

**EL DORADO COUNTY AIR QUALITY MANAGEMENT DISTRICT  
PLACER COUNTY AIR POLLUTION CONTROL DISTRICT  
MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (“MOU”) is made between the El Dorado County Air Quality Management District, a subdivision of the State of California (“EDCAQMD”), and the Placer County Air Pollution Control District, a public agency of the State of California (“PCAPCD”).

**1.0 Recitals**

- 1.1 The State Legislature has allocated funds to the California Air Resources Board (“CARB”) and the Legislature directed the use of the monies 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;”
- 1.2 CARB developed the Funding Agricultural Replacement Measures for Emission Reductions Program (“FARMER Program”) and subsequent Guidelines to meet the Legislature’s objectives and help meet the State’s criteria, toxic and greenhouse gas emission reduction goals;
- 1.3 CARB has created a Shared Allocation Pool (“SAP”) of funding that is specifically designated for the 18 Air Quality Management and Air Pollution Control Districts (“Districts”) with less than one percent of the statewide agricultural equipment emissions inventory, to ensure farmers in those Districts have the opportunity to access FARMER Program funding and to streamline the implementation of the FARMER Program;
- 1.4 The SAP will be managed by PCAPCD and the California Air Pollution Control Officers Association (CAPCOA) in accordance with the grant provisions outlined in the Grant Agreement between CARB and PCAPCD and provisions outlined in the subsequent agreement between CAPCOA and PCAPCD, which are attached hereto as Exhibit A;
- 1.5 Both PCAPCD and EDCAQMD are included within the SAP;
- 1.6 Incentive funding is available based on the cost-effectiveness of the proposed projects, as well as the proximity of the proposed projects to low-income households or communities and other factors as described in the FARMER Program SAP Policies and Procedures Manual (“PPM”), attached hereto as Exhibit B;
- 1.7 To address potential conflict of interest concerns, CARB, CAPCOA, EDCAQMD and PCAPCD all agree that it would be appropriate for EDCAQMD to manage FARMER Program projects located within PCAPCD’s jurisdiction, recognizing the role that PCAPCD will be performing in implementing the program as a whole on behalf of the SAP;

**NOW, THEREFORE**, in consideration of the mutual promises hereafter set forth, the EDCAQMD and the PCAPCD agree as follows:

## **2.0 Terms and Conditions**

### **2.1 Purpose of MOU**

The purpose of this MOU is to allow EDCAQMD to administer and implement, on behalf of PCAPCD, FARMER Program projects awarded to PCAPCD. EDCAQMD will receive the funding awarded to PCAPCD for the FARMER Program projects located within Placer County, consistent with the following: Grant Agreement between PCAPCD and CARB and the MOU between PCAPCD and CAPCOA, attached hereto as Exhibit A; the PPM, attached hereto as Exhibit B; the Scope of Work, attached hereto as Exhibit C; and the MOU between the PCAPCD and the EDCAQMD for the Fiscal Year 2017-18 Appropriation, attached hereto as Exhibit D.

### **2.2 Term of Contract**

The term of this MOU will commence upon execution by all parties and terminate on June 30, 2031, or earlier upon mutual agreement between EDCAQMD and PCAPCD.

### **2.3 Scope of Work**

EDCAQMD will administer the FARMER Program for PCAPCD as detailed in Exhibit C, including, but not limited to, the following:

- Enter into agreement with awarded applicant.
- Process any tracking documents required by the Program and forward approved document copies to PCAPCD.
- Process claims for payment to applicant with the El Dorado Auditor/Controller.

PCAPCD will assist with program administration as detailed in Exhibit C, including, but not limited to the following:

- Perform necessary inspections for grantees of the Program residing in Placer County, travelling to the equipment/vehicle location to verify the status of the existing or new equipment/vehicle, as required by the Program.
- Provide EDCAQMD with electronic copies of inspection reports and applications

### **2.4 Final Report**

EDCAQMD will provide PCAPCD with electronic copies of the final drafts of quarterly updates and any annual reports required by the FARMER Program.

### **2.5 Indemnification**

- a. EDCAQMD will indemnify and defend PCAPCD, its officers, agents and employees from and against all claims, demands, losses, damages, liability, costs, and expenses of whatever nature including court costs and Counsel fees, accruing or resulting to any person, firm, or corporation who may be injured by the negligence of EDCAQMD in the performance of its obligations under this MOU.

- b. PCAPCD will indemnify and defend EDCAQMD, its officers, agents and employees from and against all claims, demands, losses, damages, liability, costs, and expenses of whatever nature including court costs and Counsel fees, accruing or resulting to any person, firm, or corporation who may be injured by the negligence of PCAPCD in the performance of its obligations under this MOU.

2.6 **Alteration**

No alteration or variation of the terms of this MOU will be valid unless made in writing and signed by both parties.

2.7 **Termination**

Either party may terminate this MOU without cause upon thirty (30) days written notice served upon the other party. Any unspent funds will be returned to PCAPCD less EDCAQMD's share of costs incurred as of the date of the notice.

2.8 **Notices**

Any notice, demand, request, consent, or approval that either party hereto may be or is required to give the other, must be in writing, and be either personally delivered or sent by prepaid, certified first class mail, return receipt requested, addressed as follows:

<b>To EL DORADO AQMD</b>	<b>To PCAPCD</b>
Dave Johnston, Air Pollution Control Officer El Dorado County AQMD 345 Fair Lane, Building T1 Placerville, CA 95667 Phone (530) 621-7501 Fax (530) 295-2774	Erik White, Air Pollution Control Officer PCAPCD 110 Maple Street Auburn, CA 95603 Phone (530) 745-2330 Fax (530) 745-2373

2.9 **Audit of El Dorado AQMD Records**

In addition to the auditing requirements that EDCAQMD will be obligated to under other FARMER program related agreements, EDCAQMD will also allow PCAPCD access to all records for the purposes of inspection or audit. EDCAQMD must make these records available to PCAPCD thirty (30) days after receiving a request for the records from PCAPCD, and EDCAQMD will retain the records for a minimum of three years after the records are generated.

2.11 **Successors and Waivers**

This MOU binds the successors of EDCAQMD and PCAPCD in the same manner as if they were expressly named. Waiver by either party of any default, breach or condition precedent will not be construed as waiver of any other default, breach or condition precedent or any other right hereunder.

2.12 **Severability**

If any provision of this MOU is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provisions of this MOU, and this MOU will be construed and enforced as if the invalid or unenforceable provision had not been included.

2.13 **Statutory Limitations**

This MOU and any payments for compensation and expenses are subject to the provisions and limitations imposed by federal and State law. PCAPCD has no liability for payment of any compensation and expenses that are found to be in contravention of federal or State law. EDCAQMD will reimburse PCAPCD for any funds paid by it under this MOU that are later determined to be in contravention of any federal and State law.

2.14 **Contract Administrator:** Dave Johnston is the named Contract Administrator for this MOU. It is the responsibility of the Contract Administrator to: 1) verify compliance with the terms and conditions of the MOU, 2) determine that the work has been completed, 3) ensure that funding is available to pay approved invoices, and 4) approve all invoices under the MOU.

2.15 **Authority to Bind:** The persons signing on behalf of the parties to this MOU warrant that they have the legal authority to execute this MOU.

Executed by:

El Dorado County Air Quality  
Management District

Placer County Air Pollution Control  
District

By \_\_\_\_\_  
Dave Johnston  
Air Pollution Control Officer  
El Dorado County AQMD

By \_\_\_\_\_  
Erik White  
Air Pollution Control Officer  
PCAPCD

Approved as to form

By \_\_\_\_\_  
Breann Mobius  
County Counsel  
El Dorado County



**EXHIBIT A**  
**GRANT AGREEMENT BETWEEN CARB AND PCAPCD, AND**  
**MOU BETWEEN CAPCOA AND PCAPCD**



**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
CALIFORNIA AIR POLLUTION CONTROL OFFICERS ASSOCIATION  
AND PLACER COUNTY AIR POLLUTION CONTROL DISTRICT  
FOR IMPLEMENTATION OF THE FY 2017-2018 FARMER PROGRAM**

The California Air Pollution Control Officers Association (CAPCOA) and the Placer County Air Pollution Control District (Placer County APCD) hereby enter into this Memorandum of Understanding (MOU), which shall be effective after execution by both parties, and shall remain in place until April 1, 2021.

RECITALS

WHEREAS, Placer County APCD has entered into a grant agreement with the California Air Resources Board (CARB) to administer the 2017-2018 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program in the amount of \$5,572,100.00 (Shared Allocation Pool) to reduce agricultural emissions for the replacement or upgrade of agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations within California air quality management districts and air pollution control districts (Districts) with less than 1% of such equipment as defined in Exhibit A, and within this document; and

WHEREAS, Placer County APCD and CARB have agreed that Placer County APCD will administer the FY 2017-2018 FARMER Program consistent with the CARB FARMER guidelines (Exhibit B); and

WHEREAS, Exhibit A allows Placer County APCD to delegate responsibilities, and Placer County APCD and CAPCOA agree that CAPCOA will solicit advertise and evaluate individual project applications and recommend projects for funding on behalf of Placer County APCD; and

WHEREAS, CAPCOA will be reimbursed up to \$55,721.00 or 1% of the total amount received under the program for the work it performs to implement the FARMER Program on behalf of Placer County APCD under this MOU; and

WHEREAS, CAPCOA has determined that such a role will be to the benefit of all Districts if it acts in such capacity;

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

### AGREEMENT

Eligible projects can be located in any of the following 18 Participating Districts:

Amador County APCD	Lassen County APCD	N. Sierra AQMD
Antelope Valley AQMD	Mariposa County APCD	N. Sonoma County APCD
Calaveras County APCD	Mendocino County AQMD	Placer County APCD
El Dorado County AQMD	Modoc County APCD	Shasta County AQMD
Great Basin Unified APCD	Mojave Desert AQMD	Siskiyou County APCD
Lake County AQMD	N. Coast Unified AQMD	Tuolumne County APCD

1. Placer County APCD and CAPCOA will develop a Policies and Procedures Manual (PPM) in order to administer the program consistent with the MOU in place between Placer County APCD and CARB, which is hereby attached as Exhibit A. CAPCOA agrees to evaluate project applications and generally perform work consistent with the PPM approved by Placer County APCD which shall include at minimum:
  - a. Roles and responsibilities of each party, including any subcontractors and Participating Districts, involved in the FARMER program implementation, including:
    1. Identifying staff or positions responsible for responding to CARB funding solicitations, evaluation, selection, and inspection of projects, and obtaining appropriate approval for program participation and projects to be funded;
  - b. Identification of the project categories and the schedule for solicitation and review of applications to be submitted under these project categories;
  - c. Process and schedule for application solicitation and review;
  - d. Procedures for project selection, including cost-effectiveness determination or other criteria applied to rank projects; and any procedures that vary by project category. Where applicable, project selection procedures that ensure priority for funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with Assembly Bill 1550 (Gomez, Chapter 369, Statutes of 2016);
  - e. Procedures for recommending projects to Placer APCD, for notifying Participating Districts, for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants;
  - f. The method for calculating interest earned on FARMER Program funds held by the Placer County APCD, subcontractors, and Participating Districts;

- g. Procedures for submitting program invoices and receiving payment, including itemization requirements to limit reimbursement to eligible costs, conditions for progress or partial payment, and practices for withholding payment(s) pending participant reporting;
  - h. Methods Participating Districts will use to verify the destruction of engines and equipment when required, consistent with FARMER Program Guidelines and current Carl Moyer Program Guidelines by source category;
  - i. Methods Participating Districts will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information;
  - j. Procedures, schedules, and required content for participant reports;
  - k. The types of acceptable documentation for establishing historical annual usage and procedures for considering and granting usage waiver requests, including supporting information to be provided by the participant;
  - l. Procedures for working with nonperforming participants to gain full compliance with contracts and program requirements;
  - m. Program or project cost-share requirements that are more stringent than those specified in FARMER Program Guidelines and Mail-Outs;
  - n. Any CARB approvals of Program elements that vary from those required by the FARMER Program Guidelines and Mail-Outs, e.g., methods of ensuring engine or equipment destruction that vary from those specified in the Guidelines.
2. CAPCOA will perform the following duties consistent with an approved PPM:
- a. Evaluation of complete applications for eligible projects in districts who have an executed agreement with Placer County APCD to implement the program.
  - b. CAPCOA will provide a list of eligible projects recommended for early funding to Placer County APCD by December 1, 2018. CAPCOA will continue to solicit project applications and will provide an additional list of eligible projects recommended for funding to Placer County APCD by April 1, 2019. CAPCOA will provide a final list of eligible projects to obligate any remaining funds prior to April 1, 2020, if necessary.
  - c. CAPCOA will solicit projects in Districts in accordance with requirements outlined in the PPM and consistent with the grant agreement between CARB and Placer County APCD and CAPCOA will attempt to recommend at least one eligible project in each District that has entered into contract with Placer County APCD.

