Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines: Discussion Document

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I. PREFACE

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 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.

CARB staff is in the process of developing the proposed *Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines* (Guidelines) to cover three related funding sources:

- $85 million from the Greenhouse Gas Reduction Fund (GGRF) appropriated to CARB in AB 134;
- $15 million from the Air Quality Improvement Fund (AQIF) appropriated to CARB in AB 109; and
- $35 million from the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) in AB 109.

CARB staff is proposing to direct agricultural investments to local air districts to administer. Staff recommends using a formula to distribute the funds among air districts, primarily based on the off-road, mobile agricultural equipment population within each district. For the first year of the FARMER Program, staff is proposing to fund agricultural vehicle and equipment replacement projects eligible under current Carl Moyer Air Quality Standards Attainment Program (Carl Moyer Program) Guidelines,[1] zero-emission agricultural utility terrain vehicles (UTV), and the Off-Road Mobile Agricultural Equipment Trade-Up Pilot Project in the San Joaquin Valley.

The proposed Guidelines will outline CARB's recommendations for expending these funds. The Guidelines will describe district funding allocations, eligible project categories and criteria, program implementation details, and the justification for these investments.

CARB staff will present and seek comment on these recommendations at public workshops in January and February 2018. Based on input provided at these workshops, staff will develop final proposed recommendations in the Guidelines for Board consideration in March 2018.

[1] https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm

1 INTRODUCTION

In September 2017, Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017) 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 (GHG) emissions from the agricultural sector. CARB staff is in the process of developing the proposed *Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines* (Guidelines) to cover the three related sources of funding included in AB 134 and AB 109.

In both budget bills, the following vehicle and equipment categories are listed as eligible for funding:

- Agricultural harvesting equipment;
- Heavy-duty trucks;
- Agricultural pump engines;
- Tractors; and
- Other equipment used in agricultural operations.

The proposed Guidelines will outline CARB's plans for expending these funds in a manner consistent with the legislative direction from the two bills, existing statutes, and regulations. The Guidelines will describe district funding allocations, eligible project categories and criteria, program implementation details, and the justification for these investments.

1.1 THE NEED FOR EMISSION REDUCTIONS FROM THE AGRICULTURAL SECTOR

Emissions from agricultural equipment is a significant source of air pollution, especially in the San Joaquin Valley, and reducing these emissions is necessary to meet federal ozone and particulate matter (PM) air quality standards. Additionally, the agricultural industry is often one of the first to experience the impacts of climate change and is a critical component for addressing climate change and its impacts.

California's agricultural industry consists of approximately 77,500 farms and ranches, producing over 400 different commodities, making agriculture one of the State's most diverse industries.[2] Producers, custom operators, first processors, and rental companies in the agricultural industry own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, such as agricultural pump engines, and on-road vehicles, such as heavy-duty trucks, used in agricultural operations.

[2] *California Agricultural Statistics Review,* https://www.cdfa.ca.gov/statistics/PDFs/2016Report.pdf

In 2018, off-road, mobile agricultural equipment is expected to account for 7.8 percent of the oxides of nitrogen (NOx) emissions from mobile sources and 8.1 percent of the PM 2.5 emissions (particulate matter that is 2.5 microns or smaller) from mobile sources statewide, as shown in Figures 1 and 2 below.[3] In the San Joaquin Valley, off-road, mobile agricultural equipment plays a significant role in the air quality challenges due to the region's large agricultural economy. In the current emissions inventory, off-road, mobile agricultural equipment accounts for over 21.7 percent of the NOx emissions from mobile sources and 27.2 percent of the PM 2.5 emissions from mobile sources in the San Joaquin Valley air basin, also shown below.

Figure 1: NOx Emissions Inventory

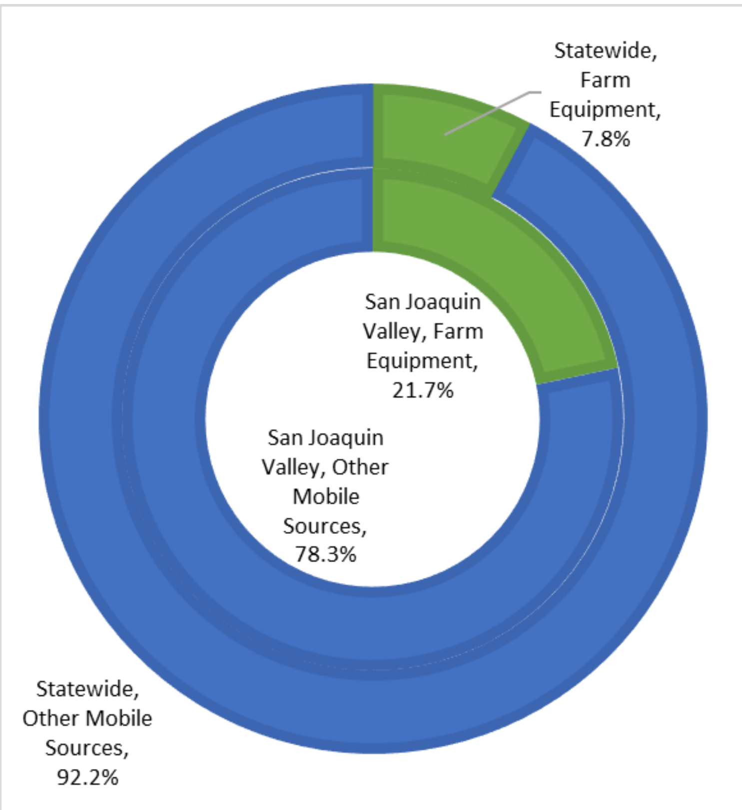
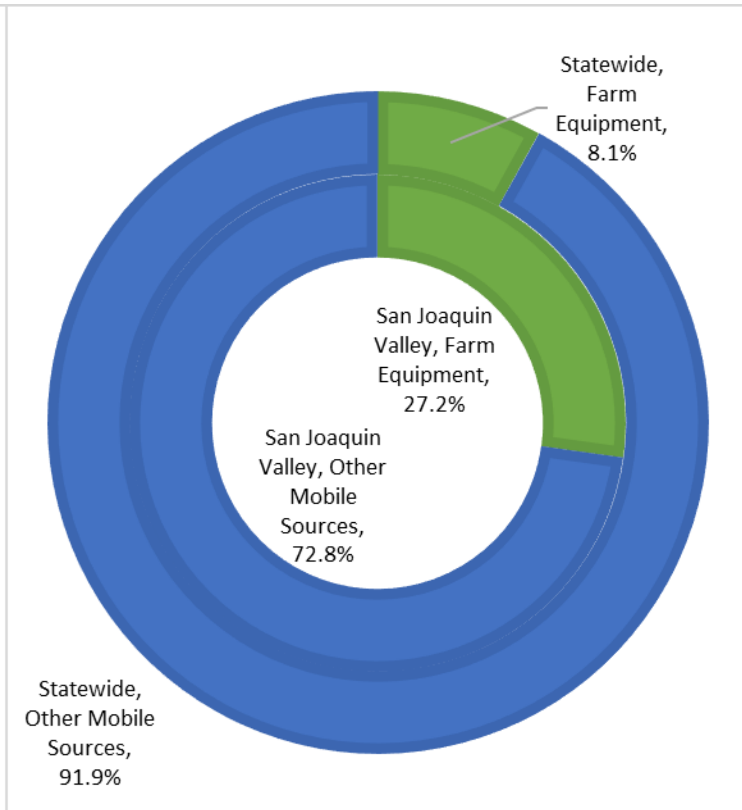


