



NORTHERN
SONOMA COUNTY

Air Pollution Control District

Policies and Procedures

FARMER Grant Program

Updated September 2023

Compliant with 2018 FARMER Guidelines.

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Section I

Background

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

In recognition of the strong need and this industry's dedication to reducing their emissions, the State Legislature allocated \$135 million to the California Air Resources Board (CARB) from Fiscal Year (FY) 2017-18 through Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017). The Legislature directed the use of the monies to "reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations." CARB staff has developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature's objectives and help meet the State's criteria, toxic and greenhouse gas (GHG) emission reduction goals.

Funding for the FARMER Program is dependent on the State Legislature's annual budget and may vary from year to year.

The Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program, like the Carl Moyer Program, is intended to reduce emissions by replacing old, high polluting equipment with newer, cleaner equipment, earlier than would have been expected through normal attrition. FARMER is separate from the Carl Moyer Program, with distinct guidelines and limitations, but FARMER also adopts a large portion of the Moyer Guidelines by reference.

Prior to 2022, the Northern Sonoma County Air Pollution Control District did not receive its own FARMER funding allocation and had to compete in the FARMER Shared Allocation Pool, which is managed by Placer County Air Quality Management District. In 2022, the NSCAPCD received its own allocation, and therefore no longer participates in the shared allocation pool.

This document contains Policies and Procedures of the Northern Sonoma County Air Pollution Control District (NSCAPCD, or District) and is intended to provide an explanation of District policies with regard to local implementation of the FARMER Program. It also contains procedures for the District's day-to-day operation of the Program in order to meet the requirements of the Health and Safety Code, FARMER Program Guidelines, ARB Technical Advisories, and District policies and procedures.

The District's policies and procedures do not replace the FARMER Program Guidelines, but are intended to provide direction and procedures for the District's implementation of the FARMER Program. The appendix to these policies and procedures includes the application forms and important Program support documents. District staff refers to the ARB's FARMER Program Guidelines for detailed descriptions of procedures and requirements established by the ARB for the FARMER Program, and, when necessary, consult with ARB FARMER Program staff.

FARMER Program Guidelines and requirements continue to evolve, and the District's Policies and Procedures do not attempt to incorporate each of those requirements as such; however, they are incorporated by reference.

Section II

NSCAPCD FARMER Program: Local Structure and Implementation

This section is created specifically in concert with the FARMER funding grant provisions that include the required District policies and procedures. Other related elements and details about the District's FARMER Program are expanded upon in subsequent sections and Appendix of this Policy and Procedure Manual.

1) District Roles and Responsibilities

The District is comprised of (6) staff members: (1) Administrative Assistant, (1) Department Analyst, (1) Air Quality Engineer, (1) Assistant Air Quality Engineer, (1) Air Quality Specialist, and (1) Air Pollution Control Officer/Executive Officer.

The responsibility for implementation of the FARMER Program falls mainly on the Department Analyst, Administrative Assistant, and APCO. The Department Analyst also holds the working title of "Grants Program Manager." The Grants Program Manager is the primary point of contact for the District grant programs, including the Moyer and FARMER programs. The Grants Program Manager works under the direction of the APCO regarding FARMER Programs Implementation, including but not limited to: responding to

ARB funding solicitations; evaluating, selecting, and inspecting projects; and obtaining governing board approval for program participation and projects to be funded.

In order to ensure that the Moyer and FARMER Programs are covered in the event of the Grants Program Manager's absence, the Administrative Assistant and APCO are cross-trained in FARMER implementation. The remaining District staff are also capable of taking over some of the Program duties in the Grants Program Manager's absence.

It is the policy of the Grants Program Manager to have procedures documented in checklists, spreadsheets, online on the District's Local Area Network, and in electronic project file folders. This, in addition to input and guidance provided by the District's ARB liaison, ensures that the FARMER Program can be successfully implemented in such case that the Grants Program Manager is not available.

2) NSCAPCD FARMER Project Source Categories

The District supports the following types of projects:

- Off Road Equipment Replacement, including Zero emissions equipment
- Infrastructure Companion Project
- On Road Vehicle Replacements administered through the FARMER Program¹

Pending the District's participation in the FARMER program for a given year, and after evaluation of District resources, the District will establish an application submission period. The application period will be announced on the District's website, email news groups, and public presentations. The District will endeavor to have at least a 60-day submission period. Applications will be ranked for funding as outlined in Section 3), below.

