

**Butte County Air Quality Management District**

**Funding Agricultural Replacement Measures for Emission  
Reductions (FARMER) Program**

**Policies and Procedures Manual**

**Approved for Amendment on March 28, 2024 to the  
Butte County Air Quality Management District Governing Board**

BCAQMD FARMER Program Policies and Procedures

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Attachment 1 – Carl Moyer Program Policies and Procedures Manual

## I. Introduction

In September 2017, Assembly Bill (AB) 134 and AB 109 appropriated \$135 million from the State Budget for FY 2017-18 to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector. CARB staff developed the FARMER Program to cover the requirements of the Greenhouse Gas Reduction Fund (GGRF), the Air Quality Improvement Fund (AQIF), and the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF). CARB approved the state FARMER Program Guidelines at their March 23, 2018 meeting and amended the FARMER Program Guidelines to include additional project categories on September 24, 2018, October 21, 2019, and April 5, 2022.

AB 134 and AB 109 direct CARB to fund projects that will “reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.” The FARMER Program Guidelines provides the following definition of “agricultural operations:”

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

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

This Policies and Procedures manual outlines how The Butte County Air Quality Management District (District) will implement the FARMER Program and meet the requirements in the FARMER Program Guidelines and Grant Agreement. These Policies and Procedures are not intended to conflict with California State law – in the event of such a conflict, State law should be followed in all cases.

## II. Program Timeline

FARMER Program funds for each fiscal year have disbursement and liquidation deadlines as indicated in the corresponding grant agreement with CARB.

The District will use following project schedule as guidance for FARMER Program funding:

Date	Goal
Funding received from CARB	Release RFP
One month after releasing RFP	Deadline for Applications
One year after releasing RFP	50 percent of project funds obligated
Two years after releasing RFP	100 percent of project funds obligated
	50 percent of project funds expended
Three years after releasing RFP (or by date indicated in Grant Agreement with CARB)	100 percent of project funds expended

### III. Eligible Project Categories

Projects from agricultural operations eligible under the 2017 Carl Moyer Program (CMP) Guidelines and any future approved CMP Guidelines, and current and future Program Advisories and Mail-outs, are eligible for FARMER Program funding.

These projects include, but are not limited to:

- On-road heavy-duty truck replacement and repower projects;<sup>1</sup> and
- Off-road equipment replacement and repower projects<sup>2</sup> for:
  - Off-road mobile, diesel agricultural equipment (“farm equipment” as defined by Carl Moyer Program Guidelines);
  - Off-road mobile, large spark-ignition (LSI) agricultural equipment;
  - Off-road mobile zero-emission agricultural equipment including critical equipment such as a level 2 charger (208V-240V AC charging up to 80 amps) or battery pack, and;
  - Agricultural irrigation pump engines.

In addition to the requirements outlined in the FARMER Program Guidelines, CMP-eligible projects are required to abide by all project criteria set forth in the 2017 CMP Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-outs. This includes the CMP’s cost-effectiveness thresholds, eligibility, and reporting requirements, except as modified in the FARMER Program

<sup>1</sup> For additional criteria for these project categories, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.2. (A)).

<sup>2</sup> For additional criteria for these project categories, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

Guidelines or through subsequent actions by CARB's Executive Officer for the FARMER Program.

Except as modified in the FARMER Program Guidelines and these Policies and Procedures, CMP-eligible projects must also abide by the District's CMP Policies and Procedures Manual, most recently approved by the District's Governing Board on December 8, 2022. The District will use the CMP Policies and Procedures Manual and associated appendices (incorporated herein as Attachment 1) to implement CMP-eligible projects. The maximum grant amount for the FARMER Program for all project categories except electric UTVs is capped at 65% of the new equipment cost up to \$100,000.00, whichever is less.

#### **IV. FARMER Program On-Road Heavy-Duty Vehicle Category**

On September 24, 2018, CARB's Executive Officer approved an additional funding category for On-Road Heavy-Duty Vehicles that differed from the CMP Program Guidelines. The following eligibility criteria and requirements apply to projects funded under the FARMER Program On-Road Heavy-Duty project category. Projects funded under this category are not subject to cost-effectiveness limits and are eligible for up to 65 percent of the purchase price of an eligible replacement truck.

##### **A. On-Road Category Eligibility Requirements**

Trucks must have a gross vehicle weight rating (GVWR) of 14,001 pounds or greater and currently be in compliance with CARB's Truck and Bus Regulation under one of the following provisions:

- Low-Use Exemption, or;
- Engine Model Year Schedule;

and the truck must operate as an "agricultural truck" as defined in the Truck and Bus Regulation.

