


# air pollution control district

SANTA BARBARA COUNTY

Agenda Date: December 19, 2019  
Agenda Placement: Admin  
Estimated Time: N/A  
Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Jim Fredrickson, Supervisor, Planning Division (805-961-8892)

SUBJECT: Funding Agricultural Replacement Measures for Emission Reductions Program

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### RECOMMENDATION:

Adopt the attached resolution resulting in the following actions:

1. Authorize the District's continued participation in the California Air Resources Board's Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program; and
2. Delegate authority to the Control Officer to enter into a grant agreement with the California Air Resources Board for the FARMER Program, subject to review and approval by District Counsel, Risk Management and the Auditor-Controller.

### BACKGROUND:

In May 2019, through District Board Resolution 19-05, your Board approved District participation in Year 2 of the California Air Resources Board's (CARB) Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. The District is implementing the second year of the FARMER program as part of the District's 2019 Clean Air Grants program, and is currently working on encumbering the full grant allocation to agricultural incentive projects.

For the state's Fiscal Year (FY) 2019-20 budget, the legislature allocated \$65 million to CARB to continue the FARMER incentive program to help achieve the state's emission reduction goals for the agricultural sector. This funding comes from the state's Greenhouse Gas Reduction Fund.

Aeron Arlin Genet, Air Pollution Control Officer

## **DISCUSSION:**

The state's FY 2019-20 FARMER program tentative funding allocation for Santa Barbara County is \$317,390. The District may use up to 12.5% (\$39,674) of the FARMER Program funds for the administration and implementation of the program in Santa Barbara County. The District applied to CARB for the FARMER Year 3 funds on October 30, 2019 and requested the full tentative allocation amount. If additional funds become available, the District also requested additional funds up to an amount of \$1,000,000. Upon Board approval, the District will use these funds in our 2020 Clean Air Grants program for off-road equipment and agricultural pump replacements, specifically in low-income communities as identified in the CalEnviroScreen 3.0 model<sup>1</sup> and California Assembly Bill 1550<sup>2</sup>. The CARB Board approved the FARMER program guidelines on March 23, 2018 and the District will continue to follow these guidelines for program implementation with an existing FARMER policy and procedure manual. The District will also continue performing countywide outreach prior to solicit projects for these funds, including a presentation at a future Santa Barbara County Agricultural Advisory Committee monthly meeting, meetings with equipment dealers, email noticing, news releases, the District website, and other events.

## **FISCAL IMPACTS:**

Approval of the District's participation in CARB's FARMER program will allow the receipt of tentatively \$317,390, and possibly more, that will be included in the District's Fiscal Year 2020-21 proposed budget, with a portion of that funding (12.5%, \$39,674) available to cover the District's administrative work to implement the FARMER grant program. The District is not required to provide any local matching funds to receive these CARB funds. CARB requires that the FARMER funds be fully expended by June 30, 2023.

## **ATTACHMENT:**

- 1) Board Resolution for Continued Participation in the FARMER Program

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<sup>1</sup> The California Communities Environmental Health Screening Tool (CalEnviroScreen), developed by the California Office of Environmental Health Hazard Assessment, identifies California communities by census tract that are disproportionately burdened by, and vulnerable to, multiple sources of pollution.

<sup>2</sup> California Assembly Bill 1550 places additional allocation requirements for the California Greenhouse Gas Reduction Fund to benefit low-income communities.

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE SANTA BARBARA COUNTY  
AIR POLLUTION CONTROL DISTRICT**

IN THE MATTER OF PARTICIPATION IN  
THE FUNDING AGRICULTURAL  
REPLACEMENT MEASURES FOR  
EMISSION REDUCTIONS PROGRAM

APCD RESOLUTION NO. \_\_\_\_\_

**RECITALS**

**WHEREAS**, Santa Barbara County Air Pollution Control District (District) Resolution 19-05 approved the District's participation in Year 2 of the California Air Resources Board's Funding Agricultural Replacement Measures for Emission Reductions Program (Program), and the acceptance of California Fiscal Year 2018-19 funds allocated to the District for eligible projects and program administration in accordance with the terms and conditions of a Year 2 Program grant agreement with the California Air Resources Board; and