3) Procedures for Project Selection

Prior to Calendar Year (CY) 2022, the District did not receive a funding allocation and participated in the shared allocation pool (SAP) implemented by Placer County APCD.

¹ The Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program is a completely separate but similar grant program. FARMER funds are from a separate funding pool, and because FARMER gives the opportunity for District residents to have access to a greater amount of funds, the District has elected to participate. In order for applicants to be able to fully utilize FARMER, the District has once again taken up the reimbursement of On Road vehicles as a project type. In light of the FARMER opportunity, the District once again offers On-Road vehicles.

Applications in the SAP were accepted throughout the year on a first-come, first-served basis and ranked for cost effectiveness for funding.

This was in a large part due to the District's limited grant funding and participation; the District could not reliably expect enough applications to be submitted all at once to be able to effectively conduct a cost-effectiveness ranking program. In practice, this established a pattern where the District accepted the eligible applications that were submitted, and rarely had to turn anyone away.

Starting in CY 2022, the District's Board directed the development of a project selection system to implement principles of equity to support underserved persons/communities with enhanced public outreach and transparency. In addition, the District now receives its own FARMER funding allocation where previously it participated in a shared allocation pool managed by another air district. The new FARMER funding allocation provides the substantially more funding for clean diesel agricultural projects. This substantive increase in project funding necessitates the establishment of project selection procedures.

Furthermore, the FARMER program is funded in part by state GHG cap and trade proceeds under the California Climate Investments. Assembly Bill (AB) 1550 (Gomez, Statutes of 2016) prioritizes the investment of funds, including those supporting FARMER, for disadvantaged communities where applicable.

The District project selection procedure begins by prioritizing projects for principles of equity by utilizing a point system, followed by use of project cost effectiveness if there are more projects than available funding.

1. The District begins by reviewing each application for a preponderance of administrative completeness for processing and compliance with Carl Moyer and/or FARMER eligibilities. Complete applications are assigned **+1** point by the District. Applications will receive an email verifying completeness or incompleteness. Ranking status will be determined after the application period closes.
 - **The District strongly encourages prospective applicants to ask questions of their dealership and the District as early as possible in support of developing a complete application for submittal.**
2. After completeness reviews of all the applications, District staff assign points to rank the applications for fund allocation as follows:
 - a. **+1** point is assigned by the District for an application deemed administratively complete for processing.

- b. **+1** point for an applicant that has not previously received funds from NSCAPCD for a Moyer or FARMER project.
 - c. **+2** point for being a limited resource Farmer / Rancher as defined by USDA-NRCS: <https://lrftool.sc.egov.usda.gov/> . (a property management service with this client under contract can claim **+5** point if the client does not own or operate the equipment type.)
 - d. **+2** point for disadvantaged communities and/or low-income households or communities, as defined by AB 1550 and SB 535: <https://webmaps.arb.ca.gov/PriorityPopulations/>. (a property management service with this client under contract can claim **+5** point if the client does not own or operate the equipment type.)
 - e. **+1** point for a small farm or ranch (<30 acres each) project. (a property management service with this client under contract can claim **+5** point if the client does not own or operate the equipment type.)
 - f. **+1** point for an electric equipment project (Zero Emissions Vehicle/Equipment).
 - g. **+1** point for replacement of a low use Ag truck, registered and in compliance with ARB TRUCERS systems. This is the final year/opportunity for FARMER to fund Ag trucks, which are high-emitting units. The Carl Moyer Program no longer funds diesel-to diesel truck replacements.
 - Truck orders must be placed by September 1, 2022, per CARB, for the 2023 compliance date.
3. After assigning points to each application, the applications will be ranked in groups by their point value (high to low).
 4. Cost effectiveness will be determined for each proposed project using the ARB-required Carl Moyer or FARMER program tool, as applicable. Cost effectiveness values include emissions reductions over the project life.
 5. If all projects in the ranked point groups can be allocated funds, the fund allocation is done. If at this point there are more projects than funding, the applications in the lowest “point” group will be ranked by their cost effectiveness. The lowest cost effectiveness score projects, in the “1” point project group, will be removed in order of their cost effectiveness, until funds cover the remaining, more cost effective and higher ranked projects.
 6. Applicants may submit applications for multiple projects, but the project selection will begin with one project per applicant / company until all applicants have one

