February 12, 2019

Air Pollution Control Board
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: APPROVAL OF TWO GRANT FUNDING REQUESTS TOTALING $158,529 FOR NEW AIR QUALITY PROJECTS UNDER THE VOLUNTARY NITROGEN OXIDES REMEDIATION MEASURE FUNDING PROGRAM (RECOMMENDATION #4 REQUIRES SIX AFFIRMATIVE VOTES)

RECOMMENDED ACTIONS:

1. Approve grant funding up to $106,486 to assist C&E Farms Inc. with the purchase of two new, lower-emission, farm tractors.

2. Approve grant funding up to $52,043 to assist Pablo’s Produce Inc. with the purchase of two new, lower-emission, farm tractors.

3. Direct the Air Pollution Control Officer (APCO) to prepare a grant agreement for each approved air quality project utilizing the standard Carl Moyer Program grant agreement, modified to reference the Voluntary NOx Remediation Measure (VNRM) Program funding; and authorize the APCO to sign the grant agreements on behalf of the Air Pollution Control District and make any necessary minor administrative changes to the grant agreements subject to County Counsel’s review and approval.

4. Authorize the Auditor-Controller’s Office to process the following accounting transaction in Special Revenue Fund 0701-Air Pollution Grants for FY 2018-2019 (six affirmative votes required):

   Increase Services and Supplies $15,971
   Increase Intergovernmental Revenue $15,971

FISCAL/MANDATES IMPACT:

Mandatory: No
Source of Funding:
   Health & Safety Code § 44229 Funds [$2 DMV fee] $15,971
   California Air Resources Board (CARB) CAP Grant Award, Year 1 $142,558

Funding Match Required: No.
District staff requests your Board’s approval and modification of the District’s expense and revenue appropriations for the above-recommended projects.

STATEMENT OF MATTER FOR BOARD CONSIDERATION:

Background

On March 6, 2018 CARB publicly released a Draft Supplemental Disclosure Discussion of Oxides of Nitrogen Potentially Caused by the Low Carbon Fuel Standard Regulation (Draft Disclosure Discussion) identifying potential NOx emissions that may have been caused in the past and could be caused in the future by the Low Carbon Fuel Standard regulation. The Draft Disclosure Discussion outlined a CARB commitment to remediate potential historical LCFS NOx emissions by seeking additional reductions of NOx emissions. CARB adopted Resolution 18-22 Voluntary NOx Remediation Measure Funding on April 27, 2018 to fulfill this commitment, creating the VNRM Program. Subsequently, your Board authorized the District to participate in the VNRM Program on June 19, 2018.

For the first year of the VNRM Program, CARB is directing investments to the Carl Moyer Program (CMP). To facilitate the most timely and efficient achievement of the targeted remedial NOx emissions reductions, the funding grants issued to the districts pursuant to this plan will be administered and tracked analogously to incentive funds distributed through the CMP, pursuant to the 2017 CMP Guidelines. Utilizing this existing incentive program framework will help to ensure the funds are spent efficiently and expeditiously. VNRM Program funds are restricted to projects specified in the Guidelines for Remediation adopted by CARB on April 27, 2018.

In March 2018, the District advertised the availability of VNRM Program grant funds implemented within the framework of the Ventura County Carl Moyer Program on its website, by emails to interested parties and organizations, and through local diesel equipment dealers and installers. The deadline for submitting applications was June 19, 2018. The District received 48 applications for grant funding, 46 of which qualified for consideration under the VNRM Program.

The VNRM-qualified applications consisted of proposals for replacing 84 pieces of mobile diesel agricultural equipment; replacing five pieces of non-agricultural, mobile, diesel equipment and repowering five marine vessels. District staff evaluated the eligibility of each grant application and related piece of equipment as well as the costs and benefits of the newer, cleaner equipment. Staff then ranked each eligible piece of equipment against the others in terms of dollars per ton of air pollutants reduced. The most cost-effective equipment/applications are proposed for funding.

Current Proposal

Based on District staff analysis of all grant program applications and corresponding equipment, we recommend your Board approve a total of $158,529 in VNRM Program funding for the three engines described in Attachment 1 and as recommended in actions numbered 1 and 2 above.
The proposed VNRM Program air quality projects for 2018 set forth above have a total projected emission reduction of 2.4 tons per year of ozone precursors, 0.2 tons per year of diesel particulate matter, and 14.5 metric tonnes of carbon dioxide, a greenhouse gas, per year.

Staff will administer the grant agreements and ensure contract requirements are met before making grant payments. The APCO requests authorization to make any necessary minor administrative changes to the grant agreements subject to County Counsel review and approval.

The Auditor-Controller’s office and County Counsel have reviewed this letter. If you have any questions, please contact Tyler Harris at 805-645-1407 or Nancy Mendoza (Fiscal) at 805-645-1402.

MICHAEL VILLEGAS
Air Pollution Control Officer

Attachment 1  VNRM Program Recommendations for Funding, February 12, 2019.
<table>
<thead>
<tr>
<th>App No</th>
<th>Applicant</th>
<th>Type</th>
<th>Equipment Cost (excluding sales tax)</th>
<th>Proposed Grant</th>
<th>NOx Emission Reduction TPY</th>
<th>ROG Emission Reduction TPY</th>
<th>PM Emission Reduction TPY</th>
<th>CO2 Emission Reduction Metric TPY</th>
<th>Targeted Status</th>
<th>Funding Program</th>
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<tbody>
<tr>
<td>20-032</td>
<td>C&amp;E Farms Inc.</td>
<td>Farm Tractor</td>
<td>$88,739</td>
<td>$53,243</td>
<td>0.715</td>
<td>0.113</td>
<td>0.091</td>
<td>5.5</td>
<td>NONE</td>
<td>VNRM</td>
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<td>C&amp;E Farms Inc.</td>
<td>Farm Tractor</td>
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<td>$53,243</td>
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<td>20-036</td>
<td>Pablos Produce Inc.</td>
<td>Farm Tractor</td>
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<td>0.096</td>
<td>0.069</td>
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<tr>
<td>Totals</td>
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<td>$264,217</td>
<td>$158,529</td>
<td>2.1</td>
<td>0.3</td>
<td>0.2</td>
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