

State of California
AIR RESOURCES BOARD

Resolution 02-7

February 21, 2002

Agenda Item No.: 02-1-7

WHEREAS, the Legislature created the Rice Straw Demonstration Project Fund in 1997 to provide cost-sharing grants to proponents of projects which use rice straw in order to speed the development of a market for Sacramento Valley rice straw as the burning to dispose of the straw is phased down;

WHEREAS, the Air Resources Board (ARB or Board) has been directed to administer the Rice Straw Demonstration Project Fund (Rice Fund) pursuant to sections 39750 through 39753 of the Health and Safety Code;

WHEREAS, the ARB adopted criteria (Criteria) on January 29, 1998, (Resolution 98-2) for disbursing the grants, as required by section 39752 of the Health and Safety Code;

WHEREAS, the ARB revised the Criteria on April 22, 1999, (Resolution 99-12) to include procedures for reallocating unused grant monies, and the Criteria are set forth in the ARB Report "The Rice Straw Demonstration Project Fund – Program Description and Proposed Invitation for Grant Request" dated April 22, 1999;

WHEREAS, the Criteria for reallocating unused grant monies require:

1. ARB to invite existing grant recipients, whose projects are in good standing, to submit proposals to have their existing grants augmented by expanding their current projects;
2. ARB to evaluate proposed grant augmentation projects based on the criteria listed in Section II of the Rice Fund Grant Criteria. Augmentation projects shall demonstrate how a grant augmentation would shorten the project's time line to commercialization or would increase rice straw usage beyond the usage originally contemplated in the original project;
3. Proposed grant augmentation to be matched by the applicant in an equal dollar for dollar amount. The matching grant will only pay against receipts submitted; and
4. ARB to evaluate the proposed grant augmentation projects in consultation with technical and business experts. Based on these evaluations, staff shall make its recommendations to the Board at a public meeting on which projects, if any, should have their grants augmented. Successful grant augmentation applicants will be required to sign amended grant agreements.

WHEREAS, the Board finds that:

1. On May 25, 2000, ARB awarded \$100,000 to Arkenol Holdings, LLC and on September 17, 2001, Arkenol withdrew from the Rice Fund program, making \$100,000 available to other grant recipients.
2. On October 4, 2001, ARB solicited proposals from existing grant recipients to augment existing grants.
3. On October 17, 2001, Broken Box Ranch submitted a grant augmentation proposal to augment the \$297,900 grant it received from ARB in May 2000 - Rice Fund Project Number 00-3, *"Development of a Commercial-Scale Composting Plant."*
4. Broken Box Ranch is the only one of four currently active recipients of Fiscal Year 1999-2000 Rice Fund monies to submit an augmentation request.
5. The Broken Box Ranch Commercial-Scale Composting Plant is a project in good standing, with the \$297,900 grant used to establish a plant that is currently producing rice straw compost.
6. The Broken Box Ranch augmentation proposal requests \$100,000 to immediately hire a marketing and product development specialist, develop and disseminate marketing materials, and educate ranchers in the use of rice straw compost.
7. The augmentation request was reviewed by technical and business experts from the ARB, Department of Food and Agriculture, Department of Trade and Commerce, and the California Rice Commission, and all reviewers found that the proposal contained sufficient technical and business merit, and met grant program objectives.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that the grant augmentation proposal submitted by Broken Box Ranch on October 17, 2001, meets the program Criteria, and hereby reallocates \$100,000 of Fiscal Year 1999-2000 Rice Fund monies to Broken Box Ranch to augment Rice Fund Project Number 00-3, *"Development of a Commercial-Scale Composting Plant."*

BE IT FURTHER RESOLVED, that the Board directs the Executive Officer to initiate administrative procedures and execute revised grant agreements with the above applicant within 45 days from today in order to implement the grant award.

I hereby certify that the above is a true and correct copy of Resolution 02-7, as adopted by the Air Resources Board.

Marie Kavan, Clerk of the Board