

Agenda Date: June 21, 2018
Agenda Placement: Admin.
Estimated Time: NA
Continued Item: No

#### **Board Agenda Item**

TO:

Air Pollution Control District Board

FROM:

Aeron Arlin Genet, Air Pollution Control Offiqer

CONTACT:

Jim Fredrickson, Supervisor, Planning & Grants Programs (961-8892)

SUBJECT:

Voluntary NOx Remediation Measure Funding

#### **RECOMMENDATION:**

Approve the attached resolution resulting in the following actions:

- 1. Authorize the District's participation in the California Air Resources Board's (CARB) Voluntary NOx Remediation Measure Funding Program; and
- 2. Delegate authority to the Air Pollution Control Officer to enter into a grant agreement with CARB for the Voluntary NOx Remediation Measure Funding, included as Attachment 1 to the resolution.

#### BACKGROUND:

CARB's Low Carbon Fuel Standard (LCFS), originally adopted in 2009, is designed to reduce greenhouse gas emissions by programmatically reducing the carbon intensity of transportation fuels used in California. However, in implementing the LCFS, CARB has identified that the use of biomass-based diesel fuel may have resulted in increased NOx emissions, historically. Therefore, CARB has committed to remediate potential increases in historical NOx emissions through a Voluntary NOx Remediation Measure grant program with local air districts. Funding for this program is made available through CARB's Air Pollution Control Fund, and funding allocations were determined based on estimates of the historical amount of NOx emissions that occurred in each air district.

#### DISCUSSION:

The District has been allocated \$47,612 to implement the Voluntary NOx Remediation Measure program. The program will be will be administered and tracked analogously to incentive funds distributed through the Carl Moyer Program, using the Carl Moyer Program Guidelines, with some differences being that the program is focused solely on NOx reductions, the program's cost-effectiveness threshold will be \$10,000 per ton of NOx reduced, and eligible project types will include vehicle types with potential for NOx increase with biodiesel use, including heavy duty vehicles and off-road engines.

The district is well positioned to accept these incentive funds and implement them in our community. The program would utilize the District's existing, board-approved standard grant agreement, and a portion of the program funds may be used to cover outreach and administration expenses. CARB staff are currently working to develop a memorandum of agreement that will detail how this grant program differs from the Carl Moyer Program.

#### **FISCAL IMPACTS:**

Approval of the District's participation in the Voluntary NOx Remediation Measure program will allow the receipt of up to \$47,612 during the Fiscal Year 2018-19, with a portion of that funding (6%, \$2,857) available to cover the District's administrative work to implement the grant program. The District is not required to provide any local matching funds to receive these CARB funds. CARB requires that the funds be liquidated within two years following execution of a grant agreement.

#### ATTACHMENT:

1) Board Resolution - Voluntary NOx Remediation Measure Funding

#### RESOLUTION OF THE BOARD OF DIRECTORS OF

#### THE SANTA BARBARA COUNTY

#### AIR POLLUTION CONTROL DISTRICT

IN THE MATTER OF VOLUNTARY NOX REMEDIATION MEASURE FUNDING	APCD RESOLUTION NO

#### **RECITALS**

WHEREAS, the California Health and Safety Code sections 44275-44299.2 authorize the California Air Resources Board to allocate Carl Moyer Memorial Air Quality Standards Attainment Program funds to local air quality districts to provide financial incentives to both the public and private sector to implement eligible projects to reduce emissions from on-road and off-road engines; and

WHEREAS, the Santa Barbara County Air Pollution Control District (District) has successfully implemented Carl Moyer Program projects since 1999 to improve air quality in the South Central Coast Air Basin and seeks to reduce emissions from diesel engines through clean air projects; and

WHEREAS, the California Air Resource Board has identified that the use of biomass-based diesel fuel, attributed to the Low Carbon Fuel Standard, resulted in potential increases in oxides of nitrogen (NOx) emissions, historically, and has committed to remediate potential increases in historical NOx emissions; and

WHEREAS, the California Air Resources Board has developed a program to voluntarily remediate the potential past emissions of NOx, attributed to the Low Carbon Fuel Standard, through remedial measures supporting air district-level NOx mitigation projects targeting engines, such as the replacement of existing diesel engines with low-NOx engines; and

WHEREAS, the California Air Resources Board passed resolution 18-22 that establishes the Voluntary NOx Remediation Measure Funding Program, and approved the allocation of

funds to air districts for the purpose of achieving NOx remediation. Attachment A to Resolution 18-22 includes "Guidelines for District Grants to Remediate Potential Historic Biodiesel NOx Emissions Conservatively Attributable to the LCFS"; and

WHEREAS, the "Guidelines for District Grants to Remediate Potential Historic Biodiesel NOx Emissions Conservatively Attributable to the LCFS" identify that projects funded through the Voluntary NOx Remediation Measure program will be administered and tracked analogously to incentive funds distributed through the Carl Moyer Program, using the Carl Moyer Program Guidelines, with some differences being that the program is focused solely on NOx reductions, the program's cost-effectiveness threshold will be \$10,000 per ton of NOx reduced, and eligible project types will include vehicle types with potential for NOx increase with biodiesel use, including heavy duty vehicles and off-road engines and equipment.

WHEREAS, the California Air Resource Board has identified that a Memorandum of Agreement between the California Air Resources Board and the District will be developed to further clarify the differences between the Carl Moyer Program Guidelines requirements and the requirements for the Voluntary NOx Remediation Measure program; and

**WHEREAS**, the District is identified to receive \$47,612 in Voluntary NOx Remediation Measure funds from the California Air Resources Board; and

WHEREAS, District Board Resolution 09-14 delegates authority to the Air Pollution Control Officer to execute individual grant agreements that meet specified parameters, including an authorized overall grant program with an authorized overall budget, established cost-effectiveness limits, and the use of a standard District grant agreement; and

WHEREAS, the District is not required to provide match funds for the Voluntary NOx Remediation Measure grant projects, and any reductions from match funds or other grant funds cannot be used in the reductions attributed to the Voluntary NOx Remediation Measure program; and

**WHEREAS**, the Voluntary NOx Remediation Measure grant funds must be liquidated within two years following execution of a grant agreement.

#### NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

- 1. The District Board hereby approves the District's participation in the California Air Resources Board's Voluntary NOx Remediation Measure Funding program, and acceptance of funds to implement the program.
- 2. The District Board hereby delegates authority to the Air Pollution Control Officer to execute, on behalf of the District, a grant agreement with the California Air Resources Board for the Voluntary NOx Remediation Measure Funding program, included as Attachment 1 to this Resolution, and all other necessary documents to implement and carry out the purposes of this resolution.

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THEODORE A. FALLATI, CPA, CPFO

**PASSED, APPROVED AND ADOPTED** by the Air Pollution Control District Board of the Santa Barbara County, State of California, this 21<sup>st</sup> day of June, 2018, by the following vote:

Ayes:	
Noes:	
Abstain:	
Absent:	
	SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT
ATTEST:  AERON ARLIN GENET Clerk of the Board	ByChair Date
By Deputy	
APPROVED AS TO FORM:	APPROVED AS TO FORM:
MICHAEL C. GHIZZONI Santa Barbara County Counsel  By Llam W. Walley  Deputy	RAY AROMATORIO, ARM, AIC Risk Manager  Risk Manager
APPROVED AS TO FORM:	

### Resolution in the Matter of Voluntary NOx Remediation Measure Funding

#### ATTACHMENT #1

Grant Agreement for Voluntary NOx Remediation Measure Funding

STATE OF CALIFORNIA California Environmental Protection Agency AIR RESOURCES BOARD ASD/BCGB-337 (NEW 10/2017)

#### **GRANT AGREEMENT COVER SHEET**

·	GRANT NUMBER
	G17-NRM-16
NAME OF GRANT PROGRAM	1 011 111111111
Voluntary NOx Remediation Measure Funding	
GRANTEE NAME	
Santa Barbara County Air Pollution Control District	
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER	TOTAL GRANT AMOUNT NOT TO EXCEED
*	
77 0004407	\$47,612.00
77-0384167	Ψ+1,012.00
FISCAL GRANT TERM	
FROM: July 1, 2017	TO: June 30, 2020
PROJECT PERFORMANCE PERIOD OF GRANT AGREEMENT	1 1 0. ballo 00, 2020
FINGLEST FER CRIMINGS FERIOD OF GRANT AGREEMENT	
FDOM: home 4, 0040	ma 1 11 as assa
FROM: June 1, 2018	TO: April 30, 2020

This legally binding Grant Agreement, including this cover sheet and Exhibit A attached hereto and incorporated by reference herein, is made and executed between the State of California, Air Resources Board (CARB) and Santa Barbara County Air Pollution Control District (the "Grantee").

Exhibit A – Grant Provisions Exhibit B – Work Statement

Budget Summary (Attachment I)
Project Milestones (Attachment II)
Project Schedule (Attachment III)
Key Project Personnel (Attachment IV)

Exhibit C - Attachment A to Resolution 18-22

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from CARB.

The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

		COANTEE'S MANE (	2011 CO 72/05		
California Air Resources Board		GRANTEE'S NAME (F	PRINT OR TYPE)		
		Santa Barb	ara Coui	nty Air Pollut	ion Control District
SIGNATURE OF ARB'S AUTHORIZED SIGNATORY:		SIGNATURE OF GRA	NTEE		
		(AS AUTHORIZED IN	RESOLUTION, L	ETTER OF COMMITME	NT, OR LETTER OF DESIGNATION)
<u> </u>					
Administrative Services Division Chief, ARB	DATE	TITLE			DATE
		GRANTEE'S ADDRES	S (INCLUDE ST	REET, CITY, STATE AND	O ZIP CODE)
	CERTIFICA	TION OF FUND	DING		
AMOUNT ENCUMBERED BY THIS AGREEMENT	FISCAL YEAR/PROGE				FUND TITLE
	2017-18/3500	) ,			Air Pollution Control
\$47,612.00					Fund
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT	(OPTIONAL USE)				-
<b>\$</b>					
TOTAL AMOUNT ENCUMBERED TO DATE	ITEM	**************************************	CHAPTER	STATUTE	FISCAL YEAR
\$47,612.00	3900-001-0115		14	2017	2017-18
W 450	OBJECT OF EXPEND 064400-5950				
I hereby certify that the California Air Resources Bo	oard Budget Office o	acknowledges that	budgeted fun	ds are available f	or the period and purpose of
the expenditure stated above.	•				
SIGNATURE OF AIR RESOURCES BOARD BUDGET OFFICE:				DATE	
-Alm 5/28/18					
I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.					
SIGNATURE OF AIR RESOURCES BOARD LEGAL OFFICE:		***************************************	***************************************	DATE	
h vi				5/25/-	2018

#### **EXHIBIT A – Grant Provisions**

A. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the Voluntary NOx Remediation Measure (NRM) Funding Guidelines and Memorandum of Agreement (MOA) between the California Air Resources Board and the Santa Barbara County Air Pollution Control District (executed \_\_/\_ /\_\_).

#### B. GRANT SUMMARY AND AMENDMENTS (IF APPLICABLE)

Project Title: Voluntary NOx Remediation Measure Funding

Grant Funding Amount: Forty-seven thousand six hundred twelve dollars and no cents. (\$47,612.00).

#### C. GRANT PARTIES AND CONTACT INFORMATION

This Grant is from the California Air Resources Board (hereinafter referred to as CARB or the Board) to the Santa Barbara County Air Pollution Control District (hereinafter referred to as Grantee).