**WHEREAS**, the District was allocated \$644,069 in funding for Year 2 of the Program, and is in the process of reviewing eligible projects for that funding allocation; and

**WHEREAS**, the California Air Resources Board developed Program guidelines to meet the state's emission reduction goals. These Program guidelines identify that projects eligible under Carl Moyer Memorial Air Quality Standards Attainment Program are eligible for funding under the Program, provided they are engaged in agricultural operations and are considered cost-effective according to the Carl Moyer Program. The Program guidelines also include additional types of agricultural projects that qualify for incentives; and

**WHEREAS**, District Board Resolution 09-14 delegates authority to the Air Pollution Control Officer to execute individual grant agreements that meet specified parameters, including authorized overall grant program with an authorized overall budget, established cost-effectiveness limit, and the use of a standard District grant agreement; and

APCD RESOLUTION IN THE MATTER OF PARTICIPATION IN THE  
FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION  
REDUCTIONS PROGRAM

**WHEREAS**, District Board Resolution 18-03 establishes cost-effectiveness limits for authorized Innovative Technology Group Carl Moyer Programs; these limits are occasionally updated by the District Board; and

**WHEREAS**, California Assembly Bill 74 allocated \$65 million from the state budget for California Fiscal Year 2019-20 to the California Air Resources Board for the reduction of criteria, toxic, and greenhouse gas emissions from the agricultural sector. This Year 3 Program funding is derived from the California Greenhouse Gas Reduction Fund; and

**WHEREAS**, the District submitted an application to the California Air Resources Board on October 30, 2019 requesting Year 3 Program funds to implement projects in Santa Barbara County's low-income communities pursuant to the Program guidelines. The California Fiscal Year 2019-20 tentative Year 3 Program funding allocation for the District is \$317,390. The District has requested the full tentative allocation amount, and additional funds up to a total amount of \$1 million if available; and

**WHEREAS**, the District may use up to 12.5% of the Program funds for administrative costs of implementing the Program and is not required to provide local match funds; and

**WHEREAS**, the Program funds must be expended by June 30, 2023.

**WHEREAS**, the Year 3 Program funds allocated to the District will be included in the District's budget proposal for Fiscal Year 2020-21.

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, as follows:

1. The Board hereby approves the Santa Barbara County Air Pollution Control District's (District) participation in Year 3 of the California Air Resources Board's Funding Agricultural Replacement Measures for Emission Reductions Program, and the acceptance of funds up to \$1 million allocated and awarded to the District for eligible projects and program administration in accordance with the terms and conditions of a Program grant agreement with the California Air Resources Board.

APCD RESOLUTION IN THE MATTER OF PARTICIPATION IN THE  
FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION  
REDUCTIONS PROGRAM

2. The District Board hereby delegates authority to the Air Pollution Control Officer to execute, on behalf of the District, Program grant agreements with the California Air Resources Board, subject to review and approval by District Counsel, Risk Management and the Auditor-Controller, and all other necessary documents to implement and carry out the purposes of this resolution. A draft of the terms and conditions for the Program grant is included as Attachment 1 to this resolution.

APCD RESOLUTION IN THE MATTER OF PARTICIPATION IN THE  
FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION  
REDUCTIONS PROGRAM

**PASSED, APPROVED AND ADOPTED** by the Air Pollution Control District Board of  
the Santa Barbara County, State of California, this 19<sup>th</sup> day of December, 2019, by the following  
vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY  
AIR POLLUTION CONTROL DISTRICT

**ATTEST:**

AERON ARLIN GENET  
Clerk of the Board

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Chair

Date \_\_\_\_\_

**APPROVED AS TO FORM:**

MICHAEL C. GHIZZONI  
Santa Barbara County Counsel

By *Rachel Jo Miller*  
District Counsel

**APPROVED AS TO FORM:**

RAY AROMATORIO, ARM, AIC  
Risk Manager

By *[Signature]*  
Risk Manager

**APPROVED AS TO FORM:**

BETSY M. SCHAFFER, CPA  
Auditor-Controller

By *[Signature]*  
Deputy

**GRANT PROVISIONS**

- I. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the current Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines (Guidelines), any future approved Guidelines, and current and future Program Advisories and Mail-outs, including all provisions, roles, and responsibilities identified.
  