Figure 2: PM Emissions Inventory



Although increasingly stringent new engine standards for off-road equipment will reduce emissions from mobile agricultural equipment over time, most mobile agricultural equipment is operated for several decades due to the equipment durability and relatively low cost to maintain. Because of the volatility of the agricultural sector, businesses are often reluctant to purchase new equipment unless absolutely necessary. Thus, natural turnover is not sufficient to meet California's clean air needs. As a result, incentives for purchasing the cleanest available vehicles and equipment are crucial for achieving the additional criteria, toxic, and greenhouse gas emission reductions from

[3] CARB's Mobile Source Emissions Inventory – Off-Road Diesel Vehicles, https://www.arb.ca.gov/msei/ordiesel.htm

the agricultural sector that are necessary to meet National Ambient Air Quality Standards in nonattainment areas, California's climate change goals, and greenhouse gas emission reduction targets. Further, emission reduction benefits from agricultural vehicles and equipment are consistent with the goals of AB 617 (Garcia, Chapter 136, Statutes of 2017), which addresses criteria pollutants and toxic air contaminants at the community level. Addressing the air quality impacts of vehicles and equipment used in agricultural operations is a multi-year effort and the proposed FARMER Program Guidelines sets the foundation for a long-term emission reduction program.

2 GUIDING PRINCIPLES

The Legislature appropriated funding to CARB for local assistance from three sources: $85 million from GGRF, $15 million from AQIF, and $35 million from ARFVTF. AB 109 and AB 134 direct that the funds shall be used to:

> *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.*

The Legislature directed the use of monies from the three funds for identical purposes, "notwithstanding" other statutory requirements. Such legislative direction generally requires administrative agencies to carry out the Legislature's new intent, while giving effect to applicable existing statutory provisions. CARB understands the Legislature to have directed CARB to establish a combined program addressing the three sources of monies, while designing the new program in light of the statutory requirements ordinarily applicable to the underlying funds, to the extent consistent with this new direction.

The timetable and expenditure deadlines for these projects are demanding for implementation of a new program. Funds must be encumbered by June 30, 2019, and liquidated by June 30, 2021. This section of the Guidelines discusses how CARB is implementing the Legislature's mandate on this short timetable, while supporting the underlying purposes of the three funds.

2.1 EMISSION REDUCTIONS FROM AGRICULTURAL OPERATIONS

In AB 134 and AB 109, the Legislature appropriated funding to reduce agricultural sector emissions by providing financial incentives for equipment and vehicles used in agricultural operations. CARB interprets the term "agricultural sector emissions" to allow for reductions of criteria, toxic, and GHG pollutants, consistent with the Health and Safety Code's (HSC) broad definition of "air pollutant."[4]

The overarching implementation priority for FY 2017-18 is directing agricultural investments to support deployment of advanced technologies and cleaner diesel technologies needed to meet California's State Implementation Plan (SIP) and climate change goals. These investments may be considered for SIP credit when the emission reductions from these projects are surplus, quantifiable, enforceable, and permanent, as defined below.

- "Surplus" means emission reductions that are not otherwise required by any federal, state, or local regulation, or other legal mandate, and are in excess of

[4] *See* HSC, § 39013

the baseline emission inventory, attainment year, and progress milestone year forecasts that include adopted regulations.

- "Quantifiable" means emission reductions can be reliably determined through the use of well-established, publicly available emission factors and calculation methodologies, as outlined in current Carl Moyer Program Guidelines[5] and the proposed FARMER Program Guidelines.

- "Enforceable" means emission reductions are enforceable if the incentive program guidelines include provisions for ensuring the following:
    - The emission reductions are independently and practicably verifiable through reporting, inspections, monitoring, and other mechanisms;
    - Incentive program requirements are defined through legally binding contracts, including identifying the party or parties responsible for ensuring that emission reductions are achieved;
    - Funding recipients are obligated to provide all records needed to demonstrate that emission reductions are achieved; and
    - The air district provides public access to all emissions-related information for reductions claimed.

- "Permanent" means actions are taken to physically destroy or disable forever the older, dirtier agricultural equipment or vehicle to ensure the reduction of emissions for the duration of the project life.

For the FARMER Program, staff proposes funding vehicle and equipment projects that are engaged in "agricultural operations," as defined by the Regulation for In-Use Off-Road Diesel-Fueled Fleets.[6] The definition of agricultural operations is as follows:

> *"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 purpose of making a profit, providing a livelihood, or conducting agricultural 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.*

[5] https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm
[6] Title 13, California Code of Regulations (CCR), § 2449

2.2 California Climate Investments' Greenhouse Gas Reduction Fund

California Climate Investments (CCI) is a statewide program that puts Cap-and-Trade allowance auction and sale proceeds to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.

The statutes governing CCI establish a two-step process for allocating funds to State agencies to invest in GHG-reducing projects. The Department of Finance, in consultation with CARB, is required to submit to the Legislature a three-year Investment Plan identifying proposed investments of auction proceeds. Funding is then appropriated to State agencies from GGRF by the Legislature through the annual Budget Act, consistent with the Investment Plan.

AB 398 (Garcia, Chapter 135, Statutes of 2017) provides additional direction from the Legislature on priorities for investing auction proceeds. Those priorities are:

- Air toxic and criteria air pollutants from stationary and mobile sources;
- Low- and zero-carbon transportation alternatives;
- Sustainable agricultural practices that promote the transitions to clean technology, water efficiency, and improved air quality;
- Healthy forests and urban greening;
- Short-lived climate pollutants;
- Climate adaptation and resiliency; and
- Climate and clean energy research.

In addition to facilitating reduction of GHG emissions, CARB's FARMER Program aligns well with these priorities. Funding sustainable agricultural practices that promote the transitions to clean technology and improved air quality is the main driver for this program, with toxic and criteria air pollutant reductions from stationary and mobile sources as co-benefits.

2.2.1 GHG Emission Reductions

AB 1532 (Pérez, Chapter 807, Statutes of 2012) requires that Cap-and-Trade auction proceeds be used to facilitate the achievement of GHG reductions in California and specifies additional co-benefits to consider. The FARMER Program will facilitate the achievement of GHG reductions and other co-benefits through incentivizing the replacement of the legacy, diesel agricultural fleet with zero-emission and the cleanest available technologies.

2.2.2 GGRF Reporting and Recordkeeping Requirements

SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012) set accountability requirements to help ensure that all GGRF expenditures facilitate the achievement of GHG reductions and further the purposes of AB 32 (Núñez, Chapter 488, Statutes of 2006). Details on reporting and recordkeeping requirements for the FARMER Program are included in Section 3.3 – Reporting and Section 4.3 – Audit and Program Review Procedures.

SB 1018 also requires State agencies that receive GGRF monies to prepare an expenditure record documenting the use of the funds. CARB will prepare an expenditure record for this program, consistent with SB 1018, that describes:

- The proposed use of GGRF monies;
- How a proposed expenditure will further the regulatory purposes of AB 32 and related statutes;
- How a proposed expenditure will contribute to achieving and maintaining GHG emission reductions;
- How CARB considered the applicability and feasibility of other non-GHG reduction objectives; and
- How CARB will document the result achieved from the expenditure.

2.2.3 Disadvantaged Community, Low-Income Community, and Low-Income Household Investment Requirements

SB 535 (de León, Chapter 830, Statutes of 2012) established the original requirements relating to the investment of auction proceeds in disadvantaged communities in order to provide economic and health benefits to these communities. In 2016, AB 1550 (Gomez, Chapter 369, Statutes of 2016) revised these requirements, increasing the share of the State's auction proceeds that must be invested within disadvantaged communities and adding new requirements to direct additional investments to low-income communities and low-income households. AB 1550 requires at least 25 percent of auction proceeds be invested for projects within and benefiting disadvantaged communities; 5 percent for projects within and benefiting low-income communities or benefiting low-income households statewide; and 5 percent for projects within and benefiting low-income communities, or low-income households, that are within a half mile of a disadvantaged community. For the FARMER Program, CARB staff recommends allocating 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.[7] CARB is seeking input from the public process on how to maximize AB 1550 benefits for this program and will include a discussion of the steps CARB will take to maximize these benefits in an appendix.

2.2.4 CCI Program Guidance

In 2015, CARB approved the *Cap-and-Trade Auction Proceeds Funding Guidelines for Agencies that Administer California Climate Investments* (GGRF Funding Guidelines) establishing the requirements that State agencies receiving Cap-and-Trade auction proceeds must follow as they implement their programs. These guidelines define

[7] http://calepa.ca.gov/EnvJustice/GHGInvest/

criteria for determining whether projects qualify as being located in and benefiting a disadvantaged community. The guidelines also identify approaches for implementing State agencies to maximize benefits to disadvantaged communities, while recognizing additional priorities identified by disadvantaged communities (in addition to reducing GHG emissions) that State agencies should strive to achieve with their investments. In late 2016, CARB published a Funding Guidelines Supplement for FY 2016-17 Funds.[8] In fall 2017, CARB published 2017 Draft Funding Guidelines for Agencies that Administer California Climate Investments that reflect the legislative requirements of AB 1550 and feedback from stakeholders on the existing program from prior years of implementation.[9]

CARB is now in the process of updating the GGRF Funding Guidelines to address legislation passed in 2017, and FY 2017-18 appropriations. The updated guidelines are not yet final, but the FARMER Program will be implemented in accordance with all requirements of the revised guidelines.

2.3 AB 118: AQIF AND ARFVTF

In 2007, AB 118 (Núñez, Chapter 750, Statutes of 2007) created AQIF, along with the Air Quality Improvement Program (AQIP), a mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent reductions in GHG emissions. AB 118 also created ARFVTF, along with the Alternative and Renewable Fuel and Vehicle Technology Program, an incentive program that focuses on developing and deploying innovative technology and alternative and renewable fuels to help attain the State's climate change policies.

AB 8 (Perea, Chapter 401, Statutes of 2013) reauthorized the fees that support AQIF and ARFVTF through 2023 and set requirements for CARB to provide preference to projects with higher benefit-cost scores when considering projects for funding from AQIF and ARFVTF.

ARFVTF and AQIF statutes also provide information on projects that may be funded. In addition to being consistent with the Legislature's direction in AB 109 and AB 134, projects should also fit into one of the following categories, drawn from HSC § 44272(e) and HSC § 44274(c):[10]

- Infrastructure Projects: Projects to develop alternative and renewable fuel infrastructure, fueling stations, and equipment, and infrastructure projects that

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[8] https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_supplemental_ggrf_funding_guidelines_12_30.pdf
[9] https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm
[10] Please consult the listed statutory sections, rather than relying solely on these paraphrased summaries, for full project type descriptions.

promote alternative and renewable fuel infrastructure development connected with existing fleets, public transit, and existing transportation corridors, including physical measurement or metering equipment and truck stop electrification.

- Emissions control technologies projects: Projects to develop and improve light-, medium-, and heavy-duty vehicle technologies that provide for better fuel efficiency and lower GHG emissions, alternative fuel usage and storage, or emission reductions, including propulsion systems. This also includes on-road and off-road equipment projects that are cost-effective, and projects that provide mitigation for off-road gasoline exhaust and evaporative emissions.

- Fleet retrofit projects: Programs and projects to retrofit medium- and heavy-duty on-road and off-road vehicle fleets with technologies that create higher fuel efficiencies, including alternative and renewable fuel vehicles and technologies, idle management technology, and aerodynamic retrofits that decrease fuel consumption. Incentives for medium- and heavy-duty vehicles and equipment mitigation are also included.