- project selected. After each applicant / company has 1 project, if funds are still available, the ranking and selection process will begin again. If submitting more than one project application, applicants should note their preference/prioritize for funding.
- An infrastructure application submitted with an equipment application may count as one project for the purpose of ranking if the infrastructure project is intended to support the equipment.
7. The District may switch applications between Carl Moyer and FARMER program for funding allocations, as applicable, to best utilize overall Moyer and FARMER funds. For off-road equipment, and other project types, the FARMER program adopts the Carl Moyer Program by reference.
 8. Decisions on points and processing order are the sole discretion of the District and are performed by the District to align as best as practicable with the principles of this section; District policies for the FARMER and Carl Moyer Programs; and the state guidelines of the FARMER and Carl Moyer Programs.

4) Notification to Successful Applicants

All correspondence to grantees is submitted over email, or postal mail. When an application is approved, the District submits an electronic funding offer letter to the grantee, followed by a hard copy in the postal mail during instances when the applicant prefers communication via hard copy. When an application is rejected, the District communicates this over email.

5) Priority Communities

Where applicable, state FARMER Guidelines direct project selection procedures that ensure priority for funding projects that are within and benefitting disadvantaged communities and low income households or communities as defined by AB 1550 and SB 535. The District is in attainment for state and federal ambient air quality standards and does not have a disadvantaged community nor an AB 617 designated community. However, there are two areas of low income communities in the District territory

pursuant to AB 1550. The District's project selection procedures prioritize AB 1550, low income, under-served applicants, and high-emitting units.

6) Selection of Project Funds

The District selects the funding for its projects based on the available funds in various categories, according to a set of priorities. The order of priority of funds is as follows:

1. Previous FARMER Year(s) Funding and Interest, if available;
2. Current Moyer Year Moyer Funding and Interest, if available;
3. Next Moyer Year Funding and Interest, if available; and
4. Other funds as by state FARMER guidelines and authorized per District Budget.

7) Interest Calculations

Within the District's framework, FARMER funds are maintained in the County of Sonoma treasury in their own specific Funds. While in county treasury, these Funds are not accessible by the county; only the District. Interest is apportioned quarterly, on the existing cash flow in the entire Fund, regardless of what FARMER Year the existing cash came from. The County Treasure Investment Policy states that the amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The total interest earned on the entire contents of the FARMER Fund is tracked for the fiscal year (July 1 to June 30) and logged in the FARMER database as FARMER Interest. "TCA" or tracking codes are assigned to funds to assist with tracking and interest calculations.

8) Grantee Requests for Payment

Grantees are required to submit a note requesting payment according to the terms of their funding agreements. This may be done via email. In addition, in order for a request for payment to be complete, the dealership must submit to the District the final receipt, purchase agreement, or other documentation of the purchase with signature. This receipt or purchase agreement must be itemized to show eligible costs, such as baseline equipment and taxes, and must separate out ineligible costs, such as options above and beyond a like-for-like replacement and dealership fees.

The District does not conduct partial payments. Because of the small scope of the District's FARMER Program, and limited staff availability, the administrative burden of conducting multiple payments per project is not reasonable for the District. Accordingly, the District issues one payment of 100% of the grant amount at the time of Request for Payment, after the District has conducted the appropriate salvage inspection. Of note,

the final payment may take the form of more than one check if more than one funding source is utilized to fund a project total.

9) Verification of Destruction

The District or its designated representative conducts an in-person salvage inspection to verify destruction of the equipment or engines in any given project. The Grants Program Manager, or other District staff, conducts a visual investigation and verifies that destruction is consistent with at least the minimum standards specified in the FARMER and Moyer Guidelines by product category. The salvage inspection also has the purpose of verifying that the destroyed equipment matches the original existing equipment inspected at the beginning of the project. Engine tags or identifying stamps or marks on the engine and equipment are used to verify identity. As with all inspections, salvage inspections are documented with photographs and kept in digital files on the District LAN.

10) Digital Photographs

The District has an electronic file set up for each individual project; within each file is a subfolder specifically for inspection photographs and reports. Most of the photographs taken in an inspection are inserted into the inspection report and stored on the District's local area network for the contract life of the project, along with any videos the District might have taken during the inspection. In some cases, the District may request that an applicant, dealership, or salvage yard take photos and/or video on behalf of the District. In these scenarios, the District will provide a list of necessary photos and provide instruction.

