

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

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher D. Brown, AICP, APCO

SUBJECT: Approve Resolution #2019-02 authorizing acceptance of a grant up to \$3,000,000 and participation in the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program and authorize the APCO to execute related documents.

RECOMMENDATION:

Approve Resolution #2019-02 authorizing acceptance of a grant up to \$3,000,000 and participation in the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program and authorize the APCO to execute related documents.

ALTERNATIVES:

Not approve the Resolution and release funding to other air districts.

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 adopted the FARMER Program Guidelines at the March 22, 2018 Board Meeting which included the award amount of \$2,257,800 to FRAQMD.

The FRAQMD Board approved participation in the program and acceptance of the funding on April 2, 2018. The FRAQMD Board also approved transferring \$1,250,000 to SMAQMD to implement an on-road heavy-duty agricultural truck grant program for Yuba and Sutter County residents.

The FRAQMD has been administering the FARMER Year 1 program and has allocated \$348,695 out of the available \$881,825 in project funds as of March 28, 2019. The projects that have been awarded were selected from the Carl Moyer Year 20 waiting list. The remaining FARMER Year 1 project solicitation ended March 11, 2019. The FRAQMD staff will be reviewing projects for eligibility and funding limits, and intends to mail tentative award letters in April 2019.

DISCUSSION:

The CARB has proposed allocating \$2,180,572 to the District. The District is requesting Board authorization up to \$3,000,000 in case of amendments to the initial allocation proposed by CARB.

The FARMER Program funding can be expended on agricultural off-road and heavy-duty on-road vehicles, equipment, and engine replacement projects. According to CARB:

Agricultural Operations means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary reason of making a profit, providing a livelihood, or conducting animal research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

The main implementation priority for the first year of the FARMER Program is to ensure the funding is spent efficiently and expeditiously. Thus, CARB has recommended the funding go towards project types that have been successfully implemented in other incentive programs, such as the Carl Moyer Program. 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

Statewide, the FARMER Program seeks to expend at least 50% of the funding to projects within and benefiting Disadvantaged Communities and 5% of the funding to projects within and benefiting low-income communities, as outlined in AB 1550 and SB 535, based on the maps located at www.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm. Some areas within the District that qualify as either AB 1550 or SB 535 areas and include a large amount of potential FARMER Program projects include the Sutter Basin from Meridian to Robbins and the north-east corner of Live Oak and area extending to the borders with Butte and Yuba counties. Other areas that qualify but may contain less potential agricultural operations and thus funding opportunities under the FARMER Program include: portions of Yuba City, Marysville, Linda and Olivehurst; Beale Air Force Base; and the north-east corner of Yuba County which includes Brownsville and Camptonville.

FISCAL IMPACT:

The adoption of the Resolution to participate in the FARMER Program and accept the funding from CARB would create a fiscal impact in the form of staff time and other project costs such as outreach, printing, and general administrative services to implement the program. These costs may be offset in part or entirely by administrative funding that would accompany the FARMER Program project funding. The CARB has proposed allocating the same percentage as the administrative funding in the Carl Moyer Program (12.5%) or up to \$272,571.5 at the proposed allocation amount of \$2,180,572, which would be deducted from that amount leaving at least \$1,228,018.25 available for project funding.

The FRAMQD is proposing to retain \$1,000,000 of the FARMER Year 2 award and transferring the remaining balance, up to \$1,250,000, to the Sacramento Metropolitan Air Quality Management District for continuation of the on-road heavy-duty agricultural truck grant program.

ATTACHMENTS:

Resolution #2019-02

ATTACHMENT
Resolution #2019-02

**RESOLUTION #2019-02 OF THE BOARD OF DIRECTORS AUTHORIZING
PARTICIPATION IN THE FUNDING AGRICULTURAL REPLACEMENT MEASURES
FOR EMISSIONS REDUCTIONS (FARMER) PROGRAM**

WHEREAS, the State of California adopted Senate Bill (SB) 856 (Committee on Budget and Fiscal Review, Chapter 30, Budget Act of 2018); and

WHEREAS, SB 856 appropriate \$112 million from the Greenhouse Gas Reduction Fund and \$20 million from the California Tire Recycling Management Fund to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector; and

WHEREAS, the CARB has adopted the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program to achieve emission reductions from the agricultural sector as directed in SB856; and

WHEREAS, the CARB has tentatively allocated \$2,180,572 to FRAQMD to implement the FARMER Program in the district; and

WHEREAS, the FARMER Program may fund Carl Moyer Program-eligible agricultural projects, zero-emission agricultural utility terrain vehicles, and additional project categories as approved by the CARB Executive Officer; and

WHEREAS, the district has a historically oversubscribed Carl Moyer Program which includes the replacement of off-road agricultural engines and equipment.

NOW, THEREFORE, BE IT RESOLVED that the Governing Board of the FRAQMD authorizes participation in the Fiscal Year 18/19 FARMER Program; and

BE IT FURTHER RESOLVED THAT the Air Pollution Control Officer (APCO) is authorized to accept a grant disbursement from CARB for the FARMER Program of approximately \$3,000,000 in project and administration funds; and

BE IT FURTHER RESOLVED THAT the APCO is further authorized to enter into an agreement with the CARB for implementing the FRAQMD FARMER Program by soliciting projects for funding, performing required inspections, entering into contracts with participants, awarding grants, recording, and reporting in accordance with the FARMER Program Guidelines provided by CARB.

PASSED AND ADOPTED by the Feather River Air Quality Management District on April 8, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairman

ATTEST:

APPROVED FOR LEGAL FORM:
