

BOARD MEETING DATE: June 7, 2019

AGENDA NO. 5

PROPOSAL: Adopt Resolution Recognizing Funds and Accepting Terms and Conditions for FY 2018-19 Funding Agricultural Replacement Measures for Emission Reductions Program, Reimburse General Fund for Administrative Costs and Amend Awards

SYNOPSIS: In March 2019, CARB released a solicitation to apply for funding from the FY 2018-19 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. South Coast AQMD submitted an application and CARB has announced a tentative allocation of \$1,814,511. In addition, in November 2018, the Board approved Carl Moyer and SOON Provision awards. Some of the project types require adjustment. These actions are to adopt a Resolution recognizing revenue up to \$1.9 million from CARB into the Carl Moyer Program Fund (32) and accepting terms and conditions of the FY 2018-19 FARMER Grant and reimburse the General Fund for administrative costs up to \$113,407. This action is to also amend awards under the Carl Moyer Program and SOON Provision.

COMMITTEE: Technology, May 17, 2019; Recommended for Approval

RECOMMENDED ACTIONS:

1. Adopt the attached Resolution recognizing, upon receipt, up to \$1,814,511 from CARB into the Carl Moyer Program Fund (32) and authorize the Executive Officer to accept terms and conditions of the FY 2018-19 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program;
2. Reimburse the General Fund from the Carl Moyer Program Fund (32) for administrative costs up to \$113,407, as needed, to implement the FY 2018-19 FARMER Program; and

3. Amend Carl Moyer Program and SOON Provision awards approved by the Board in November 2018 to Bill Higgins, Inc., Peed Equipment Company and Banning Unified School District as shown in Table 1.

Wayne Natri
Executive Officer

MMM:NV:VW:WS:PG

Background

The agricultural industry in California and the South Coast Air Basin consists of many farms and ranches that produce commodities shipped throughout the world. This industry consists of producers, custom operators, first processors and rental companies that own and operate numerous off-road, diesel-fueled equipment. Even with increasingly stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution since most of this equipment is operated for decades. Natural turnover is not sufficient to meet South Coast AQMD's clean air needs. Reducing these emissions are necessary to meet federal ozone and particulate matter air quality standards.

In March 2019, CARB released a solicitation to apply for funding from the FY 2018-19 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. South Coast AQMD submitted an application and CARB has announced a tentative allocation of \$1,814,511. The South Coast AQMD also requested additional funds in the application process in the event that additional FARMER funds become available. The current allocations are based on a 2008 agricultural survey that focused primarily on the San Joaquin Valley region. CARB is currently updating their off-road diesel agricultural inventory and conducting a new survey, and South Coast AQMD is actively conducting outreach in the Coachella Valley and other areas in the basin to encourage participation in the new survey, which may affect future allocations.

In addition, in November 2018, the Board approved Carl Moyer and SOON Provision awards, which were received in response to Program Announcements released for the "Year 20" Carl Moyer Program and SOON Provision. Subsequent to the awards, staff identified the need to adjust some of the project types.

Proposal

This action is to adopt the attached Resolution recognizing, upon receipt, up to \$1.9 million from CARB through the Greenhouse Gas Reduction Fund (GGRF) and the California Tire Recycling Management Fund into the Carl Moyer Program Fund (32) for implementation of the FY 2018-19 FARMER Program and authorize the Executive Officer to accept the terms and conditions of the FARMER Program Grant.

Of the \$1,814,511 anticipated from CARB, \$1,701,104 is designated for project funding and \$113,407 for administrative and outreach efforts. This action is to also reimburse the General Fund up to \$113,407 for administrative and outreach costs to implement the FARMER Program.

Projects that utilize FARMER funds will be evaluated based on the existing Carl Moyer Program Guideline approved by CARB. Proposals will be accepted through the currently open Carl Moyer Program Announcement (#PA2019-02), which was released on March 1, 2019, and will be due by 1:00 p.m. on Tuesday, June 4, 2019.

Finally, this action is to amend Carl Moyer Program and SOON Provision awards with Bill Higgins, Inc., and Peed Equipment Company to adjust the project type from repower to replacement and to increase the amount awarded to Banning Unified School District as specified in Table 1 below:

Table 1
Updates to Project Types for Carl Moyer and SOON Provision Awards

Applicant	Original Board Approved Project Type	Original Award	Recommended Project Type	Recommended Award
Bill Higgins, Inc.	2 Repower (Table 5)	\$421,084	1 Repower	\$65,781
			1 Replacement	\$355,303
	Total			\$421,084
Peed Equipment Company	21 Repower (Table 3)	\$5,275,540	17 Repower	\$3,854,483
			4 Replacement	\$1,421,057
	Total			\$5,275,540
Banning Unified School District	Infrastructure – Battery-Electric School Bus Charging (Table 2B)	\$122,500	N/A	\$397,500

The funding awards and project parameters for Bill Higgins, Inc., and Peed Equipment Company remain the same. The funding for Banning Unified School District will increase from \$122,500 to \$397,500 because school districts are eligible for 100 percent of project costs under the Carl Moyer Program. The original award was less than the project costs since the applicant had originally secured other cost-sharing funds. However, due to the unavailability of the other funding sources, the applicant requested an increase of the Carl Moyer award. Since some funds became available from projects that were canceled under the infrastructure category, staff recommends an increase in the award to Banning Unified School District.

