



YOLO-SOLANO
AIR QUALITY MANAGEMENT DISTRICT

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

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PROCEDURES FOR IMPLEMENTATION AND ADMINISTRATION OF YSAQMD FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTIONS (FARMER) PROGRAM

A. Introduction

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 owned 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 more stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions are necessary to meet federal ozone and particulate matter air quality standards.

Although new engine standards for off-road equipment will reduce emissions from mobile agricultural equipment over time, most agricultural equipment is operated for several decades due to durability, low cost of maintenance, seasonal use, and volatility of the sector. The burning of diesel fuel produces emissions of the ozone precursors reactive organic gases (ROG) and nitrogen oxides (NOx), as well as particulates. Diesel particulate is especially harmful because it has been identified as a toxic air contaminant (TAC). As of this writing, off-road mobile agricultural equipment is not regulated by the State of California. Natural turnover is not sufficient to meet California's clean air needs; thus, incentives for purchasing the cleanest available vehicles and equipment is crucial for achieving additional criteria, toxic and greenhouse gas emission reductions from the agricultural sector.

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) in Fiscal Year 2017-18. CARB developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to use the funding 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." Additionally, CARB developed FARMER Program Guidelines for the funding allocations for air districts, eligible project categories and criteria, program implementation details, and the justification for these investments.

This Policies and Procedures Manual outlines how the Yolo-Solano Air Quality Management District (District) will implement the FARMER Program and meet the requirements in the FARMER Program Guidelines and Grant Agreement. This Policy and Procedure Manual is not intended to conflict with state law – in the event of such a conflict, state law shall be followed in all cases. This manual will be reviewed annually,

updated as necessary and available to the public on the District's website, www.ysaqmd.org.

B. Program Implementation

The District will provide oversight and implementation of projects funded through the FARMER Program in accordance with the FARMER Program Guidelines. Duties include, but are not limited to the following:

- Program outreach
- Project solicitation
- Project selection
- Project management
- Reporting
- Audits
- Program Review

Project costs will be tracked using staff timesheets, invoices and other documentation required by the FARMER Grant Agreement and Program Guidelines and reported to CARB.

C. Eligibility

To be eligible, projects must be eligible for incentive funding under the 2017 Carl Moyer Program Guidelines, Program Advisories and Mail-outs and be engaged in agricultural operations. An 'agricultural operation' is defined in the FARMER Program Guidelines as:

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

Eligible project categories for the FARMER program include:

- Agricultural harvesting equipment;
- Heavy-duty trucks;
- Agricultural pump engines;
- Tractors;
- Zero-Emission Agricultural UTVs; and
- Other equipment used in agricultural operations.

Districts are not required to fund all eligible categories. The District will be accepting applications for agricultural tractors through open solicitation and Zero-Emission Agricultural UTV's through a voucher program at this time.

D. Project Solicitation

The FARMER Program Guidelines allow discretion to air districts regarding how potential projects are solicited. The District Board must approve the FARMER Program structure, funding, and delegation of authority to the APCO via formal resolution. Following the receipt of notice of Program funding and availability from CARB, the District may solicit new applications and/or consider waitlisted applications for each round of funding.

Applicants will be limited to one (1) piece of equipment per application and one (1) applications per person or operation in total per solicitation.

The District is committed to performing outreach to all sectors, small businesses, and underserved communities. Efforts may include public workshops and meetings, publications, social media, district mailing lists and the District website. The District may conduct workshops and meetings remotely.

E. Applying to the Program

For each solicitation, the District will set a start and end date to accept applications. The solicitation will be open for no more than sixty (60) days. The District will perform outreach in advance, and during the solicitation, including a workshop for potential applicants. Project applicants will be required to submit a completed application to the District to be considered for funding. All applications must include a disclosure statement, identifying if the applicant has applied to any other entities for funding. Any other funding source must be identified by the applicant. A sample of the District's application is included in Appendix 4.

F. Initial Screening of Applications

All submitted applications will be date-stamped, assigned a project number, and reviewed for completeness. If an application is determined to be incomplete, the District will notify the applicant in writing within thirty (30) days of receipt and provide an explanation of what is missing from the application. Applicants will have thirty (30) days from notification to submit additional information or documentation to complete an application. District staff will keep a hard copy of each notice with the application and/or project file, if selected.

