

BOARD MEETING DATE: June 1, 2018

AGENDA NO. 5

PROPOSAL: Adopt Resolution Recognizing Revenue and Accepting Terms and Conditions for Funding Agricultural Replacement Measures for Emission Reductions Program and Reimburse General Fund for Administrative Costs

SYNOPSIS: The Budget Act of 2017 allocated \$135 million to be administered by CARB for FY 2017-18 grants to air districts under the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. CARB has allocated \$1,878,800 to the SCAQMD under this program. This action is to adopt a Resolution recognizing revenue up to \$1.9 million from CARB into the Carl Moyer Program Fund (32) and accept terms and conditions of the FY 2017-18 FARMER Grant. This action is to also reimburse the General Fund for administrative costs to implement the FARMER Program.

COMMITTEE: Technology, May 18, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Adopt the attached Resolution recognizing revenue, upon receipt, up to \$1.9 million from CARB into the Carl Moyer Program Fund (32) and authorize the Executive Officer to accept terms and conditions of the FY 2017-18 FARMER Grant.
2. Reimburse the General Fund up to \$117,425 for administrative costs to implement the FARMER Program.

Wayne Natri
Executive Officer

MMM:FM:VW:WS:GAU

Background

The agricultural industry in California and areas within the South Coast Air Basin include many farms and ranches that produce commodities shipped throughout the world. This industry consists of producers, rental companies and other operations that

own and operate numerous off-road, diesel-fueled equipment. Even with increasingly more stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution since most of these types of equipment have been operating for decades. Natural turnover is not sufficient to meet SCAQMD's clean air needs since reducing emissions from these sources are necessary to meet federal ozone and particulate matter air quality standards.

AB 109 and AB 134 direct CARB to fund projects that will "reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations." On April 5, 2018, CARB released a solicitation to air districts to receive funding from the FY 2017-18 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. CARB has tentatively allocated \$1,878,800 to the SCAQMD, comprised of \$1,761,375 for projects and \$117,425 for administrative and outreach efforts.

Proposal

This action is to adopt the attached Resolution recognizing revenue up to \$1.9 million from CARB into the Carl Moyer Program Fund (32) and authorize the Executive Officer to accept terms and conditions of the FARMER Grant. Projects that utilize FARMER funds will be evaluated based on the existing Carl Moyer Program Guidelines approved by CARB in April 2017. Proposals submitted under the currently open solicitation for the 2018 Carl Moyer Program (#PA2017-06) will be evaluated for qualification under the FARMER Program. Staff expects to finalize the review and evaluation of the proposals and recommend awards for Board approval at the October 2018 Board meeting. Finally, this action is to also reimburse the General Fund for administrative costs to implement the FARMER Program.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the PA for the Carl Moyer Program and inviting bids has been published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers.

Additionally, potential bidders have already been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Additionally, notice of the Carl Moyer Program PA has been emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<http://www.aqmd.gov>) where it can be viewed by making menu selection "Grants & Bids."

Funding Distribution

CARB's FARMER Program Guidelines include 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 the CalEnviroScreen 3.0 model. SCAQMD staff will ensure the funds are distributed in a manner that meet CARB's recommendation and maximizes the benefits to these communities.

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 Guidelines.
- 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 the CalEnviroScreen 3.0 model.

Benefits to SCAQMD

The SCAQMD has supported a number of activities directed to the advancement of new technologies and commercialization of zero and near-zero emission technologies. The successful implementation of the Carl Moyer Program has accelerated and expanded the deployment of these cleaner technologies. The FARMER Program is an extension of the current Carl Moyer Program. The vehicles and equipment that are funded under the FARMER Program will operate for many years, providing long-term emission reductions in criteria air pollutants, toxic air contaminants and greenhouse gases.

Resource Impacts

CARB has tentatively allocated \$1,878,800 to the SCAQMD for the implementation of the FARMER Program. Of this amount, \$1,761,375 is designated for projects and \$117,425 for administrative and outreach efforts. These funds will be recognized into the Carl Moyer Program Fund (32) and the General Fund will be reimbursed up to \$117,425 for administrative and outreach efforts to implement the FARMER Program.

Attachment

Resolution

RESOLUTION NO. 18-_____

**A Resolution of the South Coast Air Quality Management District Board
Recognizing Revenue and Accepting Terms and Conditions of the
Funding Agricultural Replacement Measures for
Emission Reduction (FARMER) Grant Award**

WHEREAS, in September 2017, Governor Brown signed into law Assembly Bill (AB) 109 (Ting, Chapter 249, Statutes of 2017) and AB 134 (Committee on Budget, Chapter 254, Statutes of 2017), which together, appropriate \$135 million from the State Budget for Fiscal Year (FY) 2017-18 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 greenhouse gas emission reduction goals;

WHEREAS, the funding for the FARMER Program comes from the following three sources: Greenhouse Gas Reduction Fund (GGRF), the Air Quality Improvement Fund (AQIF), and the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF);

WHEREAS, CARB has proposed an allocation of up to \$1,878,800 for the South Coast Air Quality Management District (SCAQMD) 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 SCAQMD will need to adhere to;

WHEREAS, the SCAQMD may have need to transfer funds to other air quality districts, or may be invited to accept FARMER funds through inter-district transfer;

NOW, THEREFORE, BE IT RESOLVED, the Governing Board hereby approves SCAQMD participation in the FARMER Program and acceptance of the FARMER grant revenue allocated and awarded to SCAQMD for eligible projects and project implementation in accordance with the legislative and applicable program requirements.

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

BE IT FURTHER RESOLVED that SCAQMD 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 SCAQMD 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