

# GRANT AGREEMENT COVER SHEET

GRANT NUMBER G22-AGIP-07
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NAME OF GRANT PROGRAM Funding Agricultural Replacement Measures for Emission Reductions	
GRANTEE NAME Mendocino County Air Quality Management District	
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER 94-6000990	TOTAL GRANT AMOUNT NOT TO EXCEED \$ 580,600.00
START DATE: 12/31/2022	END DATE: 3/30/2027

This legally binding Grant Agreement, including this cover sheet and Exhibits attached hereto and incorporated by reference herein, is made and executed between the State of California, California Air Resources Board (CARB) and Mendocino County Air Quality Management District (the "Grantee").

Exhibit A – Grant Provisions

Exhibit B – Farmer Program Guidelines – available at : <https://ww2.arb.ca.gov/sites/default/files/2018-07/farmguidelines-final.pdf>

Exhibit C – Carl Moyer Program Guidelines, 2017 Revisions - available at: <https://ww2.arb.ca.gov/guidelines-carl-moyer>

Exhibit D – FARMER Program Advisories and Mail-outs - available at: <https://ww2.arb.ca.gov/our-work/programs/farmer-program/resources>

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from CARB.

The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

STATE AGENCY NAME California Air Resources Board		GRANTEE'S NAME (PRINT OR TYPE) Mendocino County Air Quality Management District	
SIGNATURE OF ARB'S AUTHORIZED SIGNATORY: <i>Alice Kindarara</i>		SIGNATURE OF GRANTEE (AS AUTHORIZED IN RESOLUTION, LETTER OF COMMITMENT, OR LETTER OF DESIGNATION) <i>Douglas Gearhart</i>	
TITLE Brach Chief	DATE 12/19/2022	TITLE Air Pollution Control Officer	DATE 12/16/2022
STATE AGENCY ADDRESS 1001 I Street, Sacramento, CA 95814		GRANTEE'S ADDRESS (INCLUDE STREET, CITY, STATE AND ZIP CODE) 306 East Gobbi Street, Ukiah, California 95482	

### CERTIFICATION OF FUNDING

AMOUNT ENCUMBERED BY THIS AGREEMENT \$580,600.00	PROGRAM 3500000L15	PROJECT N/A	ACTIVITY N/A
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT \$ 0.00	FUND TITLE General Fund		FUND NO. 0001
TOTAL AMOUNT ENCUMBERED TO DATE \$ 580,600.00	(OPTIONAL USE)		CHAPTER 43 STATUTE 2022 SB-154
APPR REF 101	ACCOUNT/ALT ACCOUNT 5432000	REPORTING STRUCTURE 39006100	SERVICE LOCATION 50040 FISCAL YEAR (ENY) 2022

I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.

SIGNATURE OF CALIFORNIA AIR RESOURCES BOARD LEGAL OFFICE: <i>AE</i>	DATE 12.12.22
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## Grant Provisions

- I. The parties agree to comply with the requirements and conditions contained in this Grant Agreement (hereinafter referred to as Grant or Grant Agreement) herein, as well as all commitments identified in the current Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines, any future approved FARMER Program and Carl Moyer Program Guidelines, and current and future program memos, advisories, and mailouts, including all provisions, roles, and responsibilities identified.

### II. Grant Summary

Program Name:	FARMER Program
Total Funding (from General Fund): <sup>1</sup>	\$580,600.00

### III. Grant Parties and Contact Information

- A. This Grant is from the California Air Resources Board (hereinafter referred to as CARB or the Board) to the Mendocino County Air Quality Management District (hereinafter referred to as Grantee).
- B. The CARB Program Liaison is Evan Powers. Technical correspondence regarding this program shall be directed to:

Evan Powers  
California Air Resources Board  
Mobile Source Control Division  
1001 I Street  
Sacramento, California 95814  
Phone: (916) 282-6273  
Email: [evan.powers@arb.ca.gov](mailto:evan.powers@arb.ca.gov)

- C. The CARB Administrative Liaison is Kreston Tom. Administrative questions and disbursement requests shall be directed to:

Kreston Tom  
California Air Resources Board  
Mobile Source Control Division  
1001 I Street  
Sacramento, California 95814  
Phone: (279) 208-7803  
Email: [MSCDGrants@arb.ca.gov](mailto:MSCDGrants@arb.ca.gov)

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<sup>1</sup> Senate Bill (SB) 154 (Skinner, Chapter 43, Statutes of 2022)

- D. The Grantee Liaison is Douglas Gearhart. Correspondence regarding this program shall be directed to:

Douglas Gearhart  
Air Pollution Control Officer  
Mendocino County Air Quality Management District  
306 East Gobbi Street,  
Ukiah, California 95482  
Phone: (707) 263-7000  
Email: [dougg@lcaqmd.net](mailto:dougg@lcaqmd.net)

#### **IV. Time Period**

- A. Performance of work or other expenses billable to CARB under this Grant may commence after full execution of this Grant by both parties. Performance on this Grant ends once the Grantee has submitted the close-out report or if the Grant is terminated, whichever is earlier.
- B. The fiscal year (FY) 2022-23 FARMER Program funds specified in this Grant must be disbursed by CARB no later than May 30, 2027 and disbursed funds must be liquidated by the Grantee no later than June 30, 2027. Final disbursement requests must be received by CARB no later than March 30, 2027 to ensure adequate time for processing prior to the end of the fiscal year.
- C. Disbursed funds not liquidated by June 30, 2027 must be returned by August 15, 2027. Expenditure of program funds granted may not be reduced due to any loss incurred in an insured bank or investment account.
- D. CARB Executive Officer retains the authority to reduce the dollar amount of this Grant as stipulated in Section VI.H, Procedure for Interdistrict Redirection of Grant Funds, or reduce the dollar amount of future grants, if the Grantee is unable to adhere to the schedule in Section V.B.6.a), Project Schedule.
- E. CARB Executive Officer retains the authority to terminate this Grant for nonperformance. In the event of such termination or reduction of the grant amount, Section VII, Termination and Suspension of Payments, of these provisions shall apply.

#### **V. Duties and Requirements**

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

CARB is responsible for the following:

1. Updating and maintaining the FARMER Program Guidelines, as needed.
2. Participating in regular meetings with the Grantee to discuss program refinements and guide project implementation.

3. Reviewing program elements provided by the Grantee, such as the semi-annual and close-out reports.
4. Reviewing and approving Grant Disbursement Request Forms and distributing project and project implementation funds to the Grantee.
5. Providing project oversight and accountability (in conjunction with the Grantee).

**B. The Grantee**

The Grantee is responsible for implementation of the FARMER Program as described in the Board-approved FARMER and Carl Moyer Program Guidelines, any future approved FARMER and Carl Moyer Program Guidelines, and current and future Program memos, advisories, and mailouts. 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 Grantee's minimum duties and requirements include: program development (e.g., developing application materials and conducting outreach); implementing eligible projects (e.g., review project applications, select eligible projects, and distribute payments to program participants); providing program oversight; establishing and maintaining project records; reporting to CARB; monitoring projects; meeting with CARB, as needed; and other duties, as required.

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

1. Program Development
  - a) Develop and use language-specific materials, which may be reviewed by CARB. Language-specific materials may include, but are not limited to, the following:
    - 1) Project application;
    - 2) Outreach and education materials;
    - 3) Website;
    - 4) Eligibility requirements;
    - 5) Terms and conditions;
    - 6) Frequently asked questions; and
    - 7) Contact information.
  - b) Conduct public outreach, in consultation with CARB, to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including

robust outreach in disadvantaged communities.<sup>2</sup> Outreach could include the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers.

- c) Advertise program availability, application materials, and pertinent deadlines (e.g. application deadlines, timeline for project evaluation, liquidation deadlines, and others) on the Grantee's website.
- d) Develop a FARMER Program Policies and Procedures Manual that describes the district's local implementation of the FARMER Program, including roles and responsibilities within the district and local application of FARMER Program policies. The Grantee will review the manual at least once a year and make it available when requested by CARB staff or a member of the public. At a minimum, the manual will include the following elements:
  - 1) The Grantee's roles and responsibilities for program implementation, including staff or positions responsible for: responding to CARB funding solicitations; evaluation, selection, and inspection of projects; and obtaining governing board approval for program participation and projects to be funded.
  - 2) Identification of the project categories supported by the Grantee's FARMER Program, and the schedule for solicitation and review of applications to be submitted under these project categories.
  - 3) Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, or whether projects are selected in order of application receipt (first-come, first-served); and any procedures that vary by project category.
  - 4) Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants.
  - 5) Where applicable, project selection procedures that ensure priority for funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016).
  - 6) The method for calculating interest earned on FARMER Program funds held by the Grantee.
  - 7) Procedures for the Grantee to submit program invoices and receive payment, including itemization required to limit reimbursement to eligible costs, conditions for progress or partial payment, and practices for withheld payments pending participant reporting.

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

- 8) Methods the Grantee will use to verify the destruction of engines and equipment when required, consistent with FARMER Program Guidelines and current Carl Moyer Program Guidelines by project category.
- 9) Methods the Grantee will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information.
- 10) Procedures, schedules, and required content for participant reports.
- 11) The types of acceptable documentation for establishing historical annual usage and procedures for considering and granting usage waiver requests, including supporting information to be provided by the participant.
- 12) Procedures for working with nonperforming participants to gain full compliance with contracts and program requirements.
- 13) Any Grantee program requirements that are more stringent than those specified in FARMER Program Guidelines and memos.
- 14) Any CARB approvals of the Grantee program elements that vary from those required by FARMER Program Guidelines and memos (e.g., methods of ensuring engine or equipment destruction that vary from those specified in the Guidelines).

## 2. Project Implementation

- a) Ensure participating vehicle and equipment dealers, purchasers, and lessees meet all applicable FARMER Program requirements. Vehicles and equipment funded by the FARMER Program must meet all minimum eligibility requirements applicable to the project category, as described in the FARMER Program Guidelines. The Grantee must ensure all parties involved in a FARMER transaction are compliant with applicable criteria and procedures in current FARMER and Carl Moyer Program Guidelines, any future approved FARMER and Carl Moyer Program Guidelines, current and future Program memos, advisories, and mailouts, and this Grant.
- b) Ensure projects do not increase any criteria pollutant emissions.
- c) Use the criteria in the FARMER and Carl Moyer Program Guidelines to review and approve or disapprove project requests and document this process in each project file.
- d) Properly notify applicants of selection results as specified in the FARMER and Carl Moyer Program Guidelines.
- e) Provide incentive amounts consistent with FARMER and Carl Moyer Program Guidelines.

- f) For projects subject to destruction or “scrap” requirements, vehicle and/or engine destruction and verification and any revenues generated from the destruction must be conducted using the appropriate procedures identified in the Carl Moyer Program Guidelines.<sup>3</sup>
  - g) For all project categories except demonstration projects, survey funding applicants prior to contract execution to evaluate program effectiveness. At minimum, the survey must ask the following question: “Would you have scrapped your existing vehicle/equipment and purchased a new vehicle/equipment without funding from this program?”
  - h) Collect farm size information from funding applicants. At minimum, the data collected must indicate whether the applicant has a farm size of less than or equal to 100 acres, greater than 100 acres, or does not apply (e.g., first processors, forestry operations, etc.).
3. Program Oversight
- a) Track projects for vehicles and equipment in and benefitting AB 1550 populations in a manner directed by CARB.
  - b) Develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, project, and funding source (i.e., General Fund).
  - c) Ensure compliance with applicable requirements of:
    - 1) Current FARMER Program Guidelines and any future approved Guidelines, and current and future Program memos, advisories, and mailouts;
    - 2) Current Carl Moyer Program Guidelines and any future approved Carl Moyer Program Guidelines, and current and future Program memos, advisories, and mailouts; and
    - 3) Current GGRF Funding Guidelines and any future approved GGRF Funding Guidelines.

4. Establish and Maintain Program Records

As further described below, program records include, but are not limited to, Grantee and financial records. All program records must be retained until 1 year after completion of the final project contract or December 31, 2030, whichever comes later. The Grantee must store all records in a safe and secure storage facility that maintains confidentiality (see Section IX, General Provisions, for more information). All program records are subject to audit pursuant to Section IX, General Provisions, of this Grant.

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<sup>3</sup> <https://ww2.arb.ca.gov/guidelines-carl-moyer>

- a) Grantee Record: The Grantee must retain a file for the FARMER Program containing:
  - 1) Original executed copy of the Grant and Grant amendments (if applicable);
  - 2) Copies of grant disbursement requests and supporting documentation;
  - 3) Documentation of earned interest generation and expenditure;
  - 4) All semi-annual reports;
  - 5) All project applications received, including approved applications and applications for projects that did not receive funding;
  - 6) Invoices from project participants for reimbursable items;
  - 7) Annual project reports from funding recipients that includes, but is not limited to, annual usage data, when applicable; and
  - 8) All other information that documents all aspects of the program.
- b) Financial Record: Without limitation of the requirement to maintain program accounts in accordance with generally accepted accounting principles, the Grantee must:
  - 1) Establish an official file for the FARMER Program, which shall adequately document all significant actions relative to the program;
  - 2) Establish separate accounts, which will adequately and accurately depict all amounts received and expended on FARMER projects;
  - 3) 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 Grantee; and
  - 4) Establish an accounting system, which will adequately depict final total costs of the FARMER Program, including both direct and indirect costs.

5. Reporting

a) Reporting Schedule

The Grantee must submit semi-annual reports to CARB in accordance with the following schedule.

- 1) Report 1: Covers grant execution through March 31, 2023 with the report due April 30, 2023;
- 2) Report 2: Covers April 1, 2023 through September 30, 2023 with the report due October 31, 2023;
- 3) Report 3: Covers October 1, 2023 through March 31, 2024 with report due April 30, 2024;



**Exhibit A, Grant Provisions  
G22-AGIP-07**

- 4) Report 4: Covers April 1, 2024 through September 30, 2024 with the report due October 31, 2024;
- 5) Report 5: Covers October 1, 2024 through March 31, 2025 with the report due April 30, 2025;
- 6) Report 6: Covers April 1, 2025 through September 30, 2025 with the report due October 31, 2025;
- 7) Report 7: Covers October 1, 2025 through March 31, 2026 with the report due April 30, 2026;
- 8) Report 8: Covers April 1, 2026 through September 30, 2026 with the report due October 31, 2026;
- 9) Report 9: Covers October 1, 2026 through March 31, 2027 with the report due April 30, 2027; and
- 10) Report 10: Covers April 1, 2027 through June 30, 2027 with the report due July 31, 2027.

Semi-annual reports must be submitted through July 31, 2027, or until all funding has been liquidated, whichever comes first. These reports may also be used to accompany grant disbursement requests.

b) Reporting Requirements

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

- 1) Reporting period, title of program, district name, and date of submission;
- 2) Summary of all projects under contract with funding from this Grant;
- 3) Statement of work expected to be completed by the next progress report;
- 4) Notification of any problems encountered and an assessment of their effects on the project's outcome;
- 5) Survey results on program effectiveness and farm size, as described in Section V.B.2, Project Implementation;
- 6) Project data necessary to calculate emission reduction benefits, track benefits to AB 1550 populations, and satisfy the requirements of the FARMER Program;
- 7) Documentation of any project implementation funds expended during the reporting period, as detailed in Section VI.G, Documentation of Project Implementation Funds; and

- 8) If the program is behind the schedule shown in Section V.B.6.a), Project Schedule, an explanation of the reasons and a detailed explanation of how the Grantee plans to resume the schedule.

c) Close-Out Reporting

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

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

The close-out report must be submitted no later than August 15, 2027.