If more than two applications are received from the same owner, the operation will be contacted and provided an opportunity to select which applications they would like to withdraw from consideration.

G. Evaluation of Applications and Selection of Projects

All completed applications submitted to the District during a solicitation will be evaluated for eligibility and cost-effectiveness. The cost-effectiveness analysis will be conducted consistent with the criteria found in the most recent version of the Carl Moyer Program Guidelines. Projects will receive the maximum amount of funding they qualify for under these criteria, up to 80% of project cost, with a maximum incentive amount of \$200,000.

The eligible projects will have their project number entered into a random number generator by District staff. Numbers will be randomly drawn and selected for funding until all available project funding has been allocated.

Applicants that have their project selected and approved to receive funding will be notified in writing of their selection and award amount. Applicants must acknowledge and accept the grant award within thirty (30) days from the date of notification. If for any reason funding becomes available, the District will continue to randomly draw project numbers until all available funding has been awarded.

Once all available funding has been awarded, projects not selected for funding will be notified in writing that their application has been placed on a waitlist. Any project that is waitlisted will remain eligible for funding for up to eighteen (18) months, unless the APCO chooses to remove it. After that time, the applicant must reapply if they wish to seek grant funding. Waitlisted applications may be entered in only the first consecutive solicitation cycle's selection process.

During a solicitation, the APCO has the discretion to allocate funding between eligible new and waitlisted projects. Potential allocations include, but are not limited to:

- i. Allocate all FARMER funding to eligible waitlisted applications
- ii. Allocate a portion of FARMER funding to waitlisted applications
- iii. Enter waitlisted applications and new applications into the same general FARMER funding pools

H. Obligation of Funds to Projects

Once applications have been selected for funding and the applicant accepts the award, a contract will be prepared for the project. The funds will be considered obligated once the District has a fully executed grant agreement in place.

I. Contracts

After completing the pre-inspection, the District will prepare a contract and send it to the applicant via electronic mail at the email address provided on the application. The applicant will be responsible for returning the signed contract to the District within thirty (30) days of receipt. Contracts will include all provisions required by the Carl Moyer Program Guidelines. This includes, at a minimum, the following:

- Party names and date
- Contact information for sending notices
- Contract term, including the project completion date and project life
- Payment provisions, including the maximum contract amount
- Funding disclosure and noncompliance terms
- Requirement for maintenance of the equipment
- Project specifications and performance expectations
- Repercussions for non-performance
- Agreement that the District may perform on-site inspections of the equipment
- Records retention, reporting and auditing
- Signature blocks for both parties

The District will accept digital signatures on contracts and other documents related to grant projects provided they meet the requirements of Government Code Section 16.5(a).¹

For projects for which historical usage data meets the criteria outlined in the Carl Moyer Guidelines, no minimum annual usage is required to be specified in the contract. Historical usage data must be submitted for at least 24 consecutive months and may include the following:

1. An hour meter reading log collected at a minimum of once per year from an installed and fully functioning hour meter, Or
2. One item from the following list:
 - a. Revenue and usage records that identify operational, standby, and down hours for the equipment;
 - b. Employee timesheets linked to specific equipment use;
 - c. Preventative maintenance records tied to specific hours of equipment use;
 - d. Repair work orders specific to the equipment;
 - e. Other documentation as approved by the District and CARB.

J. Pre-Inspection

¹ Government Code Section 16.5(a) in part states “The use of a digital signature shall have the same force and effect as the use of a manual signature if and only if it embodies all the following attributes: (1) it is unique to the person using it. (2) It is capable of verification (3) it is under the sole control of the person using it (4) it is linked to data in such a manner that if the data are changed, the digital signature is invalidated (5) it conforms to regulations adopted by the Secretary of State.”

Once an applicant agrees to the tentative award, and prior to an agreement being signed between the applicant and the District, District staff will conduct a pre-inspection of the equipment to verify the information submitted on the application. During this process, the District staff conducting the inspection will complete a pre-inspection form. If the information on the original application cannot be verified during the pre-inspection, the applicant may be allowed to amend the application. Staff will re-evaluate the amended application and fund the project once all information has been verified.

The pre-inspection process includes, at a minimum, the following:

- Recording the serial number of the baseline equipment and verifying contained in the application regarding make, model, model year, and horsepower
- Verification that the equipment is operational. "Operational" means the engine must start and the equipment is able to perform its intended purpose.
- Recording of the hours on the equipment hour meter, OR miles on the equipment odometer.
- Verification that equipment is located and operated within the District boundaries at least 80% of usage. This is typically verified based on where equipment is housed, stored or domiciled.

During the pre-inspection, photos will also be taken and placed in the project file.

K. Post Inspection

Once the new equipment has been purchased and delivered, and prior to payment to the applicant, the District will perform a post-inspection for each project. During this process, the District staff conducting the inspection will complete a post-inspection form. The post-inspection will verify that the equipment listed in the contract was purchased. Information to be recorded during the post-inspection process includes:

- Serial number
- Make and model
- Model year
- Hour meter reading
- Horsepower

Equipment information will be documented with photos. Post-inspection photos shall be stored in the project file.

L. Salvage Inspection

As part of the post-inspection process, the District shall perform a salvage inspection for each project. The salvage inspection shall verify that the baseline equipment has been destroyed or otherwise rendered inoperable. The District allows program participants to destroy the engine/equipment themselves or take them to an approved salvage yard. If

the participant destroys the engine/equipment themselves, the District must inspect the destroyed engine/equipment and take photos to document the destruction. District staff will fill out a salvage inspection form. If an approved salvage yard is used, the salvage yard will take photos of the destruction, complete a Salvage Certification Form, and submit both the photos and the form to the District.

M. Payment of Projects

Program staff will submit a Claim Form, Vendor Form, W-9 and copy of the executed agreement to administrative staff to process payment once the project is completed including pre-inspection, post-inspection, salvage inspection, final invoice and documentation received. The grantee will receive the check via U.S. Mail.

N. Project Audits

Each fiscal year, the District will audit at least five percent of the total active projects. District audits will also include all the projects whose owners fail to provide an annual report. The grantees that will be audited will be chosen at random. District staff will contact the randomly selected grantees via certified mail for notification.

The following information will be verified during each audit:

- Verification that the equipment is still operational
- Verification that the contract requirements concerning mileage, fuel usage, or hours of operation are being met

If any audited project is more than 30 percent below an annual average of the level of use outlined in the executed contract, the District will take appropriate action to ensure the emissions benefits are realized and captured during the term of the contract. Appropriate action includes extending the project life on the contract (if not backed up against any regulatory deadlines), using the formula on the contract to return the funding to the District, or granting a waiver in accordance with section BB(4)(E) of the Carl Moyer Guidelines Program Administration Chapter.

O. Reporting

All project awardees will be contractually required to submit an annual report for their project. The requirements and format of the annual report are included in the boilerplate contract language. District staff will keep a record of submitted annual reports in the form of a spreadsheet stored on the District's server. Reports will be reviewed for completeness, accuracy, and usage. Once an annual report has been reviewed and approved, the approval will be noted in the spreadsheet. If an annual report is incomplete/inaccurate and is not approved, this is noted in the project file and District staff will make reasonable efforts to obtain the necessary information. If equipment usage is more than 30 percent above or below that identified in the project application, the grantee shall describe any conditions that significantly impacted equipment usage. In

instances where the annual usage is significantly lower than the level specified in the contract due to unforeseen circumstances beyond the control of the equipment owner, the owner may request a waiver from the District per Chapter 3, section BB(4)(E) of the Carl Moyer Guidelines. Annual reports and the District's findings will be documented and saved in the project file.

P. District Annual Reporting to CARB

The District is required to report to CARB semi-annually on the status of the program. District staff will prepare and submit the annual report consistent with CARB's FARMER Program guidelines and guidance from CARB staff.

Q. Fiscal Practices and Procedures

The District staff deposits FARMER funding into a restricted account that accrues interest. The interest is tracked and received on the account quarterly. Interest earned on the FARMER Program funds is spent on projects and program admin according to the current FARMER Guidelines.

District staff periodically reconcile FARMER projects, staff records, and allocated funds. These reconciliations are to be held as deemed necessary and prior to the submittal of Annual Reports to ensure accurate reporting to CARB. Each Year of FARMER funding is tracked separately, with each project tracked for the amount of funding obligated, expended and dates of those transactions.