 The CARB Project Liaison is Gavin Hoch. Correspondence regarding this project must be directed to:

Mr. Gavin Hoch
California Air Resources Board
Industrial Strategies Division
PO Box 2815
Sacramento, California 95812
Phone: (916) 324-0839
Email: Gavin.Hoch@arb.ca.gov

2. The Grantee Liaison is Aeron Arlin Genet. Correspondence regarding this project must be directed to:

Ms. Aeron Arlin Genet
Air Pollution Control Officer
Santa Barbara County Air Pollution Control District
260 North San Antonio Road, Suite A
Santa Barbara, California 93110
Phone: (805) 961-8853

Email: aarlingenet@sbcapcd.org

#### D. SCOPE OF WORK

The Grantee shall achieve the district's targeted remedial NOx emissions reductions with eligible projects pursuant to the Voluntary NRM Funding Guidelines. Grants issued to the district will be tracked analogously to incentive funds distributed through the Carl Moyer Program (CMP) pursuant to the CMP Guidelines. In many cases, projects that are eligible for CMP funding are also eligible for NRM funding. CMP grants provide funding to the districts for cleaner-than-required engines and equipment. Eligible funding under the NRM is limited to heavy duty vehicles, and off-road engines and equipment. Eligible projects must reduce NOx, and those reductions must be permanent, surplus, and quantifiable. Projects cannot be credited under both the NRM and any other similar emissions reduction incentive program such as the CMP.

The high-level variations between program criteria and administrative requirements in the CMP Guidelines that are needed for the NRM, are as follows:

#### Project selection and timing:

- NOx reductions required: The selection of projects for NRM grants will be based on consideration of NOx emissions reductions.<sup>272</sup> Similarly, the NRM cost-effectiveness limit will be based on NOx and cost-effectiveness calculations will be based solely on NOx emission factors, NOx deterioration rates, and corresponding NOx emissions reductions.<sup>273</sup> Projects that also reduce ROG and PM are encouraged; however, ROG and PM emissions reductions will not be considered in funding decisions or included in cost-effectiveness calculations.
- Ocot-effectiveness: A cost-effectiveness limit of \$10,000 per ton NOx reduction will apply to all projects, unless a district can demonstrate that no reductions below that cost-effectiveness threshold are available. The capital recovery factors in Appendix C of the CMP Guidelines must be used unless CARB provides an update specific to NRM.<sup>274</sup>

#### Eligible Project Types:

- Vehicle types with potential for NOx increase with biodiesel use
  - Heavy Duty Vehicles
  - Off-road Engines and Equipment

<sup>&</sup>lt;sup>271</sup> The Carl Moyer Program Guidelines, 2017 Revisions, Volumes I and II – approved by the Board on April 27, 2017; Volume II updated on December 28, 2017 [CMP Guidelines].

<sup>272</sup> CMP Guidelines Chapter 2, Criterion M, page 2-2; Chapter 4, pages 4-15, 4-17, 4-18.

<sup>&</sup>lt;sup>273</sup> CMP Guidelines Appendix C; Appendix D.

<sup>&</sup>lt;sup>274</sup> CMP Guidelines Chapter 2, Criterion BB, page 2-4.

#### o Non-eligible Project Types:

- Infrastructure projects do not provide direct NOx reductions.<sup>275</sup>
- Light-duty vehicles and lawn and garden equipment.<sup>276</sup>
- The Agricultural Assistance Program will not be eligible as it does not require emissions reductions to be surplus.<sup>277</sup>
- Progress Milestones<sup>278</sup>: To support timely NOx emissions reductions, air districts will make every effort to have 100% of project funds under executed contract within one year following execution of a grant agreement with CARB. Similar progress milestones apply to any match funds associated with the NRM grant funds. Progress will be reported in yearly reports.
- <u>Liquidation Requirement</u><sup>279</sup>: Air districts must have liquidated all NRM funds, as well as interest, recaptured funds, and other funds added to the funding target, within two years following execution of a grant agreement with CARB.

#### Other adjustments for NRM implementation:

- Match funds: Air districts accepting NRM grants may provide match funds, but match funds are not required.<sup>280</sup> Reductions from matched funds will not be considered as part of the NRM reductions.
- <u>Co-funding</u>: Project grantees from non-public entities are allowed, but not required, to provide co-funding for NRM grant projects.<sup>281</sup> Reductions from co-funding will not be considered as part of the NRM reductions.
- Administration: Air districts may use up to 6.0 percent of their NRM funds on outreach and administration.<sup>282</sup>

<sup>&</sup>lt;sup>275</sup> CMP Guidelines Chapter 1, Part A, page 1-3; Chapter 2, Criterion M, page 2-2; Chapter 3, Part V, Sections 7 and 8, page 3-30; Chapter 3, Part X, Section 1, page 3-33; Chapter 3, Part Y, Section 4, page 3-36; Chapter 3, Part BB, Section 4, pages 3-38 – 3-39; Chapter 4, Part A, Section 3, page 4-4; Chapter 5, Part A, Section 4, page 5-1; Chapter 7, Part A, Section 5, page 7-2; Chapter 7, Part C, Section 6, page 7-10; Chapter 10.

<sup>&</sup>lt;sup>276</sup> CMP Guidelines Chapters 8 and 9.

<sup>&</sup>lt;sup>277</sup> CMP Guidelines Volume II, Part 3.

<sup>&</sup>lt;sup>278</sup> CMP Guidelines Chapter 3, Part N, Section 1, page 3-18.

<sup>&</sup>lt;sup>279</sup> CMP Guidelines Chapter 3, Part O, Section 1, page 3-19.

<sup>&</sup>lt;sup>280</sup>CMP Guidelines Chapter 3, Part C, Section 3, page 3-3; Chapter 3, Part I, pages 3-10 - 3-11.

<sup>&</sup>lt;sup>281</sup>CMP Guidelines Chapter 2, Criterion P, page 2-2; Chapter 3, Part L, Section 5, pages 3-15.

<sup>&</sup>lt;sup>282</sup>CMP Guidelines Chapter 3, Part J, Section 1, page 3-11.

- Accounting: Air districts must establish accounting practices for NRM grants consistent with the requirements in Chapter 3 Part K of the CMP Guidelines.<sup>283</sup>
- Additional Information: Project applications must include estimated activity data (e.g., miles traveled, hours operated, fuel consumed) for each year when there will be surplus NOx emissions reductions.
- Inapplicable Elements of CMP Guidelines: Background information<sup>284,285</sup>;
   References to the statutory provisions of the CMP; Grant process<sup>286</sup>; References to Rural Assistance Program (RAP)<sup>287</sup>; and References to AB 923.<sup>288</sup>

#### E. FISCAL ADMINISTRATION

#### 1. Budget

a. The maximum amount of this Grant is Forty-seven thousand six hundred twelve dollars and no cents (\$47,612.00). Under no circumstances will CARB reimburse the Grantee for more than this amount.

#### 2. Project Funding

- a. NRM funds may be used for clean air project types related to the replacement, repower, retrofit and retirement of on-road trucks, off-road equipment, agricultural equipment, and marine and locomotives.
- b. NRM funding will be disbursed upon receipt of the following:
  - i. Fully executed Grant agreement;
  - ii. Fully executed Memorandum of Agreement between CARB and the Santa Barbara County Air Pollution Control District;
  - iii. A completed Grant Disbursement request form for \$47,612.00.

<sup>&</sup>lt;sup>283</sup> CMP Guidelines Chapter 3, Section K, pages 3-12 – 3-14.

<sup>&</sup>lt;sup>284</sup> CMP Guidelines Pages i – iii.

<sup>&</sup>lt;sup>285</sup> CMP Guidelines Chapter 1, pages 1-1 – 1-10 except the project type descriptions on pages 1-3.

<sup>&</sup>lt;sup>286</sup> CMP Guidelines Chapter 3, Parts B – D, pages 3-1 – 3-5, except Part C, Section 4, pages 3-3 – 3-4, Part D. Section 3, and Part D, Section 4.

<sup>&</sup>lt;sup>287</sup> CMP Guidelines Chapter 3, Part G, pages 3-7 - 3-8.

<sup>&</sup>lt;sup>288</sup> CMP Guidelines Chapter 3, Part H, pages 3-9 – 3-10; Chapter 3, Part L, Section 4, page 3-15; Chapter 3, Part M, Sections 2 and 3, pages 3-16 – 3-17; Chapter 3, Part R, Section 6, page 3-23.

#### 3. Suspension of Payments and Grant Termination

- a. CARB reserves the right to terminate this Grant upon 30 days written notice to the Grantee. In case of early termination, the Grantee will submit a report covering activities up to, and including, the termination date and following the requirements specified herein and immediately return remaining funds.
- b. CARB reserves the right to immediately terminate this Grant in accordance with Section I (General Grant Provisions, paragraph 23).
- **c.** Upon termination, remaining Grant funds must be immediately returned to CARB.

#### 4. Documentation of Project Funds

Project costs include: Costs of new/cleaner engines, vehicles or equipment, and retrofit emission control systems; the Grantee's procurement, installation and replacement costs; indirect costs (general administrative services, office space, and telephone services); overhead; and printing, records retention, and mailing costs.

- a. The Grantee must maintain documentation of all project administration funds, including the following:
  - i. Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff is devoted to project administration;
  - ii. Administration funds for subcontractor(s) must be documented with copies of the contract and invoices;
  - iii. Printing, mailing, records retention, and expenses must be documented with receipts and/or invoices:
- b. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for a minimum of three years after completion of the grant.

#### F. PROJECT MONITORING

#### 1. Meetings with CARB

a. Site visits: Site visits may be established by the CARB Project Liaison during the term of this grant.

#### G. DOCUMENTING EXPENDITURE OF STATE FUNDS

The Grantee must provide CARB with documentation accounting for the proper expenditure of CARB funds. The documentation must be provided with the Grant Disbursement Request Form.

#### H. OVERSIGHT AND ACCOUNTABILITY

The Grantee must comply with all oversight responsibilities identified herein.

- 1. CARB or its designee reserves the right to audit at any time during the duration of this grant the Grantee's costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Grantee shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
- 2. The Grantee shall retain all records referred to above and provide them for examination and audit by the State for three years after full payment under this grant.
- 3. The Grantee shall develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, and of all funding sources.
- 4. The Grantee shall store all records in a secured and safe storage facility that maintains confidentiality and provides fire and natural disaster protection. Files must be retained during the term of the Grant Agreement plus three years.

#### I. GENERAL GRANT PROVISIONS

1. Amendment: No amendment or variation of the terms of this Grant Agreement will be valid unless made in writing, signed by all parties and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties.

- **2. Assignment:** This Grant Agreement is not assignable by the Grantee, either in whole or in part, without the consent of CARB.
- 3. Availability of Funds: CARB's obligations under this Grant Agreement are contingent upon the availability of funds. In the event funds are not available, the State will have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this Grant Agreement.
- 4. Audit: Grantee agrees that CARB, the Department of General Services, Department of Finance, the Bureau of State Audits, or their designated representative have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received. Grantee agrees to maintain such records for possible audit for a minimum of three years after the term of this Grant is completed, unless a longer period of records retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include a similar right for the State to audit records and interview staff associated with any Grant related to performance of this Agreement.
- 5. Compliance with law, regulations, etc.: The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and State laws, rules, guidelines, regulations, and requirements.
- 6. Confidentiality: No record that has been designated as confidential by CARB, or is the subject of a pending application of confidentiality, may be disclosed by the Grantee. In the event Grantee determines for any reason that Grantee is required by law, including the Public Records Act, or believes it to be in the best interest of the public, to disclose or make available the contents of the Confidential Information to other governmental agencies or to the public, Grantee agrees not to do so without first notifying CARB of its intent and the reason for the requested disclosure. Grantee further agrees that such notice shall be given within 10 days prior to the planned disclosure.
- 7. Conflict of interest: The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws.

The Grantee may have no interest, and must not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the tasks described herein. The Grantee must disclose any direct or indirect financial interest or situation which may pose an actual,

apparent, or potential conflict of interest with its duties throughout the grant term. CARB may consider the nature and extent of any actual, apparent, or potential conflict of interest in the Grantee's ability to perform the grant.

The Grantee must immediately advise CARB in writing of any potential new conflicts of interest throughout the grant term.

