



Feather River Air Quality Management District

Policies and Procedures Manual

Funding Agricultural Measures for Emission Reductions

(FARMER) Program

Updated on:
January 16, 2024

I. Introduction

In September 2017, Assembly Bill (AB) 134 and AB 109 appropriated \$135 million from the State of California Budget for fiscal year (FY) 2017-18 to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector. CARB staff developed the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program to implement this program in accordance with the requirements of the Greenhouse Gas Reduction Fund (GGRF), the Air Quality Improvement Fund (AQIF), and the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF). CARB approved the state FARMER Program Guidelines¹ at the March 23, 2018, Board Meeting.

FARMER Fiscal Year	FARMER Year Funding	Funding Total
2018-2019	Year 2	\$130 Million
2019-2020	Year 3	\$65 Million
2021-2022	Year 4	\$170 Million
2022-2023	Year 5	\$150 Million
2023-2024	Year 6	\$75 Million

The FARMER Program funds projects that will “reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.” The FARMER Program Guidelines provides the following definition of “agricultural operations:”

“Agricultural Operations” means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services included only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

Consistent with the In-Use Off-Road Regulation, a vehicle or equipment that is used for both agricultural and nonagricultural operations is considered to be a vehicle engaged in agricultural operations only if over half of its annual operating hours are for agricultural operations.

¹ <https://ww2.arb.ca.gov/sites/default/files/2018-07/farmerguidelines-final.pdf>

This Policies and Procedures Manual outlines how the Feather River Air Quality Management District (District) will implement the FARMER Program and meet the requirements in the FARMER Program Guidelines and Grant Agreement. These Policies and Procedures are not intended to conflict with California State law – in the event such a conflict exists State law should be followed.

II. Program Implementation

The District shall implement the FARMER Program in accordance with the Policies and Procedures Manual for the Carl Moyer Program² for the following:

- Project solicitation
- Project selection
- Staff roles and responsibilities
- Procedures for notifying successful applicants of their grant awards and for notifying applicants who have not been awarded grants.
- Method for calculating interest earned.
- Procedures for the Grantee to submit program invoices and receive payment, including itemization required to limit eligible cost.
- Method to verify the destruction of engines and equipment.
- Methods to store and retrieve digital photographs documenting project inspections and project specific information.
- Project annual reporting requirements and procedures, including requests for waivers.
- Types of documentation accepted for historical usage. And
- The District shall comply with the oversight responsibilities and auditing identified in the FARMER Program Guidelines, FARMER Grant Agreement, and the Carl Moyer Program Guidelines.

Due to the requirements of the FARMER Program Guidelines and Grant Agreement, the District shall administer the FARMER Program different than the Carl Moyer Program as described in sections A-E below.

A. Eligible Project Categories

Eligible projects for FARMER Year 6 must be eligible under the 2017 Carl Moyer Program Guidelines and current and future Program Advisories and Mail-outs. In addition the FARMER Program shall only fund projects engaged in agricultural operations. The District will be accepting applications for off-road equipment replacement and repower projects of:

- Off-road mobile, diesel agricultural equipment;
- Off-road Zero-Emission UTVs;

² Policies and Procedures Manual for the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program), January 16,2024

- Off-road mobile, large spark-ignition (LSI) agricultural equipment; and
- Agricultural irrigation pump engines

B. Program Timeline

The FARMER Year 5 funding shall be paid from CARB to the District in two or more disbursements.

The FARMER Program Guidelines and Grant Agreement specify funding milestones and expenditure targets for the Year 6 Program. The following timeline will be adopted by FRAQMD to meet those goals:

Milestone	Date
1st Disbursement requested	April 2024
1 st Disbursement allocated to projects	May 2024
2nd Disbursement requested once 50% of 1 st Disbursement under contract	June 2024
2 nd Disbursement allocated to projects	July 2024
At least 50% funding allocated	June 30, 2024
75% allocated/25% expended	Per Grant Agreement*
100% allocated/50% expended	Per Grant Agreement*
All funding expended	Per Grant Agreement*

*Upon receipt of Grant Agreement for Year 6 FARMER Funding the District will update the milestones as stated in the Grant Agreement.

C. Project Selection

FARMER funding shall be allocated to projects that are within or benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016)³. The District shall solicit and select projects as described in the Carl Moyer Program PPM.

D. Records and Reporting

As done in the Carl Moyer Program, the FARMER Program records shall be stored in a safe and secure location that maintains confidentiality. The FARMER Program record retention and reporting schedule varies from the Carl Moyer Program, as noted below.

1. Project Records

Project records shall be maintained in accordance with the Carl Moyer Policy and Procedures. Project files shall be retained for the life of the project. Upon completion of the projects, all project records will be

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

submitted to CARB within 45 days after end of the project life, either in hard copy or electronic file format.

2. Financial Records

Financial records shall be maintained in accordance with the Carl Moyer Policy and Procedures. Upon completion of the projects, all project records will be submitted to CARB within 45 days after end of the project life, either in hard copy or electronic file format.

3. Semi-Annual Reports to CARB

Semi-annual reports shall be submitted to CARB using the template provided by CARB through April 30, 2023, or until all funding has been expended. The reporting schedule will be in accordance with the Year 3 Grant Agreement.

4. Annual Reports to CARB after End of Grant Agreement

For projects with a project life that extends beyond the Grant Agreement with CARB, the District must continue to report project data necessary to calculate emission reduction benefits and satisfy the requirements of the FARMER Program, using the reporting template provide 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.

E. Disbursements and Expenditure Tracking

The FARMER Program, like the Carl Moyer Program, allows the District to request advance disbursement of Project and Implementation (Administration) funding. However, unlike the Carl Moyer Program the FARMER Program allows only 50% of the disbursement of both Project and Implementation funds in the initial disbursement.

Once 50% of the initial 50% disbursement has been obligated to projects, the District will request the second 50% disbursement of Project and Administration funding.