R. Project File Maintenance

The District will maintain documentation of all solicitations and project selections by fiscal year, as well as program project files at the District offices. Notices that are posted electronically on the District's website will also be printed as a hardcopy and kept in the District's FARMER Program file for the solicitation year which it applies. All physical files and documents will be kept for one (1) year following project completion, at which time project files will be scanned and maintained by the District for a period no less than ten (10) years.

S. Project Completion

For projects that have successfully completed their obligations in the FARMER program, the District may send a notice of such to the Participant. The Participant should maintain their records for an additional three years.

T. Coordination with CARB

The District will coordinate with CARB staff assigned to work on the FARMER program. The primary contact for the District will be:

Ms. Erin Uchida
Air Resource Engineer
Off-Road and Agricultural Strategies and Incentives Section
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812
Phone number: (916) 323-0002
Email address: erin.uchida@arb.ca.gov

U. Zero-Emission Ag UTV Voucher Program

Zero-Emission Ag UTV Voucher Program provides financial incentives for the replacement of existing diesel or gasoline-powered all-terrain vehicles (ATV)², and utility terrain vehicles (UTV)³ with new, zero-emission UTVs to qualified individuals, businesses, educational institutions, and non-profit organizations involved in California agricultural operation⁴ as defined by the California Air Resources Board (CARB).

There are two general types of vehicles eligible for grant funding under the Program: ATVs and UTVs as they are defined by off-highway regulations, excluding the reference to an internal combustion engine. For purposes of this program, the term UTV will be used to collectively include both ATVs and UTVs.

1. General Participant Requirements:

² ATVs are defined by California's off-highway regulations (Title 13 CCR Section 2449) as any off-highway motor vehicle 50 inches or less in overall width that is designed to travel on four or more low pressure tires, having a single seat designed to be straddled by the operator or a single seat designed to be straddled by the operator and a seat for no more than one passenger, having handlebars for steering control.

³ UTVs are defined by California's off-highway regulations (Title 13 CCR Section 2449) as designed to travel on four or more wheels, having bench or bucket seating for two or more persons, having a steering when for steering control, designed for operation over rough terrain, having an internal combustion engine with a displacement less than or equal to one liter, having a maximum brake power less than or equal to 30 kilowatts, and having either (1) a rear payload of 350 pounds or more, or (2) seating for six or more passengers.

⁴ Agricultural Operation is defined by CARB Regulation for In-Use Off-Road Diesel Vehicles (Title 13 CCR Section 2449): (1) the growing or harvesting of crops from soil (including forest operations), and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operational agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

- Not make any non-refundable payments, complete purchase or dismantle the existing equipment or place the new equipment into service until you receive a District Voucher.
 - Must have One-Year manufacturer warranty for the new equipment.
 - Remain the owner of the new equipment for a minimum of five (5) years from purchase date.
 - Operate one-hundred percent (100%) of the new equipment’s annual hours within the District boundaries.
 - Submit annual reports to the District through the full term of the agreement.
 - Be available for follow-up inspection(s), if requested by the District, CARB or CARB’s designee for the purposes of project oversight and accountability.
 - Commit that any emission reductions generated by the purchased ATV or UTV will not be used as marketable emission reduction credits, to offset any emission reduction obligation of any person or entity, or to generate a compliance extension or extra credit for determining regulatory compliance.
2. Existing Equipment Requirements:
- Self-propelled all-terrain vehicle (ATV), or utility terrain vehicle (UTV).
 - Be powered by a compression-ignition engine (diesel) or spark-ignition engine (gasoline).
 - Be operational and in-use at the time application is submitted.
 - Agree to destroy or render permanently inoperable. Destruction must be performed by a participating dismantler contracted with the District.
3. New Equipment Requirements:
- Not have been previously owned and must be indicated as new by the dealer at the time of purchase.
 - Be Zero-Emission. The vehicle must emit zero tailpipe emissions from its onboard source of power (i.e. electric or hydrogen fuel cell vehicles), and may not undergo any modification that would allow propulsion by any other means.
 - Have an hour meter installed and operational throughout the project life. If the hour meter fails for any reason during the project life, the hour meter must be repaired or replaced as soon as possible at the owner’s expense.
 - Not have any modifications to the vehicle systems, including motor and other hardware the addition of auxiliary power sources, or changes to the software calibrations.
 - Must have 500lbs or great towing capacity and a total vehicle weight of 700lbs or greater.

