

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM
12/05/2022

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher D. Brown, AICP, APCO

SUBJECT: Approve Resolution #2022-14 authorizing acceptance of a grant up to \$2,200,000 from the California Air Resources Board and participation in the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program Year 5 and authorize the APCO to execute related documents.

RECOMMENDATION:

Approve Resolution #2022-14 authorizing acceptance of a grant up to \$2,200,000 and participation in the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program Year 5 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) and 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 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 the District.

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

The District Board approved participation in the second year of the FARMER Program in April 2019. As was done for Year 1, the District Board approved transferring funding to SMAQMD to implement an on-road heavy-duty agricultural truck grant program for Yuba and Sutter County residents. The funding levels for Year 2 were \$1,180,572 for on-road agricultural trucks and \$875,000 for off-road equipment.

The District Board approved participation in the third year of the FARMER Program in December 2019. In Year 3, the District did not request to transfer funding to SMAQMD to implement an on-road heavy duty agricultural truck grant program for FARMER Year 3 due to the reduced funding allocated to the District.

Year 4 of the FARMER Program was allocated \$170 million statewide, an increase in funding from Year 3. The District Board approved the fourth year of the FARMER Program in December 2021. In Year 4, the District did not request to transfer funding to SMAQMD to implement an on-road heavy duty agricultural truck grant program for FARMER Year 4 due to declining eligibility for on-road truck projects and level of interest in the on-road truck replacement projects.

The District received a solicitation to apply for Year 5 of the FARMER Program on September 20, 2022. Year 5 of the FARMER Program was allocated \$150 million statewide, a decrease in funding from Year 4 and the tentative allocation for FRAQMD was decreased by 19%.

DISCUSSION:

The CARB has proposed allocating \$1,718,800 to the District. The Resolution #2022-14 authorizes acceptance of up to \$2,200,000 in case of amendments to the initial allocation proposed by CARB.

The District staff are recommending retaining the entire FARMER Year 5 award. Staff are not recommending a transfer to the SMAQMD for continuation of the on-road heavy-duty agricultural truck grant program due to the reduction of eligible projects. Agricultural trucks operating under the Agricultural Vehicle Extension must upgrade to a 2010 or newer vehicle by January 1, 2023 and are not eligible for funding under the FARMER Program as it requires the project to be completed at least one year prior to a compliance deadline.

The FARMER Program funding can be expended on agricultural equipment, vehicles, 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 CARB adopted Guidelines for the FARMER Program include 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.

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 \$275,000 at the proposed allocation amount of \$2,200,000 which would be deducted from that amount leaving at least \$1,925,000 available for project funding.

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 \$275,000 at the proposed allocation amount of \$2,200,000 which would be deducted from that amount leaving at least \$1,925,000 available for project funding.

FISCAL IMPACT:

Direct and indirect costs to implement this program were included in the current Fiscal Year Budget.

ATTACHMENTS:

Resolution #2022-14

ATTACHMENT

Resolution #2022-14

RESOLUTION #2022-14 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) 154 (Chapter 43, Budget Act of 2022); and

WHEREAS, SB 154 appropriated \$150 million from the Air Pollution Control Fund to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas 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; and

WHEREAS, the CARB has tentatively allocated \$1,718,800 to the District 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 Feather River Air Quality Management District authorizes participation in the Fiscal Year 22/23 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 up to \$2,200,000 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 District 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 December 5, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairman

ATTEST:

APPROVED FOR LEGAL FORM:
