

## CALIFORNIA AIR RESOURCES BOARD

### NOTICE OF PUBLIC MEETING TO CONSIDER APPROVAL OF THE FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTIONS PROGRAM GUIDELINES

The California Air Resources Board (CARB or Board) will conduct a public meeting at the time and place noted below to consider the approval of the *Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines* (Guidelines).

DATE: March 22, 2018

TIME: 9:00 a.m.

LOCATION: Riverside County Administration Building  
4080 Lemon Street, 1st Floor  
Riverside, California 92501

This item will be considered at a meeting of the Board, which will commence at 9:00 a.m., March 22, 2018, and may continue at 8:30 a.m., on March 23, 2018. Please consult the agenda for the meeting, which will be available at least ten days before March 22, 2018, to determine the day on which this item will be considered.

#### **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 appropriate \$135 million from the State Budget for Fiscal Year (FY) 2017-18 to CARB for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector.

The proposed FARMER Program Guidelines cover three related funding sources:

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

In both budget bills, agricultural harvesting equipment; heavy-duty trucks; agricultural pump engines; tractors; and other equipment used in agricultural operations are all listed as eligible for funding.

The proposed Guidelines outline CARB's plans for expending these funds in a manner consistent with the legislative direction from the two bills, existing statutes, and

regulations. Further, the Guidelines describe district funding allocations, eligible project categories and criteria, program implementation details, and the justification for these investments. Background on each of the three funding sources covered in the proposed Guidelines is provided below.

**GGRF:** California Climate Investments (CCI) is a statewide program that puts billions of Cap-and-Trade dollars 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. 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), the bill that extends the Cap-and-Trade program beyond 2020, 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.

CARB's FARMER Program aligns with these priorities. Funding sustainable agricultural practices that promote the transition to clean technology is the main driver for this program, with additional emissions reductions from stationary and mobile sources as co-benefits.

**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 requires CARB to provide preference to projects with higher benefit-cost scores when considering projects for funding from AQIF.

AB 109 directs 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 the new program, CARB has drawn upon the usual requirements for monies in AQIF and ARFVTF to the extent that they can be applied in this new context, while developing appropriate new requirements.

Because both AQIF and ARFVTF 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 FARMER Program. AQIF and ARFVTF governing statutes generally support emissions reductions of the sort that the Legislature has directed CARB to reduce from agricultural sources. Thus, CARB has combined terms from the relevant statutes where possible to aid in administration and to implement the Legislature's direction, while continuing to employ as much of the existing framework created for these incentive funds as possible.

### **Summary of Proposed Funding**

The San Joaquin Valley Air Pollution Control District (SJVAPCD) will receive 80 percent of FARMER Program funding (\$108 million) due to the district's high agricultural activity, extreme nonattainment status, and large population affected by harmful emissions, as compared to other air districts. For the remaining 20 percent of FARMER Program funding, CARB staff developed a formula to distribute the funds among local air districts. The formula will distribute the remaining funds (\$27 million) based on each district's emissions from farm equipment and each district's air quality and attainment status.

To streamline implementation, districts with at least one percent of the statewide emissions from farm equipment will have a line item allocation based on the results of this distribution formula. Districts with less than one percent of the statewide emissions from farm equipment will have access to a single allocation to be shared and is based on the same distribution formula.

The following table shows the proposed funding allocations for air districts based on this formula:

<b>Air District</b>	<b>Proposed Funding Allocation</b>
Bay Area	\$1,990,800
Butte	\$1,695,600
Colusa	\$1,380,600
Feather River	\$2,257,800
Glenn	\$1,453,200
Imperial	\$1,186,200
Eastern Kern	\$737,000
Monterey Bay	\$1,298,200
Sacramento Metro	\$989,200
San Diego	\$1,269,700
San Joaquin Valley	\$108,000,000
San Luis Obispo	\$906,800
Santa Barbara	\$666,900
South Coast	\$1,878,800
Tehama	\$652,100
Ventura	\$1,234,100
Yolo Solano	\$1,830,900
Districts with less than 1 percent	\$5,572,100

The proposed FARMER Program Guidelines include the following proposed eligible project categories: Carl Moyer Program-eligible agricultural projects statewide; the Off-Road Mobile Agricultural Equipment Trade-Up (Ag Trade-Up) Pilot Project for SJVAPCD; Zero-Emission Agricultural Utility Terrain Vehicles (Ag UTV) Project, and additional project categories approved as by CARB's Executive Officer. These proposed project categories are described below.

