

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT  
MEMORANDUM  
04/02/2018

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher D. Brown, AICP, APCO

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

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RECOMMENDATION:

Authorize the APCO to enter into an agreement with Sacramento Metropolitan Air Quality Management District 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 has proposed the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program to implement the funding allocated by AB 134 and AB 109.

The CARB will consider adopting the proposed FARMER Program Guidelines at the March 22, 2018 Board Meeting.

The CARB as initially proposed allocating \$2,257,800 to the District for agricultural projects.

The preceding Agenda Item 4 would grant authority to the APCO to apply to the FARMER Program.

#### DISCUSSION:

The overarching 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

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's Carl Moyer Program would need to be amended slightly to accommodate the FARMER Program. For example, the FARMER Program projects must track the emission reductions in disadvantaged communities and low income communities. Overall, these project types would fit well within the current structure of the District's Carl Moyer Program.

The District has never administered an on-road heavy-duty truck replacement and repower program through the Carl Moyer Program<sup>1</sup>. 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. The amendments to the District's Carl Moyer Program would cause a significant delay.

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 Regulation<sup>2</sup> 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

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

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

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 on-road agricultural heavy-duty trucks are offered an opportunity to receive FARMER Program funding prior to compliance deadlines, staff is recommending to enter into an Agreement with SMAQMD to implement the program for the District.

The SMAQMD has administered several on-road heavy-duty truck replacement and repower programs for its county and the Sacramento Federal Nonattainment Area (which south Sutter County is part), including Proposition 1B Goods Movement Emission Reduction Program, the Carl Moyer Program, and the Sacramento Emergency Clean Air Transportation (SECAT) Program.

The agreement would allow up to \$1,250,000 of the FARMER Program funding to be allocated to SMAQMD to administer an agricultural on-road heavy-duty truck replacement and/or repower program.

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 States<sup>3</sup>.”

#### 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.

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