- II. The California Climate Investments (CCI) logo and name serves to bring under a single brand the many investments whose funding comes from the Greenhouse Gas Reduction Fund (GGRF). The logo represents a consolidated and coordinated initiative by the State to address climate change by reducing greenhouse gases, while also investing in disadvantaged communities and achieving many other co-benefits. The Grantee agrees to acknowledge the CCI program as a funding source from the California Air Resources Board’s FARMER Program whenever projects funded, in whole or in part by this grant agreement, are publicized in any news media, websites, brochures, publications, audiovisuals, or other types of promotional material. The acknowledgement must read as follows: ‘This publication (or project) was supported by the “California Climate Investments” (CCI) program.’ Guidelines for the usage of the CCI logo can be found at [www.arb.ca.gov/ccifundingguidelines](http://www.arb.ca.gov/ccifundingguidelines).



**III. Grant Summary and Amendments (if Applicable)**

Program Name: FARMER Program

Total Funding:<sup>1</sup> \$317,390.00

Greenhouse Gas Reduction Fund (GGRF) Amount: \$317,390.00

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<sup>1</sup> Assembly Bill (AB) 74 (Ting, Chapter 23, Statutes of 2019)

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### **IV. Grant Parties and Contact Information**

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

Evan Powers  
California Air Resources Board  
Mobile Source Control Division  
1001 I Street  
Sacramento, California 95814  
Phone: (916) 323-0002  
Email: [evan.powers@arb.ca.gov](mailto:evan.powers@arb.ca.gov)

- C.** The Grantee Liaison is Jim Fredrickson. Correspondence regarding this project shall be directed to:

Jim Fredrickson  
Supervisor, Planning Division  
Santa Barbara County Air Pollution Control District  
260 N. San Antonio Road, Suite A  
Santa Barbara, California 93110  
Phone: (805) 961-8892  
Email: [fredricksonj@sbcapcd.org](mailto:fredricksonj@sbcapcd.org)

### **V. Time Period**

- A.** Performance of work or other expenses billable to CARB under this grant may commence after full execution of this grant by both parties. Performance on this grant ends once the Grantee has submitted the final report or if the grant is terminated, whichever is earlier.
- B.** The FY 2019-20 FARMER Program funds specified in this grant agreement must be disbursed by CARB no later than May 30, 2023 and funds must be liquidated by the Grantee no later than June 30, 2023. Final disbursement requests must be received by CARB no later than **March 30, 2023** to ensure adequate time for processing prior to the end of the fiscal year.
- C.** Funds not liquidated by June 30, 2023 must be returned by **August 15, 2023**. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.



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- D.** CARB Executive Officer retains the authority to reduce the dollar amount of this grant as stipulated in Section VII.H, Procedure for Interdistrict Redirection of Grant Funds, or reduce the dollar amount of future grants, if the Grantee is unable to adhere to the schedule in Section VI.B.6.a, Project Schedule.
- E.** CARB Executive Officer retains the authority to terminate this grant for non-performance. In the event of such termination or reduction of the grant amount, Section VIII, Termination and Suspension of Payments, of these provisions shall apply.

### **VI. Duties And Requirements**

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

#### **A. California Air Resources Board**

CARB is responsible for the following:

1. Updating and maintaining the FARMER Program Guidelines, as needed.
2. Participating in regular meetings with the Grantee to discuss project refinements and guide project implementation.
3. Reviewing project elements provided by the Grantee, such as the semi-annual and annual reports.
4. Reviewing and approving Grant Disbursement Request Forms and distribute project and project implementation funds to the Grantee.
5. Providing project oversight and accountability (in conjunction with the Grantee).
6. Submitting semi-annual reports on projects funded through GGRF to the California Climate Investments Reporting and Tracking System (CCIRTS).

