

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM
04/08/2019

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher D. Brown, AICP, APCO

SUBJECT: Authorize the APCO to continue an agreement with Sacramento Metropolitan Air Quality Management District to administer a portion of FARMER Year 2 Program funding, up to \$1,250,000, for on-road heavy-duty diesel trucks used in agricultural operations.

RECOMMENDATION:

Authorize the APCO to continue an agreement with Sacramento Metropolitan Air Quality Management District (SMAQMD) to administer a portion of FARMER Program funding, up to \$1,250,000 for on-road heavy-duty diesel trucks used in agricultural operations.

ALTERNATIVES:

Authorize the APCO to enter into an agreement for an alternate amount of the FARMER Program Funding.

Not authorize the APCO to enter into agreement for on-road heavy-duty diesel trucks and use the FARMER Program Funding for off-road agricultural projects only.

BACKGROUND:

In September 2017, Governor Brown signed into law Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) an AB 109 (Ting, Chapter 249, Statutes of 2017). Together, these two bills appropriated \$135 million from the State Budget for Fiscal Year (FY) 2017/18 to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector.

The CARB proposed the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program to implement the funding allocated by AB 134 and AB 109. The CARB

awarded FRAQMD \$2,257,800 for Year 1 of the FARMER Program in 2018. Eligible project types include, but are not limited to:

- On-road heavy-duty truck replacement and repower projects
- Off-road equipment replacement and repower projects for:
 - Off-road mobile, diesel agricultural equipment
 - Off-road mobile, large spark-ignition (LSI) equipment
 - Agricultural irrigation pump engines

The District has administered an off-road equipment replacement, off-road repower, and agricultural irrigation pump engine projects through the Carl Moyer Program. The District has never administered an on-road heavy-duty truck replacement and repower program through the Carl Moyer Program¹. In order to implement a Carl Moyer on-road heavy-duty truck replacement program, the District would have to adopt a program into its Policy and Procedures Manual, enter into agreements with truck dealerships and scrap yards, and undergo training on the regulatory requirements and compliance deadlines for these vehicles.

Another consideration is the regulatory deadlines for on-road heavy-duty trucks. The Department of Motor Vehicles (DMV) will refuse to issue registrations to vehicles not in compliance with the CARB's Truck and Bus Regulation² effective January 1, 2020. The Road Repair and Accountability Act of 2017 (SB 1, Beall), requires that the DMV confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements. The Truck and Bus Regulation compliance dates between 2020 and 2023 may impact many truck owners in the District and a grant program would incentivize the replacement of the trucks sooner than required.

Since the overarching implementation priority for the first year of the FARMER Program is to ensure the funding is spent efficiently and expeditiously, and to ensure that Yuba and Sutter County on-road agricultural heavy-duty trucks are offered an opportunity to receive FARMER Program funding prior to compliance deadlines, the FRAQMD Board approved transferring \$1,250,000 of Year 1 FARMER funds to the SMAQMD at the April 2, 2018, meeting.

DISCUSSION:

As directed by the Board, the SMAQMD has administered a FARMER Year 1 on-road heavy-duty agricultural truck program for Yuba and Sutter County residents. The program began

¹ The District funded a truck replacement grant with Yuba County through the AB 2766 Blue Sky Program several years ago.

² On-Road Heavy-Duty Diesel (In-Use) Regulation <https://www.arb.ca.gov/msprog/onrdiesel/onrdiesel.htm>

accepting applications on November 7, 2018, and funding was completely allocated to projects by February 22, 2019.

The continuation of the agreement would transfer a portion of the FARMER Program funding to SMAQMD to continue the agricultural on-road heavy-duty truck replacement and/or repower program. The District is proposing to retain \$1,000,000 in FRAQMD for the off-road grant program and transfer the amount above \$1,000,000 to SMAQMD. The tentative award amount from CARB for Year 2 is \$2,180,572. Based on the tentative award amount, the amount to be transferred to SMAQMD would equal \$1,180,572. The District staff seeking Board authorization to transfer up to \$1,250,000 should the final award amount be higher than the tentative award amount.

The SMAQMD grants program was audited by CARB and the Department of Finance in December 2016 and they determined SMAQMD administered their programs “in compliance with applicable laws, regulations, grant agreements, guidelines, and accounting principles generally accepted in the United States³.”

FISCAL IMPACT:

The CARB has proposed allocating up to 12.5% of the grant award to offset administrative costs of the FARMER Program. Should the Board approve entering into an agreement with SMAQMD a portion of that funding would be used by SMAQMD to administer the program.

The District would not be required to track administratively nor or report on the portion of FARMER Program funding transferred to SMAQMD for on-road grants. There would be no fiscal impact to the District outside of the development of the agreement with SMAQMD, which may include District staff time, legal counsel review, and mailing costs.

³ <https://arb.ca.gov/msprog/moyer/audits/2015/sacmetrodofofreport.pdf>