

District Highlights

December 21, 2017 Actions by the Governing Board

District Approves \$1,000,000 in Funding to Demonstrate Near-Zero Emission Diesel Engine Technology

The Governing Board approved funding to demonstrate the first-of-its kind high-efficiency, opposed piston diesel engine technology capable of meeting the near-zero 0.02 g/bhp-hr NOx emissions standard. The engines will be integrated into Class 8 on-road trucks. The trucks will be operated in regional long-haul routes, including in disadvantaged communities throughout the Valley. This will be the first demonstration in the U.S. of a high efficiency and low-NOx engine powertrain vehicle in Class 8 applications. If successfully commercialized, this near-zero diesel engine technology can provide for significant fuel savings while taking advantage of existing diesel fueling infrastructure, which have been significant challenges in the broad deployment of other zero and near-zero technologies in long-haul applications that make up a large portion of the Valley's emissions. With the Governing Board's approval, the District allocated \$1,000,000 in funding from the Technology Advancement Program to support the demonstration of this project in the Valley. Additional funding in the amount of \$7 million from the California Air Resources Board, \$7.7 million from Achates Power and Partners, and \$1 million from South Coast Air Quality Management District was received for this project.

District to Implement a State Oil and Gas Methane Regulation in the Valley

On March 23, 2017, the California Air Resources Board adopted Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities to reduce methane emissions from oil and gas production operations in California. Most of the affected facilities (70-80%) are located within the District and are already subject to District rules that require VOC emission reductions from equipment used in the oil and gas industry.

Through the state's rule development process, it became a widely held consensus that the state lacked the necessary resources and expertise to effectively implement this new regulation. By contrast, all parties recognized the District's expertise in this area and its extensive permitting and enforcement infrastructure that has been in place for decades. All parties, including CARB and the Valley's oil and gas industry, agree that administration of the program by the District will provide for more effective and expeditious implementation at lower cost.

The Governing Board approved a Memorandum of Agreement with the Air Resources Board for the District to implement these regulations of behalf of the state. The state will reimburse the District for its costs of implementing this regulation.

District Accepts \$88.4 million in Funding to Implement Incentive Projects and Support District's Implementation of AB 617

The Governing Board accepted \$88,400,000 in state Cap and Trade Funds for the primary purpose of improving public health in accordance with AB 617 in the Valley's disadvantaged communities while maximizing opportunities to advance efforts necessary to attain the federal health-based standards for PM2.5 and ozone. As a direct result of the District's ongoing advocacy efforts and working closely with Valley stakeholders, the recently approved Cap and Trade legislative package includes significant new funding for the Valley that will greatly assist in

achieving the enormous emissions reductions necessary for our upcoming State Implementation Plans. This includes \$80,000,000 to fund voluntary clean air projects in disadvantaged and low-income communities throughout the Valley with a significant focus on community engagement. Additionally, the District will receive \$8,400,000 in funding to implement requirements in AB 617 related to monitoring and reporting of emissions from facilities subject to the Cap and Trade regulation.

District Accepts \$772,555 in Cap and Trade Funds to Demonstrate Zero-Emission Cargo Handling Equipment at the Port of Stockton

The Governing Board accepted \$772,555 in state Cap and Trade funds to demonstrate innovative, zero-emission cargo handling equipment at the Port of Stockton. As part of the District's ongoing efforts to secure the Valley's fair share of Cap and Trade funds, the District submitted a proposal in response to ARB's competitive solicitation for off-road advanced technology demonstration projects. The District was awarded full funding for this project and will work with project partners to demonstrate two high-lift-capacity fully battery electric forklifts and associated charging equipment at the Port of Stockton. The District anticipates deployment of the new equipment and demonstration to begin in 2018, with full project completion anticipated by late 2019/early 2020. While this demonstration project will be focused on the Port of Stockton, this technology has the potential to be replicated and provide benefits at industrial facilities, warehouses, packing houses, cold-storage facilities and other distribution facilities District-wide.