Documentation of Program Implementation costs shall be tracked by use of personnel timesheets. Additional costs may be tracked through invoices and/or other documentation and may include advertising, legal counsel review of contracts, and travel expenses.

III. Correspondence

The CARB Project Liaison is Evan Powers. Correspondence regarding the Program should be directed to:

Evan Powers
California Air Resources Board

Mobile Source Control Division
1001 I Street
Sacramento, CA 95814
Phone: (916) 282-6273
Email: evan.powers@arb.ca.gov

IV. Exhibits

1. Grant Agreement (to be added once received)
2. Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program Guidelines, released February 16, 2018
3. Policies and Procedures Manual, Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program), Guidelines Year 2017, released January 16, 2024

V. Approval

The APCO shall approve this version of the FARMER Program Guidelines:

Signature

Date

VI. Attachments

- A – Application for Off-Road ZE UTV Replacement Program
- B – FARMER Agreement
- C – FARMER Check Request Form
- D – Attachment D ZE UTV Program Policy & Procedures
- E – Process for Applicants ZE UTV Replacement Program

OFF-ROAD ZERO-EMISSIONS UTV REPLACEMENT INSTRUCTIONS AND ELIGIBILITY CRITERIA

Instructions

Please print clearly or type all information on the Application and submit along with items on the Applicant Checklist to:
Feather River Air Quality Management District
541 Washington Avenue
Yuba City, CA 95991

Applications will be accepted beginning January 16, 2024, until March 18, 2024. March 18 at 5:00 pm will be the deadline to submit any Applications or information missing from previously submitted but incomplete Applications. Please note that Applications received less than 10 business days prior to March 18, 2024, may not be reviewed for completeness before the deadline. Interested applicants are encouraged to submit Applications early to have the greatest opportunity to be reviewed and have time to correct any errors or omissions. An applicant who is found to have applied for or received incentive funds from another entity or program for the same equipment or engine without disclosing that information shall be disqualified from funding for that project from all sources within the control of an air district or CARB. The air district or CARB may also seek penalties for such non-disclosure.

Submit one application per person/business/entity. Information to assist you in completing this Application is available in the 2018 Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines, available on the District's website www.fraqmd.org or <https://ww2.arb.ca.gov/sites/default/files/2018-07/farmerguidelines-final.pdf>. Please note that additional information may be requested from the applicant in order to process this application.

General Eligibility Criteria

To be eligible for funding, projects must meet the criteria described in the 2017 Carl Moyer Program Guidelines, the FARMER Program Guidelines, and all current Carl Moyer Program Advisories. These criteria include but are not limited to the following:

- Emission reductions obtained must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement, or other legal mandate.
- Projects must meet a cost-effectiveness established by the District and calculated in accordance with the cost-effectiveness methodology in the 2018 FARMER Guidelines.
- No emission reductions generated shall be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity.
- No project funded shall be used for credit under any federal or state emission averaging banking and trading program.
- Funded projects must have at least 75 percent of their total activity for the project life in California.
- Emission reduction technologies must be certified/verified by the ARB for sale in California and must comply with durability and warranty requirements.

Off Road Vehicle Eligibility Criteria

- The existing vehicle can be an ATV or an UTV. Tractors with less than 25 horsepower are eligible for replacement as well.
- The existing vehicle must be used in agricultural operations.
- The new UTV must emit zero tailpipe emissions from its onboard source of power (such as all electric or hydrogen fuel cell vehicles) and may not go under any modification that would allow propulsion by any other means.
- The new UTV must have a towing capacity of 500 pounds or greater and a total vehicle weight of 700 pounds or greater.
- The owner and equipment must be in compliance with federal, state, and local regulations. Use the tables below to determine if existing equipment is eligible for funding.

OFF-ROAD Zero-Emissions UTV REPLACEMENT APPLICATION

Complete each section. If the question does not apply (for example: asking for a fax number but you do not have a fax number) mark the answer as "n/a" for not applicable. This application is to be used for incentive funds for off-road equipment replacement. Applicant acknowledges that award is conditional upon approval of the District and must meet the minimum eligibility criteria.

PLEASE INCLUDE THE FOLLOWING ATTACHMENTS TO THIS APPLICATION:

- o Required: Proof that location of operation is covered by liability insurance
- o Required Proof of Ownership:
 - o Bill of Sale showing applicant as owner; or
 - o Private party bill of sale showing the applicant as owner; or
 - o Other documentation showing proof of operation for the previous 24 months such as maintenance/service records, general ledgers, or other documentation (subject to District approval).
- o Required: Itemized quote for new UTV
- o Required: Maintenance records and/or service history for the existing vehicle for the past 24 months
- o Required: Warranty documentation for new UTV from dealership you will be purchasing the new UTV from. The warranty must be 1-year minimum length, including applicable energy storage tanks or battery packs.
- o Optional: 24 months of complete historical usage

1. Applicant (Organization/Company/Individual Name):		
2. Business Type:		
3. Mailing Address:		
City:	State:	Zip Code:
4. Contact Name:		
5. Phone: ()		6. Fax: ()
7. E-mail:		
8. Person with contract signing authority:		
9. How would you like to receive an Application Completeness Notification? (Note that the District has up to 30 days to review the Application and provide an Application Completeness Notification)		
		<input type="checkbox"/> Mailing Address
		<input type="checkbox"/> Email Address

- o If Applicable: Co-funding Information

Third Party Certification

Complete this section only if someone completed the application, in whole or in part, on behalf of the applicant.

Print name of third party:	Title:
Signature of third party:	Date:
Amount paid to third party:	Source of funding to third party:

A. Project Information

1. Project Life:

- Maximum Eligible (3-year contract life)
- Other: _____

2. Funding Requested:

- Maximum (65% up to \$13,500)
- Other: _____

3. Percent of the year that vehicle operates in California (0-100%):

4. Name of the counties in which the vehicle operates and percent operation in each:

5. As an applicant/participant, I declare that (check only one):

1. _____ (Company Name or Sole Proprietor) the existing vehicle is used exclusively for California agricultural operations. Primary operations include the following (please describe how the ATV/UTV is used below):

Or,

2. _____ (Company Name) the existing vehicle is not used exclusively for California agricultural operations.