- d. CAPCOA will recommend eligible projects for funding only to Districts that have approved the 2017 Carl Moyer Program Policies and Procedures for the category of equipment in the application as required by the Farmer Guidelines attached as Exhibit B.
  - e. CAPCOA will work directly with El Dorado County AQMD to process Placer County APCD based applications under the FARMER program as described in the PPM.
- 3. CAPCOA will comply with all auditing and reporting requirements as described in the PPM.
- 4. Placer County APCD will enter into separate FARMER implementation contracts with participating Districts. Placer County APCD will inform CAPCOA of which Districts have entered into such contracts, and then CAPCOA will initiate the project application evaluations in accordance with the PPM. CAPCOA will independently evaluate each application submitted and shall inform Placer County APCD of recommended awardees consistent with the PPM. Subject to approval by Placer County APCD, Placer County APCD will provide funding to Districts with awarded projects.
- 5. Placer County APCD will inform CAPCOA about changes in FARMER Program requirements, the FARMER PPM and remaining available funding.
- 6. Placer County APCD and CAPCOA agree to mutually indemnify, defend and hold harmless their employees, agents, representatives against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by either entity or any program participant, and out of the operation of equipment that is purchased with funds from this Grant Award.
- 7. CAPCOA will submit requests for reimbursement for work performed under this Memorandum of Understanding to Placer County APCD. Total reimbursement requests shall not exceed \$55,721.00 or 1% of total amount received under the program. CAPCOA will submit disbursement requests to Placer County APCD to meet Placer County APCD reporting requirements and disbursement requests in Exhibit A.

#### 8. INSURANCE REQUIREMENTS

##### a. Commercial General Liability

CAPCOA shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products,

completed operations, personal and advertising injury, and liability assumed under an insured project agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the installer/contractor's limit of liability. The policy must name the District, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.

9. This is the entire agreement between the parties, and any changes to or extensions of this Agreement must be made in writing.
10. Any disputes related to this Contract shall be governed by the laws of the State of California and venue shall be Placer County, California.
11. Neither party hereto shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented.
12. This MOU may be terminated by either party by giving a 30-day written notice to the other.

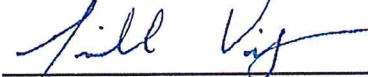
IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

PLACER COUNTY AIR POLLUTION  
CONTROL DISTRICT



Erik White, APCO

CALIFORNIA AIR POLLUTION  
CONTROL OFFICERS ASSOCIATION



Mike Villegas, President

September 26, 2018

Date

September 26, 2018

Date

Exhibit A: Grant Agreement between the California Air Resources Board and Placer County APCD.

Exhibit B: CARB FARMER Guidelines



- Exhibit A -



Mary D. Nichols, Chair  
 Matthew Rodriguez, CalEPA Secretary  
 Edmund G. Brown Jr., Governor

September 12, 2018

**RECEIVED**  
 SEP 13 2018  
 Placer County Air Pollution  
 Control District

Ms. A.J. Nunez  
 Placer County Air Pollution Control District  
 110 Maple Street  
 Auburn, California 95603

Dear Ms. Nunez:

As indicated via email, the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Grant Agreement was executed on September 5, 2018. Please attach the enclosed original signed coversheet for Grant Number G17-AGIP-18 to the grant agreement package for your records. Together, this will constitute the complete Grant Agreement between the Placer County Air Pollution Control District and the California Air Resources Board (CARB).

Work can now begin on this project. If you have any questions or need further clarification, please contact Erin Uchida, Air Resources Engineer, at (916) 323-0002 or by email at [erin.uchida@arb.ca.gov](mailto:erin.uchida@arb.ca.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Michelle Buffington", with the word "for" written below it.

Michelle Buffington, Manager  
 Off-Road and Agricultural Strategies and Incentives Section

Enclosure

cc: Mr. Erik White (w/o enclosures)  
 Air Pollution Control Officer  
 Placer County Air Pollution Control District  
 110 Maple Street  
 Auburn, California 95603

Ms. Erin Uchida (w/o enclosures)  
 Air Resources Engineer  
 Mobile Source Control Division



## - Exhibit A -

STATE OF CALIFORNIA  
California Environmental Protection Agency  
AIR RESOURCES BOARD  
ASD/BCGB-337 (NEW 10/2017)

**GRANT AGREEMENT COVER SHEET**

NAME OF GRANT PROGRAM <b>Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program</b>		GRANT NUMBER <b>G17-AGIP-18</b>
GRANTEE NAME <b>Placer County Air Pollution Control District</b>		
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER <b>94-6000527</b>	TOTAL GRANT AMOUNT NOT TO EXCEED <b>\$5,572,100.00</b>	
FISCAL GRANT TERM <b>FROM: June 30, 2018</b>		<b>TO: May 30, 2021</b>
PROJECT PERFORMANCE PERIOD OF GRANT AGREEMENT <b>FROM: June 30, 2018</b>		<b>TO: June 30, 2031</b>



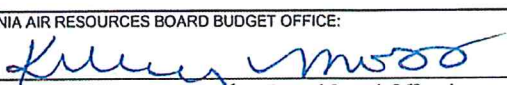

This legally binding Grant Agreement, including this cover sheet and Exhibits attached hereto and incorporated by reference herein, is made and executed between the State of California, California Air Resources Board (CARB) and the Placer County Air Pollution Control District (the "Grantee").

## Exhibit A – Grant Provisions

Exhibit B – FARMER Program Guidelines – available at: <https://arb.ca.gov/ag/againcentives/farmerguidelines.pdf>Exhibit C – Carl Moyer Program Guidelines, 2017 Revisions – available at: <https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from CARB.

The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

California Air Resources Board		GRANTEE'S NAME (PRINT OR TYPE) <b>Placer County Air Pollution Control District</b>	
SIGNATURE OF CARB'S AUTHORIZED SIGNATORY: 		SIGNATURE OF GRANTEE (AS AUTHORIZED IN RESOLUTION, LETTER OF COMMITMENT, OR LETTER OF DESIGNATION) 	
TITLE <b>Administrative Services Branch Chief, CARB</b>	DATE <b>9/5/18</b>	TITLE <b>APCO</b>	DATE <b>8/21/18</b>
		GRANTEE'S ADDRESS (INCLUDE STREET, CITY, STATE AND ZIP CODE) <b>110 Maple Street, Auburn, California 95603</b>	
<b>CERTIFICATION OF FUNDING</b>			
AMOUNT ENCUMBERED BY THIS AGREEMENT <b>\$5,572,100.00</b>	FISCAL YEAR/PROGRAM <b>2017/18 / 3500</b>		FUND TITLE <b>Air Quality Improvement Program</b>
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT <b>\$0.00</b>	(OPTIONAL USE)		
TOTAL AMOUNT ENCUMBERED TO DATE <b>\$5,572,100.00</b>	ITEM <b>3900-101-3119</b>	CHAPTER <b>249</b>	STATUTE <b>2017</b>
	FISCAL YEAR <b>2017/18</b>		
OBJECT OF EXPENDITURE <b>6100-702-88205</b>			
I hereby certify that the California Air Resources Board Budget Office acknowledges that budgeted funds are available for the period and purpose of the expenditure stated above.			
SIGNATURE OF CALIFORNIA AIR RESOURCES BOARD BUDGET OFFICE: 		DATE <b>8/17/18</b>	
I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.			
SIGNATURE OF CALIFORNIA AIR RESOURCES BOARD LEGAL OFFICE: 		DATE <b>8/14/18</b>	

**- Exhibit A -**

**Exhibit A**

**GRANT PROVISIONS**

- I.** The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the current Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines (Guidelines), any future approved Guidelines, and current and future Program Advisories and Mail-outs, including all provisions, roles, and responsibilities identified.

**II. Grant Summary and Amendments (If Applicable)**

Program Name: FARMER Program

Total Funding: \$5,572,100.00

**A.** Air Quality Improvement Fund (AQIF) Amount:<sup>1</sup> \$5,572,100.00

**III. Grant Parties And Contact Information**

- A.** This grant is from the California Air Resources Board (hereinafter referred to as CARB or the Board) to the Placer County Air Pollution Control District (hereinafter referred to as Grantee).
- B.** The CARB Project Liaison is Erin Uchida. Correspondence regarding this project shall be directed to:

Erin Uchida  
California Air Resources Board  
Mobile Source Control Division  
P.O. Box 2815  
Sacramento, California 95812  
Phone: (916) 323-0002  
Email: [erin.uchida@arb.ca.gov](mailto:erin.uchida@arb.ca.gov)

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<sup>1</sup> AB 109 (Ting, Chapter 249, Statutes of 2017), the Budget Act of 2017

- Exhibit A -

The Grantee Liaison is A.J. Nunez. Correspondence regarding this project shall be directed to:

A.J. Nunez  
Placer County Air Pollution Control District  
110 Maple Street  
Auburn, California 95603  
Phone: (530) 745-2381  
Email: [ajnunez@placer.ca.gov](mailto:ajnunez@placer.ca.gov)

**IV. Time Period**

- A. Performance of work or other expenses billable to CARB under this grant may commence after full execution of this grant by both parties. Performance on this grant ends once the Grantee has submitted the final report or if the grant is terminated, whichever is earlier.
- B. The FY 2017-18 FARMER Program funds specified in this grant agreement must be disbursed by CARB no later than May 30, 2021 and funds must be liquidated by the Grantee no later than June 30, 2021. Final disbursement requests must be received by CARB no later than **March 30, 2021** to ensure adequate time for processing prior to the end of the fiscal year.
- C. Funds not liquidated by June 30, 2021 must be returned by **August 15, 2021**. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.
- D. CARB Executive Officer retains the authority to reduce the dollar amount of this grant as stipulated in Section VI.G, Procedure for Interdistrict Redirection of Grant Funds, or reduce the dollar amount of future grants, if the Grantee is unable to adhere to the schedule in Section V.B.6.a), Project Schedule.
- E. CARB Executive Officer retains the authority to terminate this grant for non-performance. In the event of such termination or reduction of the grant amount, Section VII, Termination and Suspension of Payments, of these provisions shall apply.

**V. Duties And Requirements**

This section defines the respective duties and requirements of CARB and the Grantee in implementing the FARMER Program.

- Exhibit A -

**A. California Air Resources Board**

CARB is responsible for the following:

1. Updating and maintaining the FARMER Program Guidelines, as needed.
2. Participating in regular meetings with the Grantee to discuss project refinements and guide project implementation.
3. Reviewing and approving project elements provided by the Grantee, such as the FARMER incentives webpage, payment verification, and progress reports.
4. Review and approve Grant Disbursement Request Forms and distribute project implementation funds to the Grantee that will later be distributed to participating Districts pursuant to Project Implementation described below.
5. Providing project oversight and accountability (in conjunction with the Grantee).
6. Submitting biennial reports to the Legislature on projects funded with AB 118 funds (i.e., AQIF and ARFVTF).

**B. The Grantee**

The Grantee is responsible for implementation of the FARMER Program as described in the Board-approved FARMER Program Guidelines. The purpose of the FARMER Program is to reduce criteria pollutants, toxic air contaminants, and greenhouse gas emissions from the agricultural sector by providing incentives to fund vehicle and equipment projects that are used in agricultural operations.