#### **B. The Grantee**

The Grantee is responsible for implementation of the FARMER Program as described in the Board-approved FARMER and Carl Moyer Program Guidelines, any future approved FARMER and Carl Moyer Program Guidelines, and current and future Program Advisories and Mail-outs. The purpose of the FARMER Program is to reduce criteria pollutants, toxic air contaminants, and greenhouse gas emissions from the agricultural sector by providing incentives to fund vehicle

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and equipment projects that are used in agricultural operations.

The Grantee's minimum duties and requirements include: program development (e.g., developing application materials and conducting outreach); implementing eligible projects (e.g., review project applications, select eligible projects, and distribute payments to program participants); providing program oversight; establishing and maintaining project records; reporting to CARB; monitoring projects; meeting with CARB, as needed; and other duties, as required.

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

### 1. Program Development

- a. Develop and use language-specific materials, which may be reviewed by CARB. Language-specific materials may include, but are not limited to, the following:
  - i. Project application;
  - ii. Outreach and education materials;
  - iii. Website;
  - iv. Eligibility requirements;
  - v. Terms and conditions;
  - vi. Frequently asked questions; and
  - vii. Contact information.
- b. Conduct public outreach, in consultation with CARB, to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities.<sup>2</sup> Outreach could include the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers.
- c. Advertise program availability, application materials, and pertinent deadlines (e.g. application deadlines, timeline for project evaluation, liquidation deadlines, and others) on the Grantee's website.
- d. Develop a FARMER Program Policies and Procedures Manual that describes the district's local implementation of the FARMER Program, including roles and responsibilities within the district and local application of FARMER Program policies. Grantee staff will review the manual at least once a year and make it available when requested by CARB staff or a member of the public. At a minimum, the manual will include the

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<sup>2</sup> <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>

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following elements:

- i. Roles and responsibilities within the air pollution control district for program implementation, including staff or positions responsible for: responding to CARB funding solicitations; evaluation, selection, and inspection of projects; and obtaining governing board approval for program participation and projects to be funded;
- ii. Identification of the project categories supported by the Grantee FARMER Program, and the schedule for solicitation and review of applications to be submitted under these project categories;
- iii. Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, or whether projects are selected in order of application receipt (first-come, first-served); and any procedures that vary by project category;
- iv. Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants;
- v. Where applicable, project selection procedures that ensure priority for funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016);
- vi. The method for calculating interest earned on FARMER Program funds held by the Grantee ;
- vii. Procedures for the Grantee to submit program invoices and receive payment, including itemization required to limit reimbursement to eligible costs, conditions for progress or partial payment, and practices for withheld payments pending participant reporting;
- viii. Methods the Grantee will use to verify the destruction of engines and equipment when required, consistent with FARMER Program Guidelines and current Carl Moyer Program Guidelines by source category;
- ix. Methods the Grantee will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information;
- x. Procedures, schedules, and required content for participant reports;
- xi. The types of acceptable documentation for establishing historical annual usage and procedures for considering and granting usage waiver requests, including supporting information to be provided by

## **DRAFT**

the participant;

- xii. Procedures for working with nonperforming participants to gain full compliance with contracts and program requirements;
- xiii. Any Grantee program requirements that are more stringent than those specified in FARMER Program Guidelines and Mail-Outs;
- xiv. Any CARB approvals of air district program elements that vary from those required by FARMER Program Guidelines and Mail-Outs, e.g., methods of ensuring engine or equipment destruction that vary from those specified in the Guidelines.