- 8. Disputes: The Grantee must continue with the responsibilities under this Grant Agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this Grant Agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff must be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- 9. Environmental justice: In the performance of this Grant Agreement, the Grantee must conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
- 10. Fiscal management systems and accounting standards: The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to track grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Grant Agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.
- 11. Force majeure: Neither CARB or the Grantee must be liable for or deemed to be in default for any delay or failure in performance under this Grant Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire, or other casualty, etc.
- 12. Governing law and venue: This Grant is governed by and must be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this Grant Agreement must be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District

- Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.
- 13. Grantee's responsibility for work: The Grantee must be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee must be responsible for any and all disputes arising out of its contract for work on the Project, including, but not limited to, payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- 14. Indemnification: The Grantee agrees to indemnify, defend, and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee, and out of the operation of equipment that is purchased with funds from this Grant Award.
- 15. Independent Contractor: The Grantee, and its agents and employees, if any, in their performance of this Grant Agreement, must act in an independent capacity and not as officers, employees, or agents of CARB.
- 16. Nondiscrimination: During the performance of this Grant Agreement, the Grantee and its third party entities shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed. national origin, gender, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. The Grantee and its third party entities shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission Implementing Government Code Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other

- agreement. The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Grant Agreement.
- 17. No third party rights: The parties to this Grant Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Grant Agreement, or of any duty, covenant, obligation or undertaking establish herein.
- 18. Ownership: All information, data, documents, intellectual property, including, but not limited to, webpages received or generated by the Grantee under this Grant is the property of CARB. No information, data, documents, intellectual property received or generated under this Grant may be released without CARB's approval, except as required to lawfully comply with a California Public Records Act request.
- 19. Personally Identifiable Information: Information or data, including, but not limited to, records that personally identify an individual or individuals are confidential in accordance with the Information Practices Act of 1977 (California Civil Code sections 1798, et seq.) and other relevant State or Federal statutes and regulations. The Grantee must safeguard all such information or data which comes into their possession under this agreement in perpetuity, and must not release or publish any such information, data, or financing assistance records.
- 20. Prevailing wages and labor compliance: If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee must monitor all agreements subject to reimbursement from this Grant Agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- 21. Professionals: For projects involving installation or construction services, the Grantee agrees that only licensed professionals will be used to perform services under this Grant Agreement where such services are called for and licensed professionals are required for those services under State law.
- 22. Severability: If a court of competent jurisdiction holds any provision of this Grant Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the remaining provisions, or portions of those provisions, remain valid and enforceable on the parties.
- 23. **Termination:** In addition to the termination provisions in Section E(3) of this Grant Agreement, CARB may terminate this Grant Agreement by written notice at any time prior to completion of this Grant Agreement,

upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this Grant Agreement. Upon termination, the Grantee must immediately return project funds to CARB.

- **24. Timeliness:** Time is of the essence in this Grant Agreement. Grantee must proceed with and complete projects funded by this Grant Award in accordance with the NRM Funding Guidelines.
- **25. Waiver of Rights:** Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Grant Agreement are in addition to any other rights and remedies provided by law.

#### 26. Patent, Copyright, and Trade Secret Indemnity:

- a. Grantee shall hold the State of California, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses, for infringement or use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in connection with the Grant Agreement.
- b. Grantee, at its own expense, shall defend any action brought against the State to the extent that such action is based upon a claim that Grantee infringed a United States patent or copyright or violated a trade secret as part of Grantee's duties or actions related to this Grant Agreement. The Grantee shall pay those costs and damages finally awarded against the State in any such action. Such defense and payment shall be conditioned on the following:
  - i. That the Grantee shall be notified within a reasonable time in writing by the State of any notice of such claim; and,
  - ii. That the Grantee shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise, provided, however, that when principles of government or public law are involved, the State shall have the option to participate in such action at its own expense.
- **c.** Grantee certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the

performance of this Grant Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

#### **EXHIBIT B – Work Statement**

Budget Summary (Attachment I)

Project Milestones (Attachment II)

Project Schedule (Attachment III)

Key Project Personnel (Attachment IV)

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## **Budget Summary**

Grantee: Santa Barbara County Air Pollution Control District

**Grant No.:** G17-NRM-16

Project: Voluntary NOx Remediation Measure (NRM) Funding

Total Costs & Funding

<u> </u>	Total   Total Grant	Total Funding  Amount  \$47,612.00
		944,012.00

## **Project Milestones**

Grantee: Santa Barbara County Air Pollution Control District

Grant No.: G17-NRM-16

# Project: Voluntary NOx Remediation Measure (NRM) Funding

Task	Description	Project Funds
	Execute MOA	↔
2	Execute Grant Agreement	\$
Total		\$47,612.00

Grant No.: G17-NRM-16

**Project Schedule** 

Grantee: Santa Barbara County Air Pollution Control District

Project: Voluntary NOx Remediation Measure (NRM) Funding

Work Task	Timeline
Task 1 – Execute MOA	June 1, 2018
Task 2 - Execute Grant Agreement	June 1, 2018

Grant No.: G17-NRM-16

## **Key Project Personnel**

Grantee: Santa Barbara County Air Pollution Control District

Project: Voluntary NOx Remediation Measure (NRM) Funding

Name	Position	Duties

#### **EXHIBIT C – Attachment A to Resolution 18-22**

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#### Attachment A

#### Voluntary NOx Remediation Measure Funding Guidelines for District Grants to Remediate Potential Historic Biodiesel NOx Emissions Conservatively Attributable to the LCFS

#### **Summary**

California Air Resources Board (CARB) staff have found that although biodiesel use is health beneficial overall, biodiesel can, in certain engines, contribute to an increase in oxides of nitrogen (NOx).

Specifically, in the Draft Supplemental Disclosure Discussion of Oxides of Nitrogen Potentially Caused by the Low Carbon Fuel Standard Regulation [Draft Disclosure Discussion],¹ staff conservatively estimated a historical increase in NOx potentially attributable to biomass-based diesel use incented by the LCFS of 789 tons from 2007–2016.² While CARB has taken steps to eliminate such NOx increases from biomass-based diesel in the future and to reduce NOx emissions from diesel alternatives more generally, CARB has also proposed to do more to remediate these past emissions, recognizing that the specific past NOx particles cannot be mitigated. This document describes staff's initial remediation proposal related to the historical implementation of the LCFS regulation.

Staff propose to fund reduction projects related to heavy-duty engines in a new NOx Remediation Measure (NRM). For the sake of administrative efficiency, the structure of this measure would be similar to the Carl Moyer Program (CMP) in many ways and would utilize the CMP Guidelines as appropriate. The Carl Moyer Program provides grant funding to the districts for cleaner-than-required engines and equipment. Eligible projects under the NRM would be limited to on-road trucks, off-road equipment, agricultural equipment, and marine and locomotives. Those projects target the same types of engines that might historically have resulted in increased NOx with biodiesel use. Eligible projects must reduce NOx, and those reductions must be permanent, surplus, and quantifiable. Projects cannot be credited under both this plan and any other similar emissions reduction incentive program such as the CMP.

Staff believes this proposal will achieve reductions quickly and efficiently, will focus funding in the appropriate geographic areas, and will result in turnover of older engines – the same engines that have historically resulted in NOx increases when used in conjunction with biodiesel.

#### Background

<sup>&</sup>lt;sup>1</sup> Available at https://www.arb.ca.gov/regact/2018/lcfs18/appg.pdf.

<sup>&</sup>lt;sup>2</sup> Staff also found a potential increase in future years and has proposed amendments to the Alternative Diesel Fuel (ADF) regulation to avoid those potential future emissions.

On October 18, 2017, Fresno County Superior Court issued a revised writ of mandate arising from continuing litigation challenges to the adequacy of the CEQA analysis associated with CARB's initial adoption of the LCFS regulations. This revised writ of mandate related specifically to potential NOx emissions from biodiesel, and ordered CARB to "Address whether the [LCFS] project as a whole is likely to have caused an increase in NOx emissions in the past and is likely to cause an increase in NOx emissions in the future." (Internal quotations omitted.)

In response to this particular order in the revised writ of mandate, CARB developed a Draft Disclosure Discussion,<sup>3</sup> released for public comment March 6, 2018. Utilizing a conservative analytical approach that likely overestimated LCFS-attributable impacts, the Draft Disclosure Discussion concluded that potential increases in NOx emissions from biomass-based diesel use attributed to LCFS relative to conventional diesel use ("LCFS NOx emissions"), considered in isolation from the overall air quality impacts of biodiesel use, may have had a significant adverse effect on the environment in 2012, 2015, and 2016. The Draft Disclosure Discussion also determined, again under this conservative approach, that "NOx emissions from biomass-based diesel use attributed to the LCFS resulted in a potentially significant impact on cumulative long-term air quality."

But taking into account the overall emissions impacts of biodiesel, including beneficial impacts, the Draft Disclosure Discussion concluded that "the use of biodiesel on its own is beneficial to California." Specifically, in all years analyzed, the Draft Disclosure Discussion concluded that "the health benefit from reductions in direct particulate matter (PM) emissions outweighed the potential adverse health impact due to increases in NOx, and resulted in net health benefits." Moreover, "Due to the short atmospheric lifetime of NOx emissions," the Draft Disclosure Discussion concluded that "it is not physically possible, and is therefore infeasible, to mitigate any specific potentially significant historical LCFS NOx emissions."

Nevertheless, the Draft Disclosure Discussion outlined a CARB commitment, "consistent with CARB's mission to promote and protect public health and welfare through the effective and efficient reduction of air pollutants," to fully remediate all potential historical LCFS NOx emissions by funding NOx reductions over and above those achieved, in future years, by the existing LCFS and ADF regulations and by the proposed amendments to the ADF regulation.

Consistent with the Draft Disclosure Discussion, the revised writ of mandate, and CARB's legal obligations and authority, this NOx remediation funding plan reflects CARB staff's proposed mechanism by which CARB may voluntarily "remediate the potential past emissions through remedial measures supporting air district-level NOx mitigation projects targeting engines, such as the replacement of existing diesel engines with low-NOx engines."

<sup>&</sup>lt;sup>3</sup> Available at https://www.arb.ca.gov/regact/2018/lcfs18/appg.pdf.

<sup>&</sup>lt;sup>4</sup> Draft Disclosure Discussion at G-6.

#### **Emissions to be Remediated**

As indicated in the Draft Disclosure Discussion, staff estimated cumulative potential historical LCFS NOx emissions of approximately 790 tons NOx from 2007–2016. These NOx emissions represent the sum of individual years when LCFS NOx emissions increases were greater than zero (i.e., years when there were NOx emissions increases from biomass-based diesel use attributed to the LCFS relative to conventional diesel use). Staff notes this estimate does not include historical years when NOx emissions due to biomass-based diesel use attributed to the LCFS decreased, which represent a 518 tons cumulative NOx decrease from 2007-2016. CARB has voluntarily committed to remediating these potential historical LCFS NOx emissions. Staff estimates a total of \$9 to \$18 million for full remediation.

#### Source of Funds

Staff estimates that approximately \$4.5 million from the Air Pollution Control Fund will be available for NRM grants to air districts in FY 2017-18.

#### Allocation of Funds

Staff proposes that NRM funds be allocated to individual air districts based on the estimated percentage of the total historical LCFS NOx emissions driven by biomass-based diesel use that occurred in each air district, as shown in column 4 of Table 1 below. This means that the reductions occur in the same geographic area that the estimated NOx increase occurred. Table 1 presents the estimated cumulative historical (2011-2016) LCFS NOx emissions due to biomass-based diesel and the percentage of those emissions by district. Funding would be allocated to each air district using the percentages below applied to the amount available, estimated at \$4.5 million for 2017-18 funds.