- Fuel commercialization projects: Programs and projects that accelerate the commercialization of vehicles and alternative and renewable fuels.

- Small engine projects: Incentives for small off-road equipment replacement to encourage consumers to replace internal combustion engine lawn and garden equipment.

2.4 The Goals of AB 109 and AB 134 and of AQIF, ARFVTF, and GGRF

AB 109 and AB 134 direct CARB to develop a new program focused on vehicles and equipment engaged in agricultural operations using funds that already broadly support emission reductions programs. To develop this new program consistent with the Legislature's direction to use each fund for the same purpose to reduce agricultural emissions, CARB is following the usual requirements for AQIF, ARFVTF, and GGRF to the extent that they can be applied in this new context, while developing appropriate new requirements to further support the legislature's intent.

Because the funds, and their governing statutes, focus on reducing air pollution and supporting the use of innovative fuels and technologies for this purpose, they are appropriate sources of funding for the agricultural emission reductions program, FARMER. AQIF, ARFVTF, and GGRF governing statutes generally support emission reductions of the sort that the Legislature has directed CARB to reduce from agricultural sources. Thus, CARB has based its program design upon the relevant statutes to the maximum extent possible to aid in administration and to implement the Legislature's direction.

2.5 FUNDED PROJECTS

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."[11] CARB will fund projects that can accomplish these goals if they are also all consistent with the project categories listed in AQIF and ARFVTF statutes and are consistent with the requirements of AQIF, ARFVTF, and GGRF governing statutes.

AQIF and ARFVTF statutes list authorized project types, whereas GGRF statutes do not. CARB has identified project types listed in the AQIF and ARFVTF statutes that would serve the Legislature's purposes for the FARMER program. These project types are described in more detail in Section 3.2 – Eligible Project Categories.

2.6 PROJECT SELECTION AND ASSESSMENT PROCESS

The Legislature has directed CARB to ensure funds are encumbered by June 30, 2019 and expended by June 30, 2021. Because of this short timeline, CARB has worked to design a process to assess potential projects that can meet the Legislature's goals while maintaining the core project assessment criteria set forth in the ARFVTF and AQIF statutes (the GGRF statutes do not include such criteria). The AQIF and ARFVTF statutes provide that assessment and selection of potential projects should consider "benefit-cost scores."[12] Additional project selection criteria can also be used to further assess project types. Generally, these scores and criteria are used as part of a "competitive process for the allocation of funds."[13]

Certain aspects of the competitive process that is usually used for AQIF and ARFVTF, including an extended solicitation period, are not consistent with the Legislature's intent for the FARMER Program, and are therefore inapplicable as written.[14] The time required for a full grant solicitation process, combined with the complexity of agricultural source categories and limited window provided for the encumbrance and expenditure of

[11] CARB notes that AB 109 explicitly directs that "agricultural pump equipment" projects be funded from AQIF and ARFVTF monies, even though those funds ordinarily focus upon vehicle and fuel projects. This direction is consistent with earlier legislative direction to fund agricultural pump programs through the similar Moyer Program. (*See* AB 923 (Firebaugh, Statutes of 2004) & H&SC § 44275(a)(7)). As the Legislature determined at that time, vehicles and agricultural sources emit the same air pollutant emissions, so reducing emissions from either set of sources collectively reduces pollution burden, and hence future regulatory needs from either source category. (*see, e.g.*, AB 923, Sec. 1, finding that "motor vehicle owners" must contribute to a "fair and balanced funding program" to reduce emissions, including on agricultural sources). Accordingly, vehicle fee funds may properly be used to address agricultural source emissions to reduce this jointly-created and inherently-linked pollution problem, consistent with requirements of HSC § 44271(a)(5) and Article XIX of the California Constitution.

[12] *See* HSC § 44270.3, 44271(a)(2)

[13] *See* HSC, § 44271(a)(2)

[14] *See People v. Fuentes*, 1 Cal. 5th 218, 227 (2016)

funds renders such a process inconsistent with AB 109 and AB 134’s clear direction. AB 109 and AB 134 direct CARB to fund agricultural source categories that typically require specialty or custom built vehicles and equipment, resulting in an extended timeframe before the vehicles and equipment are delivered and funds can ultimately be expended. Because of the seasonality of agricultural operations, agricultural businesses are also reluctant to purchase new vehicles and equipment during growing seasons, further limiting the timeframe to expend funds.

However, CARB recognizes the importance of ensuring that the projects funded would also have been selected by a competitive process and have developed appropriate benefit-cost scores, consistent with the cost-effectiveness thresholds set in the 2017 Carl Moyer Program Guidelines and current Program Advisories and Mail-outs. Accordingly, CARB will conduct an analysis of the project categories that may be funded under the FARMER Program to ensure that each project type has an acceptable benefit-cost score and is consistent with, and can support, other statutory criteria that may also generally be used to assess projects supported by these funds.

The Legislature directs CARB to fund agricultural vehicle and equipment projects, similar to projects historically funded through AQIP. Therefore, CARB is proposing to analyze potential project types and categories based on benefit-cost scores and the applicable additional criteria mentioned above, consistent with the AB 8 analysis in the annual Low Carbon Transportation Investments and AQIP Funding Plan.[15] Assumptions and details for this analysis will be included in an appendix to the final proposed Guidelines.

For the FARMER Program, CARB intends to include only project categories that would be selected in a competitive process, and are consistent with the project types identified by the Legislature in AB 109 and AB 134. Additionally, districts are encouraged to select projects within these categories that provide higher benefit-cost scores and consider additional project assessment criteria.

[15] https://www.arb.ca.gov/msprog/aqip/fundplan/fundplan.htm

3 PROGRAM FRAMEWORK

As discussed earlier, the overarching implementation priority for the first year of the FARMER Program is directing investments to agricultural projects that can be implemented through existing incentive program framework to ensure that funds are spent efficiently and expeditiously. To provide local assistance throughout the State, staff is proposing to work with local air districts to administer and implement the projects.

3.1 DISTRIBUTION OF FUNDS

CARB staff developed a formula to distribute funds among local air districts. This formula is primarily based on off-road, mobile agricultural equipment population.[16] To ensure FARMER Program funds are expended within the allotted timeframe and that the allocations consider air district populations and SIP attainment status, most district allocations are capped at current Carl Moyer Program funding levels.[17] The San Joaquin Valley Air Pollution Control District (SJVAPCD) was not capped at their current Carl Moyer Program allocation due to the district's higher agricultural activity, extreme non-attainment status, and large population affected by harmful emissions, as compared to other air districts.