##### **B. On-Road Category Participant Requirements**

Participants must maintain ownership of the replacement truck for three years. If, during the life of the contract, the participants wish to sell the replacement truck, the District must approve the truck ownership change prior to its sale. The new owner must be willing to assume program obligations with the air district and comply with the terms and conditions outlined in the FARMER Program Guidelines.

FARMER funding may only be used to fund the 'base model' that will serve the same function as the older truck. All replacement trucks must:

- Meet 2010 emission standards of 0.20 g/bhp-hr NO<sub>x</sub>,
- Be purchased from a dealership—no private party transactions are permitted, and
- Have a GVWR of 14,001 pounds or greater.

Replacement used trucks must have less than the miles indicated below on the odometer:

- Class 8 with a GVWR of 33,001 pounds or greater must have less than 650,000 miles
- Class 7 with a GVWR of 26,001 – 33,000 pounds have less than 350,000 miles
- Class 4-6 with GVWR of 14,001 – 26,000 pounds have less than 25,000 miles

All new replacement trucks are subject to the warranty requirements in the 2017 Carl Moyer Program Guidelines. Used replacement trucks are not subject to warranty requirements, but the participant must ensure that the truck remains in operation for the life of the contract. Glider kits do not qualify as replacement trucks under this project category.

Participants in this project category must meet all other applicable requirements for heavy-duty trucks in the FARMER Program Guidelines, 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-outs.

## **V. FARMER Zero-Emission Agricultural Utility Terrain Vehicle (UTV) Project Category**

The Zero-Emission Agricultural UTV Project is a new project intended to encourage and accelerate the use of off-road, zero-emission UTVs in agricultural operations by providing rebates for the purchase of new zero-emission vehicles. The Zero-Emission Agricultural UTV Project would provide incentives for up to 65 percent or \$13,500, whichever is less, of the cost of a new zero-emission UTV to qualified individuals, businesses, public agencies and entities, and non-profit organizations involved in agricultural operations. Except where noted in sections V.A and V.B below, UTV projects will follow the District's policies and procedures for off-road equipment replacement projects.

### **A. Zero-Emission UTV Category Eligibility Requirements**

To be eligible for the Zero-Emission Agricultural UTV Project, UTV models would be required to meet the following criteria:

- a) New: The vehicle must be a new vehicle, as defined in the California Vehicle Code Section 430, meaning a vehicle constructed entirely from new parts that has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory, or possession of the United States, or foreign State, province, or country.

- b) Zero-Emission: The replacement vehicle must emit zero tailpipe emissions from its onboard source of power (such as all electric or hydrogen fuel cell vehicles), and may not undergo any modification that would allow propulsion by any other means.
- c) Vehicle Specifications and Performance Thresholds: Eligible UTVs must have a towing capacity of 500 pounds or greater and a total vehicle weight of 700 pounds or greater.
- d) Warranty Provisions: The vehicle drivetrain, including applicable energy storage tanks or battery packs, must be covered by a manufacturer warranty. Prior to approving a project, CARB or the District may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service.

### **B. Zero-Emission UTV Category Participant Requirements**

To receive funding for the purchase of a new, zero-emission agricultural UTV, the vehicle purchaser would be required to:

- a) Be an individual, business, non-profit, or government entity that can show proof of California residency or proof that the agricultural operation for which the UTV would be used occurs in California;
- b) Self-certify that the UTV would be used exclusively for California agricultural operations;
- c) Enter into a contractual agreement with the District;
- d) Keep the vehicle and meet all applicable project requirements for the duration of the contract;
- e) Provide the District with past maintenance records and/or service history on the UTV that would be replaced;
- f) Surrender the used UTV, as identified in the pre-inspection, to be permanently destroyed by a District approved dismantler,
- g) Not purchase, make payments toward, and/or take possession of the new UTV prior to receiving a fully executed contract from the District,
- h) Not make or allow any modifications to the vehicle systems, including motor and other hardware, the addition of auxiliary power sources, or changes to the software calibrations;

- i) Commit that any emission reductions generated by the purchased 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;
- j) Be available for follow-up inspection if requested by the District, CARB, or CARB's designee for the purposes of project oversight and accountability; and
- k) Install and maintain an operational hour meter on the new UTV. If during the project life, the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's expense.

## **VI. Program Management**

The District is responsible for implementation of the FARMER Program as described in the FARMER Program Guidelines. 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 and equipment projects that are used in agricultural operations. The District's minimum duties and requirements include:

- Program development (e.g., developing application materials and conducting outreach);
- Implement eligible projects (e.g., review project applications; select eligible projects; and distribute payments to program participants);
- Provide program oversight;
- Establish and maintain project records;
- Report to CARB;
- Monitor projects and meet with CARB quarterly; and
- Other duties, as required.

Except as otherwise required by FARMER Program Guidelines, the District will use the CMP Policies and Procedures Manual to implement the FARMER Program.

### **A. Program Development**

- a) The District will develop outreach materials such as press releases and use CARB-supplied outreach materials to notify eligible applicants about the FARMER Program.
- b) The District will conduct public outreach to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including outreach in disadvantaged communities.
- c) The District will advertise program availability, application materials, and



pertinent deadlines on the District website.

- d) District staff will review this Policies and Procedures manual at least once a year and make it available when requested by CARB staff or a member of the public.

## **B. Project Selection**

The FARMER Program will be implemented through a Request for Proposal (RFP) process and projects are funded in order of cost-effectiveness until funds are exhausted. The process of ranking, selecting, and awarding projects will follow the CMP Policies and Procedures except for the following:

- a) A minimum of four (4) eligible off-road specialty crop equipment projects will be awarded (or the number of eligible specialty off-road applications received, whichever is less). For the purposes of project selection, off-road specialty crop equipment includes shakers, receivers, sweepers, harvesters, bin carriers, elevators, sprayers, balers, or other off-road agricultural equipment not including tractors, wheel-loaders, on-road vehicles, or UTVs. Specialty off-road projects will be ranked as a group based on cost-effectiveness. Remaining specialty off-road projects will be ranked with all remaining projects.

## **C. Project Implementation**

The District will implement projects funded through the FARMER Program using the most recently approved version of the District's CMP Policies and Procedures Manual. This process will include the following actions by the District:

- a) Ensure participating vehicle and equipment dealers and purchasers 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 District will ensure all parties involved in a FARMER transaction are compliant with applicable criteria and procedures in current FARMER and CMP Guidelines, any future approved FARMER and CMP Guidelines, current and future Program Advisories and Mail-outs, and grant agreements.
- b) Use the criteria in the FARMER and CMP 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 will be conducted using the appropriate procedures identified in the CMP Guidelines.
- f) For zero-emission vehicles, verify there is a label placed on or in the vehicle stating that no on-board fuel-fired heaters or auxiliary motors that emit any vehicle exhaust emissions or fuel-based evaporative emissions are present on the vehicle.
- g) Track projects for vehicles and equipment in and benefitting AB 1550 populations in a manner directed by CARB.

## **VII. Project Records**

All project records will be retained for a period of three (3) years after final payment under this Grant. All project records are subject to audit pursuant to Section XI, General Provisions, of the FARMER Program Grant Agreement. Upon completion of the third year of record retention, the District will submit all project records to CARB.

The District will retain a file for the FARMER Program containing:

- Original executed copy of the Grant Agreement
- Amendments (if applicable);
- Copies of Grant Disbursement Request Forms;
- Documentation of earned interest generation and expenditure;
- All quarterly reports;
- All project applications received, including approved applications and applications for projects that did not receive funding;
- Invoices from project participants for reimbursable items; and
- All other information that documents all aspects of the project.

Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the District will:

- Establish an official file for the FARMER Program, which shall adequately document all significant actions relative to the project;
- Establish separate accounts, which will adequately and accurately depict all amounts received and expended on FARMER projects;
- 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
- Establish an accounting system, which will adequately depict final total costs of the FARMER Program, including both direct and indirect costs.

In addition to the records specified above, the District will store all records in a safe and secure storage facility that maintains confidentiality and provides fire and natural disaster protection. Files will be retained during the term of the Grant Agreement plus three years. Upon completion of the third year of record retention, the District will submit all project records to CARB.

## **VIII. Reporting**

Reports for FARMER funded projects will be reported according to the grant agreement with CARB for each funding year.

These reports will be submitted electronically, using the template provided by CARB, and at a minimum, will contain the following information:

- Report number, title of program, district name, date of submission, and project grant number;
- Summary of projects under contract since the last progress report;
- Statement of work expected to be completed by the next progress report;
- Notification of any problems encountered and an assessment of their effects on the project's outcome;
- 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 will be submitted using the reporting template provided by CARB; and
- If the project is behind schedule, an explanation of the reasons and a detailed explanation of how the District plans to resume the schedule.

