

**SACRAMENTO METROPOLITAN AIR QUALITY
MANAGEMENT DISTRICT**

For Agenda of: January 24, 2008

TO: Board of Directors

FROM: Larry Greene
Air Pollution Control Officer

SUBJECT: Resolution Authorizing the Air Pollution Control Officer to Administer Grant Agreements to Evaluate Ethanol (E85) outside of the Sacramento Region.

Recommendations

Approve the attached resolution, which:

1. Authorizes the Air Pollution Control Officer (APCO) to open the Pilot Ethanol (E85) program to gasoline dispensing facilities outside of the Sacramento Region.
2. Authorizes and directs the APCO to make minor amendments to the agreements and to take all steps necessary to carry out the intent and provisions of this resolution.

Purpose

The District has received a \$3.5 million grant to implement a pilot E85 Infrastructure program in the Sacramento Region which includes Sacramento, Yolo, Solano, El Dorado and Placer Counties. Of this amount, \$2.8 million will be used to establish and implement E85 alternative fuel infrastructure for general retail of up to 20 public stations within the Sacramento Region. The remaining \$700,000 will be used to establish and implement E85 alternative fuel infrastructure for up to 10 private or public agency fleets in the Sacramento Region.

It is possible that SMAQMD will not be able to identify enough qualified and interested private or public agency fleet operators in the Sacramento Region to fully utilize the funds earmarked for distribution to fleet operations. Consequently, staff is requesting that the Board authorize it to distribute funds through out the state. First priority will be given to projects in the Sacramento Region.

Since receiving the grant from the California Air Resources Board (“ARB”), the District has already received inquiries regarding the distribution of grant funds for fleet operations outside of the Sacramento Region.

ARB has approved the use of grant funds for qualified fleet applicants located outside of the Sacramento Region, and has modified Grant Number G06-AF24: Administration and Development of E85 Fueling Infrastructure in the Sacramento Metropolitan Area by the Sacramento Metropolitan Air Quality Management District to accommodate this change.

Prior Actions

On June 29, 2007 the APCO signed a Grant Agreement G06-AF24 with the ARB for \$3,500,000 to administer E85 Pilot Fuelling Infrastructure Grant for the Sacramento Region.

On August 23, 2007 this Board passed Resolution 2007-033 authorizing the Air Pollution Control Officer to Administer Grant Agreements to Evaluate the Use of Ethanol (E85) in the Sacramento Region.

On December 7, 2007 ARB modified Grant Number G06-AF24 to authorize SMAQMD to distribute grant funds for fleet operations outside of the Sacramento Region.

Project Detail

Under this program, fleet operators with fleets of twenty E85 compatible vehicles or more qualify for infrastructure funds to purchase and install storage tanks, nozzle dispensers and related equipment to fuel the vehicles. The Ethanol (E85) will be used internally by the applicant's fleet. The applicants may, but are not required to, offer Ethanol (E85) for sale to other operators of fleets with at least 20 E85 compatible vehicles.

Attachments

The following attachment accompanies this Board Letter:

- Resolution approving staff's recommendations.
- Letter from Dean C. Simeroth, Chief Criteria Pollutants Branch of ARB modifying the terms of Grant Number G06-AF24 and authorizing SMAQMD to distribute grant funds for fleet operations outside of the Sacramento Region (Attachment "A").

Respectfully submitted

Approved as to Form:

Larry Greene
Air Pollution Control Officer

Kathrine Pittard
District Counsel