

SUMMARY OF BOARD ITEM

ITEM # 02-1-7: PUBLIC MEETING TO CONSIDER REALLOCATING \$100,000 OF FISCAL YEAR 1999-2000 RICE STRAW DEMONSTRATION PROJECT FUND GRANT MONIES TO BROKEN BOX RANCH

STAFF RECOMMENDATION: Adopt Resolution 02-7 approving reallocating \$100,000 of Fiscal Year 1999-2000 Rice Fund monies to Broken Box Ranch.

DISCUSSION: Senate Bill 318 (1997, Thompson) created the Rice Straw Demonstration Project Fund (the Rice Fund) and directed the California Air Resources Board (ARB or Board) to administer it. The goal of the Rice Fund is to help create a commercial market for Sacramento Valley rice straw. The Rice Fund was established to provide cost-sharing grants for projects that use significant amounts of rice straw.

On May 25, 2000, the Board awarded approximately \$1.2 million to five Rice Fund projects for Fiscal Year 1999-2000. One of the projects recently withdrew from the Rice Fund, making \$100,000 available for other ARB approved projects. The Rice Fund grant criteria contained in the document entitled "Rice Straw Demonstration Project Fund Invitation for Grant Requests" adopted by the ARB in 1998, and revised in 1999, specify the criteria ARB is to use for reallocating Rice Fund money. Per the Rice Fund criteria, four active Fiscal Year 1999-2000 grant recipients were invited to submit grant augmentation proposals to ARB for review and consideration.

One augmentation proposal was received from Broken Box Ranch for \$100,000. Broken Box Ranch received a \$298,000 grant award in May 2000 to develop a commercial-scale rice straw compost production plant. The plant has been established and is producing compost. The grant augmentation would allow Broken Box to immediately hire a marketing and product development specialist, develop and disseminate

marketing materials, and educate ranchers in the use of rice straw compost. It would also allow them to generate marketing data demonstrating crop yields associated with rice straw compost. This money would help them achieve and surpass their original straw usage goals of 15,000 tons of compost by June 2002.

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.

Staff will present its evaluation of Broken Box Ranch's grant augmentation proposal, and recommend that the Board approve reallocating \$100,000 of Fiscal Year 1999-2000 Rice Fund monies to Broken Box Ranch.

SUMMARY AND IMPACTS:

No new money is being appropriated; rather, existing funds are being reallocated. Augmenting the Broken Box Ranch grant with an additional \$100,000 will allow the project to improve manufacturing and marketing efforts thereby increasing the introduction of rice straw compost into the market.

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER REALLOCATING RICE STRAW DEMONSTRATION PROJECT FUNDS

The Air Resources Board (the "Board" or "ARB") will conduct a public meeting at the time and place noted below to consider reallocating \$100,000 of fiscal year 1999-2000 Rice Straw Demonstration Project Fund Grant Monies to Broken Box Ranch.

DATE: February 21, 2002

TIME: 9:00 a.m.

PLACE: California EPA Headquarters Building
Coastal Hearing Room
1001 "I" Street
Sacramento, California 95814

This item will be considered at a meeting of the Board, which will commence at 9:00 a.m., February 21, 2002, and may continue at 8:30 a.m., February 22, 2002. This item may not be considered until February 22, 2002. Please consult the agenda for the meeting, which will be available at least 10 days before February 21, 2002, to determine the day on which this item will be considered.

This facility is accessible to persons with disabilities. If accommodation is needed, please contact the Clerk of the Board at (916) 322-5594, or Telephone Device for the Deaf (TDD) at (916) 324-9531, or (800) 700-8326 for TDD calls from outside the Sacramento area at least 14 days before the hearing to ensure accomodation.

The Rice Straw Demonstration Project Fund (Rice Fund) was created to help establish a commercial market for Sacramento Valley rice straw in order to develop alternatives to burning. The Rice Fund provides cost-sharing grants for projects which would use significant quantities of rice straw, a byproduct of rice grain production.

On May 25, 2000, the Board awarded about \$1.2 million to five Rice Fund projects for fiscal year 1999-2000. One of the projects withdrew from the Rice Fund, making \$100,000 available for other ARB approved projects. The Rice Fund grant criteria contained in the document entitled "Rice Straw Demonstration Project Fund Invitation for Grant Requests" adopted by the ARB in 1998, and revised in 1999, specify the criteria ARB is to use for reallocating Rice Fund money.

Per the Rice Fund criteria, four existing recipients of Fiscal Year 1999-2000 grant allocations were invited to submit grant augmentation proposals to ARB for review and consideration. One augmentation proposal was received from Broken Box Ranch. Broken Box Ranch received a \$298,000 grant award in May 2000 to develop a commercial-scale rice straw compost production plant. The grant augmentation would

allow Broken Box to immediately hire a marketing and product development specialist, develop and disseminate marketing materials, and educate ranchers in the use of rice straw compost. 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.

At the February 21, 2002, public meeting, staff will present its evaluation of Broken Box Ranch's grant augmentation proposal, and recommend that the Board approve reallocating \$100,000 of Fiscal Year 1999-2000 Rice Fund monies to Broken Box Ranch. This is a non-regulatory item.

Copies of this notice may be obtained from the ARB Public Information Office, 1001 "I" Street, 1st Floor, Environmental Services Center, Sacramento, CA 95814, (916) 322-2990, or on the ARB internet site at <http://www.arb.ca.gov/smp/activity/activity.htm> prior to the scheduled meeting (February 21, 2002).

Interested members of the public may present comments orally or in writing at the meeting, and in writing or by e-mail before the meeting. To be considered by the Board, written submissions not physically submitted at the meeting must be received **no later than 12:00 noon, February 20, 2002**, and addressed to the following:

Postal mail is to be sent to:

Clerk of the Board
Air Resources Board
1001 "I" Street, 23rd Floor
Sacramento, California 95814

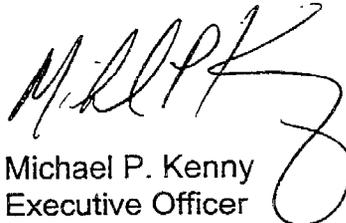
Electronic mail is to be sent to ricedemo@listserv.arb.ca.gov and received at the ARB **no later than 12:00 noon, February 20, 2002**.

Facsimile submissions are to be transmitted to the Clerk of the Board at (916) 322-3928 and received at the ARB **no later than 12:00 noon February 20, 2002**.

The Board requests but does not require 30 copies of any written submission. Also, the ARB requests that written and e-mail statements be filed at least 10 days prior to the meeting so that ARB staff and Board members have time to fully consider each comment.

Further inquiries regarding this matter should be directed to Bruce Oulrey, Staff Air Pollution Specialist, by phone at (916) 322-6155, or in writing at 1001 "I" Street, Sacramento, California 95814.

CALIFORNIA AIR RESOURCES BOARD

A handwritten signature in black ink, appearing to read "Michael P. Kenny", written over a large, stylized number "8".

Michael P. Kenny
Executive Officer

Date: **January 30, 2002**

"The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Web-site at www.arb.ca.gov."