7. How many hours did the vehicle operate in the previous two years? Attached documentation of how you calculated this number.

Hours of Operation

2022	
2023	

8. Has this vehicle operated within a low-income community or disadvantaged community as designed by the State of California during the previous 2 years? If yes, please identify which ones by listing addresses or lat/long coordinates.

Note: Maps of low-income communities and disadvantaged communities are available at <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>. Operation within such communities will not affect grant program eligibility – the data is used for reporting purposes only.

B. Existing Vehicle Information		
1. Vehicle Type/Function:		
2. Vehicle Make:		
3. Vehicle Model:		
4. Vehicle Model Year:		
5. Vehicle Serial Number:		
6. Vehicle Identification Number (<i>unique number designated by the applicant</i>):		
7. Primary Vehicle Location		
Street:		
City:	State:	Zip:
8. Engine Family (if applicable):		
9. Engine Make:		
10. Engine Model:		
11. Engine Model Year:		
12. Engine Horsepower:		
13. Engine Serial Number:		
14. Engine Fuel Type:		
15. Has the engine or vehicle listed in this application applied for Carl Moyer Program funding, or any other incentive funding, by you or on your behalf? <input type="radio"/> Yes <input type="radio"/> No		
<i>If "Yes," complete the following:</i>		
Agency applied to:	Date and/or number of Agency Solicitation:	
Was the equipment awarded funding:	Amount of funding awarded/received:	
16. Please list any other financial incentive applied for or received, including tax credits or deductions, grants, or other public financial assistance for the equipment:		

C. New UTV Information	
1. Does the new replacement UTV have a minimum one-year warranty for UTV drivetrain, including applicable energy storage tanks or battery packs?	
◦ Yes	◦ No
2. New UTV Make:	
3. New UTV Model:	4. New UTV Model Year:
5. New UTV Serial Number:	
6. Horsepower:	

D. Regulatory Compliance Statement
As an applicant/participant, I declare that (check only one):
<input type="checkbox"/> 1. _____ (Company Name) is in compliance with, and will remain in compliance with, and does not have any outstanding or unresolved Notices of Violation (NOV) or Notices to Comply or any unpaid settlements for alleged violations of any federal, state, and local air quality regulations including, but not limited to, the following: <ul style="list-style-type: none"> • In-Use Off-Road Diesel Vehicle Regulation • Stationary Engine ATCM • Any Other Diesel Air Toxic Control Measures • Statewide Truck and Bus Regulation • Portable Diesel ATCM • Local District Regulations
Or,
<input type="checkbox"/> 2. _____ (Company Name) is not in compliance with, or cannot remain in compliance with, or does have an outstanding or unresolved Notices of Violation (NOV) or Notices to Comply or any unpaid settlements for alleged violations of any federal, state, and local air quality regulation.
<p><i>A declaration must be attached to this document describing in detail the non-compliance or NOV, explaining the reason for the non-compliance or NOV and declaring the reasons why the applicant/participant believes their application should be considered.</i></p>

By signing below and submitting this application, I hereby certify under penalty of perjury that the information in the application and attachments is accurate and true.

Signature

Date

Name

Title

FARMER AGREEMENT NO. 2024-XX

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT FUNDING AGRICULTURAL MEASURES FOR EMISSION REDUCTIONS PROGRAM AGREEMENT

This Agreement (Agreement) is between the Feather River Air Quality Management District (District), a public agency of the State of California, and X (Participant).

1.0 Recitals

- 1.1 The State of California adopted Senate Bill (SB) 101 (Chapter 101, Budget Act of 2023).
- 1.2 SB 101 appropriate \$75 million from the Air Pollution Control Fund for Fiscal Year 2023/2024 to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector.
- 1.3 The CARB adopted the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program to achieve emission reductions from the agricultural sector as directed in SB 101.
- 1.4 The District Board of Directors approved Resolution No. 2023-13 authorizing the District's participation in the CARB FARMER Program which is hereby incorporated by reference and made part of this agreement.
- 1.5 To implement mobile source emission reduction projects, the Program provides incentives to fleet operators and individuals for the purchase, repower and/or retrofit of low-emission on-road motor vehicles, off-road mobile equipment, and agricultural water pumps in accordance with the Carl Moyer Program Guidelines, 2017 Revision.
- 1.6 The District Board of Directors approved authorizing the Air Pollution Control Officer (APCO) to execute agreements and make minor modifications to the Program for the purpose of maintaining consistency with the FARMER Program Guidelines and Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) Guidelines.
- 1.7 The Participant wishes to participate in the Program by purchasing and operating the equipment described in this Agreement and represents that the purchase is not required by any local, state, and/or federal rule, regulation, memorandum, or other legally binding agreement, with the exception of certain agricultural projects described in Health and Safety Code §44229(b).
- 1.8 The Participant has read and agreed to all requirements of the Program application and the current Carl Moyer Program Guidelines and FARMER Program Guidelines which are hereby incorporated into this Agreement.
- 1.9 This Agreement is a voluntary act intended to accelerate the introduction of low-emission vehicle and engine technology designed to reduce emissions of criteria, toxic, and greenhouse gas emissions within Yuba and Sutter counties.

2.0 Terms and Conditions

2.1 Definitions

- 2.1.1 "Applicable emission standards" are defined as the emission standards for oxides of nitrogen (NOx), particulate matter (PM), hydrocarbons, and carbon monoxide established by the California Air Resources Board (CARB) or the United States Environmental Protection Agency (USEPA) for a model year vehicle or engine. For "phase-in" or "interim" engines, table 5-3 contained in the Off-Road CI chapter of the 2008 Carl Moyer Program Guidelines shall apply.
- 2.1.2 "Agricultural water pump" is defined as a stationary or portable device designed to move water used for agricultural purposes.
- 2.1.3 "Certified" is defined as a motor vehicle or engine that is certified by CARB or the USEPA to an emission standard or standards.