Program Guidelines

On March 23, 2018, CARB approved the FARMER Program Guidelines. Staff will utilize these program guidelines to evaluate proposed projects.

Funding Distribution

The FARMER Guidelines includes the recommendation to allocate 50 percent of the total funds for projects within and benefiting disadvantaged communities and 5 percent for projects within and benefiting low-income households, based on CalEnviroScreen 3.0.

Disproportionately Impacted Areas Point Ranking

The requirements of the FARMER Program will be implemented according to the following criteria.

- 1) All projects must qualify by meeting the cost-effectiveness limits established in the Carl Moyer Program Guideline.
- 2) All projects will be evaluated according to the following criteria to qualify for funding as a disproportionately impacted area:
 - a) Disadvantaged communities: SB 535 and AB 1550 establish the requirements relating to the investment of auction proceeds in disadvantaged communities in order to provide economic and health benefits to these communities, and
 - b) Low-income households, based on CalEnviroScreen 3.0.

Benefits to South Coast AQMD

The South Coast AQMD has supported a number of activities directed to the advancement of new technologies and commercialization of low emission alternative fuel technologies. The successful implementation of the Carl Moyer Program is a direct result of these technology advancement activities. The FARMER Program is an extension of the current Carl Moyer Program. The vehicles and equipment funded under the FARMER Program will operate for many years, providing long-term emissions reductions.

Resource Impacts

CARB has tentatively allocated \$1,814,511 to the South Coast AQMD under the GGRF and the California Tire Recycling Management Fund for implementation of the FARMER Program. Of this amount, \$1,701,104 is designated for project funding and \$113,407 for administrative and outreach efforts. These funds will be recognized into the Carl Moyer Program Fund (32). The General Fund will be reimbursed for administrative and outreach costs up to \$113,407 for the implementation of the FARMER Program. The dollar increase for Banning Unified School District will come from the Community Air Protection AB 134 Fund (77).

Attachment Resolution

RESOLUTION NO. 19-

**A Resolution of the South Coast Air Quality Management District Board
Recognizing Funds and Accepting the Terms and Conditions of the
FY 2018-19 Funding Agricultural Replacement Measures for
Emission Reductions (FARMER) Program Grant Award**

WHEREAS, in June 2018, Governor Brown signed into law Senate Bill (SB) 856 (Committee on Budget and Fiscal Review, Chapter 30, Statutes of 2018), which appropriates \$132 million from the State Budget for Fiscal Year (FY) 2018-19 to the California Air Resources Board (CARB) for reducing criteria, toxic and greenhouse gas (GHG) emissions from the agricultural sector;

WHEREAS, CARB developed the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines to meet the Legislature's objectives and help meet the State's criteria, toxic and GHG reduction goals;

WHEREAS, the funding for the FARMER Program comes from the following sources: Greenhouse Gas Reduction Fund (GGRF) and the California Tire Recycling Management Fund;

WHEREAS, CARB has proposed an allocation of up to \$1,814,511 for South Coast Air Quality Management District (South Coast AQMD) to implement projects pursuant to the FARMER Program Guidelines;

WHEREAS, there are specific legislative requirements (e.g., expenditure records, quantification methodology, annual reporting, and disadvantaged/low income community investments) of the cap and trade proceeds that the South Coast AQMD will need to adhere to;

WHEREAS, the South Coast AQMD may need to transfer funds to other air districts, or may be invited to accept FARMER funds through inter-district transfer;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board, in regular session assembled on June 7, 2019, does hereby approve South Coast AQMD participation in the FARMER Program and authorize the Executive Officer to accept the terms and conditions of the FY 2018-19 FARMER Program funds awarded to South Coast AQMD and recognize up to \$1.9 million from CARB in FARMER Program funds.

BE IT FURTHER RESOLVED that South Coast AQMD will comply with FARMER Program requirements as specified in the applicable FARMER Guidelines and the South Coast AQMD's FARMER Policies and Procedures Manual.

BE IT FURTHER RESOLVED that the South Coast AQMD Governing Board authorizes the Executive Officer to enter into contracts or grants with other California air quality districts to transfer funds to other districts or accept FARMER funds through inter-district transfer as necessary.

BE IT FURTHER RESOLVED that the Executive Officer is hereby authorized and empowered to execute on behalf of South Coast AQMD grant agreements with CARB and all other necessary documents to implement and carry out the purposes of this Resolution.

Date

Denise Garzaro, Clerk of the Boards