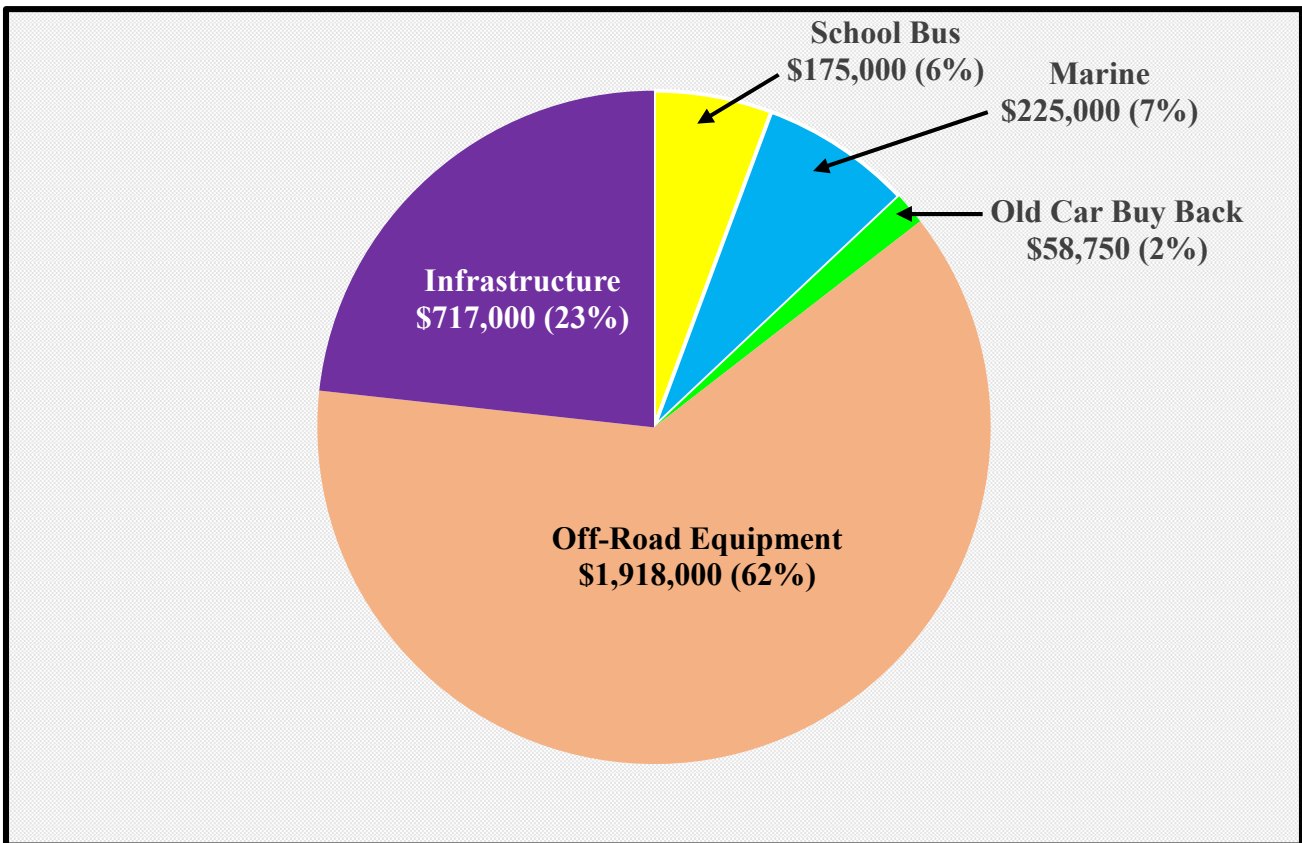
- Off-Road Equipment Replacement: 29 projects (28 diesel agriculture tractors and one electric loader);
- Infrastructure: 10 electric vehicle charging station projects (38 Level 2 ports and 8 Level 3 ports);
- Marine Diesel Engine Repowers: Four marine projects (five engine replacements);
- School Bus Fleet Expansion: One electric powered school bus projects.