11) Grantee Annual Reports

After the end of a calendar year, the District solicits grantee annual reports via a courtesy email and/or postal mail. The District sends a cover letter, along with a reporting form that contains fields for the grantee to input all information required by the guidelines. The District gives a deadline of 30 days from the date of mailing. The District keeps track of which grantees are required to report, and for how long, using an Excel spreadsheet. When reports are received, the District logs them and tracks them on an Excel spreadsheet. This data is later entered into ARB's FARMER database.

12) Historical Annual Usage

The District prioritizes forms of documentation for historical annual usage based on the preferred forms of documentation listed in the guidelines. If none of the information listed as acceptable forms of documentation in the guidelines is available to the applicant, the District will consider alternate forms of documentation of historical annual usage, such as reasonable written estimates of usage signed by the applicant. Written estimates must contain: an explanation from the applicant as to why other forms of documentation are not available; estimated hours of usage for the equipment for the past 2 years; and the applicant's methodology on how they were able to provide this estimate. If the District finds a written estimate to be reasonable and acceptable, the written estimate will be put on file with the rest of the application, and the applicant's estimated usage will be used in calculation of the grant amounts. Special consideration is given to the usage of the new equipment for these types of projects, meaning these types of projects are more often selected to be inspected over the duration of the project life.

13) Nonperforming Grantees

When a grantee is found to be non-performing, the first sign of this is typically that they do not respond to the request for annual reporting, or the request for a random audit inspection. The District then follows up via email and phone, and schedules an inspection of the equipment. If the grantee cannot be reached, the District conducts an unannounced inspection of the equipment.

If the equipment is found to be in violation of contract terms (for example, if the equipment is not operational, has been sold, or has violated the contract in some other way), the District will first work with the grantee to come up with a creative way to meet the grant requirements; for example, if the equipment was sold, the District would pursue a transfer and assignment agreement with the new equipment owner. If no other solution could be reached to bring the grantee into compliance with the contract terms, the District would proceed with recovery of funds from the grantee pursuant to the contract, with the help of District Counsel.

14) More Stringent District Elements

The District follows the FARMER Program Guidelines to the letter and does not have any FARMER Program elements that are more stringent than FARMER Program Guidelines allow. The District does have its own project selection criteria; however, FARMER Program Guidelines leave this to District design.

15) ARB Approvals of District Elements

There are no ARB approvals of District program elements that vary from those required by the FARMER Program Guidelines and Mail-Outs.

16) A Program Standard Operation Procedures - Checklists

The District maintains detailed Standard Operation Procedures (SOPs) in checklist format for each project category. These detailed SOPs encompass the main steps of project review and implementation for a FARMER funded project. The SOPs follow state and District rules and guidelines to help the District with Program compliance and quality assurance. These SOPs are available on the District web site with the FARMER Program forms and may also be used by applicants and dealerships to understand and follow all the steps of a project.

Section III 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 5 Program. The following timeline will be adopted by NSCAPCD to meet those goals.

Timeline for Each Year of Funds

Target Date	Action
By end of January 2023	ARB sends application packet to air districts.
By end of March 2023	<ul style="list-style-type: none"> • Air districts apply to ARB for funds. • ARB notifies districts of final awards. • Air district return signed grant agreements.
Sept 15-Nov 15 2023	Application submission period for FARMER Year 5.
September 30, 2024	<ul style="list-style-type: none"> • 75% of project funds under executed contracts. • 25% of project funds liquidated.
March 31, 2024	<ul style="list-style-type: none"> • 100% of project funds under executed contracts. • 50% of project funds under executed contracts.
March 31, 2025	100% of project funds under executed contracts.
March 31, 2027	100% of project funds liquidated.

Section IV

Administration and Outreach Funds

Administrative, or Admin, funds may be used for program costs associated with the tasks outlined in the Program Administration chapter of the FARMER Program Guidelines. As a rural district with under 1 million inhabitants, the NSCAPCD gets 12.5% of its FARMER funds for use as Admin funds. Admin funds have limited allowable use, and must be documented and kept on record by District staff.

Admin 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.

