

BOARD MEETING DATE: April 3, 2020

AGENDA NO. 7

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

**SYNOPSIS:** For FY 2019-20, the State Legislature allocated \$65 million to CARB for the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. In October 2019, CARB issued a solicitation to air districts specifying a tentative allocation of \$894,170 to the South Coast AQMD. These actions are to adopt a Resolution recognizing revenue up to \$894,170 from CARB into the Carl Moyer Program Fund (32) for the FY 2019-20 FARMER grant award and to reimburse the General Fund for administrative costs up to \$55,886.

**COMMITTEE:** No Committee Review

**RECOMMENDED ACTIONS:**

1. Adopt the attached Resolution recognizing, upon receipt, up to \$894,170 from CARB into the Carl Moyer Program Fund (32) for the FY 2019-20 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program grant award (Grant ID number G19-AGIP-18); and
2. Reimburse the General Fund from the Carl Moyer Program Fund (32) for administrative costs up to \$55,886, as needed, to implement the FY 2019-20 FARMER Program.

Wayne Nastri  
Executive Officer

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**Background**

The agricultural industry in California, including the South Coast Air Basin, particularly the Coachella Valley, consists of many farms and ranches that produce commodities shipped throughout the world. This industry consists of producers, custom operators and

first processors that own and operate numerous on- and off-road, diesel-fueled equipment, which are a significant source of NOx emissions. Even with increasingly stringent emission standards on engine manufacturers, emissions from these agricultural 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 goals. Reducing these emissions is necessary to meet federal ozone and particulate matter air quality standards.

In October 2019, CARB released a solicitation to air districts to apply for funding from the FY 2019-20 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. South Coast AQMD submitted an application and CARB has announced a tentative allocation of \$894,170. The air district allocations are based on each district's contribution to the statewide emissions from farm equipment and current attainment status with the National Ambient Air Quality Standards. CARB is currently updating the agricultural off-road diesel inventory and the results of this inventory will affect future allocations to air districts.

### **Proposal**

This action is to adopt the attached Resolution recognizing up to \$894,170 from CARB through the Greenhouse Gas Reduction Fund (GGRF) into the Carl Moyer Program Fund (32) for implementation of the FY 2019-20 FARMER Program. Of this amount, \$838,284 is designated for project funding and \$55,886 for administrative and outreach efforts. This action is to also reimburse the General Fund up to \$55,886 for administrative costs to implement the FY 2019-20 FARMER Program.

Projects that utilize FARMER funds will be evaluated based on the FARMER Program Guidelines approved by CARB on March 23, 2018. Proposals will be accepted through the currently open Carl Moyer Program Announcement (#PA2020-04), which was released on March 6, 2020, and closes 1:00 pm on Tuesday, June 2, 2020. Staff expects to finalize the review and evaluation of the proposals and bring award recommendations to the Board for consideration at the October 2020 Board meeting.

### **Disproportionately Impacted Areas Point Ranking**

The FARMER Program Guidelines include a recommendation to allocate at least 50 percent of the total funds to projects that will reduce emissions in disadvantaged communities and at least five percent for projects that will reduce emissions in low-income communities.

Consistent with this recommendation and other criteria in the FARMER Guidelines, all projects will be evaluated according to the following criteria.

- 1) Each project must meet the cost-effectiveness limit(s) established in the Carl Moyer Program Guidelines, and

- 2) The domiciled address for each project will be used to determine if the project qualifies as benefiting a disadvantaged or low-income community based on the CalEnviroScreen 3.0 model.

**Benefits to South Coast AQMD**

The South Coast AQMD supports a variety of activities for the advancement of new technologies and commercialization of new, zero emission and low emission vehicles/equipment. The successful implementation of the Carl Moyer Program has resulted in the accelerated deployment of these technologies and achieved significant emission reductions in the region. The FARMER Program provides additional funding to further incentivize the purchase of cleaner agricultural vehicles/equipment. The vehicles and equipment funded by the FARMER Program will operate for many years, providing long-term emissions reduction benefits.

**Resource Impacts**

CARB has tentatively allocated \$894,170 to the South Coast AQMD for implementation of the FARMER Program. Of this amount, \$838,284 is designated for project funding and \$55,886 for administrative and outreach efforts.

**Attachment**

Resolution of the South Coast AQMD Governing Board Recognizing the FY 2019-20 FARMER Funds

**RESOLUTION NO. 20-**

**A Resolution of the South Coast Air Quality Management District Governing Board Recognizing FY 2019-20 FARMER Funds**

WHEREAS, in June 2019, Governor Newsom signed into law Assembly Bill (AB) 74, which appropriates \$65 million from the State Budget for Fiscal Year (FY) 2019-20 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 Greenhouse Gas Reduction Fund (GGRF);

WHEREAS, CARB has proposed an allocation of \$894,170 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 have 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 April 3, 2020, does hereby approve South Coast AQMD participation in the FY 2019-20 FARMER Program and recognize up to \$894,170 from CARB in FARMER Program funds.

BE IT FURTHER RESOLVED that South Coast AQMD will comply with FARMER Program requirements as specified in the grant award, applicable FARMER Program 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.

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Date

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Faye Thomas, Clerk of the Boards