- 2.1.4 "Fleet Modernization" is defined as the transaction in which an older on-road motor vehicle or piece of off-road mobile equipment is destroyed and replaced with a similar motor vehicle or piece of equipment certified to a lower emission standard.
- 2.1.5 "Motor vehicle" is defined as a self-propelled device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.
- 2.1.6 "Off-road equipment" is defined as a self-propelled device not intended for operation on a highway and is powered by an engine certified to off-road or nonroad emission standards.
- 2.1.7 "Repower" is defined as the process in which an old engine is replaced with a new engine.
- 2.1.8 "Retrofit" is defined as the installation of a device designed to reduce emissions from an engine.
- 2.1.9 "Verified" is defined as a device, fuel, or system that is verified by CARB or the USEPA to reduce emissions from a mobile source by a verified amount.

2.2 Participant Obligations – the Participant will:

- 2.2.1 Complete project within 180 days of execution of this Agreement. Project completion is the time frame starting with the date of execution of the Agreement to the date the project post-inspection confirms that the project has become operational. This includes the time period when an engine, equipment, or vehicle is ordered, delivered, and installed. Participant may submit a written request to extend this section if the project cannot be successfully completed due to circumstances beyond the Participant's reasonable control.
- 2.2.2 Ensure that a functioning hour meter is installed on the equipment described in Exhibit A for the life of the project. An operational odometer, hour meter, or other District-approved usage measuring device must be installed on all projects and maintained for continuous operation. Should the device fail, Participant agrees to continue to record usage of the equipment and to immediately replace the defective device.
- 2.2.3 Operate the equipment described in Exhibit A in Yuba or Sutter counties during the term of this agreement in accordance with the requirements in Exhibit A. Minimum project timeframe will be 3 years unless otherwise approved by CARB. In addition to meeting the operating requirements established in Exhibit A, 75% of the vehicles total operation must occur within California. Agricultural water pumps are required to operate 100% within Yuba or Sutter counties. Cooperate with District and CARB in implementation, monitoring, and enforcement to assure the emissions benefits are real, quantifiable, surplus, and enforceable.
- 2.2.4 Submit an annual report commencing no more than 18 months after project completion and annually thereafter until end of project implementation period. The District will mail annual report to participant and participant shall return completed report by March 31 of each year. Failure to comply with reporting requirements shall result in on-site monitoring and/or inspections. The District may request additional performance documentation at its discretion.
- 2.2.5 For Off-Road Equipment Replacement Program projects, within 30 days of receiving new equipment, Participant will surrender old equipment to District approved dismantler.

2.3 Payment

- 2.3.1 The District will reimburse the Participant up to \$XXXXXX.00 towards the cost of the vehicle(s) or equipment identified in Exhibit A. The maximum contract amount shall not exceed the maximum funding level corresponding to the program cost-effectiveness limit, nor may the maximum contract amount exceed the project incremental cost. The maximum contract amount must also comply with any funding caps and other criteria for the specific project category as identified in the current Carl Moyer Program Guidelines, the FARMER Program Guidelines, and the District's Policy and Procedures Manual.
- 2.3.2 All payments made under this Agreement are subject to the provisions and limitations of the California Health and Safety Code. The District shall have no liability for payment of any compensation and expenses that are found to be in contravention of the California Health and Safety Code or any other

local, state, or federal law. The Participant shall reimburse the District for any payments that are later found to be in contravention of the Health and Safety Code or any other local, state, or federal law.

- 2.3.3 No payments shall be issued under this Agreement prior to final inspection of the project by District personnel and verification that the new equipment is operational. The Project must meet milestones such as engine delivery and installation, post-inspection, and acceptance prior to payment issuance.
- 2.3.4 Payments made under this Agreement are subject to taxation and an IRS Form 1099 will be issued to the Participant. Participant shall be required to provide an IRS form W-9 prior to the issuance of any payment under this Agreement. Funds may be withheld by the County of Yuba or Sutter as required by law for payment of tax liabilities and/or other court-ordered payments.
- 2.3.5 Itemized invoices from engine supplier or paid invoices from vehicle owner for new vehicles must be received by District prior to payment issuance. Payments will be made directly to project applicant if invoice was paid by applicant and will serve as reimbursement. Payments to dealer will be specified in contract.
- 2.3.6 If the final invoice amount is lower than the estimate, the District shall reduce the amount in section 2.3.1 in accordance with the FARMER Program Guidelines and Carl Moyer Program Guidelines.
- 2.3.7 The District shall confirm that the existing vehicle/equipment/engine, as identified in Exhibit A, has been destroyed prior to issuing payment.
- 2.3.8 For Off-Road Equipment Replacement Program projects, the Participant may only finance their portion of the cost of the new equipment. The payments made under this Agreement must be paid toward the down payment of the new equipment.

2.4 General Program Requirements

- 2.4.1 The Participant warrants that, throughout the term of the agreement, the vehicle(s)/equipment/engine(s) covered under this Agreement shall meet all eligibility requirements described in the Program application, the FARMER Program Guidelines, and the current Carl Moyer Program Guidelines.
- 2.4.2 The Participant cannot apply for or receive additional incentive funds, including but not limited to the state Carl Moyer Program inter-district fund or any other air district fund, including those funds used as matching funds, for any equipment listed in Exhibit A of this Agreement, except federal programs to reduce greenhouse gas emissions or funding provided by the Alternative and Renewable Fuel and Vehicle Technology Program to reduce greenhouse gases. These funds must be disclosed to the District. If the District discovers that the Participant has applied for or received funds from these sources, the District will terminate this Agreement and require that any funds paid under this Agreement be returned to the District.