Amendments to Indirect Source Review (Rule 9510) Adopted

The Governing Board adopted amendments to District Rule 9510, Indirect Source Review, the only rule of its kind in the State of California and throughout the nation which applies to new residential and commercial development projects. The purpose of this rule is to reduce the growth in both NOx and PM10 emissions from mobile and area sources associated with construction and operation of new development projects in the Valley, by encouraging clean air designs to be incorporated into the development project, or, if insufficient emissions reductions can be designed into the project, by paying a mitigation fee that will be used to fund off-site emissions reduction projects.

Under the amended rule, large projects as defined in the rule will be subject to rule even when a lead agency chooses to process the project as non-discretionary under the California Environmental Quality Act (CEQA). The amended rule does not change the original intent of the rule, but eliminates a potential loophole in the rule to ensure that the air quality impact mitigation requirements of the ISR rule are applied consistently throughout the San Joaquin Valley. "Grandfathered Projects" and previously exempt large development projects that receive a building permit, conditional use permit, or other similar approval by March 21, 2018, remain exempt from the rule.

October District Activities

Outreach and Communications

- The District spent October preparing to host the Central Valley Summit Alternatives to Open Burning of Ag Waste. District staff was also selecting 14 winners and compiling the Kids' Calendar.
- In October, District staff responded to 23 media calls and 140 public calls and 40 emails, issued four news releases and attended 10 event/presentations.

Grant and Incentive Programs

- In October, the District received 863 incentive program applications. 341 were for the Wood Stove Change-Out Program and 168 were for the Heavy Duty Engine Program.

- In October, \$8,659,047.34 was placed under contract in the Heavy Duty Engine Program and 165 claims were paid.
- In October, \$1,083,736.83 was paid out in REMOVE II program claims.
- In October, \$293,438.66 was paid in Burn Cleaner program claims and 161 claims were processed.

	October 2017	Applications	Grants Offered		Grants Executed		Amount Paid	
Key	Program	Number Received & Entered	Number of Contracts sent out	Sum of Grant Funding	Number of Contracts Executed	Sum of Grant Funding	Number of Claims paid	Sum of Grant Funding
Burn Cleaner	Burn Cleaner - Wood Stove Change Out	341	355	\$567,000.00	355	\$567,000.00	161	\$293,438.66
Heavy Duty	Ag Engine	27	2	\$35,344.13	1	\$6,638.13	4	\$30,996.86
	Off-Road	81	85	\$7,139,177.84	46	\$3,636,005.34	51	\$2,403,998.99
	On-Road	0	0	\$0.00	1	\$491,993.00	0	\$0.00
	On-Road TVP	59	37	\$1,188,458.95	37	\$1,188,458.95	25	\$837,372.85
	School Bus Replacement	0	3	\$282,365.49	6	\$1,221,728.15	0	\$0.00
	School Bus Retrofit	0	1	\$13,700.93	1	\$39,698.96	84	\$520,273.78
	School Bus Tank Replacement	1	0	\$0.00	0	\$0.00	1	\$14,528.51
Lawn Garden	Lawn Mower Replacement	22	34	\$6,813.99	34	\$6,813.99	26	\$5,263.99
Public Benefit	Alt-Fuel	4	6	\$285,714.80	5	\$323,344.73	15	\$280,634.07
Remove II	Bicycle Infrastructure	1	0	\$0.00	0	\$0.00	0	\$0.00
	Car Crushing	120	121	\$694,553.61	121	\$694,553.61	85	\$396,991.66
	Charge Up	2	4	\$73,000.00	5	\$105,000.00	3	\$18,000.00
	VVIP - Commuter Subsidy	65	66	\$68,280.00	66	\$68,280.00	769	\$23,070.00
	E-Mobility	0	0	\$0.00	0	\$0.00	1	\$6,675.17
	Drive Clean - Light and Medium Duty	140	167	\$458,000.00	167	\$458,000.00	236	\$639,000.00
	Totals	863	881	\$10,812,409.74	845	\$8,807,514.86	1,461	\$5,470,244.54

Reductions from Executed Contracts (tons)			
Nox	PM	ROG	Total
464	227	38	729

Smoking Vehicles	9
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Operations Overview

- Completed 2,058 inspections in October, and 205 NOVs were issued. Mutual settlement case completions totaled 143.
- Received 713 permit applications in October, and 176 permits were issued.
- Received 9 smoking vehicle reports in October.
- Received 240 environmental documents in October.