Incentive projects funded during FY 2023-24:

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

- Old Car Buy Back: Funded the purchase and destruction of 47 older high polluting vehicles and expended \$58,750 in \$2 DMV surcharge funds;

Figure 1: Grant and Incentive Program Expenditures, FY 2023-24



Goals and Objectives for FY 2024-25

As we move into FY 2024-25, the District plans to launch the 2024 Clean Air Grants program in late July with approximately \$2,600,000. These funds are available to fund infrastructure, heavy-duty on-road, heavy-duty off-road, school bus, and marine projects. In FY 2024-25, eligible projects may 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 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 low-income and disadvantaged community map (<https://webmaps.arb.ca.gov/PriorityPopulations/>) was updated in May of 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, Santa Ynez Reservation) are designated as disadvantaged communities in version 4.0 of the CalEnviroScreen Model. The District has begun research into community based programs to help benefit these disadvantaged communities based on [CARB's updated Community Air Protection incentive guidelines](#). The guidelines include the following incentive programs:

- Installation of high-density filters in the heating, ventilation, and cooling systems at sensitive receptors, which include schools, daycare facilities, healthcare facilities, community centers, and senior living centers;
- Distribution of high efficiency particulate air purifier units into disadvantaged communities; and
- Replacement of composite wood furniture products in schools that contain formaldehyde.

The designated low-income communities within Santa Barbara County greatly expanded with the recent update to CalEnviroScreen, including large portions of Santa Maria, Orcutt, Lompoc, Santa Barbara, Carpinteria, and unincorporated Santa Barbara County now designated as low-income communities.

The District received \$231,900 through a 2024 CARB's Woodsmoke Reduction Program grant agreement. These 2024 funds, along with funds received from a 2023 CARB Woodsmoke Reduction Program grant agreement, will allow us the opportunity to issue vouchers for the changeout of wood-burning fireplaces and stoves with cleaner-burning and more efficient devices for residential homes. Approximately \$405,000 is currently available for woodsmoke reduction program projects in FY 2024-25.

Additional goals include continued focus on the promotion and implementation of the District's Landscape Equipment Electrification Fund (LEEF) program, which is a zero-emission commercial lawn and garden equipment program funded through the Carl Moyer State Reserve program. Approximately \$318,000 remains available for LEEF projects in FY 2024-25.

The District will actively promote the 2024 Clean Air Grants program prior to the July launch. District staff presented to the Santa Barbara Harbor Commission on May 16, 2024 and the County of Santa Barbara Agricultural Advisory Committee on June 13, 2024. Staff will also meet with local dealers to discuss program details and improve outreach 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 available on our website, with availability of District assistance for Spanish speakers.

FISCAL IMPACTS:

The District's grant and incentive program objectives for FY 2024-25 are included in the proposed District FY 2024-25 Budget. In this proposed budget, the District is changing the way it allocates grant funds during this fiscal year, to better represent grant funds that are expended on completed projects during this

12-month window and moves the remaining grant revenue to fund balance for future year expenditures. A summary of the proposed Grant and Incentive Funds expected for FY 2024-25 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 \$4,253,394 in Program Funds received for FY 2023-24 while Attachment A, Table 2 shows \$3,093,750 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 20, 2024

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

Table 1: FY 2023-24 Summary of Grant and Incentive Funds

Grant and Incentive Programs	Project Funds	Administrative Funds	Total Program Funds
\$2 DMV Surcharge Revenue	\$1,406,250	\$93,750	\$1,500,000
Community Air Protection (Year 6)	\$957,537	\$136,791	\$1,094,328
Carl Moyer (Year 25)	\$828,245	\$118,321	\$946,566
FARMER (Year 6)	\$420,525	\$60,075	\$480,600
Woodsmoke Reduction	\$209,548	\$22,532	\$231,900
TOTAL FUNDS	\$3,822,105	\$431,469	\$4,253,394

Table 2: FY 2023-24 Grant and Incentive Program Expenditures

Grant and Incentive Programs	Number of Projects	Project Expenditures
Off-Road Equipment Replacement	29	\$1,918,000
Infrastructure purchase and installation	10	\$717,000
Marine Engine Repowers	4	\$225,000
School Bus Replacement	1	\$175,000
Old Car Buy Back	47	\$58,750
TOTALS	91	\$3,093,750

Table 3: Proposed FY 2024-25 Summary of Grant and Incentive Funds

Grant and Incentive Programs	Project Revenue	Administrative Revenue	Total Program Funds
Community Air Protection (Year 7)	\$933,599	\$133,371	\$1,066,970
Carl Moyer (Year 26)	\$831,125	\$118,732	\$949,857
\$2 DMV Surcharge Revenue	\$661,690	\$44,907	\$706,597
Carl Moyer State Reserve (Year 26 - ZE)	\$203,062	\$29,086	\$232,148
TOTAL FUNDS	\$2,629,476	\$326,096	\$2,955,572