The Shared Allocation Pool is specifically designated for the 18 air districts<sup>2</sup> with less than one percent of the statewide emissions from agricultural equipment to ensure farmers in those districts have the opportunity to have access to FARMER funding and streamline the implementation of the FARMER Program.

The Grantee may delegate responsibilities and must document this delegation in their FARMER Program Policies and Procedures Manual as specified in Section V.B.1.d), and through any associated binding agreements (e.g. grants or

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<sup>2</sup> The air districts eligible for FARMER Program funding in the Shared Allocation Pool are: Amador APCD, Antelope Valley AQMD, Calaveras County APCD, El Dorado AQMD, Great Basin Unified APCD, Lake County AQMD, Lassen County APCD, Mariposa County APCD, Mendocino County AQMD, Modoc County APCD, Mojave Desert AQMD, North Coast Unified AQMD, Northern Sierra AQMD, Northern Sonoma County APCD, Placer County APCD, Shasta County AQMD, Siskiyou County AQMD, and Tuolumne County APCD.

**- Exhibit A -**

subcontracts). At minimum, the Grantee's duties and requirements include:

- Program development (e.g., developing application materials and conducting outreach);
- Implementation of eligible projects (e.g., review project applications; select eligible projects; and distribute payments to program participants);
- Program oversight;
- Establishing and maintaining project records;
- Reporting to CARB;
- Ensuring projects are adequately monitored;
- Meeting with CARB quarterly; and
- Other duties, as required.

The Grantee is responsible for ensuring the on-the-ground project implementation and distributing payments for eligible project transactions, including, but not limited to, the following tasks:

1. Program Development

- a) Develop and use language-specific materials, which may be reviewed by CARB. Language-specific materials may include, but are not limited to, the following:
  - Project application;
  - Outreach and education materials;
  - Website;
  - Eligibility requirements;
  - Terms and conditions;
  - Frequently asked questions; and
  - Contact information.
- b) Conduct public outreach, in consultation with CARB, the California Air Pollution Control Officers Association, and individual Districts, to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities.<sup>3</sup> Outreach could include the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers.
- c) Advertise program availability, application materials, and pertinent deadlines (e.g. application deadlines, timeline for project evaluation, liquidation deadlines, and others) on the Grantee's or their Subcontractor's website.

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<sup>3</sup> <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>



- Exhibit A -

- d) Develop a FARMER Program Policies and Procedures Manual that describes the administration of the Shared Allocation Pool of the FARMER Program, including roles and responsibilities of the Grantee, any subcontractors, participating air districts, and project participants and local application of FARMER Program policies. This document must also provide a detailed description of the process by which the Shared Allocation Pool will be administered.

The Grantee must submit the FARMER Program Policies and Procedures Manual to CARB for review and it must be approved by CARB prior to funding any awarded grant projects. The Grantee will review the manual at least once a year and make it available when requested by CARB staff or a member of the public. At a minimum, the FARMER Program Policies and Procedures Manual will include the following elements:

- 1) Roles and responsibilities of the Grantee, any subcontractors, and participating air districts involved in the Shared Allocation Pool for program implementation, including staff or positions responsible for: responding to CARB funding solicitations; evaluation, selection, and inspection of projects; and obtaining governing board approval for program participation and projects to be funded;
- 2) Identification of the project categories supported by the Shared Allocation Pool, and the schedule for solicitation and review of applications to be submitted under these project categories;
- 3) Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, or whether projects are selected in order of application receipt (first-come, first-served); and any procedures that vary by project category;
- 4) Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants;
- 5) Where applicable, project selection procedures that ensure priority for funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016);
- 6) The method for calculating interest earned on FARMER Program funds held by the Grantee, subcontractors, and participating air districts;
- 7) Procedures for the Grantee to submit program invoices and receive payment, including itemization required to limit reimbursement to eligible costs, conditions for progress or partial payment, and practices for withheld payments pending participant reporting;

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- 8) Methods the Grantee will use to verify the destruction of engines and equipment when required, consistent with FARMER Program Guidelines and current Carl Moyer Program Guidelines by source category;
- 9) Methods participating air districts will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information;
- 10) Procedures, schedules, and required content for participant reports;
- 11) The types of acceptable documentation for establishing historical annual usage and procedures for considering and granting usage waiver requests, including supporting information to be provided by the participant;
- 12) Procedures for working with nonperforming participants to gain full compliance with contracts and program requirements;
- 13) Any Grantee or air district program requirements that are more stringent than those specified in FARMER Program Guidelines and Mail-Outs;
- 14) Any CARB approvals of Grantee and participating air district program elements that vary from those required by FARMER Program Guidelines and Mail-Outs, e.g., methods of ensuring engine or equipment destruction that vary from those specified in the Guidelines.

2. Project Implementation

- a) Ensure participating vehicle and equipment dealers, purchasers, and lessees meet all applicable FARMER Program requirements. Vehicles and equipment funded by the FARMER Program must meet all minimum eligibility requirements applicable to the project category, as described in the FARMER Program Guidelines. The Grantee must ensure all parties involved in a FARMER transaction are compliant with applicable criteria and procedures in current FARMER Guidelines, any future approved FARMER Guidelines, which include applicable Carl Moyer Program Guidelines, current and future Program Advisories and Mail-outs that could be updated from time to time, and this grant agreement.
- b) Use the criteria in the FARMER and Carl Moyer Program Guidelines to review and approve or disapprove project requests and document this process in each project file.
- c) Properly notify applicants of selection results as specified in the FARMER

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and Carl Moyer Program Guidelines.

- d) Provide incentive amounts consistent with the FARMER Guidelines.
- e) Ensure that projects subject to destruction or "scrap" requirements, vehicle and/or engine destruction and verification and any revenues generated from the destruction are conducted using the appropriate procedures identified in the Carl Moyer Program Guidelines.<sup>4</sup>

**3. Program Oversight**

- a) Track projects for vehicles and equipment in and benefitting AB 1550 populations in a manner directed by CARB.
- b) Develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, project, and funding source (i.e., AQIF, GGRF, and ARFVTF).
- c) Ensure compliance with applicable requirements of:
  - o Current FARMER Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs;
  - o Current Carl Moyer Program Guidelines and any future approved Carl Moyer Program Guidelines, and current and future Program Advisories and Mail-Outs as described above 2(a); and
  - o Current GGRF Funding Guidelines and any future approved GGRF Funding Guidelines.

**4. Establish And Maintain Project Records**

As further described below, project records include, but are not limited to, Grantee, financial, and other records. All project records must be retained for the life of the project. All project records are subject to audit pursuant to Section IX, General Provisions, of this grant agreement. Upon completion of the projects, the Grantee shall submit all project records to CARB.

- a) Grantee Record: The Grantee must retain a file for the FARMER Program containing:
  - o Original executed copy of the grant agreement and grant agreement amendments (if applicable);
  - o Copies of Grant Disbursement Request Forms;
  - o Documentation of earned interest generation and expenditure;
  - o All quarterly reports;

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<sup>4</sup> <https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>



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- All project applications received, including approved applications and applications for projects that did not receive funding;
  - Invoices from project participants for reimbursable items; and
  - All other information that documents all aspects of the project.
- b) Financial Record: Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:
- Establish an official file for the FARMER Program, which shall adequately document all significant actions relative to the project;
  - Establish separate accounts, which will adequately and accurately depict all amounts received and expended on FARMER projects;
  - Establish separate accounts, which will adequately and accurately depict all income received which is attributable to the FARMER Program, including interest accrued on funds held by the Grantee, subcontractors, and participating air districts; and
  - Establish an accounting system, which will adequately depict final total costs of the FARMER Program, including both direct and indirect costs.
- c) Other Records: In addition to the records specified above, the Grantee must store all records in a safe and secure storage facility that maintains confidentiality (see Section IX, General Provisions, for more information). Files shall be retained for the life of the projects funded under this grant. The Grantee must submit all project records to CARB within 45 days after project completion, either in hard copy, or electronic file format.

## 5. Reporting

The Grantee must submit numbered, quarterly reports to CARB in accordance with the following schedule.

- Report 1: Covers grant execution through September 30, 2018, with the report due November 15, 2018;
- Report 2: Covers October 1, 2018 through December 31, 2018, with the report due February 15, 2019;
- Report 3: Covers January 1, 2019 through March 31, 2019, with the report due May 15, 2019;
- Report 4: Covers April 1, 2019 through June 30, 2019, with the report due August 15, 2019;
- Report 5: Covers July 1, 2019 through September 30, 2019, with the report due November 15, 2019;
- Report 6: Covers October 1, 2019 through December 31, 2019, with the report due February 15, 2020;

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- Report 7: Covers January 1, 2020 through March 31, 2020, with the report due May 15, 2020;
- Report 8: Covers April 1, 2020 through June 30, 2020, with the report due August 15, 2020;
- Report 9: Covers July 1, 2020 through September 30, 2020, with the report due November 15, 2020;
- Report 10: Covers October 1, 2020 through December 31, 2020, with the report due February 15, 2021; and
- Report 11: Covers January 1, 2021 through March 31, 2021, with the report due May 15 2021 along with the final disbursement request.

Quarterly reports must be submitted through April 30, 2021, or until all funding has been expended. These reports may also be used to accompany grant disbursement requests.

These reports must be submitted electronically, using the template provided by CARB, and at a minimum, must contain the following information:

- Report number, title of program, district name, date of submission, and project grant number;
- Summary of projects under contract since the last progress report;
- Statement of work expected to be completed by the next progress report;
- Notification of any problems encountered and an assessment of their effects on the project's outcome;
- Project data necessary to calculate emission reduction benefits, track projects that are within and benefitting AB 1550 populations, and satisfy the requirements of the FARMER Program. Project data must be submitted using the reporting template provided by CARB;
- Documentation of any project implementation funds expended during the quarter, as detailed in Section VI.F, Documentation of Project Implementation Funds; and
- If the project is behind the schedule shown in Section V.B.6.a), Project Schedule, an explanation of the reasons and a detailed explanation of how the Grantee plans to resume the schedule.

For projects with a project life that extend past April 30, 2021, the Grantee must continue to report project data necessary to calculate emission reduction benefits and satisfy the requirements of the FARMER Program, using the reporting template provided by CARB, on an annual basis. Annual reports are due to CARB by August 29 each year and must cover data from July 1 of the previous year through June 30 of the current year.

**- Exhibit A -****6. Project Monitoring****a) Project Schedule**

To support timely emission reductions and track progress toward statutory fund expenditure requirements, the Grantee and CARB will work together to meet recommended progress milestones as shown below. Upon grant execution, the Grantee must make every effort to meet the schedule shown below.

**Table 1: Project Schedule**

<b>Date</b>	<b>Milestone</b>
June 30, 2019	50 percent of project funds obligated
December 31, 2019	75 percent of project funds obligated
	25 percent of project funds expended
June 30, 2020	100 percent of project funds obligated
	50 percent of project funds expended
March 30, 2021	100 percent of project funds expended

If the Grantee falls behind and is unable to resume the schedule, CARB reserves the right to reduce the dollar amount of future FARMER Program allocations and/or redirect funds to other districts with demand as described in Section VI.G, Procedure for Interdistrict Redirection of Grant Funds.

**b) Meetings with CARB**

1) Ongoing Coordination and Review Meetings: Ongoing Grantee coordination and review meetings with the CARB Project Liaison to discuss project status may be held as often as needed, but at a minimum, quarterly. Additional meetings may be scheduled at the discretion of the CARB Project Liaison. These meetings may be conducted by phone if deemed appropriate by the CARB Project Liaison. Project coordination and review meetings are the responsibility of the Grantee and should contain:

- Agenda for the meeting that includes the conference call information and issues to be discussed during the project update meeting;
- Project status update;
- Discussion of any difficulties encountered since the last project update meeting;

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- Cover the project timeline and steps needed to maintain the project timeline;
  - Discussion of project milestones and upcoming deliverables;
  - Notification of any pending disbursement requests; and
  - Scheduling the next project update meeting.
- 2) Site Visits: Site visits may be conducted by the CARB Project Liaison during the term of the grant. Site visits may include reviewing ledgers and project files and conducting a program review.
- c) Technical Monitoring
- 1) Any changes in the scope or schedule for the project requires the prior written approval of the CARB Project Liaison and may require an amendment to the grant agreement.
  - 2) The Grantee must notify the CARB Project Liaison in writing immediately, if any circumstances arise (technical, economic, or otherwise), which might jeopardize the expenditure of the funds.
  - 3) In addition to quarterly reports (discussed in Section V.B.5., Reporting), the Grantee must provide information requested by the Project Liaison that is needed to assess progress during the grant agreement timeline.
7. Other Duties
- a) Provide data updates or project records to CARB upon request.
  - b) Respond promptly to legislative requests.
  - c) Closely communicate with CARB to ensure that the most current project and equipment eligibility list is being used.
  - d) Respond to public inquiries regarding FARMER, including providing data summaries to the public in response to data requests.