### 2. Project Implementation

- a. Ensure participating vehicle and equipment dealers, purchasers, and lessees meet all applicable FARMER Program requirements. Vehicles and equipment funded by the FARMER Program must meet all minimum eligibility requirements applicable to the project category, as described in the FARMER Program Guidelines. The Grantee must ensure all parties involved in a FARMER transaction are compliant with applicable criteria and procedures in current FARMER and Carl Moyer Program Guidelines, any future approved FARMER and Carl Moyer Program Guidelines, current and future Program Advisories and Mail-outs, and this grant agreement.
- b. Use the criteria in the FARMER and Carl Moyer Program Guidelines to review and approve or disapprove project requests and document this process in each project file.
- c. Properly notify applicants of selection results in line with funding guidelines.
- d. Provide incentive amounts consistent with the FARMER Guidelines.
- e. For projects subject to destruction or “scrap” requirements, vehicle and/or engine destruction and verification and any revenues generated from the destruction must be conducted using the appropriate procedures identified in the Carl Moyer Program Guidelines.<sup>3</sup>

### 3. Program Oversight

- a. Track projects for vehicles and equipment in and benefitting AB 1550 populations in a manner directed by CARB.

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<sup>3</sup> <https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>

## **DRAFT**

- b. Develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, project, and funding source (i.e., GGRF).
  - c. Ensure compliance with applicable requirements of:
    - i. Current FARMER Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs;
    - ii. Current Carl Moyer Program Guidelines and any future approved Carl Moyer Program Guidelines, and current and future Program Advisories and Mail-Outs; and
    - iii. Current GGRF Funding Guidelines and any future approved GGRF Funding Guidelines.
4. Establish And Maintain Project Records

As further described below, project records include, but are not limited to, Grantee and financial records. All project records must be retained until 1 year after completion of the final project contract or December 31, 2031, whichever comes later. The Grantee must store all records in a safe and secure storage facility that maintains confidentiality (see Section X, General Provisions, for more information). All project records are subject to audit pursuant to Section X, General Provisions, of this grant agreement.

- a. Grantee Record: The Grantee must retain a file for the FARMER Program containing:
  - i. Original executed copy of the grant agreement and grant agreement amendments (if applicable);
  - ii. Copies of Grant Disbursement Request Forms;
  - iii. Documentation of earned interest generation and expenditure;
  - iv. All semi-annual reports;
  - v. All project applications received, including approved applications and applications for projects that did not receive funding;
  - vi. Invoices from project participants for reimbursable items;
  - vii. Annual project reports from funding recipients that includes, but is not limited to, annual usage data, when applicable; and

## ***DRAFT***

- viii. All other information that documents all aspects of the project.
- b. Financial Record: Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:
  - i. Establish an official file for the FARMER Program, which shall adequately document all significant actions relative to the project;
  - ii. Establish separate accounts, which will adequately and accurately depict all amounts received and expended on FARMER projects;
  - iii. Establish separate accounts, which will adequately and accurately depict all income received which is attributable to the FARMER Program, including interest accrued on funds held by the District; and
  - iv. Establish an accounting system, which will adequately depict final total costs of the FARMER Program, including both direct and indirect costs.

### 5. Reporting

#### a. Reporting Schedule

The Grantee must submit reports to CARB in accordance with the following schedule. With exception of Report 1, Reports 2 through 7 shall be submitted semi-annually.

- i. Report 1: Covers grant execution through March 31, 2020 with the report due April 30, 2020;
- ii. Report 2: Covers April 1, 2020 through September 30, 2020 with the report due October 31, 2020;
- iii. Report 3: Covers October 1, 2020 through March 31, 2021 with report due April 30, 2021;
- iv. Report 4: Covers April 1, 2021 through September 30, 2021 with the report due October 31, 2021;
- v. Report 5: Covers October 1, 2021 through March 31, 2022 with the report due April 30, 2022;

## ***DRAFT***

- vi. Report 6: Covers April 1, 2022 through September 30, 2022 with the report due October 31, 2022; and
- vii. Report 7: Covers October 1, 2022 through March 31, 2023 with the report due April 30, 2023.

Semi-annual reports must be submitted through April 30, 2023, or until all funding has been liquidated, whichever comes first. These reports may also be used to accompany grant disbursement requests.

### **b. Reporting Requirements**

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

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

### **c. Close-Out Reporting**

Once all funding has been liquidated, the Grantee must notify CARB when submitting their final semi-annual report. Upon CARB's approval of the

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Grantee's semi-annual report showing that all funding has been liquidated, the Grantee must provide the following:

- i. An original, signed certification from the Air Pollution Control Officer (APCO) or its designee stating that the project and fiscal information contained within the close-out report is, to the best of their knowledge, accurate and complete. The APCO must also certify that the district will continue to monitor any contracted projects through the completion of their contracted project life.
- ii. A summary of additional funds available to the FARMER Program. The summary must include, but is not limited to, the following sources:
  - 1) Funds recaptured from liquidated projects, including funds provided back to the Grantee following CARB enforcement actions, identified by project name and funding year.
  - 2) Non-grant revenue earned for the FARMER Program by the Grantee, such as from the sale of scrapped engines or equipment.
- iii. A list of any projects identified as non-performing and a brief narrative of any related enforcement actions.

### **6. Project Monitoring**

#### **a. Project Schedule**

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

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



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**Table 1: Project Schedule**

<b>Date</b>	<b>Milestone</b>
June 30, 2021	50 percent of project funds under executed contracts <sup>4</sup>
December 31, 2021	75 percent of project funds under executed contracts
	25 percent of project funds liquidated <sup>5</sup>
June 30, 2022	100 percent of project funds under executed contracts
	50 percent of project funds liquidated
March 30, 2023	100 percent of project funds liquidated

Any funds not liquidated by June 30, 2023 must be returned to CARB by August 15, 2023, as described in Section V, Time Period.

**b. Ongoing Coordination and Review Meetings**

Ongoing Grantee coordination and review meetings with the CARB Project Liaison to discuss project status may be held as often as needed. Additional meetings may be scheduled at the discretion of the CARB Project Liaison. These meetings may be conducted by phone if deemed appropriate by the CARB Project Liaison. Project coordination and review meetings are the responsibility of the Grantee and should contain:

- i. Agenda for the meeting that includes the conference call information and issues to be discussed during the project update meeting;
- ii. Project status update;
- iii. Discussion of any difficulties encountered since the last project update meeting;
- iv. Cover the project timeline and steps needed to maintain the project timeline;
- v. Discussion of project milestones and upcoming deliverables;

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<sup>4</sup> An “executed contract” is a legally binding contract signed by the local air district, Air Pollution Control Officer, or other air district designated representative, and the funding recipient to fund an eligible engine, equipment, or vehicle project that will reduce emissions.

<sup>5</sup> Liquidate means to spend all moneys for a specified fiscal year to reimburse funding recipients for valid and eligible project invoices and air district project implementation costs. For a specific project, liquidation refers to all funded equipment as paid in full and operational.

## ***DRAFT***

- vi. Notification of any pending disbursement requests; and
- vii. Scheduling the next project update meeting.

### c. Site Visits

Site visits may be conducted by the CARB Project Liaison during the term of the grant. Site visits may include reviewing ledgers and project files and conducting a program review.

### d. Technical Monitoring

- i. Any changes in the scope or schedule for the project requires the prior written approval of the CARB Project Liaison and may require an amendment to the grant agreement.
- ii. The Grantee must notify the CARB Project Liaison in writing immediately, if any circumstances arise (technical, economic, or otherwise), which might jeopardize the expenditure of the funds.
- iii. In addition to semi-annual reports (discussed in Section VI.B.5., Reporting), the Grantee must provide information requested by the Project Liaison that is needed to assess progress during the grant agreement timeline.

## 7. Other Duties

- a. Monitor projects, as required in Carl Moyer Program Guidelines, for the life of the project.
- b. Provide data updates or project records to CARB upon request.
- c. Respond promptly to legislative requests.
- d. Closely communicate with CARB to ensure that the most current project and equipment eligibility list is being used.
- e. Respond to public inquiries regarding FARMER, including providing data summaries to the public in response to data requests.

## **VII. Fiscal Administration**

### **A. Budget**

1. The maximum amount of this grant is \$317,390.00, with \$277,716.00 for project funding and up to \$39,674.00 for project implementation costs. Under no circumstance will CARB reimburse or otherwise distribute funds to the Grantee more than this amount. A written grant agreement amendment is required whenever there is a change to the amount of this grant.
2. Project implementation funding may be reallocated to project funding in the event that the Grantee requests less funding for project implementation than the amount stated in the budget.
3. CARB reserves the right to redirect funds from the Grantee and reallocate to other districts with demand, pursuant to the schedule in Section VI.B.6.a, Project Schedule, following the process outlined in Section VII.H, Procedure for Interdistrict Redirection of Grant Funds, or in the event that the Grantee informs CARB in a written letter that it will not be able to meet expenditure deadlines.
4. In the event of non-performance or termination, CARB shall require full recovery of the funds that have not been liquidated by transfer upon the Grantee's accounts. The Grantee must provide fund transfer information within 45 days upon receipt of notice.

### **B. Program Funding**

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

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

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

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### **C. Disbursement Schedule**

FARMER Program funding may be disbursed as follows, if the requirements listed in Section VII.E, Advance Payment, are satisfied:

1. Once 75 percent of fiscal year 2018-19 FARMER Program funds is under executed contracts, the Grantee may request up to 50 percent for the initial disbursement with proper documentation; and
2. Once 50 percent of the previous disbursement of project funds is under executed contracts, the Grantee may request up to 50 percent or the remaining balance of program funds, whichever is less, with proper documentation.

With each disbursement request, the Grantee must provide documentation as required in Section VII.D., Grant Disbursements. Requests for project funds not yet under executed contracts with participants require a completed Grantee Advance Payment Request Form and a list of projects that the Grantee intends to fund with the disbursement. CARB will disburse project funds for the amount documented in the project list and a proportional amount of project implementation funds, up to the maximum amount specified in the above disbursement schedule.

In no event shall the Grantee receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be returned to CARB within 45 days of the end of the grant term.

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

### **D. Grant Disbursements**

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

## ***DRAFT***

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

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

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

### **E. Advance Payment**

Consistent with the Legislature's direction to expeditiously disburse grants, CARB in its sole discretion may provide advance payments of grant awards in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

Grantee acknowledges that CARB is in the process of promulgating additional Advance Payment regulations. Grantee agrees that this Agreement may be reopened and modified to comply with those regulations once finalized, as appropriate.

Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments. CARB may provide advance payments to grantees of a grant program or project if CARB determines all of the following:

1. The advance payments are necessary to meet the purposes of the grant project.
2. The use of the advance funds is adequately regulated by grant or budgetary controls.
3. The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.

## ***DRAFT***

4. The Grantee is either a small air district or the Grantee meets all of the following criteria:
  - a. Has no outstanding financial audit findings related to any of the moneys eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.
  - b. Agrees to revert all unused moneys to CARB if they are not liquidated within the timeline specified in the grant agreement.
  - c. Submits a spending plan to CARB for review prior to receiving the advance payment.
  - d. The spending plan shall include project schedules, timelines, milestones, and the Grantee's fund balance for all state grant programs.
  - e. CARB shall consider the available fund balance when determining the amount of the advance payment.
  - f. Reports to CARB any material changes to the spending plan within 30 days.
  - g. Agrees to not provide advance payment to any other entity.
5. In the event of the nonperformance of the Grantee, CARB shall require the full recovery of the unspent moneys. A Grantee shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.
6. The Grantee must complete and submit to CARB for review and approval, an Advance Payment Request Form, along with each grant disbursement that is requesting advance payment. The Advance Payment Request Form shall be provided by CARB to the Grantee after the grant execution.
7. CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the Grantee's interim cash needs.
8. The Grantee assumes legal and financial risk of the advance payment.
9. Grantee shall place funds advanced under this section in an interest-bearing account. Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.

## **DRAFT**

10. Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit semi-annual fiscal accounting reports consistent with Section VI.B.5, Reporting, of this grant agreement (also see Section VII.F, Earned Interest, of this grant agreement).
11. Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 45 days from June 30, 2023.

