

DATE: December 29, 2017

Mail-Out #MSC 17-22

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON THE FUNDING AGRICULTURAL REPLACEMENT
MEASURES FOR EMISSION REDUCTIONS (FARMER) PROGRAM
GUIDELINES: DISCUSSION DOCUMENT

The California Air Resources Board (CARB or Board) invites you to participate in a public workshop to discuss the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines: Discussion Document (Discussion Document). The Discussion Document describes CARB staffs' recommended agriculture-related investments from the following funding sources:

- \$85 million from the Greenhouse Gas Reduction Fund (GGRF) in Assembly Bill (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 September 2017, Governor Brown signed into law 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 2017-18 to CARB for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector.

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.

At this workshop, CARB staff will discuss and seek input on:

- Proposed air district funding allocations;
- Recommendations for eligible project categories; and
- Recommendations on the FARMER Program design and requirements for all proposed project categories.

Staff will release the proposed FARMER Program Guidelines, incorporating input received at these workshops 30 days prior to the Board hearing date. The Board will then consider the proposed FARMER Program Guidelines at a public meeting after a 30 day public comment period.

Meeting Information

CARB staff will conduct the workshop at three locations throughout the state between the dates of January 24 and January 30, 2018. All meeting materials will be the same in all locations. The workshop will be held at the following times and locations:

BAY AREA LOCATION:

Date: Wednesday, January 24, 2018
Time: 10:00 am to 12:00 pm
Place: Sonoma County Farm Bureau
3589 Westwind Boulevard
Santa Rosa, CA 95403

SACRAMENTO LOCATION:

Date: Friday, January 26, 2018
Time: 10:00 am to 12:00 pm
Place: California Air Resources Board
Monitoring and Laboratory Division
1927 13th Street
Sacramento, CA 95811

The meeting in Sacramento will be available via webinar for those unable to attend in person. The web broadcast can be accessed on the day of the workshop with the following link and Webinar ID:

Link: <https://attendee.gotowebinar.com/register/7193491440762230531>
Webinar ID: 165-524-867

For stakeholders who wish to participate remotely, please submit comments or questions during the webinar to FARMER@arb.ca.gov. Please note that this email address will only be available during the webinar. For comments or questions after the webinar, please submit them to erin.uchida@arb.ca.gov. Also, please note that street parking is available, but limited at this location.

CENTRAL VALLEY LOCATION:

Date: Tuesday, January 30, 2018
Time: 10:00 am to 12:00 pm
Place: San Joaquin Valley Air Pollution Control District
Central Regional Office
1990 E. Gettysburg Avenue
Fresno, CA 93726

The public can also attend this Central Valley workshop by video conference at the air district's Modesto and Bakersfield offices:

Modesto Office
4800 Enterprise Way
Modesto, CA 95356

Bakersfield Office
34946 Flyover Court
Bakersfield, CA 93308

Staff plans to post the Discussion Document the week before the workshop on CARB's FARMER Program website at: <https://arb.ca.gov/ag/agincentives/agincentives.htm>. Staff's presentation will be posted on this website the morning of the first workshop.

CARB staff have established a new electronic mailing list to notify stakeholders of upcoming events related to the FARMER Program. If you would like to be notified of future meetings and the availability of materials, please sign up at: https://public.govdelivery.com/accounts/CARB/subscriber/new?topic_id=agincentives.

Additional Details

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 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.

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.

Contact

If you have questions regarding the workshop, please contact Ms. Erin Uchida, Air Resources Engineer at (916) 323-0002 or by email at erin.uchida@arb.ca.gov.

Special Accommodations

If you require a special accommodation, or need this document in an alternate format (i.e., Braille, large print), please visit <http://www.arb.ca.gov/html/ada/ada.htm> for assistance or contact the Americans with Disabilities Act Coordinator by telephone at (916) 323-4916 no

later than ten business days before the scheduled meeting. If you are a person who needs assistance in a language other than English, please visit <http://www.arb.ca.gov/eo/bilingual-services.htm> or contact the Bilingual Coordinator by telephone at (916) 322-0473, no later than ten business days before the scheduled meeting. TTY/TTD/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.
- 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) 324-0342 o envíe un fax a (916) 327-8524 lo más pronto posible, pero no menos de 10 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.

Sincerely,

/s/

Jack Kitowski, Chief
Mobile Source Control Division

cc: Ms. Erin Uchida
Air Resources Engineer
Mobile Source Control Division