**VI. Fiscal Administration****A. Budget**

1. The maximum amount of this grant is \$5,572,100 with \$4,819,866 for project funding and up to \$752,234 for project implementation costs, of which up to \$55,721 can be used for Placer County fiscal administration. Under no circumstance will CARB reimburse or otherwise distribute funds to

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the Grantee more than this amount. A written grant agreement amendment is required whenever there is a change to the amount of this grant.

2. Project implementation funding may be reallocated to project funding in the event that the Grantee requests less funding for project implementation than the amount stated in the budget.
3. CARB reserves the right to redirect funds from the Grantee and reallocate to other districts with demand, pursuant to the schedule in Section V.B.6.a), Project Schedule, following the process outlined in Section VI.G, Procedure for Interdistrict Redirection of Grant Funds, or in the event that the Grantee informs CARB in a written letter that it will not be able to meet expenditure deadlines.
4. In the event of non-performance or termination, CARB shall require full recovery of the unspent funds by transfer upon the Grantee's accounts. The Grantee must provide fund transfer information within 45 days upon receipt of notice.

**B. Program Funding**

Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related expenses necessary to implement FARMER Program-eligible projects.

Project implementation funds may be used for work completed in the following categories:

- Labor expenses (including total staff time and labor costs);
- External subcontractor(s) fees for completed work, if applicable;
- Printing, mailing, traveling, and other outreach expenses; and
- Other indirect costs.

FARMER Program funding may be disbursed as follows:

- Up to 50 percent for the initial disbursement with proper documentation; and
- Once 50 percent of the previous disbursement of project funds is obligated, the Grantee may request up to 50 percent or the remaining balance of program funds, whichever is less, with proper documentation.

With each disbursement request, the Grantee must provide documentation as required in Section VI.C., Grant Disbursements. Requests for project funds not yet obligated to participants require a completed Air District Advance Payment Request Form and a list of projects that the Grantee intends to fund with the disbursement. CARB will disburse project funds for the amount documented in

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the project list and a proportional amount of project implementation funds, up to the maximum amount specified in the above disbursement schedule.

In no event shall the Grantee receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be immediately returned to CARB.

The Grantee must demonstrate the advance been expended appropriately per the Program Guidelines supplying documents required in Section VI.C., Grant Disbursements. No further advance shall be disbursed until the Grantee has fully complied with all terms of the Grant. Failure to comply shall require the Grantee to return all amounts of unapproved expenditure to CARB within 60 days of written notification.

**C. Grant Disbursements**

The Grantee must mail original copies of Grant Disbursement Request Forms with "wet" signatures in blue ink to the CARB Project Liaison. Requests for payment must be made with the Grant Disbursement Request Form and contain all documentation required with the form. After the initial grant disbursement request, the Grantee must include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds with each subsequent grant disbursement request.

Grant payments are subject to CARB's approval of the completed Grant Disbursement Request Form and all other required documentation. A payment will not be made if the CARB Project Liaison deems that the required documentation is incomplete or insufficient, claimed expenses are not documented, or the Grantee has not met other terms of the grant agreement.

The Chief of the Mobile Source Control Division or designee of CARB may review the Project Liaison's approval or disapproval of a Grant Disbursement Request. No payment will be made for expenses that, in the judgment of the Chief of the Mobile Source Control Division, are not reasonable or do not comply with the grant agreement.

CARB shall disburse funds in accordance with the California Prompt Payment Act, Government Code, Section 927, et seq.

**D. Advance Payment**

1. Consistent with the Legislature's direction to expeditiously disburse grants, CARB is providing advance payments of grant awards in a timely manner to support project initiation and implementation with a focus on mitigating the

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constraints of modest reserves and potential cash flow problems. Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments.

2. Should advance payment be needed for FARMER Program grants, the following grant protections shall apply:
  - a) The advance payment is appropriate for the effective implementation of grants to local air districts. CARB may provide an advance of the direct project costs of the grant, including project implementation costs, if the program has moderate reserves and potential cash flow issues, as indicated on the Air District Advance Payment Request Form. Advance payments will not exceed the Grantee's interim cash needs.
  - b) The Grantee assumes legal and financial risk of the advance payment.
  - c) The Grantee shall place funds advanced under this section in an interest-bearing account. The Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.
  - d) The Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with Section V.B.5, Reporting, of this grant agreement.
  - e) Should the Grantee and CARB determine that a redirection of funds to another district is necessary in accordance with Section VI.G, Procedure for Interdistrict Redirection of Grant Funds, the Grantee must still demonstrate to CARB that any advance payment has been expended appropriately per the Program Guidelines, supplying documentation required in accordance with Section VII.C, Grant Disbursements. No further advance payment shall be disbursed until the Grantee has fully complied with all terms of the grant.
  - f) The Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 45 days following the final disbursement request deadline of March 30, 2021.
3. The Grantee must complete and submit to CARB for review and approval, an Air District Advance Payment Request Form, along with each grant disbursement that is requesting advance payment.



**- Exhibit A -****E. Earned Interest**

1. The Grantee 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.
2. "Earned interest" means any interest earnings generated from grant funds held by the Grantee in interest-bearing accounts.
  - a) Funds are required to be held in an interest bearing account and when interest is earned by the Grantee on the project, the earnings must be reported to CARB. All interest income on FARMER Program funds must be reinvested in and used by FARMER projects or returned to CARB. Interest earned that is reinvested in projects is not included as part of the total grant amount from CARB. The Grantee is responsible for reporting to CARB all project expenditures funded with interest earned on the project funds.
  - b) The Grantee must maintain accounting records (e.g., general ledger) that tracks interest earned, expended, or returned on the project funds, as follows:
    - 1) The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method.
    - 2) Interest earned must ensure that it is separately identifiable from interest earned on non-project funds.
    - 3) The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
    - 4) Documentation of interest earned and expenditures made on those funds or returned to CARB must be:
      - i. Retained for a minimum of three years after it is generated.
      - ii. Provided to CARB in quarterly reports.

**F. Documentation of Project Implementation Funds**

1. Project implementation costs are defined in the FARMER Program Guidelines.
2. The Grantee must ensure that documentation of all project implementation funds is maintained, including the following:



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- a) Staff time in actual hours or percent of hours devoted to project implementation, as well as staff wage, which shall be described in an official document of the District, such as a duty statement, a warrant, an invoice, or timesheet;
  - b) Implementation funds for subcontractor(s) and participating air districts must be documented. This could be reflected within documents such as a contract, invoices, or other documentation as agreed upon by the Grantee and CARB;
  - c) Printing, mailing, records retention, and travel expenses must be documented. The Grantee and the participating districts must provide copies of relevant District policies, and records that illustrate expenditure for the Program;
  - d) Any reimbursement for necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB. CalHR's travel and per diem reimbursement amounts may be found online at <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee; and
  - e) If project implementation funds are used for indirect costs, the Grantee must document and describe how these costs are determined.
- 3. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for the life of the projects funded under this grant by the Grantee.
  - 4. The above documentation must be summarized to CARB in quarterly reports, Grant Disbursement Requests, and throughout the term of the grant agreement.

**G. Procedure for Interdistrict Redirection of Grant Funds**

In the event that the Grantee falls behind schedule and is unable to resume the schedule shown in Section V.B.6.a), Project Schedule, CARB reserves the right to redirect funds to other districts with demand and/or impact future allocations. To facilitate district-to-district redirection of FARMER Program funds and ensure an appropriate audit trail when grant funds are redirected to another air district, the following conditions apply:

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1. Resolutions or minute orders from both districts that show Board approvals of the redirection must be provided to CARB.
2. A Memorandum of Understanding (MOU) between the two districts addressing the items listed below must be provided to CARB. This can take the form of a letter signed by both district Air Pollution Control Officers (APCO) that:
  - a) Spells out the details and conditions of the redirection of funds.
  - b) Confirms that the transferring district remains formally liable to CARB for the transferred funds. However, the receiving district must indemnify and hold harmless both the transferring district and CARB.
  - c) Identifies the funding year and the associated expenditure deadline of the redirected funds.
  - d) Specifies how and when the payment will be made from the Grantee district to the Sub-Grantee district that is receiving funds; CARB will only disburse to the Grantee district.

**VII. Termination and Suspension of Payments**

- A. CARB reserves the right to terminate this grant upon thirty days' written notice to the Grantee. In case of early termination, the Grantee will submit a Grant Disbursement Request Form and a quarterly report covering activities up to, and including, the termination date, and following the requirements specified herein and in Section IX, General Provisions, of these provisions and immediately return remaining funds, including any earned interest.
- B. CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. The grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the Grantee chooses to continue work on the project after receiving a grant suspension order, the Grantee will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB at its sole discretion will reimburse the Grantee for any expenses incurred during the suspension that CARB deems reimbursable in accordance with the terms of the grant.

**VIII. Oversight and Accountability**

- A. The Grantee will comply with all oversight responsibilities identified in the Farmer Program Guidelines, any future Program Advisories and Mail-Outs, and this grant agreement.

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- B. CARB or its designee reserves the right to audit at any time during the duration of this grant the Grantee's costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Grantee shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
- C. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a Grantee, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.

**IX. General Provisions**

- A. **Amendment:** No amendment or variation of the terms of this grant agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the grant agreement is binding on any of the parties.
- B. **Assignment:** This grant is not assignable by the Grantee, either in whole or in part, without the consent of CARB in the form of a formal written amendment.
- C. **Availability of funds:** CARB's obligations under this grant agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this grant agreement.
- D. **Audit:** The Grantee agrees that CARB, the Department of General Services, Department of Finance, State Controller's Office, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this grant and all State funds received. The Grantee agrees to maintain such records for possible audit for the life of the projects funded under this grant, unless a longer period of records retention is stipulated. The Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Grantee agrees to include similar right of the State to audit records and interview staff in any subgrant or subcontract related to performance of this agreement.
- E. **Compliance with law, regulations, etc.:** The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply

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with all applicable federal and State laws, rules, guidelines, regulations, and requirements.

- F. Computer software:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this grant agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- G. Confidentiality:** No record which has been designated as confidential by CARB shall be disclosed by the Grantee. If CARB opts to maintain the confidentiality of a document, and the entity requesting the records seeks a judicial ruling challenging that determination, CARB will defend the action at its own expense, including any requirement to pay attorney fees and court costs.
- H. Conflict of interest:** The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws.

The Grantee may have no interest, and must not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the tasks described herein. The Grantee must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties throughout the grant term. CARB may consider the nature and extent of any actual, apparent, or potential conflict of interest in the Grantee's ability to perform the grant.

The Grantee must immediately advise CARB in writing for any potential new conflicts of interest throughout the grant term.

- I. Disputes:** The Grantee shall continue with the responsibilities under this grant agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this grant agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- J. Environmental justice:** In the performance of this grant agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
- K. Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be

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sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this grant agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.

- L. Force majeure:** Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this grant agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.
- M. Governing law and venue:** This grant is governed by and shall be interpreted in accordance with the laws of the State of California, CARB and the Grantee hereby agree that any action arising out of this grant agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this grant agreement.
- N. Grantee's responsibility for work:** The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract for work on the Project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- O. Indemnification:** The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee, and out of the operation of equipment that is purchased with funds from this grant award.
- P. Independent Contractor:** The Grantee, and its agents and employees, if any, in their performance of this grant agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
- Q. Nondiscrimination:** During the performance of this grant agreement, the Grantee and its third party entities shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), sexual orientation, marital status, or allow denial of family care

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leave, medical-care leave, or pregnancy-disability leave. The Grantee and its third party entities shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this grant agreement.