4. Funding Amounts:

| Eligible Project Costs | Maximum Incentive Amount |
|--|--------------------------|
| 75% of eligible costs of new equipment | \$13,500.00 |

Note: Eligible costs does not include additional batteries, warranties, or optional add-ons. The District reserves the right to determine the eligibility of costs associated with the project, the final amount reimbursed to the applicant will be reduced if the final invoiced costs of eligible items are less than was indicated on the quote at the time of application.

5. Application Process

- i. Applicant submits completed application with all required attachments to the District. Forms are available on our website at www.ysaqmd.org/incentives and can be requesting by contacting the District. A copy of the District's application is included in Appendix 7 (i).
 - ii. District staff will notify the applicant within thirty (30) days of receipt of application. If incomplete, the applicant will be provided fourteen (14) days to provide any addition information or documentation to complete application.
 - iii. Complete applications will be reviewed for eligibility, and selected based on meeting criteria listed at the time of program opening including but not limited to cost-effectiveness.
 - iv. District staff will issue Vouchers to applicants via email or preferred contact method listed on application. A sample of a District Voucher is included in Appendix 7 (ii).
 - v. If applicant needs to purchase different equipment from what was originally quoted and the voucher issued for, they must ensure it meets the new equipment requirements listed above and receive District approval prior to purchase. Incentive amount will not increase, by may decrease so as to not exceed 75% of the total eligible costs or \$13,500, whichever is less.
6. Reimbursement Process
- i. After receipt of an approved voucher, Applicant purchases the new equipment and pays for the equipment in full.
 - ii. Applicant delivers old equipment to a District approved dismantler within thirty (30) days of taking possession of the new equipment. In addition, applicant must have the dismantler complete the Certificate of Destruction form provided with your Voucher.
 - iii. Submit a claim for payment packet including:
 - a. Signed Voucher
 - b. Signed Claim for Payment form (page 2 of voucher)
 - c. Completed UTV Status Form signed by both recipient and the dismantler.
 - d. Invoice from dealership showing equipment was paid in full. Invoice must clearly identify at a minimum:
 - i. Invoice number and date of invoice.
 - ii. Applicant/organization name and address.
 - iii. The new UTV vendor/dealer name and address.
 - iv. The make, model, model year, and specifications of the new Ag UTV.
 - v. Date of delivery (if different from the invoice).
 - vi. Detailed breakdown of all invoice costs; including the new UTV cost (without tax), additional costs of optional accessories, sales tax (with percentage rate indicated), and any additional fees. List all charges and fees in the line-item format.
 - e. Proof of payment and despite (either check copy, credit card statement, or finance documents)
 - f. Proof of Warranty (warranty documents, completed warranty registration form)
 - g. Photos of new equipment (side view of entire vehicle, a clear photo of Equipment Identification Number, serial number, PIN or VIN).
 - h. Copy of insurance specifically listing the new equipment is covered.
 - iv. Upon receipt of a complete claim packet, District staff will review and issue payment, generally within thirty (30) days.
 - v. For the project life (listed on voucher) the District will send Applicant an annual monitoring report, which Applicant will complete and submit each year by March 31st.

Appendix 1

Incorporated herein by this reference

Available: [Final Funding Agricultural Replacement Measures for Emission Reductions \(FARMER\) Program Guidelines \(ca.gov\)](#)

Appendix 2

Incorporated herein by this reference.

Available: [Carl Moyer Program Guidelines | California Air Resources Board](#)

Appendix 3

Incorporated herein by this reference.

Available: [Carl Moyer Program - Yolo-Solano Air Quality Management District \(ysaqmd.org\)](http://ysaqmd.org)

Appendix 4

Off-Road Equipment Replacement Project Application

Appendix 5

FARMER Agreement (Boilerplate)

Appendix 6

Annual Monitoring Reporting Form

Appendix 7

Zero-Emission Ag UTV Voucher Program Forms

1. Application Form
2. Voucher
3. Claim for Payment Form
4. UTV Status Form