6. Project Monitoring

a) Project Schedule

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

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

**Table 1: Project Schedule**

Date	Milestone
March 31, 2024	50 percent of project funds under executed contracts <sup>4</sup>
March 31, 2025	75 percent of project funds under executed contracts
	25 percent of project funds liquidated <sup>5</sup>
March 31, 2026	100 percent of project funds under executed contracts
	50 percent of project funds liquidated
March 31, 2027	100 percent of project funds liquidated

Any disbursed funds not liquidated by June 30, 2027 must be returned to CARB by August 15, 2027, as described in Section IV, Time Period.

b) Ongoing Coordination and Review Meetings

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

- 1) Agenda for the meeting that includes the conference call information and issues to be discussed during the program update meeting;
- 2) Program status update;
- 3) Discussion of any difficulties encountered since the last program update meeting;
- 4) Cover the program timeline and steps needed to maintain the program timeline;
- 5) Discussion of program milestones and upcoming deliverables;
- 6) Notification of any pending disbursement requests; and

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

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

- 7) Scheduling the next program update meeting.
- c) Site Visits

Site visits may be conducted by the CARB Program Liaison during the term of the Grant. Site visits may include reviewing ledgers and project files and conducting a program review.
- d) Technical Monitoring
  - 1) Any changes in the scope or schedule for the program requires the prior written approval of the CARB Program Liaison and may require an amendment to the Grant.
  - 2) The Grantee must notify the CARB Program Liaison in writing immediately, if any circumstances arise (technical, economic, or otherwise), which might jeopardize the expenditure of the funds.
  - 3) In addition to semi-annual reports (discussed in Section V.B.5, Reporting), the Grantee must provide information requested by the Program Liaison that is needed to assess progress during the grant timeline.
7. Other Duties
  - a) Monitor projects, as required in Carl Moyer Program Guidelines, for the life of the projects.
  - b) Provide data updates or program records to CARB upon request.
  - c) Respond promptly to legislative requests.
  - d) Respond to public inquiries regarding FARMER, including providing data summaries to the public in response to data requests.

## **VI. Fiscal Administration**

### **A. Budget**

1. The maximum amount of this Grant is \$580,600.00 with \$508,025.00 for project funding and up to \$72,575.00 for project implementation costs. Under no circumstance will CARB reimburse or otherwise distribute funds to the Grantee more than this amount. A written grant amendment is required whenever there is a change to the amount of this Grant.
2. Project implementation funding may be reallocated to project funding in the event that the Grantee requests less funding for project implementation than the amount stated in the budget.
3. CARB reserves the right to redirect funds from the Grantee and reallocate to other districts with demand, pursuant to the schedule in Section V.B.6.a), Project Schedule, following the process outlined in Section VI.H, Procedure for Interdistrict

Redirection of Grant Funds, or in the event that the Grantee informs CARB in a written letter that it will not be able to meet expenditure deadlines.

4. In the event of nonperformance or termination, CARB shall require full recovery of the funds that have not been liquidated by transfer upon the Grantee's accounts. The Grantee must provide fund transfer information within 45 days upon receipt of notice.

## **B. Program Funding**

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

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

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

## **C. Disbursement Schedule**

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

1. Once 75 percent of fiscal year 2021-22 FARMER Program project funds are under executed contracts, the Grantee may request up to 50 percent for the initial disbursement with proper documentation; and
2. Once 50 percent of the previously disbursed project funds are under executed contracts, the Grantee may request up to 50 percent or the remaining balance of program funds, whichever is less, with proper documentation.

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

In no event shall the Grantee receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon

CARB's written approval. Any program funds not fully expended by the end of the grant term must be returned to CARB within 45 days of the end of the grant term.

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

#### **D. Grant Disbursements**

The Grantee shall submit the Grant Disbursement Requests to CARB Accounting Section at [accountspayable@arb.ca.gov](mailto:accountspayable@arb.ca.gov) with a CC to the CARB Program and Administrative Liaisons. The Grantee must submit this electronically, based on CARB's current electronic submission guidance at the time of request. Requests for payment must be made with the Grant Disbursement Request Form and contain all documentation required with the form. The Grantee must include an attachment that documents ongoing expenditures of project funds with each grant disbursement request.