- R. No third party rights:** The parties to this grant agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this grant agreement, or of any duty, covenant, obligation or undertaking established herein.
- S. Personally Identifiable Information:** Information or data, including, but not limited to, records that personally identify an individual or individuals are confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee must safeguard all such information or data which comes into their possession under this agreement in perpetuity, and must not release or publish any such information, data, or financing assistance records.
- T. Prevailing wages and labor compliance:** If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this grant agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- U. Professionals:** For projects involving installation or construction services, the Grantee agrees that only licensed professionals will be used to perform services under this grant agreement where such services are called for and licensed professionals are required for those services under State law.
- V. Severability:** If a court of competent jurisdiction holds any provision of this grant agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.



- Exhibit A -

- W. Termination:** CARB may terminate this grant agreement by written notice at any time prior to completion of projects funded by this grant agreement, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this grant agreement.
- X. Timeliness:** Time is of the essence in this grant agreement. The Grantee shall proceed with and complete the Project in an expeditious manner.
- Y. Waiver of Rights:** Any waiver of rights with respect to a default or other matter arising under the grant agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this grant agreement are in addition to any other rights and remedies provided by law.
- Z. Incorporated Documents:** The Grantee is authorized to administer a local program according to the requirements described in the following documents, which are incorporated as part of this grant agreement:
- FARMER Program Guidelines and any future approved Guidelines, current Program Advisories and Mail-outs, and future Program Advisories and Mail-outs issued during the grant performance period; and
  - Carl Moyer Program 2017 Guidelines and any future approved Carl Moyer Program Guidelines, current Program Advisories and Mail-outs, and future Program Advisories and Mail-outs issued during the grant performance period.

## - Exhibit A -



Mary D. Nichols, Chair  
 Matthew Rodriguez, CalEPA Secretary  
 Edmund G. Brown Jr., Governor

### Air District Advance Payment Request Form

<b>Air District:</b>		<b>Date:</b>
<b>Contact Name:</b>		<b>Phone:</b>
<b>Email Address:</b>		<b>Program:</b>

<b>Advance Amount Requested</b>	<b>\$</b>
---------------------------------	-----------

☐ Please check box if small District.

**All Districts Certify:**

- ☐ The District shall have no outstanding material financial audit findings related to any of the Funds eligible for Advance Payment.
- ☐ The District shall not provide advance payment to any other entity.
- ☐ All unused funds shall revert back to the state if not liquidated within the timeline specified in the grant agreement.

**Large Districts must complete the additional information below and provide accompanying documents:**

- ☐ A Spending Plan shall be submitted to CARB for review of Advance Payment moneys requested. The Spending Plan includes:
- o The District fund balance for all state grant programs
  - o The District approved list of projects and entities
  - o Project schedules, milestones and timelines
  - o Any and all other information requested by CARB
- ☐ The District shall report to CARB material changes to the Spending Plan within 30 days

I hereby certify that I am the duly appointed, qualified, and acting officer of the herein named California Air District and that the information provided is in all respects true and correct.

<b>Air District/Grantee Requester (Signature):</b>	<b>Date:</b>
<b>Printed Name:</b>	<b>Title:</b>
<b>CARB Approver (Signature):</b>	<b>Date:</b>
<b>Printed Name:</b>	<b>Title:</b>



STATE OF CALIFORNIA  
 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
 CALIFORNIA AIR RESOURCES BOARD  
 MSCD/ISB-183 (NEW 06/18)

- Exhibit A -

## FARMER Program Grant Disbursement Request Form

### A. Amount of Funds Requested for this Disbursement

1. Air District:	Grant Number:
2. Disbursement request number:	
3. <input type="checkbox"/> An up-to-date Policies and Procedures manual for the District's FARMER Program is maintained at the District's office.	
4. Total Funds Requested (this includes Project Funds and Implementation Funds):	Amount Requested:

Make Warrant Payable to District: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address Number & Street: \_\_\_\_\_

City, State, and Zip Code: \_\_\_\_\_

### B. Complete for Initial Disbursement

The District has met all stipulations listed on the District's FARMER Program Grant Agreement. The total amount requested above reflects:

**Please check box a, b, OR c:**

- a. ☐ For small districts - FARMER Program funds equaling 10 percent of my District's total allocation or \$200,000, whichever is greater. **In this case, the District has met the following requirement:**
- i. The District has submitted the Air District Advance Payment Request Form for CARB's review and approval. The completed Air District Advance Payment Request Form is attached.
- b. ☐ For small districts - FARMER Program funds equaling up to 50 percent of my District's total allocation. **In this case, the District has met the following requirements:**
- i. The District has submitted the Air District Advance Payment Request Form for CARB's review and approval. The completed Air District Advance Payment Request Form is attached.
  - ii. The District has submitted a list of eligible projects and funding amounts for the projects for which the District intends to fund. The Project Fund portion of this disbursement request may not exceed the total funding amount of the attached project list.

**- Exhibit A -**

STATE OF CALIFORNIA  
 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
 CALIFORNIA AIR RESOURCES BOARD  
 MSCD/ISB-183 (NEW 06/18)

- c. ☐ For large districts - FARMER Program funds equaling up to 50 percent of my District's total allocation or \$2,000,000, whichever is greater. **In this case, the District has met the following requirements:**
- i. The District has submitted the Air District Advance Payment Request Form for CARB's review and approval. The completed Air District Advance Payment Request Form is attached.
  - ii. The District has submitted a list of eligible projects and funding amounts for the projects for which the District intends to fund. The Project Fund portion of this disbursement request may not exceed the total funding amount of the attached project list.

**C. Complete for Subsequent Disbursements (only for requests after initial disbursement)**

- ☐ The District requests FARMER Program funds equaling up to 50 percent of my District's total allocation. **In addition to all of the requirements in the District's FARMER Grant Agreement, the District has met the following requirements:**
- i. The District has provided documentation demonstrating that at least 50 percent of the previous disbursement of Project Funds has been obligated and has submitted the Air District Advance Payment Request Form for CARB's review and approval. The completed Air District Advance Payment Request Form is attached.
  - ii. The District has submitted a list of eligible projects and funding amounts for the projects for which the District intends to fund. The Project Fund portion of this disbursement request may not exceed the total funding amount of the attached project list.

**D. Certification**

I certify to the best of my knowledge and belief that the information in this Grant Disbursement Request Form is correct, complete, and in accordance with the Terms and Conditions of the Grant Agreement. Funds received from this disbursement will be expended on projects as described in the FARMER Program Guidelines, Carl Moyer Guidelines, and my District's Policies and Procedures manual. I hereby authorize the California Air Resources Board to make any inquiries to confirm this information.

\_\_\_\_\_  
**Signature of Authorized Program Official**  
**(Air Pollution Control Officer, Executive Officer, or equivalent)**

Name:

Title:

Date:

- Exhibit A -

STATE OF CALIFORNIA  
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
CALIFORNIA AIR RESOURCES BOARD  
MSCD/ISB-183 (NEW 06/18)

**To be Completed by CARB**

Date Request Received by CARB

Date to SCO

CARB Liaison Approval:

\_\_\_\_\_  
*Print Name*                      *Signature*                      *Date*

CARB Grant Manager Approval:

\_\_\_\_\_  
*Print Name*                      *Signature*                      *Date*

Financial Operations Branch:

\_\_\_\_\_  
*Print Name*                      *Signature*                      *Date*

Funding Source

Fiscal Year



**EXHIBIT B**  
**FARMER PROGRAM SHARED ALLOCATION POOL POLICIES AND PROCEDURES**  
**MANUAL**





**Funding Agricultural Replacement Measures for  
Emission Reductions (FARMER)  
Shared Allocation Pool  
Policies and Procedures Manual**

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## I. Program Overview

California's agricultural industry consists of approximately 77,500 farms and ranches, providing over 400 different commodities, making agriculture one of the State's most diverse industries. Producers, custom operators, first processors, and rental companies own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, and on-road vehicles used in agricultural operations. Even with increasingly stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions is necessary to meet federal ozone and particulate matter air quality standards.

In recognition of the strong need and this industry's dedication to reducing their emissions, the State Legislature allocated \$135 million to the California Air Resources Board (CARB) from Fiscal Year (FY) 2017-18 through Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017). The Legislature directed the use of the monies 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." CARB staff has developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature's objectives and help meet the State's criteria, toxic and greenhouse gas (GHG) emission reduction goals. The FARMER Program Guidelines discuss the funding allocations for air districts, eligible project categories and criteria, program implementation details, and the justification for these investments.

The Shared Allocation Pool is specifically designated for the 18 Air Quality Management and Air Pollution Control Districts (Districts) with less than one percent of the statewide agricultural equipment emissions inventory, to ensure farmers in those Districts have the opportunity to access FARMER funding and to streamline the implementation of the FARMER Program. The Pool will be managed by Placer County Air Pollution Control District (Placer APCD) and the California Air Pollution Control Officers Association (CAPCOA) in accordance with the grant provisions outlined in the agreement between the California Air Resources Board (CARB) and Placer APCD and provisions outlined in the subsequent agreement between CAPCOA and Placer APCD. It should be noted that while Placer APCD will act as the overseer of this program, CARB may terminate this grant upon thirty days' written notice to Placer APCD, as stated in the Grant Agreement. CARB also reserves the right to audit Placer APCD at any time throughout the duration of this grant.

The pooled funding consists of \$4.8 million for equipment and project related costs and \$752,000 for project implementation costs.

## II. Roles and Responsibilities

Placer APCD will act as the program overseer for the Shared Allocation Pool and will be responsible for program development, such as developing application materials. Placer APCD will not impose any program requirements that are more stringent than those specified in the FARMER Program Guidelines and Mail-Outs. Placer APCD will enter into independent contracts with participating Districts and will inform CAPCOA as Districts have entered into such contracts.

CAPCOA will initiate evaluation of project applications and will recommend eligible projects for funding only to Districts that meet the minimum requirements for participation (see Section IV, Requirements for Participation). Placer APCD will review the list of recommended projects for accuracy and cost-effectiveness and will contact participating Districts regarding project awards.

Once the selection process has been completed and the participating District chooses to accept the project, the full responsibility for the project contract, project completion and related responsibilities as contained in the relevant guidelines rests solely with the participating District, not with CAPCOA or Placer APCD. This includes notification to the applicant of the award and providing the applicant with a timeline for project execution and completion. Project funding is provided directly to the participating District by Placer APCD.

Placer APCD will be responsible for ensuring projects are adequately monitored in regards to the expenditure of funds. Placer APCD will also maintain project records and meet with CARB quarterly to review progress.

### **III. Program Timeline**

Placer APCD will enter into independent contracts with participating Districts and will inform CAPCOA as Districts have entered into such contracts. Districts must enter into such contracts before their project(s) may receive funding, but they may submit project applications for review by CAPCOA before such a contract is complete.

Project applications must be received by CAPCOA no later than November 30, 2018 to be considered for first round funding. On or before January 15, 2019, CAPCOA will provide a list of projects recommended for immediate funding to Placer APCD.

Project applications must be received by CAPCOA no later than March 15, 2019 to be considered for second round funding. On or before May 1, 2019, CAPCOA will provide a list of projects recommended for second-round funding to Placer APCD.

On or before June 1, 2020, if necessary, CAPCOA will provide a final list of recommended projects to Placer APCD obligating any remaining funding.

The FY 2017-18 FARMER Program funds must be disbursed by CARB to Placer APCD no later than May 30, 2021 and funds must be liquidated by the participating District no later than June 30, 2021. Final disbursement requests from Placer APCD must be received by CARB no later than March 30, 2021 to ensure adequate time for processing prior to the end of the fiscal year.

Funds not liquidated by June 30, 2021 must be returned by August 15, 2021. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.