November District Activities

Outreach and Communications

- The District spent November finalizing the Kid’s Calendar and sending it off to print as well as setting up meeting times with Valley schools to promote the Healthy Air Living Schools program.
- In November, District staff responded to 17 media calls and 57 public calls and 31 emails, issued three news releases and attended 2 event/presentations.

Grant and Incentive Programs

- In November, the District received 740 incentive program applications. 403 were for the Wood Stove Change-Out Program and 28 were for the Heavy Duty Engine Program.
- In November, \$8,749,147.81 was placed under contract in the Heavy Duty Engine Program and 186 claims were paid.
- In November, \$1,022,278.50 was paid out in REMOVE II program claims.
- In November, \$326,706.79 was paid in Burn Cleaner program claims and 198 claims were processed.

Key	November 2017	Applications	Grants Offered		Grants Executed		Amount Paid	
	Program	Number Received & Entered	Number of Contracts sent out	Sum of Grant Funding	Number of Contracts Executed	Sum of Grant Funding	Number of Claims paid	Sum of Grant Funding
Burn Cleaner	Burn Cleaner - Wood Stove Change Out	403	344	\$531,000.00	344	\$531,000.00	198	\$326,706.79
Heavy Duty	Ag Engine	2	0	\$0.00	2	\$35,344.13	3	\$22,652.53
	Off-Road	18	64	\$5,024,750.08	75	\$5,953,915.89	106	\$6,106,714.13
	On-Road	0	0	\$0.00	1	\$267,207.00	0	\$0.00
	On-Road Prop 1B	0	21	\$2,100,000.00	0	\$0.00	0	\$0.00
	On-Road TVP	8	37	\$1,559,147.46	37	\$1,559,147.46	62	\$1,630,060.13
	School Bus Replacement	0	1	\$65,250.27	2	\$174,624.18	0	\$0.00
	School Bus Retrofit	0	0	\$0.00	1	\$13,700.93	15	\$86,703.43
Lawn Garden	Lawn Mower Replacement	16	9	\$1,894.50	9	\$1,894.50	18	\$3,594.50
Public Benefit	Alt-Fuel	2	1	\$98,641.88	4	\$172,791.64	32	\$543,868.86
	Public Benefit - Enhanced Transportation Strategies	0	0	\$0.00	0	\$0.00	1	\$6,783.07

	Public Benefit - Airport Dust Control Project	0	0	\$0.00	0	\$0.00	1	\$46,527.88
Remove II	Car Crushing	110	113	\$800,419.85	113	\$800,419.85	180	\$768,083.26
	Charge Up	5	1	\$36,000.00	0	\$0.00	9	\$69,000.00
	VVIP - Commuter Subsidy	36	2137	\$64,110.00	2137	\$64,110.00	828	\$42,195.24
	Drive Clean - Light and Medium Duty	140	47	\$127,000.00	47	\$127,000.00	53	\$143,000.00
Technology Advancement	Tech. Advance Program	0	0	\$0.00	0	\$0.00	2	\$24,480.00
Totals		740	2775	\$10,408,214.04	2772	\$9,701,155.58	1,508	\$9,820,369.82

Reductions from Executed Contracts (tons)			
Nox	PM	ROG	Total
698	189	60	947

Smoking Vehicles	11
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Operations Overview

- Completed 2,421 inspections in November, and 256 NOVs were issued. Mutual settlement case completions totaled 140.
- Received 389 permit applications in November, and 1223 permits were issued.
- Received 11 smoking vehicle reports in November.
- Received 202 environmental documents in November.

Upcoming Meetings

Gov. Board Meeting*
Feb. 15, 2018

Citizens Advisory Committee*
10:00 a.m. Feb. 6, 2018

Enviro. Justice Adv. Grp.
5:30 p.m. Feb. 22, 2018

Meetings are held in the Fresno office Governing Board Room and via video teleconference to the Modesto and Bakersfield offices. Details: www.valleyair.org

* Webcast