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

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

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

#### **E. Advance Payment**

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

The Grantee acknowledges that CARB has finalized Advance Payment regulations which became effective on January 1, 2021. The Grantee agrees that this Grant and all advance payment requests will comply with these regulations, which can be found at: 17 California Code of Regulations (CCR) Sections 91040-91044.

Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish

control procedures for advance payments. CARB may provide advance payments to grantees of a grant program if CARB determines all of the following:

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

earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.

10. The Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit semi-annual fiscal accounting reports consistent with Section V.B.5, Reporting, of this Grant (also see Section VI.F, Earned Interest, of this Grant Agreement).
11. The Grantee shall remit to CARB any unused portion of the advance payment within 45 days of termination or from June 30, 2027, whichever occurs first. Accrued interest shall be rolled over to any subsequent fiscal year FARMER grants and be accounted for following the terms of the subsequent grant. Should the Grantee not sign another FARMER grant, the Grantee shall remit to CARB any unused accrued interest by June 30, 2031. The rights and obligations of paragraph 11 of this Grant survive any termination of this Grant for a period of 5 years.

#### **F. Earned Interest**

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



- ii. Reported to CARB in semi-annual reports.

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

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

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

In the event that the Grantee falls behind schedule and is unable to resume the schedule shown in Section V.B.6.a), Project Schedule, CARB reserves the right to redirect funds to other districts with demand and/or impact future allocations. To facilitate district to district redirection of FARMER Program funds and ensure an appropriate audit trail when grant funds are redirected to another air district, the following conditions apply:

1. Resolutions or minute orders from both districts that show Board approvals of the redirection must be provided to CARB.

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

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

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

## **VIII. Oversight and Accountability**

- A. The Grantee will comply with all oversight responsibilities identified in FARMER Program Guidelines, any current and future Program memos, advisories, and mailouts, and this Grant.
- B. CARB or its designee reserves the right to audit at any time during the duration of this Grant the Grantee's costs of performing the Grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Grantee shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents

requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.

- C. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a Grantee, manufacturer or project participant is in significant or continual non-compliance with the terms of this Grant or State law. CARB also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.

## **IX. General Provisions**

- A. Amendment: No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties.
- B. Americans with Disabilities Act (ADA) Language: Grantee must ensure that products and services submitted to CARB, uploaded, or otherwise provided to CARB by the Grantee and/or its sub-contractors, sub-grantees (hereinafter referred to as sub awardees) under this Grant, as specified in Exhibit A (collectively, the "Work"), comply with Web Content Accessibility Guidelines 2.0, levels A and AA, and otherwise meet the accessibility requirements set forth in California Government Code Sections 7405 and 11135, Section 202 of the federal Americans with Disabilities Act (42 U.S.C. § 12132), and Section 508 of the federal Rehabilitation Act (29 U.S.C. § 794d) and the regulations promulgated thereunder (36 C.F.R. Parts 1193 and 1194) (collectively, the "Accessibility Requirements"). For any Work provided to CARB in PDF format, Grantee shall also provide an electronic version in the original electronic format (for example, Microsoft Word or Adobe InDesign).

CARB may request documentation from the Grantee of compliance with the requirements described above and may perform testing to verify compliance. Grantee agrees to respond to and resolve any complaint brought to its attention regarding accessibility of deliverables provided under this Grant.

Deviations from the Accessibility Requirements are permitted only by written consent by CARB.

- C. Assignment: This grant is not assignable by the Grantee either in whole or in part, without the consent of CARB in the form of a formal written amendment.

**Exhibit A, Grant Provisions  
G22-AGIP-07**

- D. Audit: Grantee agrees that CARB, the Department of General Services, Department of Finance, the California State Auditor, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received. Grantee agrees to maintain such records for possible audit for a minimum of three (3) years after the term of this Grant is completed unless a longer period of records retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include similar right of the State to audit records and interview staff in any Grant or Contract related to performance of this Agreement.
- E. Availability of funds: It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this grant does not appropriate sufficient funds for the program, this grant shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this grant and Grantee shall not be obligated to perform any provisions of this grant.
- F. Compliance with law, regulations, etc.: The Grantee agrees that it will, at all times, comply with and require its sub awardees to comply with all applicable federal, State and local laws, rules, guidelines, regulations, and requirements.
- G. Computer software: The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- H. Conflict of interest: The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws.
- I. Disputes: The Grantee shall continue with the responsibilities under this Grant Agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this Grant Agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any of the rights or remedies that the parties may have under law.
- J. Environmental Justice: In the performance of this Grant Agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income population of the State.