In addition to the costs of FARMER Program staff and management review, the District incurs the following types of program costs through the mandatory involvement of its contracted assistance from its District Counsel, and County of Sonoma departments and staff:

- Program budget preparation, tracking, analysis, and reports;
- Fiscal review and auditing by the County Auditor Controller;
- Legal review of Board actions and Contract language; and
- Accounts payable and receivable.

The District's primary, and at times only, use of Admin funds consists of reimbursement for Air District staff and County support staff time. District staff involved in administration and implementation of the Program includes the Grants Program Manager, APCO, Office Administrator, and other District staff. The weighted salary and benefit rates of these persons for their time spent exceeds the 12.5% provided by ARB grant funding. Due to District's proximity to the Bay Area, staff pay scales are substantially higher than most rural districts. Accordingly, District staff time is more than enough to spend down the Admin funds without excessive tracking and recordkeeping. If need be, records of District staff time are available on the District's payroll tracking system and Program time tracking spreadsheet. This paragraph serves as the duty statement to satisfy the FARMER Guidelines requirement for documentation of District Staff time for use of Admin funds.

Section V

Project Solicitation

The District will announce an application period for participants to apply for funding and not fund first-come first-served outside of this application period.

All applications must include a disclosure statement, identifying if the applicant has applied to other entities for funding and identification of the potential funding source(s). In addition, the applicant must certify that no other funding has been received for the project. Finally, the application must include a regulatory compliance statement certifying that the applicant is currently in compliance with all federal, State, and local air quality rules and regulations at the time of application submittal, and is not aware of any outstanding or pending enforcement actions. Equipment application forms for each funding category are included in the appendix to this manual.

The District maintains a series of email lists that interested parties can join via the District web site. These lists are used to provide program updates and to announce application periods. The District web site has a Moyer and FARMER program section with brief updates and materials. In addition, the District may mail flyers advertising the Moyer and FARMER Programs to its burn permit holders throughout the district, which provides for the District's largest mail list (over 3,000 recipients). Furthermore, the District may spread the word about the Moyer and FARMER Programs at trade meetings or workshops and conduct Zoom meetings for workshops and announcements.

The District may provide presentations at meetings that are held by trade associations and other groups, including local engineering, contractors, and construction associations, the Sonoma County Farm Bureau, the Sonoma County Wine Grape Commission, and city, county, and regional governments. The most common form of outreach, however, is communication with the dealerships themselves. Individual dealers who have been working under the Moyer and FARMER Programs for several years are key partners in communicating with potential applicants about the benefits of the Programs.

Applications are available on the District website, by individual request, by pick up from the District office, email or US postal delivery. Applications are accepted by hand delivery to the District office, by email, or by US or private mail delivery.

Section VI

Project Selection

Applications are reviewed and ranked after the District announced application period. Ranking is performed as described in Section II(C), above. The District reviews applications for administrative completeness to ensure there is enough information to assess eligibility and to calculate the proposed project's funding amount. This application

completeness is crucial to help the District successfully implement the Program with its small team. When an application is received during a time funds are not available, or if an application is not allocated funds during an application submission period, the District will advise the applicant to resubmit the application at the next application submission period.

Upon review, an application is assigned a temporary project number and logged into the District's FARMER application log spreadsheet. The log includes the date the application was received, applicant's name, project type, project name and date completeness letter is sent. If there are more applications for funding than funding available, those applications are not held in a funding queue. Applications must be re-submitted and re-ranked per each subsequent application period.

All applications received are entered into the District's application log; therefore, the District has elected not to enter applications into the ARB's FARMER Database unless they are selected for funding. However, for applications that end up receiving funding, the District must utilize the FARMER Database to calculate emission reductions and cost effectiveness for the purposes of helping to verify eligibility for funding.

Applications that require some action from the applicant (i.e. additional information, response to agreement offer, etc.) will be sent a request for information with a respond-by date. If no response is received by the respond-by date, the applications are deemed inactive and lose their place in queue for funding. Information requests cannot be open-ended due to the demand for project funds; however, respond-by dates can be extended if a project is actively working with the District and demonstrates good faith.

Regardless of whether applications end up being funded, all applications received are kept on file for a minimum of three years, as required by the Guidelines.

All projects must meet the minimum requirements as stated in the FARMER Program Guidelines and ARB Technical Advisories and Mail-Outs.