Air districts that have at least one percent of the statewide agricultural equipment population were included in the distribution formula. However, there is still a need for agricultural emission reductions in air districts with less than one percent of the statewide off-road, mobile agricultural equipment population. CARB staff, therefore, proposes to designate $2 million to be administered by the California Air Pollution Control Officers' Association (CAPCOA) for FARMER Program-eligible projects in air districts that are not included in the formula.

The formula gives each district one point for each percent of the statewide agricultural equipment population. The points are added up and then funds are distributed based on each district's share of points. If the funding distribution exceeds the current Carl Moyer Program allocation for a given district, the excess funds are distributed through the formula again to remaining air districts.

Table 1 shows the proposed funding allocations for air districts based on this formula.

[16] https://www.arb.ca.gov/msei/ordiesel.htm
[17] https://www.arb.ca.gov/msprog/moyer/admin_forms/cmp_final_allocations_fy_2016_17_year_19.pdf

Table 1: Proposed District Funding Allocations

Air District	Proposed Funding Allocation
Bay Area	$7,332,299
Butte	$200,000
Colusa	$200,000
Feather River	$359,084
Glenn	$200,000
Imperial	$347,754
Monterey Bay	$781,964
Sacramento Metro	$2,745,103
San Diego	$3,556,828
San Joaquin Valley	$107,550,660
San Luis Obispo	$372,994
Santa Barbara	$542,755
South Coast	$6,534,983
Tehama	$239,037
Ventura	$1,517,558
Yolo Solano	$518,981

Upon approval of the FARMER Program Guidelines, CARB will send tentative allocations for each air district with an application, similar to the Carl Moyer Program. Air districts must respond to these tentative allocations within 60 days in one of four ways, as indicated on their application: accept the tentative allocation; accept the tentative allocation and designate it to CAPCOA or another district to administer; accept less than the tentative allocation (for the amount specified on the application); or decline all funds. Once the districts have responded accordingly, CARB will sum the tentatively allocated funds accepted by districts and redistribute the remaining funds.

Additionally, Section 5.2 – Contingency Provisions contains information on the process for reallocating funds among districts if there is the potential risk that the funding will not be spent before the expenditure deadline.

3.2 Eligible Project Categories

To ensure funds are spent efficiently and expeditiously in the first year of the FARMER Program, CARB staff proposes directing investments to agricultural projects that can be implemented through existing incentive program framework. To provide additional flexibility, staff also proposes delegating authority to CARB's Executive Officer to approve additional project categories as needed.

Staff recommends including the following project categories: Carl Moyer Program-eligible agricultural projects statewide; the Zero-Emission Agricultural Utility

Terrain Vehicle (UTV) Project; and the Off-Road Mobile Agricultural Equipment Trade-Up Pilot Project (Ag Trade-Up Project). These proposed project categories are described below.

3.2.1 Carl Moyer Program-Eligible Projects

Staff proposes including projects eligible under the 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-outs, provided that the vehicles and equipment are engaged in agricultural operations, as defined by these Guidelines. These projects include, but are not limited to:

- On-road heavy-duty truck replacement and repower projects;[18] and
- Off-road equipment replacement and repower projects[19] for:
    - Off-road mobile, diesel agricultural equipment ("farm equipment" as defined by Carl Moyer Program Guidelines);
    - Off-road mobile, large spark-ignition (LSI) equipment; and
    - Agricultural irrigation pump engines.

In addition to the requirements outlined in the FARMER Program Guidelines, Carl Moyer Program-eligible projects would also be required to abide by all project criteria set forth in the 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-outs, including cost-effectiveness thresholds and reporting requirements, except as modified in the FARMER Program Guidelines or through subsequent actions by CARB's Executive Officer for the FARMER Program.

3.2.2 Zero-Emission Agricultural UTV Project

The Zero-Emission Agricultural UTV Project is a new project intended to encourage and accelerate the use of off-road, zero-emission UTVs in agricultural operations by providing rebates for the purchase of new zero-emission vehicles. The Zero-Emission Agricultural UTV Project would provide incentives for up to 75 percent of the cost of a new zero-emission UTV to qualified individuals, businesses, public agencies and entities, and non-profit organizations involved in agricultural operations.

3.2.2.1 Eligible Vehicles

To be eligible for the Zero-Emission Agricultural UTV Project, UTV models would be required to meet the following criteria:

- <u>New:</u> The vehicle must be a new vehicle, as defined in the California Vehicle Code Section 430, meaning a vehicle constructed entirely from new parts that

[18] For additional criteria for these project categories, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.2.(A)

[19] For additional criteria for these project categories, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory, or possession of the United States, or foreign State, province, or country.

- Zero-Emission: The vehicle must emit zero tailpipe emissions from its onboard source of power (such as all electric or hydrogen fuel cell vehicles), and may not undergo any modification that would allow propulsion by any other means.

- Vehicle Specifications and Performance Thresholds: Eligible UTVs must have a towing capacity of 600 pounds or greater and a total vehicle weight of 700 pounds or greater.

- Warranty Provisions: The vehicle drivetrain, including applicable energy storage tanks or battery packs, must be covered by a manufacturer warranty. Prior to approving a project, CARB or the District may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service.

3.2.2.2 Participant Requirements

To receive funding for the purchase of a new, zero-emission agricultural UTV, the vehicle purchaser would be required to:

- Be an individual, business, non-profit, or government entity that can show proof of California residency or proof that the agricultural operation for which the UTV would be used occurs in California;
- Self-certify that the UTV would be used exclusively for California agricultural operations;
- Enter into a contractual agreement with the District;
- Keep the vehicle and meet all applicable project requirements for the duration of the contract;
- Provide the District with past maintenance records and/or service history on the UTV that would be replaced;
- Surrender the used UTV, as identified in the pre-inspection, to be permanently destroyed by a District approved dismantler,
- Not purchase, make payments toward, and/or take possession of the new UTV prior to receiving a fully executed contract from the District,
- Not make or allow any modifications to the vehicle systems, including motor and other hardware, the addition of auxiliary power sources, or changes to the software calibrations;
- Commit that any emission reductions generated by the purchased UTV will not be used as marketable emission reduction credits, to offset any emission

reduction obligation of any person or entity, or to generate a compliance extension or extra credit for determining regulatory compliance;

- Be available for follow-up inspection if requested by the District, CARB, or CARB's designee for the purposes of project oversight and accountability; and
- Install and maintain an operational hour meter on the new UTV.
    - If during the project life, the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's expense.