Participant certifies that they have disclosed all funding sources applied for or received for the equipment listed in Exhibit A of this Agreement. Participant shall notify the District within 10 days of additional sources of funding received for the equipment listed in Exhibit A of this Agreement, including any sources that become available after contract execution.

Participant Initials: _____

- 2.4.3 The Participant agrees to operate the equipment described in Exhibit A in a manner that is consistent with the eligibility requirements in the guidelines and the goals and objectives of the Program and within the manufacturer's specifications including all maintenance and fueling requirements. Under no circumstances may the Participant make any modifications to or tamper with the vehicle, equipment, engine, emission control system(s), or any recording devices on the vehicle or equipment prohibited under CARB and USEPA regulations. The Participant also agrees to operate the vehicle, engine, and/or equipment in compliance with all local, state, and federal rules, laws, and regulations. Repower projects must be completed in a manner such that it does not void the engine warranty provided by the manufacturer and any remaining warranty provided by the equipment/vehicle manufacturer.
- 2.4.4 The Participant must submit copies of invoices from service providers that confirm:
 - (i) Installation of digital odometer/hour meter; and

- (ii) Finance information (if applicable)

Each invoice must identify new equipment/engine through either a vehicle identification number or engine serial number, and date service was provided. In order to be eligible for funding, labor expenses must be included on invoices and detail the number of hours charged and the hourly wage.

2.4.5 The Participant agrees to the following motor vehicle title requirements:

- (i) The Participant will provide a copy of the replacement vehicle's title to the District, demonstrating that the District is named as a lien holder for the vehicle.
- (ii) The Participant must be the legal owner of the replacement vehicle through the length of this Agreement.
- (iii) If the replacement vehicle is financed, the Participant will list both the District and the Finance Company as lien holders for the vehicle.
- (iv) If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must ensure that the District remains a lien holder on the replacement vehicle through the end date listed in Section 2.7.1.
- (v) If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the termination formula in Section 2.5.
- (vi) Any changes to the replacement vehicle's title must be approved in writing by the District.

2.4.6 The Participant certifies that their fleet, engine, or equipment/vehicle is in compliance with all applicable federal, state, and local air quality rules and regulations at time of execution. The Participant agrees to maintain compliance with all applicable rules and regulations for full project implementation period as specified in section 2.7.1.

2.5 Repercussions for Nonperformance: The Participant understands and agrees to operate the vehicle/equipment/engine in Exhibit A according to the terms of this Agreement and to cooperate with the District and CARB in the implementation, monitoring, enforcement, and other efforts to assure the emission benefits are real, quantifiable, surplus, and enforceable. Repercussions to the Participant for noncompliance with the contract requirements include termination of the Agreement. Upon termination of this Agreement, and if the vehicle/equipment/engine fails to fulfill the minimum required operation, the Participant shall return to the District an amount based on the difference between the required operation amount and the actual amount operated according to the following formula:

$$A = I * [(O * L) - C] / (O * L)$$

- A = Amount Owed to the District
- I = Total Incentive Award
- O = Annual Operational Requirement (miles, hours or years)
- L = Length of the Agreement in Years
- C = Actual Operation (miles, hours, or years)

The APCO may, at his or her sole discretion, relieve this obligation to return the funds after considering the circumstances leading to the failure to fulfill the minimum performance requirements. Additionally, the APCO may, at his or her sole discretion, require full reimbursement of all funds paid to the Participant as outlined in Section 2.7.9. Additionally, the APCO may grant a waiver to the engine owner for a defined time period if the owner demonstrates to the APCO's satisfaction that the equipment was significantly underutilized due to unforeseen conditions beyond the owners control. Waivers must be granted in accordance with section FF(4)(D) of the 2011 Carl Moyer Guidelines.

2.6 The parties acknowledge that this Agreement will be funded by incentive fund revenues being transferred to the District and that this Agreement is contingent upon the approval of District's funding request by the State for Carl Moyer Program funds and receipt of said funds by District. District shall notify Participant when District has received sufficient funds to fully fund the Agreement and Participant is authorized to begin implementation of the Agreement. District shall not be liable to Participant for any costs or expenses incurred by Participant prior to said notification from District. The Agreement may also be immediately terminated by District should sufficient funds not be received by June 30, 2022.

2.7 General Requirements

- 2.7.1 This Agreement shall begin upon execution by all parties and terminate on **December 31, 2029**. No work may begin on this project until this Agreement is executed by all parties. For this Agreement, the timeframe indicated by the project completion in Section 2.2.1 of this Agreement and the aforementioned termination date shall serve as the project implementation period. The Participant is required to operate and maintain the equipment described in Exhibit A according to the terms of this Agreement for the full project implementation period.
- 2.7.2 Except as specified in Section 2.7.2(ii), the receipt of funds and performance under this Agreement prohibits application for any form of emission reduction credit for the life of the contract term outlined in Section 2.7.1.
 - (i) This prohibition includes, but is not limited to all attainment, nonattainment, criteria and non-criteria pollutants, Application for Emission Reduction Credits (ERC), Mobile Emission Reduction Credits (MERC) and/or Certificates of Advanced Placement (CAP). This prohibition extends to credits from all Air Quality Management or Air Pollution Control Districts.
- 2.7.3 The District, CARB, or their designee may conduct an audit of the Participant's operations to verify that the Participant is complying with the Agreement terms.
 - (i) As a condition of accepting funds, the Participant agrees to designate CARB as a third-party beneficiary with full auditing, inspection, and enforcement rights throughout the entire term of the Agreement. The District, CARB (as an intended third party beneficiary), or their designee(s) reserves the authority and right to monitor and enforce the terms of this contract any time throughout project execution through the implementation period to ensure emission reductions are obtained for a minimum of 75% operation within California or as specified in the contract for marine projects, including 5 years after the end of project life for projects lasting more than 5 years.
 - (ii) Any audits will be conducted at a reasonable time and with reasonable notice to the Participant. The Participant agrees to provide the District and CARB with on-site access to the vehicle(s)/equipment described in Exhibit A.
- 2.7.4 The Participant shall defend, indemnify, and hold harmless District, CARB, its officers, agents, employees and volunteers from any and all losses, costs, damages, fines or expenses (including attorney fees, court costs and expert fees) or liability of any kind or character to any person or property arising from, or alleged to arise from, any breach of the responsibilities required of the Participant by this Agreement or which are related in any way to the vehicle(s)/equipment, including any and all liability for general, special, consequential, or other damages resulting from the use of the vehicle(s)/equipment by the Participant, for which financial assistance or other incentives are received from the District by the Participant.
- 2.7.5 **This section 2.7.5 shall survive the termination of this Agreement for three years following the end date listed in Section 2.7.1.** The Participant shall keep the following records from the beginning of operation of the equipment described in Exhibit A through the end of the term described in Section 2.7.1 and for three years following the end date listed in Section 2.7.1. It is the responsibility of the Participant to maintain records adequate to document the subsequent information. The District may request these records at any time during the term of this Agreement, including:

For On-Road Projects	For Off-Road/Stationary Projects
1. Copies of all driver log book entries for the preceding year	1. Hours operated or fuel consumed
2. Miles traveled	2. Fuel cost (if reported fuel consumed)
3. Fuel consumed	3. Engine downtime
4. Fuel cost	4. Type and cost of maintenance performed
5. Vehicle downtime	
6. Type and cost of maintenance performed	

- 2.7.6 No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties.
- 2.7.7 The Participant shall observe and comply with all applicable federal, state and District statutes, ordinances, regulations, rules, directives, and laws. Projects funded by the FARMER Program must be included when defining the size of the fleet for determining regulatory compliance. Throughout the project implementation period as specified in section 2.7.1, projects must not be used to generate credits or compliance extensions, and must be included when determining the size of the fleet for determining regulatory requirements. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of California. If a provision of this Agreement violates any applicable law or regulation, that provision will be stricken from the Agreement, and all other provisions will remain in full force. Any action or proceeding arising out of this Agreement shall be filed in a state court located in Sutter County or federal court located in Sacramento, California.
- 2.7.8 No performance rendered or payment due under this Agreement may be delegated or assigned without the written consent of all the parties hereto. If the Participant assigns any of its rights or obligations under this contract, all of the terms and conditions of this contract shall apply to the Participant's assignee. This Agreement will bind the successors of the District and Participant in the same manner as if they were expressly named.
- 2.7.9 This Agreement may be terminated by the District upon thirty (30) days written notice if the Participant fails to meet any of the obligations established in this Agreement or outlined in the FARMER Program Guidelines, the Carl Moyer Program guidelines, or the Health and Safety Code. The District may also terminate this Agreement upon ten (10) days written notice if: (i) the District does not receive all or a portion of the revenues identified in Paragraph 2.6; or (ii) funds are not specifically appropriated for this Agreement in the District's final budget prior to the expiration of the Agreement and any extensions thereto. If the Agreement is terminated for noncompliance, the Participant will refund the entire incentive paid by the District. The APCO may, at his or her discretion, waive the refund or allow the Participant an opportunity to cure its failure to meet the Agreement obligations. Additionally, the District and/or CARB may seek all available remedies under the law for breaches of any Agreement provisions, FARMER Program requirements, Carl Moyer Program requirements, or the California Health and Safety Code.
- 2.7.10 The Participant may not sell or encumber the equipment described in Exhibit A without the written consent of the District.
- 2.7.11 The District has made no representations or guarantees to the Participant regarding the quality, condition, or proposed use of the low emission vehicle and engine technology funded under this Agreement or the effects of such technology on the normal operations of the Participant.
- 2.7.12 If either of the events listed in this paragraph occur, the Participant must notify the District within 30 days of the date Participant knows, or reasonably suspects, that the event has occurred or is likely to occur:
 - (i) The Participant suffers a catastrophic loss; or
 - (ii) The Participant files for bankruptcy; or
 - (iii) Any other event has occurred or is likely to occur that could impair the Participant's ability to perform the conditions of this Agreement.

2.7.13 Correspondence between the District and Participant should be addressed to the following:

To District	To Participant
Carl Moyer Staff Feather River AQMD 541 Washington Avenue Yuba City, CA 95991 Phone: (530) 634-7659 FAX: (530) 634-7660 Email: sspaethe@fraqmd.org	Participant Company Name (if applicable) Address Phone: Email:

The address and/or contacts may be changed only by written notice to the other party. Such written notice may be given by mail or personal service.

2.7.14 This Agreement consists of the following:

- (i) Participant Agreement
- (ii) Exhibit A – Vehicle/Engine Information and Performance Requirements

If any provision of this agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulations governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the agreement to either party is lost, the agreement may be terminated at the option of the affected party. In all other cases, the remainder of the agreement shall continue in full force and effect.

DISCLOSURE AGREEMENT: The undersigned represents and warrants that neither the Participant nor any representative of the Participant has received other incentive funding for the same engine(s), equipment, and/or vehicle(s) detailed in Exhibit A. The undersigned further warrants that neither the Participant nor any representative of the Participant will submit another application, sign another contract, or receive other incentive funding from any other source of funds, including but not limited to other air districts or multidistrict funding under the Carl Moyer Program for the same engine(s), equipment, and/or vehicle(s) detailed in Exhibit A.

Any owner or owner's designee who is found to have submitted multiple applications or signed multiple contracts for the same engine(s), equipment, and/or vehicle(s) shall, at a minimum, be disqualified from funding for that engine(s) from all sources, may be required to reimburse the public agencies for any monies received, and may also be banned from submitting future applications to any and all Program solicitations. In addition, as a violation of law, including but not limited to the Health and Safety Code and Business and Professions Code, ARB and the districts may levy fines and/or seek criminal charges.

The undersigned representative of Participant has read and agrees to comply with all terms and conditions in this Agreement and also affirmatively states that he or she has legal authority to bind Participant to the terms and conditions of this Agreement.