#### **Carl Moyer Program-Eligible Projects**

Carl Moyer Program-eligible projects include projects eligible under the 2017 Carl Moyer Program Guidelines and any future approved Carl Moyer Program Guidelines, and current and future Program Advisories and Mail-outs, provided that the vehicles and equipment are engaged in agricultural operations, as defined by the proposed FARMER Program Guidelines.

#### **Ag Trade-Up Pilot Project**

The Ag Trade-Up Pilot Project is included within the proposed FARMER Program Guidelines as a project category for SJVAPCD to administer. 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).

### Ag UTV Project

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.

### Additional Project Categories

In addition to the project categories described above, the proposed FARMER Program Guidelines include a provision that grants CARB's Executive Officer authority to approve additional project categories or make modifications to existing project categories as necessary. This may include expanding San Joaquin Valley-specific projects to statewide projects and implementing an agriculture-specific on-road truck program. This flexibility would enable CARB to respond to new information while providing a mechanism to ensure funds are spent expeditiously.

### **Proposed Action**

CARB staff has prepared the proposed FARMER Program Guidelines and will provide a presentation summarizing the proposed Guidelines for the Board's approval at the meeting. Copies of the proposed FARMER Program Guidelines may be obtained from CARB's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California, 95814, on February 16, 2018.. The proposed Guidelines may also be obtained from CARB's website at: <https://arb.ca.gov/ag/agincentives/agincentives.htm>.

Interested members of the public may present comments orally or in writing at the meeting and may provide comments by postal mail or by electronic submittal before the meeting. To be considered by the Board, written comments not physically submitted at the meeting, must be received **no later than 5:00 p.m., March 19, 2017**, and addressed to the following:

Postal mail: Clerk of the Board, California Air Resources Board  
1001 I Street, Sacramento, California 95814

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Please note that under the California Public Records Act (Government Code section 6250 et seq.), your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

CARB requests that written statements on this item be filed at least ten days prior to the meeting so that CARB staff and Board members have additional time to consider each comment. Further inquiries regarding this matter should be directed to Erin Uchida, Air Resources Engineer, at (916) 323-0002.

### **Environmental Analysis**

CARB conducts any environmental review required by the California Environmental Quality Act (CEQA) under its program certified by the Secretary of Natural Resources Agency (title 17, California Code of Regulations, §§ 60001-60007). Staff has determined that the proposed FARMER Program Guidelines are not a "project" subject to CEQA review because the FARMER Program Guidelines are a government funding mechanism or other government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (title 14, California Code of Regulations, § 15738(b)(4)). Even if the FARMER Program Guidelines constituted a CEQA "project," CARB's approval of the FARMER Program Guidelines would be exempt from CEQA review under title 14, California Code of Regulations, § 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed FARMER Program Guidelines may have a significant adverse impact on the environment. The proposed FARMER Program Guidelines set project eligibility and provide funding opportunities that achieve emission reductions or enable emission reductions beyond what is required by existing regulations. The revisions do not result in any significant adverse impacts on the environment; rather, they have the potential to result in beneficial air quality impacts by reducing emissions of criteria and toxic air pollutants.

### **SPECIAL ACCOMMODATION REQUEST**

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the meeting;
- Documents made available in an alternate format or another language; and
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than ten business days before the scheduled Board meeting.

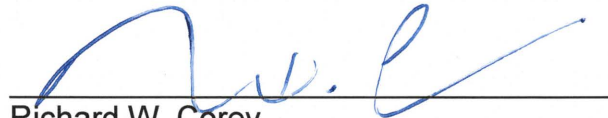
TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia;
- Documentos disponibles en un formato alterno u otro idioma; y
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de diez días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

CALIFORNIA AIR RESOURCES BOARD



Richard W. Corey  
Executive Officer

Date: *February 16, 2018*

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at [www.arb.ca.gov](http://www.arb.ca.gov).*