Section VII

Obligation of Funds to Projects

Once final selection of a project to receive an award has been completed and approved by District management, the applicant will be notified in writing or via email that their project has been selected for funding. The maximum grant funding amount will be cited in the letter and the applicant will be requested to notify the District by a date certain if they wish to proceed with the grant process and enter into a funding agreement. Upon

receipt of notification from the applicant, the District will draft a contract with the applicant/grantee. More information regarding the contract is in Section VIII, below.

Pursuant to Carl Moyer and FARMER guidelines, replacements are funded for the baseline equipment only (no accessories) to be replaced with new similar equipment without additional upgrades. For trucks and tractors the replacement equipment engine must have horsepower rated within 25% of the old equipment engine.

After the contract is fully signed, the District ensures that those funds are identified as committed on the District's fiscal tracking worksheet for FARMER funds. District FARMER Program Staff work with the County Auditor Controller's staff to reconcile program and fiscal accounting on an ongoing basis.

Section VIII

Contract Development

District FARMER Program staff prepare the initial grant contract (also referred to as the Funding Agreement), in accordance with guidance provided by ARB.

ARB requires that all FARMER Program project contracts contain the following provisions: party names and date; contract term, including project completion and projection implementation/life; payment provisions, including maximum contract amount, the requirement for itemized invoices, funding disclosure and noncompliance terms; FARMER Program compliance requirements; requirement for maintenance of engine/vehicle; project specifications and performance expectations, repercussions for nonperformance, on-site inspections; records retention, reporting and auditing; notices; and signature blocks for both parties.

A draft contract is provided to the project proponent for review; they may choose to have their counsel review the contract. Upon approval of the draft, the final document may take the form of a PDF document that is routed via email for electronic signatures.

If there are changes to the boilerplate terms of a contract, it must be reviewed and approved by District Counsel prior to signing. Contracts that remain identical to the template need not be reviewed and approved by District Counsel.

Section IX

Payment of Projects (Expenditure)

At the appropriate time throughout the application review and contract approval process, District staff conducts necessary inspections as described Section XI below. Upon completion of all inspections the District requires the Grantee to state in writing or via email that the project has been completed and request payment under the terms of the Funding Agreement. The Grantee must submit any additional documentation such as invoices, certificate of destruction of replaced engine and any other documentation required by the Funding Agreement with the letter requesting payment. District staff uses a checklist to ensure all of the Grantee's requirements are met before requesting payments. This checklist may be shared with the applicant and equipment dealer to assist with project management.

When District staff has verified that all requirements are met, staff sends an email memo requesting payment under the terms of the Funding Agreement to the District's administrative support. Included with the memo are:

1. Copy of the grantee's letter or email requesting payment,
2. Fully Signed Funding Agreement
3. Signed invoice from equipment dealership
4. Grantee tax form (W-9)
5. District Board resolution authorizing the Agreement.

The District's fiscal support staff review and verify the contract payment package. The claim is then sent to the Auditor's office for payment processing. Payment is made directly to the responsible parties or corporations named in the contract. Payment is made in the form of a single or two-party check, depending on how the grantee is funding the equipment. This should be verified with the dealer and the grantee. The memo should also state the name(s) the check should be written to, and the address the check should be mailed to (and should match the grant agreement).

Section X Project Monitoring

Inspections must be completed for all funded projects. For off-road equipment projects (3) inspections are required: "pre", "post" and "dismantle." For on-road projects (4) inspections are required: "pre", "post", "pre dismantle" and "dismantle."

Pre-Inspection

Pre-inspections occur prior to the execution of contracts, in order for the District to verify that the information on the submitted application is accurate. The pre-inspection process includes, at a minimum, collecting the serial number of the baseline engine and verifying the information in the application about the baseline engine (make, model, model year, horsepower). The pre-inspection shall also verify the engine is operational (with a start up) and that the engine is working as described in the application (document function and use). "Operational" means that the engine must start and be able to perform its intended purpose. Photos and a video of operation shall be taken for the file. Where possible the photos should show the engine in the vehicle/vessel/equipment and show a close up of the engine plate. An electronic pre-inspection report shall be included in the project file and be maintained on the District server. Reports are prepared with the use of an electronic template.