Approved by Participant:

_____ **Date:** _____
Participant

Approved by the Feather River Air Quality Management District:

_____ **Date:** _____
Christopher D. Brown, AICP
Air Pollution Control Officer

EXHIBIT A

Vehicle/Equipment Information Form and Performance Requirements

Equipment: Off-Road

Project Type: Replacement

County(ies) Where Vehicle/Equipment/Engine Currently Operates:

County:	Sutter
Main Location of Operation (include cross streets)	

Annual Vehicle/Equipment Usage Information (be able to prove mileage/hours)

	Within the Yuba and Sutter Area	Outside of Yuba or Sutter Area	Total Operation
Miles/Hours	XXX	XXX	XXX

Existing Vehicle/Equipment Information

Make:	Model:	Model Year:	GVWR: N/A
Identification Number:	Fleet Identification Number: N/A	License Plate: N/A	Odometer: N/A

Existing Engine Information

Make: Ford	Model:	Model Yr:	Serial Number:	HP:	Hour Meter:
Fuel Type: Diesel					

New or Replacement Vehicle/Equipment Information

Make:	Model:	Model Year:	GVWR: N/A
Identification Number: N/A	Fleet Identification Number: N/A	License Plate: N/A	Odometer: N/A

New Engine or Retrofit System Information

Make:	Model:	Model Yr:	Serial Number: N/A	HP:	NOx Cert: Final Tier 4
Fuel Type: Diesel					

PERFORMANCE REQUIREMENTS

The below listed vehicle/equipment(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 2.5 of this Agreement

Minimum Usage (hours, miles, or years)	Anticipated Annual NOx Reduction (tons)	Payback Requirement per Hour/Mile	Maximum Incentive Amount
	0.03	Based on length of time per section 2.5	\$XXXXXXX.00

FRAQMD Check Request Form

Project Number: _____

Grantee: _____

Address: _____

Request Amount: _____

Fund:

Salvage Confirmed _____

By: _____

Invoice Number: _____

Received on: _____

Check Number: _____

Check Amount: _____

Check Date: _____

Grant Staff Signature:
(sign after fill the project information listed above and
before submit to the administrative staff)

Date:

Administrative Staff Signature:
(sign after fill the check information listed above and

Date:

Note:

1. The Administrative staff shall return this form to the Grant Program staff after completing the above procedures.

Feather River Air Quality Management District

OFF-ROAD ZERO-EMISSIONS UTV REPLACEMENT PROGRAM

The Off-Road Zero-Emissions (ZE) UTV Replacement Program is a project category allowable under the Funding Agricultural Reduction Measures for Emissions Reductions Program or FARMER. The Zero-Emission Agricultural UTV is a project category intended to encourage and accelerate the use of off-road, zero-emission UTVs in agricultural operations by providing grant incentives for the purchase of new zero-emission vehicles. The Zero-Emission Agricultural UTV Project would provide incentives to for up to 65 percent of the cost a new zero-emission UTV to qualified individuals, businesses, public agencies and entities, and non-profit organizations involved in agricultural operations.

I. Projects Eligible for Funding

UTV Replacement projects must meet the following general eligibility requirements:

- **New:** The UTV must be a new UTV, as defined in the California Vehicle Code Section 430, meaning a vehicle constructed entirely from new parts that has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory, or possession of the United States, or foreign State, province, or country.
- **Zero-Emission:** The UTV must emit zero tailpipe emissions from its onboard source of power (such as all electric or hydrogen fuel cell vehicles) and may not undergo any modification that would allow propulsion by any other means.
- **UTV Specifications and Performance Thresholds:** Eligible UTVs must have a towing capacity of 500 pounds or greater and total vehicle weight of 700 pounds or greater.
- **Warranty Provisions:** The warranty must be 1-year minimum length or 1600-hour powertrain warranty that includes parts and labor. The vehicle drivetrain, including applicable energy storage tanks or battery packs, must be covered by a manufacturer warranty.
- The emission reductions from the project must not be required by any local, state, and/or federal rule, regulation, or other legally binding requirement.
- Equipment purchased before a Grant Agreement for the project is fully executed is not eligible for funding.
- Applicants that do not provide credible records to document the previous two year's amount of historical operation in Yuba or Sutter Counties are not eligible for funding.

II. Maximum Eligible Funding Amounts

New or used equipment purchase is eligible for up to 65 percent of total equipment purchase costs, up to \$13,500.

III. Vehicle Requirements

a). Existing (Old) Vehicle Requirements

- 1) The old equipment can be an ATV or UTV.
- 2) Tractors with less than 25 horsepower are also eligible for replacement.
- 3) The old vehicle may be gasoline or diesel fueled.
- 4) The applicant must have owned and operated the old vehicle in California for the previous two years and used the old vehicle for agricultural purposes. The applicant must provide a copy of the original Bill of Sale for the old equipment. If the Bill of Sale is not available, a private party bill of sale may be accepted. Other documentation that may be accepted:
 - a. Maintenance/service records
 - b. General ledgers
 - c. Other documentation (subject to approval)
- 5) Applicants must submit documentation of annual usage and operational status of the old vehicle. The applicant must provide:
 1. Annual Usage: Must estimate usage for the previous 24 months. It is optional to provide 24 months of complete historical usage.
 2. .
 3. Operational Status: At least one item from the following list:
 - a. Preventative maintenance records tied to specific hours of equipment use.
 - b. Repair work orders specific to the equipment.
 - c. Other documentation approved by District/ARB.
 4. If available, documentation that shows equipment usage for the previous 24 months.

b. Replacement Equipment Requirements

- 1) The replacement equipment must emit zero tailpipe emissions from its onboard source of power (such as all electric or hydrogen fuel cell vehicles), and may not go under any modification that would allow propulsion by any other means.
- 2) The replacement UTV must have a towing capacity of 500 pounds or greater and a total weight of 700 pounds or greater.
- 3) Only the minimum attachments normally sold with the original equipment, as determined by the District, are eligible for funding on the replacement equipment.

Incentive funding can only be used to pay for items essential to the operation of the equipment.

- 4) The new UTV must have a manufacturer's warranty that is covered for at least 1 year. The warranty must cover the vehicle drivetrain, applicable energy storage tanks or battery packs. Warranty documentation must be provided to the District. The cost to purchase an extended warranty is not eligible for funding.
- 5) No funds will be issued for maintenance or repairs related to the operation of the equipment. The participant takes sole responsibility for ensuring that the equipment is in operational condition throughout the agreement period.
- 6) If the applicant obtains financing to assist in the purchase of replacement equipment, documentation of financing must be provided to the District. No more than the applicant's share of the cost of the equipment may be financed. Documentation of financing can be a document showing the lender and the amount loaned, which at a minimum is a copy of the check given to the dealer equal to the portion of the project that was not Moyer funded.

c. Existing Vehicle Destruction Requirements

The UTV replacement program requires the existing vehicle to be destroyed. The existing vehicle will be destroyed at an approved salvage yard with a signed Dismantler Agreement with the District.

The participant must surrender the old vehicle to the salvage yard within 30 days of receiving the new equipment unless receiving case by case approval from the District. The Participant will complete and submit the Salvage Certification Form to the District. The dismantler must destroy the engine and chassis according to the terms in the Dismantler Agreement and submit documentation to the District within 60 days of the participant receiving new equipment.

IV. District Administrative Requirements

The District staff will implement the UTV Replacement Program using the following administrative procedures:

- A. The District's request for proposals (RFP) will solicit applications for off-road equipment replacement projects along with the other FARMER Program categories listed in the District's Policies and Procedures Manual. Each application will be evaluated and ranked in accordance with the District's Policies and Procedures Manual. UTV replacement project applications will compete for funding with all project applications. Only one application per person or operation will be accepted per funding cycle. If applications share a common owner, contact person, physical or mailing address, tax id number, insurance policy, or any other document deemed by the District to show a common owner, then they are considered the same operation.
- B. The District staff will work with equipment dealers and/or applicants to complete the UTV Replacement Project Application (available at www.fraqmd.org/), and

may develop additional forms if necessary to collect all information, records, and price quotes necessary to evaluate the proposal and to populate the data fields in the reporting spreadsheet.

- C. The District staff will evaluate each proposal to verify its eligibility and cost-effectiveness in accordance with the District's Policies and Procedures Manual and the FARMER Program Guidelines. As part of the evaluation, staff will conduct a pre-inspection of the old equipment. The UTV pre-inspection form will be used.
- D. A Grant Agreement will be executed for each UTV replacement project that competes successfully in the RFP process and is approved by the District's Air Pollution Control Officer.
- E. Upon delivery of the new equipment to the grant participant will notify the District. District staff will schedule and conduct a post-inspection. The ORERP post-inspection form will be used. After verification that the equipment is eligible for grant funding, District staff will notify the participant in writing that they have 30 days to surrender the old UTV to a District approved scrapyard.
- F. Payment will be processed once the District confirms the following: approved destruction of old equipment, approved pre-inspection, approved post-inspection, approved invoice, passed compliance checks, and confirmed submittal of W-9. All payments will be issued to the applicant. Two party checks may be issued to both the applicant and dealer if requested by the parties.
- G. Monitoring and enforcement of Grant Agreements is covered in Section XII of the District's Carl Moyer Policies and Procedures Manual.

The District will provide all necessary forms.

(4) After receiving a tentative award letter, the Participant will schedule a time and place for the District to pre-inspect and to verify the identity, operation, and condition of the old vehicle. The Dealer is welcome to attend the pre-inspection, however it is not required.

(5) After the Grant Agreement is executed, the District staff will notify the Dealer and Participant to order the replacement equipment. The District shall provide the Dealer with the grant award amount.

(6) After the delivery, the Grantee, the Participant will schedule a time and place for the District to inspect and verify the identity, operation, and condition the replacement UTV.

(7) The Dealer shall submit copies of itemized invoices, warranty information, and financing information, to the District.

(8) The Dealer will use only OEM certified parts for any repairs to any motor or UTV covered under the District Program.



Serving Sutter and Yuba Counties

541 Washington Avenue
Yuba City, CA 95991
(530) 634-7659
FAX (530) 634-7660
www.fraqmd.org

Christopher D. Brown, AICP
Air Pollution Control Officer

Process of the FRAQMD Off-Road Zero-Emissions UTV Equipment Replacement Program

1. Turn in Application.
2. Receive notice that Application is complete.
3. Receive tentative award letter.
4. Return completed questionnaire to District staff via physical mail, email, fax, or drop off at the District office.
5. Call District to accept tentative award and schedule pre-inspection.
6. During pre-inspection the District will photograph the old vehicle, witness it start up and move forward and backward, and record the serial numbers. (OPTIONAL): Participants may bring the equipment to the District to be inspected and verify operational status.
7. After the District receives the grant money from the California Air Resources Board, the District mails you the contract agreement. Read and sign both copies and return both copies back to the District.
8. After both signed contract agreements are returned, the District's Air Pollution Control Officer will sign both copies. After the contract agreement has been signed by all parties a copy will be mailed to you. The grant participant can now order the new UTV.
9. Once the new UTV is delivered, the participant must contact the District to schedule an inspection.
10. The District inspector will record new UTV serial number, make, model, and take photographs during the post inspection.
11. After verification that the UTV inspected matches the contract and is eligible for grant funding, District staff will notify the participant in writing that they have 30 days to surrender the old vehicle to a District approved scrapyards and return the salvage certification form.
12. After the District confirms that the old vehicle has been destroyed, and has received your W-9, we will request your check. The check should be available in about two weeks.
13. We prefer that you pick up your check at the District office.
14. The first annual report will be mailed in January of the following year. It is due by March 31st each year that the UTV is under contract.