## **IV. Requirements for Participation**

### **A. Eligible Air Districts**

Any of the following 18 Districts may participate in the FARMER Shared Allocation Pool with Placer APCD:

Amador County APCD  
Antelope Valley AQMD  
Calaveras County APCD  
El Dorado County AQMD  
Great Basin Unified APCD  
Lake County AQMD  
Lassen County APCD  
Mariposa County APCD  
Mendocino County AQMD

Modoc County APCD  
Mojave Desert AQMD  
North Coast Unified AQMD  
Northern Sierra AQMD  
Northern Sonoma County APCD  
Placer County APCD  
Shasta County AQMD  
Siskiyou County APCD  
Tuolumne County APCD

Participating Districts on the above list must enter into contracts with Placer APCD in order for projects to be eligible for funding, but they may submit applications before such contracts are complete in order to expedite the review process. Districts must have approved 2017 Carl Moyer Program Policies and Procedures for the category of equipment in their application to receive an award.

### **B. Contract Development between Placer APCD and Participating Districts**

Each of the Districts that participate in this Program will be required to enter into a contract with Placer County APCD. These contracts must be executed pursuant to each District's own rules, which could allow for the APCD to sign, or require District Board Approval. Contract provisions will require that Districts are responsible for the successful implementation of the Program pursuant to this Manual, and will be subject to many of the terms and limitations of the Agreement between Placer APCD and CARB.

### **C. Contract Development between a Participating District and Project Applicants**

Except as otherwise stated in the most current Carl Moyer and FARMER Program Guidelines and any subsequent modules or Mail-Outs, participating Districts will be required to execute contracts with prospective grantees who will receive funds under the FARMER Program. All FARMER Program contracts must be consistent with the applicable guidelines and this Policies and Procedures Manual and must be substantive enough to fulfill all applicable guideline requirements.

## **V. Project Categories**

Eligible projects will include those found in the most recent Carl Moyer Program Guidelines (Moyer Guidelines) and FARMER Guidelines, including any subsequent modules and Mail-Outs (FARMER Guidelines). This includes any subsequent modules released for the FARMER or Carl Moyer Programs. Furthermore, while the current FARMER Guidelines provide a list of eligible project categories (i.e., Carl Moyer Program-eligible agricultural



projects; the Zero-Emission Agricultural UTV Project; and the Ag Trade-Up Pilot Project in the San Joaquin Valley), CARB may choose to expand this initial list as innovative, new project categories are explored. Projects categories that are added by CARB will be eligible and District staff are encouraged to keep up-to-date with new project categories if and when they are released.

Projects will not be limited by category or geographic location. The goal will be to provide at least one project to each interested District and to promote funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016) where applicable. However, it is recognized that the number of projects currently eligible for funding within or benefiting these types of communities may be limited in some Districts. Therefore, while projects that benefit these households and communities are highly encouraged, it is not a funding requirement that FARMER projects do so.

### **A. Heavy-Duty Agricultural Trucks**

Due to the seasonal nature of the agricultural industry, heavy-duty agricultural trucks do not typically accrue many miles, which may limit incentive funding levels for these projects through traditional incentive funding mechanisms. Additionally, many specialty trucks used in agricultural operations are more expensive due to the specialized equipment they contain. CARB staff have worked with air districts, industry representatives, and other stakeholders to develop this category that provides additional incentives necessary to help owners and operators of agricultural trucks to turn over their older heavy-duty on-road and specialty agricultural trucks.

With the exceptions of the eligibility requirements, as outlined below and in ARB's Additional FARMER Categories Mail-Out (9/24/2018)<sup>1</sup>, participants in this project category must meet all other applicable requirements for heavy-duty trucks in the FARMER Program Guidelines, 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs.

#### **Existing Agricultural Truck Requirements:**

- Existing equipment must currently be in compliance with CARB's Truck and Bus Regulation and be registered in the TRUCRS Reporting program under one of the following provisions:
  - Agricultural Vehicle Extension<sup>2</sup>
    - Low mileage agricultural vehicles shall continue to be exempt from the requirements of 13 CCR 2025(f) and (g), so long as they do not exceed: (A) 15,000 miles in a compliance year from January 1, 2017 through January 1, 2020; and (B) 10,000 miles in a compliance year from January 1, 2020 through January 1, 2023.
  - Low-Use Exemption<sup>3</sup>
    - Low-use vehicles as defined in section 13 CCR 2025(d)(40) are exempt from the requirements of section 13 CCR 2025(e) but the owner must meet reporting and record keeping requirements in accordance with sections 13 CCR 2025(r)(12) and 2025(s).

<sup>1</sup> <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

<sup>2</sup> For the full requirements of CARB's Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(2).

<sup>3</sup> For the full requirements of CARB's Low-Use Exemption refer to 13 CCR 2025(p)(4).

- “Low-use Vehicle” means: (A) A vehicle that is operated fewer than 1,000 miles within the borders of California in the compliance year, or (B) Until January 1, 2020, a vehicle that is operated fewer than 5,000 total miles, regardless of where it is operated, in the compliance year.
- Specialty Agricultural Vehicle Extension<sup>4</sup>
  - Specialty agricultural vehicles, as defined in section 13 CCR 2025(d)(55), are exempt from the requirements of sections 13 CCR 2025(f), 13 CCR 2025(g), 13 CCR 2025(h) and 13 CCR 2025(i), until January 1, 2023.
- Trucks following the Engine Model Year Schedule<sup>5</sup> of the Truck and Bus Regulation, and that have an engine with a model year of 2007 or newer.

It should be noted that for participants required to meet a compliance deadline by January 1, 2023, participants’ replacement vehicles must be in operation by December 31, 2019 in order for their project to be complete by the compliance deadline and for emissions reductions under the FARMER program to be considered “surplus.”

#### **Replacement Agricultural Truck Requirements:**

- Replacement trucks must meet 2010 emission standards of 0.20 g/bhp-hr NOx.
- Replacement trucks must be purchased from a California dealership—no private party transactions are permitted.
- Replacement trucks must have a GVWR of 14,001 pounds or greater.
- Replacement used trucks must have less than the miles indicated below on the odometer:
  - Class 8 with a GVWR of 33,001 pounds or greater must have less than 650,000 miles
  - Class 7 with a GVWR of 26,001 – 33,000 pounds have less than 350,000 miles
  - Class 4-6 with GVWR of 14,001 – 26,000 pounds have less than 25,000 miles
- All replacement new trucks are subject to the warranty requirements in the 2017 Carl Moyer Program Guidelines.
- Replacement used trucks are not subject to warranty requirements, but the participant must ensure that the truck remains in operation for the life of the contract.

#### **Eligible Costs:**

- This project category would provide incentives for up to 65% of the eligible cost of a new heavy-duty agricultural truck as described in FARMER Guidelines and additional project categories. There are no cost-effectiveness requirements for this project category.
- Upgrades to new trucks that add to the cost of the truck may be eligible for funding upon determination of the participating District. Otherwise, FARMER funding may only be used to fund the ‘base model’ that will serve the same function as the older truck.
- Replacement trucks must comply with the requirements and standards described in the September 24, 2018 FARMER Program Additional and Modified Project

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<sup>4</sup> For the full requirements of CARB’s Specialty Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(11).

<sup>5</sup> For the full requirements of CARB’s Engine Model Year Schedule, refer to 13 CCR 2025(f) for vehicles with a GVWR 26,000 lbs or less or refer to 13 CCR 2025(g) for vehicles with a GVWR greater than 26,000 lbs.

Categories Mail-Out from CARB<sup>6</sup>.

- Glider kits do not qualify as replacement trucks under this project category.

**Project Life:**

- The maximum project life for heavy-duty agricultural trucks is 7 years.
- The minimum project life for heavy-duty agricultural trucks is 3 years.
- A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the participant's contract, as described in Section VIII.A of this document.

**Reporting Requirements:**

Participants must report annually to the participating District with basic information on the new truck for the project life. This information will be specified in the applicant's contract with the participating District and could include, but is not limited to:

- Current odometer reading,
- Location of new truck,
- Records of any service/maintenance performed since the last report.

**B. Zero-Emission Agricultural Utility Terrain Vehicles (UTV) Projects**

Zero-emission Ag UTV Projects may be executed using either a contract with the applicant or a voucher, as described in the modification provided in the September 24, 2018 Mail-Out from CARB<sup>7</sup>. If the voucher modification is used, requirements for pre- and post-inspections related to UTV projects are eliminated. These inspections are still required if the District chooses to use a contract. A Certification of Destruction from the dismantler or other documentation confirming that the old UTV was rendered permanently inoperable is required under either method.

In addition to vehicle eligibility criteria and participant requirements outlined in the FARMER Guidelines and subsequent Mail-Outs, the following information should be taken into account when considering Zero Emission Ag UTV Projects.

**Existing Equipment Requirements:**

- Existing equipment must be a self-propelled all-terrain vehicle (ATV) or utility terrain vehicle (UTV).
- Existing equipment must be powered by a compression-ignition engine (diesel) or spark-ignition engine (gasoline).
- Existing equipment must be operational and in-use at the time application is submitted.

**Application:**

Applicant must provide information on the existing and new UTVs to the best of their ability. Application information should include, at a minimum:

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<sup>6</sup> <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

<sup>7</sup> <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

- Applicant name, contact information, and mailing address
- Existing equipment information
  - Equipment address
  - UTV make
  - UTV model
  - UTV model year
  - UTV VIN
  - Annual operation hours
  - Engine make
  - Engine model
  - Engine model year
  - Engine serial number
  - Horsepower rating
  - Fuel type
  - Engine tier
- Documentation of ownership, showing that the participant has been the sole owner of the existing equipment for the previous 24 months.
- Dealership contact information for the replacement equipment (e.g., name, address, phone number)
- Replacement equipment information
  - UTV make
  - UTV model
  - UTV model year
  - Horsepower rating
  - Total cost
- Dated and itemized quote for the replacement equipment
- A manufacturer's specification data sheet for the replacement equipment

#### **Eligible Costs:**

- This project category would provide incentives for up to 75% of the eligible cost of a new zero-emission UTV as described in FARMER Guidelines.
- Eligible costs may include base vehicle, roof, windshield, or doors as well as an extended warranty. Eligible costs do not include attachments such as winches, storage bins, plows, cab heaters, or additional batteries.

#### **Project Life:**

- The required project life for Ag UTVs is 3 years.
- A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the participant's contract, as described in Section VIII.A of this document

#### **Reporting Requirements:**

Participants must report annually to the participating District with basic information on the new equipment for the project life. This information will be specified in the applicant's contract with the participating District and could include, but is not limited to:

- Current hour meter reading,

- Current odometer reading,
- Location of new UTV,
- Records of any service/maintenance performed since the last report.

## **VI. Solicitation of Applications**

### **A. CAPCOA Website Content**

In coordination with Placer APCD and CARB, CAPCOA will create a webpage providing useful information for participating Districts and applicants within those Districts. Webpage information may include, but is not limited to, the following:

- FARMER project application;
- Outreach and education materials;
- Eligibility requirements;
- Terms and conditions;
- Links to relevant guidelines;
- Frequently asked questions; and
- Contact information.

### **B. Participating District Efforts**

Participating Districts will be responsible for outreach efforts beyond those of the CAPCOA webpage. This could include creating outreach materials and conducting public outreach regarding the FARMER Program.

Public outreach may be conducted to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities and to low-income households and communities. Outreach could include, but is not limited to, the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers. Content of materials could include, but is not limited to, information on program availability, application materials, and pertinent deadlines.

## **VII. Submission and Review of Applications**

### **A. Application Submission**

Project applications must be consistent with this Policies and Procedures Manual, as well as the contract between the participating District and Placer APCD. Regardless of source of application (Moyer RAP, District submitted, new submission), equipment quotes may be no more than 6 months old at time of application. Equipment quotes may be updated at the request of the District, the applicant or CAPCOA if a substantial change in price has occurred or if the applicant would like to update their application.

Project applications must include documentation of existing engine usage, such as miles traveled, hours operated, fuel consumed per year, or maintenance records, for 24 months or as specified in the FARMER guidelines by source category. This information will be used to evaluate project cost-effectiveness.