Post-Inspection

Post-inspection occurs after the contract has been executed, and after the grantee notifies the District that the new equipment or engine has been installed or received. The post-inspection verifies that the equipment listed in the contract was installed or received, and matches the information submitted in the application. Information to be recorded includes serial number, make, model, model year, and horsepower. The engine must be operational in the equipment or vehicle as stated in the contract. "Operational" means that the engine must start and be able to perform its intended purpose. Inspecting district staff shall visually witness all engines start-up and mobile projects operating as intended. The vehicle/engine information shall be documented with photos and operation shall be documented with a video. An inspection report shall be used to document the post-inspection and be included in the project file and be maintained on the District server. Reports are prepared with the use of an electronic template.

Pre-Dismantle Equipment Inspection

Pre-dismantle inspection is for on road vehicles only and occurs right before the vehicle is authorized for dismantling. The intent is for the applicant to demonstrate that the vehicle is operable right until the point of permanent dismantling. The inspection format remains the same as pre, post, and dismantle inspections with photo and video documentation collected, that verifies the make, model, year, VIN, operating condition, engine specifications, odometer/hour meter value, and other identification and data points for the vehicle. The District uses the documentation to verify the vehicle is the same vehicle in the pre-inspection and matches the applicant information in the original application and matches the old vehicle identified for replacement in the funding agreement. An inspection report is created and included in the project file maintained on the District server. Reports are prepared with the use of an electronic template.

Dismantled Equipment Inspection

If applicable, the destroyed equipment inspection shall verify that the baseline engine, equipment, or vehicle is destroyed or otherwise rendered nonoperational. Photos are required for verification. The photos shall include the name of the owner and date of inspection. For engines with a complete, fully visible and legible engine serial number, district staff must see the destroyed engine or the receipt from the qualified vehicle salvage yard. A destroyed equipment report shall be used to document the destroyed equipment inspection. The destroyed equipment report including photos shall be included in each project file and be maintained on the District server. Reports are prepared with the use of an electronic template.

Post Project Reporting

Courtesy reminders and reporting forms for all projects under contract shall be mailed to all grantees as close as possible to the beginning of each year. Project grantees will be requested to complete and return the forms to the District. Grantees who do not return the forms in the allotted time will be contacted by phone or email or in person to request the form be completed. Forms will be reviewed by District staff and usage data will be entered into a tracking spreadsheet for all projects to track Program compliance. If a project is not in compliance with contract requirements, staff will contact the grantee, request additional information and determine if further action under the terms of the contract shall be taken. Reporting forms will be placed in the electronic project file.

Reassignment

The project life for replacement equipment ranges from 2-10 years and is noted in the funding agreement. If an applicant wishes to sell their equipment before the end of the project life the unit may be re-assigned to another party, as approved by the District, to assume the remaining life of the project under the terms of the original funding agreement. If the new party defaults on the terms of the funding agreement the obligation may fall back on to the original party.

Section XI Reporting

All project awardees are required by their funding agreement to produce an annual report for their equipment use and status. The District will provide a courtesy reminder of the annual reporting requirement. The District is required to collect this information and then report it to ARB on the status of each year of FARMER Program funding.

Yearly Report (District Report to ARB)

Following ARB instructions, the District submits the Yearly Report of each year following each funding cycle's allocation from ARB. This report shall provide information regarding projects associated with funds received during the previous calendar year that are under executed contract. At a minimum, the District updates all of its project information in the FARMER Database and specifies the date of each contract execution.

The Annual Report must include the following information for projects associated with funds received one year prior:

- (1) Project type, emission reductions, number of engines funded, and funds under executed contract for each FARMER Program project, including match fund projects.
- (2) Projects from previous funding cycles that were reported as "under contract" but which are no longer under contract must be updated as such.
- (3) The District will provide a form signed by the APCO, Fiscal Manager, and Grants Program Manager certifying the amount of funds under contract.

The District may demonstrate progress in executing contracts cumulatively by substituting executed contracts for current year FARMER Program funding (i.e. early contract execution) for funds not yet under contract from a previous year.

If in any given year, the District has not executed contracts to cover all project funds received during the previous calendar year, the District will work with its ARB FARMER Program liaison to ensure the District is on target to liquidate all required program funds within four years.

Section XII

Project File Set-Up and Maintenance

The District maintains documentation of solicitation and project selection by fiscal year, as well as program project and fiscal files. Project files remain active during the entire term of their funding agreement.