Table 1: NRM Proposed Allocation

<sup>&</sup>lt;sup>5</sup> CARB does not have specific information regarding the geographical distribution of biomass-based diesel use in California. Because LCFS NOx emissions due to biomass-based diesel use are emitted from engines without NOx emissions controls (i.e., non-new technology diesel engines, or non-NTDEs), CARB assumed that the geographical distribution of LCFS NOx emissions due to biomass-based diesel use was the same as the geographical distribution of NOx emissions from non-NTDE mobile sources. Staff estimated historical LCFS NOx emissions from biomass-based diesel use by air district assuming that the geographical distribution of biomass-based diesel use was the same as the geographical distribution of conventional diesel. Therefore, the proposed allocation is proportionate to the historical location of NOx emissions from diesel-fueled mobile sources without NOx control

Air District	Cumulative Historical LCFS NOx Emissions from Biomass-Based Diesel (positive tons from 2012, 2015, and 2016)	Cumulative Historical LCFS NOx Benefits from Biomass-Based Diesel (negative tons from 2013 and 2014)	Share of Total Value Statewide (%)
Amador	1.2	-0.7	<1%
Antelope	4.4	-2.9	<1%
Bay Area	110	-75	14%
Butte	9.5	-6	1%
Calaveras	1.1	-0.7	<1%
Colusa	4.1 ·	<b>-</b> 2.6	<1%
El Dorado	3.5	-2.2	<1%
Feather River	8.3	-5.2	1%
Glenn	4.1	-2.6	<1%
Great Basin	1.8	-1.2	<1%
Imperial	10	-6.6	1%
Kern	8	-5.5	1%
Lake	1.6	1	<1%
Lassen	2.4	-1.5	<1%
Mariposa	0.4	-0.2	<1%
Mendocino	5.1	-3.3	<1%
Modoc	1.5	-0.9	<1%
Mojave Desert	50	-32	6%
Monterey	16	-11	2%
North Coast Unified	7.5	-4.7	<1%
Northern Sierra	5.9	-3.7	<1%
Northern Sonoma	2.6	-1.6	<1%
Placer	12	-7.5	1%
Sacramento Metro	20	-13	3%
San Diego County	48	-33	6%
San Joaquin Valley	171	-114	22%
San Luis Obispo	7.1	-4.5	<1%
Santa Barbara	7.9	-5.1	1%
Shasta	7.6	-5	1%
Siskiyou	5.2	-3.5	<1%
South Coast	221	-142	28%
Tehama	4.9	-3.3	<1%
Tuolomne	1.1	-0.7	<1%
Ventura	13	-7.7	2%

Yolo-Solano	12	-7.8	1%
Total	790 <sup>6</sup>	-518	100%

CARB will notify all air districts in writing of their allocation for FY 2017-18. Upon receipt of written notification from CARB, each air district will have ten days to provide written confirmation of acceptance of its tentative allocation. Allocations for air districts that decline their allocations or do not respond within ten days will be redistributed among participating air districts.

#### **Emissions Reductions Tracking**

Implementation of NRM grant funding and tracking of NOx emissions reductions will generally follow the CMP Guidelines. Air districts will record NRM project information and data using an online tracking tool similar to the Clean Air Reporting Log (CARL) for the CMP. This tool, the Clean Air Reporting Log Adapted for NRM (CARLA), will estimate actual and projected NOx, ROG, and PM emissions reductions for each project; however, cost-effectiveness values and maximum grant amounts will be estimated based on NOx emissions reductions only. CARB will estimate cumulative actual and projected NOx reductions for NRM based on project-reported activity data for all projects in CARLA.

#### **Grant Conditions**

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 CMP Guidelines. In many cases, project types that are eligible for CMP funding are also likely to be eligible for NRM funding; however, individual projects cannot receive credit under both programs. NRM grants will incorporate the overarching goals with resulting conditions as summarized below.

The following high-level summary outlines the criteria and administrative requirements for implementation of NRM that will differ from those in the CMP Guidelines.

#### Project selection and timing:

 NOx reductions required: The selection of projects for NRM grants will be based on consideration of NOx emissions reductions.<sup>8</sup> Similarly, the NRM cost-effectiveness limit will be based on NOx and cost-effectiveness calculations will be based solely on NOx emission factors, NOx

NOx increases and reductions are preliminary calculations without 2017 data. Once 2017 data are available, values will change. Partial 2017 data suggest increases are lower and decreases are higher.
 The Carl Moyer Program Guidelines, 2017 Revisions, Volumes I and II – approved by the Board on April 27, 2017; Volume II updated on December 28, 2017 [CMP Guidelines].
 CMP Guidelines Chapter 2, Criterion M, page 2-2; Chapter 4, pages 4-15, 4-17, 4-18.

- deterioration rates, and corresponding NOx emissions reductions<sup>9</sup>. Projects that also reduce ROG and PM are encouraged; however, ROG and PM emissions reductions will not be considered in funding decisions or included in cost-effectiveness calculations.
- O Cost-effectiveness: A cost-effectiveness threshold of \$10,000 per ton NOx reduction will apply to all projects, unless a district can demonstrate that no reductions below that cost-effectiveness threshold are available. The capital recovery factors in Appendix C of the CMP Guidelines must be used unless CARB provides an update specific to NRM<sup>10</sup>.
- Eligible Project Types:
  - Vehicle types with potential for NOx increase with biodiesel use
    - Heavy Duty Vehicles
    - Off-road Engines and Equipment
- Non-eligible Project types:
  - Infrastructure projects do not provide direct NOx reductions.
  - Light-duty vehicles and lawn and garden equipment<sup>12</sup>
  - The Agricultural Assistance Program will not be eligible as it does not require emissions reductions to be surplus.<sup>13</sup>
- Progress Milestones<sup>14</sup>: To support timely NOx emissions reductions, air districts will make every effort to have 100% of project funds under executed contract within one year following execution of a grant agreement with CARB. Similar progress milestones apply to any match funds associated with the NRM grant funds. Progress will be reported in yearly reports.
- <u>Liquidation Requirement<sup>15</sup></u>: Air districts must have liquidated all NRM funds, as well as interest, recaptured funds, and other funds added to the funding target, within two years following execution of a grant agreement with CARB.
- Other differences for proposed NRM implementation:
  - Match funds: Air districts participating in the NRM grants may, but are not required, to provide match funds.<sup>16</sup> Reductions from matched funds will not be considered as part of the NRM reductions.

<sup>&</sup>lt;sup>9</sup> CMP Guidelines Appendix C; Appendix D.

<sup>&</sup>lt;sup>10</sup> CMP Guidelines Chapter 2, Criterion BB, page 2-4.