## **IX. Fiscal Administration**

The District will administer finances as outlined in the CMP Policies and Procedures Manual while incorporating the requirements of the FARMER Program Guidelines and Grant Agreement.

### **A. Program Funding**

Project funds will 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:

- Labor expenses (either using District Rule 509 Fee and Hourly Rate or by including total staff time and labor costs);
- External subcontractor(s) fees for completed work, if applicable;

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- Printing, mailing, traveling, and other outreach expenses; and
- Other indirect costs.

FARMER Program funding may be disbursed as follows:

- Up to 50 percent for the initial disbursement with proper documentation; and
- Once 50 percent of the previous disbursement of project funds is obligated, the District may request up to 50 percent or the remaining balance of program funds, whichever is less, with proper documentation.

With each disbursement request, the District will provide documentation as required in Section VI.C below. Requests for project funds not yet obligated to participants require a completed Air District Advance Payment Request Form and a list of projects that the District 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 will the District receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term will be immediately returned to CARB. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account other than common bank fees.

### **C. Grant Disbursements**

The District will mail original copies of Grant Disbursement Request Forms with "wet" signatures in blue ink to the CARB Project Liaison. Requests for payment will be made with the Grant Disbursement Request Form and contain all documentation required with the form. With each grant disbursement request, the District will include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds. Grant payments are subject to CARB's approval of the completed Grant Disbursement Request Form and all other required documentation.

### **D. Advance Payment**

- a) The District will place advance payment funds in an interest-bearing account. The District will track interest accrued on the advance payment. Interest earned on the advance payment will only be used for eligible grant-related expenses or will be returned to CARB.

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- b) The District will report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports.
- c) The District will remit to CARB any unused portion of the advance payment and interest earned within 45 days following the final disbursement request deadline for each funding year.
- d) The District will complete and submit to CARB for review and approval, an Air District Advance Payment Request Form, along with each grant disbursement that is requesting advance payment.

### **E. Earned Interest**

The District will track interest accrued on any funds received. Interest earned disbursements will only be used for eligible grant-related expenses or returned to CARB. "Earned interest" means any interest earnings generated from grant funds held by the District in interest-bearing accounts.

The District will maintain accounting records (e.g., general ledger) that tracks interest earned, expended, or returned on the project funds, as follows:

- The calculation of interest will be based on an average daily balance or some other reasonable and demonstrable method.
- Interest earned will ensure that it is separately identifiable from interest earned on non-project funds.
- The methodology for calculating earned interest will be consistent with how it is calculated for the District's other fiscal programs.
- Documentation of interest earned and expenditures made on those funds or returned to CARB will be:
  - Retained for a minimum of three years after it is generated.
  - Provided to CARB in quarterly reports.

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

The District will maintain documentation of all project implementation funds, including the following:

- a) Personnel documentation will make use of timesheets or other labor tracking software.

- b) Printing, mailing, records retention, and travel expenses will be documented with receipts and/or invoices;
- c) If project implementation funds are used for indirect costs, the District will document and describe how these costs are determined.

The above documentation, records, and referenced materials will be made available for review during monitoring visits and audits by CARB, or its designee. These records will be retained for a minimum of three years after the completion of the grant.

## **X. Coordination with CARB**

CARB has assigned a staff liaison for each district. The current liaison assigned to the District is:

Erin Uchida  
California Air Resources Board  
Mobile Source Control Division  
P.O. Box 2815  
Sacramento, California 95812  
Phone: (916) 323-0002  
Email: [erin.uchida@arb.ca.gov](mailto:erin.uchida@arb.ca.gov)

District staff currently responsible for implementing the FARMER Program include: the APCO, the Administrative Services Officer, the Air Quality Planner, and the Accounting Technician. District staff will document any correspondence with CARB staff regarding CARB interpretations, clarification, guidance or possible deviations from the FARMER Guidelines. All documentation will be kept in the FARMER project files and should be retained for at least three (3) additional years after the last year of the District's participation of this program.

## **XI. CARB Oversight**

A. The District will comply with all oversight responsibilities identified in the Farmer Program Guidelines, any 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 District'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 District will 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 District, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB also reserves the right to prohibit any entity from participating in the FARMER Program due to non-compliance with project requirements.

**XII. APCO Approval**

As authorized by the Governing Board, this version of the Butte County Air Quality Management District's Policies and Procedures Manual for the FARMER Program is approved by:

\_\_\_\_\_  
Stephen Ertle,  
Air Pollution Control Officer

\_\_\_\_\_  
Date