3.2.3 Ag Trade-Up Project

CARB staff recommends including the Ag Trade-Up Project as an eligible project category for SJVAPCD to administer. The Ag Trade-Up Project provides CARB an opportunity to continue evaluating the feasibility of a new incentive model, intended for owners of high-emitting, off-road mobile agricultural equipment that are not well served by existing incentive programs. The trade-up concept is a two-step transaction in which the owner of equipment with a Tier 0 (uncertified) or Tier 1 certified diesel engine agrees to scrap that equipment in exchange for a previously used and reconditioned piece of cleaner diesel equipment (certified Tier 2 or Tier 3 engine), at little out-of-pocket cost. The used equipment comes from another owner who relinquishes it for an incentive to purchase new agricultural equipment with the cleanest engine technology (Tier 4 Interim or Tier 4 Final certification).

SJVAPCD has been administering this project since June 2016 and is working with CARB to assess this new incentive model in a San Joaquin Valley-wide scale. If the project demonstrates feasibility, CARB may expand the trade-up concept in future years to become a statewide mobile equipment incentive category.

3.2.3.1 Eligible Equipment

Eligible equipment under this project category would include the following three off-road mobile, agricultural equipment types: 1) new Tier 4 equipment purchased, in part, with incentive funding, 2) Tier 2/Tier 3 (T2/T3) equipment to be refurbished for trade-up, and 3) old, high-emitting equipment to be scrapped. The following are specific requirements for each equipment type under this project category:

1. The new Tier 4 equipment purchased in part with incentive funding must:
    - Be Tier 4 mobile, self-propelled off-road agricultural equipment with a diesel powered engine greater than or equal to 25 horsepower.
        - The certification emission standard and/or Tier designation for the engine must be determined from the CARB Executive Order issued for that engine.
    - Not have been previously owned and be designated as new by the dealer at the time of purchase. Used equipment are not eligible for funding as replacement equipment.
        - Equipment that served as rentals, were previously leased, or were floor/demonstration models may be eligible on a case-by-case basis

determined by SJVAPCD staff prior to funding. Documentation from the dealer may be required.

- Have an operating hour meter to record annual usage in hours.

2. The Tier 2/Tier 3 equipment to be refurbished for trade-up must:
   - Be T2/T3 mobile, self-propelled off-road agricultural equipment with a diesel powered engine greater than or equal to 25 horsepower.
   - Have less than 8,000 hours on the hour meter.
     - The 8,000-hour requirement may be waived on a case by case basis by SJVAPCD.
   - Include maintenance records kept by owner to ensure the equipment is operable and able to be used for a three (3) year project life as stated in contract.
   - Be in good operating condition, meet OSHA safety requirements, and pass the eligibility evaluation conducted by SJVAPCD's sub-contractor.

3. The old, high-emitting equipment to be scrapped must:
   a. Be uncontrolled (Tier 0) or Tier 1 mobile, self-propelled off-road agricultural equipment.
   b. Have a compression-ignition (CI) engine greater than or equal to 25 horsepower.
   c. Have been owned and operated in California for the previous two (2) years and must currently be in operating condition.
      i. Operating condition will be verified through an inspection process conducted by SJVAPCD staff or its sub-contractor.
      ii. If selected for funding, the beneficiary may be required to submit documentation demonstrating that the T0/T1 equipment has been in operational condition for the previous year.

3.2.3.2 Budget Requirements

Due to the complex arrangement of the Ag Trade-Up Project, unique budgetary requirements must be considered. The following budget requirements would apply to these types of projects:

CARB funds would cover:

- Up to 80% of the cost of the new Tier 4 replacement equipment,
- Up to 90% per T2/T3 equipment for repair, and
- Up to $1,500 per T2/T3 equipment for transportation and mechanical assessment.

Awardees (purchasers of the new Tier 4 replacement equipment) would cover:

- 20% of the cost of the new Tier 4 replacement equipment.
  - Awardees would use either cash, or financed loans to fulfil this match requirement.

Beneficiaries (recipients of the T2/T3 equipment) would cover:

- 10% of the repair cost for the T2/T3 equipment.
    - This is based upon the maximum allowable repair costs, which is $8,500.
    - The Beneficiary would cover 100% of the repair costs exceeding $8,500.

3.2.3.3 Additional Requirements

In addition to the unique budget requirements, the Awardee (purchaser of the new Tier 4 replacement equipment) would be required to:

- Enter into a contractual agreement with SJVAPCD,
- Provide SJVAPCD with past maintenance records and/or service history on the T2/T3 equipment,
- Not purchase, make payments toward, and/or take possession of the new equipment prior to receiving a fully executed contract from SJVAPCD,
- Agree to a Project Implementation Phase (time period in which the applicant is required to own, operate, and maintain the equipment) not less than ten years from the date in which the new equipment is received,
- Remain the owner of the new equipment throughout the full term of the agreement,
- Maintain the replacement equipment in accordance with manufacturer specifications,
- Maintain replacement value insurance for the replacement equipment through the full term of the agreement,
- Operate at 100% of the replacement equipment's annual hours within SJVAPCD boundaries,
- Purchase a minimum of a one-year or a 1,600-hour power and drivetrain warranty for the replacement equipment. The warranty must cover parts and labor, and
- Install and maintain an operational hour meter on the new equipment.
    - If during the project life, the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's expense.

The Beneficiary (recipient of the T2/T3 equipment) would be required to:

- Enter into a contractual agreement with SJVAPCD,
- Not take possession of the T2/T3 equipment prior to receiving a fully executed contract from SJVAPCD,
- Agree to a Project Implementation Phase (Time period in which applicant is required to own, operate and maintain the equipment) of not less than three years from the date in which the T2/T3 equipment is received,
- Remain the owner of the new equipment throughout the full term of the agreement,
- Maintain the T2/T3 equipment in accordance with manufacturer specifications,

- Maintain replacement value insurance for the T2/T3 equipment through the full term of the agreement,
- Operate 100% of the T2/T3 equipment's annual hours within SJVAPCD boundaries,
- Surrender the T0/T1 equipment, as identified in the pre-inspection, to SJVAPCD's sub-contractor to be permanently destroyed by a SJVPACD-approved dismantler,
- Agree to not receive money for the scrap value of the T0/T1 equipment,
- Submit annual reports to SJVAPCD that include information on the T2/T3 equipment's hours of operation, maintenance, and any other pertinent information requested by SJVAPCD on a form to be provided to the Beneficiary by SJVAPCD for the duration of the Project Implementation Phase, and
- Release the Awardee and SJVAPCD of any and all liability that could foreseeably arise as a result of the Agreement.