Participating Districts may provide CAPCOA with applications for consideration for funding by email.

## **B. Application Review**

Upon finalization of agreement between CAPCOA and Placer County APCD to administer the FARMER Program, CAPCOA will independently evaluate each application submitted using the following procedure during each of the three funding rounds:

- **For applications submitted to the Carl Moyer Rural Assistance Program (RAP) 19 and 20 Cycle**
  - a. Review current Moyer RAP oversubscription list for Year 19 and 20 and select projects eligible for FARMER funds from Districts in the Shared Allocation Pool. Request updated information for applications as necessary.
  - b. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
  - c. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.
- **For applications submitted to the Carl Moyer Year 20 Cycle Oversubscription**
  - a. Review unfunded project applications from the most recent Moyer Year 20 and select projects eligible for FARMER funds from Districts in the Shared Allocation Pool. Request updated information for applications as necessary.
  - b. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
  - c. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.
- **New FARMER Solicitation**
  - a. Advertise new FARMER solicitation to participating Districts through website plus local outreach to eligible applicants from Districts.
  - b. Accept project applications from participating Districts. Review project applications, request additional information as needed, enter into applicable tracking system, etc.
  - c. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
  - d. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.

## **VIII. Process and Schedule for Project Selection**

### **A. Ranking Projects for Selection**

Among other factors, projects will be awarded based on cost effectiveness. To determine cost effectiveness for ranking purposes, projects will initially be assigned a 5-year project life, or the maximum possible project life allowed by regulatory deadlines.

Projects with funding costs in excess of \$135,000 may be excluded if two or more projects in the District can be funded with that level of funding. However, these projects may still be funded based on a number of factors, including but not limited to:

- projects that deal with a unique equipment type;
- projects that benefit disadvantaged communities and/or low-income households or communities, consistent with AB 1550;



- projects that have high cost-effectiveness;
- projects that have a documented high rate of operation;
- projects that benefit sensitive receptors such as K-12 schools;
- projects that address a local need.

## **B. Project Recommendations**

All applicants recommended for funding will be contacted by CAPCOA or the participating District to determine if they are still viable projects prior to submission to Placer APCD for consideration.

Maximum funding amounts for the Carl Moyer Program-eligible projects will be based on the Moyer guidelines for the specified project category. Maximum funding amounts for the non-Moyer project categories (e.g., ag UTVs, the new ag truck category, and Trade-Up) will be based on a percentage of the vehicle/equipment/engine/repair cost, as outlined in the FARMER Guidelines.

Up to 10 percent of the available funding in each funding round will be reserved for:

- Agricultural pump electrification and infrastructure projects as described in the Moyer Guidelines,
- Heavy-duty agricultural vehicles (as defined in CARB's Truck and Bus Regulation), and
- Project categories that are not Moyer-eligible but are otherwise eligible for funding under the FARMER Program Guidelines (e.g. Zero-Emission Agricultural UTVs), including any future Program Advisories and Mail-Outs.

These projects will be ranked based on cost-effectiveness, ability to benefit disadvantaged communities and low-income households or communities, and ability to aid in geographic equity among participating Districts and will be funded in that order. It should be noted that while these projects may not necessarily have a cost-effectiveness cap, cost-effectiveness values will be calculated for ranking purposes. Projects will continue to be subject to any funding caps or other requirements as described in the Moyer and FARMER Guidelines.

Projects will be funded until the full 10% allocation is expended or until there are no more eligible projects to fund, whichever comes first. If there are not enough projects to fully allocate the 10% reserve, any remaining funds will be rolled back into the general fund for Moyer-eligible projects. CAPCOA shall provide lists of recommended projects to Placer APCD in three rounds, per the schedule below:

### **Round 1**

Project applications must be received by CAPCOA no later than November 30, 2018 to be considered for first round funding.

On or before January 15, 2019, CAPCOA will provide a list of projects recommended for immediate funding to Placer APCD. Round 1 funding will preferentially go to projects with a cost effectiveness of less than or equal to \$30,000/ton of emissions reductions, but the following criteria will also be taken into consideration:

- a. Projects are located within and benefitting disadvantaged communities and low-

income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable.

- b. Projects aid in achieving geographic equity among participating Districts.

Placer APCD will aim to fund projects with the highest cost effectiveness first, until 60% of available funds are expended or until there are no more eligible projects to fund, whichever comes first.

### **Round 2**

Project applications must be received by CAPCOA no later than March 15, 2019 to be considered for second round funding.

On or before May 1, 2019, CAPCOA will provide a list of projects recommended for second-round funding to Placer APCD. CAPCOA will attempt to obligate all available project funds in this second round by recommending projects based on the following criteria:

- a. Projects are located within Districts that were not recommended for at least one award in Round 1. These projects will be funded in order of most to least cost-effective.
- b. Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable. These projects will be funded in order of most to least cost-effective.
- c. Projects aid in achieving geographic equity among participating Districts.

### **Round 3**

On or before June 1, 2020, if necessary, CAPCOA will provide a final list of recommended projects to Placer APCD obligating any remaining funding. Project solicitation will be ongoing and will continue until this list can be provided.

Projects recommended for Round 3 funding will be chosen through a similar procedure as that for Round 2. Namely, recommended projects will be based on the following criteria:

- a. Projects are located within Districts that were not recommended for at least one award in Rounds 1 or 2. These projects will be funded in order of most to least cost-effective.
- b. Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable. These projects will be funded in order of most to least cost-effective.
- c. Projects aid in achieving geographic equity among participating Districts.

## **IX. Procedures for Notification**

On the specified dates, CAPCOA will provide a list of recommended projects to Placer APCD. Placer APCD will review CAPCOA's recommendations and notify eligible Districts of their award(s).

Successful Districts will notify awardees of the status of awards and complete all work outlined in their contract with Placer APCD.

After all pooled funding has been obligated, CAPCOA or the participating District, as agreed upon, will notify applicants of their non-award status and may provide information on applicable grant programs.

## **X. Inspections**

A pre-inspection, post-inspection, and verification of destruction inspection must be completed prior to funding a project, when applicable. An Inspection Report shall be used to document such inspections. All inspection reports and photos will be maintained in the project file both digitally and in hard copy. Digital photos will be kept in the .jpeg file format and hard copy photos will be in color and be no less than a quarter sheet of paper in size. Photos should be clear and legible to the best extent possible.

### **A. Pre-Inspections**

For on-road vehicles<sup>8</sup>, off-road equipment<sup>9</sup>, zero-emission agricultural UTVs<sup>10</sup> (when applicable), and engine-related projects, pre-inspections must be conducted prior to contract execution, as described in the Moyer and FARMER guidelines. Zero-emission Agricultural UTV projects are subject to pre-inspection. There are no pre-inspection requirements for infrastructure projects.

The pre-inspection process includes taking photos of the vehicle/equipment, verifying operation as described, and ensuring that the information submitted in the applicant's application is correct. The minimum requirements for pre-inspection can be found in greater detail in the FARMER and Moyer guidelines for the project category.<sup>11</sup>

If the serial number of the engine is required by FARMER or Moyer pre-inspection guidelines but is not present or accessible, or if there is a missing engine data plate, District staff will assign a serial number to the engine and stamp that number into the engine block for future tracking.

### **B. Post-Inspections**

Post-inspections for on-road vehicles<sup>12</sup>, off-road equipment<sup>13</sup>, engine-related projects, infrastructure projects<sup>14</sup>, and agricultural UTVs (when applicable)<sup>15</sup> must occur after receipt of

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<sup>8</sup> For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

<sup>9</sup> For additional information on pre-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

<sup>10</sup> Pre-inspections are not required for UTVs purchased with a voucher. For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(3).

<sup>11</sup> For additional information on pre-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section W.

<sup>12</sup> For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

<sup>13</sup> For additional information on post-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

<sup>14</sup> For additional information on post-inspection requirements for infrastructure projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 10, Section J.

<sup>15</sup> Post-inspections are not required for UTVs purchased with a voucher.

an invoice but prior to District final reimbursement for the project, as described in the Moyer guidelines<sup>16</sup>.

For vehicle/equipment post-inspections, District FARMER staff is to verify that the replacement vehicle, equipment, and engine listed in the contract was purchased. For vehicle and equipment replacement projects, inspections will occur at the dealership or at some designated location prior to the program participant taking delivery. District FARMER staff shall take photos of the replacement vehicle/equipment/engine as described in the FARMER and Moyer guidelines.

Post-inspections are not required for zero-emission agricultural UTVs purchased with a voucher. However, they must be made available for post-inspection by the participating District, Placer APCD, CARB, or a designee if such a request is made.

### **C. Verification of Destruction**

In addition to completing a post-inspection on all replacement mobile projects, District FARMER staff shall also conduct a verification of destruction inspection<sup>17</sup> for on-road vehicles<sup>18</sup> and off-road equipment<sup>19</sup> (including agricultural UTVs<sup>20</sup>) in order to ensure that the old vehicle/equipment and engines are permanently destroyed. When approved by the District, an approved dismantler/salvage yard may conduct the inspection on behalf of the District and provide the required documentation within ten days of destruction.

Dismantlers who participate in the FARMER Program must enter into a contract with the participating District prior to the destruction of any vehicles/equipment or engines.

### **D. District Audits of Projects**

Audits performed by trained inspection staff from the Participating District will be conducted throughout the life of a project to ensure that the project is still operational, no tampering of the engine has occurred, and the originally contracted operational mileage, fuel usage, or hours of operation are being correctly reported. At minimum, the annual auditing protocols must adhere to the Current Moyer Guidelines<sup>21</sup>.

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<sup>16</sup> For additional information on post-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X.

<sup>17</sup> For additional information on verification of destruction requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X.

<sup>18</sup> For additional information on verification of destruction requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

<sup>19</sup> For additional information on verification of destruction requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

<sup>20</sup> For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(4).

<sup>21</sup> For additional information on District Audits of Projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section AA.

## **XI. District Project Files**

### **A. Required Documentation**

Participating Districts are required to maintain documentation of solicitation by fiscal year, as well as program project and fiscal files.

Program project files shall contain at a minimum:

- a) FARMER application, supporting documents, and estimated project cost
- b) Analysis of emission reductions (when applicable)
- c) Original contract
- d) Inspection forms and photographs
- e) Copy of dealer/seller's invoice,
- f) Original invoice(s) from the participant invoicing the District for the awarded grant amount
- g) Monitoring/Audit reports
- h) Key communications with participant

### **B. File Retention**

Unless otherwise specified in the Moyer or FARMER Guidelines, grant receipts and expenditure documents including invoices, contracts, vouchers, personnel and payroll records should be retained for five years after the grant liquidation period or the last recorded grant transaction, whichever is later. All other project files must be retained three years following the end of the contract term. In the event final payment has not been issued prior to the end of the contract term, the three-year clock is restarted upon final payment. Applications for unfunded projects must be kept a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period.

Project files will be regularly updated with active project progress, inspection and audit results, annual usage report information, and general contracted project activity.

### **C. Acceptable File Formats**

Files may be retained in an electronic format if complete and easily accessible. Digital project documents are stored as JPEG, TIF, GIF and PDF files.

Images in hard copy form must be at least a quarter sheet in size and be printed in the highest image quality feasible.

## **XII. Reporting Procedures**

### **A. Quarterly Updates**

Participating Districts are required to provide Placer APCD with quarterly updates on all projects funded through the FARMER Program. CAPCOA and Placer APCD will collaborate to create a reporting template for participating Districts, which should include the implementation status of any FARMER projects awarded funding, along with any implementation costs. These updates will be facilitated by CAPCOA at least 45 days prior to Placer APCD's quarterly reporting deadline to CARB.

CAPCOA will compile Districts' update information and submit to Placer APCD for review. Placer APCD will then submit this information to CARB as part of their quarterly reporting requirements.

Placer APCD must submit numbered, quarterly reports to CARB in accordance with the following schedule.