<sup>11</sup> CMP Guidelines Chapter 1, Part A, page 1-3; Chapter 2, Criterion M, page 2-2; Chapter 3, Part V, Sections 7 and 8, page 3-30; Chapter 3, Part X, Section 1, page 3-33; Chapter 3, Part Y, Section 4, page 3-36; Chapter 3, Part BB, Section 4, pages 3-38 – 3-39; Chapter 4, Part A, Section 3, page 4-4; Chapter 5, Part A, Section 4, page 5-1; Chapter 7, Part A, Section 5, page 7-2; Chapter 7, Part C, Section 6, page 7-10; Chapter 10.

<sup>&</sup>lt;sup>12</sup> CMP Guidelines Chapters 8 and 9.

<sup>&</sup>lt;sup>13</sup> CMP Guidelines Volume II, Part 3.

<sup>&</sup>lt;sup>14</sup> CMP Guidelines Chapter 3, Part N, Section 1, page 3-18.

<sup>&</sup>lt;sup>15</sup> CMP Guidelines Chapter 3, Part O, Section 1, page 3-19.

<sup>&</sup>lt;sup>16</sup> CMP Guidelines Chapter 3, Part C, Section 3, page 3-3; Chapter 3, Part I, pages 3-10 – 3-11.

- <u>Co-funding</u>: Project grantees from non-public entities are allowed, but not required, to provide co-funding for NRM grant projects.<sup>17</sup> Reductions from co-funding will not be considered as part of the NRM reductions.
- Administration: Air districts may use up to 6.0 percent of their NRM funds on outreach and administration.<sup>18</sup>
- Accounting: Air districts must establish accounting practices for NRM grants consistent with the requirements in Chapter 3 Part K of the CMP Guidelines.<sup>19</sup>
- Additional Information: Project applications must include estimated activity data (e.g., miles traveled, hours operated, fuel consumed) for each year when there will be surplus NOx emissions reductions.
- <u>Inapplicable Elements of CMP Guidelines</u>: Background information<sup>20,21</sup>; References to the statutory provisions of the CMP; Grant process<sup>22</sup>; References to Rural Assistance Program (RAP)<sup>23</sup>; and References to AB 923.<sup>24</sup>

#### **Legal Authority**

The California Air Resources Board (CARB) has general responsibility for control of emissions from motor vehicles and to coordinate, encourage, and review the efforts of all levels of government as they affect air quality. (Health & Saf. Code, § 39500.) CARB is also the State agency charged with monitoring and regulating sources of greenhouse gas (GHG) emissions that cause global warming in order to reduce such emissions. (Health & Saf. Code, § 38510.) Sections 39600 and 39601 of the Health and Safety Code authorize CARB to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon CARB by law. Pursuant to Health and Safety Code section 43015, upon appropriation by the legislature, money in the Air Pollution Control Fund is available to CARB to carry out its duties and functions.

Pursuant to this and other authority, CARB adopted the LCFS regulations, designed to reduce the lifecycle carbon intensity of transportation fuels used in California. CARB readopted the LCFS regulations, in part, to address concerns regarding CARB's analysis of NOx emissions impacts of biodiesel relating to the adoption of the original LCFS. At the same time, CARB also adopted the Alternative Diesel Fuels (ADF) regulation to prevent certain biodiesels, which the LCFS might incent, from causing any significant new NOx emissions. The current version of the LCFS regulations are published at

<sup>&</sup>lt;sup>17</sup> CMP Guidelines Chapter 2, Criterion P, page 2-2; Chapter 3, Part L, Section 5, pages 3-15.

<sup>&</sup>lt;sup>18</sup> CMP Guidelines Chapter 3, Part J, Section 1, page 3-11.

<sup>&</sup>lt;sup>19</sup> CMP Guidelines Chapter 3, Section K, pages 3-12 – 3-14.

<sup>&</sup>lt;sup>20</sup> CMP Guidelines Pages I – iii.

<sup>&</sup>lt;sup>21</sup> CMP Guidelines Chapter 1, pages 1-1 – 1-10 except the project type descriptions on pages 1-3.

 $<sup>^{22}</sup>$  CMP Guidelines Chapter 3, Parts B – D, pages 3-1 – 3-5, except Part C, Section 4, pages 3-3 – 3-4, Part D, Section 3, and Part D, Section 4.

<sup>&</sup>lt;sup>23</sup> CMP Guidelines Chapter 3, Part G, pages 3-7 – 3-8.

<sup>&</sup>lt;sup>24</sup> CMP Guidelines Chapter 3, Part H, pages 3-9 – 3-10; Chapter 3, Part L, Section 4, page 3-15; Chapter 3, Part M, Sections 2 and 3, pages 3-16 – 3-17; Chapter 3, Part R, Section 6, page 3-23.

sections 95480, 95481, 95482, 95483, 95483.1, 95483.2, 95484, 95485, 95486, 95487, 95488, 95489, 95491, 95492, 95493, 95494, 95495, 95496, and 95497 of title 17, California Code of Regulations. The current version of the ADF regulation is published at sections 2290, 2291, 2293, 2293.1, 2293.2, 2293.3, 2293.4, 2293.5, 2293.6, 2293.7, 2293.8, 2293.9, 2294, 2295, and Appendix 1 of title 13, California Code of Regulations.

CARB adopted the LCFS and ADF regulations as part of its regulatory program certified by the Secretary for Natural Resources under Public Resources Code section 21080.5 of the California Environmental Quality Act (CEQA; California Code of Regulations, title 14, section 15251(d)), and CARB conducted its CEQA review according to this certified program (California Code of Regulations, title 17, sections 60000-60007).

#### Voluntary NOx Remediation Measure Funding (Effective Date July 1, 2018)

The Voluntary NOx Remediation Measure Funding (No. G17-NRM-16) grant is made by and between the California Air Resources Board and the Santa Barbara County Air Pollution Control District.

#### **APPROVED AS TO FORM:**

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Santa Barbara County Counsel

Deputy

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RAY AROMATORIO

Risk Manager

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THEODORE A. FALLATI, CPA, CPFO Auditor-Controller

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