### **F. Earned Interest**

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

## **DRAFT**

### **G. Documentation of Project Implementation Funds**

1. Project implementation costs are defined in the FARMER Program Guidelines.
2. The Grantee must maintain documentation of all project implementation funds, including the following:
  - a. Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to project implementation;
  - b. Implementation funds for subcontractor(s) must be documented with copies of the contract and invoices;
  - c. Printing, mailing, records retention, and travel expenses must be documented with receipts and/or invoices;
  - d. Any reimbursement for necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB. CalHR's travel and per diem reimbursement amounts may be found online at <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee; and
  - e. If project implementation funds are used for indirect costs, the Grantee must document and describe how these costs are determined.
3. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for the life of the projects funded under this grant.

### **H. Procedure for Interdistrict Redirection of Grant Funds**

In the event that the Grantee falls behind schedule and is unable to resume the schedule shown in Section VI.B.6.a, Project Schedule, CARB reserves the right to redirect funds to other districts with demand and/or impact future allocations. To facilitate district-to-district redirection of FARMER Program funds and



## ***DRAFT***

ensure an appropriate audit trail when grant funds are redirected to another air district, the following conditions apply:

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

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

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

## **DRAFT**

### **IX. Oversight and Accountability**

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

### **X. General Provisions**

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

## **DRAFT**

related to such records. Further, the Grantee agrees to include similar right of the State to audit records and interview staff in any subgrant or subcontract related to performance of this agreement.

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

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

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

- I. Disputes:** The Grantee shall continue with the responsibilities under this grant agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this grant agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- J. Environmental justice:** In the performance of this grant agreement, the Grantee shall conduct its programs, policies, and activities that substantially

## **DRAFT**

affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.

- K. Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this grant agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.
- L. Force majeure:** Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this grant agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.
- M. Governing law and venue:** This grant is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this grant agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this grant agreement.
- N. Grantee's responsibility for work:** The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract for work on the Project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- O. Incorporated Documents:** The Grantee is authorized to administer a local program according to the requirements described in the following documents, which are incorporated as part of this grant agreement:
1. FARMER Program Guidelines and any future approved Guidelines, current Program Advisories and Mail-outs, and future Program Advisories and Mail-outs issued during the grant performance period; and
  2. Carl Moyer Program 2017 Guidelines and any future approved Carl Moyer Program Guidelines, current Program Advisories and Mail-outs, and future

## **DRAFT**

Program Advisories and Mail-outs issued during the grant performance period.

- P. Indemnification:** The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee.
- Q. Independent Contractor:** The Grantee, and its agents and employees, if any, in their performance of this grant agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
- R. Nondiscrimination:** During the performance of this grant agreement, the Grantee and its third party entities shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), sexual orientation, marital status, or allow denial of family care leave, medical-care leave, or pregnancy-disability leave. The Grantee and its third party entities shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this grant agreement.
- S. No third party rights:** The parties to this grant agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this grant agreement, or of any duty, covenant, obligation or undertaking established herein.
- T. Personally Identifiable Information:** Information or data, including, but not limited to, records that personally identify an individual or individuals are confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee must

## **DRAFT**

safeguard all such information or data which comes into their possession under this agreement in perpetuity, and must not release or publish any such information, data, or financing assistance records.

- U. Prevailing wages and labor compliance:** If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this grant agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- V. Professionals:** For projects involving installation or construction services, the Grantee agrees that only licensed professionals will be used to perform services under this grant agreement where such services are called for and licensed professionals are required for those services under State law.
- W. Severability:** If a court of competent jurisdiction holds any provision of this grant agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.
- X. Termination:** CARB may terminate this grant agreement by written notice at any time prior to completion of projects funded by this grant agreement, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this grant agreement.
- Y. Timeliness:** Time is of the essence in this grant agreement. The Grantee shall proceed with and complete the project in an expeditious manner.
- Z. Waiver of Rights:** Any waiver of rights with respect to a default or other matter arising under the grant agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this grant agreement are in addition to any other rights and remedies provided by law.