- Report 1: Covers grant execution through September 30, 2018, with the report due November 30, 2018;
- Report 2: Covers October 1, 2018 through December 31, 2018, with the report due February 15, 2019;
- Report 3: Covers January 1, 2019 through March 31, 2019, with the report due May 15, 2019;
- Report 4: Covers April 1, 2019 through June 30, 2019, with the report due August 15, 2019;
- Report 5: Covers July 1, 2019 through September 30, 2019, with the report due November 15, 2019;
- Report 6: Covers October 1, 2019 through December 31, 2019, with the report due February 15, 2020;
- Report 7: Covers January 1, 2020 through March 31, 2020, with the report due May 15, 2020;
- Report 8: Covers April 1, 2020 through June 30, 2020, with the report due August 15, 2020;
- Report 9: Covers July 1, 2020 through September 30, 2020, with the report due November 15, 2020;
- Report 10: Covers October 1, 2020 through December 31, 2020, with the report due February 15, 2021; and
- Report 11: Covers January 1, 2021 through March 31, 2021, with the report due May 15 2021 along with the final disbursement request.

Quarterly reports must be submitted through April 30, 2021, or until all funding has been expended.

## **B. Annual Reports**

Participating Districts are required to report information on an annual basis for any projects funded through the FARMER Program and still under contract once funding has been expended and quarterly reports have ceased. Participating Districts that do not have any such projects are not required to provide an annual report.

For Districts that will require annual reporting, Placer APCD and CAPCOA will create a reporting template. Annual Reports will be submitted to CAPCOA at least 45 days before Placer APCD's annual reporting deadline to CARB of August 29 each year. These reports must cover data from July 1 of the previous year through June 30 of the current year. CAPCOA will compile the participating Districts' reports and submit to Placer APCD for review. After the submitted reports have been reviewed, Placer APCD will submit the reports to CARB by the reporting deadline.

Districts are required to report project information in the FARMER Benefits Calculator Tool. 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 Greenhouse Gas Reduction Fund (GGRF) Funding, reporting and recordkeeping is required 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 are required to track annual usage for the new vehicle or equipment, in terms of hours or miles per year, provide location data to allow for calculation AB 1550 benefits, and submit annual updates to Districts while under contract.

In addition to project information, applicable Districts must submit Annual Reports to Placer APCD that, at minimum, include:

- Contract execution and liquidation status of FARMER Program funds.
- Outputs generated by the FARMER Benefits Calculator Tool 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.

### **XIII. Procedures for Nonperforming Participants**

The participating District must take appropriate action to ensure emission reductions are realized for engines, equipment, vehicles, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract, when average usage over a three year period for a contracted engine, equipment, or vehicle is less than 70 percent of the activity required in the contract, the District may choose, but is not limited to, the options below to address the underutilization. (In cases of projects which may have a contracted project life of less than three years, the same activity threshold of less than 70 percent applies, averaged over the project life.)

- Extend the project contract for additional years, precluding overlap with an applicable rule implementation requirement (off-road equipment projects may be considered for a contract extension which extends beyond a required compliance date).
- Return funds in proportion to the loss in emission reductions.
- Transfer ownership of the engine, vehicle, or equipment to another entity committed to complying with the contract terms.
- Recalculate a project's cost-effectiveness based on the reported decrease in usage.

- Grant a usage waiver, without penalty, to the grantee for a defined time period. The grantee must demonstrate to the air district's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment, and that the underutilization was due to unforeseen conditions beyond the grantee's control. Such waivers shall be at the discretion of the APCO.
  - The conditions under which a waiver may be issued include, but are not limited to, the following:
    - A decrease in usage due to economic recession;
    - Unforeseen fluctuations in water allocations or pumping needs for agricultural irrigation pump engines; or
    - Significant land fallowing for off-road agricultural equipment and agricultural irrigation pump engines.

## **XIV. Program Funding**

### **A. Project Fund Use**

Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related expenses necessary to implement FARMER Program-eligible projects.

Project implementation costs are defined in the FARMER Program Guidelines. The Shared Allocation Pool has been allocated 12.5% of the funding allocation for project implementation costs. Of that 12.5%,

- 1% has been allocated to CAPCOA for costs related to project evaluation;
- 2% has been allocated to Placer APCD for costs related to overseeing the Shared Allocation Pool; and
- 9.5% has been allocated to participating Districts for costs related to project administration.

In general, project implementation funds may be used for work completed in the following categories, as further described in the Moyer and FARMER guidelines:

- Labor expenses (including total staff time and labor costs);
- External subcontractor(s) fees for completed work, if applicable;
- Printing, mailing, traveling, and other outreach expenses; and
- Other indirect costs.

"Other indirect costs" refers to administrative costs as defined in the FARMER Guidelines. These costs are included within project implementation costs and may not exceed 5% of the grant amount.

### **B. Placement of Funds**

Once a project has been approved for funding by Placer APCD, the participating District can expect to receive funds in check form within 45 days. The participating District shall place all received funds in an interest-bearing account and track interest accrued as described in Section XV, Interest Accrual. Participating Districts are highly encouraged to expend all funds within 12 months of receipt.

### **C. District Co-Share of Project Costs**

Funds other than Moyer Program grant funds and AB 923 funds may be used to co-fund FARMER Program eligible projects, when all program criteria associated with each funding source are met. Funding sources, eligibility of funds, and co-funding procedures can be found in the Moyer Guidelines and in the guidelines of any other applicable funding source or program.

The total amount of project funding may not exceed the maximum eligible grant amount as outlined in the FARMER and Moyer guidelines for the project type, and the participating District would not be eligible for additional administrative funding for the co-shared portion of the project costs.

There is no limit on the number of co-funding sources that can be used to fund a project, as long as the total project costs are not exceeded and a 15 percent applicant cost share requirement is met for private sector projects.

### **D. Right to Reallocate Funds**

CARB and Placer APCD reserve the right to redirect funds from a participating District and reallocate such funds to other Districts, if a District informs Placer APCD in a written letter that it will not be able to meet expenditure deadlines, or if it is found that the approved project did not meet funding requirements.

In the event of non-performance or termination, CARB and Placer APCD shall require full recovery of the unspent funds by transfer upon the participating District's accounts. The District must provide fund transfer information within 45 days upon receipt of notice.

In no event shall the participating District receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be immediately returned to Placer APCD.

### **E. Required Documentation**

#### **General Documents Maintenance**

All contracts, including contracts with project awardees, documentation, records, and reference materials that are required by this program must be made available for review during monitoring visits and audits by CARB, Placer APCD, or their designee. These records must be retained for the life of the projects funded under this grant.

#### **Documents Required to be Submitted to Placer APCD**

- For those projects recommended for funding, participating Districts must mail original copies of project applications with "wet" signatures in blue ink to the Placer APCD Liaison.
- Participating Districts must mail copies of executed contract with Placer APCD, and such document must be received before Placer APCD will deliver funds to participating Districts.
- A copy of a board resolution, meeting minutes, or other documentation of the District's authority to accept funds from Placer APCD for use within the FARMER program must be delivered via mail or electronically.

Requests for payment must be made consistent with FARMER Guidelines and this PPM and include all documentation required by CAPCOA and Placer APCD. After the initial grant disbursement request, the participating Districts must include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds with each subsequent grant disbursement request.

Backup for administrative funds may include the following:

- Staff time in actual hours or percent of hours devoted to project implementation, as well as staff wage, which shall be described in an official document of the District, such as a duty statement, a warrant, an invoice or timesheet;
- Implementation funds for subcontractor(s). This could be reflected within documents such as a contract, invoices or other documentation as agreed upon by the participating District and Placer APCD;
- Printing, mailing, records retention, and travel expenses. The participating Districts must provide copies of relevant District policies, and records that illustrate expenditure for the Program;
- Necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees (<http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>). No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB.

Participating Districts must keep written documentation of all transactions they expect to receive reimbursement for. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee. If project implementation funds are used for indirect costs, the Grantee must document and describe how these costs are determined.

## **XV. Invoice Submission**

After contract execution and once conditions for funding are met, the program participant must submit an original invoice requesting payment, including copies of all associated invoices related to project expenditures. If any portion of the project requires financing, the program participant (or their dealer) shall provide the financing terms to the participating District before the District issues payment. The full contract amount shall be used to pay down any financing within 30 days of receiving payment from the District. Proof of payment is due to the District within 45 days of receiving payment from the District. The amount financed may not exceed the incremental cost of the project. District FARMER staff must also conduct any necessary post-inspections as described Section X, Inspections. After a successful inspection and after all of the conditions for payment are met, the program administrator will approve each invoice for reimbursement. Invoices and requests for payment are then forwarded to administrative staff for review and processing and then to the APCO for final approval. For multi-stage projects, partial payments may be approved on a case-by-case basis and is described in the program participant's contract. The District will maintain a clear record of progress payment in the project file.



## **XVI. Interest Accrual**

The participating District must maintain accounting records (e.g., general ledger) that track interest earned, expended, or returned on the project funds, as follows:

- The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method.
- Interest earned must ensure that it is separately identifiable from interest earned on non-project funds.
- The methodology for calculating earned interest must be consistent with how it is calculated for the participating District's other fiscal programs.
- Documentation of interest earned and expenditures made on those funds or returned to CARB must be:
  - Retained for a minimum of three years after it is generated.
  - Provided to CARB in Placer APCD's quarterly reports.

## **XVII. Oversight Provisions**

### **A. Termination and Suspension of Payments**

1. CARB and Placer APCD reserve the right to terminate this grant upon thirty days written notice to Placer APCD. In case of early termination, Placer APCD will immediately notify participating Districts, who must return remaining funds, including any earned interest, immediately, as outlined in the Agreement between Placer APCD and the Districts.
2. CARB and Placer APCD reserve the right to issue a grant suspension order in the event that a dispute should arise. If Placer receives such an order, it will notify the Districts and the grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the District chooses to continue work on the project after receiving a grant suspension order, the District will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB at its sole discretion will reimburse Placer APCD for any expenses incurred by the participating Districts during the suspension that CARB deems reimbursable in accordance with the terms of the grant.

### **B. Oversight and Accountability**

1. The Districts will comply with all oversight responsibilities identified in the Farmer Program Guidelines, any future Program Advisories and Mail-Outs, and the Grant Agreement.
2. CARB or its designee, including but not limited to Placer APCD, reserve the right to audit at any time during the duration of this grant the Districts' costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Districts shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
3. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a District, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB

also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.

**EXHIBIT C**  
**SCOPE OF WORK**

**EDCAQMD shall:**

- Develop and enter into agreement with awarded applicant to ensure all Program requirements are met.
- Review and provide final approval of program paperwork, including applications.
- Process any tracking documents required by the Program and forward approved document copies to PCAPCD.
- Submit payment claims to the El Dorado County Auditor/Controller, approving grant reimbursements to the recipients of grant funding through the FARMER Program.
- Expend project funding allocated to PCAPCD on incentives and project implementation costs (as defined in the CARB FARMER Program Guidelines and SAP PPM) directly related to Placer County projects.
- Provide PCAPCD with electronic copies of the final drafts of quarterly updates and any annual reports required by the FARMER Program.

**PCAPCD shall:**

- Perform necessary inspections for grantees of the Program residing in Placer County, travelling to the equipment/vehicle location to verify the status of the existing or new equipment/vehicle, as required by the Program.
- Provide EDCAQMD with electronic copies of inspection reports and applications.





**EXHIBIT D**

**MOU BETWEEN THE PCAPCD AND THE EDCAQMD FOR THE FISCAL YEAR 2017-18  
APPROPRIATION**



**EXHIBIT E**  
**BUDGET**

**Administrative Costs**

EDCAQMD will be provided with nine and one-half percent (9.5%) of the total amount awarded for project implementation costs.

Total award amounts will be determined as projects are recommended by CAPCOA through the process outlined in the Shared Allocation Pool PPM (Sections VII and VIII).

In the performance of the scope of services to be provided in accordance with this budget, either party to the MOU may request to reallocate the expenses listed herein among personnel and among the various tasks identified herein, subject to mutual written agreement between the parties to the MOU. If additional funding is allocated to the Placer County APCD in the future, and both parties to the MOU agree to continue the performance of the services defined in the MOU, the additional funding will be distributed in the same method as represented in this budget.