Files are maintained in accordance with the District's record retention policy. The primary and preferred method of Carl Moyer and FARMER Program file management is electronic file records. The District stores electronic files on the District's Local Area Network (LAN) that is maintained under contract by the County of Sonoma IT services. These services include continuous back-ups and offsite servers and archival for safety. The District LAN

is only available to District staff and implements strict industry standard security protocols.

Hard copy materials may be scanned and placed into the electronic file system at which point the hard copy materials may be disposed of.

Fiscal records are maintained in accordance with policies established by the County of Sonoma Auditor-Controller and are subject to review in the District's third-party biennial audits.

Section XIII

Coordination with ARB

The ARB holds FARMER Program Incentive Program Implementation (IPI) team meetings once a quarter, or as needed. These meetings give the District the opportunity to be involved in the formation of Technical Advisories, Mail-Outs, and guideline modifications, to keep informed about other local district FARMER Program activities, and to be informed on related ARB activities. The District attends or calls in to these meetings as often as possible, and takes notes on the contents, which it then stores in the FARMER Administrative file.

ARB has developed and maintains a centralized spreadsheet for all FARMER projects. The District uses and updates the contents of this database for project evaluation and reporting purposes.

Section XIV

ARB Oversight

As part of their oversight responsibilities, ARB staff performs desk reviews of district FARMER Program with on-site monitoring and audits. Audit of a district's program may involve other state agencies, such as the Department of Finance and State Bureau of Audits. Audits may be fiscal, programmatic, or both.

Appendices

- A. Project Funding Agreement Template
- B. Equipment Application Forms
- C. Annual Reporting Form
- D. Dealer and Dismantler Participation Agreement Template
- E. Example Project Checklist
- F. Additional Program Documents

Appendix A: Project Funding Agreement Template

This is the funding agreement template for the Agreement between the applicant, dealership, and the District to provide a funding incentive for the purchase of new(er) equipment or vehicle under the Carl Moyer or FARMER grant programs.

The intent of providing this template here, among other purposes, is to help the applicant understand the program requirements for the purchase of new equipment; the destruction of old equipment; and the ongoing Agreement requirements, including annual reporting.

Forms are available on the District website at www.nosocoair.org/incentives in the Carl Moyer / FARMER section.

Appendix B: Equipment Application Forms

To apply to the Carl Moyer or FARMER programs you must use the current version of the District-supplied application form. Forms are available on the District website at www.nosocoair.org/incentives in the Carl Moyer / FARMER section.

For additional assistance, contact ian.maurer@sonoma-county.org or robert.bamford@sonoma-county.org or call our front office at (707) 433-5911.

Appendix C: Annual Report Form

The Carl Moyer and FARMER programs require annual reporting. Forms are available on the District website at www.nosocoair.org/incentives in the Carl Moyer / FARMER section.

For additional assistance, contact ian.maurer@sonoma-county.org or robert.bamford@sonoma-county.org or call our front office at (707) 433-5911.

Appendix D: Dealer and Dismantler Participation Agreement Template

Dealerships and dismantlers wishing to participate in the Carl Moyer Program and/or FARMER Program need to have a valid Dealership participation agreement with the District.

Interested parties may download a copy of the agreement from the District web site at: www.nosocoair.org/incentives in the Carl Moyer / FARMER section.

For more information, or to request an agreement for signature, please contact ian.maurer@sonoma-county.org or robert.bamford@sonoma-county.org or call our front office at (707) 433-5911.

Appendix E: Example Project Checklist

The example project checklist is a detailed procedural list of important program steps from start to finish for a Carl Moyer or FARMER program project. The District utilizes a version of the checklist for all projects.

The checklist is a useful tool for applicants and dealerships to get an in-depth understanding of the start-to-finish process and to follow the progress of their project. The checklist is available on the District web site at: www.nosocoair.org/incentives in the Carl Moyer / FARMER section.

For additional assistance, contact ian.maurer@sonoma-county.org or robert.bamford@sonoma-county.org or call our front office at (707) 433-5911.

Appendix F: Additional Program Documents

Additional Carl Moyer and FARMER program documents are available on the District web site at: www.nosocoair.org/incentives in the Carl Moyer / FARMER section.

For additional assistance, contact ian.maurer@sonoma-county.org or robert.bamford@sonoma-county.org or call our front office at (707) 433-5911.