- K. Fiscal management systems and accounting standards: The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracking of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Grant Agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Grant award accounts in accordance with generally accepted accounting principles.
- L. Force Majeure: Neither CARB nor the Grantee must be liable for or deemed to be in default for any delay or failure in performance under this Grant Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, government declaration of emergency, national or state declared pandemics, lockouts, labor disputes, fire, flood, earthquakes or other physical natural disaster. If either party intends to invoke this clause to excuse or delay performance, the party invoking the clause must provide written notice to the other party immediately but no later than within fifteen (15) calendar days of the intent to invoke the clause and reasons that the force majeure event is preventing that party from or delaying that party in performing its obligations under this grant. CARB may terminate this Grant Agreement immediately in writing without penalty in the event Grantee invokes this clause.

If the Grant Agreement is not terminated by CARB pursuant to this clause, upon completion of the event of force majeure, the Grantee must as soon as reasonably practicable recommence the performance of its obligations under this Grant Agreement. The Grantee must also provide a revised schedule to minimize the effects of the delay caused by the event of force majeure. An event of force majeure does not relieve a party from liability for an obligation which arose before the occurrence of that event.

- M. Governing law and venue: This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this Grant Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.
- N. Grantee's responsibility for work: The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to sub-awardees. The Grantee and/or its sub-awardees as applicable, shall be responsible for any and all disputes arising out of its contract for work on a Project funded by this Grant Award, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.

O. Grantee's requirements for electric vehicle charging infrastructure and equipment: Prior to executing contracts, grantee must ensure the following requirements are included in all sub awardee contracts and or other agreements:

1. Prior to authorizing work, a sub awardee that was awarded funds to install electrical charging equipment for use by on-road transportation vehicles, must require both:
  - a) An AB 841 Certification that certifies the project will comply with all AB 841 (2020) requirements or describes why the AB 841 requirements do not apply to the project. The certification shall be signed by the sub-awardee's authorized representative.
  - b) EVITP Certification Numbers of each Electric Vehicle Infrastructure Training Program certified electrician that will install electric vehicle charging infrastructure or equipment.

Evidence such as Certification Numbers are not required to be obtained by Grantee if AB 841 requirements do not apply to a project.

2. Prior to remitting payment to a sub awardee, grantee is responsible for collecting all AB 841 Certifications to ensure the project did comply with all AB 841 (2020) requirements and shall retain Certification Numbers in accordance with the grantee's records retention schedule.

The requirements of this section do not apply to any of the following:

- (1) Electric vehicle charging infrastructure installed by employees of an electrical corporation or local publicly owned electric utility.
- (2) Electric vehicle charging infrastructure funded by moneys derived from credits generated from the Low Carbon Fuel Standard Program (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations).
- (3) Single-family home residential electric vehicle chargers that can use an existing 208/240-volt outlet.

- P. Indemnification: The Grantee agrees to indemnify, defend, and hold harmless the State and CARB and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee, and out of the operation of equipment that is purchased with funds from this Grant Award.
- Q. Independent contractor: The Grantee, and its sub-awardees, agents and employees, if any, in their performance of this Grant Agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.

- R. Nondiscrimination: During the performance of this Grant Agreement, the Grantee and its sub-awardees shall not unlawfully discriminate against, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age (over 40), sexual orientation, or veteran or military status, or allow denial of family-care leave, medical-care leave, or pregnancy-disability leave. The Grantee and its sub-awardees shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. The Grantee and its sub-awardees shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, title 2, section 11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a)-(f), set forth in Chapter 5 of Division 4.1 of title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its sub-awardees shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all agreements with sub-awardees to perform work under this Grant Agreement.