In addition to the requirements described above, Ag Trade-Up Projects must meet all reporting and recordkeeping requirements described in these Guidelines, the 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-outs.

3.2.4 Additional Project Categories

In addition to the project categories described above, staff recommends that the Board grant CARB's Executive Officer authority to approve additional project categories as necessary. This may include expanding San Joaquin Valley-specific projects to statewide projects and allowing the inclusion of emerging technologies. This flexibility would enable CARB to respond to new information while providing a mechanism to ensure funds are spent expeditiously.

3.3 Reporting

GGRF Funding Guidelines set tracking and reporting requirements for agencies that administer GGRF programs, such as CARB. The tracking and reporting required of administering agencies include:

- Develop guidelines, solicitation materials, and grant agreements that contain tracking and reporting requirements for funding recipients, in accordance with the California Climate Investment Guidelines.
- For all projects, collect and compile data from funding recipients, including estimated GHG emission reductions and information on benefits to AB 1550 populations or SB 535 disadvantaged communities.
- Maintain records and submit reports on expenditures and investment benefits.
- For a subset of projects, collect and compile data to support project outcome reporting.

- Provide records and reports, as requested, to support audits and program reviews conducted by State agencies.

In addition, districts would be required to report information on all projects funded through the FARMER Program on an annual basis to CARB. One option staff is considering is requiring districts to report project information in the Clean Air Reporting Log (CARL) database, either via CARL or by batch import. The reported information must be sufficient to populate the required data fields and to calculate covered emission reductions and cost-effectiveness for equipment types where required. Districts will ensure the reported information is complete, correct, and supported by documentation.

Because the FARMER Program is funded in part by GGRF, CARB must develop reporting and recordkeeping requirements to quantify and document each project's benefits in keeping with GGRF requirements, in addition to the reporting and recordkeeping required under Carl Moyer Program Guidelines. Funding recipients would be required to track annual fuel consumption and usage for the new vehicle or equipment, in terms of hours or miles per year, and submit annual updates to districts while under contract.

The Annual Reports submitted to CARB would, at minimum, include:

- Contract execution and liquidation status of FARMER Program funds.
- Outputs generated by CARL for the default years specified in the utility.
- For the most recent fiscal year, additional funds available to FARMER from the following sources. These funds will be included in the target for the funding year due for liquidation in four years unless the air district directs CARB staff to include them in an earlier year target.
    - The amount of any interest accrued on FARMER Program funds held in local accounts. An air district may choose to designate in the Yearly Report all or a portion of this interest for remittance to CARB.
    - Funds recaptured from liquidated projects, including funds provided back to the air district following CARB enforcement actions, identified by project name and funding year.
    - Non-grant revenue earned for the FARMER Program by the air district, such as from the sale of scrapped engines or equipment.
- A list of any projects identified as non-performing and a brief narrative of any related enforcement actions.

4 PROJECT OVERSIGHT AND ADMINISTRATION

This section of the FARMER Program Guidelines describes the required oversight and administration of projects funded through the FARMER Program, including project costs, advance payment, and audit and program review procedures. Projects funded through the FARMER Program would also be subject to the oversight and administration requirements of the Carl Moyer Program.

4.1 PROJECT COSTS

Grants include direct project costs that support implementation and technology associated with the project, as well as indirect, administrative costs. Staff reviewed grants from various project types to identify common definitions associated with costs. Direct project costs are identified within each grant agreement and may vary depending on the needs of that particular project. Below is an overview of project costs and how they are typically divided among various project types and the limitations applied to each.

Direct project costs include project implementation and technology costs. To present a complete picture, the two types of direct project costs are outlined below.

- Project implementation costs include direct project labor and expenses associated with the project, such as all components of project implementation, outreach and education, research and data analysis, program evaluation, required reporting, external consultants, third-party contracts for direct support, travel, and information technology related to project implementation.

- Technology costs consist of costs associated with vehicles, equipment, and infrastructure that is either used to demonstrate the ability of the technology to achieve emission reductions or to deploy technology to an end user (i.e., farmer, agricultural business, etc.) for the purpose of achieving emission reductions. This includes the direct maintenance of these components, if required by the project.

Consistent with best practices for project administration, administrative costs are defined as: indirect costs that are not tied directly or solely to the project; such as distributed administration, non-project related contracts or subscriptions; rent, phones, printing, or mailing services not associated with staff working on the project; or any other costs that are not directly and fully incurred to support the grant. No more than 1 percent of FARMER Program funds may be spent on indirect, administrative costs.

4.2 ADVANCE PAYMENT

AB 109 directs CARB to "provide advance payments of the grant award to the recipient to initiate and implement the project in a timely manner." Further, CARB, in consultation with the Department of Finance, “shall adopt additional requirements in regulations regarding the provision of advance payments and the use of advance payments by the recipient of the grant to ensure that the moneys are used properly.” Consistent with this direction, and with the Legislature’s direction to expeditiously disburse grants, CARB intends to provide advance payments of grant awards in a timely manner to support project initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

Recognizing that appropriate safeguards are needed to ensure grant monies continue to be used responsibly, CARB intends to include specific terms and conditions within each grant to establish control procedures for advance payments. While each grant is different, these protections will typically include, at a minimum:

- Grantees must track interest accrued on any funds received. Interest earned on disbursements shall only be used for eligible grant-related expenses or returned to CARB.
- CARB has the right to terminate grant agreements in accordance with the terms of each agreement, and for non-performance or misuse of funds. In the event of termination, all funds not committed must be returned immediately.
- Documentation is required to support requests for funding. Grantees are required to maintain all supporting documentation for a prescribed period of time, to ensure adequate opportunities for audit exist.

4.3 Audit and Program Review Procedures

CARB staff will work collaboratively with air districts to conduct Incentive Program Reviews to help ensure that air district programs achieve expected emission reductions and are implemented in a manner consistent with the Carl Moyer Program Guidelines.[20] The reviews will cover the most recent five-year period and include air districts that represent at least 80 percent of program funding. Additional air districts will be reviewed as deemed necessary by CARB program staff.

