

**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).

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<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.