- S. No third party rights: The parties to this Grant Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Grant Agreement, or of any duty, covenant, obligation or undertaking establish herein.
- T. Office of Foreign Asset Control: The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC publishes lists of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. These lists can be found at <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>. Grantee further represents, warrants and agrees that neither Grantee nor any of its contractors, subcontractors, subgrantees, affiliates, agents, employees or assigns (i) are involved in any transaction in violation of any provision or requirement of EO N-6-22 or any federal law pertaining to Russia or (ii) are in violation of any other federal law or laws pertaining to any entity or individual listed on any of the OFAC lists. Unless otherwise authorized or exempt, transactions by U.S. persons or in the United States may be or are prohibited if they involve transferring, paying, exporting, withdrawing, or otherwise dealing in the property or interests in property of an entity or individual

listed on the Office of Foreign Asset Control's (OFAC) SDN or other Lists. The property and interests in property of an entity that is 50 percent or more owned, whether individually or in the aggregate, directly or indirectly, by one or more persons whose property and interests in property are blocked pursuant to any part of 31 C.F.R. chapter V are also blocked, regardless of whether the entity itself is listed. Refer also to the U.S. Department of the Treasury website: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>.

- U. Personally identifiable information: Information or data that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this Grant Agreement in perpetuity, and shall not release or publish any such information or data.
- V. Prevailing wages and labor compliance: Grantee agrees to monitor all agreements subject to reimbursement from this Grant Agreement to ensure that the provisions of Labor Code Sections 1720-1861 are being met by sub awardees.
- W. Professionals: Grantee agrees that only licensed professionals will be used to perform services under this Grant Agreement where such services are called for and licensed professionals are required for those services under State law.
- X. Russian Sanctions: On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts or grants with, and to refrain from entering any new contracts or grants with, individuals or entities that are determined to be a target of Economic Sanctions. The Grantee represents by signing this Agreement that the Recipient is not a target of economic sanctions imposed in response to Russia's actions in Ukraine by the United States government or the State of California. The Grantee is required to comply with the federal economic sanctions imposed in response to Russia's actions in Ukraine, including with respect to, but not limited to, the federal executive orders identified in California Executive Order N-6-22, located at <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf> and the sanctions identified on the United States Department of the Treasury website (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>). The Grantee is also required to comply with all applicable reporting requirements regarding compliance with the economic sanctions, including, but not limited to, those reporting requirements set forth in California Executive Order N-6-22 for all Recipients with one or more agreements with the State of California with an aggregated value of Five Million Dollars (\$5,000,000) or more. Notwithstanding any other provision in this Agreement,



failure to comply with the economic sanctions and all applicable reporting requirements may result in immediate termination of this Agreement, at the sole discretion of CARB. For contracts or grants with an aggregated agreement value of Five Million Dollars (\$5,000,000) or more with the State of California, reporting requirements include, but are not limited to, information related to steps taken in response to Russia's actions in Ukraine, including but not limited to:

1. Desisting from making new investments or engaging in financial transactions with Russian institutions or companies that are headquartered or have their principal place of business in Russia;
2. Not transferring technology to Russia or companies that are headquartered or have their principal place of business in Russia; and
3. Direct support to the government and people of Ukraine.

- Y. Severability:** If a court of competent jurisdiction holds any provision of this Grant Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.
- Z. Termination:** CARB may terminate this Grant Agreement for cause by written notice at any time prior to completion of projects funded by this Grant Award, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this Grant Agreement within the time frame set forth by CARB via written notice to the Grantee.
- AA. Timeliness:** Time is of the essence in this Grant Agreement. Grantee shall proceed with and complete the Project in an expeditious manner.
- BB. Waiver of Rights:** Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Grant Agreement are in addition to any other rights and remedies provided by law.
- CC. Order of precedence:** In the event of any inconsistency between the article, exhibits, attachments, specifications, or provisions which constitute this Grant Agreement, the following order of precedence shall apply:
1. Grant Agreement Cover Sheet
  2. Exhibit A – Grant Provisions
  3. All other Exhibits incorporated into the Grant Agreement as listed on the Grant Agreement Cover Sheet.