Incentive Program Reviews may also include fiscal audits completed by the California State Controller’s Office in accordance with Generally Accepted Government Auditing Standards. CARB will have final authority with respect to corrective measures and follow-up, in consultation with the air district.

During the Incentive Program Review process, CARB will:

1) Identify the scope of the review,
2) Work collaboratively, while maintaining open communication with air districts,
3) Ensure objectivity and predictability,

[20] Carl Moyer Program Guidelines; Chapter 3.R: https://www.arb.ca.gov/msprog/moyer/guidelines/2017gl/2017_gl_chapter_3.pdf

4) Post all reports and related documents on the FARMER Program website, and
5) Conduct follow-up activities to ensure that any deficiencies are mitigated.

Air district staff will work to fully and promptly mitigate deficiencies identified during the review process, work to resolve and disagreements, and request assistance from CARB as necessary.

5 NEXT STEPS AND FUTURE ACTIONS

The proposed FARMER Program Guidelines identifies the projects staff recommends funding for the first year. Addressing the air quality impacts of vehicles and equipment used in agricultural operations is a multi-year effort and the proposed FARMER Program Guidelines will set the foundation for a long-term emission reduction program. The FARMER Program Guidelines specifies all policy-related details regarding the proposed projects, including eligible applicants, the criteria districts will use to evaluate applications, eligible vehicles and equipment, maximum incentive amounts, and other requirements. This chapter covers the next steps CARB will take to implement the FARMER Program, including the project implementation timeline, contingency plans, and CARB's plans for updating FARMER Program Guidelines in the future.

5.1 PROJECT IMPLEMENTATION TIMELINE

CARB staff will hold a round of workshops throughout the State to gather input on the proposed Guidelines in January 2018. After the workshops, CARB staff will post the final proposed Guidelines in February 2018 for Board consideration in March 2018.

Upon Board approval of the proposed FARMER Program Guidelines, the next step in implementation is entering into grant agreements with local air districts and/or CAPCOA. These grant agreements will include all programmatic details for districts to implement the projects and the criteria upon which applications will be evaluated and scored.

CARB staff expects to enter into grant agreements with districts and/or CAPCOA shortly after Board approval of FARMER Program Guidelines. Under this timeline, all funds would be encumbered well in advance of the June 30, 2019 statutory deadline and districts would have approximately 3 years to expend funds before the June 30, 2021 expenditure deadline.

5.2 CONTINGENCY PROVISIONS

This section describes staff's proposed contingency provisions in case mid-course corrections are needed to ensure funding is spent expeditiously and efficiently. Such contingencies are important in voluntary incentive programs where it is not possible to fully anticipate participation levels in advance. Staff proposes that the Board delegate authority to CARB's Executive Officer to redirect funds from Board-approved district funding allocations in the case described below should the need arise. In all other cases, staff would request Board approval to redirect funds.

5.2.1 Contingency Provisions Related to District Funding Allocations

District funding allocations are based primarily on agricultural equipment population and staff anticipates that each district's funding allocation will not exceed its agricultural funding demand. However, in the event that participation does not meet expectations and funds are at risk of reverting before the expenditure deadline, staff proposes a contingency plan that would allow the Executive Officer to divert a portion of a district's FY 2017-18 funding allocation to other oversubscribed districts. Staff will work with air districts to figure out the details of this contingency plan and will provide more information in the proposed FARMER Program Guidelines for Board consideration.

5.3 Reports to the Board and Legislature

The three funding sources that support the FARMER Program – GGRF, AQIF, and ARFVTF – set reporting requirements for administering agencies. These reporting requirements are discussed in more detail below.

5.3.1 GGRF Annual Reports to the Legislature

All agencies that administer GGRF investments must submit project data, including project descriptions, project location, information on timelines and budgets, GHG emission reductions, co-benefits, and project status. CARB compiles project data and program-level data and works with the Department of Finance to prepare the Annual Report to the Legislature, which is due in March every year.

For the FARMER Program, CARB will report on the outcomes of funded projects, including: GHG reductions achieved or anticipated using the appropriate CARB quantification methodology; progress in meeting or exceeding AB 1550 targets for investments in disadvantaged communities, low-income communities, and low-income households; updates on expected co-benefits achieved or anticipated; and project locations.

5.3.2 AB 118 Reports

AB 8 sets requirements for CARB and the California Energy Commission (CEC) to report on projects funded through AQIF and ARFVTF. Because AB 109 allocated the funding to CARB to administer, projects funded through AQIF and ARFVTF will be included in CARB's biennial report to the Legislature. As outlined in AB 8, this report will include:

- A list of projects funded;
- The expected benefits of the projects in promoting clean, alternative fuels and vehicle technologies;
- Improvement in air quality and public health, greenhouse gas emission reductions, and the progress made toward achieving these benefits;
- The impact of the projects in making progress toward attainment of state and federal air quality standards; and
- Recommendations for future actions.

5.4 FUTURE GUIDELINE UPDATES

The proposed FARMER Program Guidelines will set the foundation for a long-term program to reduce agricultural sector emissions. If additional funding is allocated to the FARMER Program in the future, CARB staff will evaluate if there is enough flexibility in the FARMER Program Guidelines to continue funding cost-effective and innovative agricultural projects or if updates are needed. If staff determines that updated FARMER Program Guidelines are necessary, staff will hold public workshops to solicit input and staff will release updated FARMER Program Guidelines for a 30-day public comment period prior to Board consideration. When developing revised FARMER Program Guidelines, staff will:

- Consider whether district funding is oversubscribed or undersubscribed and if so, whether modifications to district funding allocations are needed.

- Evaluate projects funded with FY 2017-18 funds and consider whether the projects are oversubscribed or undersubscribed, whether continued funding should be proposed, and if so, whether modifications to the project requirements are needed.

- Evaluate and consider whether San Joaquin Valley-specific projects should be expanded to other districts.

- Reexamine the project categories not funded in FY 2017-18 and consider whether additional categories should be proposed for future funding.

- Reexamine opportunities to coordinate with other incentive programs, such as CARB's Low Carbon Transportation Incentives and AQIP.

- Evaluate projects funded with FY 2017-18 funds and recognize benefits in communities determined by AB 617, to the extent feasible.